

**PUBLIC DISCLOSURE**

**March 23, 2015**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**BROOKLINE BANK**

**17798**

**2 HARVARD STREET  
BROOKLINE, MASSACHUSETTS 02445**

**Division of Banks  
1000 Washington Street, 10<sup>th</sup> Floor  
Boston, Massachusetts 02118**

<p><b>NOTE:</b> This document is an evaluation of the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations 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.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Massachusetts Division of Banks (Division) use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Brookline Bank (or the "Bank")**, prepared by the Division, the institution's supervisory agencies, as of **March 23, 2015**. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00 et seq.

## INSTITUTION'S CRA RATING

This institution is rated "**Satisfactory**" by the Division.

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following table indicates the performance level of the Bank with respect to the Lending, Investment, and Service Tests.

PERFORMANCE LEVELS	<u>Brookline Bank</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Satisfactory			
Needs to Improve			X
Substantial Noncompliance			

\*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

## **Lending Test**

The Bank's Lending Test performance is rated "High Satisfactory."

- Lending levels reflect adequate responsiveness to the assessment area credit needs.
- A substantial majority of home mortgages and small business loans were made within the assessment area.
- The geographic distribution reflects an excellent distribution of home mortgages and an adequate distribution of small business loans throughout the assessment area.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and good penetration among business customers of different size.
- The Bank had a relatively high level of community development loans.
- The Bank makes use of innovative or flexible lending practices in order to serve assessment area credit needs.

## **Investment Test**

The Bank's Investment Test is rated "High Satisfactory."

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

## **Service Test**

The Bank's Service Test is rated "Needs to Improve."

- Delivery systems are accessible to essentially all portions of the assessment area.
- To the extent changes have been made, the Bank's record of opening and closing branch offices 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.
- Services, including business hours, do not vary in a way that would inconvenience the needs of the assessment area, particularly the low- and moderate-income geographies and individuals.
- The Bank provides a limited level of community development services.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Brookline Bank converted from an intrastate federally chartered savings bank to a state-chartered stock savings bank in June 2012. The Bank is headquartered at 2 Harvard Street, Brookline, Massachusetts. Brookline Bank is a subsidiary of Brookline Bancorp. Subsidiaries of the Bank include Ajax Development LLC, BBS Investment Corp., Brookline Bancorp 1031 Exchange Services, LLC, Eastern Funding, LLC, and Longwood Securities Corp.

The Bank offers deposit, loan, and retail services through a network of branches and automated teller machines (ATMs) primarily located in Middlesex, Norfolk, and Suffolk Counties. The Bank's network includes full-service branches located in Arlington, Bedford, Boston (2), Brookline (4), Burlington (2), Lexington, Malden, Medford (3), Needham, Newton (3), Waltham, Wellesley (2), and West Roxbury. Since the prior evaluation, the Bank has opened a branch in Waltham and two in Boston.

As of December 31, 2014, Brookline Bank's assets totaled \$3.6 billion, of which \$3.1 billion (87.8 percent) is in loans. From September 30, 2011 to December 31, 2014, the Bank's assets have increased by 26.9 percent, net loans increased by 27.7 percent, and total deposits increased by 22.6 percent.

<b>Table 1 - Loan Portfolio Distribution as of December 31, 2014</b>		
<b>Loan Type</b>	<b>Dollar Amount \$(000s)</b>	<b>Percent of Total Loans (%)</b>
1-4 Family Residential Construction Loans	3,502	0.1
Other Construction Loans and All Land Development and Other Land Loans	81,073	2.6
Revolving, Open-end Loans Secured by 1-4 Family Residential Properties and Extended Under Lines of Credit	116,538	3.7
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by 1st Liens	398,023	12.7
Closed-end Loans Secured by 1-4 Family Residential Properties: Secured by Jr Liens	1,523	0.0
Secured by Multifamily (5 or more) Residential Properties	461,974	14.7
Loans Secured by Owner-Occupied Nonfarm Nonresidential Properties	182,430	5.8
Loans Secured by Other Nonfarm Nonresidential Properties	825,701	26.3
Commercial and Industrial Loans	689,455	22.0
Consumer Loans	326,273	10.4
Obligations (Other than Securities and Leases) of States and Political Subdivisions	38,643	1.2
Other Loans	81	0.0
Lease Financing Receivables	11,677	0.4
<b>Total Loans</b>	<b>3,136,893</b>	<b>100.0</b>

*Source: Consolidated Report of Condition and Income (Call Report) as of December 31, 2014*

As reflected in Table 1, the Bank is primarily a commercial lender, as 54.1 percent of all loans consist of nonfarm nonresidential properties and commercial and industrial loans. Residential

real estate loans, including loans secured by 1-4 family and multifamily properties, account for 31.2 percent of the portfolio, and consumer loans account for 10.4 percent.

The Bank sells mortgage loans in the secondary market. In 2013, the Bank sold 75 loans totaling \$22,594,950. In 2014, the Bank sold 14 loans totaling \$3,773,850. Selling loans in the secondary market allows the Bank to manage interest risk and originate a larger volume of loans than would otherwise be possible.

The Bank's CRA performance was last evaluated by the Office of the Comptroller of the Currency on January 23, 2012, and was rated "Satisfactory." This CRA examination is the first conducted by the Division of Banks. There are no significant financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area.

### **Description of Assessment Area**

The CRA requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions, (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans, (3) consists of whole census tracts, (4) does not extend substantially beyond state boundaries, (5) does not reflect illegal discrimination, and (6) does not arbitrarily exclude low- and moderate-income areas.

### ***Cities and Towns***

Brookline Bank defined a single contiguous assessment area that includes 59 cities and towns in eastern Massachusetts. Specifically, the defined assessment area includes Acton, Arlington, Ashland, Avon, Bedford, Belmont, Billerica, Boston, Braintree, Brookline, Burlington, Cambridge, Canton, Carlisle, Chelsea, Concord, Dedham, Dover, Everett, Framingham, Holbrook, Lexington, Lincoln, Malden, Maynard, Medfield, Medford, Melrose, Millis, Milton, Natick, Needham, Newton, Norfolk, North Reading, Norwood, Quincy, Randolph, Reading, Revere, Sharon, Sherborn, Somerville, Stoneham, Stoughton, Sudbury, Wakefield, Walpole, Waltham, Watertown, Wayland, Wellesley, Weston, Westwood, Weymouth, Wilmington, Winchester, Winthrop, and Woburn. All cities and towns in the assessment area are part of the Boston, MA MD (14454) and the Cambridge-Newton-Framingham, MA MD (15764).

### ***Demographic and Economic Data***

Due to the revised delineations of the MSAs by the Office of Management and Budget effective January 1 2014, demographic data for 2013 and 2014 are provided in the tables below.

Table 2 Assessment Area Demographics 2013						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	553	11.8	21.5	35.4	29.1	2.2
Population by Geography	2,401,127	10.1	21.1	38.7	30.0	0.1
Owner-Occupied Housing by Geography	515,858	3.6	14.6	44.0	37.8	0.0
Business by Geography	231,943	6.4	14.8	35.9	42.6	0.3
Farms by Geography	2,641	2.9	11.5	44.1	41.5	0.0
Family Distribution by Income Level	547,821	23.9	16.1	19.9	40.1	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	218,860	17.1	29.1	37.1	16.7	0.0
Median Family Income (MFI) Boston-Quincy, MA MD MFI (2013) Cambridge-Newton-Framingham, MA MD MFI (2013) Families Below Poverty Level		\$96,589 \$88,000 \$101,000 7.5%	Median Housing Value Unemployment Rate		\$482,238 7.0%	

Source: 2010 US Census, 2013 Business Geodemographic data, and FFIEC Median Family Income Report

(\*) The NA category consists of geographies that have not been assigned an income classification.

