REFINITIV

DELTA REPORT

10-Q

BRKL - BROOKLINE BANCORP INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1549
CHANGES	657
DELETIONS	528
ADDITIONS	364

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023 March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from N/A to .

Commission file number 0-23695

BROOKLINE BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

04-3402944
(I.R.S. Employer Identification No.)

131 Clarendon Street
Boston MA
(Address of principal executive offices)

02116
(Zip Code)

(617) 425-4600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	BRKL	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12-b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller Reporting Company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At October 31, 2023 April 30, 2024, the number of shares of common stock, par value $0.01 per share, outstanding was 88,866,235. 88,894,577.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES
FORM 10-Q

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PART I — FINANCIAL INFORMATION

Item 1. Unaudited Consolidated Financial Statements

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Unaudited Consolidated Balance Sheets

		At September 30, 2023	**At December 31, 2022**		
		(In Thousands Except Share Data)			
	At March 31, 2024			**At March 31, 2024**	**At December 31, 2023**
	(In Thousands Except Share Data)				**(In Thousands Except Share Data)**
ASSETS	***ASSETS***				
Cash and due from banks					
Cash and due from banks					
Cash and due from banks	Cash and due from banks	$ 33,506	$ 191,767		
Short-term investments	Short-term investments	127,495	191,192		
Total cash and cash equivalents	Total cash and cash equivalents	161,001	382,959		
Investment securities available-for-sale, net		880,412	656,766		
Investment securities available-for-sale					
Total investment securities					
Total investment securities					
Total investment securities	Total investment securities	880,412	656,766		
Allowance for investment security losses	Allowance for investment security losses	(517)	(102)		
Net investment securities	Net investment securities	879,895	656,664		
Loans held-for-sale					
Loans and leases:	Loans and leases:				
Commercial real estate loans					
Commercial real estate loans					
Commercial real estate loans	Commercial real estate loans	5,669,768	4,404,148		
Commercial loans and leases	Commercial loans and leases	2,241,375	2,016,499		
Consumer loans	Consumer loans	1,469,639	1,223,741		
Total loans and leases	Total loans and leases	9,380,782	7,644,388		
Allowance for loan and lease losses	Allowance for loan and lease losses	(119,081)	(98,482)		
Net loans and leases	Net loans and leases	9,261,701	7,545,906		
Restricted equity securities	Restricted equity securities	65,460	71,307		
Premises and equipment, net of accumulated depreciation of $104,266 and $92,219, respectively		90,476	71,391		

Premises and equipment, net of accumulated depreciation of $102,439 and $100,408, respectively			
Right-of-use asset operating leases	Right-of-use asset operating leases	31,619	19,484
Deferred tax asset	Deferred tax asset	74,491	52,237
Goodwill	Goodwill	241,222	160,427
Identified intangible assets, net of accumulated amortization of $45,998 and $40,123, respectively		26,172	1,781
Identified intangible assets, net of accumulated amortization of $11,488 and $47,963, respectively			
Other real estate owned ("OREO") and repossessed assets, net	Other real estate owned ("OREO") and repossessed assets, net	299	408
Other assets	Other assets	348,219	223,272
Total assets	Total assets	$11,180,555	$9,185,836
LIABILITIES AND STOCKHOLDERS' EQUITY	***LIABILITIES AND STOCKHOLDERS' EQUITY***	***LIABILITIES AND STOCKHOLDERS' EQUITY***	
Deposits:	Deposits:	Deposits:	
Demand checking accounts	Demand checking accounts	$ 1,745,137	$1,802,518
Interest-bearing deposits			
Interest-bearing deposits			
Interest-bearing deposits	Interest-bearing deposits	6,820,876	4,719,628
Total deposits	Total deposits	8,566,013	6,522,146
Borrowed funds:	Borrowed funds:	Borrowed funds:	
Advances from the Federal Home Loan Bank ("FHLB") of Boston and New York		899,304	1,237,823
Advances from the Federal Home Loan Bank ("FHLB")			
Subordinated debentures and notes	Subordinated debentures and notes	84,152	84,044
Other borrowed funds	Other borrowed funds	151,612	110,785
Total borrowed funds	Total borrowed funds	1,135,068	1,432,652
Operating lease liabilities	Operating lease liabilities	32,807	19,484
Mortgagors' escrow accounts	Mortgagors' escrow accounts	12,578	5,607
Reserve for unfunded credits	Reserve for unfunded credits	21,497	20,602
Accrued expenses and other liabilities	Accrued expenses and other liabilities	254,721	193,220
Accrued expenses and other liabilities			

Accrued expenses and other liabilities				
Total liabilities	Total liabilities	10,022,684	8,193,711	
Commitments and contingencies (Note 12)	Commitments and contingencies (Note 12)			
Commitments and contingencies (Note 12)				
Commitments and contingencies (Note 12)				
Stockholders' Equity:	Stockholders' Equity:			Stockholders' Equity:
Common stock, $0.01 par value; 200,000,000 shares authorized; 96,998,075 shares issued and 85,177,172 shares issued, respectively		970	852	
Brookline Bancorp, Inc. stockholders' equity:				Brookline Bancorp, Inc. stockholders' equity:
Common stock, $0.01 par value; 200,000,000 shares authorized; 96,998,075 shares issued and 96,998,075 shares issued, respectively				
Additional paid-in capital	Additional paid-in capital	901,376	736,074	
Retained earnings	Retained earnings	427,937	412,019	
Accumulated other comprehensive (loss) income	Accumulated other comprehensive (loss) income	(81,541)	(61,947)	
Treasury stock, at cost; 7,350,981 shares and 7,731,445 shares, respectively		(90,871)	(94,873)	
Treasury stock, at cost; 7,354,399 shares and 7,354,399 shares, respectively				
Total stockholders' equity	Total stockholders' equity	1,157,871	992,125	
Total stockholders' equity				
Total stockholders' equity				
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$11,180,555	$9,185,836	

See accompanying notes to unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In Thousands Except Share Data)			
	Three Months Ended March 31,			
	Three Months Ended March 31,			

		Three Months Ended March 31,			
		2024			
		2024			
		2024			
		(In Thousands Except Share Data)			
		(In Thousands Except Share Data)			
		(In Thousands Except Share Data)			
Interest and dividend income:	Interest and dividend income:				
Loans and leases	Loans and leases	$ 136,561	$ 84,375	$ 390,791	$ 230,383
Loans and leases					
Loans and leases					
Debt securities					
Debt securities					
Debt securities	Debt securities	6,799	3,337	22,703	9,582
Restricted equity securities	Restricted equity securities	1,310	467	4,238	1,132
Restricted equity securities					
Restricted equity securities					
Short-term investments					
Short-term investments					
Short-term investments	Short-term investments	2,390	464	7,236	686
Total interest and dividend income	Total interest and dividend income	147,060	88,643	424,968	241,783
Total interest and dividend income					
Total interest and dividend income					
Interest expense:					
Interest expense:					
Interest expense:	Interest expense:				
Deposits	Deposits	49,116	7,354	121,631	15,407
Deposits					
Deposits					
Borrowed funds					
Borrowed funds					
Borrowed funds	Borrowed funds	13,874	3,263	47,181	6,635
Total interest expense	Total interest expense	62,990	10,617	168,812	22,042
Total interest expense					
Total interest expense					
Net interest income	Net interest income	84,070	78,026	256,156	219,741
Provision for credit losses		2,947	2,845	34,017	2,854
Provision for investment losses		84	(10)	415	48
Net interest income					
Net interest income					
Provision for credit losses on loans					
Provision for credit losses on loans					
Provision for credit losses on loans					
Provision (credit) for credit losses on investments					
Provision (credit) for credit losses on investments					

Provision (credit) for credit losses on investments					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses					
Net interest income after provision for credit losses	Net interest income after provision for credit losses	81,039	75,191	221,724	216,839
Non-interest income:	Non-interest income:				
Non-interest income:					
Non-interest income:					
Deposit fees					
Deposit fees					
Deposit fees	Deposit fees	3,024	2,759	8,547	8,003
Loan fees	Loan fees	639	349	1,521	1,762
Loan fees					
Loan fees					
Loan level derivative income, net					
Loan level derivative income, net					
Loan level derivative income, net	Loan level derivative income, net	376	1,275	3,112	3,576
Gain on investment securities, net	Gain on investment securities, net	—	—	1,704	—
Gain on investment securities, net					
Gain on investment securities, net					
Gain on sales of loans and leases held-for-sale					
Gain on sales of loans and leases held-for-sale					
Gain on sales of loans and leases held-for-sale	Gain on sales of loans and leases held-for-sale	225	889	2,171	1,524
Other	Other	1,244	1,562	6,852	4,426
Other					
Other					
Total non-interest income					
Total non-interest income					
Total non-interest income	Total non-interest income	5,508	6,834	23,907	19,291
Non-interest expense:	Non-interest expense:				
Non-interest expense:					
Non-interest expense:					
Compensation and employee benefits					
Compensation and employee benefits					
Compensation and employee benefits	Compensation and employee benefits	33,491	28,306	103,494	83,962
Occupancy	Occupancy	4,983	3,906	15,076	11,997
Occupancy					
Occupancy					
Equipment and data processing					
Equipment and data processing					

Equipment and data processing	Equipment and data processing	6,766	5,066	19,759	15,075
Professional services	Professional services	2,368	1,069	5,784	3,514
Professional services					
Professional services					
FDIC insurance					
FDIC insurance					
FDIC insurance	FDIC insurance	2,152	709	6,005	2,176
Advertising and marketing	Advertising and marketing	1,174	1,337	3,966	3,928
Advertising and marketing					
Advertising and marketing					
Amortization of identified intangible assets					
Amortization of identified intangible assets					
Amortization of identified intangible assets	Amortization of identified intangible assets	1,955	120	5,875	374
Merger and acquisition expense	Merger and acquisition expense	—	1,073	7,411	1,608
Merger and acquisition expense					
Merger and acquisition expense					
Other					
Other					
Other	Other	4,790	3,373	12,910	9,683
Total non-interest expense	Total non-interest expense	57,679	44,959	180,280	132,317
Total non-interest expense					
Total non-interest expense					
Income before provision for income taxes	Income before provision for income taxes	28,868	37,066	65,351	103,813
Income before provision for income taxes					
Income before provision for income taxes					
Provision for income taxes					
Provision for income taxes					
Provision for income taxes	Provision for income taxes	6,167	6,917	13,240	23,764
Net income	Net income	$ 22,701	$ 30,149	$ 52,111	$ 80,049
Net income					
Net income					
Earnings per common share:					
Earnings per common share:					
Earnings per common share:	Earnings per common share:				
Basic	Basic	$ 0.26	$ 0.39	$ 0.59	$ 1.04
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	0.26	0.39	0.59	1.04

Weighted average common shares outstanding during the year:				
Weighted average common shares outstanding during the year:				
Weighted average common shares outstanding during the year:				
Basic				
Basic				
Basic	88,795,270	76,779,038	88,016,190	77,159,356
Diluted	88,971,210	77,007,971	88,253,361	77,448,290
Diluted				
Diluted				
Dividends paid per common share	$ 0.135	$ 0.130	$ 0.405	$ 0.385
Dividends paid per common share				
Dividends paid per common share				

See accompanying notes to unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Comprehensive Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In Thousands)			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	Three Months Ended March 31,			
	2024			
	2024			
	2024			
	(In Thousands)			
	(In Thousands)			
	(In Thousands)			
Net income	$ 22,701	$ 30,149	$ 52,111	$ 80,049
Investment securities available-for-sale:				
Investment securities available-for-sale:				
Investment securities available-for-sale:				
Unrealized securities holding gains (losses)				
Unrealized securities holding gains (losses)				
Unrealized securities holding gains (losses)	(18,842)	(29,548)	(22,209)	(87,182)
Income tax (expense) benefit	4,416	6,513	5,421	19,216
Income tax (expense) benefit				
Income tax (expense) benefit				

Net unrealized securities holding gains (losses) before reclassification adjustments, net of taxes					
Net unrealized securities holding gains (losses) before reclassification adjustments, net of taxes					
Net unrealized securities holding gains (losses) before reclassification adjustments, net of taxes	Net unrealized securities holding gains (losses) before reclassification adjustments, net of taxes	(14,426)	(23,035)	(16,788)	(67,966)
Cash flow hedges:	Cash flow hedges:				
Cash flow hedges:					
Cash flow hedges:					
Change in fair value of cash flow hedges	Change in fair value of cash flow hedges	(3,831)	(2,083)	(5,260)	(1,989)
Change in fair value of cash flow hedges					
Change in fair value of cash flow hedges					
Income tax (expense) benefit					
Income tax (expense) benefit					
Income tax (expense) benefit	Income tax (expense) benefit	1,012	(132)	1,384	(162)
Net change in fair value of cash flow hedges, net of taxes	Net change in fair value of cash flow hedges, net of taxes	(2,819)	(2,215)	(3,876)	(2,151)
Net change in fair value of cash flow hedges, net of taxes					
Net change in fair value of cash flow hedges, net of taxes					
Less reclassification adjustment for change in fair value of cash flow hedges:					
Less reclassification adjustment for change in fair value of cash flow hedges:					
Less reclassification adjustment for change in fair value of cash flow hedges:	Less reclassification adjustment for change in fair value of cash flow hedges:				
Gain (loss) on change in fair value of cash flow hedges	Gain (loss) on change in fair value of cash flow hedges	(2,513)	—	(1,446)	—
Gain (loss) on change in fair value of cash flow hedges					
Gain (loss) on change in fair value of cash flow hedges					
Income tax (expense) benefit					
Income tax (expense) benefit					
Income tax (expense) benefit	Income tax (expense) benefit	653	—	376	—
Net reclassification adjustment for change in fair value of cash flow hedges	Net reclassification adjustment for change in fair value of cash flow hedges	(1,860)	—	(1,070)	—

Net reclassification adjustment for change in fair value of cash flow hedges					
Net reclassification adjustment for change in fair value of cash flow hedges					
Net change in fair value of cash flow hedges					
Net change in fair value of cash flow hedges					
Net change in fair value of cash flow hedges	Net change in fair value of cash flow hedges	(959)	$ (2,215)	(2,806)	$ (2,151)
Other comprehensive income (loss), net of taxes		(15,385)	(25,250)	(19,594)	(70,117)
Other comprehensive gain (loss), net of taxes					
Other comprehensive gain (loss), net of taxes					
Other comprehensive gain (loss), net of taxes					
Comprehensive income	Comprehensive income	$ 7,316	$ 4,899	$ 32,517	$ 9,932
Comprehensive income					
Comprehensive income					

See accompanying notes to unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Stockholders' Equity
Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

		Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Unallocated Common Stock Held by ESOP	Total Stockholders' Equity
		Common Stock						
		Common Stock						
		Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Total Stockholders' Equity
		(In Thousands)						
		(In Thousands)						
Balance at June 30, 2023		$ 970	$ 905,084	$ 417,328	$ (66,156)	$ (94,918)	—	$ 1,162,308
Balance at December 31, 2023								
Net income	Net income	—	—	22,701	—	—	—	$ 22,701
Other comprehensive income (loss)								
Other comprehensive income (loss)								
Other comprehensive income (loss)	Other comprehensive income (loss)	—	—	—	(15,385)	—	—	$ (15,385)

Common stock dividends of $0.135 per share	Common stock dividends of $0.135 per share	—	—	(11,990)	—	—	—	$ (11,990)
Restricted stock awards issued, net of awards surrendered	Restricted stock awards issued, net of awards surrendered		(4,725)	—	—	4,047	—	$ (678)
Restricted stock awards issued, net of awards surrendered								
Restricted stock awards issued, net of awards surrendered								
Compensation under recognition and retention plans	Compensation under recognition and retention plans	—	1,017	(102)	—	—	—	$ 915
Balance at September 30, 2023		$ 970	$ 901,376	$ 427,937	$ (81,541)	$ (90,871)	$ —	$ 1,157,871
Balance at March 31, 2024								
Balance at March 31, 2024								
Balance at March 31, 2024								

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Unallocated Common Stock Held by ESOP	Total Stockholders' Equity
	(In Thousands)						
Balance at June 30, 2022	$ 852	$ 738,544	$ 372,677	$ (44,977)	$ (98,525)	$ (75)	$ 968,496
Net income	—	—	30,149	—	—	—	30,149
Other comprehensive income (loss)	—	—	—	(25,250)	—	—	(25,250)
Common stock dividends of $0.130 per share	—	—	(9,968)	—	—	—	(9,968)
Restricted stock awards issued, net of awards surrendered	—	(4,340)	—	—	3,659	—	(681)
Compensation under recognition and retention plan	—	863	(79)	—	—	—	784
Common stock held by ESOP committed to be released (6,609 shares)	—	52	—	—	—	36	88
Balance at September 30, 2022	$ 852	$ 735,119	$ 392,779	$ (70,227)	$ (94,866)	$ (39)	$ 963,618

See accompanying notes to unaudited consolidated financial statements.

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	(In Thousands)					
Balance at December 31, 2022	$ 852	$ 736,074	$ 412,019	$ (61,947)	$ (94,873)	$ 992,125
Net income	—	—	7,560	—	—	7,560
PCSB acquisition	118	167,524	—	—	—	167,642
Other comprehensive income (loss)	—	—	—	9,259	—	9,259
Common stock dividends of $0.135 per share	—	—	(11,970)	—	—	(11,970)
Restricted stock awards issued, net of awards surrendered	—	(8)	—	—	(45)	(53)
Compensation under recognition and retention plan	—	584	(81)	—	—	503

Balance at March 31, 2023	$ 970	$ 904,174	$ 407,528	$ (52,688)	$ (94,918)	$ 1,165,066

BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Stockholders' Equity
Nine Months Ended September 30, 2023 and 2022

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Unallocated Common Stock Held by ESOP	Total Stockholders' Equity
				(In Thousands)			
Balance at December 31, 2022	$ 852	$ 736,074	$ 412,019	$ (61,947)	$ (94,873)	$ —	$ 992,125
Net income	—	—	52,111	—	—	—	52,111
PCSB acquisition	$ 118	$ 167,212					167,330
Other comprehensive income (loss)	—	—	—	(19,594)	—	—	(19,594)
Common stock dividends of $0.405 per share	—	—	(35,929)	—	—	—	(35,929)
Restricted stock awards issued, net of awards surrendered	—	(4,733)	—	—	4,002	—	(731)
Compensation under recognition and retention plans	—	2,823	(264)	—	—	—	2,559
Balance at September 30, 2023	$ 970	$ 901,376	$ 427,937	$ (81,541)	$ (90,871)	$ —	$ 1,157,871

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Unallocated Common Stock Held by ESOP	Total Stockholders' Equity
				(In Thousands)			
Balance at December 31, 2021	$ 852	$ 736,826	$ 342,639	$ (110)	$ (84,718)	$ (147)	$ 995,342
Net Income	—	—	80,049	—	—	—	80,049
Other comprehensive income (loss)	—	—	—	(70,117)	—	—	(70,117)
Common stock dividends of $0.385 per share	—	—	(29,703)	—	—	—	(29,703)
Restricted stock awards issued, net of awards surrendered	—	(4,317)	—	—	3,632	—	(685)
Compensation under recognition and retention plans	—	2,424	(206)	—	—	—	2,218
Treasury stock, repurchase shares	—	—	—	—	(13,780)	—	(13,780)
Common stock held by ESOP committed to be released (19,827 shares)	—	186	—	—	—	108	294
Balance at September 30, 2022	$ 852	$ 735,119	$ 392,779	$ (70,227)	$ (94,866)	$ (39)	$ 963,618

See accompanying notes to unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows

	Nine Months Ended September 30,	
	2023	2022
	(In Thousands)	

		Three Months Ended March 31,	
		2024	2023
		(In Thousands)	
Cash flows from operating activities:	Cash flows from operating activities:		
Net income			
Net income			
Net income	Net income	$ 52,111	$ 80,049
Adjustments to reconcile net income to net cash provided from operating activities:	Adjustments to reconcile net income to net cash provided from operating activities:		
Provision for credit losses	Provision for credit losses	34,432	2,902
Provision for credit losses			
Provision for credit losses			
Deferred income tax expense			
Deferred income tax expense			
Deferred income tax expense	Deferred income tax expense	8,198	1,309
Depreciation of premises and equipment	Depreciation of premises and equipment	6,030	4,434
(Accretion) amortization of investment securities premiums and discounts, net	(Accretion) amortization of investment securities premiums and discounts, net	(6,750)	1,612
Amortization of deferred loan and lease origination costs, net		3,181	3,926
(Accretion) amortization of premiums and discounts and deferred loan and lease origination costs, net			
Amortization of identified intangible assets	Amortization of identified intangible assets	5,875	374
Amortization of debt issuance costs	Amortization of debt issuance costs	75	76
(Accretion) amortization of acquisition fair value adjustments, net		(7,850)	26

Amortization (accretion) of acquisition fair value adjustments, net			
Gain on investment securities, net	Gain on investment securities, net	(1,704)	—
Gain on sales of loans and leases held-for-sale	Gain on sales of loans and leases held-for-sale	(2,171)	(1,524)
Write-down of other repossessed assets	Write-down of other repossessed assets	166	180
Write-down of other repossessed assets			
Write-down of other repossessed assets			
Compensation under recognition and retention plans	Compensation under recognition and retention plans	2,558	2,218
ESOP shares committed to be released		—	294
Net change in:			
Net change in:			
Net change in:	Net change in:		
Cash surrender value of bank-owned life insurance	Cash surrender value of bank-owned life insurance	(784)	(766)
Cash surrender value of bank-owned life insurance			
Cash surrender value of bank-owned life insurance			
Other assets			
Other assets			
Other assets	Other assets	(53,745)	(52,104)
Accrued expenses and other liabilities	Accrued expenses and other liabilities	37,842	35,349
Net cash provided from operating activities	Net cash provided from operating activities	77,464	78,355
Cash flows from investing activities:	Cash flows from investing activities:		
Cash flows from investing activities:			
Cash flows from investing activities:			

Proceeds from sales of investment securities available-for-sale			
Proceeds from sales of investment securities available-for-sale			
Proceeds from sales of investment securities available-for-sale	Proceeds from sales of investment securities available-for-sale	229,981	—
Proceeds from maturities, calls, and principal repayments of investment securities available-for-sale	Proceeds from maturities, calls, and principal repayments of investment securities available-for-sale	242,814	79,501
Purchases of investment securities available-for-sale	Purchases of investment securities available-for-sale	(330,788)	(123,121)
Proceeds from redemption/sales of restricted equity securities			
Proceeds from redemption/sales of restricted equity securities			
Proceeds from redemption/sales of restricted equity securities	Proceeds from redemption/sales of restricted equity securities	40,534	15,368
Purchase of restricted equity securities	Purchase of restricted equity securities	(30,685)	(31,147)
Proceeds from sales of loans and leases held-for-investment, net	Proceeds from sales of loans and leases held-for-investment, net	184,047	157,330
Net increase in loans and leases	Net increase in loans and leases	(628,249)	(430,904)
Acquisitions, net of cash and cash equivalents acquired	Acquisitions, net of cash and cash equivalents acquired	(80,209)	—
Purchase of premises and equipment, net	Purchase of premises and equipment, net	(10,695)	(4,285)
Purchase of premises and equipment, net			
Purchase of premises and equipment, net			
Proceeds from sales of other repossessed assets	Proceeds from sales of other repossessed assets	1,078	1,360
Net cash used for investing activities		(382,172)	(335,898)
Net cash provided from (used for) investing activities			

Net cash provided from (used for) investing activities

Net cash provided from (used for) investing activities

(Continued)

(Continued)

(Continued)

(Continued)

See accompanying notes to unaudited consolidated financial statements.

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(In Thousands)	
	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(In Thousands)	(In Thousands)
Cash flows from financing activities:		
Decrease in demand checking, NOW, savings and money market accounts	(315,009)	(139,602)
Increase (decrease) in certificates of deposit and brokered deposits	790,535	(174,699)
Decrease in demand checking, NOW, savings and money market accounts		
Decrease in demand checking, NOW, savings and money market accounts		
Increase in certificates of deposit and brokered deposits		
Proceeds from FHLB advances	4,651,000	2,898,609
Repayment of FHLB advances	(5,042,625)	(2,488,621)

Increase (decrease) in other borrowed funds, net	Increase (decrease) in other borrowed funds, net	40,827	(8,652)
Increase (decrease) in other borrowed funds, net			
Increase (decrease) in other borrowed funds, net			
Decrease in mortgagors' escrow accounts, net	Decrease in mortgagors' escrow accounts, net	(5,339)	(511)
Repurchases of common stock		—	(13,780)
Payment of dividends on common stock	Payment of dividends on common stock	(35,929)	(29,703)
Payment of income taxes for shares withheld in share based activity		(710)	(724)
Payment of dividends on common stock			
Payment of dividends on common stock			
Net cash provided from financing activities	Net cash provided from financing activities	82,750	42,317
Net decrease in cash and cash equivalents		(221,958)	(215,226)
Net cash provided from financing activities			
Net cash provided from financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	382,959	327,737
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	$ 161,001	$ 112,511
Supplemental disclosure of cash flow information:	Supplemental disclosure of cash flow information:		
Supplemental disclosure of cash flow information:			
Supplemental disclosure of cash flow information:			

Cash paid during the period for:	Cash paid during the period for:		
Cash paid during the period for:			
Cash paid during the period for:			
Interest on deposits, borrowed funds and subordinated debt			
Interest on deposits, borrowed funds and subordinated debt			
Interest on deposits, borrowed funds and subordinated debt	Interest on deposits, borrowed funds and subordinated debt	$ 166,039	$ 22,274
Income taxes	Income taxes	8,437	19,754
Non-cash investing activities:	Non-cash investing activities:		
Transfer from loans and leases to loans held-for-sale			
Transfer from loans and leases to loans held-for-sale			
Transfer from loans and leases to loans held-for-sale			
Transfer from loans to other repossessed assets	Transfer from loans to other repossessed assets	$ 1,135	$ 1,413
Acquisition of PCSB Financial Corporation:	Acquisition of PCSB Financial Corporation:		
Fair value of assets acquired, net of cash and cash equivalents acquired			
Fair value of assets acquired, net of cash and cash equivalents acquired			
Fair value of assets acquired, net of cash and cash equivalents acquired	Fair value of assets acquired, net of cash and cash equivalents acquired	$1,931,528	$ —
Fair value of liabilities assumed	Fair value of liabilities assumed	1,676,110	—
Common stock issued	Common stock issued	118	—

See accompanying notes to unaudited consolidated financial statements.

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

(1) Basis of Presentation

Overview

Brookline Bancorp, Inc. (the "Company") is a bank holding company (within the meaning of the Bank Holding Company Act of 1956, as amended) and the parent of Brookline Bank, a Massachusetts-chartered trust company; Bank Rhode Island ("BankRI"), a Rhode Island-chartered financial institution; and PCSB Bank, a New York-chartered commercial bank (collectively referred to as the "Banks"). The Banks are members of the Federal Reserve System. The Company is also the parent of Brookline Securities Corp. ("BSC") and Clarendon Private, LLC ("Clarendon Private"). The Company's primary business is to provide commercial, business and retail banking services to its corporate, municipal and retail customers through the Banks and its non-bank subsidiaries. Brookline Securities Corp., previously a subsidiary of the Company was dissolved in November 2023.

Brookline Bank, which includes its wholly-owned subsidiaries, Longwood Securities Corp., Eastern Funding LLC ("Eastern Funding") and First Ipswich Insurance Agency, operates 29 full-service banking offices in the greater Greater Boston metropolitan area with two three additional lending offices. BankRI, which includes its wholly-owned subsidiaries, Acorn Insurance Agency, BRI Realty Corp., BRI Investment Corp. and its wholly-owned subsidiary, BRI MSC Corp., operates 21 22 full-service banking offices in the greater Providence, Rhode Island area. Macrolease Corporation, previously a subsidiary of BankRI, was merged into Eastern Funding in the second quarter of 2022. PCSB Bank, which includes its wholly-owned subsidiary, UpCounty Realty Corp., operates 14 full-service banking offices in the Lower Hudson Valley of New York. Clarendon Private is a registered investment advisor with the Securities and Exchange Commission ("SEC"). Through Clarendon Private, the Company offers a wide range of wealth management services to individuals, families, endowments and foundations to help these clients meet their long-term financial goals.

The Banks' activities include acceptance of commercial, municipal and retail deposits, origination of mortgage loans on commercial and residential real estate located principally in Central New England and the Lower Hudson Valley of New York State, origination of commercial loans and leases to small- and mid-sized businesses, investment in debt and equity securities, and the offering of cash management and investment advisory services. The Company also provides specialty equipment financing through it subsidiary Eastern Funding, which operates out of is based in New York City, New York, and Plainview, New York.

The Company and the Banks are supervised, examined and regulated by the Board of Governors of the Federal Reserve System (the "FRB"). As a Massachusetts-chartered trust company, Brookline Bank is subject to supervision, examination and regulation by the Massachusetts Division of Banks. As a Rhode Island-chartered financial institution, BankRI is subject to supervision, examination and regulation by the Banking Division of the Rhode Island Department of Business Regulation. As a New York chartered commercial bank, PCSB Bank is subject to supervision, examination and regulation by the New York State Department of Financial Services. Clarendon Private is also subject to regulation by the SEC.

The Federal Deposit Insurance Corporation ("FDIC") offers insurance coverage on all deposits up to $250,000 per depositor at each of the Banks. As FDIC-insured depository institutions, the Banks are also subject to supervision, examination and regulation by the FDIC.

Basis of Financial Statement Presentation

The unaudited consolidated financial statements of the Company presented herein have been prepared pursuant to the rules of the SEC for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by U.S. generally accepted accounting principles (“GAAP”). In the opinion of management, all adjustments (consisting of normal recurring adjustments) and disclosures considered necessary for the fair presentation of the accompanying consolidated financial statements have been included. Interim results are not necessarily reflective of the results of the entire year. The accompanying unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023.

The unaudited consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

In preparing these consolidated financial statements, management is required to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosure of contingent assets and liabilities. Actual results could differ from those estimates based upon changing conditions, including economic conditions and future events. Material estimates that are particularly susceptible to significant changes in the near-term include the

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

determination of the allowance for credit losses, the determination of fair market values of acquired assets and liabilities,

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

including acquired loans, the review of goodwill and intangible assets for impairment and the review of deferred tax assets for valuation allowances.

The judgments used by management in applying these critical accounting policies may be affected by a further and prolonged deterioration in the economic environment, which may result in changes to future financial results. For example, subsequent evaluations of the loan and lease portfolio, in light of the factors then prevailing, may result in significant changes in the allowance for loan and lease losses in future periods, and the inability to collect outstanding principal may result in increased loan and lease losses.

Reclassification

Certain previously reported amounts have been reclassified to conform to the current year's presentation.

(2) Recent Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, "Reference Rate Reform (Topic 848)-Facilitation of the Effects of Reference Rate Reform on Financial Reporting" ("ASU 2020-04") to provide optional expedients and exceptions for applying GAAP to certain contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update apply only to contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. The expedients and exceptions provided by the amendments do not apply to contract modifications made and hedging relationships existing as of December 31, 2022, for which an entity has elected certain optional expedients provided that those elections are retained through the end of the hedging relationship. The amendments in this update are effective for all entities as of March 12, 2020 through December 31, 2022 and do not apply to contract modifications made after December 31, 2022.

In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform (Topic 848)" an update to address concerns around structural risk of interbank offered rates ("IBORs"), particularly, the risk of cessation of the LIBOR. The amendments in this update clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. In December 2022, FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848)" which deferred the sunset date of Topic 848 to December 31, 2024, to allow for a transition period after the sunset of LIBOR. The Company has adopted the amendments in these updates and established a LIBOR transition committee to guide the Company's transition from LIBOR. The Company has completed much of the work to transition off the LIBOR index consistent with industry timelines. The working group has identified its products that utilize LIBOR and has implemented fallback language to facilitate the transition to alternative rates. The Company has also evaluated its infrastructure and identified fallback rates as well as started offering alternative indices and new products tied to these alternative indices. The Company does not anticipate the adoption of these standards to have a material impact to the consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, Revenue from Contracts with Customers. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The Company adopted ASU 2021-08 as of January 1, 2023 on a prospective basis. The adoption did not have a material impact on the Company's consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures" which addresses concerns regarding the complex accounting for loans modified as troubled debt restructurings ("TDRs") and also the disclosure of gross writeoff information included in required vintage disclosures. The Company adopted ASU 2022-02 as of January 1, 2023. The enhanced disclosure requirements provided for by ASU 2022-02 were adopted on a prospective basis. Reporting periods prior to the adoption of ASU 2022-02 are presented in accordance with the applicable GAAP. The adoption did not have a material impact on the Company's consolidated financial statements. Additional details can be found in Note 5, "Allowance for Credit Losses".

(2) Acquisitions

PCSB Financial Corporation

On January 1, 2023, the Company completed its previously announced acquisition (the "merger") of PCSB Financial Corporation ("PCSB"). Pursuant to the merger agreement, each share of PCSB common stock outstanding at the effective time of the merger was converted into the right to receive, at the holder's election, either $22.00 in cash consideration or 1.3284 shares of Company common stock for each share of PCSB common stock, subject to allocation procedures to ensure that 60% of the outstanding shares of PCSB common stock was converted to Company common stock. PCSB's bank subsidiary, PCSB Bank, operates as a separate subsidiary of the Company and has 14 banking offices throughout the Lower Hudson Valley of New York State.

The transaction was accounted for as a business combination. Accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their fair values as of the merger effective date. The determination of fair value required management to make estimates about discount rates, future expected cash flows, market conditions, and other future events that are highly subjective in nature and are subject to change. Fair value estimates of the assets acquired and liabilities assumed may be adjusted for a period up to one year (the measurement period) from the closing date of the merger if new information is obtained about facts and circumstances that existed as of the merger effective date that, if known, would have affected the measurement of the amounts recognized as of that date.

During the three months ended September 30, 2023, the Company did not incur any merger-related expenses. During the nine months ended September 30, 2023, the Company incurred merger-related expenses totaling $7.4 million.

The following table summarizes the preliminary purchase price allocation to the estimated fair value of the assets acquired and liabilities assumed as of the date of the acquisition:

		Net Assets Acquired at Fair Value (In Thousands)
Purchase price consideration	$	297,791
ASSETS		
Cash		42,373
Investments		366,790
Loans (1)		1,336,737
Allowance for credit losses on PCD loans		(2,344)
Premises and equipment		14,631
Core deposit and other intangibles		30,265
Other assets		104,654
Total assets acquired	$	1,893,106
LIABILITIES		
Deposits	$	1,570,563
Borrowings		52,923
Other liabilities		52,624
Total liabilities assumed	$	1,676,110
Net assets acquired		216,996
Goodwill	$	80,795

(1) Includes approximately $20 million of Bond Anticipation Notes ("BANs") and Tax Anticipation Notes ("TANs") that were subsequently reclassified as investments.

In connection with the merger, the Company recorded $80.8 million of goodwill, which represents the excess of the purchase price over the fair value of the net assets acquired.

Fair values of the major categories of assets acquired and liabilities assumed were determined as follows:

Cash and Cash Equivalents

The fair values of cash and cash equivalents approximate the respective carrying amounts because the instruments are payable on demand or have short-term maturities.

Investments

The fair values for investment securities available-for-sale were based on quoted market prices, where available. If quoted market prices were not available, fair value estimates are generally based on observable inputs, including quoted market prices for similar instruments. Investment securities held-to-maturity were reclassified to investment securities available-for-sale based on the Company's intent at closing.

During the nine months ended September 30, 2023, the Company restructured the investment portfolio acquired from PCSB. The Company sold approximately 75% of the portfolio which equates to $228.3 million of book value of predominantly longer dated Agency mortgage-backed securities ("MBS"), Agency collateralized mortgage obligations ("CMOs"), corporate and municipal securities. The weighted average duration of these securities was 6.1 years with an average risk weighting of assets of 33%. The Company recognized a $1.7 million gain from selling these securities.

Proceeds from the sale and additional cash on hand was used to purchase $318.5 million of short duration securities, the majority of which are US Treasuries, Agency MBS, and a small position of short term Municipal Bond Anticipation Notes. Additional details can be found in Note 3, "Investment Securities".

The weighted average duration of these securities was 2.1 years with an average risk weighting of assets of 4%.

Loans

The fair value of the loan portfolio was calculated on an individual loan basis using discounted cash flow analysis, with results presented and assumptions applied on a summary basis. This analysis took into consideration the contractual terms of the loans and assumptions related to the cost of debt, cost of equity, servicing cost and other liquidity/risk premium considerations to estimate the projected cash flows. The loss rates for the loans were estimated using Probability of Default (cumulative) and Loss Given Default assumptions. The assumptions used in determining the fair value of the loan portfolio were considered reasonable from a market-participant viewpoint.

The Company recorded a $49.8 million discount from the results of the loan accounting valuation.

Deposits - Core Deposits Intangible ("CDI")

Accounts included in the CDI include demand deposits, NOW accounts, money market accounts and savings accounts. The fair value of the CDI was derived from using a financial institution-specific income approach. Factors examined in the valuation of the CDI include customer attrition, deposit interest rates, service charge income, overhead expense, and costs of alternative funding.

The Company recorded a $30.3 million CDI from the results of the deposit valuation. The CDI is being amortized at an accelerated rate over 7 years using the sum-of-the-years method.

Certificates of Deposits

The certificates of deposits were recorded at fair value. The determination of the fair value was calculated using discounted cash flow analysis, which involved present valuing the contractual payments over the remaining life of the certificate of deposit at market based-rates.

The Company recorded a $3.2 million discount from the results of the certificate of deposit valuation.

Borrowings

The fair value of the FHLB advances were ascertained by using discounted cash flow analysis of the contractual payments over the remaining life of the advances at market-based interest rates. The FHLB advances were disaggregated on an individual advance basis and management used FHLB of New York rates as of December 30, 2022 as the market rate in the present value calculation.

The Company recorded a $0.3 million discount on the assumed FHLB advances.

PCD Loans and Leases

Purchased loans and leases that have experienced more-than-insignificant deterioration in credit quality since origination are considered purchase credit deteriorated ("PCD"). For PCD loans and leases, the initial estimate of expected credit losses was established through an adjustment to the unpaid principal balance and non-credit discount at acquisition.

The following table reconciles the unpaid principal balance to the fair value of PCD loans and leases:

(In Thousands)		
Total unpaid principal balance	$	16,824
Allowance for credit losses at acquisition		(2,344)
Non-credit discount		(974)
Fair value	$	13,506

Supplemental Pro Forma Financial Information

The following table summarizes supplemental pro forma financial information giving effect to the merger as if it had been completed on January 1, 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In Thousands)			
Net interest income	84,070	95,106	256,156	265,712
Non-interest income	5,508	7,627	22,203	22,095
Net income	23,223	36,251	70,624	74,293

The supplemental pro forma financial information does not necessarily reflect the results of operations that would have occurred had Brookline Bancorp, Inc. merged with PCSB on January 1, 2022. The supplemental pro forma financial information includes the impact of (i) accreting and amortizing the discounts and premiums associated with the estimated fair value adjustments to acquired loans and leases, investment securities, deposits, and borrowings, (ii) the amortization of recognized intangible assets, (iii) accreting and amortizing the discounts and premiums associated with acquired premises and leases, and (iv) the related estimated income tax effects. Costs savings and other business synergies related to the merger are not included in the supplemental pro forma financial information.

