

PUBLIC DISCLOSURE

October 16, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Brookline Bank
Certificate Number: 17798

131 Clarendon Street
Boston, Massachusetts 02116

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

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

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INSTITUTION RATING

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	
Satisfactory**	X		X
Needs to Improve			
Substantial Noncompliance			
<i>* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.</i>			

The Lending Test is rated Satisfactory.

- Given the institution’s performance context, lending levels reflect reasonable responsiveness to the credit needs of its assessment areas.
- The Bank originated a high percentage of loans within its assessment areas during the review period.
- The geographic distribution of loans reflects good penetration throughout the assessment areas.
- The distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes.
- The Bank is adequate in originating community development loans. During the review period, the Bank originated four community development loans totaling approximately \$7.6 million.
- The Bank makes limited use of innovative and flexible lending programs to assist in meeting the credit needs of its assessment area.
- Based upon the review of the Bank’s public comment file, lending trends, and its performance relative to fair lending policies and practices, no violations of anti-discrimination laws and regulations were identified.

The Investment Test is rated High Satisfactory.

- The institution has a reasonable level of qualified community development investments and grants.
- The Bank exhibits good responsiveness to credit and community economic development needs.

The Service Test is rated Satisfactory.

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 23, 2015, to the current evaluation dated October 16, 2017. Examiners used the Interagency Large Institution Examination Procedures to evaluate Brookline Bank's Community Reinvestment Act (CRA) performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test.

Loan Products Reviewed

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

The Bank's record of originating small business loans contributed more weight to overall conclusions due to the larger loan volume when compared to home mortgage lending during 2015 and 2016 (460 small business loans compared to 364 home mortgage loans). Other product lines such as small farm loans, consumer, and other loan types were not considered due to the low volume of originations and the overall small portion of the loan portfolio represented by these loan types.

This evaluation considered all small business loans reported on the Bank's CRA Loan Register in 2015 and 2016. Similarly, the evaluation considered all home mortgage entries on the Bank's 2015 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs) and the 2016 HMDA LAR. The first six months of 2017 data were collected for CRA and HMDA LARs. While the results are not included in the tables, the information is included in the narrative for trend purposes.

This evaluation presents information for 2015, and 2016 compared to aggregate lending data available for each year. Pertinent demographics based on 2010 U.S. Census data was also used for comparison to Bank performance.

For the Lending Test, examiners reviewed the number and dollar volume of home mortgage and small business loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans. The number of loans is a better indicator of the number of businesses and individuals served. The geographic distribution and borrower profile criteria only include analysis of loans extended within the Bank's assessment area. Examiners weighted the performance under the Lending Test more heavily than the Investment and Service Tests in arriving at an overall CRA rating.

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

Examiners reviewed community development loans, investments and services, as well as innovative and/or flexible lending practices from the prior evaluation date of March 23, 2015, through the current examination date of October 16, 2017.

DESCRIPTION OF INSTITUTION

Background

Brookline Bank is a stock savings bank headquartered in Brookline, Massachusetts, and 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 received a “Satisfactory” rating at its previous Massachusetts Division of Banks CRA Performance Evaluation on March 23, 2015, based on Interagency Large Institution Examination Procedures.

Operations

Brookline Bank primarily serves Middlesex, Suffolk, and Norfolk Counties through 25 full-service branch offices in Arlington, Bedford, Boston (3), Brookline (5), Burlington (2), Lexington, Malden, Medford (3), Needham, Newton (3), Waltham, and Wellesley (2). The Bank acquired one new branch since the previous evaluation, located in Chestnut Hill.

Brookline Bank offers a wide array of consumer and business products and services. Consumer loan products include residential mortgages, home equity lines of credit, automobile loans, and other personal loans. The Bank also provides deposit services to consumers including checking and savings accounts, IRAs, and CDs.

For businesses, the Bank offers Small Business Administration (SBA) loans, term loans, lines of credit, commercial mortgages, and third party business credit cards. Consumer deposit products include checking, savings, money market, certificates of deposit, and individual retirement accounts. Business deposit products consist of checking, debit/ATM cards, savings, money market accounts, and other cash management services.

Ability and Capacity

Assets totaled \$4.0 billion as of June 30, 2017, and grew 11.1 percent since December 31, 2014. Total loans of \$3.6 billion represent 90.0 percent of total assets. The loan portfolio composition is similar to that of the prior evaluation. The Bank is primarily a commercial lender, as approximately 63.4 percent of the loan portfolio consists 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 31.7 percent of the loan portfolio.

Loan Portfolio Distribution as of 6/30/17		
Loan Category	\$(000s)	%
Construction and Land Development	101,076	2.8
1-4 Family Residential	593,662	16.7
Multi-family (5 or more) Residential	534,278	15.0
Commercial Real Estate	1,253,001	35.2
Total Real Estate Loans	2,482,017	69.7
Commercial and Industrial	1,007,138	28.3
Consumer	11,392	0.3
Obligations of states and political subdivisions	50,375	1.4
Other	242	0.0
Lease financing receivables	10,352	0.3
Total Loans	3,561,516	100.0
<i>Source: Reports of Income and Condition</i>		

Examiners did not identify any financial, legal, or other impediments that affect the Bank's ability to meet assessment are credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment area (AA) within which its CRA performance will be evaluated. Brookline Bank has designated its AA in the Cambridge-Newton-Framingham, MA Metropolitan District (MD) (15764) and the Boston, MA MD (14454). The Cambridge-Newton-Framingham, MA MD and the Boston, MA MD are part of the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA). The Bank's assessment area conforms to CRA requirements since it consists of whole geographies, does not arbitrarily exclude low- and moderate-income areas, and does not reflect illegal discrimination. The following sections discuss demographic and economic information for the AA.

