



The Commonwealth of Massachusetts

Board of Bank Incorporation

DECISION
RELATIVE TO THE APPLICATION OF
BROOKLINE BANCORP, INC., BOSTON, MASSACHUSETTS
TO ACQUIRE
PCSB FINANCIAL CORPORATION, YORKTOWN HEIGHTS, NEW YORK

Brookline Bancorp, Inc. (Brookline Bancorp or the Petitioner), Boston, Massachusetts, has petitioned the Board of Bank Incorporation (the Board) to acquire a bank holding company and its subsidiary bank under the provisions of Massachusetts General Laws chapter 167A, sections 2 and 4 (Merger). The Petitioner seeks to acquire PCSB Financial Corporation (PCSB Financial), Yorktown Heights, New York, and its subsidiary bank, PCSB Bank, Brewster, New York. As a result of the transaction, the Petitioner will acquire PCSB Bank and thereby control three subsidiary banks including Brookline Bancorp's existing subsidiary banks: Brookline Bank, Brookline, Massachusetts and Bank Rhode Island, Providence, Rhode Island.

The transaction is structured so that PCSB Financial will merge with and into Brookline Bancorp, with Brookline Bancorp being the surviving entity. PCSB Financial's shareholders will receive a combination of cash and shares of Brookline Bancorp's common stock. As a result, Brookline Bancorp will acquire ownership and control of 100% of the issued and outstanding voting securities of PCSB Financial's wholly-owned subsidiary, PCSB Bank, a New York-chartered commercial bank that is not currently a member of the Federal Reserve System (Federal Reserve). Following the transaction, Brookline Bancorp will hold and operate PCSB Bank as a separate bank subsidiary and PCSB Bank expects to apply for membership with the Federal Reserve. After consummation of the transaction, Brookline Bancorp will be the direct parent of three state-chartered member banks: Brookline Bank, a Massachusetts-chartered bank; Bank Rhode Island, a Rhode Island-chartered bank; and PCSB Bank, a New York-chartered bank.

Brookline Bancorp published notice of the petition as directed by the Board, thereby affording opportunity for interested parties to submit comments. The Board held a public hearing relative to this application on September 22, 2022. The comment period on the Merger ended on October 25, 2022, and no comments were received. The Board reviewed the application, related documents, and testimony received at the public hearing. That review focused on the statutory and administrative criteria applicable to such transactions including, among other things, whether competition among banking institutions will

be unreasonably affected; whether public convenience and advantage would be promoted; and the record of performance under the Community Reinvestment Act (CRA) by the respective subsidiary banks. The financial and management components of the Merger were also considered. The statutory requirements set out in sections 2 and 4 of said chapter 167A were also notable factors in the Board's deliberations on the matter before it.

One such statutory provision requires the Board to receive notice from the Massachusetts Housing Partnership Fund (MHPF) that satisfactory arrangements have been made by the Petitioner consistent with statute and the MHPF's various affordable housing loan programs. The Board received notice from the MHPF that satisfactory arrangements had been made for this transaction in a letter dated August 9, 2022.

The Parties

Brookline Bancorp, Inc. / Brookline Bank / Bank Rhode Island

Brookline Bancorp is a Delaware corporation and bank holding company under the Bank Holding Company Act of 1956, as amended, and Massachusetts General Laws chapter 167A. Brookline Bancorp controls 100% of the issued and outstanding voting securities of two depository institutions that are insured by the Federal Deposit Insurance Corporation (FDIC), Brookline Bank, Brookline, Massachusetts, and Bank Rhode Island, Providence, Rhode Island.

Brookline Bank is a Massachusetts-chartered trust company and has 30 full-service banking offices and two lending offices in Massachusetts. Brookline Bank accepts deposits and provides a broad range of retail and commercial banking services to its customers. Brookline Bank participates in the SUM network, an alliance of local banks and credit unions that provides surcharge-free use of more than 3,400 automated teller machines by customers of participating institutions. Brookline Bank's primary regulator is the Massachusetts Division of Banks (Division). As of June 30, 2022, Brookline Bank reported total assets of approximately \$5.5 billion.