In addition, the supplemental pro forma financial information was adjusted to include the $7.4 million of merger-related expenses recognized during the nine months ended September 30, 2023, as summarized in the following table:

	Nine Months Ended September 30, 2023	
	(In Thousands)	
Compensation and benefits (1)	$	1,750
Technology and equipment (2)		1,857
Professional and outside services (3)		3,563
Other expense (4)		242
Total merger-related expenses	$	7,413

(1) Comprised primarily of severance and employee retention costs.
(2) Comprised primarily of technology contract termination fees.
(3) Comprised primarily of advisory, legal, accounting, and other professional fees.
(4) Comprised primarily of costs of travel and other miscellaneous expenses.

Brookline Bancorp, Inc.'s operating results for three and nine months ended September 30, 2023 include the operating results of acquired assets and assumed liabilities of PCSB subsequent to the merger on January 1, 2023. The amount of net interest income, non-interest income and net income of $16.1 million, $0.6 million and $3.7 million, respectively, attributable to the acquisition of PCSB were included in Brookline Bancorp, Inc.'s Consolidated Statement of Income for the three months ended September 30, 2023. The amount of net interest income, non-interest income and net loss of $48.2 million, $3.7 million and $(0.2) million, respectively, attributable to the acquisition of PCSB were included in Brookline Bancorp, Inc.'s Consolidated Statement of Income for the nine months ended September 30, 2023. PCSB's interest income, non-interest income and net loss noted above reflect management's best estimates, based on information available at the reporting date.

(3) Investment Securities

The following tables set forth investment securities available-for-sale at the dates indicated:

		At September 30, 2023				At March 31, 2024			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
		(In Thousands)				(In Thousands)			
Investment securities available-for-sale:	Investment securities available-for-sale:								
U.S. Government-sponsored enterprise ("GSE") debentures		$195,493	$ 13	$26,613	$168,893				
GSE debentures									
GSE debentures									
GSE debentures									
GSE CMOs	GSE CMOs	67,489	—	7,597	59,892				
GSE MBSs	GSE MBSs	192,370	2	25,910	166,462				
Municipal obligations									
Municipal obligations									
Municipal obligations	Municipal obligations	18,914	11	608	18,317				
Corporate debt obligations	Corporate debt obligations	25,484	30	891	24,623				
U.S. Treasury bonds	U.S. Treasury bonds	479,582	1	37,837	441,746				

Foreign government obligations	Foreign government obligations	500	—	21	479
Total investment securities available-for-sale	Total investment securities available-for-sale	$979,832	$ 57	$99,477	$880,412
Total investment securities available-for-sale					
Total investment securities available-for-sale					

		December 31, 2022				December 31, 2023			
		Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
		(In Thousands)				(In Thousands)			
Investment securities available-for-sale:	Investment securities available-for-sale:								
GSE debentures	GSE debentures	$176,751	$ —	$24,329	$152,422				
GSE debentures									
GSE debentures									
GSE CMOs	GSE CMOs	19,977	—	1,757	18,220				
GSE MBSs	GSE MBSs	159,824	1	19,249	140,576				
Municipal obligations									
Municipal obligations									
Municipal obligations									
Corporate debt obligations	Corporate debt obligations	14,076	—	312	13,764				
U.S. Treasury bonds	U.S. Treasury bonds	362,850	280	31,823	331,307				
Foreign government obligations	Foreign government obligations	500	—	23	477				
Foreign government obligations									
Foreign government obligations									
Total investment securities available-for-sale									
Total investment securities available-for-sale									
Total investment securities available-for-sale	Total investment securities available-for-sale	$733,978	$ 281	$77,493	$656,766				

As of September 30, 2023 March 31, 2024, the fair value of all investment securities available-for-sale was $880.4 million $865.8 million, with net unrealized losses of $99.4 million $75.9 million, compared to a fair value of $656.8 million $916.6 million and net unrealized losses of $77.2 million $67.7 million as of December 31, 2022 December 31, 2023. As of September 30, 2023 March 31, 2024, $847.3 million $788.6 million, or 96.2% 91.1% of the portfolio, had gross unrealized losses of $99.5 million $76.3 million, compared to $630.5 million $717.2 million, or 96.0% 77.8% of the portfolio, with gross unrealized losses of $77.5 million $69.0 million as of December 31, 2022 December 31, 2023.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company held no securities as held to maturity; all securities were held as available-for-sale.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

Investment Securities as Collateral

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, $608.8 million $743.2 million and $387.9 million $791.2 million of investment securities were pledged as collateral for repurchase agreements; municipal deposits; treasury, tax and loan deposits; swap agreements; FRB borrowings; and FHLB of Boston and FHLB of New York borrowings. The Banks had no outstanding FRB borrowings as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

Allowance for Credit Losses-Available-for-Sale Securities

For available-for-sale securities in an unrealized loss position, management first assesses whether (i) the Company intends to sell the security, or (ii) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If either criterion is met, any previously recognized allowances are charged-off and the security's amortized cost is written down to fair value through income. If neither criterion is met, the security is evaluated to determine whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency and any adverse conditions specifically related to the security, among other factors.

If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, an allowance for credit loss is recorded, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that has not been recorded through the Allowance for Credit Losses ("ACL") is recognized in other comprehensive income. Adjustments to the allowance are reported as a component of credit loss expense. Available-for-sale securities are charged-off against the allowance or, in the absence of any allowance, written down through income when deemed uncollectible or when either of the aforementioned criteria regarding intent or requirement to sell is met. The Company has made the accounting policy election to exclude accrued interest receivable on available-for-sale securities from the estimate of credit losses. Accrued interest receivables associated with debt securities available-for-sale totaled $3.9 million $4.1 million as of September 30, 2023 compared to $2.6 million as of December 31, 2022 March 31, 2024 and December 31, 2023.

A debt security is placed on nonaccrual status at the time any principal or interest payments become more than 90 days delinquent or if full collection of interest or principal becomes uncertain. Accrued interest for a debt security placed on nonaccrual is reversed against interest income. There were no debt securities on nonaccrual status and therefore there was no accrued interest related to debt securities reversed against interest income for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

Assessment for Available for Sale Securities for Impairment

Investment securities as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 that have been in a continuous unrealized loss position for less than twelve months or twelve months or longer are as follows:

		At September 30, 2023							At March 31, 2024					
		Less than Twelve Months		Twelve Months or Longer		Total			Less than Twelve Months		Twelve Months or Longer		Total	
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
		(In Thousands)							(In Thousands)					
Investment securities available-for-sale:	Investment securities available-for-sale:							Investment securities available-for-sale:						
GSE debentures	GSE debentures	$ 39,894	$ 611	$119,311	$26,002	$159,205	$26,613							
GSE CMOs	GSE CMOs	44,760	5,833	15,132	1,764	59,892	7,597							
GSE MBSs	GSE MBSs	44,338	2,850	120,868	23,060	165,206	25,910							
Municipal obligations	Municipal obligations	8,103	608	—	—	8,103	608							

Municipal obligations							
Municipal obligations							
Corporate debt obligations	Corporate debt obligations	15,925	754	6,377	137	22,302	891
U.S. Treasury bonds	U.S. Treasury bonds	208,530	3,476	223,536	34,361	432,066	37,837
Foreign government obligations	Foreign government obligations	—	—	479	21	479	21
Temporarily impaired investment securities available-for-sale							
Temporarily impaired investment securities available-for-sale							
Temporarily impaired investment securities available-for-sale							
Total temporarily impaired investment securities	Total temporarily impaired investment securities	$361,550	$14,132	$485,703	$85,345	$847,253	$99,477
Total temporarily impaired investment securities							
Total temporarily impaired investment securities							

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

		At December 31, 2022					
		Less than Twelve Months		Twelve Months or Longer		Total	
		Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
		(In Thousands)					
Investment securities available-for-sale:	Investment securities available-for-sale:						
GSE debentures	GSE debentures	$ 56,719	$ 1,255	$ 95,703	$23,076	$152,422	$24,331
GSE CMOs	GSE CMOs	16,411	1,563	1,809	192	18,220	1,755
GSE MBSs	GSE MBSs	97,858	9,823	42,500	9,426	140,358	19,249
Municipal obligations							
Municipal obligations							
Municipal obligations							
Corporate debt obligations							
Corporate debt obligations							
Corporate debt obligations	Corporate debt obligations	13,764	312	—	—	13,764	312

	At December 31, 2023					
	Less than Twelve Months		Twelve Months or Longer		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
	(In Thousands)					
Investment securities available-for-sale:						

U.S. Treasury bonds	U.S. Treasury bonds	139,103	3,723	166,150	28,100	305,253	31,823
Foreign government obligations	Foreign government obligations	477	23	—	—	477	23
Temporarily impaired investment securities available-for-sale							
Temporarily impaired investment securities available-for-sale							
Temporarily impaired investment securities available-for-sale							
Total temporarily impaired investment securities	Total temporarily impaired investment securities	$324,332	$16,699	$306,162	$60,794	$630,494	$77,493
Total temporarily impaired investment securities							
Total temporarily impaired investment securities							

The Company performs regular analyses of the investment securities available-for-sale portfolio to determine whether a decline in fair value indicates that an investment security is impaired. In making these impairment determinations, management considers, among other factors, projected future cash flows; credit subordination and the creditworthiness; capital adequacy and near-term prospects of the issuers.

Management also considers the Company's capital adequacy, interest-rate risk, liquidity and business plans in assessing whether it is more likely than not that the Company will sell or be required to sell the investment securities before recovery. If the Company determines that a security investment is impaired and that it is more likely than not that the Company will not sell or be required to sell the investment security before recovery of its amortized cost, the credit portion of the impairment loss is recognized in the Company's consolidated statement of income and the noncredit portion is recognized in accumulated other comprehensive income. The credit portion of the impairment represents the difference between the amortized cost and the present value of the expected future cash flows of the investment security. If the Company determines that a security is impaired and it is more likely than not that it will sell or be required to sell the investment security before recovery of its amortized cost, the entire difference between the amortized cost and the fair value of the security will be recognized in the Company's consolidated statement of income.

Investment Securities Available-For-Sale Impairment Analysis

The following discussion summarizes, by investment security type, the basis for evaluating if the applicable investment securities within the Company's available-for-sale portfolio were impaired as of September 30, 2023 March 31, 2024. The Company has determined it is more likely than not that the Company will not sell or be required to sell the investment securities before recovery of its amortized cost. The Company's ability and intent to hold these investment securities until recovery is supported by the Company's strong capital and liquidity positions as well as its historically low portfolio turnover. As such, management has determined that the investment securities are not impaired as of September 30, 2023 March 31, 2024. If market conditions for investment securities worsen or the creditworthiness of the underlying issuers deteriorates, it is possible that the Company may recognize additional impairment in future periods.

U.S. Government-Sponsored Enterprises

The Company invests in securities issued by U.S. Government-sponsored enterprises ("GSEs"), including GSE debentures, mortgage-backed securities ("MBSs"), and collateralized mortgage obligations ("CMOs"). GSE securities include obligations issued by the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC"), the Government National Mortgage Association ("GNMA"), the FHLB and the Federal Farm Credit Bank. As of September 30, 2023 March 31, 2024, the Company held GNMA MBSs and CMOs, and Small Business Administration ("SBA") commercial loan asset-backed securities in its available-for-sale portfolio with an estimated fair value of $31.1 million $38.4 million, all of which were backed explicitly by the full faith and credit of the U.S. Government, compared to $2.7 million $33.9 million as of December 31, 2022 December 31, 2023.

As of September 30, 2023, the Company owned 40 GSE debentures with a total fair value of $168.9 million, and a net unrealized loss of $26.6 million. The acquisition of PCSB accounted for $39.9 million of the total fair value at September 30,

2023. As of December 31, 2022, the Company held 32 GSE debentures with a total fair value of $152.4 million, with a net unrealized loss of $24.3 million. As of September 30, 2023, 37 of the 40 securities in this portfolio were in an unrealized loss position. As of December 31, 2022, 31 of the 32 securities in this portfolio were in an unrealized loss position. All securities are performing and backed by the implicit (FHLB/FNMA/FHLMC) or explicit (GNMA/SBA) guarantee of the U.S U.S. Government. Therefore, despite unrealized losses in some of the securities within the portfolio, management determined that the investment securities are not impaired. See discussion on the portfolio below.

As of March 31, 2024, the Company owned 40 GSE debentures with a total fair value of $194.3 million, and a net unrealized loss of $21.0 million. As of December 31, 2023, the Company held 43 GSE debentures with a total fair value of $201.1 million, with a net unrealized loss of $19.5 million. As of March 31, 2024, 36 of the 40 securities in this portfolio were in an unrealized loss position. As of December 31, 2023, 27 of the 43 securities in this portfolio were in an unrealized loss position. During the nine three months ended September 30, 2023 the Company purchased $9.7 million of purchase GSE debentures compared to the same period in 2022 when March 31, 2024 and 2023, the Company did not purchase any GSE debentures.

As of September 30, 2023 March 31, 2024, the Company owned 60 GSE CMOs with a total fair value of $59.9 million $59.8 million and a net unrealized loss of $7.6 million. The acquisition of PCSB accounted for $44.8 million of the total fair value at September 30, 2023 $5.8 million. As of December 31, 2022 December 31, 2023, the Company held 32 60 GSE CMOs with a total fair value of $18.2 million $61.6 million with a net unrealized loss of $1.8 million $4.8 million. As of September 30, 2023 and December 31, 2022 March 31, 2024, all of the securities in this portfolio were in an unrealized loss position. All securities are performing and backed by the implicit (FHLB/FNMA/FHLMC) or explicit (GNMA) guarantee As of December 31, 2023, 57 of the U.S Government. 60 securities in this portfolio were in an unrealized loss position. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company did not purchase any GSE CMOs.

As of September 30, 2023 March 31, 2024, the Company owned 149 146 GSE MBSs with a total fair value of $166.5 million $162.0 million and a net unrealized loss of $25.9 million. The acquisition of PCSB accounted for $45.4 million of the total fair value at September 30, 2023 $18.8 million. As of December 31, 2022 December 31, 2023, the Company held 134 146 GSE MBSs with a total fair value of $140.6 million $170.0 million with a net unrealized loss of $19.2 million $16.6 million. As of September 30, 2023 March 31, 2024, 143 129 of the 149 146 securities in this portfolio were in an unrealized loss position. As of December 31, 2022 December 31, 2023, 128 125 of the 134 146 securities in this portfolio were in an unrealized loss position. All securities are performing and backed by the implicit (FHLB/FNMA/FHLMC) or explicit (GNMA) guarantee of the U.S Government. During the nine three months ended September 30, 2023 March 31, 2024 the Company purchased $39.4 million of did not purchase any GSE MBSs compared to the same period in 2022 2023 when the Company did not purchase any purchased $39.4 million of GSE MBSs.

Municipal Obligations

The Company invests in certain state and municipal securities with high credit ratings for portfolio diversification and tax planning purposes. Full collection of the obligations is expected because the financial condition of the issuing municipalities is sound, they have not defaulted on scheduled payments, the obligations are rated investment grade, and the Company has the ability and intent to hold the obligations for a period of time to recover the amortized cost. As of September 30, 2023 March 31, 2024, the Company owned 46 44 municipal obligation securities with a total fair value of $18.3 million $19.0 million which approximated cost. As of December 31, 2023, the Company owned 44 municipal obligation securities with a total fair value of $18.9 million and a net unrealized loss gain of $0.6 million. The acquisition of PCSB, and purchases year to date accounted for all of the total fair value at September 30, 2023 $0.1 million. As of December 31, 2022 March 31, 2024, 10 of the Company did not hold any municipal securities. 44 securities in this portfolio were in an unrealized loss position. As of September 30, 2023 December 31, 2023, 27 6 of the 46 44 securities in this portfolio were in an unrealized loss position. During the nine three months ended September 30, 2023 March 31, 2024, the Company purchased $9.0 million $1.4 million of municipal securities compared to the same period in 2022 2023 when the Company did not purchase any purchased $1.1 million of municipal securities.

Corporate Obligations

The Company may invest in high-quality corporate obligations to provide portfolio diversification and improve the overall yield on the portfolio. As of September 30, 2023, the Company held 11 corporate obligation securities with a total fair value of $24.6 million and a net unrealized loss of $0.9 million. The acquisition of PCSB accounted for $18.2 million of the total fair value at September 30, 2023. As of December 31, 2022, the Company held 4 corporate obligation securities with a total fair value of $13.8 million and a net unrealized loss of $0.3 million. As of September 30, 2023, 10 of the 11 securities in this portfolio were in an unrealized loss position. As of December 31, 2022, all of the securities in this portfolio were in an unrealized loss position. Full collection of the obligations is expected because the financial condition of the issuers is sound, they have not defaulted on scheduled payments, the obligations are rated investment grade, and the Company has the ability and intent to hold the obligations for a period of time to recover the amortized cost. During the nine months ended September 30, 2023 and 2022, the Company did not purchase any corporate obligations.

U.S. Treasury Bonds

The Company invests in securities issued by the U.S. government. As of September 30, 2023 March 31, 2024, the Company owned 67 U.S. Treasury bonds held 10 corporate obligation securities with a total fair value of $441.7 million $17.8 million and a net unrealized loss of $37.8 million. The acquisition of PCSB accounted for $162.9 million of the total fair value at September 30, 2023 $0.8 million. As of December 31, 2022 December 31, 2023, the Company held 41 U.S. Treasury bonds 11 corporate obligation securities with a total fair value of $331.3 million $19.7 million and a net unrealized loss of $31.5 million $0.8 million. As of September 30, 2023 March 31, 2024, 65 5 of the 67 10 securities in this portfolio were in an unrealized loss position. As of December 31, 2022 December 31, 2023, 38 9 of the 41 11 securities in this portfolio were in an unrealized loss position. During the nine three months ended September 30, 2023, March 31, 2024 and 2023, the Company purchased $272.7 million of U.S. Treasury bonds, compared to the same period in 2022 when the Company purchased $122.6 million U.S. Treasury bonds. did not purchase any corporate obligations.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

U.S. Treasury Bonds

All securities are performing and backed by the implicit guarantee of the U.S. Government. Therefore, despite unrealized losses in some of the securities within the portfolio, management determined that the investment securities are not impaired. See discussion on the portfolio below.

The Company invests in securities issued by the U.S. government. As of March 31, 2024, the Company owned 62 U.S. Treasury bonds with a total fair value of $412.3 million and a net unrealized loss of $29.5 million. As of December 31, 2023, the Company held 66 U.S. Treasury bonds with a total fair value of $444.7 million and a net unrealized loss of $26.0 million. As of March 31, 2024, 56 of the 62 securities in this portfolio were in an unrealized loss position. As of December 31, 2023, 53 of the 66 securities in this portfolio were in an unrealized loss position. During the three months ended March 31, 2024, the Company did not purchased any U.S. Treasury bonds, compared to the same period in 2023 when the Company purchased $234.0 million U.S. Treasury bonds.

Foreign Government Obligations

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company owned 1 foreign government obligation security with a fair value of $0.5 million, which approximated cost. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, the security was in an unrealized loss position. During the nine three months ended September 30, 2023, March 31, 2024 and 2023, the Company did not purchase any foreign government obligations, compared to the same period in 2022, when the Company repurchased the foreign government obligation that had matured. obligation.

Portfolio Maturities

The final stated maturities of the debt securities are as follows for the periods indicated:

	At September 30, 2023			At December 31, 2022		
	Amortized Cost	Estimated Fair Value	Weighted Average Rate	Amortized Cost	Estimated Fair Value	Weighted Average Rate
	(Dollars in Thousands)					
Investment securities available-for-sale:						
Within 1 year	$149,452	$148,471	4.41 %	$119,912	$119,075	3.10 %
After 1 year through 5 years	304,754	289,325	3.08 %	163,941	156,120	2.40 %
After 5 years through 10 years	290,413	241,485	1.73 %	291,284	244,847	1.30 %
Over 10 years	235,213	201,131	3.36 %	158,841	136,724	2.10 %
$	$979,832	$880,412	3.00 %	$733,978	$656,766	2.06 %

	At March 31, 2024					At December 31, 20
	Amortized Cost		Estimated Fair Value		Weighted Average Rate	Amortized Cost
	(Dollars in Thousands)					
Investment securities available-for-sale:						
Within 1 year	$124,153	$	$123,534	4.07	4.07 %	$141,989
After 1 year through 5 years	339,194	325,338	325,338	3.06	3.06 %	342,525
After 5 years through 10 years	251,347	215,200	215,200	1.66	1.66 %	268,182
Over 10 years	226,956	201,726	201,726	3.31	3.31 %	231,555
		$941,650		$865,798	2.91 %	$984,2

Actual maturities of debt securities will differ from those presented above since certain obligations amortize and may also provide the issuer the right to call or prepay the obligation prior to scheduled maturity without penalty. MBSs and CMOs are included above based on their final stated maturities; the actual maturities, however, may occur earlier due to anticipated prepayments and stated amortization of cash flows.

As of September 30, 2023 March 31, 2024, issuers of debt securities with an estimated fair value of $90.8 million $121.2 million had the right to call or prepay the obligations. Of the $90.8 million $121.2 million, approximately $9.3 million $6.5 million matures in less then 1 year, $28.8 million $59.3 million matures in 1-5 years, $45.6 million $47.6 million matures in 6-10 years, and $7.1 million $7.8 million matures after ten years. As of December 31, 2022 December 31, 2023, issuers of debt securities with an estimated fair value of approximately $53.1 million $122.0 million had the right to call or prepay the obligations. Of the $53.1 million $122.0 million, approximately $2.5 million $6.4 million matures in less then 1 year, $6.3 $59.7 million matures in 1-5 years, $37.4 million $48.0 million matures in 6-10 years, and $6.9 million $7.9 million matures after ten years.

Security Sales

The Company did not sell any investment securities available-for-sale during the three months ended March 31, 2024, compared to the three months ended March 31, 2023 where the proceeds from the sale of investment securities available-for-sale were $230.0 million during the nine months ended September 30, 2023, compared to the nine months ended September 30, 2022 where the Company did not sell any investment securities available-for-sale. $224.8 million. Securities sales executed during the nine three months ended 2023 were related to the acquisition of PCSB and the restructuring of the acquired investment portfolio.

	Nine Months Ended September 30,	
	2023	2022

	(In Thousands)	
Investment securities available-for-sale:		
Proceeds from sales:	$ 229,981	$ —
Gross gains from sales	2,705	—
Gross losses from sales	(1,001)	—
Gain on sales of securities, net	$ 1,704	$ —

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	Three Months Ended March 31,	
	2024	2023
	(In Thousands)	
Investment securities available-for-sale:		
Proceeds from sales:	$ —	$ 224,832
Gross gains from sales	—	2,702
Gross losses from sales	—	(1,001)
Gain on sales of securities, net	$ —	$ 1,701

(4) Loans and Leases

The following table presents the amortized cost of loans and leases and weighted average coupon rates for the loan and lease portfolios at the dates indicated:

		At September 30, 2023		At December 31, 2022	
		Balance	Weighted Average Coupon	Balance	Weighted Average Coupon
		(Dollars In Thousands)			
Commercial real estate loans:	Commercial real estate loans:				
Commercial real estate loans:					
Commercial real estate loans:					
Commercial real estate					
Commercial real estate					
Commercial real estate	Commercial real estate	$ 3,969,956	5.41 %	$ 3,046,746	4.93 %
Multi-family mortgage	Multi-family mortgage	1,356,056	5.12 %	1,150,597	4.74 %
Multi-family mortgage					
Multi-family mortgage					
Construction					
Construction					
Construction	Construction	343,756	6.66 %	206,805	6.51 %
Total commercial real estate loans	Total commercial real estate loans	5,669,768	5.42 %	4,404,148	4.95 %
Total commercial real estate loans					
Total commercial real estate loans					
Commercial loans and leases:					
Commercial loans and leases:					

Commercial loans and leases:	Commercial loans and leases:					
Commercial	Commercial	867,514	6.77 %		752,948	6.03 %
Commercial						
Commercial						
Equipment financing						
Equipment financing						
Equipment financing	Equipment financing	1,329,673	7.53 %		1,216,585	7.04 %
Condominium association	Condominium association	44,188	4.94 %		46,966	4.80 %
Condominium association						
Condominium association						
Total commercial loans and leases						
Total commercial loans and leases						
Total commercial loans and leases	Total commercial loans and leases	2,241,375	7.18 %		2,016,499	6.61 %
Consumer loans:	Consumer loans:					
Consumer loans:						
Consumer loans:						
Residential mortgage						
Residential mortgage						
Residential mortgage	Residential mortgage	1,080,740	4.35 %		844,614	3.98 %
Home equity	Home equity	340,550	8.00 %		322,622	7.00 %
Home equity						
Home equity						
Other consumer						
Other consumer						
Other consumer	Other consumer	48,349	7.61 %		56,505	6.65 %
Total consumer loans	Total consumer loans	1,469,639	5.30 %		1,223,741	4.90 %
Total consumer loans						
Total consumer loans						
Total loans and leases	Total loans and leases	$ 9,380,782	5.81 %		$ 7,644,388	5.38 %
Total loans and leases						
Total loans and leases						

Accrued interest on loans and leases, which were excluded from the amortized cost of loans and leases totaled $37.2 million $40.8 million and $26.1 million $39.1 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and were included in other assets in the accompanying consolidated balance sheets.

The net unamortized deferred loan origination costs and premiums and discounts on acquired loans included in total loans and leases were $(31.4) $(26.5) million and $11.3 million $(29.0) million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The Banks and their subsidiaries lend primarily in all New England states and New York, with the exception of the equipment financing portfolio, 29.2% of which is in the greater Greater New York and New Jersey metropolitan area and 70.8% of which is in other areas in the United States of America as of September 30, 2023 March 31, 2024.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

Loans and Leases Pledged as Collateral

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there were $3.2 billion $3.4 billion and $2.4 billion $3.5 billion respectively of loans and leases pledged as collateral for repurchase agreements; municipal deposits; treasury, tax and loan deposits; swap agreements; FRB borrowings; and FHLB borrowings. The Banks did not have any outstanding FRB borrowings as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

(5) Allowance for Credit Losses

The following tables present the changes in the allowance for loan and lease losses in loans and leases by portfolio segment for the periods indicated:

	Three Months Ended September 30, 2023			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at June 30, 2023	$ 84,301	$ 35,634	$ 5,882	$ 125,817
Charge-offs	—	(11,047)	(29)	(11,076)
Recoveries	3	89	10	102
Provision (credit) for loan and lease losses excluding unfunded commitments	(5,524)	8,829	933	4,238
Balance at September 30, 2023	$ 78,780	$ 33,505	$ 6,796	$ 119,081

	Three Months Ended September 30, 2022			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at June 30, 2022	$ 70,027	$ 20,105	$ 3,056	$ 93,188
Charge-offs	—	(584)	(14)	(598)
Recoveries	6	763	8	777
Provision (credit) for loan and lease losses excluding unfunded commitments	(2,573)	2,984	391	802
Balance at September 30, 2022	$ 67,460	$ 23,268	$ 3,441	$ 94,169

	Nine Months Ended September 30, 2023			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2022	$ 68,154	$ 26,604	$ 3,724	$ 98,482
Charge-offs	—	(13,475)	(38)	(13,513)
Recoveries	15	951	25	991
Provision (credit) for loan and lease losses excluding unfunded commitments	10,611	19,425	3,085	33,121
Balance at September 30, 2023	$ 78,780	$ 33,505	$ 6,796	$119,081

	Three Months Ended March 31, 2024			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2023				
Charge-offs				
Charge-offs				
Charge-offs				
Recoveries				
Provision (credit) for loan and lease losses excluding unfunded commitments				

Balance at March 31, 2024
Balance at March 31, 2024
Balance at March 31, 2024

The table above excludes the establishment of the initial reserve for PCD loans and leases of $2.3 million, net of $2.3 million of day one charge-offs recognized at the date of the acquisition in accordance with GAAP.

	Three Months Ended March 31, 2023			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2022	$ 68,154	$ 26,604	$ 3,724	$ 98,482
Charge-offs	—	(840)	(11)	(851)
Recoveries	6	383	11	400
Provision (credit) for loan and lease losses excluding unfunded commitments	14,532	6,614	1,688	22,834
Balance at March 31, 2023	$ 82,692	$ 32,761	$ 5,412	$ 120,865

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	Nine Months Ended September 30, 2022			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2021	$ 69,213	$ 27,055	$ 2,816	$ 99,084
Charge-offs	(37)	(4,417)	(20)	(4,474)
Recoveries	18	1,395	52	1,465
Provision (credit) for loan and lease losses excluding unfunded commitments	(1,734)	(765)	593	(1,906)
Balance at September 30, 2022	$ 67,460	$ 23,268	$ 3,441	$ 94,169

The allowance for credit losses for unfunded credit commitments, which is included in other liabilities, was $21.5 million $15.8 million, and $20.6 million $19.8 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. In addition, there were $3.7 million in unfunded commitment related charge-offs in the first quarter of 2024.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

Provision for Credit Losses

The provision (credit) for credit losses are set forth below for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2023	2022	2023	2022	
	(In Thousands)				(In Thousands)

Provision (credit) for loan and lease losses:	Provision (credit) for loan and lease losses:				
Commercial real estate	Commercial real estate	$(5,524)	$(2,573)	$10,611	$(1,734)
Commercial real estate					
Commercial real estate					
Commercial					
Commercial					
Commercial	Commercial	8,829	2,984	19,425	(765)
Consumer	Consumer	933	391	3,085	593
Consumer					
Consumer					
Total (credit) provision for loan and lease losses					
Total (credit) provision for loan and lease losses					
Total (credit) provision for loan and lease losses	Total (credit) provision for loan and lease losses	4,238	802	33,121	(1,906)
Unfunded commitments	Unfunded commitments	(1,291)	2,043	896	4,760
Unfunded commitments					
Unfunded commitments					
Investment securities available-for-sale					
Investment securities available-for-sale					
Investment securities available-for-sale	Investment securities available-for-sale	84	(10)	415	48
Total provision (credit) for credit losses	Total provision (credit) for credit losses	$ 3,031	$ 2,835	$34,432	$ 2,902
Total provision (credit) for credit losses					
Total provision (credit) for credit losses					

Allowance for Loan and Lease Losses Methodology

Management has established a methodology to determine the adequacy of the allowance for credit losses that assesses the risks and losses expected on the loan and lease portfolio and unfunded commitments. Additions to the allowance for credit losses are made by charges to the provision for credit losses. Losses on loans and leases are charged off against the allowance when all or a portion of a loan or lease is considered uncollectible. Subsequent recoveries on loans previously charged off, if any, are credited to the allowance when realized.

To calculate the allowance for loans collectively evaluated, management uses models developed by a third party. Commercial real estate ("CRE"), commercial and industrial ("C&I"), and retail lifetime loss rate models calculate the expected losses over the life of the loan based on exposure at default loan attributes and reasonable, supportable economic forecasts. The exposure at default considers the current unpaid balance, prepayment assumptions and expected utilization assumptions. The expected loss estimates for two small commercial portfolios are based on historical loss rates.

Key assumptions used in the models include portfolio segmentation, prepayments, and the expected utilization of unfunded commitments, among others. The portfolios are segmented by loan level attributes such as loan type, loan size, date of origination, and delinquency status to create homogenous loan pools. Pool level metrics are calculated and loss rates are subsequently applied to the pools as the loans have like characteristics. Prepayment assumptions are embedded within the models and are based on the same data used for model development and incorporate adjustments for reasonable and supportable forecasts. Model development data and developmental time periods vary by model, but all use at least ten years of historical data and capture at least one recessionary period. Expected utilization is based on current utilization and a loan equivalency ("LEQ") factor. LEQ varies by current utilization and provides a reasonable estimate of expected draws and borrower behavior.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

Assumptions and model inputs are reviewed in accordance with model monitoring practices and as information becomes available.

The ACL estimate incorporates reasonable and supportable forecasts of various macro-economic variables over the remaining life of loans and leases. The development of the reasonable and supportable forecast assume each macro-economic variable will revert to long-term expectations, with reversion characteristics unique to specific economic indicators and forecasts. Reversion towards long-term expectations generally begins two to three years from the forecast start date and largely completes within the first five years. Because the reasonable and supportable economic forecasts used in the models are mean reverting, the models are therefore considered to be implicitly mean reverting.

Management elected to use multiple economic forecasts in determining the reserve to account for economic uncertainty. The forecasts include various projections of gross domestic product, ("GDP"), interest rates, property price indices, and employment measures. Scenario weighting and model parameters are reviewed for each calculation and updated to reflect facts and circumstances as of the financial statement date. The forecasts utilized at September 30, 2023 March 31, 2024 reflect the immediate and longer-term effects of a rising higher interest rate environment and inflationary conditions. conditions compared to recent history.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

As of September 30, 2023 March 31, 2024, management applied qualitative adjustments to the CRE lifetime loss rate, C&I lifetime loss rate, and Retail lifetime loss rate models. These adjustments addressed model limitations, were based on historical loss patterns, and targeted specific risks within the certain portfolios. A general qualitative adjustment was applied to all models to account for general economic uncertainty by placing a greater probability on negative economic forecasts. Additional qualitative adjustments were applied to the commercial, multifamily, and commercial real estate (includes owner occupied, non-owner occupied, and construction) portfolios based on the Company's historical loss experience and the loss experience of the Company's peer group. High risk segments of the Eastern Funding portfolios also received additional qualitative adjustments based on recent loss history and expected liquidation values. These qualitative adjustments resulted in additions to reserves for all portfolios, as compared to the model output.

Specific reserves are established for loans individually evaluated for impairment when amortized cost basis is greater than the discounted present value of expected future cash flows or, in the case of collateral-dependent loans, when there is an excess of a loan's amortized cost basis over the fair value of its underlying collateral. When loans and leases do not share risk characteristics with other financial assets they are evaluated individually. Individually evaluated loans are reviewed quarterly with adjustments made to the calculated reserve as necessary.

The general allowance for loan and lease losses was $108.6 million $110.2 million as of September 30, 2023 March 31, 2024, compared to $95.4 million $108.4 million as of December 31, 2022 December 31, 2023. The increase in the general allowance was primarily driven by the acquisition of PCSB Bank during the year, which contributed $14.8 million latest economic forecast of the $13.2 million increase, and was offset by an overall decrease in the general allowance of all entities, excluding PCSB Bank.

commercial real estate market.

The specific allowance for loan and lease losses was $10.5 million $10.0 million as of September 30, 2023 March 31, 2024, compared to $3.1 million $9.1 million as of December 31, 2022 December 31, 2023. The specific allowance increased $7.4 million $0.9 million during the nine three months ended September 30, 2023 March 31, 2024 primarily due to specific reserve increases totaling $4.2 $1.3 million for commercial loans, and $3.2 offset by decreases totaling $0.4 million for commercial real estate loans.

As of September 30, 2023 March 31, 2024, management believes that the methodology for calculating the allowance is sound and that the allowance provides a reasonable basis for determining and reporting on expected losses over the lifetime of the Company's loan portfolios.

Credit Quality Assessment

At the time of loan origination, a rating is assigned based on the capacity to pay and general financial strength of the borrower, the value of assets pledged as collateral, and the evaluation of third party support such as a guarantor. The Company continually monitors the credit quality of the loan portfolio using all available information. The officer responsible for handling each loan is required to initiate changes to risk ratings when changes in facts and circumstances occur that warrant an upgrade or downgrade in a loan rating. Based on this information, loans demonstrating certain payment issues or other weaknesses may be categorized as delinquent, adversely risk-rated, nonperforming and/or put on nonaccrual status. Additionally, in the course of resolving such loans, the Company may choose to restructure the contractual terms of certain loans to match the borrower's ability to repay the loan based on their current financial condition. If a restructured loan meets certain criteria, it may be categorized as a modified loan.

The Company reviews numerous credit quality indicators when assessing the risk in its loan portfolio. For all loans, the Company utilizes an eight-grade loan rating system, which assigns a risk rating to each borrower based on a number of quantitative and qualitative factors associated with a loan transaction. Factors considered include industry and market conditions; position within the industry; earnings trends; operating cash flow; asset/liability values; debt capacity; guarantor strength; management and controls; financial reporting; collateral; and other considerations. In addition, the Company's independent loan review group evaluates the credit quality and related risk ratings in all loan portfolios. The results of these reviews are reported to the Risk Committee of the Board of Directors on a periodic basis and annually to the Board of Directors. For the consumer loans, the Company heavily relies on payment status for calibrating credit risk.

The ratings categories used for assessing credit risk in the commercial real estate, multi-family mortgage, construction, commercial, equipment financing, condominium association and other consumer loan and lease classes are defined as follows:

1 -4 Rating—Pass

Loan rating grades "1" through "4" are classified as "Pass," which indicates borrowers are performing in accordance with the terms of the loan and are less likely to result in loss due to the capacity of the borrower to pay and the adequacy of the value of assets pledged as collateral.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

5 Rating—Other Assets Especially Mentioned ("OAEM")

Borrowers exhibit potential credit weaknesses or downward trends deserving management's attention. If not checked or corrected, these trends will weaken the Company's asset and position. While potentially weak, currently these borrowers are marginally acceptable; no loss of principal or interest is envisioned.

6 Rating—Substandard

Borrowers exhibit well defined weaknesses that jeopardize the orderly liquidation of debt. Substandard loans may be inadequately protected by the current net worth and paying capacity of the obligors or by the collateral pledged, if any. Normal repayment from the borrower is in jeopardy. Although no immediate loss of principal is envisioned, there is a distinct possibility that a partial loss of interest and/or principal will occur if the deficiencies are not corrected. Collateral coverage may be inadequate to cover the principal obligation.

7 Rating—Doubtful

Borrowers exhibit well-defined weaknesses that jeopardize the orderly liquidation of debt with the added provision that the weaknesses make collection of the debt in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Serious problems exist to the point where partial loss of principal is likely.

8 Rating—Definite Loss

Borrowers deemed incapable of repayment. Loans to such borrowers are considered uncollectible and of such little value that continuation as active assets of the Company is not warranted.

Assets rated as "OAEM," "substandard" or "doubtful" based on criteria established under banking regulations are collectively referred to as "criticized" assets.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

Credit Quality Information

The following table presents the amortized cost basis of loans in each class by credit quality indicator and year of origination as of September 30, 2023 March 31, 2024.