Economic and Demographic Data

The Bank's chosen assessment area includes the following municipalities:

Acton	Everett	North Reading	Weston	Holbrook	Stoughton
Arlington	Framingham	Reading	Wilmington	Medfield	Walpole
Ashland	Lexington	Sherborn	Winchester	Millis	Wellesley
Bedford	Lincoln	Somerville	Woburn	Milton	Westwood
Belmont	Malden	Stoneham	Avon	Needham	Weymouth
Billerica	Maynard	Sudbury	Braintree	Norfolk	Boston
Burlington	Medford	Wakefield	Brookline	Norwood	Chelsea
Cambridge	Melrose	Waltham	Canton	Quincy	Revere
Carlisle	Natick	Watertown	Dedham	Randolph	Winthrop
Concord	Newton	Wayland	Dover	Sharon	

The AA consists of 553 census tracts with the following income designations according to the 2010 U.S. Census:

- 61 low-income tracts,
- 112 moderate-income tracts,
- 191 middle-income tracts, and
- 177 upper-income tracts.

There are also twelve census tracts with no corresponding income delineation, which covers the Harbor Islands, Franklin Park, Stony Brook Reservation, The Arnold Arboretum, The Forest Hills Cemetery, Castle Island, the Seaport District, The Charles River, Suffolk Downs Racetrack, The Belle Isle Marsh Reservation, Boston Commons, and Jamaica Pond.

The following table details specifics regarding the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: Brookline AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	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
Housing Units by Geography	995,985	8.8	20.3	38.5	32.5	0.0
Owner-Occupied Units by Geography	515,858	3.2	13.4	40.9	42.5	0.0
Occupied Rental Units by Geography	415,760	15.1	28.1	36.0	20.7	0.0
Vacant Units by Geography	64,367	12.0	24.7	35.1	28.3	0.0
Businesses by Geography	187,641	6.0	13.7	33.7	46.3	0.3
Farms by Geography	2,485	2.1	10.8	40.2	47.0	0.0
Family Distribution by Income Level	547,821	23.0	15.5	19.4	42.1	0.0
Household Distribution by Income Level	931,618	26.4	14.3	16.7	42.6	0.0
Median Family Income MSA - 14454 Boston, MA MD		\$83,664	Median Housing Value			\$454,958
Median Family Income MSA - 15764 Cambridge-Newton- Framingham, MA MD		\$90,625	Median Gross Rent			\$1,230
			Families Below Poverty Level			7.5%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i>						
<i>Due to rounding, totals may not equal 100.0</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

According to 2016 Dun & Bradstreet (D&B) data there were 187,641 businesses. Gross Annual revenues (GARs) for these businesses are below.

- 82.6 percent have \$1 million or less.
- 7.9 percent have more than \$1 million.
- 9.5 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represent the largest portion of businesses at 50.8 percent; followed by retail trade (11.8 percent); and finance, insurance, and real estate (10.8 percent). In addition, 70.2 percent of area businesses have four or fewer employees, and 88.0 percent operate from a single location.

FFIEC Estimated Median Family Income data is used to analyze home mortgage loans under the Borrower Profile section of the Lending Test. The table below presents the low-, moderate-, middle-, and upper-income categories. These categories are based on the 2014 and 2015 FFIEC estimate median family incomes.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boston, MA MD Median Family Income (14454)				
2015 (\$90,000)	<\$45,000	\$45,000 to <\$72,000	\$72,000 to <\$108,000	≥\$108,000
2016 (\$90,800)	<\$45,400	\$45,400 to <\$72,640	\$72,640 to <\$108,960	≥\$108,960
Cambridge-Newton-Framingham, MA MD Median Family Income (15764)				
2015 (\$101,700)	<\$50,850	\$50,850 to <\$81,360	\$81,360 to <\$122,040	≥\$122,040
2016 (\$98,600)	<\$49,300	\$49,300 to <\$78,880	\$78,880 to <\$118,320	≥\$118,320
<i>Source: FFIEC</i>				

There are 995,985 housing units in the assessment area, 515,858 of which are owner occupied, 415,760 are occupied rental units, and 64,367 are vacant. The median housing value of \$454,958 suggests a relatively expensive housing market, compared to the state of Massachusetts (\$373,206).

Further analysis used Warren Group housing sales data. In 2017, median home sales averaged \$508,333 throughout the three counties that formed the assessment area. Median sales prices ranged from \$560,000 in Suffolk to \$465,000 in Suffolk. This further suggests a relatively affluent area and potential barriers to lower-income families obtaining affordable housing. Furthermore, over the three-year period since the previous examination, housing prices have steadily increased from an average median sales price of \$448,833 in 2015.