Table 3 Assessment Area Demographics 2014						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	553	11.0	20.3	34.5	32.0	2.2
Population by Geography	2,401,127	9.5	20.0	37.1	33.4	0.0
Owner-Occupied Housing by Geography	515,858	3.2	13.4	40.9	42.5	0.0
Business by Geography	207,053	5.9	13.5	33.8	46.5	0.3
Farms by Geography	2,611	2.6	10.5	40.2	46.7	0.0
Family Distribution by Income Level	547,821	23.0	15.5	19.4	42.1	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	210,588	16.7	28.3	36.0	19.0	0.0
Median Family Income (MFI) Boston, MA MD MFI (2014) Cambridge-Newton-Framingham, MA MD MFI (2014) Families Below Poverty Level		\$96,589 \$87,200 \$93,300 7.5%	Median Housing Value Unemployment Rate		\$482,238 7.0%	

Source: 2010 US Census, 2014 Business Geodemographic data, and FFIEC Median Family Income Report

(\*) The NA category consists of geographies that have not been assigned an income classification.

### ***Census Tract Income Levels***

Each census tract is assigned an income level based on the median family income (MFI) of the tract as compared to the MFI established for the MSA or MD in which the tract is located. The four income levels are defined as follows:

- Low-income: Less than 50 percent MFI;
- Moderate-income: At least 50 percent, but less than 80 percent of MFI;
- Middle-income: At least 80 percent, but less than 120 percent of MFI; and
- Upper-income: 120 percent or greater of MFI.

Under the *Geographic Distribution* section of the Lending Test, Brookline Bank's lending is evaluated pursuant to the census tract designations resulting from the 2010 U.S. Census. Tables 2 and 3 depict the number and percentage of assessment area census tracts at each income level.

Due to the revised reconciliation MSA boundaries from 2013 to 2014, the income level of some census tracts within the assessment area changed. In 2013, the assessment area was comprised of 65 low-income tracts, 119 moderate-income tracts, 196 middle-income tracts, 161 upper-income tracts, and 12 NA tracts. In 2014, there were 61 low-income tracts, 112 moderate-income tracts, 191 middle-income tracts, 177 upper-income tracts, and 12 NA tracts. The most significant shift in the census tract income levels occurred in the upper-income tract category, which increased by 16 tracts.

According to the most recent data, the low-income census tracts are located in Boston (48), Cambridge (4), Chelsea (5), Framingham (1), Quincy (2), and Somerville (1). The moderate-income census tracts are located in Boston (48), Cambridge (9), Chelsea (2), Everett (7), Framingham (4), Holbrook (1), Malden (8), Medford (4), Melrose (1), Newton (1), Quincy (3), Revere (7), Somerville (7), Stoughton (2), Waltham (4), Watertown (1), Weymouth (1), and Woburn (2). The NA tracts are located in Boston (11) and Revere (1).

### ***Median Family Income Levels***

The *Borrower Profile* section of the Lending Test considers the distribution of residential mortgage loans to individuals of different income levels, focusing on loans to low- and moderate-income borrowers. The analysis is based on the MFI levels for each applicable MSA/MD from the 2010 U.S. Census data, which have been annually adjusted for inflation and other economic events by the Federal Financial Institutions Examination Council (FFIEC). The FFIEC-adjusted MFI for the Boston-Quincy, MA MD (14484) was \$88,000 in 2013 and \$87,200 in 2014 (Boston, MA MD #14454). The adjusted MFI for the Cambridge-Newton-Framingham, MA MD was \$101,000 in 2013 and \$93,300 in 2014.

As the most recent data Table 3 illustrates, of the 547,821 families in the assessment area, 23.0 percent are low-income, 15.5 percent are moderate-income, 19.4 percent are middle-income, and 42.1 percent are upper income. Of families living within the assessment area, 7.5 percent are below the poverty level, which is a subset of low-income families. Considering the 2014 FFIEC-adjusted median family income of \$96,589 for the assessment area as a whole, the low-income



threshold would be \$48,294. The poverty threshold would be 50.0 percent of the low-income threshold, or \$24,147.

### ***Housing Characteristics***

According to the 2014 demographic data, there are 995,985 housing units in the assessment area, of which 51.8 are owner-occupied, 41.7 percent are rental units, and 6.5 percent are vacant units. The City of Boston accounts for 27.2 percent of all housing units within the assessment area. Of the housing units within the City of Boston, 59.1 percent are rental units. For the entire assessment area, 3.2 percent of owner-occupied housing units are located in low-income tracts and 13.4 percent are located in moderate-income tracts. The median housing value is \$482,238 and the median age of the housing stock is 59 years.

According to recent data from the Warren Group, the median sales price for the cities and towns varied, sometimes significantly, from the median home value as indicated by the 2010 U.S. Census. As of January 2015, the median sales price for the cities and towns within the assessment area ranged from \$228,500 in Millis to \$1.25MM in Weston. According to the Warren Group data, the average median sales price for the cities and towns in the assessment area, including the neighborhoods of Boston, is \$520,714. It is of note that many of the cities and towns where the Bank has branch locations (Wellesley, Boston, Lexington, Newton, Needham, and Brookline) have some of the highest median sales prices in the assessment area

### ***Business Demographics***

The 2014 business demographic data obtained from Dun & Bradstreet shows there are 207,053 businesses in the assessment area, of which 69.9 percent have gross annual revenues of \$1 million or less, 6.5 percent have gross annual revenues greater than \$1 million, and the remaining 23.7 percent have unknown revenues. Of the total businesses in the assessment area, 5.9 percent are in low-income census tracts, 13.5 percent are in moderate-income tracts, 33.8 percent are in middle-income tracts, 46.5 percent are in upper-income tracts, and a nominal percent are in NA census tracts. The highest proportion (47.1 percent) of these business establishments are engaged in the service industry. Businesses involved in non-classifiable industries (12.9 percent); retail (11.2 percent); and finance, insurance, and real estate (10.4 percent) make up a significant share of the remaining establishments. Approximately 62.6 percent of businesses employ four or fewer people.

### ***Unemployment***

According to the 2010 U.S. Census, the unemployment rate for the assessment area is 7.0 percent. Recent data from the Bureau of Labor Statistics indicates the non-seasonally adjusted unemployment rate, as of November 2014, is 4.2 percent for Middlesex County, 4.5 percent for Norfolk County, and 5.3 percent for Suffolk County.

### ***Competition***

The Bank faces strong competition from other financial institutions and mortgage companies that originate loans within the assessment area. Larger institutions competing with the Bank include JP Mortgage Chase Bank NA, Wells Fargo Bank NA, Mortgage Master, Bank of America NA, and Santander Bank NA. The 2013 aggregate data shows that 605 lenders extended 119,998

HMDA reportable residential loans within the Bank's assessment area. Brookline Bank ranked 101<sup>st</sup> overall with a 0.2 percent market share.

### ***Community Contacts***

As part of the CRA evaluation process, third parties who are active in community affairs are contacted to assist in assessing the credit and community development needs of 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 what further opportunities, if any, are available.

Two community contacts were utilized in conjunction with this evaluation. The first contact was with a representative with a non-profit organization that serves low- and moderate-income individuals, mostly non-English speakers, in the metro Boston area, to obtain the necessary knowledge and skills to improve educational attainment and to obtain gainful employment. The contact stated that there is a need for Banks to become involved in workforce development and also to offer more products and services, such as Individual Development Accounts (IDAs), to lower-income individuals.

A second contact was with the executive director of a non-profit organization that serves the housing needs of low-income individuals through the development and long term management of affordable housing, which are primarily located in the Boston, MA MD. The contact stated the organization recently identified the needs of area residents as jobs, healthy eating, money management, and health care. The contact stated there has been a decrease in larger bank participation in terms of loans and grants.

## **SCOPE OF THE EXAMINATION**

The Division assessed Brookline Bank's CRA performance utilizing Large Bank procedures as established by the FFIEC. These procedures require three performance tests: the Lending Test, Investment Test, and Service Test.