September 30, 2023

March 31, 2024

March 31, 2024

March 31, 2024

2024

(In Thousands)

	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
Commercial Real Estate									
Pass	$259,553	$662,571	$781,746	$383,485	$450,982	$1,263,754	$ 72,357	$ 10,011	$3,884,459
OAEM	—	—	2,547	3,322	9,753	27,533	—	—	43,155
Substandard	—	—	—	—	14,757	27,585	—	—	42,342
Total	259,553	662,571	784,293	386,807	475,492	1,318,872	72,357	10,011	3,969,956
Multi-Family Mortgage									
Pass	21,121	196,154	239,184	166,530	211,317	474,624	6,955	36,602	1,352,487
Substandard	—	—	—	—	1,333	2,236	—	—	3,569
Total	21,121	196,154	239,184	166,530	212,650	476,860	6,955	36,602	1,356,056
Construction									
Pass	21,217	216,502	72,723	9,142	1,758	905	2,492	3,442	328,181
Substandard	—	2,106	11,153	—	1,501	815	—	—	15,575
Total	21,217	218,608	83,876	9,142	3,259	1,720	2,492	3,442	343,756
Commercial									
Pass	118,707	140,910	129,487	39,709	24,277	73,512	305,625	2,989	835,216
OAEM	—	—	87	2,325	1,338	—	10,277	235	14,262
Substandard	4	—	10	—	12,575	28	4,827	589	18,033
Doubtful	—	—	—	—	—	1	—	2	3
Total	118,711	140,910	129,584	42,034	38,190	73,541	320,729	3,815	867,514
Current-period gross writeoffs	1,000	3,500	3,658	1,164	502	135	—	—	9,959
Equipment Financing									
Pass	326,153	413,548	226,106	139,152	100,225	85,970	13,756	4,994	1,309,904

	2024	2023	2022	2021	2020	Prior	Revolvi Loans
(In Thousands)							
Current-period gross writeoffs	—	—	606	—	606		

OAEM	—	2,279	1,312	1,014	187	55	—	—	4,847
Substandard	376	4,156	2,091	1,626	2,807	2,509	—	—	13,565
Doubtful	—	524	818	—	—	15	—	—	1,357
Total	326,529	420,507	230,327	141,792	103,219	88,549	13,756	4,994	1,329,673
Current-period gross writeoffs	—	602	1,549	108	446	814	—	—	3,519
Condominium Association									
Pass	3,265	7,146	8,033	6,947	4,745	10,432	3,436	184	44,188

	March 31, 2024	
	March 31, 2024	
	March 31, 2024	
		Revol Loa Conve to Te Loa
	2024	**2024 2023 2022 2021 2020 Prior Revolving Loans**
		(In Thousands)
Total		
Commercial		
Pass		
Pass		
Pass		
OAEM		
Substandard		
Doubtful		
Total		
Current-period gross writeoffs		
Equipment Financing		
Pass		
Pass		
Pass		
OAEM		
Substandard		
Doubtful		
Total		
Current-period gross writeoffs		
Condominium Association		
Pass		
Pass		
Pass		
	September 30, 2023	
Total		

Total

		2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
		(In Thousands)								
Total	Total	3,265	7,146	8,033	6,947	4,745	10,432	3,436	184	44,188
Other Consumer	**Other Consumer**									
Pass	Pass	421	359	802	7	24	2,068	44,666	1	48,348
Pass										
Pass										
Substandard		—	—	—	—	—	—	—	1	1
Total										
Total										
Total	Total	421	359	802	7	24	2,068	44,666	2	48,349
Current-period gross writeoffs	**Current-period gross writeoffs**	6	—	1	—	11	8	—	—	26
Total	**Total**									
Pass	Pass	750,437	1,637,190	1,458,081	744,972	793,328	1,911,265	449,287	58,223	7,802,783
Pass										
Pass										
OAEM	OAEM	—	2,279	3,946	6,661	11,278	27,588	10,277	235	62,264
Substandard	Substandard	380	6,262	13,254	1,626	32,973	33,173	4,827	590	93,085
Doubtful	Doubtful	—	524	818	—	—	16	—	2	1,360
Total	Total	$750,817	$1,646,255	$1,476,099	$753,259	$837,579	$1,972,042	$464,391	$ 59,050	$7,959,492

As of September 30, 2023 March 31, 2024, there were no loans categorized as definite loss.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

For residential mortgage and home equity loans, the borrowers' credit scores contribute as a reserve metric in the retail loss rate model.

	At September 30, 2023								
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total

At March 31, 2024

At March 31, 2024

At March 31, 2024

2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans

		(In Thousands)								(In Thousands)
Residential	**Residential**									
Credit Scores	Credit Scores									
Credit Scores										
Credit Scores										
Over 700										
Over 700										
Over 700	Over 700	$54,390	$159,669	$214,817	$123,139	$88,158	$269,136	$ 5,285	$ 441	$ 915,035
661 - 700	661 - 700	7,289	19,288	11,935	6,299	5,507	31,560	—	—	81,878
600 and below	600 and below	2,377	20,871	7,479	8,618	4,163	22,502	—	—	66,010
Data not available*	Data not available*	349	1,980	—	179	515	14,794	—	—	17,817
Total	Total	$64,405	$201,808	$234,231	$138,235	$98,343	$337,992	$ 5,285	$ 441	$1,080,740
Current-period gross writeoffs		—	—	—	—	—	25	—	—	25
Home Equity										
Home Equity										
Home Equity	**Home Equity**									
Credit Scores	Credit Scores									
Credit Scores										
Credit Scores										
Over 700										
Over 700										
Over 700	Over 700	$ 4,500	$ 3,908	$ 1,664	$ 881	$ 1,209	$ 7,819	$269,561	$ 4,509	$ 294,051
661 - 700	661 - 700	775	386	124	37	91	867	21,264	871	24,415
600 and below	600 and below	73	177	—	—	41	496	16,977	2,024	19,788
Data not available*	Data not available*	24	—	—	—	—	21	2,231	20	2,296
Total	Total	$ 5,372	$ 4,471	$ 1,788	$ 918	$ 1,341	$ 9,203	$310,033	$ 7,424	$ 340,550

* Primarily represents loans made to trusts and purchased mortgages.

The following tables present the recorded investment in loans in each class as of December 31, 2022 December 31, 2023, by credit quality indicator.

		December 31, 2023								
		December 31, 2023								
		December 31, 2023								
	2023									
		December 31, 2022								
		2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
		(In Thousands)								
Commercial Real Estate	**Commercial Real Estate**									
Commercial Real Estate										
Commercial Real Estate										

Pass										
Pass										
Pass	Pass	$ 475,105	$ 622,952	$ 290,913	$ 362,339	$ 210,954	$ 971,274	$ 55,464	$ 9,167	$ 2,998,168
OAEM	OAEM	—	2,600	112	14,805	2,841	25,875	—	—	46,233
OAEM										
OAEM										
Substandard	Substandard	—	—	—	—	—	2,345	—	—	2,345
Substandard										
Substandard										
Doubtful										
Doubtful										
Doubtful										
Total										
Total										
Total										
Current -period gross writeoffs										
Current -period gross writeoffs										
Current -period gross writeoffs										
Total		475,105	625,552	291,025	377,144	213,795	999,494	55,464	9,167	3,046,746
Multi-Family Mortgage										
Pass		162,139	226,502	132,893	114,109	142,271	324,415	4,823	36,662	1,143,814
Substandard		—	—	—	—	—	6,783	—	—	6,783

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

		December 31, 2023
		December 31, 2023
		December 31, 2023
	2023	
Multi-Family Mortgage		
Multi-Family Mortgage		
Multi-Family Mortgage		
Pass		
Pass		
Pass		
Substandard		
Substandard		
Substandard		
Total		
Total		
Total		
Construction		
Construction		
Construction		
Pass		
Pass		
Pass		

Substandard
Substandard
Substandard
Total
Total
Total
Commercial
Commercial
Commercial
Pass
Pass
Pass
OAEM
OAEM
OAEM
Substandard
Substandard
Substandard
Doubtful
Doubtful
Doubtful
Total
Total
Total
Current-period gross writeoffs
Current-period gross writeoffs
Current-period gross writeoffs
Equipment Financing
Equipment Financing
Equipment Financing
Pass
Pass
Pass
OAEM
OAEM
OAEM
Substandard
Substandard
Substandard
Doubtful
Doubtful
Doubtful
Total
Total
Total
Current-period gross writeoffs
Current-period gross writeoffs
Current-period gross writeoffs
Condominium Association
Condominium Association
Condominium Association

Pass

Pass

Pass

		December 31, 2022								
		2022	2021	2020	2019	2018	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
		(In Thousands)								
Total	Total	162,139	226,502	132,893	114,109	142,271	331,198	4,823	36,662	1,150,597
Construction										
Pass		82,650	73,995	13,787	16,421	3,306	—	6,456	—	196,615
OAEM		842	8,641	—	—	—	—	—	—	9,483
Substandard		—	—	—	—	—	707	—	—	707
Total	Total	83,492	82,636	13,787	16,421	3,306	707	6,456	—	206,805
Commercial										
Pass		178,212	116,674	48,713	22,809	29,350	52,866	273,467	1,071	723,162
OAEM		—	109	—	14,821	—	—	2,187	—	17,117
Substandard		—	3,835	1,215	494	—	30	6,461	632	12,667
Doubtful		—	—	—	—	—	1	—	1	2
Total		178,212	120,618	49,928	38,124	29,350	52,897	282,115	1,704	752,948
Equipment Financing										
Pass		443,323	282,398	185,007	140,931	76,595	60,980	13,236	1,301	1,203,771
OAEM		1,019	1,453	184	455	13	—	—	—	3,124
Substandard		608	784	1,514	2,597	2,503	1,669	—	—	9,675
Doubtful		—	—	—	—	2	13	—	—	15
Total		444,950	284,635	186,705	143,983	79,113	62,662	13,236	1,301	1,216,585
Condominium Association										
Pass		5,821	7,743	8,810	5,858	1,603	12,227	4,823	23	46,908
Substandard		—	—	—	—	—	58	—	—	58
Total	Total	5,821	7,743	8,810	5,858	1,603	12,285	4,823	23	46,966
Other Consumer	**Other Consumer**									
Other Consumer										
Other Consumer										
Pass										
Pass										
Pass	Pass	411	393	15	13	1,503	750	53,418	1	56,504
Substandard		—	—	—	—	—	—	1	—	1
Total										
Total										
Total										
Current-period gross writeoffs										
Current-period gross writeoffs										
Current-period gross writeoffs										
Total										
Total	Total	411	393	15	13	1,503	750	53,419	1	56,505
Total	**Total**									
Pass	Pass	1,347,661	1,330,657	680,138	662,480	465,582	1,422,512	411,687	48,225	6,368,942
Pass										
Pass										
OAEM										

OAEM										
OAEM	OAEM	1,861	12,803	296	30,081	2,854	25,875	2,187	—	75,957
Substandard	Substandard	608	4,619	2,729	3,091	2,503	11,592	6,462	632	32,236
Substandard										
Substandard										

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

					December 31, 2023					
					December 31, 2023					
					December 31, 2023					
	2023									
					December 31, 2022					
		2022	**2021**	**2020**	**2019**	**2018**	**Prior**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
					(In Thousands)					
Doubtful	Doubtful	—	—	—	—	2	14	—	1	17
Doubtful										
Doubtful										
Total										
Total										
Total	**Total**	$ 1,350,130	$ 1,348,079	$ 683,163	$ 695,652	$ 470,941	$ 1,459,993	$ 420,336	$ 48,858	$ 6,477,152

As of December 31, 2022 December 31, 2023, there were no loans categorized as definite loss.

					At December 31, 2022					
		2022	**2021**	**2020**	**2019**	**2018**	**Prior**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
					At December 31, 2023					
	2023									
					(In Thousands)					
Residential	**Residential**									
Credit Scores	Credit Scores									
Credit Scores										
Credit Scores										
Over 700										
Over 700										
Over 700	Over 700	$108,125	$176,341	$ 95,484	$61,763	$38,949	$132,359	$ 4,942	$ 348	$618,311
661 - 700	661 - 700	15,018	21,450	17,611	11,388	8,308	29,999	—	—	103,774
600 and below	600 and below	6,133	3,754	5,275	2,833	2,264	14,688	—	—	34,947

								At December 31, 2023	
2023	**2022**	**2021**	**2020**	**2019**	**Prior**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Tota**	
			(In Thousands)						

Data not available*	Data not available*	28,097	6,661	712	3,316	—	48,796	—	—	87,582
Total	Total	$157,373	$208,206	$119,082	$79,300	$49,521	$225,842	$ 4,942	$ 348	$844,614
Current-period gross writeoffs										
Home Equity	**Home Equity**									
Credit Scores	Credit Scores									
Credit Scores										
Credit Scores										
Over 700										
Over 700										
Over 700	Over 700	$ 3,833	$ 1,399	$ 1,128	$ 1,209	$ 984	$ 6,862	$247,188	$ 2,304	$264,907
661 - 700	661 - 700	787	92	35	249	272	1,329	41,050	296	44,110
600 and below	600 and below	89	87	48	93	—	360	8,744	595	10,016
Data not available*	Data not available*	6	6	—	—	—	1,029	2,279	269	3,589
Total	Total	$ 4,715	$ 1,584	$ 1,211	$ 1,551	$ 1,256	$ 9,580	$299,261	$ 3,464	$322,622

* Primarily represents loans made to trusts and purchased mortgages.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

Age Analysis of Past Due Loans and Leases

The following table presents an age analysis of the amortized cost basis in loans and leases as of September 30, 2023 March 31, 2024.

		At September 30, 2023								
		Past Due								
		31-60 Days	**61-90 Days**	**Greater Than 90 Days**	**Total**	**Current**	**Total Loans and Leases**	**Past Due Greater Than 90 Days and Accruing**	**Non-accrual**	**Non-accrual with No Related Allowance**
		31-60 Days	**61-90 Days**	**Greater Than 90 Days**	**Total**	**Current**	**Total Loans and Leases**	**Non-accrual**	**Non-accrual with No Related Allowance**	
		(In Thousands)								
Commercial real estate loans:	Commercial real estate loans:									
Commercial real estate loans:										
Commercial real estate loans:										
Commercial real estate										
Commercial real estate										
Commercial real estate	Commercial real estate	$1,765	$18,225	$20,222	$40,212	$3,929,744	$3,969,956	$ 228	$23,263	$ 3,269
Multi-family mortgage	Multi-family mortgage	318	1,333	—	1,651	1,354,405	1,356,056	—	1,318	—
Construction	Construction	—	1,620	696	2,316	341,440	343,756	—	2,316	2,316

Total commercial real estate loans	Total commercial real estate loans	2,083	21,178	20,918	44,179	5,625,589	5,669,768	228	26,897	5,585
Commercial loans and leases:	Commercial loans and leases:									
Commercial	Commercial	366	323	5,313	6,002	861,512	867,514	—	5,406	—
Commercial										
Commercial										
Equipment financing	Equipment financing	4,744	3,158	8,391	16,293	1,313,380	1,329,673	849	13,974	1,348
Condominium association	Condominium association	159	—	—	159	44,029	44,188	—	—	—
Total commercial loans and leases	Total commercial loans and leases	5,269	3,481	13,704	22,454	2,218,921	2,241,375	849	19,380	1,348
Consumer loans:	Consumer loans:									
Residential mortgage	Residential mortgage	1,086	3,536	2,453	7,075	1,073,665	1,080,740	—	4,249	2,569
Residential mortgage										
Residential mortgage										
Home equity	Home equity	1,220	76	297	1,593	338,957	340,550	98	713	—
Other consumer	Other consumer	9	13	2	24	48,325	48,349	—	2	—
Total consumer loans	Total consumer loans	2,315	3,625	2,752	8,692	1,460,947	1,469,639	98	4,964	2,569
Total loans and leases	Total loans and leases	$9,667	$28,284	$37,374	$75,325	$9,305,457	$9,380,782	$ 1,175	$51,241	$ 9,502

The Company did not recognize any interest income on nonaccrual loans for the three months ended September 30, 2023 March 31, 2024.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

The following tables present an age analysis of the recorded investment in originated and acquired loans and leases as of December 31, 2022 December 31, 2023.

	At December 31, 2022																		
	Past Due					Loans and Leases Past Due				Past Due					Loans and Leases Past Due			
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Greater Than 90 Days and Accruing	Non-accrual	Non-accrual with No Related Allowance	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Greater Than 90 Days and Accruing	Total Loans and Leases	Non-accrual with No Related Allowance	Non-accrual
	(In Thousands)																		

Commercial real estate loans:	Commercial real estate loans:									
Commercial real estate loans:										
Commercial real estate loans:										
Commercial real estate										
Commercial real estate										
Commercial real estate	Commercial real estate	$ 2,495	$ 199	$ 408	$ 3,102	$3,043,644	$3,046,746	$ —	$ 607	$ 262
Multi-family mortgage	Multi-family mortgage	—	180	—	180	1,150,417	1,150,597	—	—	—
Construction	Construction	707	—	—	707	206,098	206,805	—	707	707
Total commercial real estate loans	Total commercial real estate loans	3,202	379	408	3,989	4,400,159	4,404,148	—	1,314	969
Commercial loans and leases:	Commercial loans and leases:									
Commercial	Commercial	740	—	343	1,083	751,865	752,948	—	464	—
Commercial										
Commercial										
Equipment financing	Equipment financing	5,103	1,764	6,205	13,072	1,203,513	1,216,585	28	9,653	399
Condominium association	Condominium association	2,072	—	—	2,072	44,894	46,966	—	58	—
Total commercial loans and leases	Total commercial loans and leases	7,915	1,764	6,548	16,227	2,000,272	2,016,499	28	10,175	399
Consumer loans:	Consumer loans:									
Residential mortgage	Residential mortgage	677	70	1,466	2,213	842,401	844,614	1	2,680	1,091
Residential mortgage										
Residential mortgage										
Home equity	Home equity	443	—	155	598	322,024	322,622	4	723	—
Other consumer	Other consumer	1	5	2	8	56,497	56,505	—	2	—
Total consumer loans	Total consumer loans	1,121	75	1,623	2,819	1,220,922	1,223,741	5	3,405	1,091
Total loans and leases	Total loans and leases	$12,238	$2,218	$8,579	$23,035	$7,621,353	$7,644,388	$ 33	$14,894	$ 2,459

Impaired Loans and Leases

A loan is considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due (both interest and principal) according to the contractual terms of the loan agreement. The loans and leases risk-rated "substandard" or worse are considered impaired. The Company has also defined the population of impaired loans to include nonaccrual loans and modified loans. Impaired loans and leases which do not share similar risk characteristics with other loans are individually evaluated for credit losses. Specific reserves are established for loans and leases with deterioration in the present value of expected future cash flows or, in the case of collateral-dependent loans and leases, any increase in the loan or lease amortized cost basis over the fair value of the underlying collateral discounted for estimated selling costs. In contrast, the loans and leases which share similar risk characteristics and are not included in the individually evaluated population are collectively evaluated for credit losses.

The following tables present information regarding individually evaluated and collectively evaluated allowance for loan and lease losses for credit losses on loans and leases at the dates indicated.

At March 31, 2024

At March 31, 2024

At March 31, 2024

	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Allowance for Loan and Lease Losses:				
Individually evaluated				

At September 30, 2023

	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Allowance for Loan and Lease Losses:				
Individually evaluated	$ 3,273	$ 7,194	$ 38	$ 10,505
Collectively evaluated	75,507	26,311	6,758	108,576
Total	$ 78,780	$ 33,505	$ 6,796	$ 119,081
Loans and Leases:				
Individually evaluated	$ 60,255	$ 23,729	$ 4,768	$ 88,752
Collectively evaluated	5,609,513	2,217,646	1,464,871	9,292,030
Total	$5,669,768	$2,241,375	$1,469,639	$9,380,782

Individually evaluated

Loans and Leases:

Loans and Leases:

Individually evaluated

Individually evaluated

At December 31, 2023

At December 31, 2023

At December 31, 2023

	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Allowance for Loan and Lease Losses:				

At December 31, 2022

Individually evaluated

		Commercial Real Estate	Commercial	Consumer	Total
		(In Thousands)			
Allowance for Loan and Lease Losses:					
Individually evaluated					
Individually evaluated	Individually evaluated	$ 62	$ 2,982	$ 68	$ 3,112
Collectively evaluated	Collectively evaluated	68,092	23,622	3,656	95,370
Total loans and leases	Total loans and leases	$ 68,154	$ 26,604	$ 3,724	$ 98,482
Loans and Leases:	**Loans and Leases:**				
Loans and Leases:					
Loans and Leases:					
Individually evaluated					
Individually evaluated					
Individually evaluated	Individually evaluated	$ 11,039	$ 14,346	$ 3,863	$ 29,248
Collectively evaluated	Collectively evaluated	4,393,109	2,002,153	1,219,878	7,615,140
Total loans and leases	Total loans and leases	$4,404,148	$2,016,499	$1,223,741	$7,644,388
Total loans and leases					
Total loans and leases					

Loan Modifications

In January 2023, the Company adopted ASU 2022-02, “Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures” (“ASU 2022-02”), which eliminated the accounting guidance for TDRs while enhancing disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. This guidance was applied on a prospective basis. Upon adoption of this guidance, the Company estimates the reserve for modifications to borrowers experiencing financial difficulty in a manner similar to the process for non-modified loans.

The following tables present the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty during the periods indicated.The loans presented in the following tables relate to three customer relationships. indicated.

	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024
Number of Loans	

	Number of Loans	
	Number of Loans	
		(In thousands)
		(In thousands)
		(In thousands)
Maturity Extension		
Maturity Extension		
Maturity Extension		

		Three Months Ended September 30, 2023			
C&I					
		Number of Loans	Amortized Cost	% of Total Class of Loans and Leases	Financial Effect
			(In thousands)		
Maturity Extension					
C&I					
C&I	C&I	1	$ 489	0.03 %	This loan was given a 6-month maturity extension to assist the borrower. The financial effect was deemed "de minimis."
Significant Payment Delays					

C&I	2	24	— %	Both loans were given restructured payment plans to assist borrowers. The financial effect was deemed "de minimis."
Combination				
C&I	1	268	0.02 %	This loan was given a 6-month maturity extension and restructured delayed payment plan to assist the borrower. The financial effect was deemed "de minimis."
Total Total	4	$ 781	0.05 %	

Total

Total

	Three Months Ended March 31, 2023	
	Three Months Ended March 31, 2023	
	Three Months Ended March 31, 2023	
	Number of Loans	
	Number of Loans	
	Number of Loans	
		(In thousands)
		(In thousands)
		(In thousands)
Maturity Extension		
Maturity Extension		

Maturity Extension
C&I
C&I
C&I
Total
Total
Total

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	Nine Months Ended September 30, 2023			
	Number of Loans	Amortized Cost	% of Total Class of Loans and Leases	Financial Effect
		(In thousands)		
Maturity Extension				
C&I	11	$ 14,111	0.96 %	All 11 loans were given 6-month maturity extensions to assist borrowers. The financial effect was deemed "de minimis."
Significant Payment Delays				
C&I	2	$ 24	— %	Both loans were given restructured payment plans to assist borrowers. The financial effect was deemed "de minimis."
Combination				
C&I	4	979	0.07 %	All 4 loans were given 6-month maturity extensions and restructured delayed payment plans to assist borrowers. The financial effect was deemed "de minimis."
Total	17	$ 15,114	1.03 %	

The following tables present the aging analysis of loan modifications made to borrowers experiencing financial difficulty during the periods indicated.

	Three Months Ended September 30, 2023						
	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified	Paid Off	Charged Off
				(In thousands)			
Total Modifications	$ 781	—	—	—	—	—	5,295

	Nine Months Ended September 30, 2023						
	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified	Paid Off	Charged Off
				(In thousands)			
Total Modifications	$ 15,114	—	—	—	—	—	5,295

The following table sets forth information regarding TDR loans and leases at the dates indicated:

		Three Months Ended March 31, 2024						
	Current		30-60 Days Past Due	61-90 Days Past Due	At December 31, 2022 90+ Days Past Due	Modified	Paid Off	Charged Off
				(In thousands)				
Total Modifications		(In Thousands)						
Troubled debt restructurings:								
On accrual		$ 16,385 30	—	—	—	—	—	—

	Three Months Ended March 31, 2023						
	On nonaccrual Current	3,527 30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified	Paid Off	Charged Off
			(In thousands)				
Total troubled debt restructurings Modifications	$19,912 6,123	$ —	$ —	$ —	$ —	$ —	$ —

Total TDR loans and leases at December 31, 2022 were $19.9 million.

The amortized cost basis in TDR loans and the associated specific credit losses for the loan and lease portfolios that were modified during the periods indicated, are as follows:

	At and for the Three Months Ended September 30, 2022						
		Amortized Cost				Defaulted (1)	
	Number of Loans/ Leases	At Modification	At End of Period	Specific Allowance for Credit Losses	Nonaccrual Loans and Leases	Number of Loans/ Leases	Amortized Cost
	(Dollars in Thousands)						
Equipment financing	3	$ 411	$ 411	$ —	$ 441	—	$ —
Total loans and leases	3	$ 411	$ 411	$ —	$ 441	—	$ —

(1) Includes loans and leases that have been modified within the past twelve months and subsequently had payment defaults during the period indicated.

	At and for the Nine Months Ended September 30, 2022						
		Amortized Cost				Defaulted (1)	
	Number of Loans/ Leases	At Modification	At End of Period	Specific Allowance for Credit Losses	Nonaccrual Loans and Leases	Number of Loans/ Leases	Amortized Cost
	(Dollars in Thousands)						
Equipment financing	18	1,203	1,099	—	760	5	323
Total loans and leases	18	$ 1,203	$ 1,099	$ —	$ 760	5	$ 323

(1) Includes loans and leases that have been modified within the past twelve months and subsequently had payment defaults during the period indicated.

The following table sets forth the Company's end-of-period amortized cost basis for TDRs that were modified during the periods indicated, by type of modification.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022		2022	
	(In Thousands)			
Loans with one modification:				
Extended maturity	$	—	$	—
Combination maturity, principal, interest rate		411		1,203
Total loans with modifications	$	411	$	1,203

The TDR loans and leases that were modified for the three months ended September 30, 2022 were $0.4 million.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

The net charge-offs for performing and nonperforming TDR loans and leases for the nine months ended September 30, 2022 were $0.1 million.

The commitments to lend funds to debtors owing receivables whose terms had been modified in TDRs was as of September 30, 2022 were $0.3 million.

(6) Goodwill and Other Intangible Assets

The following table sets forth the carrying value of goodwill and other intangible assets at the dates indicated:

	At September 30, 2023		At December 31, 2022	
	(In Thousands)			
Goodwill	$	160,427	$	160,427
Additions		80,795		—
Balance at end of period		241,222		160,427
Other intangible assets:				
Core deposits		25,083		692
Trade name		1,089		1,089
Total other intangible assets		26,172		1,781
Total goodwill and other intangible assets	$	267,394	$	162,208

The addition of goodwill and the increase in core deposit intangibles at September 30, 2023 are both due to the acquisition of PCSB which was closed on January 1, 2023.

	At March 31, 2024		At December 31, 2023	
	(In Thousands)			
Goodwill	$	241,222	$	160,427
Additions		—		80,795
Balance at end of period		241,222		241,222
Other intangible assets:				
Core deposits		21,410		23,118
Trade name		1,089		1,089
Total other intangible assets		22,499		24,207
Total goodwill and other intangible assets	$	263,721	$	265,429

At December 31, 2013, the Company concluded that the BankRI name would continue to be utilized in its marketing strategies; therefore, the trade name with carrying value of $1.1 million has an indefinite life and ceased to amortize.

The weighted-average amortization period for the core deposit intangible is 6.22 5.69 years.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

The estimated aggregate future amortization expense (in thousands) for other intangible assets for each of the next five years and thereafter is as follows:

Remainder of 2023		$	1,955
Remainder of 2024			
Year ending:	Year ending:		
2024			6,636
2025			
2025			
2025	2025		5,507
2026	2026		4,398
2027	2027		3,329
2028	2028		2,177
2029			
Thereafter	Thereafter		1,081
Total	Total	$	25,083

(7) Accumulated Other Comprehensive Income (Loss)

For the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company's accumulated other comprehensive income (loss) includes the following three components: (i) unrealized holding gains (losses) on investment securities available-for-sale; (ii) change in the fair value of cash flow hedges; and (iii) adjustment of accumulated obligation for postretirement benefits.

Changes in accumulated other comprehensive income (loss) by component, net of tax, were as follows for the periods indicated:

		Three Months Ended September 30, 2023				Three Months Ended March 31, 2024			
		Investment Securities Available-for-Sale	Net Change in Fair Value of Cash Flow Hedges	Postretirement Benefits	Accumulated Other Comprehensive Income (Loss)	Investment Securities Available-for-Sale	Net Change in Fair Value of Cash Flow Hedges	Postretirement Benefits	Accumulated Other Comprehensive Income (Loss)
		(In Thousands)				(In Thousands)			
Balance at June 30, 2023		$(62,554)	$(4,090)	$ 488	$ (66,156)				
Balance at December 31, 2023									
Other comprehensive income (loss)	Other comprehensive income (loss)	(14,426)	(2,819)	—	(17,245)				
Reclassification adjustment for (income) expense recognized in earnings	Reclassification adjustment for (income) expense recognized in earnings	—	1,860	—	1,860				
Balance at September 30, 2023		$(76,980)	$(5,049)	$ 488	$ (81,541)				
Balance at March 31, 2024									
		Three Months Ended September 30, 2022				Three Months Ended March 31, 2023			

		Investment Securities Available-for-Sale	Net Change in Fair Value of Cash Flow Hedges	Postretirement Benefits	Accumulated Other Comprehensive Income (Loss)	Investment Securities Available-for-Sale	Net Change in Fair Value of Cash Flow Hedges	Postretirement Benefits	Accumulated Other Comprehensive Income (Loss)
		(In Thousands)				(In Thousands)			
Balance at June 30, 2022		$(45,114)	$ 101	$ 36	$ (44,977)				
Balance at December 31, 2022									
Other comprehensive income (loss)	Other comprehensive income (loss)	(23,035)	(2,083)	—	(25,118)				
Reclassification adjustment for (income) expense recognized in earnings	Reclassification adjustment for (income) expense recognized in earnings	—	(132)	—	(132)				
Balance at September 30, 2022		$(68,149)	$(2,114)	$ 36	$ (70,227)				
Balance at March 31, 2023									

	Nine Months Ended September 30, 2023			
	Investment Securities Available-for-Sale	Net Change in Fair Value of Cash Flow Hedges	Postretirement Benefits	Accumulated Other Comprehensive Income (Loss)
	(In Thousands)			
Balance at December 31, 2022	$ (60,192)	$ (2,243)	$ 488	$ (61,947)
Other comprehensive income (loss)	(16,788)	(3,876)	—	(20,664)
Reclassification adjustment for (income) expense recognized in earnings	—	1,070	—	1,070
Balance at September 30, 2023	$ (76,980)	$ (5,049)	$ 488	$ (81,541)

	Nine Months Ended September 30, 2022			
	Investment Securities Available-for-Sale	Net Change in Fair Value of Cash Flow Hedges	Postretirement Benefits	Accumulated Other Comprehensive Income (Loss)
	(In Thousands)			
Balance at December 31, 2021	$ (183)	$ 37	$ 36	$ (110)
Other comprehensive income (loss)	(67,966)	(1,989)	—	(69,955)
Reclassification adjustment for (income) expense recognized in earnings	—	(162)	—	(162)
Balance at September 30, 2022	$ (68,149)	$ (2,114)	$ 36	$ (70,227)

(8) Derivatives and Hedging Activities

The Company executes loan level derivative products such as interest rate swap agreements with commercial banking customers to aid them in managing their interest rate risk. The interest rate swap contracts allow the commercial banking customers to convert floating rate loan payments to fixed rate loan payments. The Company concurrently enters into offsetting swaps with a third party financial institution, effectively minimizing its net risk exposure resulting from such transactions. The third party financial institution exchanges the customer's fixed rate loan payments for floating rate loan payments. As the interest rate swap agreements associated with this program do not meet hedge accounting requirements, changes in the fair value are recognized directly in earnings. Based on the Company's intended use for the loan level derivatives at inception, the Company designates the derivative as either an economic hedge of an asset or liability, or a hedging instrument subject to the hedge accounting provisions of FASB ASC Topic 815, "Derivatives and Hedging".

The Company believes using interest rate derivatives adds stability to interest income and expense and allows the Company to manage its exposure to interest rate movements. The Company enters into interest rate swaps as part of its interest rate risk management strategy. These interest rate swaps are designated as cash flow hedges and involve the receipt of variable rate amounts from a counterparty in exchange for the Company making fixed payments. The Company enters into interest rate swaps as hedging instruments against the interest rate risk associated with the Company's FHLB borrowings and loan portfolio. For derivative instruments that are designated and qualify as cash flow hedging instruments, the effective portion of the gains or losses is reported as a component of other comprehensive income ("OCI"), and is reclassified into earnings in the period that the hedged forecasted transaction affects earnings.

The following table reflects the Company's derivative positions as of the date indicated below for interest rate derivatives which qualify as cash flow hedges for accounts accounting purposes.

	At September 30, 2023				
			Weighted Average Rate		
	Notional Amount (in thousands)	Average Maturity (in years)	Current Rate Paid	Received Fixed Swap Rate	Fair Value (in thousands)
Interest rate swaps on loans	$ 225,000	3.2	5.32 %	3.39 %	$ (7,206)

	At March 31, 2024				
			Weighted Average Rate		
	Notional Amount (in thousands)	Average Maturity (in years)	Current Rate Paid	Received Fixed Swap Rate	Fair Value (in thousands)
Interest rate swaps on loans	$ 225,000	2.65	5.33 %	3.39 %	$ (4,876)

	At December 31, 2022				
			Weighted Average Rate		
	Notional Amount (in thousands)	Average Maturity (in years)	Current Rate Paid	Received Fixed Swap Rate	Fair Value (in thousands)
Interest rate swaps on loans	$ 150,000	3.77	4.11 %	3.26 %	$ (3,030)

	At December 31, 2023				
			Weighted Average Rate		
	Notional Amount (in thousands)	Average Maturity (in years)	Current Rate Paid	Received Fixed Swap Rate	Fair Value (in thousands)
Interest rate swaps on loans	$ 225,000	2.90	5.35 %	3.39 %	$ (2,608)

The Company utilizes risk participation agreements with other banks participating in commercial loan arrangements. Participating banks guarantee the performance on borrower-related interest rate swap contracts. Risk participation agreements are derivative financial instruments and are recorded at fair value. These derivatives are not designated as hedges and therefore, changes in fair value are recorded directly through earnings in other non-interest income at each reporting period. Under a risk participation-out agreement, a derivative asset, the Company participates out a portion of the credit risk associated with the interest rate swap position executed with the commercial borrower, for a fee paid to the participating bank.

The Company offers foreign exchange contracts to commercial borrowers to accommodate their business needs. These foreign exchange contracts do not qualify as hedges for accounting purposes. To mitigate the market and liquidity risk associated with these foreign exchange contracts, the Company enters into similar offsetting positions.

Asset derivatives and liability derivatives are included in other assets and accrued expenses and other liabilities on the unaudited consolidated balance sheets.

The following tables present the Company's customer related derivative positions for the periods indicated below for those derivatives not designated as hedging.

			Notional Amount Maturing						
		Number of Positions	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total	Fair Value
		September 30, 2023							
		March 31, 2024							
		(Dollars In Thousands)							
Loan level derivatives	Loan level derivatives								
Receive fixed, pay variable									
Receive fixed, pay variable									
Receive fixed, pay variable	Receive fixed, pay variable	150	$66,590	$140,347	$68,732	$194,562	$1,288,563	$1,758,794	$152,834
Pay fixed, receive variable	Pay fixed, receive variable	150	66,590	140,347	68,732	194,562	1,288,563	1,758,794	152,834
Risk participation-out agreements	Risk participation-out agreements	63	29,585	27,434	6,085	57,535	392,922	513,561	637
Risk participation-in agreements	Risk participation-in agreements	9	18,188	—	—	23,432	65,004	106,624	166
Foreign exchange contracts	Foreign exchange contracts								
Foreign exchange contracts									
Foreign exchange contracts									
Buys foreign currency, sells U.S. currency									
Buys foreign currency, sells U.S. currency									
Buys foreign currency, sells U.S. currency	Buys foreign currency, sells U.S. currency	29	$ 3,664	$ —	$ —	$ —	$ —	$ 3,664	$ 160
Sells foreign currency, buys U.S. currency	Sells foreign currency, buys U.S. currency	34	4,290	—	—	—	—	4,290	131

Notional Amount Maturing							
Number of Positions	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total	Fair Value
March 31, 2024							
(Dollars In Thousands)							

			Notional Amount Maturing						
		Number of Positions	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total	Fair Value
		December 31, 2022							

Notional Amount Maturing							
Number of Positions	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total	Fair Value

	(Dollars In Thousands)								December 31, 2023
	December 31, 2023								
	(Dollars In Thousands)								(Dollars In Thousands)
Loan level derivatives	Loan level derivatives								
Receive fixed, pay variable									
Receive fixed, pay variable									
Receive fixed, pay variable	Receive fixed, pay variable	132	$71,547	$69,454	$141,498	$68,140	$1,139,070	$1,489,709	$103,640
Pay fixed, receive variable	Pay fixed, receive variable	132	71,547	69,454	141,498	68,140	1,139,070	1,489,709	103,640
Risk participation-out agreements	Risk participation-out agreements	54	38,931	22,979	27,508	6,222	297,984	393,624	347
Risk participation-in agreements	Risk participation-in agreements	8	18,421	—	—	23,766	33,036	75,223	31
Foreign exchange contracts	Foreign exchange contracts								
Foreign exchange contracts									
Foreign exchange contracts									
Buys foreign currency, sells U.S. currency									
Buys foreign currency, sells U.S. currency									
Buys foreign currency, sells U.S. currency	Buys foreign currency, sells U.S. currency	12	$ 2,383	$ —	$ —	$ —	$ —	$ 2,383	$ 130
Sells foreign currency, buys U.S. currency	Sells foreign currency, buys U.S. currency	12	2,400	—	—	—	—	2,400	112

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

Certain derivative agreements contain provisions that require the Company to post collateral if the derivative exposure exceeds a threshold amount. The Company posted did not post collateral to dealer counterparties as of $140.6 million and March 31, 2024, compared to $2.4 million in the normal course of business as of September 30, 2023 and December 31, 2022, respectively. December 31, 2023.

The tables below present the offsetting of derivatives and amounts subject to master netting agreements not offset in the unaudited consolidated balance sheet at the dates indicated.