Competition

Brookline Bank operates in a competitive lending environment. The Bank faces competition from large national and regional institutions, including mortgage companies, community banks, and credit unions in the area. Commercial lending market share reports show that 153 lenders reported 63,450 originations totaling \$2.5 billion in 2015. Residential lending market share reports for the same year revealed that 565 lenders reported 8,028 originations totaling approximately \$33.9 trillion in the overall assessment area. The top three financial institutions for commercial lending were American Express, Bank of America, and Capital One Bank, with a combined share of 51.7 percent. On the residential side, the leading financial institutions were JP Morgan Chase Bank NA, Wells Fargo Bank NA, and Loan Depot LLC with a combined 16.9 percent market share.

Community Contact

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

Examiners contacted a community development corporation that identified affordable housing and unemployment as two major challenges in the assessment area. The contact explained that financial institutions in the area are active in tackling these issues through various programs, but

that they could be making further efforts to make their programs more engaging to attendees. Institutions in the area have an opportunity to develop comprehensive programs oriented towards the needs of the community in the areas of money management and credit repair.

Examiners conducted a second community contact with a housing organization that focuses on affordable housing within the Bank's assessment area. The contact stated that local financial institutions could be helpful by offering more information and programs to improve the availability of affordable housing and financial education. The organization noted that in the absence of these programs, properties are often times purchased by outside investors who can afford to make offers that are more attractive to sellers, which depresses the ability for first time buyers to locate suitable homes and drives housing prices to unaffordable levels.

Credit and Community Development Needs and Opportunities

Examiners considered information provided from the community contact, the Bank, and economic data to determine the primary credit needs of the AA. The information suggests that the AA's economy is thriving, but a short supply of housing stock and high demand for housing in the region has driven home prices to levels where low- and moderate-income individuals and families have difficulty finding suitable housing. The median housing price in the AA is \$454,958, approximately \$82,000 higher than the median for the state. For the approximately 30 percent of the AA's population that is designated as low- or moderate-income, the high cost of housing is prohibitive to homeownership.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test evaluates the institution's record of helping to meet the credit needs of its assessment areas by considering an institution's home mortgage, small business, small farm, and community development lending. 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 areas; 3) the dispersion of loans and the number and amount of loans in low-, moderate-, middle- and upper-income geographies in the assessment areas; 4) the distribution of loans among borrowers of low-, moderate-, middle- and upper-income; 5) the volume of community development lending; 6) the use of innovative or flexible lending practice; and (7) performance relative to fair lending policies and practices.

The Bank's overall Lending Test performance is rated "Satisfactory". The sections below discuss the Bank's performance under each criterion.

Lending Activity

This performance criterion considers the volume of Brookline Bank's lending in relation to the Bank's financial condition and resources. The Bank's lending levels reflect adequate responsiveness to assessment area credit needs. During 2015 and 2016, Brookline Bank originated 824 small business and home mortgage loans totaling \$539.7 million. Of this total, 376 small business loans totaling approximately \$104.2 million and 301 home mortgage loans totaling approximately \$328.3 million were inside the assessment area.

During 2015, Brookline Bank attained a reasonable market rank at the county level. The Bank ranked 25th out of 153 small business lenders in the area. The market share was 0.3 percent.

With regard to home mortgage lending in 2015, Brookline Bank ranked 109th for HMDA lending inside the assessment area among the 565 HMDA lenders in the combined assessment area. Brookline Bank market share was 0.2 percent by number and 0.4 percent by dollar volume.

The highest ranked lenders for small business reporting were Credit Card companies; American Express, Bank of America, and Capital One Bank accounted for over 50 percent of the market at the county level. Brookline Bank was the 5th highest ranked state-chartered institution.

Among the higher ranked lenders for residential loans were larger financial institutions and mortgage companies that operate on a regional or national basis. These include JP Morgan Chase Bank, N.A., Wells Fargo Bank, NA; Guaranteed Rate Inc; Bank of America, NA; and Quicken Loans.

Market rank information for 2016 was not available as of the evaluation date. In 2016, the small business loan volume decreased by approximately 5.9 percent by number and 10.7 percent by dollar amount. The Bank's HMDA loan volume increased by number and dollar amount, 18.0 and 52.3 percent respectively.

The Bank's Loan to Deposit (LTD) ratio further supports the consistency of lending with its financial resources and capabilities. The Bank had an average LTD ratio of 123.8 percent since the previous evaluation, exhibiting a commitment to redistributing its deposits as loans.

Assessment Area Concentration

This performance criterion measures the percentage of the Bank's lending that benefited assessment area residents and businesses, and evaluated the adequacy of such lending. The Bank originated a high percentage of loans within its assessment area. Please see the following table for more detail.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2015	193	81.4	44	18.6	237	53,928	77.5	15,643	22.5	69,571
2016	183	82.1	40	17.9	223	50,314	81.0	11,782	19.0	62,096
Subtotal	376	81.7	84	18.3	460	104,242	79.2	27,425	20.8	131,667
Home										
2015	143	85.6	24	14.4	167	119,481	73.9	42,206	26.1	161,687
2016	158	80.2	39	19.8	197	208,785	84.8	37,536	15.2	246,321
Subtotal	301	82.7	63	17.3	364	328,266	80.5	79,742	19.5	408,008
Total	677	82.2	147	17.8	824	432,508	80.1	107,167	19.9	539,675
<i>Source: 2015 and 2016 HMDA Reported Data, 2015 and 2016 CRA Reported Data</i>										

Geographic Distribution

The geographic distribution of loans reflects good dispersion throughout the assessment area. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts in 2015 and 2016.