Examiners analyzed the following product lines within the noted timeframes:

- Small business loans originated from January 1, 2013 through December 31, 2014, including commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. Information concerning small business lending was derived from the Small Business Loan Registers maintained by the Bank pursuant to CRA data reporting requirements.
- Residential mortgages originated and reported by the Bank from January 1, 2013 through December 31, 2014. A home mortgage loan is considered to be a home purchase, home improvement, or refinancing of a dwelling-secured loan. Home mortgage loans were reported pursuant to the Home Mortgage Disclosure Act (HMDA). Data was obtained from the Bank's HMDA Loan Application Registers (LARs).

The majority of the Bank's loan portfolio (54.1 percent) is comprised of commercial real estate and commercial and industrial loans. Residential real estate loans account for 31.2 percent of the loan portfolio, which includes loans secured by one-to-four family and multifamily properties. During the evaluation period, the Bank originated 465 residential mortgages totaling \$358.4 million and 452 small business loans totaling \$138.5 million. Considering the loan distribution and the lending activity during the evaluation period, commercial and residential lending received relatively the same weight when arriving at overall conclusions pursuant to the Lending Test Criteria.

The Bank's home mortgage and small business lending activity was compared to applicable demographic data and aggregate lending data for 2013, which is the most recent year for which this data is available. Lending data for 2014 was analyzed to identify any significant trends, and was compared to applicable demographic data. A comparison to aggregate for 2014 could not be conducted, as this data is not yet available. Demographic data was obtained from the 2010 United States (U.S.) Census.

Market share reports and aggregate data for home mortgage loans presented in this evaluation include originated and purchased loans, as this data set represents the market for residential mortgage loans for financial institutions that are subject to HMDA reporting requirements. This would exclude financial institutions that do not have an office in a Metropolitan Statistical area (MSA) and financial institutions that do not meet the minimum asset size threshold for HMDA reporting. Market share and aggregate data for small business loans include large banks that are required to collect and report the data, or smaller institutions that opt to collect and report; therefore, many smaller financial institutions are not included in the aggregate data. Small business market share reports, due to limitations in the data, default to the county level; therefore, ranks assigned reflect all activity within the counties in which the Bank designated at least a portion of its assessment area, unless otherwise noted.

The CRA evaluation also includes community development loans, innovative or flexible loan programs, qualified investments and donations, and services from January 23, 2012, through March 23, 2015. Qualified community development equity investments and deposits held by the Bank during the evaluation period were also included regardless of investment date. The investments, specifically the low-income housing tax credits, were valued by the aggregate remaining tax benefit through maturity.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

The Lending Test evaluates an institution's record of helping to meet the credit needs of its assessment area(s) by considering an institution's home mortgage, small business, small farm, and community development lending, as applicable. The institution's lending performance is evaluated pursuant to the following criteria: (1) the volume of lending activity; (2) the proportion of lending within the assessment area(s); (3) the dispersion of loans and the number and the amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment area(s); (4) the distribution of loans among low-, moderate-, middle- and upper-income borrowers and businesses of different sizes; (5) the distribution of small business and small farm loans by loan amount at origination; (6) the volume of community development lending; and, (7) the use of innovative or flexible lending practices. Performance under the Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

#### Lending Activity

The Bank exhibited an adequate level of responsiveness to the assessment area's credit needs.

##### *Home Mortgage Loans*

During the evaluation period, the Bank originated 407 residential mortgages totaling \$305.2 million. In 2013, the Bank ranked 101<sup>st</sup> of 605 HMDA reporting lenders that originated and/or purchased 119,998 loans in the Bank's assessment area. The lenders with the largest number of originations included much larger regional or national institutions such as JP Morgan Chase NA, Wells Fargo Bank NA, Mortgage Master, US Bank NA, and Santander Bank NA.

The Bank's volume of residential lending decreased slightly from 208 in 2013 to 199 in 2014.

##### *Small Business Loans*

In 2013 and 2014, the Bank originated 379 small business loans totaling \$112.3 million. In 2013, the Bank ranked 30<sup>th</sup> of 132 lenders that collectively originated and/or purchase 53,751 loans throughout the counties in which the Bank designated at least a portion of its assessment area. As with HMDA lending, the institutions ranking higher than Brookline Bank included much larger regional or national institutions, several of which were credit card banks. Those institutions include American Express, FSB; FIA Card Services; CitiBank NA; Chase Bank USA NA; and US Bank NA.

#### Assessment Area Concentration

Lending performance was also evaluated by analyzing the percentage by number and dollar amount of home mortgage and small business loans extended inside and outside the assessment area. As shown in Table 4, a substantial majority of the Bank's home mortgage and small business loans were inside the assessment area.

<b>Table 4</b> <b>Distribution of Loans Inside and Outside of Assessment Area</b>										
Loan Category or Type	Number of Loans					Dollar Volume (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
<b>2013</b>										
Home Purchase	115	87.8	16	12.2	131	101,275	84.2	19,046	15.8	120,231
Refinance	75	90.4	8	9.6	83	40,831	87.6	5,761	12.4	46,592
Home Improvement	18	90.0	2	10.0	20	10,912	62.5	6,545	37.5	17,457
<b>2013 Total</b>	<b>208</b>	<b>88.9</b>	<b>26</b>	<b>11.1</b>	<b>234</b>	<b>153,018</b>	<b>83.0</b>	<b>31,352</b>	<b>17.0</b>	<b>184,370</b>
<b>2014</b>										
Home Purchase	124	85.5	21	14.5	145	95,233	88.5	12,408	11.5	107,641
Refinance	62	92.5	5	7.5	67	42,813	93.5	2,956	6.5	45,769
Home Improvement	13	68.4	6	31.6	19	14,113	68.3	6,542	31.7	20,655
<b>2014 Total</b>	<b>199</b>	<b>86.1</b>	<b>32</b>	<b>13.9</b>	<b>231</b>	<b>152,159</b>	<b>87.4</b>	<b>21,906</b>	<b>12.6</b>	<b>174,065</b>
<b>Total Home Loans</b>	<b>407</b>	<b>87.5</b>	<b>58</b>	<b>12.5</b>	<b>465</b>	<b>305,177</b>	<b>85.1</b>	<b>53,258</b>	<b>14.9</b>	<b>358,435</b>
2013 Small Business	183	82.1	40	17.9	223	49,476	77.9	14,019	22.1	63,495
2014 Small Business	196	85.6	33	14.4	229	62,870	83.8	12,137	16.2	75,007
<b>Total Small Business</b>	<b>379</b>	<b>83.8</b>	<b>73</b>	<b>16.2</b>	<b>452</b>	<b>112,346</b>	<b>81.1</b>	<b>26,156</b>	<b>18.9</b>	<b>138,502</b>
<b>Grand Total</b>	<b>786</b>	<b>85.7</b>	<b>131</b>	<b>14.3</b>	<b>917</b>	<b>417,523</b>	<b>84.0</b>	<b>79,414</b>	<b>16.0</b>	<b>496,937</b>

Source: 2013 and 2014 HMDA LARs and CRA Small Business Loan Registers

As shown in Table 4, the Bank originated a total of 917 loans totaling \$496.9 million. Of the total, 85.7 percent were originated within the assessment area by number and 84.0 percent by dollar volume.

### **Geographic Distribution**

The geographic distribution of loans was reviewed to determine how well the Bank has addressed the credit needs throughout the assessment area, particularly those of low- and moderate-income census tracts. Considering assessment area demographics, aggregate data, and performance context factors, the distribution of home mortgage and small business loans reflects good penetration in the low- and moderate-income geographies. The following sections discuss the Bank's performance under this criterion by loan type.

#### ***Home Mortgage Loans***

Table 5 presents the geographic distribution of residential loans by tract income within the assessment area. The percentage of owner-occupied units by census tract income and aggregate lending are presented for comparison purposes. The Bank demonstrated an excellent distribution of home mortgages throughout the assessment area, particularly in the low- and moderate-income areas when compared to area demographics and aggregate lending data.