Gross Amounts Recognized	At September 30, 2023	Gross Amounts Recognized	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Gross Amoun Statement of
		At March 31, 2024			

	Gross Amounts Recognized	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position: Financial Instruments Pledged	Gross Amounts Not Offset in the Statement of Financial Position: Cash Collateral Pledged	Net Amount
	(In Thousands)					
Asset derivatives						
Derivatives designated as hedging instruments:						
Interest rate derivatives	$ —	$ —	$ —	$ —	$ —	$ —
Derivatives not designated as hedging instruments:						
Loan level derivatives	$156,802	$ —	$ 156,802	$ —	$ —	$156,802
Risk participation-out agreements	637	—	637	—	—	637
Foreign exchange contracts	160	—	160	—	—	160
Total	$157,599	$ —	$ 157,599	$ —	$ —	$157,599
Liability derivatives						
Derivatives designated as hedging instruments:						
Interest rate derivatives	$ 7,206	$ —	$ 7,206	$ —	$ —	$ 7,206

(In Thousands)
Asset derivatives
Derivatives designated as hedging instruments:
Derivatives designated as hedging instruments:
Derivatives designated as hedging instruments:
Interest rate derivatives
Interest rate derivatives
Interest rate derivatives
Derivatives not designated as hedging instruments:
Loan level derivatives
Loan level derivatives
Loan level derivatives
Risk participation-out agreements
Foreign exchange contracts
Total
Liability derivatives
Liability derivatives
Liability derivatives
Derivatives designated as hedging instruments:
Derivatives designated as hedging instruments:
Derivatives designated as hedging instruments:
Interest rate derivatives
Interest rate derivatives
Interest rate derivatives

Derivatives Derivatives

	Gross Amounts Recognized	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Financial Instruments Pledged	Cash Collateral Pledged	Net Amount
Derivatives not designated as hedging instruments:						
Loan level derivatives						
Loan level derivatives						
Loan level derivatives	$156,802	$ —	$ 156,802	$41,218	$99,352	$ 16,232
Risk participation-in agreements	166	—	166	—	—	166
Foreign exchange contracts	132	—	132	—	—	132
Total	$164,306	$ —	$ 164,306	$41,218	$99,352	$ 23,736

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	At December 31, 2023			
	Gross Amounts Recognized	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Gross Amoun Statement of
	(In Thousands)			

	At December 31, 2022					
				Gross Amounts Not Offset in the Statement of Financial Position		
	Gross Amounts Recognized	Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Financial Instruments Pledged	Cash Collateral Pledged	Net Amount
	(In Thousands)					
Asset derivatives						
Derivatives designated as hedging instruments:						
Derivatives designated as hedging instruments:						
Derivatives designated as hedging instruments:						
Interest rate derivatives						
Interest rate derivatives						
Interest rate derivatives	$ 34	$ —	$ 34	$ —	$—	$ 34
Derivatives not designated as hedging instruments:						
Loan level derivatives						
Loan level derivatives						

Loan level derivatives	Loan level derivatives	$108,963	$ —	$ 108,963	$ —	$—	$108,963
Risk participation-out agreements	Risk participation-out agreements	347	—	347	—	—	347
Foreign exchange contracts	Foreign exchange contracts	130	—	130	—	—	130
Total	Total	$109,474	$ —	$ 109,474	$ —	$—	$109,474
Liability derivatives	Liability derivatives						
Liability derivatives							
Liability derivatives							
Derivatives designated as hedging instruments:							
Derivatives designated as hedging instruments:							
Derivatives designated as hedging instruments:	Derivatives designated as hedging instruments:						
Interest rate derivatives	Interest rate derivatives	$ 3,170	$ —	$ 3,170	$ —	$—	$ 3,170
Interest rate derivatives							
Interest rate derivatives							
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:						
Loan level derivatives							
Loan level derivatives							
Loan level derivatives	Loan level derivatives	$108,963	$ —	$ 108,963	$2,393	$—	$106,570
Risk participation-in agreements	Risk participation-in agreements	31	—	31	—	—	31
Foreign exchange contracts	Foreign exchange contracts	112	—	112	—	—	112
Total	Total	$112,276	$ —	$ 112,276	$2,393	$—	$109,883

The Company has agreements with certain of its derivative counterparties that contain credit-risk-related contingent provisions. These provisions provide the counterparty with the right to terminate its derivative positions and require the Company to settle its obligations under the agreements if the Company defaults on certain of its indebtedness or if the Company fails to maintain its status as a well-capitalized institution.

	Fair Value	
	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Fair Value		Fair Value

		Three Months Ended March 31, 2024		Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
		(Dollars in Thousands)		(Dollars in Thousands)	
Derivatives designated as hedges	Derivatives designated as hedges	$ (7,206)	$ (2,879)		
Derivatives designated as hedges					
Derivatives designated as hedges					
(Loss) gain in OCI on derivatives (effective portion), net of tax	(Loss) gain in OCI on derivatives (effective portion), net of tax	$ (5,049)	$ (2,114)		
Gain (loss) reclassified from OCI into interest income or interest expense (effective portion)	Gain (loss) reclassified from OCI into interest income or interest expense (effective portion)	$ (2,513)	$ 212		

The guidance in ASU 2017-12 requires that amounts in accumulated other comprehensive income that are included in the assessment of effectiveness should be reclassified into earnings in the same period in which the hedged forecasted transactions impact earnings. A portion of the balance reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense as interest payments are made or received on the Company's interest rate swaps. The Company monitors the risk of counterparty default on an ongoing basis.

(9) Stock Based Compensation

As of September 30, 2023 March 31, 2024, the Company had one active equity plan: the Brookline Bancorp, Inc. 2021 Stock Option and Incentive Plan ("2021 Plan"). As a result of the 2021 Plan having been approved by the Company's stockholders at the 2021 annual meeting of stockholders, the Company discontinued granting awards under the Brookline Bancorp, Inc. 2014 Equity Incentive Plan (the "2014 Plan" and together with the 2021 Plan, the "Plans"), and no further shares will be granted as awards under the 2014 Plan. The Brookline Bancorp, Inc. 2011 Restricted Stock Plan (the "2011 Plan") expired in July 2021, and the Company has not issued shares from the 2011 Plan since the adoption of the 2014 Plan. The 2021 Plan and the 2014 Plan are together referred to as the "Plans."

Of the awarded shares under the Plans, generally 50% vest ratably over three years with one-third of such shares vesting at each of the first, second and third anniversary dates of the awards. These are referred to as "time-based shares". The remaining 50% of each award will vest three years after the award date based on the level of the Company's achievement of identified performance targets in comparison to the level of achievement of such identified performance targets by a defined peer group. These are referred to as "performance-based shares". If a participant leaves the Company prior to the third anniversary date of an award, any unvested shares are usually forfeited. Dividends declared with respect to shares awarded will be held by the Company and paid to the participant only when the shares vest.

Under the Plans, shares of the Company's common stock are reserved for issuance as restricted stock awards to officers, employees, and non-employee directors of the Company. Shares issued upon vesting may be either authorized but unissued shares or reacquired shares held by the Company as treasury shares. Any shares not issued because vesting requirements are not met will be retired back to treasury and be made available again for issuance under the Plans.

During the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, 449,265 and 310,349 no shares were issued, respectively, upon satisfaction of required conditions of the Plans.

Total expense for the Plans was $1.0 million $1.1 million and $0.9 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Total expense for the Plan was $2.8 million and $2.4 million for the nine months ended September 30, 2023 and 2022, respectively.

(10) Earnings per Share ("EPS")

The following table is a reconciliation of basic EPS and diluted EPS:

	Three Months Ended			Three Months Ended
	March 31, 2024		March 31, 2023	
	Basic	Fully Diluted	Basic	Fully Diluted
	Three Months Ended			
	September 30, 2023		September 30, 2022	
	Basic	Fully Diluted	Basic	Fully Diluted
	(Dollars in Thousands, Except Per Share Amounts)			
	(Dollars in Thousands, Except Per Share Amounts)			(Dollars in Thousands, Except Per Share Amounts)
Numerator: Numerator:				
Net income				
Net income				
Net income Net income	$ 22,701	$ 22,701	$ 30,149	$ 30,149
Denominator: Denominator:				
Denominator:				
Denominator:				
Weighted average shares outstanding				
Weighted average shares outstanding				
Weighted average shares outstanding Weighted average shares outstanding	88,795,270	88,795,270	76,779,038	76,779,038
Effect of dilutive securities Effect of dilutive securities	—	175,940	—	228,933
Adjusted weighted average shares outstanding Adjusted weighted average shares outstanding	88,795,270	88,971,210	76,779,038	77,007,971
EPS EPS	$ 0.26	$ 0.26	$ 0.39	$ 0.39
EPS				
EPS				

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	Nine Months Ended	
	September 30, 2023	September 30, 2022

	Basic	Fully Diluted	Basic	Fully Diluted
	(Dollars in Thousands, Except Per Share Amounts)			
Numerator:				
Net income	$ 52,111	$ 52,111	$ 80,049	$ 80,049
Denominator:				
Weighted average shares outstanding	88,016,190	88,016,190	77,159,356	77,159,356
Effect of dilutive securities	—	237,171	—	288,934
Adjusted weighted average shares outstanding	88,016,190	88,253,361	77,159,356	77,448,290
EPS	$ 0.59	$ 0.59	$ 1.04	$ 1.04

(11) Fair Value of Financial Instruments

A description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring and non-recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. There were no changes in the valuation techniques used during the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables set forth the carrying value of assets and liabilities measured at fair value on a recurring basis at the dates indicated:

		Carrying Value as of September 30, 2023				Carrying Value as of March 31, 2024			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		(In Thousands)				(In Thousands)			
Assets:	Assets:					Assets:			
Investment securities available-for-sale:	Investment securities available-for-sale:					Investment securities available-for-sale:			
GSE debentures	GSE debentures	$—	$168,893	$ —	$168,893				
GSE CMOs	GSE CMOs	—	59,892	—	59,892				
GSE MBSs	GSE MBSs	—	166,462	—	166,462				
Municipal obligations	Municipal obligations	—	3,052	15,265	18,317				
Municipal obligations									
Municipal obligations									
Corporate debt obligations	Corporate debt obligations	—	17,326	7,297	24,623				
U.S. Treasury bonds	U.S. Treasury bonds	—	441,746	—	441,746				
Foreign government obligations	Foreign government obligations	—	479	—	479				
Foreign government obligations									

Foreign government obligations

Total investment securities available-for-sale	Total investment securities available-for-sale	$—	$857,850	$22,562	$880,412
Assets:	Assets:				

Assets:

Assets:

Interest rate derivatives

Interest rate derivatives

Interest rate derivatives	Interest rate derivatives	—	—	—	—
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:				

Loan level derivatives

Loan level derivatives

Loan level derivatives	Loan level derivatives	—	156,802	—	156,802
Risk participation-out agreements	Risk participation-out agreements	—	637	—	637
Foreign exchange contracts	Foreign exchange contracts	—	160	—	160
Liabilities:	Liabilities:				
Interest rate derivatives	Interest rate derivatives	$—	$ 7,206	$ —	$ 7,206
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:				
Loan level derivatives	Loan level derivatives	—	156,802	—	156,802

Liabilities:

Loan level derivatives

Loan level derivatives

Risk participation-in agreements	Risk participation-in agreements	—	166	—	166
Foreign exchange contracts	Foreign exchange contracts	—	132	—	132

		Carrying Value as of December 31, 2022					Carrying Value as of December 31, 2023			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
		(In Thousands)					(In Thousands)			
Assets:	Assets:					Assets:				
Investment securities available-for-sale:	Investment securities available-for-sale:					Investment securities available-for-sale:				
GSE debentures	GSE debentures	$—	$152,422	$—	$152,422					
GSE CMOs	GSE CMOs	—	18,220	—	18,220					
GSE MBSs	GSE MBSs	—	140,576	—	140,576					
Municipal obligations										
Municipal obligations										
Municipal obligations										
Corporate debt obligations	Corporate debt obligations	—	13,764	—	13,764					
U.S. Treasury bonds	U.S. Treasury bonds	—	331,307	—	331,307					
Foreign government obligations	Foreign government obligations	—	477	—	477					
Total investment securities available-for-sale	Total investment securities available-for-sale	$—	$656,766	$—	$656,766					
Total investment securities available-for-sale										
Total investment securities available-for-sale										
Interest rate derivatives										
Interest rate derivatives										
Interest rate derivatives	Interest rate derivatives	—	34	—	34					
Loan level derivatives	Loan level derivatives	—	108,963	—	108,963					
Risk participation-out agreements	Risk participation-out agreements	—	347	—	347					
Foreign exchange contracts	Foreign exchange contracts	—	130	—	130					
Liabilities:	Liabilities:									
Interest rate derivatives	Interest rate derivatives	$—	$ 3,170	$—	$ 3,170					
Interest rate derivatives										
Interest rate derivatives										
Loan level derivatives	Loan level derivatives	—	108,963	—	108,963					

Risk participation-in agreements	Risk participation-in agreements	—	31	—	31
Foreign exchange contracts	Foreign exchange contracts	—	112	—	112

Investment Securities Available-for-Sale

The fair value of investment securities is based principally on market prices and dealer quotes received from third-party and nationally-recognized pricing services for identical investment securities such as U.S. Treasury and agency securities. These prices are validated by comparing the primary pricing source with an alternative pricing source when available. When quoted market prices for identical securities are unavailable, the Company uses market prices provided by independent pricing services based on recent trading activity and other observable information, including but not limited to market interest-rate curves, referenced credit spreads and estimated prepayment speeds, where applicable. These investments include GSE debentures, GSE mortgage-related securities, SBA commercial loan asset backed securities, corporate debt obligations, municipal obligations and trust preferred securities, all of which are included in Level 2. As of September 30, 2023 March 31, 2024, $22.6 million $18.1 million of investment securities available-for-sale are included in Level 3 within the investment portfolio. The composition of these assets are primarily composed of subordinated debt of local banks and private placement municipal securities. Of these securities, approximately $15.3 million $15.7 million are private placement municipal Bond Anticipation Notes. As of December 31, 2022 December 31, 2023, none of the investment certain corporate debt securities and municipal obligations were valued using pricing models included in Level 3.

Additionally, management reviews changes in fair value from period to period and performs testing to ensure that prices received from the third parties are consistent with management's expectation of the market. Changes in the prices obtained from the pricing service are analyzed from month to month, taking into consideration changes in market conditions including changes in mortgage spreads, changes in U.S. Treasury security yields and changes in generic pricing of 15-year and 30-year securities. Additional analysis may include a review of prices provided by other independent parties, a yield analysis, a review of average life changes using Bloomberg analytics and a review of historical pricing for a particular security.

Derivatives and Hedging Instruments

The fair value of interest rate derivatives designated as hedging instruments, loan level derivatives, risk participation agreements (RPA in/out), and foreign exchange contracts represent a Level 2 valuation and are based on settlement values adjusted for credit risks associated with the counterparties and the Company and observable market interest rate curves and foreign exchange rates where applicable. Credit risk adjustments consider factors such as the likelihood of default by the

Company and its counterparties, its net exposures and remaining contractual life. To date, the Company has not realized any

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

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losses due to a counterparty's inability to pay any net uncollateralized position. Refer also to Note 8, "Derivatives and Hedging Activities."

There were no transfers between levels for assets and liabilities recorded at fair value on a recurring basis at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

The following tables summarize information about significant unobservable inputs related to the Company's categories of Level 3 financial assets and liabilities measured on a recurring basis.

							Quantitative Information About Level 3 Fair Value Measurements - Recurring Basis					
Financial Instrument	**Financial Instrument**	**Estimated Fair Value**	**Valuation Technique(s)**	**Significant Unobservable Inputs**	**Range of Inputs**	**Weighted Average**	**Financial Instrument**	**Estimated Fair Value**	**Valuation Technique(s)**	**Significant Unobservable Inputs**	**Range of Inputs**	**Weighted Average**
					(In Thousands)							
September 30, 2023												
March 31, 2024												
Assets												
Assets												
Assets	Assets											

Municipal obligations	Municipal obligations	$15,265	Discounted Cash Flow	Discount Rate from Bloomberg BVAL	0.0%-4.31%	2.35 %
Corporate debt obligations		2,321	Observable Bids	Bloomberg TRACE		
Municipal obligations						
Municipal obligations		$ 15,722	Discounted Cash Flow	Discount Rate from Bloomberg BVAL	0.0%-3.35%	1.39 %
Corporate debt obligations	Corporate debt obligations	4,976	Discounted Cash Flow	Discount Rate from Bloomberg/BVAL	5.95 %	5.95 %

The following table summarizes the changes in estimated fair value for all assets and liabilities measured at estimated fair value on a recurring basis using significant unobservable inputs (Level 3).

Changes in Estimated Fair Value of Level 3 Financial Assets and Liabilities - Recurring Basis

		Nine Months Ended September 30, 2023 (In Thousands)			
		Municipal obligations	Corporate debt obligations		
	Three Months Ended March 31, 2024 (In Thousands)			Three Months Ended March 31, 2024 (In Thousands)	
	Municipal obligations			Municipal obligations	Corporate debt obligations
Beginning balance	**Beginning balance**	$ —	$ —		
Purchases	Purchases	8,374	—		
Included in comprehensive income					
Included in comprehensive income					
Included in comprehensive income	Included in comprehensive income	(200)	(62)		
Transfers in	Transfers in	18,881	12,058		
Transfers out	Transfers out	—	—		
Sales	Sales	—	(4,748)		
Maturities, calls, and paydowns	Maturities, calls, and paydowns	(11,790)	49		
Ending balance	**Ending balance**	$ 15,265	$ 7,297		

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Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis are summarized below at the dated indicated:

Carrying Value as of September 30, 2023	Carrying Value as of March 31, 2024

	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets measured at fair value on a non-recurring basis:				
Collateral-dependent impaired loans and leases	$—	$ —	$24,568	$24,568
OREO				
Repossessed assets	—	299	—	299
Total assets measured at fair value on a non-recurring basis	$—	$299	$24,568	$24,867

	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets measured at fair value on a non-recurring basis:				

	Carrying Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets measured at fair value on a non-recurring basis:				
Collateral-dependent impaired loans and leases	$—	$ —	$779	$ 779
OREO				
Repossessed assets	—	408	—	408
Total assets measured at fair value on a non-recurring basis	$—	$408	$779	$1,187

	Carrying Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets measured at fair value on a non-recurring basis:				

Collateral-Dependent Impaired Loans and Leases

For nonperforming loans and leases where the credit quality of the borrower has deteriorated significantly, fair values of the underlying collateral were estimated using purchase and sales agreements (Level 2), or comparable sales or recent appraisals (Level 3), adjusted for selling costs and other expenses.

Other Real Estate Owned ("OREO")

The Company records OREO at the lower of cost or fair value. In estimating fair value, the Company utilizes purchase and sales agreements (Level 2) or comparable sales, recent appraisals or cash flows discounted at an interest rate commensurate with the risk associated with these cash flows (Level 3), adjusted for selling costs and other expenses. As of September 30, 2023 and December 31, 2022, the Company did not record any OREO.

Repossessed Assets

Repossessed assets are carried at estimated fair value less costs to sell based on auction pricing (Level 2).

The table below presents quantitative information about significant unobservable inputs (Level 3) for assets measured at fair value on a non-recurring basis at the dates indicated.

	Fair Value				Valuation Technique
	At September 30, 2023		At December 31, 2022		
	(Dollars in Thousands)				
Collateral-dependent impaired loans and leases	$	24,568	$	779	Appraisal of collateral (1)

	Fair Value				Valuation Technique
	At March 31, 2024		At December 31, 2023		
	(Dollars in Thousands)				
Collateral-dependent impaired loans and leases	$	19,631	$	16,720	Appraisal of collateral (1)
Other real estate owned		780		780	Appraisal of collateral (1)

(1) Fair value is generally determined through independent appraisals of the underlying collateral. The Company may also use another available source of collateral assessment to determine a reasonable estimate of the fair value of the collateral. Appraisals may be adjusted by management for qualitative factors such as economic factors and estimated liquidation expenses. The range of the unobservable inputs used may vary but is generally 0% - 10% on the discount for costs to sell and 0% - 15% on appraisal adjustments.

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Summary of Estimated Fair Values of Financial Instruments

The following table presents the carrying amount, estimated fair value, and placement in the fair value hierarchy of the Company's financial instruments at the dates indicated. This table excludes financial instruments for which the carrying amount approximates fair value. Financial assets for which the fair value approximates carrying value include cash and cash equivalents, restricted equity securities, and accrued interest receivable. Financial liabilities for which the fair value approximates carrying value include non-maturity deposits, short-term borrowings, and accrued interest payable.

	Carrying Value	Estimated Fair Value	Fair Value Measurements at September 30, 2023: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Carrying Value	Estimated Fair Value	Fair Value Measurements at March 31, 2024: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
	(In Thousands)					(In Thousands)				
Financial assets:										
Loans held-for-sale										
Loans held-for-sale										
Loans held-for-sale										
Loans and leases, net	$9,261,701	$8,736,589	$ —	$ —	$8,736,589					
Financial liabilities:										
Certificates of deposits	2,386,237	2,364,405	—	2,364,405	—					
Financial liabilities:										
Financial liabilities:										
Certificates of deposits and brokered deposits										

Certificates of deposits and brokered deposits

Certificates of deposits and brokered deposits

Borrowed funds	Borrowed funds	1,135,068	1,131,605	—	1,131,605	—

	Carrying Value	Estimated Fair Value	Fair Value Measurements at December 31, 2022		
			Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
	(In Thousands)				
Financial assets:					
Loans and leases, net	7,545,906	7,450,654	—	—	7,450,654
Financial liabilities:					
Certificates of deposit	1,238,287	1,217,024	—	1,217,024	—
Borrowed funds	1,432,652	1,431,716	—	1,431,716	—

	Carrying Value	Estimated Fair Value	Fair Value Measurements at December 31, 2023		
			Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
	(In Thousands)				
Financial assets:					
Loans and leases, net					
Loans and leases, net					
Financial liabilities:					
Financial liabilities:					
Certificates of deposits and brokered deposits					
Certificates of deposits and brokered deposits					
Certificates of deposits and brokered deposits					

Loans held-for-sale

The fair value of loans held-for-sale is based off of secondary market prices.

Loans and Leases

The fair values of performing loans and leases was estimated by segregating the portfolio into its primary loan and lease categories—commercial real estate mortgage, multi-family mortgage, construction, commercial, equipment financing, condominium association, residential mortgage, home equity and other consumer. These categories were further disaggregated based upon significant financial characteristics such as type of interest rate (fixed / variable) and payment status (current / past-due). Using the exit price valuation method, the Company discounts the contractual cash flows for each loan category using interest rates currently being offered for loans with similar terms to borrowers of similar quality and incorporates estimates of future loan prepayments.

Deposits

The fair values of deposit liabilities with no stated maturity (demand, NOW, savings and money market savings accounts) are equal to the carrying amounts payable on demand. The fair value of certificates of deposit represents contractual cash flows discounted using interest rates currently offered on deposits with similar characteristics and remaining maturities. The fair value estimates for deposits do not include the benefit that results from the low-cost funding provided by the Company's core deposit relationships (deposit-based intangibles).

Borrowed Funds

The fair value of federal funds purchased is equal to the amount borrowed. The fair value of FHLB advances and repurchase agreements represents contractual repayments discounted using interest rates currently available for borrowings with similar characteristics and remaining maturities. The fair values reported for retail repurchase agreements are based on the discounted value of contractual cash flows. The discount rates used are representative of approximate rates currently offered on borrowings with similar characteristics and maturities. The fair values reported for subordinated deferrable interest debentures are based on the discounted value of contractual cash flows. The discount rates used are representative of approximate rates currently offered on instruments with similar terms and maturities.

(12) Commitments and Contingencies

Off-Balance Sheet Financial Instruments

The Company is party to off-balance sheet financial instruments in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include loan commitments, standby and commercial letters of credit, and loan level derivatives. According to GAAP, these financial instruments are not recorded in the financial statements until they are funded or related fees are incurred or received.

The contract amounts reflect the extent of the involvement the Company has in particular classes of these instruments. Such commitments involve, to varying degrees, elements of credit risk and interest-rate risk in excess of the amount recognized in the consolidated balance sheets. The Company's exposure to credit loss in the event of non-performance by the counterparty is represented by the fair value of the instruments. The Company uses the same policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Financial instruments with off-balance-sheet risk at the dates indicated follow:

		At September 30, 2023	At December 31, 2022		At March 31, 2024	At December 31, 2023
		(In Thousands)			(In Thousands)	
Financial instruments whose contract amounts represent credit risk:	Financial instruments whose contract amounts represent credit risk:			Financial instruments whose contract amounts represent credit risk:		
Commitments to originate loans and leases:	Commitments to originate loans and leases:			Commitments to originate loans and leases:		
Commercial real estate	Commercial real estate	$ 162,380	$ 414,217			
Commercial	Commercial	246,331	291,188			
Residential mortgage	Residential mortgage	20,359	14,036			
Unadvanced portion of loans and leases	Unadvanced portion of loans and leases	1,259,927	1,202,738			
Unused lines of credit:	Unused lines of credit:			Unused lines of credit:		
Home equity	Home equity	758,553	700,201			
Other consumer	Other consumer	113,952	97,313			
Other commercial	Other commercial	499	526			

Unused letters of credit:	Unused letters of credit:		
Unused letters of credit:			
Financial standby letters of credit	Financial standby letters of credit	16,111	13,584
Performance standby letters of credit	Performance standby letters of credit	28,759	31,330
Commercial and similar letters of credit	Commercial and similar letters of credit	4,867	2,619
Interest rate derivatives	Interest rate derivatives	225,000	150,000
Loan level derivatives (Notional principal amounts):	Loan level derivatives (Notional principal amounts):		
Receive fixed, pay variable	Receive fixed, pay variable	1,758,794	1,489,709
Receive fixed, pay variable			
Receive fixed, pay variable			
Pay fixed, receive variable	Pay fixed, receive variable	1,758,794	1,489,709
Risk participation-out agreements	Risk participation-out agreements	513,561	393,624
Risk participation-in agreements	Risk participation-in agreements	106,624	75,223
Foreign exchange contracts (Notional amounts):	Foreign exchange contracts (Notional amounts):		
Buys foreign currency, sells U.S. currency	Buys foreign currency, sells U.S. currency	3,664	2,383
Buys foreign currency, sells U.S. currency			
Buys foreign currency, sells U.S. currency			
Sells foreign currency, buys U.S. currency	Sells foreign currency, buys U.S. currency	4,290	2,400

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require the payment of a fee by the customer. Since some of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, is based on management's credit evaluation of the borrower.

Standby and commercial letters of credit are conditional commitments issued by the Company to guarantee performance of a customer to a third party. These standby and commercial letters of credit are primarily issued to support the financing needs of the Company's commercial customers. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers.

From time to time, the Company enters into loan level derivatives, risk participation agreements or foreign exchange contracts with commercial customers and third-party financial institutions. These derivatives allow the Company to offer long-term fixed-rate commercial loans while mitigating the interest-rate or foreign exchange risk of holding those loans. In a loan level derivative transaction, the Company lends to a commercial customer on a floating-rate basis and then enters into a loan level derivative with that customer. Concurrently, the Company enters into offsetting swaps with a third-party financial institution, effectively minimizing its net interest-rate risk exposure resulting from such transactions. The fair value of these derivatives are presented in Note 8.

Lease Commitments

The Company leases certain office space under various noncancellable operating leases as well as certain other assets. These leases have original terms ranging from 1 year to over 25 20 years. Certain leases contain renewal options and escalation clauses which can increase rental expenses based principally on the consumer price index and fair market rental value provisions. All of the Company's current outstanding leases are classified as operating leases.

The Company considered the following criteria when determining whether a contract contains a lease, the existence of an identifiable asset and the right to obtain substantially all of the economic benefits from use of the asset through the period. The Company uses the FHLB classic advance rates available as of the lease's start dates as the discount rate to determine the net present value of the remaining lease payments.

Total lease commitments increased from $19.5 million as of December 31, 2022 to $32.8 million as of September 30, 2023. The increase is due to the addition of 12 leases for PCSB Bank branch locations.

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(In Thousands)	
The components of lease expense was as follows:		
Operating lease cost	$ 2,283	$ 2,112
Supplemental cash flow information related to leases was as follows:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 2,347	$ 2,353
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases assets	$ 3,632	$ 8,880
Operating leases liabilities	3,632	10,697

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(In Thousands)	
The components of lease expense was as follows:		
Operating lease cost	$ 6,303	$ 4,708
Supplemental cash flow information related to leases was as follows:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 6,662	$ 4,849
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases assets	$ 14,829	$ 14
Operating leases liabilities	16,496	—

At March 31, 2024	At March 31, 2024	At December 31, 2023
(In Thousands)		(In Thousands)

Supplemental balance sheet information related to leases was as follows:

Operating Leases

Operating Leases

Operating Leases

Operating lease right-of-use assets

Operating lease right-of-use assets

Operating lease right-of-use assets

		At September 30, 2023	At December 31, 2022		
Operating lease liabilities					
		(In Thousands)			
Supplemental balance sheet information related to leases was as follows:					
Operating Leases					
Operating lease right-of-use assets		$ 31,619	$ 19,484		
Operating lease liabilities					
Operating lease liabilities	Operating lease liabilities	32,807	19,484		
Weighted Average Remaining Lease Term	Weighted Average Remaining Lease Term				
Weighted Average Remaining Lease Term					
Weighted Average Remaining Lease Term					
Operating leases					
Operating leases					
Operating leases	Operating leases	9.23	7.39	8.76	8.87
Weighted Average Discount Rate	Weighted Average Discount Rate				
Weighted Average Discount Rate					
Weighted Average Discount Rate					
Operating leases					
Operating leases					
Operating leases	Operating leases	4.1%	3.5%	4.0%	4.0%

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

A summary of future minimum rental payments under such leases at the dates indicated follows:

		Minimum Rental Payments	
		Minimum Rental Payments	
		Minimum Rental Payments	
		March 31, 2024	
		March 31, 2024	
		March 31, 2024	
		Minimum Rental Payments	
		September 30, 2023	
		(In Thousands)	
Remainder of 2024			
Remainder of 2023		$	2,186
Remainder of 2024			
Remainder of 2024			
Year ending:	Year ending:		
2024			7,863
Year ending:			
Year ending:			
2025			
2025			
2025	2025		6,437
2026	2026		5,028
2026			
2026			
2027			
2027			
2027	2027		4,062
2028	2028		2,682
2028			
2028			
2029			
2029			
2029			
Thereafter			
Thereafter			
Thereafter	Thereafter		9,676
Total	Total	$	37,934
Total			
Total			
Less imputed interest			
Less imputed interest			
Less imputed interest	Less imputed interest		(5,127)
Present value of lease liability	Present value of lease liability	$	32,807
Present value of lease liability			
Present value of lease liability			

Certain leases contain escalation clauses for real estate taxes and other expenditures, which are not included above. The total real estate taxes were $1.9 million $0.6 million and $1.5 million for the nine months ended September 30, 2023 and 2022, respectively. Total other expenditures were $0.4 million and $0.3 million for the nine months ended

September 30, 2023 and 2022, respectively. Total rental expense was $2.1 million and $1.5 $0.7 million for the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively. Total other expenditures were $0.1 million and $0.1 million for the three months ended March 31, 2024 and 2023, respectively. Total rental expense was $6.3 million $2.3 million and $4.5 million $2.1 million for the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023, respectively.

Legal Proceedings

In the normal course of business, there are various outstanding legal proceedings. In the opinion of management, after consulting with legal counsel, the consolidated financial position and results of operations of the Company are not expected to be affected materially by the outcome of such proceedings.

(13) Revenue from Contracts with Customers

Overview

Revenue from contracts with customers in the scope of ASC 606 ("Topic 606") is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue from contracts with customers when it satisfies its performance obligations.

The Company's performance obligations are generally satisfied as services are rendered and can either be satisfied at a point in time or over time. Unsatisfied performance obligations at the report date are not material to our consolidated financial statements.

In certain cases, other parties are involved with providing services to our customers. If the Company is a principal in the transaction (providing services itself or through a third party on its behalf), revenues are reported based on the gross consideration received from the customer and any related expenses are reported in gross noninterest expense. If the Company is an agent in the transaction (referring to another party to provide services), the Company reports its net fee or commission retained as revenue.

A substantial portion of the Company's revenue is specifically excluded from the scope of Topic 606. This exclusion is associated with financial instruments, including interest income on loans and investment securities, in addition to loan derivative income and gains on loan and investment sales. For the revenue that is in-scope of Topic 606, the following is a description of principal activities from which the Company generates its revenue from contracts with customers, separated by the timing of revenue recognition.

Revenue Recognized at a Point in Time

The Company recognizes revenue that is transactional in nature and such revenue is earned at a point in time. Revenue that is recognized at a point in time includes card interchange fees (fee income related to debit card transactions), ATM fees, wire transfer fees, overdraft charge fees, and stop-payment and returned check fees. Additionally, revenue is collected from loan fees, such as letters of credit, line renewal fees and application fees. Such revenue is derived from transactional information and is recognized as revenue immediately as the transactions occur or upon providing the service to complete the customer's transaction.

Revenue Recognized Over Time

The Company recognizes revenue over a period of time, generally monthly, as services are performed and performance obligations are satisfied. Such revenue includes commissions on investments, insurance sales and service charges on deposit accounts. Fee revenue from service charges on deposit accounts represents the service charges assessed to customers who hold deposit accounts at the Banks.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q that are not historical facts may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties. These statements, which are based on certain assumptions and describe Brookline Bancorp, Inc.'s (the "Company's") future plans, strategies and expectations, can generally be identified by the use of the words "may," "will," "should," "could," "would," "plan," "potential," "estimate," "project," "believe," "intend," "anticipate," "expect," "target" and similar expressions. These statements include, among others, statements regarding the Company's intent, belief or expectations with respect to economic conditions, trends affecting the Company's financial condition or results of operations, and the Company's exposure to market, liquidity, interest-rate and credit risk.

Forward-looking statements are based on the current assumptions underlying the statements and other information with respect to the beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions of management and the financial condition, results of operations, future performance and business are only expectations of future results. Although the Company believes that the expectations reflected in the Company's forward-looking statements are reasonable, the Company's actual results could differ materially from those projected in the forward-looking statements as a result of, among other important factors, the Company's ability to achieve the synergies and value creation contemplated in connection with the recently completed acquisition of PCSB Financial Corporation ("PCSB"); turbulence in the capital and debt markets; changes in interest rates; competitive pressures from other financial institutions; general economic conditions (including inflation and concerns about liquidity) on a national basis or in the local markets in which the Company operates; turbulence in the capital and debt markets; competitive pressures from other financial institutions; changes in consumer behavior due to changing political, business and economic conditions, or legislative or regulatory initiatives; changes in the value of securities and other assets in the Company's investment portfolio; increases in loan and lease default and charge-off rates; the adequacy of allowances for loan and lease losses; decreases in deposit levels that necessitate increases in borrowing to fund loans and investments; operational risks including, but not limited to, cybersecurity incidents, fraud, natural disasters, and future pandemics; changes in regulation; the possibility that future credit losses may be higher than currently expected due to changes in economic assumptions and adverse economic developments; the risk that goodwill and intangibles recorded in the Company's financial statements will become impaired; and changes in assumptions used in making such forward-looking statements; and the other risks and uncertainties detailed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 and other filings submitted to the Securities and Exchange Commission ("SEC"). Forward-looking statements speak only as of the date on which they are made. The Company does not undertake any obligation to update any forward-looking statement to reflect circumstances or events that occur after the date the forward-looking statements are made.

Introduction

Brookline Bancorp, Inc., a Delaware corporation, operates as a multi-bank holding company for Brookline Bank and its subsidiaries; Bank Rhode Island and its subsidiaries ("BankRI"); PCSB Bank and its subsidiaries; Brookline Securities Corp; and Clarendon Private, LLC. LLC ("Clarendon Private"). Brookline Securities Corp, previously a subsidiary of Brookline Bancorp, Inc., was dissolved in November 2023.

As a commercially-focused financial institution with 64 65 full-service banking offices throughout greater Greater Boston, the north shore of Massachusetts, Rhode Island and New York, the Company, through Brookline Bank, BankRI and PCSB Bank (collectively referred to as the "Banks"), offers a wide range of commercial, business and retail banking services, including a full complement of cash management products, foreign exchange services, on-line and mobile banking services, consumer and residential loans and investment advisory services, designed to meet the financial needs of small- to mid-sized businesses and individuals throughout central New England and the lower Lower Hudson Valley in New York. The Banks and their subsidiaries lend primarily in all New England states and New York, with the exception of the equipment financing portfolio, 29.2% of which is in the greater Greater New York and New Jersey metropolitan area and 70.8% of which is in other areas in the United States of America as of September 30, 2023 March 31, 2024. Clarendon Private is a registered investment advisor with the SEC. Through Clarendon Private, the Company offers a wide range of wealth management services to individuals, families, endowments and foundations to help these clients meet their long-term financial goals.

The Company focuses its business efforts on profitably growing its commercial lending businesses, both organically and through acquisitions. The Company's customer focus, multi-bank structure, and risk management are integral to its organic growth strategy and serve to differentiate the Company from its competitors. As full-service financial institutions, the Banks and their subsidiaries focus their efforts on developing and deepening long-term banking relationships with qualified customers through a full complement of products, excellent customer service, and strong risk management.

The Company manages the Banks under a uniform strategic objective, with one set of uniform policies consistently applied by one executive management team. Within this environment, the Company believes that the ability to make customer decisions locally enhances management's motivation, service levels and, as a consequence, the Company's financial results. As such, while most back-office functions are consolidated at the holding company level, branding and decision-making, including credit decisions and pricing, remain largely local in order to better meet the needs of bank customers and further motivate the Banks' commercial, business and retail bankers. These credit decisions, at the local level, are executed through in accordance with corporate policies overseen by the Company's credit department.

The competition for loans and leases and deposits remains strong. Loan and deposit growth are also influenced by the rate-setting actions of the Board of Governors of the Federal Reserve System (the "FRB"). Based on management's scenario analysis of deposit sensitivity to the current rate environment and customer's demand for non-depository investment alternatives, management expects that there will be further deposit mix migration and increased deposit sensitivity to interest rates, which will may negatively impact the net interest income and the net interest margin. margin in the near term.

Management expects pressure on the net interest margin to continue for a quarter or two after the Federal Reserve stops increasing rates, after which the net interest margin is expected to stabilize and then increase as loans continue to reprice into the higher rate environment faster than time deposits and other funding sources. Net interest income models, using a projected flat balance sheet with stable deposit balances and an average sensitivity of deposit rates of approximately 39% 40% to market rates, forecast that a short-term increase in rates will positively affect the Company's net interest income, net interest spread, and net interest margin.

As discussed above, changes in interest rates could also precipitate a change in the mix and volume of the Company's deposits and loans. The future operating results of the Company will depend on its ability to maintain or increase the current net interest income, manage credit risk, increase sources of non-interest income, while managing non-interest expenses.