Small Business Loans

The geographic distribution of small business loans reflects adequate dispersion throughout the assessment area. In 2015, the Bank originated approximately 1.3 percent of small business loans in low-income census tracts, below the aggregate performance and the demographic of businesses in the same areas. The table below shows that the Bank's performance in moderate-income census tracts is in line with demographics and aggregate lending data. The Bank achieved reasonable market share ranks at the county level. The Bank was ranked 28th in low-income census tract originations and 25th in moderate-income census tract originations.

The 2016 performance exhibited significant improvements from 2015. The Bank's number of loans in low-income census tracts increased, as did the percentage of loans in these areas. The percentage was comparable to that of the aggregate and demographic data. Similarly, the number

and percentage of loans in moderate-income census tracts rose in 2016 compared to 2015, above the aggregate lending level and the demographic of businesses.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	6.0	5.3	3	1.6	822	1.5
2016	6.0	5.1	10	5.5	3,303	6.6
Moderate						
2015	13.7	14.2	26	13.5	7,363	13.7
2016	13.7	14.5	33	18.0	9,807	19.5
Middle						
2015	33.8	36.2	76	39.4	19,119	35.5
2016	33.7	35.7	56	30.6	13,606	27.0
Upper						
2015	46.1	43.8	88	45.6	26,624	49.4
2016	46.3	44.3	84	45.9	23,598	46.9
Not Available						
2015	0.3	0.4	0	0.0	0	0.0
2016	0.3	0.3	0	0.0	0	0.0
Totals						
2015	100.0	100.0	193	100.0	53,928	100.0
2016	100.0	--	183	100.0	50,314	100.0

*Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good dispersion throughout the assessment area. Examiners focused on the comparison to aggregate data. The following table shows that the Bank's 2015 performance in low-income census tracts is slightly above aggregate data, as well as demographics of the assessment area. Similarly, the Bank's performance in moderate-income census tracts remains slightly above aggregate and demographic data.

The Bank's market share ranking in low- and moderate-income census tracts further substantiates the good performance. The Bank was the 86th highest ranked lender in low-income census tracts, and obtained a market share of 0.2 percent. In moderate-income census tracts, the Bank ranked 99th with a 0.2 percent market share. The fact that the Bank ranks higher in low- and moderate-income census tracts compared to its overall ranking exhibits the Bank's attention to distributing credit to these areas.

For 2016, the Bank continued to demonstrate good performance. While the number and percentage of loans in low-income census tracts fell, the Bank remained in line with aggregate lending and above demographic data.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	3.2	4.0	8	5.6	5,580	4.7
2016	3.2	3.8	6	3.8	20,520	9.8
Moderate						
2015	13.4	13.9	21	14.7	14,027	11.7
2016	13.4	13.9	37	23.4	37,567	18.0
Middle						
2015	40.9	40.2	41	28.7	35,310	29.6
2016	40.9	40.7	37	23.4	39,500	18.9
Upper						
2015	42.5	41.9	73	51.0	64,564	54.0
2016	42.5	41.6	78	49.4	111,198	53.3
Not Available						
2015	0.0	0.0	0	0.0	0	0.0
2016	0.0	0.0	0	0.0	0	0.0
Totals						
2015	100.0	100.0	143	100.0	119,481	100.0
2016	100.0	--	158	100.0	208,785	100.0
<i>Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among businesses of different sizes and individuals of different income levels in the assessment area. The Bank's performance of home mortgage and small business lending support this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers. They also focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Small Business Lending

The distribution of the small business loans reflects good penetration of loans to businesses with GARs of \$1 million or less. The following table shows that in 2015, the Bank originated 57.5 percent of its loans to businesses with GARs of \$1 million or less, which compares reasonably to

the aggregate lending data available. This level of lending is below the demographics of the area, but aggregate performance suggests that the number of businesses in this revenue category outpaces the loan demand. The Bank's performance in 2016 was similar to that of 2015, still above the aggregate lending.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2015	74.5	48.2	111	57.5	28,860	53.5
2016	82.6	44.9	108	59.0	27,835	55.3
>1,000,000						
2015	6.7	--	76	39.4	24,003	44.5
2016	7.9	--	67	36.6	21,980	43.7
Revenue Not Available						
2015	18.8	--	6	3.1	1,065	2.0
2016	9.6	--	8	4.4	499	1.0
Totals						
2015	100.0	100.0	193	100.0	53,928	100.0
2016	100.0	100.0	183	100.0	50,314	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data; 2015 & 2016 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>						

Home Mortgage

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, is adequate. Examiners focused on the comparison to aggregate data as well as comparison to demographic data. .