<b>Table 5</b> <b>Distribution of Home Mortgage Loans by Census Tract Income Level</b>							
Census Tract Income Level	% of Owner- Occupied Housing Units 2013	Aggregate 2013	Bank 2013		% of Owner- Occupied Housing Units 2014	Bank 2014	
			#	%		#	%
<b>Low</b>	3.6	3.8	16	7.7	3.2	13	6.5
<b>Moderate</b>	14.6	13.9	46	22.1	13.4	51	25.6
<b>Middle</b>	44.0	41.0	48	23.1	40.9	42	21.1
<b>Upper</b>	37.8	41.3	98	47.1	42.5	93	46.8
<b>N/A</b>	0.0	0.0	0	0.0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>208</b>	<b>100.0</b>	<b>100.0</b>	<b>199</b>	<b>100.0</b>

Source: 2010 U.S. Census Data, 2013 and 2014 HMDA LARs, and 2013 Aggregate HMDA Data

In 2013, the Bank originated 7.7 percent of home mortgage loans in low-income tracts, which exceeded the aggregate lending by 3.9 percent and the percentage of owner-occupied housing units in low-income tracts by 4.1 percent. For the same year, the Bank originated 22.1 percent of home mortgage loans in moderate-income tracts, which exceeded the aggregate by 8.2 percent and the demographic data by 7.5 percent.

In 2014, the Bank's lending percentage within low-income tracts decreased to 6.5 percent, but was still above the percentage of owner-occupied housing units in low-income tracts at 3.2 percent. The Bank's lending percentage in moderate-income tracts increased to 25.6 percent, which is 12.2 percent higher than the demographic data for the same year.

Of the 287 lenders who originated a home mortgage loan in low-income tracts within the assessment area, the Bank ranked 59<sup>th</sup> with a 0.4 percent market share. Of the 16 loans the Bank originated in low-income census tracts, 13 loans were originated with the City of Boston. Of the 411 lenders who originated a home mortgage loan within moderate-income tracts, the Bank ranked 71<sup>st</sup> with a 0.3 percent market share. Of the 46 loans originated in moderate-income tracts, the Bank originated 27 with the City of Boston. Although 59.1 percent of housing units in the City of Boston are rental units, the Bank was able to penetrate the low- and moderate-income census tracts with home mortgage loans.

### ***Small Business Loans***

Considering assessment area demographics and other performance context factors, the distribution of small business loans throughout the assessment area, particularly in low- and moderate-income areas, was adequate. Table 6 illustrates the distribution of small business loans compared to the distribution of businesses throughout the assessment area and the aggregate data.

<b>Table 6</b> <b>Distribution of Small Business Loans by Census Tract Income Level</b>							
<b>Census Tract Income Level</b>	<b>Total Businesses in Assessment Area</b>		<b>Aggregate 2013</b>	<b>Bank 2013</b>		<b>Bank 2014</b>	
	2013 (% of #)	2014 (% of #)	%	#	%	#	%
<b>Low</b>	6.4	5.5	5.5	10	5.4	11	5.6
<b>Moderate</b>	14.8	15.0	15.0	40	21.9	38	19.4
<b>Middle</b>	35.9	38.0	38.0	67	36.6	60	30.6
<b>Upper</b>	42.6	41.2	41.2	66	36.1	86	43.9
<b>NA</b>	0.3	0.3	0.3	0	0.0	1	0.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>183</b>	<b>100.0</b>	<b>196</b>	<b>100.0</b>

*Source: 2013 and 2014 CRA Small Business Loan Registers, 2013 Aggregate Data, and 2013 and 2014 Business Geodemographic data*

In 2013, the Bank originated 5.4 percent of small business loans in low-income census tracts, which is 0.1 percent below the aggregate and 1.0 percent below the percentage of businesses within low-income tracts. For the same year, the Bank originated 21.9 percent of small business loans in moderate-income tracts, which is 6.9 percent higher than the aggregate percentage and 7.1 percent higher than the percentage of businesses with moderate-income tracts.

In 2014, the Bank lending percentage increased by 0.2 percent and was 0.1 percent higher than the percentage of businesses located in low-income tracts within the assessment area. For the same year, the Bank's lending percentage in moderate-income tracts decreased slightly to 19.4 percent, which was 4.4 percent higher than the percentage of businesses located in moderate-income tracts.

### **Borrower Characteristics**

The distribution of loans was reviewed to determine the extent to which the Bank has addressed the credit needs of low- and moderate-income borrowers and of small businesses based on gross annual review. The distribution of loans reflects adequate penetration among residential mortgage borrowers of different income levels and among businesses of different sizes.

### ***Home Mortgage Loans***

Table 7 presents the distribution of the Bank's home mortgage loans within the assessment area. The 2013 aggregate data and the percentage of total families through the assessment area by income level are presented for comparison purposes. The Bank achieved a reasonable penetration of home mortgage loans among borrowers of different income levels when compared to aggregate performance and assessment area demographics.



<b>Table 7</b> <b>Distribution of Home Mortgage Loans by Borrower Income</b>							
<b>Borrower Income Level</b>	<b>Family Distribution by Income Level 2013</b>	<b>Aggregate 2013</b>	<b>Bank 2013</b>		<b>Family Distribution by Income Level 2014</b>	<b>Bank 2014</b>	
			<b>#</b>	<b>%</b>		<b>#</b>	<b>%</b>
<b>Low</b>	23.9	4.3	8	3.9	23.0	2	1.0
<b>Moderate</b>	16.1	14.5	21	10.1	15.5	17	8.5
<b>Middle</b>	19.9	22.8	30	14.4	19.4	29	14.6
<b>Upper</b>	40.1	46.3	109	52.4	42.1	99	49.8
<b>N/A</b>	0.0	12.1	40	19.2	0.0	52	26.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>208</b>	<b>100.0</b>	<b>100.0</b>	<b>199</b>	<b>100.0</b>

*Source: 2010 U.S. Census Data, 2013 and 2014 HMDA LARs, and 2013 Aggregate HMDA Data*

In 2013, the Bank originated 3.9 percent of home mortgage loans to low-income borrowers, which is 0.4 percent below the aggregate data and 20.0 percent below the percentage of low-income families in the assessment area. For the same year, the Bank originated 10.1 percent of home mortgage loans to moderate-income borrowers, which is 4.4 percent below the aggregate and 6.0 percent below the percentage of moderate-income families in the assessment area. In 2013, the Bank ranked 110<sup>th</sup> of 278 lenders in originating home mortgage loans to low-income borrowers and 122<sup>nd</sup> of 369 lenders to moderate-income borrowers within the assessment area.

In 2014, the Bank's origination percentage to low-income decreased to 1.0 percent and the percentage of loans to moderate-income borrowers decreased to 8.5 percent. Lending to borrowers of both loan categories remained below the percentage of low- and moderate-income families in the assessment area. It is generally understood that low- and moderate-income borrowers have a reduced ability to obtain a mortgage loan due to restricted income. Additionally, the most recent average median sales price in the assessment area is \$520,714. High home prices can serve as a barrier in originating home mortgages to low- and moderate-income borrowers.

### ***Small Business Loans***

The Bank demonstrated a good distribution of small business loans by gross annual revenues. The distribution of small business loans by gross annual revenue level is depicted in Table 8.