The Company and the Banks are supervised, examined and regulated by the FRB. As a Massachusetts-chartered trust company, Brookline Bank is subject to supervision, examination and regulation by the Massachusetts Division of Banks. As a Rhode Island-chartered financial institution, BankRI is subject to examination, supervision and regulation by the Banking Division of the Rhode Island Department of Business Regulation. As a New York-chartered commercial bank, PCSB Bank is subject to regulation, supervision and examination by the New York State Department of Financial Services. The FDIC insures each of the Banks' deposits up to $250,000 per depositor.

On January 1, 2023, the Company completed its previously announced acquisition (the "merger") of PCSB. Pursuant to the merger agreement, each share of PCSB common stock outstanding at the effective time of the merger was converted into the right to receive, at the holder's election, either $22.00 in cash consideration or 1.3284 shares of Company common stock for each share of PCSB common stock, subject to allocation procedures to ensure that 60% of the outstanding shares of PCSB common stock was converted to Company common stock. Subsequent to the acquisition, PCSB Bank operates as a separate subsidiary of the Company and has 14 banking offices throughout the Lower Hudson Valley of New York State.

The Company's common stock is traded on the Nasdaq Global Select Market℠ under the symbol "BRKL."

Selected Financial Data

The following is based in part on, and should be read in conjunction with, the consolidated financial statements and accompanying notes, and other information appearing elsewhere in this Quarterly Report on Form 10-Q.

	At and for the Three Months Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
	(Dollars in Thousands, Except Per Share Data)				
PER COMMON SHARE DATA					
Earnings per share - Basic	$ 0.26	$ 0.25	$ 0.09	$ 0.39	$ 0.39
Earnings per share - Diluted	0.26	0.25	0.09	0.39	0.39
Book value per share (end of period)	13.03	13.11	13.14	12.91	12.54
Tangible book value per share (end of period) (1)	10.02	10.07	10.08	10.80	10.43
Dividends paid per common share	0.135	0.135	0.135	0.135	0.130
Stock price (end of period)	9.11	8.74	10.50	14.15	11.65
PERFORMANCE RATIOS (2)					
Net interest margin (taxable equivalent basis)	3.18 %	3.26 %	3.36 %	3.81 %	3.80 %
Return on average assets	0.81 %	0.78 %	0.27 %	1.34 %	1.40 %
Return on average tangible assets (1)	0.83 %	0.79 %	0.28 %	1.37 %	1.43 %
Return on average stockholders' equity	7.78 %	7.44 %	2.61 %	12.09 %	12.29 %
Return on average tangible stockholders' equity (1)	10.09 %	9.67 %	3.43 %	14.48 %	14.72 %
Dividend payout ratio (1)	52.81 %	54.78 %	158.33 %	34.94 %	33.07 %
Efficiency ratio (3)	64.39 %	63.20 %	65.44 %	53.01 %	52.98 %
ASSET QUALITY RATIOS					
Net loan and lease charge-offs as a percentage of average loans and leases (annualized)	0.47 %	0.05 %	0.02 %	0.02 %	(0.01)%
Nonperforming loans and leases as a percentage of total loans and leases	0.55 %	0.50 %	0.31 %	0.19 %	0.24 %
Nonperforming assets as a percentage of total assets	0.46 %	0.42 %	0.25 %	0.17 %	0.21 %
Total allowance for loan and lease losses as a percentage of total loans and leases	1.27 %	1.35 %	1.31 %	1.29 %	1.27 %
CAPITAL RATIOS					
Stockholders' equity to total assets	10.36 %	10.37 %	10.11 %	10.80 %	11.08 %
Tangible equity ratio (1)	8.16 %	8.16 %	7.94 %	9.20 %	9.39 %
FINANCIAL CONDITION DATA					
Total assets	$ 11,180,555	$ 11,206,078	$ 11,522,485	$ 9,185,836	$ 8,695,708
Total loans and leases	9,380,782	9,340,799	9,246,965	7,644,388	7,421,304
Allowance for loan and lease losses	119,081	125,817	120,865	98,482	94,169
Allowance for investment security losses	517	433	301	102	48
Investment securities available-for-sale	880,412	910,210	1,067,032	656,766	675,692
Goodwill and identified intangible assets	267,394	269,348	271,302	162,208	162,329
Total deposits	8,566,013	8,517,013	8,456,462	6,522,146	6,735,605
Total borrowed funds	1,135,068	1,226,270	1,630,102	1,432,652	758,768
Stockholders' equity	1,157,871	1,162,308	1,165,066	992,125	963,618

(Continued)

	At and for the Three Months Ended				
	September 30,	June 30,	March 31,	December 31,	September 30,

	2023	2023	2023	2022	2022
	(Dollars in Thousands, Except Per Share Data)				
EARNINGS DATA					
Net interest income	$ 84,070	$ 86,037	$ 86,049	$ 80,030	$ 78,026
Provision (credit) for credit losses	2,947	5,726	25,542	5,725	2,835
Non-interest income	5,508	5,462	12,937	9,056	6,834
Non-interest expense	57,679	57,825	64,776	47,225	44,959
Net income	22,701	21,850	7,560	29,695	30,149

(1) Refer to "Non-GAAP Financial Measures and Reconciliations to GAAP".

(2) All performance ratios are annualized and are based on average balance sheet amounts, where applicable.

(3) Efficiency ratio is calculated by dividing non-interest expense by the sum of non-interest income and net interest income.

Executive Overview

Balance Sheet

Total assets increased $2.0 billion $160.5 million, or 5.6% on an annualized basis, to $11.2 billion $11.5 billion as of September 30, 2023 March 31, 2024 from $9.2 billion $11.4 billion as of December 31, 2022 December 31, 2023. The increase was primarily driven by an increase in the acquisition Company's total on balance sheet liquidity, in the form of PCSB. cash, cash equivalents and available for sale investment securities, which increased $118.1 million or 44.8% on an annualized basis, to $1.2 billion as of March 31, 2024 from $1.0 billion as of December 31, 2023. This increased the Company's on balance sheet liquidity from 9.2% of total assets as of December 31, 2023 to 10.1% of total assets as of March 31, 2024.

Cash and cash equivalents decreased $222.0 million increased $168.9 million, or 507.7% on an annualized basis, to $161.0 million $301.9 million as of September 30, 2023 March 31, 2024 from $383.0 million $133.0 million as of December 31, 2022 December 31, 2023.

Total investment securities increased $223.6 million decreased $50.8 million, or 22.2% on an annualized basis, to $880.4 million $865.8 million as of September 30, 2023 March 31, 2024 from $656.8 million $916.6 million as of December 31, 2022 December 31, 2023.

Total loans and leases increased $1.7 billion $13.5 million, or 0.6% on an annualized basis, to $9.4 billion $9.7 billion as of September 30, 2023 March 31, 2024 from $7.6 billion $9.6 billion as of December 31, 2022 December 31, 2023. The Company's commercial loan portfolios, which are composed of commercial real estate loans and commercial loans and leases, totaled $7.9 billion $8.2 billion, or 84.3% 84.6% of total loans and leases as of September 30, 2023 March 31, 2024, an increase of $1.5 billion from $6.4 billion $7.9 million, or 84.0% 0.4% on an annualized basis, from $8.2 billion, or 84.7% of total loans and leases as of December 31, 2022 December 31, 2023.

Total deposits increased $2.0 billion $170.5 million, or 8.0% on an annualized basis, to $8.6 billion $8.7 billion as of September 30, 2023 March 31, 2024 from $6.5 billion $8.5 billion as of December 31, 2022 December 31, 2023. Core deposits, which include demand checking, NOW, money market and savings accounts, totaled $6.2 billion $6.1 billion, or 72.1% 69.7% of total deposits as of September 30, 2023 March 31, 2024, an increase a decrease of $895.9 million from $5.3 billion $14.5 million, or 81.0% 1.0% on an annualized basis, from $6.1 billion, or 71.3% of total deposits as of December 31, 2022 December 31, 2023. Certificate of deposit balances totaled $1.5 billion $1.7 billion, or 17.4% 19.2% of total deposits as of September 30, 2023 March 31, 2024, an increase of $563.7 million from $928.1 million $95.3 million, or 14.2% 24.2% on an annualized basis, from $1.6 billion, or 18.4% of total deposits as of December 31, 2022 December 31, 2023. Brokered deposits totaled $894.4 million $970.9 million, or 10.4% 11.1% of total deposits as of March 31, 2024, an increase of $89.8 million, or 40.7% on an annualized basis, from $881.2 million, or 10.3% of total deposits as of September 30, 2023, an increase of $584.2 million from $310.1 million, or 4.8% of total deposits as of December 31, 2022 December 31, 2023.

Total borrowed funds decreased $297.6 million to $1.1 billion as of September 30, 2023 from $14.8 million, or 4.3% on an annualized basis, remaining at $1.4 billion as of December 31, 2022. March 31, 2024 and December 31, 2023, respectively.

Asset Quality

Nonperforming assets as of September 30, 2023 March 31, 2024 totaled $51.5 million $42.5 million, or 0.46% 0.37% of total assets, compared to $15.3 million $45.3 million, or 0.17% 0.40% of total assets, as of December 31, 2022 December 31, 2023. Net charge-offs for the three months ended September 30, 2023 March 31, 2024 were $11.0 million $8.8 million, or 0.47% 0.36% of average loans and leases on an annualized basis, compared to net recoveries of $0.2 million $0.5 million, or (0.01)% 0.02% of average loans and leases on an annualized basis, for the three months ended September 30, 2022 March 31, 2023.

The ratio of the allowance for loan and lease losses to total loans and leases was 1.27% 1.24% as of September 30, 2023 March 31, 2024, compared to 1.29% 1.22% as of December 31, 2022 December 31, 2023.

The ratio of the allowance for loan and lease losses to nonaccrual loans and leases was 232.39% 295.35% as of September 30, 2023 March 31, 2024, compared to 661.22% 269.36% as of December 31, 2022 December 31, 2023.

Capital Strength

The Company is a "well-capitalized" bank holding company as defined in the FRB's Regulation Y. The Company's common equity Tier 1 capital ratio was 10.24% 10.28% as of September 30, 2023 March 31, 2024, compared to 12.05% 10.25% as of December 31, 2022 December 31, 2023. The Company's Tier 1 leverage ratio was 8.96% as of September 30, 2023 March 31, 2024, compared to 10.26% 9.02% as of December 31, 2022 December 31, 2023. As of September 30, 2023 March 31, 2024, the Company's Tier 1 risk-based capital ratio was 10.35% 10.38%, compared to 12.18% 10.35% as of December 31, 2022 December 31, 2023. The Company's Total risk-based capital ratio was 12.38% 12.40% as of September 30, 2023 March 31, 2024, compared to 14.44% 12.37% as of December 31, 2022 December 31, 2023.

The Company's ratio of stockholders' equity to total assets was 10.36% 10.35% and 10.80% 10.53% as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. The Company's ratio of tangible stockholders' equity to tangible assets was 8.16% 8.25% and 9.20% 8.39% as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Net Income

For the three months ended September 30, 2023 March 31, 2024, the Company reported net income of $22.7 million $14.7 million, or $0.26 $0.16 per basic and diluted share, a decrease an increase of $7.4 million $7.1 million, or 24.7% 94.0%, from net income of $30.1 million $7.6 million, or $0.39 $0.09 per basic and diluted share, for the three months ended September 30, 2022 March 31, 2023. This decrease increase in net income is primarily the result of an increase in non-interest expense of $12.7 million, an increase a decrease in the provision for credit losses on loans of $0.1 million $17.9 million and a decrease in non-interest expense of $3.8 million, and partially offset by a decrease in non-interest income of $1.3 million $6.7 million, partially offset by an increase a decrease in net interest income of $6.0 million $4.5 million, and a decrease an increase in the provision for income taxes of $0.8 million. Refer to *"Results of Operations"* below for further discussion.

For the nine months ended September 30, 2023, the Company reported net income of $52.1 million, or $0.59 per basic and diluted share, a decrease of $27.9 million, or 34.9%, from $80.0 million, or $1.04 per basic and diluted share for the nine months ended September 30, 2022. This decrease in net income is primarily the result of an increase in non-interest expense of $48.0 million and an increase in the provision for credit losses of $31.2 million, partially offset by an increase in net interest income of $36.4 million, an increase in non-interest income of $4.6 million, and a decrease in the provision for income taxes of $10.5 million $3.7 million. Refer to *"Results of Operations"* below for further discussion.

The annualized return on average assets was 0.81% 0.51% for the three months ended September 30, 2023 March 31, 2024, compared to 1.40% 0.27% for the three months ended September 30, 2022 March 31, 2023. The annualized return on average stockholders' equity was 7.78% 4.88% for the three months ended September 30, 2023 March 31, 2024, compared to 12.29% 2.61% for the three months ended September 30, 2022 March 31, 2023.

The net interest margin was 3.18% 3.06% for the three months ended September 30, 2023 March 31, 2024, down from 3.80% 3.36% for the three months ended September 30, 2022 March 31, 2023. The decrease in the net interest margin is a result of an increase of 200 114 basis points in the Company's overall cost of funds (including non-interest-bearing demand checking accounts) interest-bearing liabilities to 2.57% 3.58% for the three months ended September 30, 2023 March 31, 2024 from 0.57% 2.44% for the three months ended September 30, 2022 March 31, 2023, partially offset by an increase in the yield on interest-earning assets of 126 69 basis points to 5.61% 5.79% for the three months ended September 30, 2023 March 31, 2024 from 4.35% 5.10% for the three months ended September 30, 2022.

The net interest margin was 3.27% for the nine months ended September 30, 2023, down from 3.62% for the nine months ended September 30, 2022. The decrease in the net interest margin is a result of an increase of 191 basis points in the Company's overall cost of funds (including non-interest-bearing demand checking accounts) to 2.31% for the nine months ended September 30, 2023 from 0.40% for the nine months ended September 30, 2022, partially offset by an increase in the yield on interest-earning assets of 143 basis points to 5.40% for the nine months ended September 30, 2023 from 3.97% for the nine months ended September 30, 2022 March 31, 2023.

The Company's net interest margin and net interest income is sensitive to the structure and level of interest rates as well as competitive pricing in all loan and deposit categories.

Critical Accounting Policies and Estimates

The SEC defines "critical accounting policies" as those involving significant judgments and difficult or complex assumptions by management, often as a result of the need to make estimates about matters that are inherently uncertain or variable, which have, or could have, a material impact on the carrying value of certain assets or net income. The preparation of financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. As discussed in the Company's 2022 2023 Annual Report on Form 10-K, management has identified the determination of the allowance for credit losses, and the review of goodwill for impairment and business combinations as the Company's most critical accounting policies.

Recent Accounting Developments

In March November 2023, the FASB issued ASU 2023-02, "Investments – Equity Method and Joint Ventures 2023-07, "Segment Reporting (Topic 323), Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method" 280):Improvements to Reportable Segment Disclosures" which allows entities to use the proportional amortization method to account for tax equity investments, under certain conditions. improves reportable segment disclosure requirements, particularly regarding a reportable segment's expenses. This ASU update is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years for public entities. beginning after December 15, 2024. Management has determined that ASU 2023-02 2023-07 does apply to the Company and is currently determining the impact as of September 30, 2023 March 31, 2024.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740):Improvements to Income Tax Disclosures" to enhance the annual income tax disclosure requirements. This update is effective for annual periods beginning after December 15, 2024. Management has determined that ASU 2023-09 does apply to the Company and is currently determining the impact as of March 31, 2024.

Non-GAAP Financial Measures and Reconciliation to GAAP

In addition to evaluating the Company's results of operations in accordance with GAAP, management periodically supplements this evaluation with an analysis of certain non-GAAP financial measures, such as operating earnings metrics, the return on average tangible assets, return on average tangible equity, the tangible stockholders' equity to tangible assets ratio, tangible book value per share, and dividend payout ratio. Management believes that these non-GAAP financial measures provide information useful to investors in understanding the Company's underlying operating performance and trends, and facilitates comparisons with the performance assessment of financial performance, including non-interest expense control, while the tangible equity ratio and tangible book value per share are used to analyze the relative strength of the Company's capital position.

The following table reconciles the Company’s operating earnings, operating return on average assets and operating return on average stockholders’ equity for the periods indicated:

		At and for the Three Months Ended March 31,			
		At and for the Three Months Ended September 30,		At and for the Nine Months Ended September 30,	
		At and for the Three Months Ended March 31,			
		2023	2022	2023	2022
		(Dollars in Thousands)			
		At and for the Three Months Ended March 31,			
		2024			
		2024			
		2024			
		(Dollars in Thousands)			
		(Dollars in Thousands)			
		(Dollars in Thousands)			
Reported Pretax Income	Reported Pretax Income	$ 28,868	$ 37,066	$ 65,351	$ 103,813
Less:	Less:				
Less:					
Less:					
Gains on the sale of investment securities (1)					
Gains on the sale of investment securities (1)					
Gains on the sale of investment securities (1)	Gains on the sale of investment securities (1)	—	—	1,704	—
Add:	Add:				
Day 1 PCSB CECL provision		—	—	16,744	—
Add:					
Add:					
Day 1 PCSB provision for credit losses					
Day 1 PCSB provision for credit losses					
Day 1 PCSB provision for credit losses					
Merger and acquisition expense (2)					
Merger and acquisition expense (2)					
Merger and acquisition expense (2)	Merger and acquisition expense (2)	—	1,073	7,411	1,608
Operating Pretax Income	Operating Pretax Income	$ 28,868	38,139	87,802	105,421
Operating Pretax Income					
Operating Pretax Income					
Effective tax rate					
Effective tax rate					
Effective tax rate	Effective tax rate	21.4 %	18.7 %	20.3 %	22.9 %

Provision for income taxes	Provision for income taxes		6,167		7,118		17,789		24,132
Provision for income taxes									
Provision for income taxes									
Operating earnings after tax									
Operating earnings after tax									
Operating earnings after tax	Operating earnings after tax	$	22,701	$	31,021	$	70,013	$	81,289
Operating earnings per common share:	Operating earnings per common share:								
Operating earnings per common share:									
Operating earnings per common share:									
Basic	Basic	$	0.26	$	0.40	$	0.80	$	1.05
Basic									
Basic									
Diluted									
Diluted									
Diluted	Diluted	$	0.26	$	0.40		0.79	$	1.05

(1) Realized gain related to the rebalancing of the PCSB investment portfolio after acquisition.
(2) Merger and acquisition expense related to the acquisition of PCSB.

The following tables reconcile the Company's return on average tangible assets and return on average tangible stockholders' equity for the periods indicated:

	Three Months Ended									
	September 30, 2023		June 30, 2023		March 31, 2023		December 31, 2022		September 30, 2022	
	(Dollars in Thousands)									
Operating earnings	$	22,701	$	23,227	$	23,283	$	30,015	$	31,021
Average total assets	$	11,180,635	$	11,272,672	$	11,131,087	$	8,857,631	$	8,586,420
Less: Average goodwill and average identified intangible assets, net		268,199		270,147		278,135		162,266		162,387
Average tangible assets	$	10,912,436	$	11,002,525	$	10,852,952	$	8,695,365	$	8,424,033

	Three Months Ended									
	March 31, 2024		December 31, 2023		September 30, 2023		June 30, 2023		March 31, 2023	
	(Dollars in Thousands)									
Operating earnings	$	14,665	$	22,888	$	22,701	$	23,227	$	23,283

	Three Months Ended Three Months Ended Three Months Ended		
March 31, 2024		March 31, 2024	December 31, 2023
(Dollars in Thousands)			

Average total assets	Average total assets	$ 11,417,185		$ 11,271,941
Less: Average goodwill and average identified intangible assets, net	Less: Average goodwill and average identified intangible assets, net	264,536		266,225
Average tangible assets	Average tangible assets	$ 11,152,649		$ 11,005,716

		Three Months Ended						
		September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022		
		(Dollars in Thousands)						
Return on average assets (annualized)								
Return on average assets (annualized)								
Return on average assets (annualized)	Return on average assets (annualized)	0.81%	0.78%	0.27%	1.34%	1.40%	0.51%	0.81%
Less:	Less:							
Gains on the sale of investment securities	Gains on the sale of investment securities	—%	—%	0.05%	0.01%	—%		
Gains on the sale of investment securities								
Gains on the sale of investment securities							—%	
Add:	Add:							
Day 1 PCSB CECL provision		—%	—%	0.47%	—%	—%		
Day 1 PCSB provision for credit losses								
Day 1 PCSB provision for credit losses								
Day 1 PCSB provision for credit losses							—%	
Merger and acquisition expenses	Merger and acquisition expenses	—%	0.03%	0.18%	0.02%	0.04%	Merger and acquisition expenses —%	–
Operating return on average assets (annualized)	Operating return on average assets (annualized)	0.81%	0.81%	0.87%	1.35%	1.44%		
Operating return on average assets (annualized)								
Operating return on average assets (annualized)							0.51%	
Return on average tangible assets (annualized)								

Return on average tangible assets (annualized)									
Return on average tangible assets (annualized)	Return on average tangible assets (annualized)	0.83%	0.79%	0.28%	1.37%	1.43%		0.53%	0.83%
Less:	Less:								
Gains on the sale of investment securities	Gains on the sale of investment securities	—%	—%	0.05%	0.01%	—%			
Gains on the sale of investment securities									
Gains on the sale of investment securities								—%	
Add:	Add:								
Day 1 PCSB CECL provision		— %	—%	0.48%	—%	—%			
Add:									
Add:									
Day 1 PCSB provision for credit losses									
Day 1 PCSB provision for credit losses									
Day 1 PCSB provision for credit losses								— %	
Merger and acquisition expenses	Merger and acquisition expenses	—%	0.03%	0.18%	0.02%	0.04%	Merger and acquisition expenses	—%	–
Operating return on average tangible assets (annualized)	Operating return on average tangible assets (annualized)	0.83%	0.82%	0.89%	1.38%	1.47%			
Operating return on average tangible assets (annualized)									
Operating return on average tangible assets (annualized)								0.53%	0.8
Average total stockholders' equity									
Average total stockholders' equity									
Average total stockholders' equity	Average total stockholders' equity	$ 1,167,727	$1,174,167	$1,159,635	$982,306	$981,379	$	1,201,904	$ 1,170,776 $
Less: Average goodwill and average identified intangible assets, net	Less: Average goodwill and average identified intangible assets, net	268,199	270,147	278,135	162,266	162,387	Less: Average goodwill and average identified intangible assets, net	264,536	266,225
Average tangible stockholders' equity	Average tangible stockholders' equity	$ 899,528	$ 904,020	$ 881,500	$820,040	$818,992	Average tangible stockholders' equity	$ 937,368	$ 904,551

Return on average stockholders' equity (annualized)	Return on average stockholders' equity (annualized)	7.78%	7.44%	2.61%	12.09%	12.29%				
Return on average stockholders' equity (annualized)										
Return on average stockholders' equity (annualized)								4.88%	7.82%	
Less:	Less:									
Gains on the sale of investment securities	Gains on the sale of investment securities	—%	—%	0.45%	0.11%	—%				
Gains on the sale of investment securities										
Gains on the sale of investment securities								—%		
Add:	Add:									
Day 1 PCSB CECL provision		—%	—%	4.46%	—%	—%				
Day 1 PCSB provision for credit losses										
Day 1 PCSB provision for credit losses										
Day 1 PCSB provision for credit losses								—%		
Merger and acquisition expenses	Merger and acquisition expenses	—%	0.28%	1.71%	0.21%	0.36%	Merger and acquisition expenses	—%		–
Operating return on average stockholders' equity (annualized)										
Operating return on average stockholders' equity (annualized)										
Operating return on average stockholders' equity (annualized)	Operating return on average stockholders' equity (annualized)	7.78%	7.72%	8.33%	12.19%	12.65%		4.88%	7.82%	
Return on average tangible stockholders' equity (annualized)	Return on average tangible stockholders' equity (annualized)	10.09%	9.67%	3.43%	14.48%	14.72%				
Return on average tangible stockholders' equity (annualized)										
Return on average tangible stockholders' equity (annualized)								6.26%	10.12%	
Less:	Less:									

Gains on the sale of investment securities	Gains on the sale of investment securities	—%	—%	0.60%	0.13%	—%	
Gains on the sale of investment securities							
Gains on the sale of investment securities							—%
Add:	Add:						
Day 1 PCSB CECL provision		—%	—%	5.87%	—%	—%	
Day 1 PCSB provision for credit losses							
Day 1 PCSB provision for credit losses							
Day 1 PCSB provision for credit losses							—%
Merger and acquisition expenses	Merger and acquisition expenses	—%	0.36%	2.25%	0.26%	0.43%	Merger and acquisition expenses —% –

	Three Months Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
	(Dollars in Thousands)				
Operating return on average tangible stockholders' equity (annualized)	10.09%	10.03%	10.95%	14.61%	15.15%

	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	(Dollars in Thousands)				
Operating return on average tangible stockholders' equity (annualized)	6.26%	10.12%	10.09%	10.03%	10.95%

		Three Months Ended						
		September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022		
		(Dollars in Thousands)						
		Three Months Ended						
	March 31, 2024						March 31, 2024	December 31, 2024
		(Dollars in Thousands)						
Net income, as reported	Net income, as reported	$ 22,701	$ 21,850	$ 7,560	$ 29,695	$ 30,149	Net income, as reported $ 14,665	$ 22,888
Average total assets								
Average total assets								
Average total assets	Average total assets	$11,180,635	$11,272,672	$11,131,087	$8,857,631	$8,586,420	$ 11,417,185	$ 11,271,941 $

Less: Average goodwill and average identified intangible assets, net	268,199	270,147	278,135	162,266	162,387	264,536	266,225	
Average tangible assets	$10,912,436	$11,002,525	$10,852,952	$8,695,365	$8,424,033	$ 11,152,649	$ 11,005,716	
Return on average tangible assets (annualized)	0.83%	0.79%	0.28%	1.37%	1.43%	0.53%	0.	
Average total stockholders' equity	$ 1,167,727	$ 1,174,167	$ 1,159,635	$ 982,306	$ 981,379	$ 1,201,904	$ 1,170,776	$
Less: Average goodwill and average identified intangible assets, net	268,199	270,147	278,135	162,266	162,387	264,536	266,225	
Average tangible stockholders' equity	$ 899,528	$ 904,020	$ 881,500	$ 820,040	$ 818,992	$ 937,368	$ 904,551	
Return on average tangible stockholders' equity (annualized)	10.09%	9.67%	3.43%	14.48%	14.72%	6.26%	10.12%	

The following table reconciles the Company's tangible equity ratio for the periods indicated:

	Three Months Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
	(Dollars in Thousands)				

	Three Months Ended			
March 31, 2024		March 31, 2024	December 31, 2023	Sept 3 2

	(Dollars in Thousands)									
Total stockholders' equity	Total stockholders' equity	$ 1,157,871	$ 1,162,308	$ 1,165,066	$ 992,125	$ 963,618	Total stockholders' equity	$ 1,194,231	$ 1,198,644	$ 1,157,871
Less: Goodwill and identified intangible assets, net	Less: Goodwill and identified intangible assets, net	267,394	269,348	271,302	162,208	162,329	Less: Goodwill and identified intangible assets, net	263,721	265,429	267,394
Tangible stockholders' equity	Tangible stockholders' equity	$ 890,477	$ 892,960	$ 893,764	$ 829,917	$ 801,289	Tangible stockholders' equity	$ 930,510	$ 933,215	$ 890,477
Total assets	Total assets	$11,180,555	$11,206,078	$11,522,485	$9,185,836	$8,695,708				
Total assets										
Total assets								$11,542,731	$11,382,256	$11,180,555
Less: Goodwill and identified intangible assets, net	Less: Goodwill and identified intangible assets, net	267,394	269,348	271,302	162,208	162,329	Less: Goodwill and identified intangible assets, net	263,721	265,429	267,394
Tangible assets	Tangible assets	$10,913,161	$10,936,730	$11,251,183	$9,023,628	$8,533,379	Tangible assets	$11,279,010	$11,116,827	$10,913,161
Tangible equity ratio		8.16%	8.16%	7.94%	9.20%	9.39%				
Tangible stockholders' equity to tangible assets										
Tangible stockholders' equity to tangible assets										
Tangible stockholders' equity to tangible assets								8.25%	8.39%	

The following table reconciles the Company's tangible book value per share for the periods indicated:

		Three Months Ended				
		September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
		(Dollars in Thousands)				

	Three Months Ended						Three Months Ended
	March 31, 2024		March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	(Dollars in Thousands)						(Dollars in Thousands)

Tangible stockholders' equity	Tangible stockholders' equity	$ 890,477	$ 892,960	$ 893,764	$ 829,917	$ 801,289
Common shares issued	Common shares issued	96,998,075	96,998,075	96,998,075	85,177,172	85,177,172
Common shares issued						
Common shares issued						
Less:	Less:					
Treasury shares	Treasury shares	7,350,981	7,734,891	7,734,891	7,731,445	7,730,945

Unallocated ESOP		—	—	—	—	4,833
Treasury shares						
Treasury shares						
Unvested restricted stock						
Unvested restricted stock						
Unvested restricted stock	Unvested restricted stock	780,859	598,049	598,049	601,495	601,995
Common shares outstanding	Common shares outstanding	88,866,235	88,665,135	88,665,135	76,844,232	76,839,399
Tangible book value per share	Tangible book value per share	$ 10.02	$ 10.07	$ 10.08	$ 10.80	$ 10.43
Tangible book value per share						
Tangible book value per share						

The following table reconciles the Company's dividend payout ratio for the periods indicated:

		Three Months Ended				
		September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
		(Dollars in Thousands)				
Dividends paid	Dividends paid	$11,989	$11,969	$ 11,970	$10,374	$ 9,969
Net income, as reported	Net income, as reported	$22,701	$21,850	$ 7,560	$29,695	$30,149
Dividend payout ratio	Dividend payout ratio	52.81%	54.78%	158.33%	34.94%	33.07%

	Three Months Ended				
	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
	(Dollars in Thousands)				
Dividends paid	$12,001	$11,997	$11,989	$11,969	$ 11,970
Net income, as reported					
Net income, as reported	$14,665	$22,888	$22,701	$21,850	$ 7,560
Dividend payout ratio					
Dividend payout ratio	81.83%	52.42%	52.81%	54.78%	158.33%

Financial Condition

Loans and Leases

The following table summarizes the Company's portfolio of loan and lease receivables as of the dates indicated:

	At September 30, 2023		At December 31, 2022	
	Balance	Percent of Total	Balance	Percent of Total
	(Dollars in Thousands)			
Commercial real estate loans:				
Commercial real estate	$3,969,956	42.3 %	$3,046,746	39.9 %
Multi-family mortgage	1,356,056	14.5 %	1,150,597	15.1 %
Construction	343,756	3.7 %	206,805	2.7 %
Total commercial real estate loans	5,669,768	60.5 %	4,404,148	57.7 %
Commercial loans and leases:				
Commercial	867,514	9.2 %	752,948	9.9 %
Equipment financing	1,329,673	14.2 %	1,216,585	15.9 %
Condominium association	44,188	0.5 %	46,966	0.6 %
Total commercial loans and leases	2,241,375	23.9 %	2,016,499	26.4 %
Consumer loans:				
Residential mortgage	1,080,740	11.5 %	844,614	11.0 %
Home equity	340,550	3.6 %	322,622	4.2 %
Other consumer	48,349	0.5 %	56,505	0.7 %
Total consumer loans	1,469,639	15.6 %	1,223,741	15.9 %
Total loans and leases	9,380,782	100.0 %	7,644,388	100.0 %

	At March 31, 2024			At March 31, 2024		
	Balance	Balance	Percent of Total	Balance		
	(Dollars in Thousands)			(Doll		
Commercial real estate loans:						
Commercial real estate	$ 3,994,766	41.4	41.4 %	$4,047,288	42.0	4
Multi-family mortgage	1,421,183	14.7	14.7 %	1,415,191	14.7	
Construction	339,290	3.5	3.5 %	302,050	3.1	
Total commercial real estate loans	5,755,239	59.6	59.6 %	5,764,529	59.8	
Commercial loans and leases:						
Commercial	999,613		10.4 %	984,441		1
Equipment financing	1,374,546	14.2	14.2 %	1,370,648	14.2	
Condominium association	42,745	0.4	0.4 %	44,579	0.5	
Total commercial loans and leases	2,416,904	25.0	25.0 %	2,399,668	24.9	2
Consumer loans:						
Residential mortgage	1,086,574	11.3	11.3 %	1,082,804	11.2	
Home equity	347,885	3.6	3.6 %	344,182	3.6	
Other consumer	48,484	0.5	0.5 %	50,406	0.5	
Total consumer loans	1,482,943	15.4	15.4 %	1,477,392	15.3	
Total loans and leases	9,655,086	100.0	100.0 %	9,641,589	100.0	

Allowance for loan and lease losses	Allowance for loan and lease losses	(119,081)	(98,482)
Net loans and leases	Net loans and leases	$9,261,701	$7,545,906
Net loans and leases			
Net loans and leases			

The following table sets forth the growth in the Company’s loan and lease portfolios during the nine three months ended September 30, 2023 March 31, 2024:

		At September 30, 2023	At December 31, 2022	Dollar Change	Percent Change (Annualized)	
		(Dollars in Thousands)				
Commercial real estate	Commercial real estate	$5,669,768	$4,404,148	$1,265,620	38.3	%
Commercial	Commercial	2,241,375	2,016,499	224,876	14.9	%
Consumer	Consumer	1,469,639	1,223,741	245,898	26.8	%
Total loans and leases	Total loans and leases	$9,380,782	$7,644,388	$1,736,394	30.3	%

	At March 31, 2024		At December 31, 2023		Dollar Change			Percent Change (Annualized)
	(Dollars in Thousands)							
Commercial real estate	$5,755,239	$	$5,764,529	$	$ (9,290)		(0.6)	(0.6) %
Commercial	2,416,904	2,399,668	2,399,668	17,236		17,236	2.9	2.9
Consumer	1,482,943	1,477,392	1,477,392	5,551		5,551	1.5	1.5
Total loans and leases	$9,655,086	$	$9,641,589	$	$ 13,497		0.6	0.6 %

The Company's loan portfolio consists primarily of first mortgage loans secured by commercial, multi-family and residential real estate properties located in the Company's primary lending area, loans to business entities, including commercial lines of credit, loans to condominium associations and loans and leases used to finance equipment used by small businesses. The Company also provides financing for construction and development projects, home equity and other consumer loans.

The Company employs seasoned commercial lenders and retail bankers who rely on community and business contacts as well as referrals from customers, attorneys and other professionals to generate loans and deposits. Existing borrowers are also an important source of business since many of them have more than one loan outstanding with the Company. The Company's ability to originate loans depends on the strength of the economy, trends in interest rates, and levels of customer demand and market competition.

The Company's current policy is that a total credit exposure to one obligor relationship may not exceed $60.0 million unless approved by the Company's Credit Committee. As of September 30, 2023 March 31, 2024, there were four 5 borrowers with loans and commitments over $60.0 million. The total of those loans and commitments was $260.0 million $327.5 million, or 2.3% 2.80% of total loans and commitments, as of September 30, 2023 March 31, 2024. As of December 31, 2022 December 31, 2023, there were three four borrowers with loans and commitments over over $60.0 million. $60.0 million. The total of those loans and commitments was $208.5 million $259.5 million, or 2.2% of total loans and commitments, as of December 31, 2022 December 31, 2023.

The Company has written underwriting policies to control the inherent risks in loan origination. The policies address approval limits, loan-to-value ratios, appraisal requirements, debt service coverage ratios, loan concentration limits and other matters relevant to loan underwriting.

Commercial Real Estate Loans

The commercial real estate portfolio is composed of commercial real estate loans, multi-family mortgage loans, and construction loans and is the largest component of the Company's overall loan portfolio, representing 60.5% 59.6% of total loans and leases outstanding as of September 30, 2023 March 31, 2024.

Typically, commercial real estate loans are larger in size and involve a greater degree of risk than owner-occupied residential mortgage loans. Loan repayment is usually dependent on the successful operation and management of the properties and the value of the properties securing the loans. Economic conditions can greatly affect cash flows and property values.

A number of factors are considered in originating commercial real estate and multi-family mortgage loans. The qualifications and financial condition of the borrower (including credit history), as well as the potential income generation and the value and condition of the underlying property, are evaluated. When evaluating the qualifications of the borrower, the Company considers the financial resources of the borrower, the borrower's experience in owning or managing similar property and the borrower's payment history with the Company and other financial institutions. Factors considered in evaluating the underlying property include the net operating income of the mortgaged premises before debt service and depreciation, the debt service coverage ratio (the ratio of cash flow before debt service to debt service), the use of conservative capitalization rates, and the ratio of the loan amount to the appraised value. Generally, personal guarantees are obtained from commercial real estate loan borrowers.

Commercial real estate and multi-family mortgage loans are typically originated for terms of five to fifteen years with amortization periods of 20 to 30 years. Many of the loans are priced at inception on a fixed-rate basis generally for periods ranging from two to five years with repricing periods for longer-term loans. When possible, prepayment penalties are included in loan covenants on these loans. For commercial customers who are interested in loans with terms longer than five years, the Company offers loan level derivatives to accommodate customer need.

The Company's urban and suburban market area is characterized by a large number of apartment buildings, condominiums and office buildings. As a result, commercial real estate and multi-family mortgage lending has been a significant part of the Company's activities for many years. These types of loans typically generate higher yields, but also involve greater credit risk. Many of the Company's borrowers have more than one multi-family or commercial real estate loan outstanding with the Company.

The Company's commercial real estate portfolio is composed primarily of loans secured by apartment buildings ($1.3 1.4 billion), office buildings ($849.9 834.5 million), retail stores ($953.9 947.7 million), industrial properties ($751.0 788.8 million), mixed-use properties ($508.0 510.2 million), lodging services ($195.3 207.5 million), and food services ($77.7 79.5 million) as of September 30, 2023 March 31, 2024. At that date, approximately 78.3% 78.1% of the commercial real estate loans outstanding were secured by properties located in New England, England; primarily in the Greater Boston and Greater Providence markets, with additional exposure of approximately 18.0% 16.6% of the commercial real estate loans outstanding were also secured by properties located in the greater State of New York, nearly all of which is in the Lower Hudson Valley region.

The following table presents the percentage of the Company's commercial real estate loan portfolio by borrower type that is owner and New Jersey Metropolitan area. non-owner occupied as of March 31, 2024.

	At March 31, 2024		
	Owner Occupied	Non-Owner Occupied	Total
Borrower type:			
Multi-family buildings	— %	23.79 %	23.79 %
Office buildings	1.25 %	13.26 %	14.51 %
Retail stores	1.99 %	14.47 %	16.46 %
Industrial properties	2.58 %	11.13 %	13.71 %
Mixed-use properties	0.70 %	8.16 %	8.86 %
Lodging services	— %	3.46 %	3.46 %
Food Services	— %	0.60 %	0.60 %
Other	10.27 %	8.34 %	18.61 %
Total	16.79 %	83.21 %	100.00 %

The following table presents the percentage of the Company's commercial real estate loan portfolio by geographic concentration that is owner and non-owner occupied as of March 31, 2024.