The Bank's 2015 home mortgage lending to low-income borrowers, at 1.4 percent is comparable to the aggregate performance of other lenders in the area. The Bank is below the aggregate lender performance, as well as the demographic of families, for moderate-income originations. The income of low- and moderate-income families (including the segment below the poverty line) compared to the relatively expensive median housing prices helps explain the difference between the lending performance and the income level demographics of the area.

The Bank's adequate performance is supported by its market share. In 2015, the Bank ranked 39th in lending to low-income applicants with a market share of 1.4 percent, and ranked 72nd to moderate-income applicants with a market share of 0.1 percent. The higher ranks relative to the Bank's overall lending rank (109th) reflects the Bank's effort to meet the credit needs of individuals in these income delineations in proportion to their overall lending ability.

For 2016, the Bank's percentage of loans to low-income families increased in both the number of originations and the percentage of originations, and was above the aggregate lending trend. The Bank's performance toward moderate-income borrowers remained consistent.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Brookline AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	23.0	2.8	2	1.4	168	0.1
2016	23.0	2.7	7	4.4	2,740	1.3
Moderate						
2015	15.5	12.1	11	7.7	3,489	2.9
2016	15.5	11.2	12	7.6	2,799	1.3
Middle						
2015	19.4	21.0	22	15.4	6,913	5.8
2016	19.4	21.8	23	14.6	6,966	3.3
Upper						
2015	42.1	45.1	66	46.2	45,207	37.8
2016	42.1	52.3	66	41.8	32,602	15.6
Not Available						
2015	0.0	18.9	42	29.4	63,704	53.3
2016	0.0	12.1	50	31.6	163,678	78.4
Totals						
2015	100.0	100.0	143	100.0	119,481	100.0
2016	100.0	--	158	100.0	208,785	100.0

*Source: 2010 U.S. Census; 1/1/2015 - 12/31/2016 Bank Data, 2015 & 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

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.

Brookline Bank made an adequate level of community development loans. For the evaluation period, the Bank originated four of these loans totaling approximately \$7.6 million. All of the loans were made in the Bank's assessment area. This level of activity represents a significant decrease

from the Bank's previous recent Performance Evaluation, where it originated 18 community development loans totaling approximately \$58.2 million.

The following details the Bank's community development lending:

- In 2015, the Bank originated a line of credit in the amount of \$30,000 which was used for the economic development and revitalization in the City of Waltham. The line of credit was used to provide new signs to ten businesses in the area of Main Street and Moody Street.
- In 2015, the Bank provided a loan in the amount of \$6.8 million which is secured by a 98 unit low-income housing community located in the Hyde Park section of Boston. The housing community provides 68 one-bedroom/one-bathroom and 30 two-bedroom/one-bathroom units. Residents pay for A/C related electricity, cooking and lights/plugs, while the landlord pays for all other utilities.
- In 2016, the Bank provided a loan in the amount of \$560,000 which was used to provide 20 units of affordable housing in Boston. The proceeds from the loan were used for minor repairs and updates to the property.

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.

Brookline 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, as well as Small Business Administration (SBA) loans to better meet the credit needs of the area's small businesses. In addition to its standard commercial loan program, the Bank offers flexible small business loans through the SBA. The Bank approved 28 applications for \$4.0 million through the SBA, which provides financial assistance in the form of loan guarantees, smaller down payments, and flexible terms. The following details the Bank's innovative or flexible loan offerings.

SBA 7a Loan Program – This program offers loans up to \$5 million and are guaranteed through the SBA for 75 percent of the value. This loan program has unique eligibility requirements based on the type of business, its income, the character of its ownership, geographic location, and the ability to repay.

SBA Express Loan Program – The SBA Express Loan Program offers loans up to \$350,000 to small businesses with an accelerated approval process which results in a response to the application

within 36 hours. The SBA guarantees up to 50 percent of these loans and requires no collateral on loans of \$25,000 or less.

SBA 504 Loan Program – This loan program provides long-term fixed financing made through a Certified Development Company (CDC). These loans are for businesses that are for profit and have tried to use other financial resources before applying for the loan. The program is specifically designed to help small businesses grow, making funds available for things like real estate and equipment purchases.

Homeowner Opportunity Program – Since 2011 the Bank has offered an affordable mortgage program for low- and moderate-income families that could not obtain a mortgage as part of the housing lotteries within the assessment area. The program offers competitive rates and provides borrowers with flexibility by allowing 95 percent loan-to-value ratios without the imposition of private mortgage insurance, increased debt-to-income allowances, no required appraisals for loans less than \$250,000 and a no-fee rate lock.

Fair Lending Policies and Procedures

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, examiners did not identify any violations of the anti-discrimination laws and regulations.

Minority Application Flow

The Bank's HMDA LARs for 2015 and 2016 were reviewed to determine if the application flow from the different racial groups within the Bank's assessment area was reflective of the assessment area's demographics.

According to the 2010 U.S. Census Data, the Bank's assessment area contained a total population of 2,401,127 individuals of which 31.9 percent are minorities. The assessment areas minority and ethnic population is 9.7 percent Black/African American, 9.1 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 9.7 percent Hispanic or Latino and 3.3 percent other.