<b>Table 8</b> <b>Distribution of Small Business Loans by Gross Annual Revenue (GAR)</b>							
Gross Annual Revenues	% of Total Businesses 2013	Aggregate 2013	Bank 2013		% of Total Businesses 2014	Bank 2014	
		%	#	%		#	%
≤ \$1 Million	70.7	47.5	114	62.3	69.9	122	62.3
> \$1 Million	5.9	52.5	62	33.9	6.5	51	26.0
NA	23.4	--	7	3.8	23.6	23	11.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>183</b>	<b>100.0</b>	<b>100.0</b>	<b>196</b>	<b>100.0</b>

*Source: 2013 and 2014 CRA Small Business Loan Registers, 2013 Aggregate Data, and 2013 and 2014 Business Geodemographic Data*

In 2013, the Bank originated 114 small business loans, or 62.3 percent, to businesses with gross annual revenues of \$1 million or less. The Bank's lending percentage is 14.8 percent higher than the aggregate and 8.4 percent lower than the percentage of businesses within the assessment area with gross annual revenues of \$1 million or less.

In 2014, the Bank's small business lending percentage to businesses with gross annual revenues of \$1 million or less increased to 122 loans, or 62.3 percent. The Bank's lending percentage was 7.6 percent less than the percentage of businesses in the assessment area with gross annual revenues of \$1 million or less.

### **Community Development Lending**

The Bank's community development lending activities are evaluated pursuant to the following criteria: (1) the extent to which community development lending opportunities have been made available to the institution; (2) the responsiveness of the institution's community development lending; and (3) the extent of leadership the institution has demonstrated in community development lending.

For the purpose of this evaluation, a community development loan is a loan that: (1) has community development as its primary purpose; (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan); and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

The Bank originated a relatively high volume of community development loans. During the evaluation period, the Bank originated seventeen community development loans inside its assessment area totaling \$51.4 million and one community development loan outside of its assessment area totaling \$6.8 million. In total, the Bank originated eighteen community development loans for \$58.2 million, which is approximately a \$49.4 million increase in community development lending compared to the prior exam.

The Bank's community development lending activity is summarized in Table 9.

<b>Table 9</b> <b>Community Development Loans</b>								
Community Development Category	2012		2013		2014		Total	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Affordable Housing	5	14,685	5	19,494	4	10,901	14	45,080
Community Services*	0	0	1	4,000	0	0	1	4,000
Revitalization/Stabilization**	0	0	0	0	1	2,425	1	2,425
Economic Development	1	6,000	0	0	1	650	2	6,650
<b>Total</b>	6	20,685	6	23,494	6	13,976	18	58,155

Source: Internal Bank Records

\*Targeted to Low- or Moderate Income Individuals; \*\*Of Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies

The following summaries illustrate a representative sample of community development loans made during the evaluation period:

- In 2014, the Bank originated a loan for \$6.8 million for the acquisition and renovation of a 98-unit residential community in Hyde Park. All units in the community are considered affordable.
- In 2013, the Bank originated a loan for \$8.8 million for the purchase of thirty-two multi-family properties in Dorchester, Roxbury, Chelsea, and East Boston. Approximately 87.0 percent of the units are considered affordable.
- In 2013, the Bank originated a loan for the construction of a condominium building that contains affordable housing units in Brighton, Massachusetts. Of the total loan amount, 33.0 percent, or \$4.6 million is allocated for affordable units.
- In 2012, the Bank originated a \$2.1 million loan for three multi-family homes in Allston, Brighton, and Chelsea, which include fifteen units of affordable housing.

### **Innovative or Flexible Lending Practices**

The institution's innovative and flexible lending practices are evaluated pursuant to the following criteria: (1) the degree to which the loans serve low- and moderate-income creditworthy borrowers in new ways or serve groups of creditworthy borrowers not previously served by the institution; and (2) the success of each product serving low- and moderate-income borrowers, including the number and dollar volume of loans originated during the review period.

The Bank uses innovative and flexible lending practices in order to serve the assessment area's credit needs. The Bank offers a mortgage loan program to assist either lower-income individuals or first time homebuyers in pursuing or maintaining home ownership. Additionally, the Bank offers Small Business Administration (SBA) loans to better meet the credit needs of the area's small businesses. Most loans originated under these programs were reported on the Bank's HMDA LAR and CRA Small Business Loan Register and have already received credit in the Lending Test. The programs described below highlight the innovative and flexible underwriting standards employed in the origination of loans for low- and moderate-income individuals and to businesses of different sizes.

## **Homeowner Opportunity Program**

The Bank offers an affordable mortgage program for eligible low- and moderate-income families. This program was created by the Bank in 2011 to meet the home mortgage needs of individuals who could not obtain a mortgage as part of housing lotteries within the assessment area. The program offers competitive rates, 95.0 percent loan-to-value without private mortgage insurance, increased debt-to-income ratios, no required appraisals for loans less than \$250,000, and a no-free rate lock. During the evaluation period, the Bank originated four loans totaling \$714,480 that were not included in the Lending Test analysis.

## **SBA 7(a) Loan Program**

The Bank participates in the Small Business Administration's (SBA) 7(a) loan program. The 7(a) program offers financing for small businesses to establish a new business or to assist in the acquisition, operation, or expansion of an existing business. During the evaluation period, the Bank originated five loans totaling \$417,800 under this program that were not included in the Lending Test analysis.

## **INVESTMENT TEST**

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through its use of qualified investments that benefit the assessment areas or a broader statewide or regional area that includes the institution's assessment areas. A qualified investment for the purpose of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose. Community development purposes include those that either: 1) provide affordable housing for low- or moderate-income individuals or areas; 2) provide community services targeting low- or moderate-income individuals or areas; 3) promote economic development by financing small businesses; or 4) revitalize or stabilize low- or moderate-income geographies. Activities considered under the Lending Test or Service Test may not be considered under the Investment Test.

The institution's investment performance is evaluated pursuant to the following criteria: 1) the dollar amount of qualified investments; 2) the innovativeness or complexity of qualified investments; 3) the responsiveness of qualified investments to credit and community development needs; and 4) the degree to which the qualified investments are not routinely provided by private investors.

The Bank's qualified community development investments and donations reflect a good responsiveness to the credit and community development needs. During the evaluation period, the Bank has made innovative and complex investments not routinely provided by other investors. The Bank is active in making low-income housing tax credits in order to meet the affordable housing needs of the assessment area. The Bank has also been responsive to community needs by providing donations to organizations that support community development services and affordable housing initiatives.

During the evaluation period, the Bank's qualified equity investments and charitable contributions totaled \$16,310,922.

## Equity Investments

Qualified equity investments total \$15,881,097 which represents 0.4 percent of total assets and 5.2 percent of the Bank's total investments of \$303,673,000 as of December 31, 2014. The institution's investment in Low-Income Housing Tax Credits (LIHTC), Federal Historic Tax Credit (FHTC), and State Historic Tax Credit (SHTC) represent the entirety of the Bank's qualified equity investments. LIHTC is a federal program used to encourage investment of private equity in the development of affordable rental housing for low-income households.

### *Current Period Investments*

- **HCA Capital Square Apartments, LLC:** The Bank invested \$2.7 million in LIHTC, FHTC, and SHTC for the purpose of the historic renovation of three apartment buildings in Arlington, Massachusetts. The renovations will result in thirty-two units of affordable housing.
- **POAH Franklin Apartments, LLC:** The Bank invested \$3.5 million in LIHTC for the acquisition and renovation of 193 affordable housing units in Boston, Massachusetts.
- **Brighton Allston Apartments, LLC:** The Bank invested \$1.6 million in LIHTC for the preservation and rehabilitation of sixty units of affordable housing in the Allston/Brighton region.
- **Kenmore Abbey:** The Bank invested \$1.6 million in LIHTC for Kenmore Abbey Apartments in Boston, Massachusetts. The purpose of the investment is the rehabilitation and preservation of 198 units of affordable housing for elderly and disabled residents.
- **Bishop Allen Apartments, LLC:** The Bank invested \$2.0 million in LIHTC for the Bishop Allen Apartments in Cambridge, Massachusetts. The purpose of the project involves the preservation and moderate rehabilitation of thirty-two units of affordable housing.