	At March 31, 2024		
	Owner Occupied	Non-Owner Occupied	Total
Geographic concentration:			
New England	11.24 %	66.83 %	78.07 %
New York	3.10 %	13.46 %	16.56 %
Other	2.92 %	2.45 %	5.37 %
Total	17.26 %	82.74 %	100.00 %

Construction and development financing is generally considered to involve a higher degree of risk than long-term financing on improved, occupied real estate and thus has lower concentration limits than do other commercial credit classes. Risk of loss on a construction loan is largely dependent upon the accuracy of the initial estimate of construction costs, the estimated time to sell or rent the completed property at an adequate price or rate of occupancy, and market conditions. If the estimates and projections prove to be inaccurate, the Company may be confronted with a project which, upon completion, has a value that is insufficient to assure full loan repayment.

Criteria applied in underwriting construction loans for which the primary source of repayment is the sale of the property are different from the criteria applied in underwriting construction loans for which the primary source of repayment is the stabilized cash flow from the completed project. For those loans where the primary source of repayment is from resale of the property, in addition to the normal credit analysis performed for other loans, the Company also analyzes project costs, the attractiveness of the property in relation to the market in which it is located and demand within the market area. For those construction loans where the source of repayment is the stabilized cash flow from the completed project, the Company analyzes not only project costs but also how long it might take to achieve satisfactory occupancy and the reasonableness of projected rental rates in relation to market rental rates.

Commercial Loans

The Company's commercial loan and lease portfolio is composed of commercial loans, equipment financing loans and leases and condominium association loans, which represented 23.9% 25.0% of total loans outstanding as of September 30, 2023 March 31, 2024.

The Company's commercial loan and lease portfolio is composed primarily of loans and leases to small to medium sized businesses laundry operations ($820.9 668.6 million), transportation services ($359.3 367.2 million), food services ($195.6 242.6 million), recreation services ($142.6 141.8 million), manufacturing ($110.6 153.2 million), retail ($149.9 155.2 million), and rental and leasing services ($59.4 78.6 million) as of September 30, 2023 March 31, 2024.

The Company provides commercial banking services to companies in its market area. Approximately 39.0% 39.5% of the commercial loans outstanding as of September 30, 2023 March 31, 2024 were made to borrowers located in New England. The remaining 61.0% 60.5% of the commercial loans outstanding were made to borrowers in other areas in the United States of America, primarily by the Company's equipment financing divisions. Product offerings include lines of credit, term loans, letters of credit, deposit services and cash management. These types of credit facilities have as their primary source of repayment cash flows from the operations of a business. Interest rates offered are available on a floating basis tied to the prime rate or a similar index or on a fixed-rate basis referenced on the FHLB of Boston and FHLB of New York index. indices.

Credit extensions are made to established businesses on the basis of loan purpose and assessment of capacity to repay as determined by an analysis of their financial statements, the nature of collateral to secure the credit extension and, in most instances, the personal guarantee of the owner of the business as well as industry and general economic conditions. The Company also participates in U.S. Government programs such as the SBA 7A program and as an SBA preferred lender. Included in the commercial loans balances are the PPP loans totaling $0.3 million as of September 30, 2023.

The Company's equipment financing divisions focus on market niches in which its lenders have deep experience and industry contacts, and on making loans to customers with business experience. An important part of the Company's equipment financing loan origination volume comes from equipment manufacturers and existing customers as they expand their operations. The equipment financing portfolio is composed primarily of loans to finance laundry, tow trucks, fitness, dry cleaning and convenience store equipment. Approximately 17.3% 11.0% of the commercial loans outstanding in the equipment financing divisions were made to borrowers located primarily in the greater state of New York and New Jersey metropolitan area. York. Typically, the loans are priced at a fixed rate of interest and require monthly payments over their 3- to 7-year life. The yields earned on equipment financing loans are higher than those earned on the commercial loans made by the Banks because they involve a higher degree of credit risk. Equipment financing customers are typically small-business owners who operate with limited financial resources and who face greater risks when the economy weakens or unforeseen adverse events arise. Because of these characteristics, personal guarantees of borrowers are usually obtained along with liens on available assets. The size of loan is determined by an analysis of cash flow and other characteristics pertaining to the business and the equipment to be financed, based on detailed revenue and profitability data of similar operations.

Loans to condominium associations are for the purpose of funding capital improvements, are made for five- to ten-year terms and are secured by a general assignment of condominium association revenues. Among the factors considered in the underwriting of such loans are the level of owner occupancy, the financial condition and history of the condominium association, the attractiveness of the property in relation to the market in which it is located and the reasonableness of estimates of the cost of capital improvements to be made. Depending on loan size, funds are advanced as capital improvements are made and, in more complex situations, after completion of engineering inspections.

Consumer Loans

The consumer loan portfolio, which is composed of residential mortgage loans, home equity loans and lines of credit, and other consumer loans, represented 15.6% 15.4% of total loans outstanding as of September 30, 2023 March 31, 2024. The Company focuses its mortgage and home equity lending on existing and new customers within its branch networks in its urban and suburban marketplaces in the greater Greater Boston and Providence metropolitan areas along with the Lower Hudson Valley area of New York, and Providence metropolitan areas. York.

The Company originates adjustable- and fixed-rate residential mortgage loans secured by one- to four-family residences. Each residential mortgage loan granted is subject to a satisfactorily completed application, employment verification, credit history and a demonstrated ability to repay the debt. Generally, loans are not made when the loan-to-value ratio exceeds 80% unless private mortgage insurance is obtained and/or there is a financially strong guarantor. Appraisals are performed by outside independent fee appraisers.

Underwriting guidelines for home equity loans and lines of credit are similar to those for residential mortgage loans. Home equity loans and lines of credit are limited to no more than 80% of the appraised value of the property securing the loan including the amount of any existing first mortgage liens.

Other consumer loans have historically been a modest part of the Company's loan originations. As of September 30, 2023 March 31, 2024, other consumer loans equaled $48.3 million $48.5 million, or 0.5% of total loans outstanding.

Asset Quality

Criticized and Classified Assets

The Company's management rates certain loans and leases as "other assets especially mentioned" ("OAEM"), "substandard" or "doubtful" based on criteria established under banking regulations. These loans and leases are collectively referred to as "criticized" assets. Loans and leases rated OAEM have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects of the loan or lease at some future date. Loans and leases rated as substandard are inadequately protected by the payment capacity of the obligor or of the collateral pledged, if any. Substandard loans and leases have a well-defined weakness or weaknesses that jeopardize the liquidation of debt and are characterized by the distinct possibility that the Company will sustain some loss if existing deficiencies are not corrected. Loans and leases rated as doubtful have well-defined weaknesses that jeopardize the orderly liquidation of debt and partial loss of principal is likely. As of September 30, 2023 March 31, 2024, the Company had $156.7 million $150.5 million of total assets that were designated as criticized. This compares to $108.2 million $128.0 million of assets designated as criticized as of December 31, 2022. December 31, 2023. The increase of $48.5 million $22.5 million in criticized assets was primarily driven by increases in commercial real estate equipment financing and equipment financing construction relationships for the nine three months ended September 30, 2023 March 31, 2024.

Nonperforming Assets

"Nonperforming assets" consist of nonaccrual loans and leases, other real estate owned ("OREO") and other repossessed assets. Under certain circumstances, the Company may restructure the terms of a loan or lease as a concession to a borrower, except for acquired loans and leases which are individually evaluated against expected performance on the date of acquisition. These restructured loans and leases are generally considered "nonperforming loans and leases" until a history of collection of at least six months on the restructured terms of the loan or lease has been established. OREO consists of real estate acquired through foreclosure proceedings and real estate acquired through acceptance of a deed in lieu of foreclosure. Other repossessed assets consist of assets that have been acquired through foreclosure that are not real estate and are included in other assets on the Company's unaudited consolidated balance sheets.

Accrual of interest on loans generally is discontinued when contractual payment of principal or interest becomes past due 90 days or, if in management's judgment, reasonable doubt exists as to the full timely collection of interest. When a loan is placed on nonaccrual status, interest accruals cease and all previously accrued and uncollected interest is reversed and charged against current interest income. Interest payments on nonaccrual loans are generally applied to principal. If collection of the principal is reasonably assured, interest payments are recognized as income on the cash basis. Loans are generally returned to accrual status when principal and interest payments are current, full collectability of principal and interest is reasonably assured and a consistent record of at least six months of performance has been achieved.

In cases where a borrower experiences financial difficulties and the Company makes or reasonably expects to make certain concessionary modifications to contractual terms, the loan is classified as a modified loan. In determining whether a debtor is experiencing financial difficulties, the Company considers, among other factors, if the debtor is in payment default or is likely to be in payment default in the foreseeable future without the modification, the debtor declared or is in the process of declaring bankruptcy, there is substantial doubt that the debtor will continue as a going concern, the debtor's entity-specific projected cash flows will not be sufficient to service its debt, or the debtor cannot obtain funds from sources other than the existing creditors at market terms for debt with similar risk characteristics.

As of September 30, 2023 March 31, 2024, the Company had nonperforming assets of $51.5 million $42.5 million, representing 0.46% 0.37% of total assets, compared to nonperforming assets of $15.3 million $45.3 million, or 0.17% 0.40% of total assets as of December 31, 2022 December 31, 2023. The increase decrease of $36.2 $2.8 million in nonperforming assets was primarily driven by the $22.7 million increase a $1.3 million decrease in equipment financing loans and a $1.2 million decrease in commercial real estate loans the $4.9 million increase in commercial loans, and the $4.3 million increase in equipment financing loans during the nine three months ended September 30, 2023 March 31, 2024.

The Company evaluates the underlying collateral of each nonaccrual loan and lease and continues to pursue the collection of interest and principal. Management believes that the current level of nonperforming assets remains manageable relative to the size of the Company's loan and lease portfolio. If economic conditions were to worsen or if the marketplace were to experience prolonged economic stress, it is likely that the level of nonperforming assets would increase, as would the level of charged-off loans.

Past Due and Accruing

As of September 30, 2023 March 31, 2024 and December 31, 2023, the Company had $1.2 million minimal loans and leases greater than 90 days past due and accruing, compared to minimal to no loans as of December 31, 2022. The $1.2 million increase in loans and leases greater than 90 days past due and accruing is primarily due to one equipment financing relationship totaling $0.9 million. accruing.

The following table sets forth information regarding nonperforming assets for the periods indicated:

		At September 30, 2023	At December 31, 2022
		(Dollars in Thousands)	
	At March 31, 2024 (Dollars in Thousands)	At March 31, 2024	At December 31, 2023 (Dollars in Thousands)
Nonperforming loans and leases:	Nonperforming loans and leases:		
Nonaccrual loans and leases:	Nonaccrual loans and leases:		
Nonaccrual loans and leases:			
Nonaccrual loans and leases:			
Commercial real estate			
Commercial real estate			
Commercial real estate	Commercial real estate	$23,263	$ 607
Multi-family mortgage	Multi-family mortgage	1,318	—
Construction	Construction	2,316	707
Total commercial real estate loans	Total commercial real estate loans	26,897	1,314
Commercial	Commercial	5,406	464
Commercial			

Commercial			
Equipment financing	Equipment financing	13,974	9,653
Condominium association	Condominium association	—	58
Total commercial loans and leases	Total commercial loans and leases	19,380	10,175
Residential mortgage			
Residential mortgage			
Residential mortgage	Residential mortgage	4,249	2,680
Home equity	Home equity	713	723
Other consumer	Other consumer	2	2
Total consumer loans	Total consumer loans	4,964	3,405
Total nonaccrual loans and leases	Total nonaccrual loans and leases	51,241	14,894
Total nonaccrual loans and leases			
Total nonaccrual loans and leases			
Other real estate owned			
Other real estate owned			
Other real estate owned			
Other repossessed assets	Other repossessed assets	299	408
Total nonperforming assets	Total nonperforming assets	$51,540	$15,302
Loans and leases past due greater than 90 days and accruing			
Loans and leases past due greater than 90 days and accruing			
Loans and leases past due greater than 90 days and accruing	Loans and leases past due greater than 90 days and accruing	$ 1,175	$ 33
Total delinquent loans and leases 61-90 days past due	Total delinquent loans and leases 61-90 days past due	28,284	2,218
Restructured loans and leases not included in nonperforming assets	Restructured loans and leases not included in nonperforming assets	—	16,385
Total nonperforming loans and leases as a percentage of total loans and leases	Total nonperforming loans and leases as a percentage of total loans and leases	0.55 %	0.19 %
Total nonperforming loans and leases as a percentage of total loans and leases			

Total nonperforming loans and leases as a percentage of total loans and leases					0.42 %	0.45 %
Total nonperforming assets as a percentage of total assets	Total nonperforming assets as a percentage of total assets	0.46 %	0.17 %	Total nonperforming assets as a percentage of total assets	0.37 %	0.40 %
Total delinquent loans and leases 61-90 days past due as a percentage of total loans and leases	Total delinquent loans and leases 61-90 days past due as a percentage of total loans and leases	0.30 %	0.03 %	Total delinquent loans and leases 61-90 days past due as a percentage of total loans and leases	0.10 %	0.05 %

Allowance for Credit Losses

The allowance for credit losses consists of general and specific allowances and reflects management's estimate of expected loan and lease losses over the life of the loan or lease. Management uses a consistent and systematic process and methodology to evaluate the adequacy of the allowance for credit losses on a quarterly basis. Management continuously evaluates and challenges inputs and assumptions in the allowance for credit losses.

While management evaluates currently available information in establishing the allowance for credit losses, future adjustments to the allowance for loan and lease losses may be necessary if conditions differ substantially from the assumptions used in making the evaluations. Management performs a comprehensive review of the allowance for credit losses on a quarterly basis. In addition, various regulatory agencies, as an integral part of their examination process, periodically review a financial institution's allowance for credit losses and carrying amounts of other real estate owned. Such agencies may require the financial institution to recognize additions or reductions to the allowance based on their judgments about information available to them at the time of their examination.

The Company's allowance methodology provides a quantification of estimated losses in the portfolio. Under the current methodology, management estimates losses over the life of the loan using reasonable and supportable forecasts. Forecasts, loan data, and model documentation are extensively analyzed and reviewed throughout the quarter to ensure estimated losses are appropriate at quarter end. Qualitative adjustments are applied when model output does not align with management expectations. These adjustments are thoroughly reviewed and documented to provide clarity and a reasonable basis for any deviations from the model. For September 30, 2023 March 31, 2024, qualitative adjustments were applied to the commercial real estate, commercial, and consumer portfolios resulting in a net addition in total reserves compared to modeled calculations.

The following tables present the changes in the allowance for loan and lease losses by portfolio category for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023.

At and for the Three Months Ended March 31, 2024

At and for the Three Months Ended March 31, 2024

At and for the Three Months Ended March 31, 2024

	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2023				

	At and for the Three Months Ended September 30, 2023							
	Commercial Real Estate		Commercial		Consumer		Total	
	(In Thousands)							
Balance at June 30, 2023	$	84,301	$	35,634	$	5,882	$	125,817
Charge-offs								
Charge-offs								
Charge-offs	Charge-offs	—		(11,047)		(29)		(11,076)
Recoveries	Recoveries	3		89		10		102
Provision (credit) for loan and lease losses	Provision (credit) for loan and lease losses	(5,524)		8,829		933		4,238

Balance at September 30, 2023		$ 78,780	$ 33,505	$ 6,796	$ 119,081
Balance at March 31, 2024					
Total loans and leases	Total loans and leases	$5,669,768	$2,241,375	$1,469,639	$9,380,782
Total loans and leases					
Total loans and leases					
Total allowance for loan and lease losses as a percentage of total loans and leases	Total allowance for loan and lease losses as a percentage of total loans and leases	1.39 %	1.49 %	0.46 %	1.27 %

Total allowance for loan and lease losses as a percentage of total loans and leases	1.45 %	1.26 %	0.42 %	1.24 %

At and for the Three Months Ended March 31, 2023

At and for the Three Months Ended March 31, 2023

At and for the Three Months Ended March 31, 2023

	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2022				

(In Thousands)

		At and for the Three Months Ended September 30, 2022			
		Commercial Real Estate	Commercial	Consumer	Total
		(In Thousands)			
Balance at June 30, 2022		$ 70,027	$ 20,105	$ 3,056	$ 93,188
Charge-offs					
Charge-offs					
Charge-offs	Charge-offs	—	(584)	(14)	(598)
Recoveries	Recoveries	6	763	8	777
Provision (credit) for loan and lease losses	Provision (credit) for loan and lease losses	(2,573)	2,984	391	802
Balance at September 30, 2022		$ 67,460	$ 23,268	$ 3,441	$ 94,169
Balance at March 31, 2023					
Total loans and leases	Total loans and leases	$4,269,512	$1,933,645	$1,218,147	$7,421,304
Total loans and leases					
Total loans and leases					

Total allowance for loan and lease losses as a percentage of total loans and leases	Total allowance for loan and lease losses as a percentage of total loans and leases	1.58 %	1.20 %	0.28 %	1.27 %	Total allowance for loan and lease losses as a percentage of total loans and leases	1.47 %	1.53 %	0.36 %	1.31 %

	At and for the Nine Months Ended September 30, 2023			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2022	$ 68,154	$ 26,604	$ 3,724	$ 98,482
Charge-offs	—	(13,475)	(38)	(13,513)
Recoveries	15	951	25	991
Provision (credit) for loan and lease losses	10,611	19,425	3,085	33,121
Balance at September 30, 2023	$ 78,780	$ 33,505	$ 6,796	$ 119,081
Total loans and leases	$ 5,669,768	$ 2,241,375	$ 1,469,639	$ 9,380,782
Total allowance for loan and lease losses as a percentage of total loans and leases	1.39 %	1.49 %	0.46 %	1.27 %

	At and for the Nine Months Ended September 30, 2022			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2021	$ 69,213	$ 27,055	$ 2,816	$ 99,084
Charge-offs	(37)	(4,417)	(20)	(4,474)
Recoveries	18	1,395	52	1,465
Provision (credit) for loan and lease losses	(1,734)	(765)	593	(1,906)
Balance at September 30, 2022	$ 67,460	$ 23,268	$ 3,441	$ 94,169
Total loans and leases	$ 4,269,512	$ 1,933,645	$ 1,218,147	$ 7,421,304
Total allowance for loan and lease losses as a percentage of total loans and leases	1.58 %	1.20 %	0.28 %	1.27 %

At September 30, 2023 March 31, 2024, the allowance for loan and lease losses increased to $119.1 million $120.1 million, or 1.27% 1.24% of total loans and leases outstanding, which included $2.3 million in provision (credit) for loan and lease losses on purchase credit deteriorated ("PCD") loans. outstanding. This compared to an allowance for loan and lease losses of $98.5 million $117.5 million, or 1.29% 1.22% of total loans and leases outstanding, as of December 31, 2022 December 31, 2023. Both figures exclude Paycheck Protection Program ("PPP") loans which are not subject to an allowance reserve since they are guaranteed by the SBA.

Net charge-offs in the loans and leases for the three months ended September 30, 2023 March 31, 2024 and 2023 were $11.0 million compared to net recoveries $8.8 million and $0.5 million, respectively. Net charge-offs for the three months ended September 30, 2022 March 31, 2024 included a $3.7 million charge-off on a letter of $0.2 million. credit. As a percentage of average loans and leases, annualized net charge-offs for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 were 0.47% 0.36% and a negative 0.01% 0.02%, respectively. The year over year increase in the net charge-offs was primarily due to increases in net charge-offs of $9.8 million $3.0 million in commercial equipment financing loans and $1.3 million $1.0 million in equipment financing commercial loans.

The following table sets forth the Company's percent of allowance for loan and lease losses to the total allowance for loan and lease losses, and the percent of loans to total loans for each of the categories listed at the dates indicated.

	At September 30, 2023			At December 31, 2022		
	Amount	Percent of Allowance in Each Category to Total Allowance	Percent of Loans in Each Category to Total Loans	Amount	Percent of Allowance in Each Category to Total Allowance	Percent of Loans in Each Category to Total Loans
	(Dollars in Thousands)					
Commercial real estate	$ 50,688	42.5 %	42.3 %	$44,536	45.3 %	39.9 %
Multi-family mortgage	17,045	14.3 %	14.5 %	16,885	17.1 %	15.1 %
Construction	11,047	9.3 %	3.7 %	6,733	6.8 %	2.7 %
Total commercial real estate loans	78,780	66.1 %	60.5 %	68,154	69.2 %	57.7 %
Commercial	16,744	14.1 %	9.2 %	12,190	12.4 %	9.9 %
Equipment financing	16,624	14.0 %	14.2 %	14,315	14.5 %	15.9 %
Condominium association	137	0.1 %	0.5 %	99	0.1 %	0.6 %
Total commercial loans	33,505	28.2 %	23.9 %	26,604	27.0 %	26.4 %
Residential mortgage	3,966	3.3 %	11.5 %	1,894	1.9 %	11.0 %
Home equity	2,222	1.9 %	3.6 %	1,478	1.5 %	4.2 %
Other consumer	608	0.5 %	0.5 %	352	0.4 %	0.7 %
Total consumer loans	6,796	5.7 %	15.6 %	3,724	3.8 %	15.9 %
Total	$119,081	100.0 %	100.0 %	$98,482	100.0 %	100.0 %

	At March 31, 2024				At March 31, 2024
	Amount		Percent of Allowance in Each Category to Total Allowance	Percent of Loans in Each Category to Total Loans	Amount
	(Dollars in Thousands)				
Commercial real estate	$ 52,531	43.8	43.8 %	41.4 %	$
Multi-family mortgage	17,410	14.5	14.5 %	14.7 %	
Construction	13,534	11.3	11.3 %	3.5 %	
Total commercial real estate loans	83,475	69.6	69.6 %	59.6 %	
Commercial	13,769	11.5	11.5 %	10.4 %	
Equipment financing	16,507	13.7	13.7 %	14.2 %	
Condominium association	141	0.1	0.1 %	0.4 %	
Total commercial loans	30,417	25.3	25.3 %	25.0 %	
Residential mortgage	3,275	2.7	2.7 %	11.3 %	
Home equity	2,323	1.9	1.9 %	3.6 %	
Other consumer	634	0.5	0.5 %	0.5 %	
Total consumer loans	6,232	5.1	5.1 %	15.4 %	
Total	$120,124	100.0 %		100.0 %	$117,522

Management believes that the allowance for loan and lease losses as of September 30, 2023 March 31, 2024 is appropriate.

Investment Securities

The investment portfolio exists primarily for liquidity purposes, and secondarily as a source of interest and dividend income, interest-rate risk management and tax planning as a counterbalance to loan and deposit flows. Investment securities are utilized as part of the Company's asset/liability management and may be sold in response to, or in anticipation of, factors such as changes in market conditions and interest rates, security prepayment rates, deposit outflows, liquidity concentrations and regulatory capital requirements.

The investment policy of the Company, which is reviewed and approved by the Board of Directors on an annual basis, specifies the types of investments that are acceptable, required investment ratings by at least one nationally recognized rating agency, concentration limits and duration guidelines. Compliance with the investment policy is monitored on a regular basis. In general, the Company seeks to maintain a high degree of liquidity and targets cash, cash equivalents and investment securities available-for-sale balances between 10% 8% and 30% 12% of total assets.

Cash, cash equivalents, and investment securities increased $1.7 million $118.1 million, or 0.2% 45.0% on an annualized basis, remaining at $1.0 billion to $1.2 billion as of September 30, 2023 and December 31, 2022 March 31, 2024, from $1.05 billion December 31, 2023. The increase was driven by an increase in investment securities available for sale. short-term investments. Cash, cash equivalents, and investment securities were 9.3% 10.1% of total assets as of September 30, 2023 March 31, 2024, compared to 11.32% 9.22% of total assets at December 31, 2022 December 31, 2023.

The following table sets forth certain information regarding the amortized cost and market value of the Company's investment securities at the dates indicated:

	At September 30, 2023		At December 31, 2022		At March 31, 2024				At December 31, 2023		
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost		Fair Value		Amortized Cost		Fair Value
	(In Thousands)				(In Thousands)						
Investment securities available-for-sale:											
Investment securities available-for-sale:											
GSE debentures	$195,493	$168,893	$176,751	$152,422							
GSE CMOs	67,489	59,892	19,977	18,220							
GSE MBSs	192,370	166,462	159,824	140,576							
Municipal obligations	18,914	18,317	—	—							
Municipal obligations											
Municipal obligations											
Corporate debt obligations	25,484	24,623	14,076	13,764							
U.S. Treasury bonds	479,582	441,746	362,850	331,307							
Foreign government obligations											
Foreign government obligations											
Foreign government obligations	500	479	500	477	500	489	489	500	500	485	485
Total investment securities available-for-sale	$979,832	$880,412	$733,978	$656,766							

The fair value of investment securities is based principally on market prices and dealer quotes received from third-party, nationally-recognized pricing services for identical investment securities such as U.S. Treasury and agency securities. The Company's marketable equity securities are priced this way and are included in Level 1 of the fair value hierarchy in accordance with ASC 820. These prices are validated by comparing the primary pricing source with an alternative pricing source when available. When quoted market prices for identical securities are unavailable, the Company uses market prices provided by independent pricing services based on recent trading activity and other observable information, including but not limited to market interest-rate curves, referenced credit spreads and estimated prepayment speeds where applicable. These investments include certain U.S. and government agency debt securities, municipal and corporate debt securities, GSE residential MBSs and CMOs, all of which are included in Level 2. Certain fair values are estimated using pricing models and are included in Level 3.

Additionally, management reviews changes in fair value from period to period and performs testing to ensure that prices received from the third parties are consistent with their expectation of the market. Changes in the prices obtained from the pricing service are analyzed from month to month, taking into consideration changes in market conditions including changes in mortgage spreads, changes in U.S. Treasury security yields and changes in generic pricing of 15-year and 30-year securities. Additional analysis may include a review of prices provided by other independent parties, a yield analysis, a review of average life changes using Bloomberg analytics and a review of historical pricing for the particular security.

Maturities, calls and principal repayments for investment securities available-for-sale totaled $242.8 million $45.7 million for the nine three months ended September 30, 2023 March 31, 2024 compared to $79.5 million $33.1 million for the same period in 2022. 2023. For the nine three months ended September 30, 2023 March 31, 2024, the Company sold $230.0 million of investment securities available-for-sale. For the same period in 2022, the Company did not sell any investment securities available-for-sale. available-for-sale, compared to $224.8 million for the same period in 2023. For the nine three months ended September 30, 2023 March 31, 2024, the Company purchased $330.8 million $1.4 million of investment securities available-for-sale, compared to $123.1 million $274.4 million for the same period in 2022. 2023.

As of September 30, 2023 March 31, 2024, the fair value of all investment securities available-for-sale was $880.4 million $865.8 million with $99.4 million $75.9 million of net unrealized losses, compared to a fair value of $656.8 million $916.6 million and net unrealized losses of $77.2 million $67.7 million as of December 31, 2022 December 31, 2023. As of September 30, 2023 March 31, 2024, $847.3 million $788.6 million, or 96.2% 91.1%, of the portfolio, had gross unrealized losses of $99.5 million $76.3 million. This compares to $630.5 million $717.2 million, or 96.0% 77.8%, of the portfolio with gross unrealized losses of $77.5 million $69.0 million as of December 31, 2022 December 31, 2023. The Company's unrealized loss position decreased increased in 2023 2024 primarily driven by a rebalancing of the portfolio to more closely align it with increase in current market rates.

Restricted Equity Securities

FHLB of Boston and FHLB of New York Stock—The Company invests in the stock of the FHLB of Boston and FHLB of New York as one of the requirements to borrow funds from the FHLB. The Company generally maintains an excess balance of capital stock, which allows for additional borrowing capacity at each of the Banks. As of September 30, 2023 March 31, 2024 and December 31, 2023, the excess balance of capital stock there was $1.2 million, compared to no excess balance of capital stock as of December 31, 2022. stock.

As of September 30, 2023 March 31, 2024, the Company owned stock in the FHLB of Boston FHLBs with a carrying value of $40.8 million $52.7 million, a decrease of $12.1 million $2.8 million from $52.9 million $55.5 million as of December 31, 2022 December 31, 2023. As of September 30, 2023 March 31, 2024, the FHLB of Boston had total assets of $62.7 billion $66.0 billion and total capital of $3.5 billion $3.6 billion, of which $1.8 billion was retained earnings. As of September 30,

2023, the Company owned stock in the FHLB of New York with a carrying value of $2.9 million. As of September 30, 2023 March 31, 2024, the FHLB of New York had total assets of $144.4 billion $159.6 billion and total capital of $7.9 billion $8.3 billion, of which $2.3 billion $2.4 billion was retained earnings. The FHLB of Boston stated that it remained in compliance with all regulatory capital ratios as of September 30, 2023 March 31, 2024 and was classified as "adequately

"adequately capitalized" by its regulator, based on the FHLB of Boston's financial information as of June 30, 2023 December 31, 2023. The FHLB of New York stated that it met all of its regulatory capital requirements and liquidity requirements ratios at September 30, 2023 March 31, 2024.

Federal Reserve Bank Stock—The Company invests in the stock of the Federal Reserve Bank of Boston and the Federal Reserve Bank of New York, as a condition to the Banks' membership in the Federal Reserve System. As of September 30, 2023 March 31, 2024 and December 31, 2023 , the Company owned stock in the Federal Reserve Bank Banks with a carrying value of $21.5 million. As of December 31, 2022, the Company owned stock in the Federal Reserve Bank of $18.2 million $21.9 million.

Other Stock—The Company invests in a small number of other restricted equity securities which includes American Financial Exchange ("AFX") and Statewide Zone. As of September 30, 2023 March 31, 2024, the Company owned stock in other restricted equity securities with a carrying value of $0.2 million, unchanged from December 31, 2022 December 31, 2023.

Deposits

The following table presents the Company's deposit mix at the dates indicated.

	At September 30, 2023			At December 31, 2022		
	Amount	Percent of Total	Weighted Average Rate	Amount	Percent of Total	Weighted Average Rate
	(Dollars in Thousands)					
Non-interest-bearing deposits:						

	At March 31, 2024			At December 31, 20
	Amount	Percent of Total	Weighted Average Rate	Amount
	(Dollars in Thousands)			
Non-interest-bearing deposits:				
Demand checking accounts				
Demand checking accounts				

Demand checking accounts	Demand checking accounts	$1,745,137	20.4 %	— %	$1,802,518	27.6 %	— %		$ 1,629,371	18.7	18.7 %	— %	$1,678,406
Interest-bearing deposits:	Interest-bearing deposits:							Interest-bearing deposits:					
NOW accounts	NOW accounts	647,476	7.6 %	0.68 %	544,118	8.3 %	0.18 %	NOW accounts	654,748	7.5	7.5 %	0.67 %	661,863
Savings accounts	Savings accounts	1,625,804	19.0 %	3.40 %	762,271	11.7 %	0.70 %	Savings accounts	1,727,893	19.8	19.8 %	2.75 %	1,669,018
Money market accounts	Money market accounts	2,161,359	25.2 %	2.23 %	2,174,952	33.4 %	1.63 %	Money market accounts	2,065,569	23.7	23.7 %	3.10 %	2,082,810
Certificate of deposit accounts	Certificate of deposit accounts	1,491,844	17.4 %	3.49 %	928,143	14.2 %	1.68 %	Certificate of deposit accounts	1,670,147	19.2	19.2 %	4.22 %	1,574,855
Brokered deposit accounts	Brokered deposit accounts	894,393	10.4 %	4.26 %	310,144	4.8 %	3.00 %	Brokered deposit accounts	970,925	11.1	11.1 %	4.49 %	881,173
Total interest-bearing deposits	Total interest-bearing deposits	6,820,876	79.6 %	2.90 %	4,719,628	72.4 %	1.41 %	Total interest-bearing deposits	7,089,282	81.3	81.3 %	3.24 %	6,869,719
Total deposits	Total deposits	$8,566,013	100.0 %	2.31 %	$6,522,146	100.0 %	1.02 %	Total deposits	$8,718,653	100.0	100.0 %	2.64 %	$8,548,125

Total deposits increased $2.0 billion $170.5 million to $8.6 billion $8.7 billion as of September 30, 2023 March 31, 2024, compared to $6.5 billion $8.5 billion as of December 31, 2022 December 31, 2023. Deposits as a percentage of total assets increased to 76.6% 75.5% as of September 30, 2023 March 31, 2024, compared to 71.0% 75.1% as of December 31, 2022 December 31, 2023.

During the nine three months ended September 30, 2023 March 31, 2024, core deposits increased $895.9 million decreased $14.5 million. The ratio of core deposits to total deposits decreased from 81.0% 71.3% as of December 31, 2022 December 31, 2023 to 72.1% 69.7% as of September 30, 2023 March 31, 2024, primarily due to a decrease in percentage of money market demand checking accounts and demand checking money market accounts to total deposits.

Certificate of deposit accounts increased $0.5 billion $95 million to $1.5 billion $1.7 billion as of September 30, 2023 March 31, 2024, compared to $0.9 billion $1.6 billion as of December 31, 2022 December 31, 2023. Certificate of deposit accounts increased as a percentage of total deposits to 17.4% 19.2% as of September 30, 2023 March 31, 2024 from 14.2% 18.4% as of December 31, 2022 December 31, 2023.

Brokered deposits increased $584.2 million $89.8 million to $894.4 million $970.9 million as of September 30, 2023 March 31, 2024, compared to $310.1 million $881.2 million as of December 31, 2022 December 31, 2023. Brokered deposits increased as a percentage of total deposits to 10.4% 11.1% as of September 30, 2023 March 31, 2024 from 4.8% 10.3% as of December 31, 2022 December 31, 2023. The increase in brokered deposits was driven by the purchase of brokered certificates of deposit. Brokered deposits allow the Company to seek additional funding by attracting deposits from outside the Company's core market. The Company's investment policy limits the total amount of brokered deposits the Company may hold to 15% of total assets.

The following table sets forth the distribution of the average balances of the Company's deposit accounts for the periods indicated and the weighted average interest rates on each category of deposits presented. Averages for the periods presented are based on daily balances.

	Three Months Ended September 30,					
	2023			2022		
	Average Balance	Percent of Total Average Deposits	Weighted Average Rate	Average Balance	Percent of Total Average Deposits	Weighted Average Rate
	(Dollars in Thousands)					
	Three Months Ended March 31,					
	Three Months Ended March 31,					

	Three Months Ended March 31, 2024 Average Balance										
	(Dollars in Thousands)										
Core deposits:											
Non-interest-bearing demand checking accounts	$	1,794,225	21.0	%	—	%	$	1,908,459	27.6	%	— %
NOW accounts		681,929	8.0	%	0.67	%		607,210	8.8	%	0.38 %
Savings accounts		1,557,911	18.3	%	2.26	%		881,988	12.8	%	0.30 %
Money market accounts		2,177,528	25.5	%	2.88	%		2,423,920	35.1	%	0.66 %
Total core deposits		6,211,593	73.9	%	1.66	%		5,821,577	84.3	%	0.36 %
Certificate of deposit accounts		1,444,269	16.9	%	3.33	%		964,112	14.0	%	0.74 %
Brokered deposit accounts		882,351	10.3	%	5.03	%		117,058	1.7	%	0.92 %
Total deposits	$	8,538,213	100.0	%	2.28	%	$	6,902,747	100.0	%	0.43 %

	Nine Months Ended September 30,					
	2023			2022		
	Average Balance	Percent of Total Average Deposits	Weighted Average Rate	Average Balance	Percent of Total Average Deposits	Weighted Average Rate
	(Dollars in Thousands)					
Core deposits:						
Non-interest-bearing demand checking accounts	$ 1,857,429	22.2 %	— %	$ 1,891,698	27.1 %	— %
NOW accounts	741,951	8.8 %	0.56 %	603,243	8.6 %	0.20 %
Savings accounts	1,365,541	16.3 %	1.69 %	915,185	13.1 %	0.16 %
Money market accounts	2,227,404	26.6 %	2.52 %	2,423,207	34.8 %	0.42 %
Total core deposits	6,192,325	73.8 %	1.34 %	5,833,333	83.6 %	0.22 %
Certificate of deposit accounts	1,394,338	16.6 %	2.84 %	1,024,303	14.7 %	0.70 %
Brokered deposit accounts	798,800	9.5 %	4.97 %	121,724	1.7 %	0.45 %
Total deposits	$ 8,385,463	100.0 %	1.94 %	$ 6,979,360	100.0 %	0.29 %

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company had outstanding certificates of deposit of $250,000 or more, maturing as follows:

At March 31, 2024

Amount

(Dollars in Thousands)

	At March 31, 2024		At December 31, 2023	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
	(Dollars in Thousands)			
Maturity period:				
Six months or less	326,645	4.39 %	291,049	4.02 %
Over six months through 12 months	148,419	4.69 %	163,277	4.59 %
Over 12 months	55,979	4.47 4.47 %	29,637	3.91 3.91 %

Six months or less

Six months or less

	At September 30, 2023		At December 31, 2022	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
	(Dollars in Thousands)			
Maturity period:				
Three months or less	$ 75,979	3.34 %	$ 66,092	1.00 %
Over 3 months through 6 months	118,395	3.66 %	42,008	1.83 %
Over 6 months through 12 months	207,047	4.20 %	62,489	1.82 %
Over 12 months	43,279	3.89 %	101,654	2.96 %

Total certificate of deposit of $250,000 or more	Total certificate of deposit of $250,000 or more	$444,700	3.88 %	$272,243	2.05 %	Total certificate of deposit of $250,000 or more	$531,043	4.48	4.48 %	$ 483,963	4.21	4.21 %

The following table presents the Company's insured and uninsured deposit mix at the date indicated.

	At September 30, 2023 (Dollars in Millions)					
	Commercial	Consumer	Municipal	Brokered	Total	%
Insured or Collateralized	$ 1,897	$2,954	$301	$894	$6,046	71 %
Uninsured	1,496	1,023	—	—	2,519	29 %
Total	$ 3,393	$3,977	$301	$894	$8,565	100 %
Composition	40 %	46 %	4 %	10 %	100 %	

	At March 31, 2024 (Dollars in Millions)								
	Commercial		Commercial		Consumer		Municipal		Brokere
Insured or Collateralized	$2,065	$	$3,157	$	$237	$	$971	$	
Uninsured	1,297	938	938	54	54	—	—		2,
Total	$3,362	$	$4,095	$	$291	$	$971	$	

The collateral balances in the table above represent municipal deposit accounts which are covered by specific collateral and FHLB letters of credit. The remaining deposits are insured with the FDIC or via reciprocal products.