In 2015, the Bank received 188 HMDA reportable loan applications from within its assessment area. Of these applications, 21 or 11.2 percent were received from minority applicants, of which 15 or 71.4 percent resulted in originations. The aggregate received 107,584 HMDA reportable loan applications of which 15,897 or 14.8 percent were received from minority applicants and 10,733 or 67.5 percent were originated. For the same time period, the Bank also received 4 or 2.1 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 3 or 75.0 percent were originated versus the aggregate that received 3,963 applications or 3.68 percent of which 2,442 or 61.6 percent were originated.

For 2016, the Bank received 206 HMDA reportable loan applications from within its assessment area. Of these applications, 15 or 7.3 percent were received from minority applicants, of which 9

or 60.0 percent resulted in originations. For the same period, the Bank received 2 or 1.0 percent of applications from ethnic groups of Hispanic origin within its assessment area of which 2 or 100.0 percent were originated.

The Bank's level of lending was compared with that of the aggregate lending performance level for the most recent year that data was available, the year 2015. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders in the Credit Union's assessment area.

MINORITY APPLICATION FLOW					
RACE	Bank 2015		2015 Aggregate Data	Bank 2016	
	#	%	%	#	%
American Indian/ Alaska Native	0	0.0	0.2	0	0.0
Asian	17	9.0	8.4	10	4.8
Black/ African American	2	1.1	4.1	3	1.5
Hawaiian/Pacific Islander	0	0	0.2	0	0.0
2 or more Minority	0	0	0.1	0	0.0
Joint Race (White/Minority)	2	1.1	1.8	2	1.0
Total Minority	21	11.2	14.8	15	7.3
White	103	54.8	60.0	73	35.4
Race Not Available	64	34.0	25.2	118	57.3
Total	188	100.0	100.0	206	100.0
ETHNICITY					
Hispanic or Latino	4	2.1	3.7	2	1.0
Not Hispanic or Latino	117	62.2	70.5	84	40.8
Joint (Hisp/Lat /Not Hisp/Lat)	3	1.6	1.0	0	0.0
Ethnicity Not Available	64	34.1	24.8	120	58.2
Total	188	100.0	100.0	206	100.0

Source: US Census 2010, HMDA Aggregate Data 2015, HMDA LAR Data 2015 and 2016

*Due to rounding, totals may not equal 100.0 percent.

Considering the demographic composition of the assessment area and comparisons to aggregate data in 2015, the Credit Union's minority application flow is adequate.

INVESTMENT TEST

The Bank's investment test performance is rated "High Satisfactory." The following sections discuss the Bank's performance.

Investment Activity

The Bank made a reasonable level of qualified investments, totaling approximately \$13.9 million. This figure takes into account \$8.9 million in prior period investments in addition to \$5 million in investments made during the review period. The equity investments are equal to 0.3 percent of total assets. The following summarizes the Bank's equity investment activity.

U.S. Small Business Administration

In 2016, the Bank participated in a U.S. Small Business Administration Guaranteed Debenture for \$3.0 million. The amount of funds in the pool total \$993.0 million, which is to be distributed by Small Business Investment Companies to small businesses as equity capital, long-term loans, and expert management assistance.

Healthy Neighborhoods Equity Fund I Limited Partnership

In 2016, the Bank participated in a fund that is designed for the construction and rehabilitation of mixed-income, mixed-use commercial and residential developments in Massachusetts. This fund will supply equity financing to projects aimed at developing safe, healthy, walkable, transit-oriented communities that offer high-quality job opportunities and housing choices for local residents.

Massachusetts Housing Equity Fund XXII LLC

The Bank participated in an equity offering in 2015, which will use the proceeds of the offering to acquire interests in various limited partnerships and limited liability companies that will engage in low-income housing improvement projects. The funds will assist in the financing of projects that aim to provide decent, safe, and sanitary housing affordable to low-income households, as well as the redevelopment of economically disadvantaged neighborhoods.

Sterling Corporate Partners Fund 54, LP

The Bank contributed approximately \$1 million to this fund for the express purpose of creating two new housing developments for low- and moderate-income individuals and families. One of the developments is located in a low-income census tract, the other in a middle-income tract.

HCA Capital Square Apartments, LLC

The Bank continues to hold a \$1.1 million investment 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 continues to hold a \$1.8 million investment in a LIHTC for the acquisition and renovation of 193 affordable housing units in Boston, Massachusetts.

Brighton Allston Apartments, LLC

The Bank continues to hold a \$1.1 million in LIHTC for the preservation and rehabilitation of sixty units of affordable housing in the Allston/Brighton region.

Kenmore Abbey

The Bank invested continues to hold a \$969,000 investment in a 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 continues to hold a \$1.6 million investment in a 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.