### *Prior Period Investments*

- **Elm Place:** In 2010, Brookline Bank invested \$1.27 million in LITHC associated with the development of the Elm Place housing project in Cambridge. The remaining tax credits are valued at \$976,000.
- **Shillman House:** In 2009, the Bank invested \$3.85 million in LIHTC associated with the development of the Shillman House project in Framingham. This project is sponsored by Jewish Community Housing for the Elderly. The remaining tax credits are valued at \$2.7 million.
- **Central House:** In 2009, the Bank invested \$2.46 million in FHTC and SHTC associated with the acquisition and construction of Central House in Cambridge. This project is sponsored by Caritas Communities, Inc. The remaining tax credits are valued at \$782,000.

## Charitable Contributions

Qualified CRA donations made by the Bank from January 24, 2012, through March 23, 2014, total \$429,825. The donations helped provide a variety of services to low- and moderate-income individuals and families, including assistance with food, healthcare, education, affordable housing, and the development of low- and moderate-income communities. Table 10 details the Bank's community development donations by purpose and year.

<b>Table 10</b>				
<b>Community Development Donations</b>				
<b>Category</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Affordable Housing	43,700	105,950	54,100	<b>203,750</b>
Community Services*	46,150	64,075	115,850	<b>226,075</b>
<b>Total</b>	<b>89,850</b>	<b>170,025</b>	<b>169,950</b>	<b>429,825</b>

*Source: Internal Bank Records.*

*\* Targeted to Low- or Moderate-Income Individuals*

As indicated in Table 10, donations were targeted toward organizations that provide services to low- and moderate-income individuals and families (52.6 percent) and affordable housing (47.4 percent). The \$429,825 in CRA qualified donations by the Bank represents a 47.7 percent increase since the last evaluation.

During the evaluation period, the Bank made approximately 111 donations to 60 different organizations. The following section provides a sample of the organizations receiving qualified donations during the evaluation period.

**Bridge Boston Charter School** – Located in a low-income census tract in Dorchester, the Bridge Boston Charter School is a tuition-free public school that is dedicated to removing the health and social obstacles that hinder student learning. Greater than 80 percent of students at this school are eligible to receive free or reduced lunch.

**Caritas Communities** – This organization is committed to developing, building and managing clean, safe, and affordable housing units for low- and extremely low-income individuals in the Greater Boston region. Caritas actively pursues the purchase of existing properties in order to convert them into affordable units.

**Heading Home, Inc.** – This organization provides emergency, transitional and permanent housing, and support services to low-income homeless and formerly homeless individuals in Boston and its surrounding communities.

**Kids Clothes Club** – This organization provides new, warm winter coats to children in need. This organization works through schools, day care centers, shelters and community agencies to identify, and provide thousands of needy children with warm winter clothes.

**Nuestra Comunidad Development Corporation** – This organization is devoted to building the wealth and enhancing the physical, economic and social well being of Roxbury and other underserved populations in greater Boston through a community driven process that promotes self-sufficiency and neighborhood revitalization. This organization offers services focused towards affordable housing and potential first-time homebuyers.

**Project Bread** – Project Bread is dedicated to promoting sustainable and reliable access to healthy food for all. This organization is committed to ending hunger in the Commonwealth by devising, funding, advocating for, and facilitating solutions that change lives across Massachusetts.

**Rogerson Communities** – This organization is dedicated to providing health care and housing to elders and low-income individuals in the Greater Boston Area.

**South End Community Health Center** – The Health Center is committed to offering the highest quality health care services to its patients regardless of their ability to pay. This organization is also focused on the residents of the South End and Lower Roxbury who live in subsidized housing.

## **SERVICE TEST**

The Service Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the institution's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The institution's retail banking services are evaluated pursuant to the following criteria: 1) the distribution of the institution's branches among geographies of different income levels; 2) the record of opening and closing branches, particularly branches located in low- and moderate-income geographies or that serve low- or moderate-income individuals; 3) the availability and effectiveness of alternative systems for delivering retail banking services in low- and moderate-income areas 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 in those geographies.

The institution's community development services are evaluated pursuant to the following criteria: 1) the extent to which the Bank provides community development services; 2) the innovativeness of community development services, including whether they serve low- and moderate-income customers in new ways or serve groups of customers not previously served; 3) the degree to which they serve low- and moderate-income areas or individuals; and, 4) their responsiveness to available opportunities for community development services.

The Bank provides a limited level of community development services that are responsible to the assessment area needs and opportunities.

## Distribution of Branches

The Bank's service delivery systems, including branches and ATMs, are accessible to essentially all portions of the assessment area. Table 11 compares the distribution of branches and ATMs to the distribution of assessment area census tracts and population by census tract income level.

Brookline Bank maintains 24 full-service branches. Branches are located in Arlington, Bedford, Boston (2), Brookline (5), Burlington (2), Lexington, Malden, Medford (3), Needham, Newton (3), Waltham, Wellesley (2), and West Roxbury. The Bank's Main Branch is located at 2 Harvard Street in Brookline.

All full-service branch locations have at least one automated teller machine (ATM). The Bank also maintains three drive-up ATMs; all of which are in addition to a lobby ATM at various branches. The Bank operates two stand alone ATMs located at the Melrose-Wakefield Hospital in Melrose and the Lawrence Memorial Hospital in Medford.

<b>Table 11</b>						
<b>Distribution of Branches and ATMs</b>						
<b>Census Tract Income</b>	<b>% of Tracts</b>	<b>% of Population</b>	<b>Full- Service Branches</b>		<b>ATMs</b>	
			<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
<b>Low</b>	11.0	9.5	0	0.0	0	0.0
<b>Moderate</b>	20.3	20.0	2	8.3	2	6.4
<b>Middle</b>	34.5	37.1	5	20.8	7	22.6
<b>Upper</b>	32.0	33.4	17	70.8	22	71.0
<b>NA</b>	2.2	0.0	0	0.0	0	0.0
<b>Total</b>	100.0	100.0	24	100.0	31	100.0

*Source: Internal Bank Records and 2010 U.S. Census Data*

The percentage of branches and ATMs located in low- and moderate-income tracts is below the percentage of tracts and population in these income levels; however, several of the Bank's branches in the middle- and upper-income census tracts are in close proximity to, and are accessible to the area's low- and moderate-income geographies.

## Record of Opening and Closing Branches

Several additions and changes were recently made to the Bank's branch structure. Since 2012, Brookline Bank opened four new branches and relocated two branches. The Wellesley Hills and 131 Clarendon Street, Boston branches were opened in 2012; the Waltham branch was opened in 2013; and the 31 State Street, Boston branch was opened in 2014. The Wellesley Hills and State Street branches are in upper-income census tracts; the Waltham branch is in a middle-income census tract; and the Clarendon Street branch is in a moderate-income census tract. In 2013, the Newton Highlands branch relocated from a middle-income census tract to where it currently is in an upper-income census tract. In 2014, the main branch relocated to another upper-income census tract.



## **Retail Banking Services**

The Bank's services, including business hours, do not vary in a way that inconveniences its assessment area, particularly in low- and moderate-income geographies or for low- and moderate-income individuals. Branch hours are convenient and comparable to other institutions.

Four full-service branches have drive-up windows. Except for the Clarendon Street and State Street, Boston locations, branches are open on Saturdays. Sunday hours are available at the Malden branch.

The Bank provides a full array of personal banking services, including deposit services, various checking and savings accounts including Certificates of Deposit (CDs) and IRAs, designed to fit the needs of its customers, debit cards, and international banking services.

The Bank provides a full range of investment services including personalized products and services through a partnership with Infinex Investments.

## **Alternative Delivery Systems**

ATMs are available at each branch. The Bank also operates three drive-up ATMs and two remote ATMs throughout the assessment area. Brookline Bank is a member of the SUM network which allows customers to access their accounts from over 5,500 ATMs without charge.