Borrowed Funds

The following table sets forth certain information regarding advances from the FHLB, subordinated debentures and notes and other borrowed funds for the periods indicated:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(Dollars in Thousands)			
Borrowed funds:				
Average balance outstanding	$ 1,156,654	$ 504,848	$ 1,340,768	$ 399,379
Maximum amount outstanding at any month-end during the period	1,153,424	758,768	1,630,102	758,768
Balance outstanding at end of period	1,135,068	758,768	1,135,068	758,768
Weighted average interest rate for the period	4.69 %	2.53 %	4.64 %	2.19 %
Weighted average interest rate at end of period	4.55 %	3.17 %	4.55 %	3.17 %

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
	(Dollars in Thousands)	
Borrowed funds:		
Average balance outstanding	$ 1,341,800	$ 1,507,084
Maximum amount outstanding at any month-end during the period	1,371,485	1,630,102
Balance outstanding at end of period	1,361,881	1,630,102
Weighted average interest rate for the period	5.01 %	4.55 %
Weighted average interest rate at end of period	5.07 %	4.68 %

Advances from the FHLB of Boston and FHLB of New York

On a long-term basis, the Company intends to continue to increase its core deposits. The Company also uses FHLB borrowings and other wholesale borrowings as part of the Company's overall strategy to fund loan growth and manage interest rate risk and liquidity. The advances are secured by a blanket security agreement which requires the Banks to maintain certain qualifying assets as collateral, principally mortgage loans and securities in an aggregate amount at least equal to outstanding advances. The maximum amount that the FHLBs FHLB will advance to member institutions, including the Company, fluctuates from time to time in accordance with the policies of the FHLBs. FHLB.

FHLB borrowings decreased $338.5 million $73.1 million to $0.9 billion $1.2 billion as of September 30, 2023 March 31, 2024 with a total capacity of $2.4 billion $2.5 billion. As of December 31, 2022 December 31, 2023, FHLB borrowings stood at $1.2 billion with a total capacity of $1.7 billion $2.6 billion.

Subordinated Debentures and Notes

As part of the acquisition of BankRI, the Company acquired two $5.0 million subordinated debentures due on June 26, 2033 and March 17, 2034, respectively. The Company is obligated to pay 3-month LIBOR fallback CME term SOFR plus spread adjustment of 0.26161% plus 3.10% and 3-month LIBOR fallback CME term SOFR plus spread adjustment of 0.26161% plus 2.79%, respectively, on a quarterly basis until the debentures mature.

The Company sold $75.0 million of 6.0% fixed-to-floating rate subordinated notes due September 15, 2029. The Company is obligated to pay 6.0% interest semiannually between September 2014 and September 2024. Subsequently, the Company is obligated to pay 3-month LIBOR fallback CME term SOFR plus spread adjustment of 0.26161% plus 3.315% quarterly until the notes mature in September 2029.

The following table summarizes the Company's subordinated debentures and notes at the dates indicated.

					Carrying Amount							
					Carrying Amount							
					Carrying Amount							
					Carrying Amount							
Issue Date	Issue Date	Rate	Maturity Date	Next Call Date	September 30, 2023	December 31, 2022	Issue Date	Rate	Maturity Date	Next Call Date	March 31, 2024	December 31, 2023
			(Dollars in Thousands)						(Dollars in Thousands)			
June 26, 2003	June 26, 2003	Variable; 3-month LIBOR fallback + 3.10%	June 26, 2033	December 25, 2023	$ 4,900	$ 4,887						
March 17, 2004	March 17, 2004	Variable; 3-month LIBOR fallback + 2.79%	March 17, 2034	December 17, 2023	4,850	4,830						
September 15, 2014	September 15, 2014	6.0% Fixed-to-Variable; 3-month LIBOR fallback + 3.315%	September 15, 2029	September 15, 2024	74,402	74,327						
				Total	$ 84,152	$ 84,044						
			Total									

The above carrying amounts of the subordinated debentures included $0.3 million $0.2 million of accretion adjustments and $0.5 million of capitalized debt issuance costs as of March 31, 2024. This compares to $0.2 million of accretion adjustments and $0.6 million of capitalized debt issuance costs as of September 30, 2023. This compares to $0.3 million of accretion adjustments and $0.7 million of capitalized debt issuance costs as of December 31, 2022 December 31, 2023.

Other Borrowed Funds

In addition to advances from the FHLB and subordinated debentures and notes, the Company utilizes other funding sources as part of the overall liquidity strategy. Those funding sources include repurchase agreements, and committed and uncommitted lines of credit with several financial institutions.

The Company periodically enters into repurchase agreements with its larger deposit and commercial customers as part of its cash management services which are typically overnight borrowings. Repurchase agreements with customers decreased $15.0 million to $37.0 million as of September 30, 2023 from $52.0 million as of December 31, 2022.

The Company has access to a $30.0 million committed line of credit as of September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the Company did not have any borrowings on this committed line of credit.

As of September 30, 2023 March 31, 2024, the Banks also have access to funding through certain uncommitted lines via American Financial Exchange (AFX) AFX as well as other large financial institution specific lines. As of March 31, 2024, the Company had $40.0 million of borrowings on outstanding uncommitted lines of credit compared to no borrowings outstanding as of December 31, 2023.

As of March 31, 2024, the Company had $82.2 million in cash borrowed from dealer counterparties. This compares to $60.0 million outstanding as of December 31, 2023. This cash collateralizes the fair value of the dealer side of derivative transactions.

Derivative Financial Instruments

The Company has entered into loan level derivatives, risk participation agreements, and foreign exchange contracts with certain of its commercial customers and concurrently enters into offsetting swaps with third-party financial institutions. The Company may also, from time to time, enter into risk participation agreements. The Company uses interest rate futures that are designated and qualify as cash flow hedging instruments.

The following table summarizes certain information concerning the Company's loan level derivatives, interest rate derivatives, risk participation agreements, and foreign exchange contracts at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

		At September 30, 2023	At December 31, 2022
		(Dollars in Thousands)	

	At March 31, 2024	At December 31, 2023
	(Dollars in Thousands)	(Dollars in Thousands)

		At September 30, 2023	At December 31, 2022
Interest rate derivatives (Notional amounts):	Interest rate derivatives (Notional amounts):	$ 225,000	$ 150,000
Loan level derivatives (Notional principal amounts):	Loan level derivatives (Notional principal amounts):		
Receive fixed, pay variable			
Receive fixed, pay variable			
Receive fixed, pay variable	Receive fixed, pay variable	$1,758,794	$1,489,709
Pay fixed, receive variable	Pay fixed, receive variable	1,758,794	1,489,709
Risk participation-out agreements	Risk participation-out agreements	513,561	393,624
Risk participation-in agreements	Risk participation-in agreements	106,624	75,223
Foreign exchange contracts (Notional amounts):	Foreign exchange contracts (Notional amounts):		
Buys foreign currency, sells U.S. currency			

Buys foreign currency, sells U.S. currency

Buys foreign currency, sells U.S. currency	Buys foreign currency, sells U.S. currency	$ 3,664	$ 2,383				
Sells foreign currency, buys U.S. currency	Sells foreign currency, buys U.S. currency	4,290	2,400				
Fixed weighted average interest rate from the Company to counterparty	Fixed weighted average interest rate from the Company to counterparty	2.93 %	2.65 %	Fixed weighted average interest rate from the Company to counterparty	3.03 %	2.96	%
Floating weighted average interest rate from counterparty to the Company	Floating weighted average interest rate from counterparty to the Company	5.68 %	4.68 %	Floating weighted average interest rate from counterparty to the Company	5.68 %	5.70	%
Weighted average remaining term to maturity (in months)	Weighted average remaining term to maturity (in months)	77	69				
Fair value:	Fair value:						
Recognized as an asset:	Recognized as an asset:						

Recognized as an asset:

Recognized as an asset:

Interest rate derivatives	Interest rate derivatives	$ —	$ 34

Interest rate derivatives

Interest rate derivatives

Loan level derivatives

Loan level derivatives

Loan level derivatives	Loan level derivatives	156,802	108,963
Risk participation-out agreements	Risk participation-out agreements	637	347
Foreign exchange contracts	Foreign exchange contracts	160	130
Recognized as a liability:	Recognized as a liability:		
Interest rate derivatives	Interest rate derivatives	$ 7,206	$ 3,170

Interest rate derivatives

Interest rate derivatives

Loan level derivatives	Loan level derivatives	156,802	108,963
Risk participation-in agreements	Risk participation-in agreements	166	31
Foreign exchange contracts	Foreign exchange contracts	132	112

Stockholders' Equity and Dividends

The Company's total stockholders' equity was decreased $4.4 million remaining at $1.2 billion as of September 30, 2023 March 31, 2024 and December 31, 2023, representing a $165.7 million increase compared to $992.1 million at December 31, 2022. respectively. The increase decrease for the nine three months ended September 30, 2023 March 31, 2024, primarily reflects the PCSB purchase of $167 million and net income attributable to the Company of $52.1 million, partially offset by dividends paid by the Company of $35.9 million $12 million and unrealized loss on securities available-for-sale of $16.8 million $6.3 million, partially offset by net income of $14.7 million.

Stockholders' equity represented 10.36% 10.35% of total assets as of September 30, 2023 March 31, 2024 and 10.80% 10.53% of total assets as of December 31, 2022 December 31, 2023. Tangible stockholders' equity (total stockholders' equity less goodwill and identified intangible assets, net) represented 8.16% 8.25% of tangible assets (total assets less goodwill and identified intangible assets, net) as of September 30, 2023 March 31, 2024 and 9.20% 8.39% as of December 31, 2022 December 31, 2023.

On November 10, 2021, the Company's Board of Directors approved a stock repurchase program authorizing management to repurchase up to $20.0 million of the Company's common stock, commencing on November 15, 2021 and ending on December 31, 2022. On June 24, 2022, the Company suspended the program. As of June 24, 2022, 956,341 shares of the Company's common stock were repurchased by the Company at a weighted average price of $14.41.

The dividend payout ratio was 52.81% 81.83% for the three months ended September 30, 2023 March 31, 2024, compared to 33.07% 158.33% for the same period in 2022. 2023.

Results of Operations

The primary drivers of the Company's net income are net interest income, which is strongly affected by the net yield on and growth of interest-earning assets and liabilities, the quality of the Company's assets, its levels of non-interest income and non-interest expense, and its tax provision.

The Company's net interest income represents the difference between interest income earned on its investments, loans and leases, and its cost of funds. Interest income is dependent on the amount of interest-earning assets outstanding during the period and the yield earned thereon. Cost of funds is a function of the average amount of deposits and borrowed money outstanding during the year and the interest rates paid thereon. The net interest margin is calculated by dividing net interest income by average interest-earning assets. Net interest spread is the difference between the average rate earned on interest-earning assets and the average rate paid on interest-bearing liabilities. The increases or decreases, as applicable, in the components of interest income and interest expense, expressed in terms of fluctuation in average volume and rate, are summarized under *"Rate/Volume Analysis"* below. Information as to the components of interest income, interest expense and average rates is provided under *"Average Balances, Net Interest Income, Interest-Rate Spread and Net Interest Margin"* below.

Because the Company's assets and liabilities are not identical in duration and in repricing dates, the differential between the two is vulnerable to changes in market interest rates as well as the overall shape of the yield curve. These vulnerabilities are inherent to the business of banking and are commonly referred to as "interest-rate risk." How interest-rate risk is measured and, once measured, how much interest-rate risk is taken on, are based on numerous assumptions and other subjective judgments. See the discussion in *"Item 3. Quantitative and Qualitative Disclosures about Market Risk"* below.

The quality of the Company's assets also influences its earnings. Loans and leases that are not paid on a timely basis and exhibit other weaknesses can result in the loss of principal and/or interest income. Additionally, the Company must make timely provisions to the allowance for loan and lease losses based on estimates of probable losses inherent in the loan and lease portfolio. These additions, which are charged against earnings, are necessarily greater when greater probable losses are expected. Further, the Company incurs expenses as a result of resolving troubled assets. These variables reflect the "credit risk" that the Company takes on in the ordinary course of business and are further discussed under *"Financial Condition—Asset Quality"* above.

Net Interest Income

Net interest income increased $6.0 million decreased $4.5 million to $84.1 million $81.6 million for the three months ended September 30, 2023 March 31, 2024 from $78.0 million $86.0 million for the three months ended September 30, 2022 March 31, 2023. This increase decrease reflects a $52.2 million increase in interest income on loans and leases, along with a $6.2 million increase in interest income on debt securities, short term investments and restricted equity securities, offset by a $52.4 million $27.4 million increase in interest expense on deposits and borrowings, which is reflective of the rising interest rate environment. environment, along with a $1.0 million decrease in interest income on debt securities, offset by a $23.3 million increase in interest income on loans and leases and a $0.6 million increase in short term investments and restricted equity securities. Refer to *"Results of Operations - Comparison of the Three-Month Period Ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 — Interest Income"* and

“Results of Operations - Comparison of the Three-Month Period Ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 — Interest Expense -Deposit and Borrowed Funds” below for more details.

Net interest income increased $36.4 million to $256.2 million for the nine months ended September 30, 2023 from $219.7 million for the nine months ended September 30, 2022. This overall increase reflects a $160.4 million increase in interest income on loans and leases and a $22.8 million increase in interest income on investments, offset by a $146.8 million increase in interest expense on deposit and borrowings, which is reflective of the rising interest rate environment. Refer to *“Results of Operations - Comparison of the Nine-Month Period Ended September 30, 2023 and September 30, 2022 — Interest Income”* and *“Results of Operations - Comparison of the Nine-Month Period Ended September 30, 2023 and September 30, 2022 — Interest Expense Deposit and Borrowed Funds”* below for more details.

Net interest margin decreased 62 30 basis points to 3.18% 3.06% for the three months ended September 30, 2023 March 31, 2024 from 3.80% 3.36% for the three months ended September 30, 2022 March 31, 2023. The Company's weighted average interest rate on loans (prior to purchase accounting adjustments) increased to 5.84% 6.03% for the three months ended September 30, 2023 March 31, 2024 from 4.60% 5.33% for the three months ended September 30, 2022 March 31, 2023.

Net interest margin decreased 35 basis points to 3.27% for the nine months ended September 30, 2023 from 3.62% for the nine months ended September 30, 2022. The Company's weighted average interest rate on loans (prior to purchase accounting adjustments) increased to 5.62% for the nine months ended September 30, 2023 from 4.24% for the nine months ended September 30, 2022.

The yield on interest-earning assets increased to 5.61% 5.79% for the three months ended September 30, 2023 March 31, 2024 from 4.35% 5.10% for the three months ended September 30, 2022 March 31, 2023. The increase is the result of higher yields on loans and leases and investments. During the three months ended September 30, 2023 March 31, 2024 and the three months ended March 31, 2023, the Company recorded $0.8 million $0.7 million in prepayment penalties and late charges, which contributed 3 basis points to yields on interest-earning assets, compared assets.

The cost of interest-bearing liabilities increased 114 basis points to $1.0 million, or 5 basis points, 3.58% for the three months ended September 30, 2022.

The yield on interest-earning assets increased to 5.40% for the nine months ended September 30, 2023 March 31, 2024 from 3.97% for the nine months ended September 30, 2022. The increase is primarily due to higher yields on loans and leases and investments. During the nine months ended September 30, 2023, the Company recorded $2.2 million in prepayment penalties and late charges, which contributed 3 basis points to yields on interest-earning assets, compared to $3.5 million in prepayment penalties and late charges, which contributed 6 basis points to yields on interest-earning assets in the nine months ended September 30, 2022.

The overall cost of funds (including non-interest-bearing demand checking accounts) increased 200 basis points to 2.57% 2.44% for the three months ended September 30, 2023 from 0.57% for the three months ended September 30, 2022 March 31, 2023. The overall cost of funds (including non-interest-bearing demand checking accounts) increased 191 basis points to 2.31% for the nine months ended September 30, 2023 from 0.40% for the nine months ended September 30, 2022. Refer to *"Financial Condition - Borrowed Funds"* above for more details. Refer to *"Financial Condition - Borrowed Funds"* above for more details.

Management seeks to position the balance sheet to be neutral to asset sensitive changes in interest rates. From 2017 through 2019, short term interest rates rose while at the same time net interest income, net interest spread, and net interest margin also increased. During 2020, interest rates declined sharply in response to the economic impact of the COVID-19 pandemic, and began to increase in the first quarter of 2022. In recent months, the Treasury yield curve has inverted and flattened at the long end. Short term rates have risen sharply due to multiple rate hikes implemented by the FRB. The shape of the curve indicates rates will begin to decline within a year and flatten around the 7-year mark. The short term increase in rates positively affected the Company's net interest income, net interest spread, and net interest margin initially. In the first nine months of 2023 and as As is expected in the near term, the net interest margin is expected to compress compressing as deposit pricing "catches up" and investable funds migrate among depository and non-depository categories. Management expects this to persist for a quarter or two, after the Federal Reserve stops increasing rates after which time the net interest margin is expected to stabilize and then increase as loans continue to reprice into the higher rate environment. To the extent the FRB cuts rates in the near term, the net interest income and the net interest margin will be highly dependent on the ability and timing to reduce deposit pricing.

Average Balances, Net Interest Income, Interest-Rate Spread and Net Interest Margin

The following table sets forth information about the Company's average balances, interest income and interest rates earned on average interest-earning assets, interest expense and interest rates paid on average interest-bearing liabilities, interest-rate spread and net interest margin for the three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023. Average balances are derived from daily average balances and yields include fees, costs and purchase-accounting-related premiums and discounts which are considered adjustments to coupon yields in accordance with GAAP.

	Three Months Ended					
	September 30, 2023			September 30, 2022		
	Average Balance	Interest (1)	Average Yield/ Cost	Average Balance	Interest (1)	Average Yield/ Cost
	(Dollars in Thousands)					

	Three Months Ended
	March 31, 2024

	Average Balance					
	(Dollars in Thousands)					
Assets:						
Interest-earning assets:						
Debt securities	$ 887,612	$ 6,840	3.08 %	$ 714,226	$ 3,337	1.87 %
Marketable and restricted equity securities	67,824	1,310	7.73 %	36,525	467	5.12 %
Short-term investments	172,483	2,390	5.54 %	66,257	464	2.80 %
Total investments	1,127,919	10,540	3.74 %	817,008	4,268	2.09 %
Commercial real estate loans (2)	5,667,373	78,750	5.44 %	4,239,155	44,729	4.13 %
Commercial loans (2)	939,492	15,295	6.38 %	731,095	8,492	4.55 %
Equipment financing (2)	1,280,033	23,331	7.29 %	1,157,829	19,042	6.58 %
Consumer loans (2)	1,471,985	19,237	5.21 %	1,206,968	12,165	4.02 %
Total loans and leases	9,358,883	136,613	5.84 %	7,335,047	84,428	4.60 %
Total interest-earning assets	10,486,802	147,153	5.61 %	8,152,055	88,696	4.35 %
Allowance for loan and lease losses	(127,077)			(93,520)		
Non-interest-earning assets	820,910			527,885		
Total assets	$11,180,635			$8,586,420		
Liabilities and Stockholders' Equity:						

Assets:
Interest-earning assets:
Interest-earning assets:
Interest-earning assets:
Debt securities

	Average Balance		Interest (1)		
Debt securities	$ 893,228		$ 6,927	3.10	%
Restricted equity securities	76,335		1,493	7.82	%
Short-term investments	130,768	1,824	1,824	5.58	5.58 %
Total investments	1,100,331	10,244	10,244	3.72	3.72 %
Commercial real estate loans (2)	5,761,735	81,049	81,049	5.56	5.56 %
Commercial loans (2)	1,026,467	17,507	17,507	6.75	6.75 %
Equipment financing (2)	1,374,426	26,895	26,895	7.83	7.83 %
Consumer loans (2)	1,482,819		19,978	5.40	%
Total loans and leases	9,645,447	145,429	145,429	6.03	6.03 %
Total interest-earning assets	10,745,778	155,673	155,673	5.79	5.79 %

Non-interest-earning assets
Non-interest-earning assets
Total assets
Total assets
Liabilities and Stockholders' Equity:
Liabilities and Stockholders' Equity:

Interest-bearing liabilities:

Interest-bearing liabilities:

Interest-bearing liabilities:	Interest-bearing liabilities:												
Interest-bearing deposits:	Interest-bearing deposits:												
Interest-bearing deposits:													
Interest-bearing deposits:													
NOW accounts													
NOW accounts													
NOW accounts	NOW accounts	$ 681,929	1,159	0.67 %	$ 607,210	579	0.38 %	$	671,914	1,261	1,261	0.75	0.75 %
Savings accounts	Savings accounts	1,557,911	8,859	2.26 %	881,988	664	0.30 %	Savings accounts	1,694,220	11,352	11,352	2.69	2.69 %
Money market accounts	Money market accounts	2,177,528	15,785	2.88 %	2,423,920	4,038	0.66 %	Money market accounts	2,076,303	15,954	15,954	3.09	3.09 %
Certificate of deposit accounts	Certificate of deposit accounts	1,444,269	12,128	3.33 %	964,112	1,803	0.74 %	Certificate of deposit accounts	1,624,118	16,672	16,672	4.13	4.13 %
Brokered deposit accounts	Brokered deposit accounts	882,351	11,185	5.03 %	117,058	270	0.92 %	Brokered deposit accounts	896,784	11,645	11,645	5.22	5.22 %
Total interest-bearing deposits (3)	Total interest-bearing deposits (3)	6,743,988	49,116	2.89 %	4,994,288	7,354	0.58 %	Total interest-bearing deposits (3)	6,963,339	56,884	56,884	3.29	3.29 %
Advances from the FHLB	Advances from the FHLB	954,989	11,706	4.80 %	331,840	1,700	2.00 %	Advances from the FHLB	1,164,534	14,633	14,633	4.97	4.97 %
Subordinated debentures and notes	Subordinated debentures and notes	84,134	1,378	6.55 %	83,989	1,295	6.17 %	Subordinated debentures and notes	84,206	1,377	1,377	6.54	6.54 %
Other borrowed funds	Other borrowed funds	117,531	790	2.67 %	89,019	268	1.20 %	Other borrowed funds	93,060	977	977	4.22	4.22 %
Total borrowed funds	Total borrowed funds	1,156,654	13,874	4.69 %	504,848	3,263	2.53 %	Total borrowed funds	1,341,800	16,987	16,987	5.01	5.01 %
Total interest-bearing liabilities	Total interest-bearing liabilities	7,900,642	62,990	3.16 %	5,499,136	10,617	0.77 %	Total interest-bearing liabilities	8,305,139	73,871	73,871	3.58	3.58 %
Non-interest-bearing liabilities:	Non-interest-bearing liabilities:							Non-interest-bearing liabilities:					
Non-interest-bearing demand checking accounts (3)	Non-interest-bearing demand checking accounts (3)	1,794,225			1,908,459			Non-interest-bearing demand checking accounts (3)	1,631,472				
Other non-interest-bearing liabilities	Other non-interest-bearing liabilities	318,041			197,446			Other non-interest-bearing liabilities	278,670				
Total liabilities	Total liabilities	10,012,908			7,605,041			Total liabilities	10,215,281				

Total stockholders' equity	Total stockholders' equity	1,167,727		981,379		Total stockholders' equity	1,201,904		
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$11,180,635		$8,586,420					
Total liabilities and stockholders' equity									
Total liabilities and stockholders' equity							$11,417,185		
Net interest income (tax-equivalent basis) / Interest-rate spread (4)	Net interest income (tax-equivalent basis) / Interest-rate spread (4)	84,163	2.45 %	78,079	3.58 %	Net interest income (tax-equivalent basis) / Interest-rate spread (4)	81,802	2.21	2.21 %
Less adjustment of tax-exempt income	Less adjustment of tax-exempt income	93		53					
Net interest income	Net interest income	$84,070		$78,026					
Net interest income									
Net interest income									
Net interest margin (5)	Net interest margin (5)		3.18 %		3.80 %				
Net interest margin (5)									
Net interest margin (5)									3.06 %

(1) Tax-exempt income on debt securities, equity securities and industrial revenue bonds are included in commercial real estate loans on a tax-equivalent basis.
(2) Loans on nonaccrual status are included in the average balances.
(3) Including non-interest-bearing checking accounts, the average interest rate on total deposits was 2.28% 2.66% and 0.42% 1.46% in the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023, respectively.
(4) Interest-rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.
(5) Net interest margin represents net interest income (tax equivalent basis) divided by average interest-earning assets.

	Nine Months Ended					
	September 30, 2023			September 30, 2022		
	Average Balance	Interest (1)	Average Yield/ Cost	Average Balance	Interest (1)	Average Yield/ Cost
	(Dollars in Thousands)					
Assets:						
Interest-earning assets:						
Debt securities	$ 971,855	$ 22,905	3.14 %	$ 720,266	$ 9,582	1.77 %
Marketable and restricted equity securities	74,000	4,238	7.64 %	31,663	1,132	4.77 %
Short-term investments	183,295	7,236	5.26 %	119,083	686	0.77 %
Total investments	1,229,150	34,379	3.73 %	871,012	11,400	1.75 %
Commercial real estate loans (2)	5,629,600	225,999	5.29 %	4,204,260	119,723	3.76 %
Commercial loans (2)	915,420	42,814	6.17 %	727,333	23,564	4.28 %
Equipment financing (2)	1,253,512	66,901	7.12 %	1,131,069	54,951	6.48 %
Consumer loans (2)	1,469,025	55,210	5.01 %	1,191,294	32,304	3.62 %
Total loans and leases	9,267,557	390,924	5.62 %	7,253,956	230,542	4.24 %
Total interest-earning assets	10,496,707	425,303	5.40 %	8,124,968	241,942	3.97 %
Allowance for loan and lease losses	(121,174)			(95,733)		

Non-interest-earning assets	819,447			515,234		
Total assets	$ 11,194,980			$ 8,544,469		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW accounts	$ 741,951	3,129	0.56 %	$ 603,243	898	0.20 %
Savings accounts	1,365,541	17,290	1.69 %	915,185	1,073	0.16 %
Money market accounts	2,227,404	41,914	2.52 %	2,423,207	7,681	0.42 %
Certificate of deposit accounts	1,394,338	29,605	2.84 %	1,024,303	5,345	0.70 %
Brokered deposit accounts	798,800	29,693	4.97 %	121,724	410	0.45 %
Total interest-bearing deposits (3)	6,528,034	121,631	2.49 %	5,087,662	15,407	0.40 %
Advances from the FHLBB	1,135,845	40,524	4.70 %	207,090	2,376	1.51 %
Subordinated debentures and notes	84,098	4,095	6.49 %	83,952	3,801	6.04 %
Other borrowed funds	120,825	2,562	2.83 %	108,337	458	0.57 %
Total borrowed funds	1,340,768	47,181	4.64 %	399,379	6,635	2.19 %
Total interest-bearing liabilities	7,868,802	168,812	2.87 %	5,487,041	22,042	0.54 %
Non-interest-bearing liabilities:						
Non-interest-bearing demand checking accounts (3)	1,857,429			1,891,698		
Other non-interest-bearing liabilities	301,543			180,842		
Total liabilities	10,027,774			7,559,581		
Total stockholders' equity	1,167,206			984,888		
Total liabilities and stockholders' equity	$ 11,194,980			$ 8,544,469		
Net interest income (tax-equivalent basis) / Interest-rate spread (4)		256,491	2.53 %		219,900	3.43 %
Less adjustment of tax-exempt income		335			159	
Net interest income		$ 256,156			$ 219,741	
Net interest margin (5)			3.27 %			3.62 %

(1) Tax-exempt income on debt securities, equity securities and industrial revenue bonds are included in commercial real estate loans on a tax-equivalent basis.
(2) Loans on nonaccrual status are included in the average balances.
(3) Including non-interest-bearing checking accounts, the average interest rate on total deposits was 1.94% and 0.30% in the nine months ended September 30, 2023 and September 30, 2022, respectively.
(4) Interest-rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.
(5) Net interest margin represents net interest income (tax equivalent basis) divided by average interest-earning assets

Rate/Volume Analysis

The following table presents, on a tax-equivalent basis, the extent to which changes in interest rates and changes in volume of interest-earning assets and interest-bearing liabilities have affected the Company's interest income and interest expense during the periods indicated. Information is provided in each category with respect to: (i) changes attributable to changes in volume (changes in volume multiplied by prior rate), (ii) changes attributable to changes in rate (changes in rate multiplied by prior volume), and (iii) the net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

	Three Months Ended September 30, 2023 as Compared to the Three Months Ended September 30, 2022			Nine Months Ended September 30, 2023 as Compared to the Nine Months Ended September 30, 2022		
	Increase (Decrease) Due To			Increase (Decrease) Due To		
	Volume	Rate	Net Change	Volume	Rate	Net Change
			(In Thousands)			
	Three Months Ended March 31, 2024 as Compared to the Three Months Ended March 31, 2023					
	Three Months Ended March 31, 2024 as Compared to the Three Months Ended March 31, 2023					
	Three Months Ended March 31, 2024 as Compared to the Three Months Ended March 31, 2023					
	Increase (Decrease) Due To					
	Increase (Decrease) Due To					

	Increase (Decrease) Due To					
	Volume					
	(In Thousands)					
Interest and dividend income:						
Investments:						
Debt securities	$ 956	$ 2,547	$ 3,503	$ 4,143	$ 9,180	$ 13,323
Marketable and restricted equity securities	529	314	843	2,142	964	3,106
Short-term investments	1,196	730	1,926	554	5,996	6,550
Total investments	2,681	3,591	6,272	6,839	16,140	22,979
Loans and leases:						
Commercial real estate loans	17,523	16,498	34,021	48,302	57,974	106,276
Commercial loans and leases	2,822	3,981	6,803	7,110	12,140	19,250
Equipment financing	2,121	2,168	4,289	6,249	5,701	11,950
Consumer loans	2,742	4,330	7,072	8,318	14,588	22,906
Total loans	25,208	26,977	52,185	69,979	90,403	160,382

Volume
Volume
(In Thousands)
(In Thousands)
Interest and dividend income:
Investments:
Investments:
Investments:
Investments:
Debt securities
Debt securities
Debt securities
Marketable and restricted equity securities
Marketable and restricted equity securities
Marketable and restricted equity securities
Short-term investments
Short-term investments
Short-term investments
Total investments
Total investments
Total investments
Loans and leases:
Loans and leases:
Loans and leases:
Commercial real estate loans
Commercial real estate loans
Commercial real estate loans
Commercial loans and leases
Commercial loans and leases
Commercial loans and leases
Equipment financing
Equipment financing
Equipment financing
Consumer loans
Consumer loans
Consumer loans
Total loans
Total loans
Total loans

Total change in interest and dividend income	Total change in interest and dividend income	27,889	30,568	58,457	76,818	106,543	183,361
Total change in interest and dividend income							
Total change in interest and dividend income							
Interest expense:							
Interest expense:							
Interest expense:	**Interest expense:**						
Deposits:	Deposits:						
Deposits:							
Deposits:							
NOW accounts							
NOW accounts							
NOW accounts	NOW accounts	81	499	580	253	1,978	2,231
Savings accounts	Savings accounts	860	7,335	8,195	794	15,423	16,217
Savings accounts							
Savings accounts							
Money market accounts							
Money market accounts							
Money market accounts	Money market accounts	(451)	12,198	11,747	(666)	34,899	34,233
Certificate of deposit accounts	Certificate of deposit accounts	1,286	9,039	10,325	2,564	21,696	24,260
Certificate of deposit accounts							
Certificate of deposit accounts							
Brokered deposit accounts							
Brokered deposit accounts							
Brokered deposit accounts	Brokered deposit accounts	6,484	4,431	10,915	10,437	18,846	29,283
Total deposits	Total deposits	8,260	33,502	41,762	13,382	92,842	106,224
Total deposits							
Total deposits							
Borrowed funds:							
Borrowed funds:							
Borrowed funds:	Borrowed funds:						
Advances from the FHLB	Advances from the FHLB	5,732	4,274	10,006	25,932	12,216	38,148
Advances from the FHLB							
Advances from the FHLB							
Subordinated debentures and notes							
Subordinated debentures and notes							
Subordinated debentures and notes	Subordinated debentures and notes	2	81	83	7	287	294
Other borrowed funds	Other borrowed funds	108	414	522	59	2,045	2,104
Other borrowed funds							
Other borrowed funds							
Total borrowed funds							
Total borrowed funds							

Total borrowed funds	5,842	4,769	10,611	25,998	14,548	40,546
Total change in interest expense	14,102	38,271	52,373	39,380	107,390	146,770
Change in tax-exempt income	40	—	40	176	—	176
Change in net interest income	$ 13,747	$ (7,703)	$ 6,044	$ 37,262	$ (847)	$ 36,415

Total change in interest expense
Total change in interest expense
Change in tax-exempt income
Change in tax-exempt income
Change in net interest income
Change in net interest income

Interest Income

Loans and Leases

	Three Months Ended September 30,		Dollar	Percent	Nine Months Ended September 30,		Dollar	Percent
	2023	2022	Change	Change	2023	2022	Change	Change
	(Dollars in Thousands)							
Interest income—loans and leases:								
Commercial real estate loans	$ 78,749	$ 44,727	$ 34,022	76.1 %	$ 225,998	$ 119,723	$ 106,275	88.8 %
Commercial loans	15,245	8,441	6,804	80.6 %	42,683	23,405	19,278	82.4 %
Equipment financing	23,331	19,042	4,289	22.5 %	66,901	54,951	11,950	21.7 %

Three Months Ended March 31,
Three Months Ended March 31,
Three Months Ended March 31,
2024
2024
2024
(Dollars in Thousands)
(Dollars in Thousands)
(Dollars in Thousands)
Interest income—loans and leases:
Interest income—loans and leases:
Commercial real estate loans
Commercial real estate loans
Commercial loans
Commercial loans
Equipment financing
Equipment financing

Residential mortgage loans									
Residential mortgage loans									
Residential mortgage loans	Residential mortgage loans	11,691	7,560	4,131	54.6 %	34,194	21,675	12,519	57.8 %
Other consumer loans	Other consumer loans	7,545	4,605	2,940	63.8 %	21,015	10,629	10,386	97.7 %
Total interest income—loans and leases		$ 136,561	$ 84,375	$ 52,186	61.9 %	$ 390,791	$ 230,383	$ 160,408	69.6 %
Other consumer loans									
Other consumer loans									
Total interest income—loans and leases (1)									
Total interest income—loans and leases (1)									
Total interest income—loans and leases (1)									

(1) Change in tax-exempt income of $128 thousand is excluded from the table above.

Total interest from loans and leases was $136.6 million $145.3 million for the three months ended September 30, 2023 March 31, 2024, and represented a yield on total loans of 5.84% 6.03%. This compares to $84.4 million $121.9 million of interest on loans and a yield of 4.60% 5.33% for the three months ended September 30, 2022 March 31, 2023. The $52.2 million $23.4 million increase in interest income from loans and leases was primarily due to an increase of $27.0 million $15.7 million in changes to interest rates, and an increase of $25.2 million in origination volume.

Interest income from loans and leases was $390.8 million for the nine months ended September 30, 2023, and represented a yield on total loans of 5.62%. This compares to $230.4 million of interest on loans and a yield of 4.24% for the nine months ended September 30, 2022. The $160.4 million increase in interest income from loans and leases was primarily attributable to an increase of $70.0 million $7.7 million due to an increase in origination volume and an increase of $90.4 million due to the changes in interest rates.

higher average loan balances.

Investments

		Three Months Ended September 30, 2023	2022	Dollar Change	Percent Change	Nine Months Ended September 30, 2023	2022	Dollar Change	Percent Change
		(Dollars in Thousands)							
		Three Months Ended March 31,							
		Three Months Ended March 31,							
		Three Months Ended March 31,							
		2024							
		2024							
		2024							
		(Dollars in Thousands)							
		(Dollars in Thousands)							
		(Dollars in Thousands)							
Interest income—investments:	Interest income—investments:								
Debt securities	Debt securities	$ 6,799	$ 3,337	$ 3,462	103.7 %	$ 22,703	$ 9,582	$ 13,121	136.9 %
Marketable and restricted equity securities		1,310	467	843	180.5 %	4,238	1,132	3,106	274.4 %
Debt securities									
Debt securities									

Restricted equity securities										
Restricted equity securities										
Restricted equity securities										
Short-term investments	Short-term investments	2,390	464	1,926	415.1 %		7,236	686	6,550	954.8 %
Total interest income—investments		$ 10,499	$ 4,268	$ 6,231	146.0 %		$ 34,177	$ 11,400	$ 22,777	199.8 %
Short-term investments										
Short-term investments										
Total interest income—investments (1)										
Total interest income—investments (1)										
Total interest income—investments (1)										

(1) Change in tax-exempt income of $(54) thousand is excluded from the table above.

Total interest income from investments was $10.5 million $10.2 million for the three months ended September 30, 2023 March 31, 2024, compared to $4.3 million $10.6 million for the three months ended September 30, 2022 March 31, 2023. For the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the yield on total investments was 3.7% 3.72% and 2.1% 3.42%. respectively. The year over year increase decrease in interest income on investments of $6.2 million $0.4 million, or 146.0% 4.0%, was primarily driven by a $2.7 million increase due to volume and $1.0 million decrease in debt securities balances partially offset by a $3.6 million increase due to rates.

Total investment income was $34.2 million and $11.4 million for the nine months ended September 30, 2023 and September 30, 2022, respectively. For the nine months ended September 30, 2023 and 2022, the yield on total investments was 3.7% and 1.8%, respectively. The year over year $0.6 million increase in interest income on investments of $22.8 million, or 199.8%, was primarily short term investment rates driven by a $16.1 million increase due to rates and a $6.8 million increase due to volume. higher yields.