Bank Rhode Island is a Rhode Island-chartered bank and subject to regulation by the Rhode Island Department of Business Regulation. Bank Rhode Island has 20 full-service banking offices in the greater Providence, Rhode Island area. Bank Rhode Island accepts deposits and provides a broad range of retail and commercial banking services to its customers. As of June 30, 2022, Bank Rhode Island reported total assets of approximately \$3.0 billion.

Brookline Bancorp has four nonbank subsidiaries: Brookline Securities Corp.; Clarendon Private, LLC; BRI Statutory Trust III; and BRI Statutory Trust IV. Brookline Bank has five nonbank subsidiaries: Eastern Funding LLC; Longwood Securities Corp.; First Ipswich Insurance Agency, Inc.; Ajax Development LLC; and Brookline Bancorp 1031 Exchange Services, LLC. Bank Rhode Island has five nonbank subsidiaries: Acorn Insurance Agency, Inc.; BRI Realty Corp.; BRI Investment Corp.; BRI MSC Corp.; and BRI Community Investment Corp.

PCSB Financial Corporation / PCSB Bank

PCSB Financial is a Maryland corporation and bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended. It has direct ownership and control of 100% of the issued and outstanding voting securities of PCSB Bank.

PCSB Bank is a New York-chartered commercial bank with its main office located in Brewster, New York. It serves the banking needs of customers in the Lower Hudson Valley of New York State through its headquarters and 14 banking offices located in Dutchess, Putnam, Rockland, and Westchester Counties, New York. PCSB Bank's primary business activity is attracting deposits from the general public and using those funds to originate and purchase commercial real estate loans, business loans, and one-to-four-family real estate loans and to purchase investment securities. PCSB Bank's primary regulator is the New York State Department of Financial Services, and the FDIC is its federal regulator. As of June 30, 2022, PCSB Bank reported total assets of approximately \$2.0 billion.

PCSB Financial has no subsidiaries other than PCSB Bank. PCSB Bank has two nonbanking subsidiaries: PCSB Funding Corp. and UpCounty Realty Corp.

Competition

The Petitioner has addressed the issue of whether competition among banks will be unreasonably affected by the Merger. Part of that analysis includes various guidelines utilized by the federal regulatory agencies. The application contained an analysis under the Herfindahl-Hirschmann Index (HHI), a key test utilized by federal agencies in assessing the competitive effects of a proposed bank acquisition. In this case, the HHI analysis demonstrates that consummation of the transaction will not result in an undue concentration of banking resources. The Board's review, however, is not limited to such federal standards. It is the practice of the Board to consider a transaction's impact on the citizens, communities, and banking structure in the Commonwealth on a community-by-community basis. In that regard, the Petitioner has presented information that the Merger will not have a significant adverse effect on competition among

banking institutions in any relevant market. Specifically, there is no overlap in the counties in which the banks operate. All of PCSB Bank's branches are located in Dutchess, Putnam, Rockland, and Westchester Counties, New York, while the two depository institution subsidiaries of Brookline Bancorp only have branches in counties across Massachusetts and Rhode Island. Given the fact that a number of diverse financial institutions will continue to provide competitive deposit and credit services throughout the affected areas and banking markets served by the combined Brookline Bancorp organization, the Board does not believe the transaction will unreasonably affect competition for the reasons cited.

Public Convenience and Advantage

The Board also considered whether public convenience and advantage will be promoted by this transaction. According to the Petitioner, the Merger represents strategic growth in attractive markets. The combination of Brookline Bancorp and PCSB Financial will provide Brookline Bancorp with the opportunity to broaden its geographic scope, diversify its asset mix and risk profile, and create a stronger, more competitive institution. The customers of PCSB Bank and the communities PCSB Bank serves will benefit from the greater financial strength and stability of the Brookline Bancorp organization. The Merger will result in a stronger combined banking organization with a larger lending capacity which will be better positioned to compete against the larger, national banking organizations that dominate the Massachusetts, Rhode Island, and New York markets. Brookline Bancorp intends that Brookline Bank, Bank Rhode Island, and PCSB Bank will continue to offer all of the products and services each currently offers to its respective customers. Further, PCSB Bank will benefit from Brookline Bancorp's access to the capital markets, its management resources, and the depth of the Brookline Bancorp organization. As a result of the Merger, PCSB Bank's business customers will have access to enhanced cash management services which will improve online access and overall support, as well as increased access to technology for other products and services. In addition, both PCSB Bank's business and consumer customers will have access to expanded technological services including online wires, account aggregation, and Zelle payments, as well as enhanced access to Brookline Bancorp's 1031 exchange and foreign exchange services.