The Bank operates a Call Center which provides the ability for customers to access information about personal checking, savings, or lines of credit. There is also a 24-hour Telephone Banking system that allows customers to transfer funds, check balances, activate ATM cards, and more.

The Bank's website, [www.brooklinebank.com](http://www.brooklinebank.com), allows access to online banking, which provides customers with access to account information, electronic bill payment, stop payments, and scheduled transfers. The Bank offers mobile banking through a free mobile application, which provides customers with many of the same conveniences as online banking, but also offers remote check deposit. Customers without a smart-phone or data plan can utilize text banking, which enables users to check balances and view account history.

Brookline Bank also offers services in a variety of foreign languages at its branches and its call center. Seventy-six employees are fluent in thirty languages including, but not limited to: Arabic, Cambodian, French, Dutch, Italian, Mandarin, Portuguese, and Russian.

## **Business Banking Services**

The Bank offers a wide range of financial products for businesses. These include a comprehensive package of financial services including business checking, business savings, and business money market accounts. Brookline Bank also offers more specialized business accounts including non-profit, commercial, and IOLTA checking accounts. Additionally, the Bank offers cash management services such as online banking and business debit accounts. Brookline Bank also lends to businesses through its lump sum funding loan program and its business lines of credit. The Bank also offers Deposit Xpress, a check deposit services that allows businesses to securely deposit checks over a secure internet connection.

## **Community Development Services**

The Bank provides a limited level of community development services. The Bank offers financial services and technical assistance to several community development organizations throughout the assessment area. However, the Bank provides minimal financial literacy and educational seminars within the assessment area. The following provides examples of community development services. All of the services meet the definition of community development and related to the provision of financial services are required by the CRA regulation.

**Affordable Housing Lottery** – A Mortgage Specialist at the Bank offers technical expertise in helping municipalities in the Greater Boston area pre-qualify low- and moderate-income individuals for the affordable housing lottery. Potential lottery entrants must have their credit and income verified in order to have the opportunity to qualify for the affordable housing program.

**Massachusetts Maternity and Foundling Hospital Corp.** - A Bank Relationship Manager served as a Board member and Vice President of this organization. The Massachusetts Maternity and Foundling Hospital Corp. is a private foundation that supports charitable organizations with programs focused towards young, single, low-income mothers and their infant children in the Greater Boston area.

**Neighbors Who Care** – A Business Banking Officer serves on the Board of Directors of this organization. Neighbors Who Care is dedicated to assisting the at-risk and vulnerable elderly population of the Waltham region by providing a variety of social services free of charge.

**Pilgrim Church and Homeless Shelter** – This organization provides short term relief for the homeless and low-income persons. Meals and other supportive services are often offered as well. The Chief Operating Officer of the Bank uses technical expertise in working with the Program Director of the shelter in order to determine how to more effectively use volunteer time.

**Somerville Homeless Coalition** –The Somerville Homeless Coalition is dedicated to providing homeless and near homeless individuals and families with individualized supportive services and tailored housing solutions with a goal of obtaining and maintaining affordable housing. The Coalition is an advocate and a support base for low income individuals in the Somerville region. The CRA Officer/Senior Vice President of Commercial Real Estate Lending use technical expertise in serving as a Director and Treasurer of this organization.

**The Dimock Center** – The Dimock Center provides the residents of Boston with convenient access to high quality, low cost health care and human services that might not otherwise be available to the communities they serve. Located in a low-income census tract, the Dimock Center provides a wide range of health services to low- and moderate-income individuals. The Senior Vice President Head of Commercial and Industrial Lending serves as the Treasurer and head of the Finance committee providing financial advice to the organization.

**Triangle, Inc** – Located in a moderate-income census tract in Malden, Triangle, Inc. is social services organization that provides transitional assistance and guidance for physically and mentally handicapped individuals. This organization provides vocational training and serves as a

placement assistance agent. The Chief Risk Officer /General Counsel serves as the Treasurer of this organization.

**American Consumer Credit Counseling** – This is a non-profit organization that serves low- or moderate-income individuals by providing credit counseling services. As a Board Member, a Senior Vice President worked to ensure that financial literacy courses related to credit counseling were being offered.

**City of Malden Economic Development Advisory Committee** – The committee is charged with evaluating the current and projected economic health in the City of Malden, which is predominately a low- and moderate-income area. The committee is tasked with developing a strategic plan that creates new jobs for a wide range of skills, fosters entrepreneurship, and enhances the City’s commercial district. A branch manager serves on the advisory committee.

### **Educational Services and Seminars**

During the examination period, the Bank partnered with The Homebuying Mentors, an affiliate with the Allston/Bright Community Development Corporation, to offer three first-time homebuyer education and counseling sessions to individuals in the Boston region. Approximately 54.0 percent of the attendees who purchased homes as a result of the program were low- to –moderate-income.

During the evaluation period the Bank offered two First Time Homebuyer Seminars. One was held at the Medford Square branch and one was held at the Malden branch. Eight to twelve individuals attended each session.

### **Other**

The Bank participates in the Interest on Lawyer’s Trust Accounts (IOLTA) program. Interest earned is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. Interest earned during the evaluation period totaled \$66,411.

Brookline Bank also provided loan servicing to Habitat for Humanity of Boston, the town of Brookline, and the city of Newton. The Bank offers the technological resources and financial expertise necessary to house the loans that each entity makes. Habitat for Humanity offers a zero interest loan to their low- and moderate-income borrowers and Brookline and Newton offer home improvement loans to the elderly, low- and moderate-income individuals in these municipalities.

## METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN BOSTON, MA MD

The Bank operates 11 branches, or 45.8 percent, of its 24 full-service branch offices in this MSA. Each office is equipped with at least one ATM. This area included municipalities located in Suffolk and Norfolk Counties. Table 12 and 14 contain the demographics for this area.

<b>Table 12</b> <b>Boston, MA MD Assessment Area Demographics 2013</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	317	17.3	20.2	30.3	28.4	3.8
Population by Geography	1,288,528	15.7	20.9	33.4	29.9	0.1
Owner-Occupied Housing by Geography	252,826	5.7	15.1	39.3	39.9	0.0
Business by Geography	120,793	9.4	12.8	28.2	49.0	0.6
Farms by Geography	1,183	4.4	11.0	38.8	45.7	0.1
Family Distribution by Income Level	280,397	14.1	19.5	35.4	31.0	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	119,175	25.9	27.6	31.6	14.9	0.0
Median Family Income Boston-Quincy, MA MD MFI (2013) Families Below Poverty Level		\$87,643 \$88,000 10.1%	Median Housing Value Unemployment Rate		\$448,666 8.0%	

*Source: 2010 US Census, 2013 Business Geodemographic data, and FFIEC Median Family Income Report*

*(\*) The NA category consists of geographies that have not been assigned an income classification.*

<b>Table 13</b> <b>Boston, MA MD Assessment Area Demographics 2014</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	317	17.3	20.2	30.3	28.4	3.8
Population by Geography	1,288,528	15.7	20.9	33.4	29.9	0.1
Owner-Occupied Housing by Geography	252,826	5.7	15.1	39.3	39.9	0.0
Business by Geography	108,087	9.4	12.7	28.2	49.1	0.6
Farms by Geography	1,100	4.5	11.1	38.8	45.6	0.0
Family Distribution by Income Level	280,397	14.1	19.5	35.4	31.0	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	119,175	25.9	27.6	31.6	14.9	0.0
Median Family Income Boston-Quincy, MA MD MFI (2014) Families Below Poverty Level		\$87,643 \$87,200 10.1%	Median Housing Value Unemployment Rate		\$448,666 8.0%	

Source: 2010 US Census, 2014 Business Geodemographic data, and FFIEC Median Family Income Report

(\*) The NA category consists of geographies that have not been assigned an income classification.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BOSTON, MA MD**

### **LENDING TEST**

The Bank's lending in this MSA is consistent with its overall performance. In 2013, the Bank's lending in this MSA represented 58.1 percent of all home mortgage lending and 36.8 percent of small business lending by total number of loans. A similar distribution of home mortgage lending was evident in 2014, while the percentage of small business lending increased to 45.8 percent. Fourteen of the eighteen community development loans were originated with this area.