Qualified Investments												
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Equity investments												
Prior Period	8	8,894	0	0	0	0	0	0	0	0	8	8,894
2015	2	2,023	0	0	0	0	0	0	0	0	1	1,000
2016	0	0	0	0	2	4,000	0	0	0	0	2	4,000
YTD 2017	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	10	10,917	0	0	2	4,000	0	0	0	0	11	13,894
Qualified Grants & Donations												
2015	13	74	25	87	1	15	0	0	0	0	39	176
2016	19	156	43	189	3	12	0	0	0	0	65	357
2017	17	70	43	161	3	12	0	0	0	0	63	243
Subtotal	49	300	111	437	7	39	0	0	0	0	167	776
Total	59	11,217	111	437	9	4,039	0	0	0	0	179	15,693

Source: Bank Records

The following are notable examples of the Bank’s qualified grants and donations:

Caritas Communities

The Bank made a donation to this organization that serves more than 1,000 citizens of the Greater Boston area with affordable permanent housing. Caritas Communities encourages working men, women, veterans experiencing post-service challenges and low-income elderly and disabled citizens to live in a clean, safe home that they can afford. Caritas Communities strives to prevent homelessness and restore dignity and hope in their resident’s lives.

Brookline Community Scholarship

The Brookline High School Scholarship Committee which is comprised of 10th and 12th grade students, the Dean of Students and guidance staff award scholarships to students that will be

attending college or post-secondary schools of their choice. The Bank made a contribution to the scholarship fund which helps those students based on need.

Somerville Homeless Coalition (SHC)

In 1985, the Somerville Homeless Coalition was created to provide homeless and near homeless individuals and families with individualized supportive services and tailored housing situations with a goal of obtaining and maintaining affordable housing for over 600 men, women and children. The Bank's donation helps fund SHC's emergency response programs which include an adult shelter, family shelter, food program and one-on-one case management.

Allston/Brighton Community Development Corporation

The Allston/Brighton CDC works to build a stronger and more stable community by representing and supporting the expressed interests positive engagement and leadership of Allston Brighton's diverse local communities, institutions, individuals and families of all incomes. The Allston/Brighton CDC provides stable affordable housing, first time homebuyer educational courses and purchase's and sells homes in the Allston/Brighton area to individuals who want to live in the Lower Allston and North Brighton area.

Epiphany School

Epiphany is a tuition-free school for children of economically-disadvantaged families from Boston neighborhoods. The school admits children of all faiths, races, cultures and cognitive profiles, believing in the Episcopal tradition that we find God in and through each other's presence. The school serves approximately 90 students in grades 5-8, hundreds of young adults in the school's graduate support program and hundreds more families all from economically disadvantaged backgrounds.

The Dimock Center

The Bank made a donation to The Dimock Center, a comprehensive health and human services center that is nationally recognized as a model for delivering comprehensive health and human services in an urban community. The Dimock Center provides the residents of Boston with convenient access to high quality low cost health care. The Dimock Center offers health maintenance, screening, immunizations, and prevention for adults and children. The Dimock Center also offers behavioral health program that assist those with mental illness, developmental delay, substance abuse and violence issues.

Rogerson Communities

Rogerson Communities provides housing solutions and services for the people who need it most. Rogerson Communities produces and manages 1,400 housing units, adult health programs, nutrition, fitness, meals programs and other specially-tailored services for elders from all ethnic and socio-economic backgrounds, helping them lead healthier and more vibrant lives. The donation made by the Bank helps provide these services to those who need them most in the Greater Boston area.

Nuestra Comunidad Development Corp

Nuestra Comunidad is a community development corporation that focuses on developing high quality affordable and mixed income properties. They encourage homeownership through

homebuyer education and coaching, increasing financial resiliency through financial coaching and foreclosure prevention; engaging community, developing neighborhood leaders and preventing and reducing crime through community organizing; promoting economic development by fostering small business creation.

Responsiveness to Credit and Community Development Needs

The Bank exhibits good responsiveness to credit and community development needs in the assessment area. The majority (69.5 percent) of its qualified investments, grants, and donations are provided to support affordable housing, which was identified as the primary need for low- and moderate-income persons in the AA. The Bank directed an additional 27.5 percent of its qualified investments towards economic development initiatives that could stand to benefit low- and moderate-income persons, as well as low- and moderate-income geographies in the area.

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 primarily serve low- or moderate-income individuals; (3) the availability and effectiveness of alternate systems for delivering retail Banking services; and (4) the range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

In addition, the institution's community development services are evaluated pursuant to the following criteria: 1) the extent of community development services offered and used; 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 community development services.

Accessibility of Delivery Systems

Delivery systems are adequately accessible to persons residing in the assessment area. In addition to its main office in Boston, Brookline Bank operates 24 other full-service branches located in the Cambridge-Newton-Framingham, MA and Boston, MA MDs. The Bank's Malden branch is located in a low-income census tract and one of its Medford branches is located in a moderate-income census tract; all other branches are located in middle- or upper-income tracts. Please refer to the following table for the distribution of branches by census tract income level.

Branch Distribution by Geography Income Level						
Tract Income Level	Census Tracts		Population		Branches	
	#	%	#	%	#	%
Low	61	11.0	228,107	9.5	1	4.0
Moderate	112	20.3	480,225	20.0	1	4.0
Middle	191	34.5	890,818	37.1	8	32.0
Upper	177	32.0	801,976	33.4	15	60.0
NA	12	2.2	--	--	--	--
Total	553	100.0	2,403,527	100.0	25	100.0

Source: 2010 U.S. Census & Bank Records

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or to low- and moderate-income individuals.

Since the previous examination, the Bank opened one new branch in Chestnut Hill, located in an upper-income census tract. No branches were closed during the review period.