The Board has also considered the Petitioner's analysis of "net new benefits" related to the transaction with respect to the statutory criteria. The term includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors. As noted in its application, Brookline Bancorp is evaluating potential capital improvements which may be made at PCSB Bank in the future, including replacing aging hardware and equipment and expanding access to technology, all of which will provide a net benefit to customers and employees in the performance of daily transactions. The existing main office and the 14 branches of PCSB Bank will be maintained after the Merger. The Petitioner also testified at the public hearing that Brookline Bancorp expects to retain a

majority of PCSB Bank's employees and that all of PCSB Bank's branches are expected to remain fully staffed at current levels, thereby providing continuity for its customers and communities. In addition, the application provides that the Merger will afford back-office efficiencies for the banks which should allow the resulting entity to compete more effectively and improve profitability for each institution, thereby providing funds for future plans for capital investment, job creation, and expansion of consumer and business services.

Related to the issue of public convenience and advantage is the record of CRA performance by the subsidiary banks of the parties to this transaction. Such a review for a Massachusetts state-chartered bank includes examination by personnel of the Division. A publicly available descriptive rating and evaluation by a federal or other state bank regulatory agency may also be considered. The Board notes that Brookline Bank received a "Satisfactory" rating in its most recent CRA performance evaluations conducted concurrently by the Division and the Federal Reserve Bank of Boston, each dated May 16, 2022. Bank Rhode Island received a "Satisfactory" rating from the Federal Reserve Bank of Boston in its most recent CRA performance evaluation, dated February 10, 2020. PCSB Bank received a "Satisfactory" rating from the FDIC in its most recent CRA performance evaluation, dated January 19, 2021. Accordingly, the Board's review of factors related to public convenience and advantage are supportive of approval.

The financial and managerial aspects of any transaction are also a significant consideration of the Board, as they may affect the continuing holding company's ability to serve the banking public, to actively compete with other financial institutions, and to maintain its capital ratio standards for a safe and sound institution. As set forth above, this transaction will be financed by a combination of cash and shares of Brookline Bancorp's common stock, and the subsidiary banks will continue to be well-capitalized after the Merger's consummation. Following the Merger, Brookline Bancorp will add a seat to its board of directors, expanding its size to 15 directors, and will appoint one director of PCSB Financial to fill the new seat on Brookline Bancorp's board of directors. The director will be selected by Brookline Bancorp in its sole discretion and will qualify as an "independent director" with respect to Brookline Bancorp under the Nasdaq listing standards and the applicable rules of the Securities and Exchange Commission. Following the consummation of the Merger, the principal officers of Brookline Bancorp will remain unchanged, and PCSB Bank's current Chief Lending Officer will serve as PCSB Bank's President and Chief Executive Officer. The Board's consideration of the financial and managerial aspects of the transaction supports its approval.

Conclusion

The application, supporting documents, the testimony received at the public hearing, as well as additional information submitted, have established a complete record on this petition, which has been reviewed in accordance with statutory provisions and policies of the Board. Based on the record of this matter considered in light of all relevant statutory and administrative requirements, the Board finds that public convenience and advantage will be promoted, that competition among banking institutions will not be unreasonably affected, and that the record of performance under CRA by the subsidiary banks involved in this transaction are consistent with its approval. Having considered the record established on this application, the Board has found that the applicable statutory and administrative criteria have been met. In accordance with the findings expressed herein and pursuant to statute, the Board hereby approves the petition and authorizes Brookline Bancorp to acquire PCSB Financial and to directly own and control its wholly-owned depository institution subsidiary, PCSB Bank, provided that: (1) the transaction shall not be consummated until all necessary additional regulatory approvals have been obtained; and (2) the transaction is completed within one year of the date of this Decision.

Mary L. Gallagher)
Commissioner of Banks)
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Deborah B. Goldberg)
Treasurer and Receiver-General)
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Donald Twomey)
Designee of the Commissioner of Revenue)

Board of
Bank
Incorporation

October 31, 2022
Date