### **INVESTMENT TEST**

The Bank's investment in this MSA is consistent with its overall performance. Approximately 43.2 percent of the Bank's qualified investments were made within this area; approximately \$6.7 million in equity investments and \$317,275 in donations were made in this area.

### **SERVICE TEST**

The Bank's delivery systems are accessible to essentially all portions of the area. The Bank operates 11 full-service branches in this area. One branch is located in a moderate-income census tract. Three branches were opened within this MSA during the evaluation period.

All of the Bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within this MSA. The Bank's services and business hours do not vary in a way that inconveniences certain portions of the area, particularly low- and moderate-income geographies and individuals.

Three employees conducted qualified community development services within three different organizations located in the MSA during the evaluation period.

## METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN CAMBRIDGE-NEWTON-FRAMINGHAM, MA MD

The Bank operates 13 branches, or 54.2 full-service branches in this portion of the assessment area. This area includes municipalities located in Middlesex County. Tables 14 and 15 show pertinent demographics for this MD.

<b>Table 14</b> <b>Cambridge-Newton-Framingham, MA MD Assessment Area 2013</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	236	4.2	23.3	42.4	30.1	0.0
Population by Geography	1,112,599	3.5	21.5	44.9	30.1	0.0
Owner-Occupied Housing by Geography	263,032	1.6	14.0	48.5	35.9	0.0
Business by Geography	111,150	3.0	17.0	44.3	35.7	0.0
Farms by Geography	1,593	1.8	11.9	48.1	38.2	0.0
Family Distribution by Income Level	267,424	3.3	19.3	45.2	32.2	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	99,685	6.7	30.9	43.6	18.8	0.0
Median Family Income Cambridge-Newton-Framingham, MA MD MFI Families Below Poverty Level		\$105,969 \$101,000 4.8%	Median Housing Value Unemployment Rate		\$509,959 5.8%	

*Source: 2010 US Census, 2013 Business Geodemographic data, and FFIEC Median Family Income Report*

*(\*) The NA category consists of geographies that have not been assigned an income classification.*

<b>Table 15</b> <b>Cambridge-Newton-Framingham, MA MD Assessment Area 2014</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	236	2.5	20.3	40.3	36.9	0.0
Population by Geography	1,112,599	2.2	19.0	41.3	37.5	0.0
Owner-Occupied Housing by Geography	263,032	0.8	11.8	42.5	44.9	0.0
Business by Geography	98,966	2.1	14.5	39.8	43.6	0.0
Farms by Geography	1,511	1.2	10.0	41.2	47.6	0.0
Family Distribution by Income Level	267,424	2.1	17.0	40.8	40.1	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	91,413	4.7	29.3	41.7	24.4	0.0
Median Family Income Cambridge-Newton-Framingham, MA MD MFI Families Below Poverty Level		\$105,969 \$93,300 4.8%	Median Housing Value Unemployment Rate		\$509,959 5.8%	

Source: 2010 US Census, 2014 Business Geodemographic data, and FFIEC Median Family Income Report

(\*) The NA category consists of geographies that have not been assigned an income classification.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CAMBRIDGE-NEWTON-FRAMINGHAM, MA MD**

### **LENDING TEST**

The Bank's lending performance in this MD is consistent with its overall performance. In 2013, the Bank's lending in this MD represented 30.8 percent of home mortgage lending by number and 45.3 percent of small business lending by number. Both home mortgage lending and small business lending increased from 2013 to 2014 in this MD by 14.5 percent and 13.7 percent, respectively. Three of the eighteen community development loans were extending in this MD.

### **INVESTMENT TEST**

The Bank's investment in this MD is consistent with its overall performance. Approximately 56.8 percent of the Bank's qualified investments were made within this area; approximately \$9.2 million in equity investments and \$112,450 in donations were made in this area.

### **SERVICE TEST**

The Bank's delivery systems are accessible to essentially all portions of the area. The Bank operates 13 full-service branches in this area. One is located in a moderate-income census tract. One branch was opened within this MD during the evaluation period.

All of the Bank's alternative delivery systems, business banking services, and other banking services previously discussed are available within this MSA. The Bank's services and business hours do not

vary in a way that inconveniences certain portions of the area, particularly low- and moderate-income geographies and individuals.

Eight employees conducted qualified community development services within eight different organizations located in the MD during the evaluation period.



## APPENDIX A

### *Fair Lending Policies and Procedures Review*

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 1.3-106.

Based on a review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

### MINORITY APPLICATION FLOW

The Bank's 2013 residential lending was compared to aggregate. This comparison assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to Table A1 for information on the Bank's minority application flow as well as a comparison to the aggregate lenders throughout the Bank's assessment area.

<b>Table A1 - Minority Application Flow</b>					
<b>RACE</b>	<b>Bank 2013</b>		<b>2013 Aggregate Data</b>	<b>Bank 2014</b>	
	#	%		#	%
American Indian/ Alaska Native	0	0.0	0.1	2	0.8
Asian	21	8.1	8.1	24	9.5
Black or African American	5	1.9	3.2	6	2.4
Hawaiian/Pacific Islander	2	0.8	0.1	1	0.4
2 or more Minority Races	0	0.0	0.0	0	0.0
Joint Race (White/Minority)	7	2.7	1.7	2	0.8
<b>Total Minority</b>	<b>35</b>	<b>13.5</b>	<b>13.2</b>	<b>35</b>	<b>13.9</b>
White	158	61.3	62.1	160	63.5
Race Not Available	65	25.2	24.7	57	22.6
<b>Total</b>	<b>258</b>	<b>100.0</b>	<b>100.0</b>	<b>252</b>	<b>100.0</b>
<b>ETHNICITY</b>					
Hispanic or Latino	5	1.9	2.6	6	2.4
Not Hispanic or Latino	183	70.9	72.1	181	71.8
Joint (Hisp/Lat /Not Hisp/Lat)	4	1.6	0.9	8	3.2
Ethnicity Not Available	66	25.6	24.4	57	22.6
<b>Total</b>	<b>258</b>	<b>100.0</b>	<b>100.0</b>	<b>252</b>	<b>100.0</b>

*Source: 2013 and 2014 HMDA LAR & 2013 HMDA Aggregate Data*

The Bank's performance in 2013 is slightly exceeded the aggregate level of applications to applicants of racial and ethnic minority groups. The Bank received 17.0 percent of its applications from minority applicants, while the aggregate received 16.7 percent from minority applicants.

According to the 2010 U.S. Census, the assessment area contained a total population of 2,401,127, of which 31.9 percent was minority. The assessment area's minority and ethnic population is 9.7

percent Black/African American; 9.7 percent Hispanic or Latino; 9.1 percent Asian; 3.3 percent “other”; and 0.1 percent American Indian. In 2013, the Bank received a total of 258 HMDA reportable loan applications within the assessment area. Of the 44 applications received from minority applicants, 81.8 percent resulted in originations, which is higher than the aggregate percentage for minority applicants at 70.2 percent.

## **APPENDIX B**

### ***Loss of Affordable Housing***

The Division of Banks’ regulation 209 CMR 46.22(2)(g) requires that the evaluation of the lending performance of a large institution include a review of its efforts to forestall the loss of affordable housing. The Division reviews the institution’s loans to ensure that there is no undue concentration and a systematic pattern of lending resulting in the loss of affordable housing units.

The Bank’s development of credit products with flexible lending criteria, participation in flexible lending programs, community development investments, lending to low- and moderate-income borrowers, and the restructuring and modification of residential real estate loans has assisted low- and moderate-income individuals to remain in their neighborhoods.

## **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 36 Main Street, Easthampton, Massachusetts 01027."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment 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.