Reasonableness of Business Hours and Services

Business hours do not vary in a way that inconvenience certain portions of the assessment area, particularly low- and moderate-income geographies or individuals. Branch hours are generally consistent, with negligible variations at several locations. All of the branches are open on Saturdays from 9:00 A.M. to 1:00 P.M. All branches offer all deposit and loan products as well as either a walk-up or a drive-up ATM. The Bank is a participant in the SUM program, which allows customers to withdraw funds at participating locations without incurring a surcharge. The Bank is also a member of the NYCE ATM Network and has standalone ATM locations in Medford and Melrose.

Community Development Services

Brookline Bank provides an adequate level of community development services. The Bank provided 43 instances of community development services throughout the evaluation period. The Bank's service activity included board involvement with local organizations, first time homebuyer seminars, financial education, and technical assistance. The following details notable instances of the Bank's community development services.

Employee Involvement

- Federal Home Loan Bank Affordable Housing Competition - The Federal Home Loan Bank of Boston has an annual competition that pairs teams of graduate students with affordable housing organizations to develop innovative and comprehensive development proposals that address the needs of the organizations. An employee of Brookline Bank provided his expertise as a financial mentor to a team of students in the competition, specifically with the financial aspect of developing affordable housing.
- Somerville Homeless Coalition - A Senior Vice President of the Bank serves as Treasurer of the Board of Directors at the Somerville Homeless Coalition. This organization provides homeless, near homeless individuals and families with individualized supportive services, and tailored housing solutions with the goal of obtaining and maintaining affordable housing. As the treasurer, the Bank employee is instrumental in managing the financial assets of the organization.
- Triangle, Inc. - A member of the Bank's Senior Management serves as President of the Board of Directors at Triangle, Inc. This organization empowers people with disabilities and their families to enjoy rich, fulfilling lives. Triangle, Inc. provides services that empower transition-age youth and adults with disabilities to meet their personal and professional goals resulting in the achievement of independence.
- Jewish Community Housing - An Executive Vice President is a member of the event committee at the Jewish Community Housing for the Elderly. This member assists in raising

funds to support the organization in providing safe and secure housing and social services to low-income elders throughout the Greater Boston Area.

- Bread of Life - An Officer of the Bank serves as a Board Member of Bread of Life, a faith-based ministry that serves the communities north of Boston. This organization strives to assist those in need battle against hunger, and poverty, as well as provide spiritual nurture, support and hospitality.
- Supportive Living, Inc. - A member of Senior Management serves on the Board of Directors of Supportive Living, Inc. This organization looks to raise the quality of life for survivors of brain injury by developing appropriate and affordable housing, providing cognitive and social wellness programs as well as fostering and stimulation research focused on the long term physical, social and cognitive needs of those affected by brain injury.

Educational Services and Seminars

During the examination period, the Bank partnered with the Junior Achievement (JA) program to provide low- and moderate-income students with financial literacy programs which are designed to inspire and prepare young individuals to succeed in a global economy. The JA helps prepare young individuals for the real world by teaching skills in financial literacy, workforce readiness and entrepreneurship. The following is a sample of the schools that benefitted from the Bank's activities.

- Josiah Quincy Upper High School – Nearly 79 percent of the school's students are eligible for free or reduced lunch programs. The seminar provided was "It's My Business" which encourages students to use critical thinking to hone entrepreneurial skills that support positive attitudes as they explore career aspirations.
- Somerville High School – This school located in a middle-income census tract in Somerville where 73 percent of the students are eligible for free or reduced lunch. The Bank provided students with a Personal Finance Blended course, which teaches financial literacy with an emphasis on earning, spending, budgeting, saving, investing, and using credit wisely.
- James W. Hennigan School – This school located in a middle-income census tract in Jamaica Plain where nearly 80 percent of the school's students are eligible for free or reduced lunch. The seminar provided was the Junior Achievement's Economics for Success. This seminar presents students with information about personal finance and the importance of identifying education and career goals based on the students skills, interests, and values.

In addition to providing financial education at local schools, the Bank partnered with local organizations to provide First-Time Home Buyers seminars. The Bank conducted six seminars during the examination period. The following are some of the organizations that conducted seminars.

- Watch Community Development Corporation – Watch seeks to connect, convene and empower its community members in order to accomplish social and economic justice goals. Watch CDC promotes affordable housing, provides adult education and leadership development and empowers underrepresented residents through civic engagement.
- Medford Community Housing Inc. – Medford Community Housing, Inc. was founded and operates for making housing affordable, safe, and inclusive for all people who live and work in the city of Medford.
- Community Service Network – Community Service Network, Inc. is a grass-roots, non-profit advocacy agency dedicated to helping low- and moderate-income individuals access the knowledge, skills, and services that promote independence and self-sufficiency.

GLOSSARY

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

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

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1.0 million or less; activities that revitalize or stabilize low- or moderate-income geographies; or activities that support, enable or facilitate projects or activities that meet "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA) and are conducted in designated target areas identified in plans approved by HUD in accordance with the Neighborhood Stabilization Program (NSP)

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion; Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have Banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1.0 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans

have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

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, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, 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 131 Clarendon Street Boston, Massachusetts 02116."

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

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

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