Interest Expense—Deposits and Borrowed Funds

		Three Months Ended September 30,		Dollar	Percent	Nine Months Ended September 30,		Dollar	Percent
		2023	2022	Change	Change	2023	2022	Change	Change
		(Dollars in Thousands)							
		Three Months Ended March 31,							
		Three Months Ended March 31,							
		Three Months Ended March 31,							
		2024							
		2024							
		2024							
		(Dollars in Thousands)							
		(Dollars in Thousands)							
		(Dollars in Thousands)							
Interest expense:	Interest expense:								
Deposits:	Deposits:								
Deposits:									
Deposits:									
NOW accounts									
NOW accounts									
NOW accounts	NOW accounts	$ 1,159	$ 579	$ 580	100.2 %	$ 3,129	$ 898	$ 2,231	248.4 %
Savings accounts	Savings accounts	8,859	664	8,195	1,234.2 %	17,290	1,073	16,217	1,511.4 %

Savings accounts											
Savings accounts											
Money market accounts											
Money market accounts											
Money market accounts	Money market accounts	15,785	4,038	11,747	290.9	%	41,914	7,681	34,233	445.7	%
Certificate of deposit accounts	Certificate of deposit accounts	12,128	1,803	10,325	572.7	%	29,605	5,345	24,260	453.9	%
Certificate of deposit accounts											
Certificate of deposit accounts											
Brokered deposit accounts											
Brokered deposit accounts											
Brokered deposit accounts	Brokered deposit accounts	11,185	270	10,915	4,042.6	%	29,693	410	29,283	7,142.2	%
Total interest expense - deposits	Total interest expense - deposits	49,116	7,354	41,762	567.9	%	121,631	15,407	106,224	689.5	%
Total interest expense - deposits											
Total interest expense - deposits											
Borrowed funds:											
Borrowed funds:											
Borrowed funds:	Borrowed funds:										
Advances from the FHLB	Advances from the FHLB	11,706	1,700	10,006	588.6	%	40,524	2,376	38,148	1,605.6	%
Advances from the FHLB											
Advances from the FHLB											
Subordinated debentures and notes											
Subordinated debentures and notes											
Subordinated debentures and notes	Subordinated debentures and notes	1,378	1,295	83	6.4	%	4,095	3,801	294	7.7	%
Other borrowed funds	Other borrowed funds	790	268	522	194.8	%	2,562	458	2,104	459.4	%
Other borrowed funds											
Other borrowed funds											
Total interest expense - borrowed funds											
Total interest expense - borrowed funds											
Total interest expense - borrowed funds	Total interest expense - borrowed funds	13,874	3,263	10,611	325.2	%	47,181	6,635	40,546	611.1	%

Total interest expense	Total interest expense	$ 62,990	$ 10,617	$ 52,373	493.3 %	$ 168,812	$ 22,042	$ 146,770	665.9 %

Total interest expense

Total interest expense

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Deposits

For the three months ended September 30, 2023 March 31, 2024, interest expense on deposits increased $41.8 million $27.5 million, compared to the same period in 2022. 2023. The increase in interest expense on deposits was driven by an increase of $33.5 million $21.2 million due to higher interest rates and an increase of $8.3 million $6.4 million primarily driven by the growth in volume of average brokered deposit deposits and certificate of deposit balances. Purchase For the three months ended March 31, 2024, the purchase accounting amortization on acquired deposits for the three months ended September 30, 2023 was $328 thousand and one basis point, compared to $324 thousand and one basis point. For point for the same period in 2022, the Company did not record any purchase accounting amortization.

Interest expense on deposits increased $106.2 million to $121.6 million for the nine months ended September 30, 2023 from $15.4 million for the nine months ended September 30, 2022. The increase in interest expense on deposits was driven by a $92.8 million increase due to higher interest rates and a $13.4 million increase primarily driven by the growth in volume of average brokered deposit and certificate of deposit balances. Purchase accounting amortization on acquired deposits for the nine months ended September 30, 2023 was $972 thousand and one basis point. For the nine months ended September 30, 2022, the Company did not record any purchase accounting amortization. 2023.

Borrowed Funds

For the three months ended September 30, 2023 March 31, 2024, interest paid expense on borrowed funds increased $10.6 million decreased $147 thousand year over year, primarily year. The decrease in interest expense on borrowed funds was driven by a decrease of $1.7 million due to volume offset by an increase in the volume and rate paid on FHLB borrowings. The cost of borrowed funds $1.6 million due to borrowing rates as they increased to 4.69% 5.01% for the three months ended September 30, 2023 March 31, 2024 from 2.53% 4.55% for the three months ended September 30, 2022 March 31, 2023. The increase in interest expense was driven by an increase of $5.8 million due to volume and an increase of $4.8 million due to borrowing rates. For the three months ended September 30, 2023 March 31, 2024, the purchase accounting amortization on acquired borrowed funds was $43 $126 thousand and no basis points, compared to $12 $130 thousand and one basis point for the three months ended September 30, 2022 March 31, 2023. Purchase accounting amortization had no impact on the Company's net interest margin.

During the nine months ended September 30, 2023, interest paid on borrowed funds increased $40.5 million year over year, primarily driven by an increase in the volume and rate paid on FHLB borrowings. The cost of borrowed funds increased to 4.64% for the nine months ended September 30, 2023 from 2.19% for the nine months ended September 30, 2022. The increase in interest expense was driven by an increase of $26.0 million due to volume and an increase of $14.5 million due to borrowing rates. For the nine months ended September 30, 2023, there was purchase accounting amortization of $215 thousand on acquired borrowed funds compared to amortization of $35 thousand for the nine months ended September 30, 2022. Purchase accounting amortization had no impact on the Company's net interest margin.

Provision for Credit Losses

The provisions for credit losses are set forth below:

	Three Months Ended September 30,		Dollar	Percent	Nine Months Ended September 30,		Dollar	Percent
	2023	2022	Change	Change	2023	2022	Change	Change
	(Dollars in Thousands)							
	Three Months Ended March 31,							
	Three Months Ended March 31,							
	Three Months Ended March 31,							
	2024							
	2024							
	2024							
	(Dollars in Thousands)							
	(Dollars in Thousands)							
	(Dollars in Thousands)							
Provision (credit) for loan and lease losses: Provision (credit) for loan and lease losses:								
Commercial real estate Commercial real estate	$ (5,524)	$ (2,573)	$ (2,951)	(114.7) %	$ 10,611	$ (1,734)	$ 12,345	711.9 %
Commercial real estate								
Commercial real estate								

Commercial	Commercial	8,829	2,984	5,845	195.9	%	19,425	(765)	20,190	2,639.2	%
Commercial											
Commercial											
Consumer											
Consumer											
Consumer	Consumer	933	391	542	138.6	%	3,085	593	2,492	420.2	%
Total provision (credit) for loan and lease losses	Total provision (credit) for loan and lease losses	4,238	802	3,436	428.4	%	33,121	(1,906)	35,027	1,837.7	%
Total provision (credit) for loan and lease losses											
Total provision (credit) for loan and lease losses											
Provision (credit) for loan and lease losses on PCD loans:											
Provision (credit) for loan and lease losses on PCD loans:											
Provision (credit) for loan and lease losses on PCD loans:											
Commercial real estate											
Commercial real estate											
Commercial real estate											
Commercial											
Commercial											
Commercial											
Consumer											
Consumer											
Consumer											
Total provision (credit) for loan and lease losses on PCD loans											
Total provision (credit) for loan and lease losses on PCD loans											
Total provision (credit) for loan and lease losses on PCD loans											
Unfunded credit commitments											
Unfunded credit commitments											
Unfunded credit commitments	Unfunded credit commitments	(1,291)	2,043	(3,334)	(163.2)	%	896	4,760	(3,864)	(81.2)	%
Investment securities available-for-sale	Investment securities available-for-sale	84	(10)	94	940.0	%	415	48	367	764.6	%
Investment securities available-for-sale											
Investment securities available-for-sale											

Total provision (credit) for credit losses	Total provision (credit) for credit losses	$ 3,031	$ 2,835	$ 196	6.9 %	$ 34,432	$ —	$ 2,902	$ 31,530	1,086.5 %
Total provision (credit) for credit losses										
Total provision (credit) for credit losses										

For the three months ended September 30, 2023 March 31, 2024, the Allowance provision for Credit Losses ("ACL") increased $0.2 million credit losses decreased $20.5 million compared to the three months ended March 31, 2023, resulting in a provision (credit) for credit and investment losses of $3.0 million $7.4 million.

For The decrease in the nine months ended September 30, 2023, the ACL increased $31.5 million resulting in a provision (credit) for credit and investment losses is primarily driven by the lack of $34.4 million. The increase a day one provision impact resulting from the Company's acquisition of PCSB Bank in the ACL for the nine months ended September 30, 2023 is related to acquired loans as a result of the PCSB acquisition. 2023.

See management's discussion of *"Financial Condition — Allowance for Loan and Lease Losses"* and Note 5, "Allowance for Loan and Lease Losses," to the unaudited consolidated financial statements for a description of how management determined the allowance for loan and lease losses for each portfolio and class of loans.

Non-Interest Income

The following table sets forth the components of non-interest income:

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Dollar Change	Percent Change	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Dollar Change	Percent Change
	(Dollars in Thousands)							
Deposit fees	$ 3,024	$ 2,759	$ 265	9.6 %	$ 8,547	$ 8,003	$ 544	6.8 %
Loan fees	639	349	290	83.1 %	1,521	1,762	(241)	(13.7)%
Loan level derivative income, net	376	1,275	(899)	(70.5)%	3,112	3,576	(464)	(13.0)%
Gain (loss) on investment securities, net	—	—	—	N/A	1,704	—	1,704	N/A
Gain on sales of loans and leases held-for-sale	225	889	(664)	(74.7)%	2,171	1,524	647	42.5 %
Other	1,244	1,562	(318)	(20.4)%	6,852	4,426	2,426	54.8 %
Total non-interest income	$ 5,508	$ 6,834	$ (1,326)	(19.4)%	$ 23,907	$ 19,291	$ 4,616	23.9 %

For the three months ended September 30, 2023, non-interest income decreased $1.3 million, or 19.4%, to $5.5 million compared to $6.8 million for the same period of 2022. The decrease was primarily driven by decreases of $0.9 million in loan level derivative income, net, and $0.7 million in gain on sales of loans and leases held-for-sale.

For the nine months ended September 30, 2023, non-interest income increased $4.6 million, or 23.9%, to $23.9 million compared to $19.3 million for the same period in 2022. The increase was primarily driven by increases of $2.4 million in other income, $1.7 million in gain on investment securities, net, and $0.6 million in gain on sales of loans and leases held-for-sale.

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Dollar Change	Percent Change
	(Dollars in Thousands)			
Deposit fees	$ 2,897	$ 2,657	$ 240	9.0 %
Loan fees	789	391	398	101.8 %
Loan level derivative income, net	437	2,373	(1,936)	(81.6)%
Gain (loss) on investment securities, net	—	1,701	(1,701)	(100.0)%
Gain on sales of loans and leases held-for-sale	—	1,638	(1,638)	(100.0)%
Other	2,161	4,177	(2,016)	(48.3)%
Total non-interest income	$ 6,284	$ 12,937	$ (6,653)	(51.4)%

Loan level derivative income decreased $0.9 million $1.9 million, or 70.5% 81.6%, to $0.4 million for the three months ended September 30, 2023 March 31, 2024 from $1.3 million $2.4 million for the same period in 2022, 2023, primarily driven by lower volume in loan level derivative transactions completed for the three months ended September 30, 2023, and decreased $0.5 million, or 13.0%, to $3.1 million for the nine months ended September 30, 2023 from $3.6 million for the same period in 2022, primarily driven by lower volume in loan level derivative transactions completed for the nine months ended September 30, 2023 March 31, 2024.

Gain (loss) on investment securities was $1.7 million $0.0 million for the nine three months ended September 30, 2023. The Company did not have any gain (loss) on investment securities March 31, 2024, compared to $1.7 million for the same period in 2022. 2023. The increase decrease was primarily driven by gain on sale no sales of PCSB investments. investment securities for the three months ended March 31, 2024.

Gain on sales of loans and leases held-for-sale decreased $0.7 million $1.6 million, or 74.7% 100.0%, to $0.2 million $0.0 million for the three months ended September 30, 2023 from $0.9 million for the same period in 2022, and increased $0.6 million, or 42.5% to $2.2 million for the nine months ended September 30, 2023 from $1.5 million for the same period in 2022, primarily driven by higher gain on sale to participants.

Other income decreased $0.3 million, or 20.4%, to $1.2 million for the three months ended September 30, 2023 March 31, 2024 from $1.6 million for the same period in 2022, 2023 as there were no sales of loans and leases held-for-sale for the three months ended March 31, 2024.

Other income decreased $2.0 million, or 48.3%, to $2.2 million for the three months ended March 31, 2024 from $4.2 million for the same period in 2023, primarily driven by the mark to market on interest rate swaps on participated loans partially offset by higher of a negative $0.4 million compared to income of $1.6 million for the same period in 2023 and lower bank owned life insurance income gain on sale of fixed assets, and wealth management fees. Other income increased $2.4 million, or 54.8%, due to $6.9 million for the nine months ended September 30, 2023 from $4.4 million for the same period a death benefit received in 2022, primarily driven by the mark to market on interest rate swaps on participated loans, higher bank owned life insurance income, and higher wealth management fees. 2023.

Non-Interest Expense

The following table sets forth the components of non-interest expense:

		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Dollar Change	Percent Change		Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Dollar Change	Percent Change	
		(Dollars in Thousands)									
		Three Months Ended March 31,									
		Three Months Ended March 31,									
		Three Months Ended March 31,									
		2024									
		2024									
		2024									
		(Dollars in Thousands)									
		(Dollars in Thousands)									
		(Dollars in Thousands)									
Compensation and employee benefits	Compensation and employee benefits	$ 33,491	$ 28,306	$ 5,185	18.3	%	$ 103,494	$ 83,962	$ 19,532	23.3	%
Occupancy	Occupancy	4,983	3,906	1,077	27.6	%	15,076	11,997	3,079	25.7	%
Occupancy											
Occupancy											
Equipment and data processing											
Equipment and data processing											
Equipment and data processing	Equipment and data processing	6,766	5,066	1,700	33.6	%	19,759	15,075	4,684	31.1	%
Professional services	Professional services	2,368	1,069	1,299	121.5	%	5,784	3,514	2,270	64.6	%
Professional services											
Professional services											
FDIC insurance											
FDIC insurance											
FDIC insurance	FDIC insurance	2,152	709	1,443	203.5	%	6,005	2,176	3,829	176.0	%
Advertising and marketing	Advertising and marketing	1,174	1,337	(163)	(12.2)	%	3,966	3,928	38	1.0	%
Advertising and marketing											

Advertising and marketing											
Amortization of identified intangible assets											
Amortization of identified intangible assets											
Amortization of identified intangible assets	Amortization of identified intangible assets	1,955	120	1,835	1,529.2	%	5,875	374	5,501	1,470.9	%
Merger and acquisition expense	Merger and acquisition expense	—	1,073	(1,073)	(100.0)	%	7,411	1,608	5,803	360.9	%
Merger and acquisition expense											
Merger and acquisition expense											
Other											
Other											
Other	Other	4,790	3,373	1,417	42.0	%	12,910	9,683	3,227	33.3	%
Total non-interest expense	Total non-interest expense	$ 57,679	$ 44,959	$ 12,720	28.3	%	$ 180,280	$ 132,317	$ 47,963	36.2	%
Total non-interest expense											
Total non-interest expense											

For During the three months ended September 30, 2023 March 31, 2024, non-interest expense increased $12.7 million, or 28.3%, compared to the same period in 2022. The increase was primarily driven by increases of $5.2 million in compensation and employee benefits,$1.8 million in amortization of identified intangible assets, and $1.7 million in equipment and data processing.

For the nine months ended September 30, 2023, non-interest expense increased $48.0 million, or 36.2%, to $180.3 million compared to the same period in 2022. This increase is primarily driven by increases of $19.5 million in compensation and employee benefits, $5.8 million in Company had no merger and acquisition expense $5.5 million in amortization of identified intangible assets, and $4.7 million in equipment and data processing.

Compensation and employee benefits expense increased $5.2 million, or 18.3%, compared to $33.5 million $6.4 million for the three months ended September 30, 2023 March 31, 2023. Excluding merger and acquisition expense, non-interest expense increased $2.6 million to $61.0 million for the three months ended March 31, 2024, compared to $58.4 million for the three months ended March 31, 2023.

Occupancy expense increased $0.5 million, or 10.5%, to $5.8 million for the three months ended March 31, 2024 from $28.3 million $5.2 million for the same period in 2022, 2023, primarily driven by higher building maintenance, leasehold improvement depreciation, and increased $19.5 million, or 23.3%, to $103.5 million for rent. Increases are driven in part by the nine months ended September 30, 2023 from $84.0 million for opening of two offices in the same period in 2022, primarily driven by increases in employee headcount, higher salaries, higher health care benefits, lower deferred salaries, and higher retirement benefits, partially offset by lower incentive/bonus. 2023.

Equipment and data processing expense increased $1.7 million $0.6 million, or 33.6% 8.8%, to $6.8 million $7.0 million for the three months ended September 30, 2023 March 31, 2024 from $5.1 million $6.5 million for the same period in 2022, 2023, primarily driven by higher software, item processing, and ATM processing expenses.

FDIC insurance increased $4.7 million $0.6 million, or 31.1% 51.4%, to $19.8 million $1.9 million for the nine three months ended September 30, 2023 March 31, 2024 from $15.1 million $1.2 million for the same period in 2022, 2023, primarily driven by higher software licenses and subscriptions, depreciation, core processing, and data communications expenses.

Merger and acquisition expense decreased $1.1 million, or 100.0% FDIC insurance due to $0.0 million, for the three months ended September 30, 2023, and increased $5.8 million, or 360.9%, to $7.4 million for the nine months ended September 30, 2023. The an increase in 2023 was primarily driven by merger-related expenses for PCSB. the insurance rate.

Amortization expense of identified intangible assets increased $1.8 million, or 1,529.2%, to $2.0 million for the three months ended September 30, 2023 from $0.1 million for the same period in 2022, and increased $5.5 million, or 1,470.9%, to $5.9 million for the nine months ended September 30, 2023, primarily driven by higher core deposit intangible expense for PCSB.

Provision for Income Taxes

		Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Dollar Change	Percent Change	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	Dollar Change	Percent Change
		(Dollars in Thousands)							
		Three Months Ended March 31,							
		Three Months Ended March 31,							
		Three Months Ended March 31,							
		2024							
		2024							
		2024							
		(Dollars in Thousands)							
		(Dollars in Thousands)							
		(Dollars in Thousands)							
Income before provision for income taxes	Income before provision for income taxes	$ 28,868	$ 37,066	$ (8,198)	(22.1) %	$ 65,351	$ 103,813	$ (38,462)	(37.0) %
Provision (benefit) for income taxes	Provision (benefit) for income taxes	6,167	6,917	(750)	(10.8) %	13,240	23,764	(10,524)	(44.3) %
Provision (benefit) for income taxes									
Provision (benefit) for income taxes									
Net income									
Net income									
Net income	Net income	$ 22,701	$ 30,149	$ (7,448)	(24.7) %	$ 52,111	$ 80,049	$ (27,938)	(34.9) %
Effective tax rate	Effective tax rate	21.4 %	18.7 %	N/A	14.4 %	20.3 %	22.9 %	N/A	(11.4) %
Effective tax rate									
Effective tax rate									

The Company recorded an income tax expense of $6.2 million $4.8 million for the three months ended September 30, 2023 March 31, 2024, compared to an income tax expense of $6.9 million $1.1 million for the three months ended September 30, 2022 March 31, 2023, representing effective tax rates of 21.4% 24.7% and 18.7%, respectively.

The Company recorded an income tax expense of $13.2 million for the nine months ended September 30, 2023, compared to an income tax expense of $23.8 million for the nine months ended September 30, 2022, representing effective tax rates of 20.3% and 22.9% 12.8%, respectively. The overall decrease increase in the effective tax rate is for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 was primarily due to driven by nonrecurring items in the 2023 effective rate. The 2023 effective tax rate included energy tax credit deals entered during the year, partially in 2023 that have not reoccurred in 2024 offset by merger expenses relating to the acquisition of PCSB Bank.

Liquidity and Capital Resources

Liquidity

Liquidity is defined as the ability to meet current and future financial obligations of a short-term nature. The Company further defines liquidity as the ability to respond to the needs of depositors and borrowers, as well as to earnings enhancement opportunities, in a changing marketplace. Liquidity management is monitored by an Asset/Liability Committee ("ALCO"), consisting of members of management, which is responsible for establishing and monitoring liquidity targets as well as strategies and tactics to meet these targets. The primary source of funds for the payment of dividends and expenses by the Company is dividends paid to it by the Banks and Brookline Securities Corp. Banks. The primary sources of liquidity for the Banks consist of deposit inflows, loan repayments, borrowed funds, and maturing investment securities.

In the third first quarter, the Company operated with increased liquidity. During the year, the Company shifted its balance sheet asset mix to include additional cash and available for sale securities. Management will continue to monitor the economic markets and evaluate changes to the Company's liquidity position.

The Company held lower higher levels of on balance sheet liquidity in the form of cash and available for sale securities in the third first quarter. Cash and equivalents at the end of the quarter were $161.0 million $301.9 million, or 1.4% 2.6% of the balance sheet, compared to $383.0 million $133.0 million, or 4.2% 1.2% of the balance sheet, as of December 31, 2022 December 31, 2023. In general, in a normal operating environment, the Company seeks to maintain liquidity levels of cash, cash equivalents and investment securities available-for-sale of between 8%

and 10% 12% of total assets. As of September 30, 2023 March 31, 2024, cash, cash equivalents and investment securities available-for-sale totaled $1.0 billion $1.2 billion, or 9.3% 10.1% of total assets. This compares to $1.0 billion, or 11.3% 9.2% of total assets, as of December 31, 2022 December 31, 2023.

Deposits, which are considered the most stable source of liquidity, totaled $8.6 billion $8.7 billion as of September 30, 2023 March 31, 2024 and represented 88.3% 86.5% of total funding (the sum of total deposits and total borrowings), compared to deposits of $6.5 billion $8.5 billion, or 82.0% 86.1% of total funding, as of December 31, 2022 December 31, 2023. Core deposits, which consist of demand checking, NOW, savings and money market accounts, totaled $6.2 billion $6.1 billion as of September 30, 2023 March 31, 2024 and represented 72.1% 69.7% of total deposits, compared to core deposits of $5.3 billion $6.1 billion, or 81.0% 71.3% of total deposits, as of December 31, 2022 December 31, 2023. Additionally, the Company had $894.4 million $970.9 million of brokered deposits as of September 30, 2023 March 31, 2024, which represented 10.4% 11.1% of total deposits, compared to $310.1 million $881.2 million or 4.8% 10.3% of total deposits, as of December 31, 2022 December 31, 2023. The Company offers attractive interest rates based on market conditions to increase deposits balances, while managing the cost of funds.

Borrowings are used to diversify the Company's funding mix and to support asset growth. When profitable lending and investment opportunities exist, access to borrowings provides a means to grow the balance sheet. Borrowings totaled $1.1 billion $1.4 billion as of September 30, 2023 March 31, 2024, representing 11.7% 13.5% of total funding, compared to $1.4 billion, or 18.0% 13.9% of total funding, as of December 31, 2022 December 31, 2023. The growth in the balance sheet is driven by the current operating environment, management will continue to monitor economic conditions and make adjustments to the balance sheet mix as appropriate.

As members of the FHLB, the Banks have access to both short- and long-term borrowings. As of September 30, 2023 March 31, 2024, the Company's total borrowing limit from the FHLB for advances and repurchase agreements was $2.4 billion $2.5 billion, compared to $1.7 billion $2.6 billion as of December 31, 2022, the increase based on the level of qualifying collateral available for these borrowings. December 31, 2023.

As of September 30, 2023 March 31, 2024, the Banks also have access to funding of through certain uncommitted lines via American Financial Exchange ("AFX") AFX as well as other large financial institution specific lines. As of March 31, 2024, the Company had $40.0 million of borrowings on outstanding uncommitted lines of credit compared to no borrowings outstanding as of December 31, 2023.

The Company had a $30.0 million committed line of credit for contingent liquidity as of September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, the Company did not have any outstanding borrowings on this line.

The Company has access to the Federal Reserve Bank's "discount window" to supplement its liquidity. The Company had $245.0 million $312.0 million of borrowing capacity at the Federal Reserve Bank as of September 30, 2023 March 31, 2024. As of September 30, 2023 March 31, 2024, the Company did not have any outstanding borrowings with the Federal Reserve Bank.

Additionally, the Banks have access to liquidity through repurchase agreements and additional untapped brokered deposits.

While management believes that the Company has adequate liquidity to meet its commitments and to fund the Banks' lending and investment activities, the availabilities of these funding sources are subject to broad economic conditions and could be restricted in the future. Such restrictions would impact the Company's immediate liquidity and/or additional liquidity needs.

Off-Balance-Sheet Financial Instruments

The Company is party to off-balance-sheet financial instruments in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include loan commitments, standby and commercial letters of credit and interest-rate swaps. According to GAAP, these financial instruments are not recorded in the financial statements until they are funded or related fees are incurred or received. See Note 12, "Commitments and Contingencies", to the consolidated financial statements for a description of off-balance-sheet financial instruments.

Financial instruments with off-balance-sheet risk at the dates indicated follow:

		At September 30, 2023	At December 31, 2022		At March 31, 2024	At December 31, 2023
		(In Thousands)			(In Thousands)	
Financial instruments whose contract amounts represent credit risk:	Financial instruments whose contract amounts represent credit risk:			Financial instruments whose contract amounts represent credit risk:		

Commitments to originate loans and leases:	Commitments to originate loans and leases:			Commitments to originate loans and leases:
Commercial real estate	Commercial real estate	$ 162,380	$ 414,217	
Commercial	Commercial	246,331	291,188	
Residential mortgage	Residential mortgage	20,359	14,036	
Unadvanced portion of loans and leases	Unadvanced portion of loans and leases	1,259,927	1,202,738	
Unused lines of credit:	Unused lines of credit:			Unused lines of credit:
Home equity	Home equity	758,553	700,201	
Other consumer	Other consumer	113,952	97,313	
Other commercial	Other commercial	499	526	
Unused letters of credit:	Unused letters of credit:			Unused letters of credit:
Financial standby letters of credit	Financial standby letters of credit	16,111	13,584	
Performance standby letters of credit	Performance standby letters of credit	28,759	31,330	
Commercial and similar letters of credit	Commercial and similar letters of credit	4,867	2,619	
Interest rate derivatives	Interest rate derivatives	$ 225,000	$ 150,000	
Loan level derivatives:	Loan level derivatives:			
Receive fixed, pay variable	Receive fixed, pay variable	1,758,794	1,489,709	
Receive fixed, pay variable				
Receive fixed, pay variable				
Pay fixed, receive variable	Pay fixed, receive variable	1,758,794	1,489,709	
Risk participation-out agreements	Risk participation-out agreements	513,561	393,624	
Risk participation-in agreements	Risk participation-in agreements	106,624	75,223	
Foreign exchange contracts:	Foreign exchange contracts:			

Buys foreign currency, sells U.S. currency	Buys foreign currency, sells U.S. currency	3,664	2,383
Buys foreign currency, sells U.S. currency			
Buys foreign currency, sells U.S. currency			
Sells foreign currency, buys U.S. currency	Sells foreign currency, buys U.S. currency	4,290	2,400

Capital Resources

As of September 30, 2023 March 31, 2024, the Company and the Banks are each under the primary regulation of, and must comply with, the capital requirements of the FRB. Under these rules, the Company and the Banks are each required to maintain a minimum common equity Tier 1 capital ratio of 4.5%, a minimum Tier 1 capital leverage ratio of 6.0%, a minimum total risk based capital ratio of 8% and a minimum Tier 1 leverage ratio of 4%. Additionally, the Company and the Banks are required to establish a capital conservation buffer of common equity Tier 1 capital in an amount above the minimum risk-based capital requirements for "adequately capitalized" institutions equal to 2.5% of total risk weighted assets, or face restrictions on the ability to pay dividends, pay discretionary bonuses, and to engage in share repurchases. As of September 30, 2023 March 31, 2024, the Company and the Banks exceeded all regulatory capital requirements, and the Banks were each considered "well-capitalized" under prompt corrective action regulations.

The following table presents actual and required capital amounts and capital ratios as of September 30, 2023 March 31, 2024 for the Company and the Banks.

	Actual		Minimum Required for Capital Adequacy Purposes		Minimum Required for Fully Phased in Capital Adequacy Purposes plus Capital Conservation Buffer		Minimum Required to be Considered "Well-Capitalized" Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)							
At September 30, 2023:								

	Actual		Actual	
	Amount		Amount	Ratio
	(Dollars in Thousands)			
At March 31, 2024:				
Brookline Bancorp, Inc.	Brookline Bancorp, Inc.			
Brookline Bancorp, Inc.				
Brookline Bancorp, Inc.				
Common equity Tier 1 capital ratio (1)				

Common equity Tier 1 capital ratio (1)

Common equity Tier 1 capital ratio (1)	Common equity Tier 1 capital ratio (1)	$ 979,999	10.24 %	$430,664	4.50 %	$ 669,921	7.00 %	N/A	N/A		$ 998,916	10.28	10.28 %	$437,269	4
Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	989,749	8.96 %	441,852	4.00 %	441,852	4.00 %	N/A	N/A	Tier 1 leverage capital ratio (2)	1,008,687	8.96	8.96 %		450,307
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	989,749	10.35 %	573,768	6.00 %	812,837	8.50 %	N/A	N/A	Tier 1 risk-based capital ratio (3)	1,008,687	10.38	10.38 %		583,056
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	1,183,982	12.38 %	765,093	8.00 %	1,004,185	10.50 %	N/A	N/A	Total risk-based capital ratio (4)	1,204,734	12.40	12.40 %		777,248
Brookline Bank	Brookline Bank									Brookline Bank					
Common equity Tier 1 capital ratio (1)	Common equity Tier 1 capital ratio (1)	$ 579,269	10.47 %	$248,969	4.50 %	$ 387,286	7.00 %	$ 359,623	6.50 %	Common equity Tier 1 capital ratio (1)	$ 579,252	10.39	10.39 %	$	250,879
Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	579,269	9.53 %	243,135	4.00 %	243,135	4.00 %	303,919	5.00 %	Tier 1 leverage capital ratio (2)	579,252	9.33	9.33 %		248,340
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	579,269	10.47 %	331,959	6.00 %	470,276	8.50 %	442,612	8.00 %	Tier 1 risk-based capital ratio (3)	579,252	10.39	10.39 %		334,505
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	648,634	11.72 %	442,754	8.00 %	581,114	10.50 %	553,442	10.00 %	Total risk-based capital ratio (4)	649,064	11.64	11.64 %		446,092
BankRI	BankRI									BankRI					
Common equity Tier 1 capital ratio (1)	Common equity Tier 1 capital ratio (1)	$ 275,116	10.21 %	$121,256	4.50 %	$ 188,620	7.00 %	$ 175,147	6.50 %	Common equity Tier 1 capital ratio (1)	$ 283,997	10.32	10.32 %	$	123,836
Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	275,116	8.71 %	126,345	4.00 %	126,345	4.00 %	157,931	5.00 %	Tier 1 leverage capital ratio (2)	283,997	8.77	8.77 %		129,531
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	275,116	10.21 %	161,674	6.00 %	229,039	8.50 %	215,566	8.00 %	Tier 1 risk-based capital ratio (3)	283,997	10.32	10.32 %		165,115

Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	308,867	11.47 %	215,426	8.00 %	282,747	10.50 %	269,282	10.00 %	Total risk-based capital ratio (4)	318,450	11.57	11.57 %	220,190
PCSB Bank	PCSB Bank													
Common equity Tier 1 capital ratio (1)	Common equity Tier 1 capital ratio (1)	179,974	13.41 %	$ 60,394	4.50 %	$ 93,946	7.00 %	$ 87,236	6.50 %					
Common equity Tier 1 capital ratio (1)														
Common equity Tier 1 capital ratio (1)											$ 189,082		13.46 %	$ 63,215
Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	179,974	9.59 %	$ 75,067	4.00 %	$ 75,067	4.00 %	$ 93,834	5.00 %	Tier 1 leverage capital ratio (2)	189,082	9.89	9.89 %	76,474
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	179,974	13.41 %	$ 80,525	6.00 %	$ 114,077	8.50 %	$ 107,367	8.00 %	Tier 1 risk-based capital ratio (3)	189,082	13.46	13.46 %	84,286
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	196,341	14.63 %	$107,363	8.00 %	$ 140,915	10.50 %	$ 134,204	10.00 %	Total risk-based capital ratio (4)	205,010	14.59	14.59 %	112,411

(1) Common equity Tier 1 capital ratio is calculated by dividing common equity Tier 1 capital by risk-weighted assets.
(2) Tier 1 leverage capital ratio is calculated by dividing Tier 1 capital by average assets.
(3) Tier 1 risk-based capital ratio is calculated by dividing Tier 1 capital by risk-weighted assets.
(4) Total risk-based capital ratio is calculated by dividing total capital by risk-weighted assets.

The following table presents actual and required capital amounts and capital ratios as of December 31, 2022 December 31, 2023 for the Company and the Banks.

	Actual		Minimum Required for Capital Adequacy Purposes		Minimum Required for Fully Phased in Capital Adequacy Purposes plus Capital Conservation Buffer		Minimum Required To Be Considered "Well-Capitalized" Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)							
At December 31, 2022:								

Actual		**Actual**		**C**
Amount		**Amount**	**Ratio**	**Amount**
(Dollars in Thousands)				

At December 31, 2023:									
Brookline Bancorp, Inc.	Brookline Bancorp, Inc.								
Common equity Tier 1 capital ratio (1)	Common equity Tier 1 capital ratio (1)	$ 893,978	12.05 %	$ 333,851	4.50 %	$ 519,323	7.00 %	N/A	N/A
Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	903,695	10.26 %	352,318	4.00 %	352,318	4.00 %	N/A	N/A
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	903,695	12.18 %	445,170	6.00 %	630,657	8.50 %	N/A	N/A
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	1,071,078	14.44 %	593,395	8.00 %	778,831	10.50 %	N/A	N/A
Brookline Bank	Brookline Bank								
Common equity Tier 1 capital ratio (1)	Common equity Tier 1 capital ratio (1)	$ 570,530	11.24 %	$ 228,415	4.50 %	$ 355,312	7.00 %	$ 329,933	6.50 %
Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	570,530	9.72 %	234,786	4.00 %	234,786	4.00 %	293,483	5.00 %
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	570,530	11.24 %	304,553	6.00 %	431,451	8.50 %	406,071	8.00 %
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	634,226	12.50 %	405,905	8.00 %	532,750	10.50 %	507,381	10.00 %
BankRI	BankRI								
Common equity Tier 1 capital ratio (1)	Common equity Tier 1 capital ratio (1)	$ 244,422	10.32 %	$ 106,579	4.50 %	$ 165,790	7.00 %	$ 153,948	6.50 %

At December 31, 2023:						
Brookline Bancorp, Inc.						
Common equity Tier 1 capital ratio (1)	$ 994,023	10.25	10.25 %	$	436,400	4.50
Tier 1 leverage capital ratio (2)	1,003,784	9.02	9.02 %		445,137	4.00
Tier 1 risk-based capital ratio (3)	1,003,784	10.35	10.35 %		581,904	6.00
Total risk-based capital ratio (4)	1,199,686	12.37	12.37 %		775,868	8.00
Brookline Bank						
Common equity Tier 1 capital ratio (1)	$ 580,148	10.39	10.39 %	$	251,267	4.50
Tier 1 leverage capital ratio (2)	580,148	9.46	9.46 %		245,306	4.00
Tier 1 risk-based capital ratio (3)	580,148	10.39	10.39 %		335,023	6.00
Total risk-based capital ratio (4)	650,135	11.64	11.64 %		446,828	8.00

Common equity Tier 1 capital ratio (1)					
Common equity Tier 1 capital ratio (1)	$ 283,673	10.20	%	$ 125,150	4

Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	244,422	8.13 %	120,257	4.00 %	120,257	4.00 %	150,321	5.00 %	Tier 1 leverage capital ratio (2)	283,673	8.89	8.89 %	127,637	4.00
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	244,422	10.32 %	142,106	6.00 %	201,317	8.50 %	189,474	8.00 %	Tier 1 risk-based capital ratio (3)	283,673	10.20	10.20 %	166,866	6.00
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	274,091	11.57 %	189,518	8.00 %	248,743	10.50 %	236,898	10.00 %	Total risk-based capital ratio (4)	318,462	11.46	11.46 %	222,312	8.00
PCSB Bank															
Common equity Tier 1 capital ratio (1)															
Common equity Tier 1 capital ratio (1)															
Common equity Tier 1 capital ratio (1)											$ 185,337	13.50	%	$ 61,779	4
Tier 1 leverage capital ratio (2)										Tier 1 leverage capital ratio (2)	185,337	9.78	%	75,802	4
Tier 1 risk-based capital ratio (3)										Tier 1 risk-based capital ratio (3)	185,337	13.50	%	82,372	6
Total risk-based capital ratio (4)										Total risk-based capital ratio (4)	201,314	14.66	%	109,858	8

(1) Common equity Tier 1 capital ratio is calculated by dividing common equity Tier 1 capital by risk-weighted assets.
(2) Tier 1 leverage capital ratio is calculated by dividing Tier 1 capital by average assets.
(3) Tier 1 risk-based capital ratio is calculated by dividing Tier 1 capital by risk-weighted assets.
(4) Total risk-based capital ratio is calculated by dividing total capital by risk-weighted assets.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

Market risk is the risk that the market value or estimated fair value of the Company's assets, liabilities, and derivative financial instruments will decline as a result of changes in interest rates or financial market volatility, or that the Company's net income will be significantly reduced by interest-rate changes.

Interest-Rate Risk

The principal market risk facing the Company is interest-rate risk, which can occur in a variety of forms, including repricing risk, yield-curve risk, basis risk, and prepayment risk. Repricing risk occurs when the change in the average yield of either interest-earning assets or interest-bearing liabilities is more sensitive than the other to changes in market interest rates. Such a change in sensitivity could reflect a number of possible mismatches in the repricing opportunities of the Company's assets and liabilities. Yield-curve risk reflects the possibility that changes in the shape of the yield curve could have different effects on the Company's assets and liabilities. Basis risk occurs when different parts of the balance sheet are subject to varying base rates reflecting the possibility that the spread from those base rates will deviate. Prepayment risk is associated with financial instruments with an option to prepay before the stated maturity, often a disadvantage to person selling the option; this risk is most often associated with the prepayment of loans, callable investments, and callable borrowings.

Asset/Liability Management

Market risk and interest-rate risk management is governed by the Company's ALCO. The ALCO establishes exposure limits that define the Company's tolerance for interest-rate risk. The ALCO and the Company's Treasury Group measure and manage the composition of the balance sheet over a range of possible changes in interest rates while remaining responsive to market demand for loan and deposit products. The ALCO monitors current exposures versus limits and reports those results to the Board of Directors. The policy limits and guidelines serve as benchmarks for measuring interest-rate risk and for providing a framework for evaluation and interest-rate risk-management decision-making.

The Company measures its interest-rate risk by using an asset/liability simulation model. The model considers several factors to determine the Company's potential exposure to interest-rate risk, including measurement of repricing gaps, duration, convexity, value-at-risk, market value of portfolio equity under assumed changes in the level of interest rates, the shape of yield curves, and general market volatility.

Management controls the Company's interest-rate exposure using several strategies, which include adjusting the maturities of securities in the Company's investment portfolio, limiting or expanding the terms of loans originated, limiting fixed-rate customer deposits with terms of more than five years, and adjusting maturities of FHLB advances. wholesale funding. The Company limits this risk by restricting the types of MBSs it invests into those with limited average life changes under certain interest-rate-shock scenarios, or securities with embedded prepayment penalties. The Company also places limits on holdings of fixed-rate mortgage loans with maturities greater than five years. The Company enters into interest rate swaps as part of its interest rate risk management strategy. These interest rate swaps are designated as cash flow hedges and involve the receipt of variable rate amounts from a counterparty in exchange for the Company making fixed payments.

Measuring Interest-Rate Risk

As noted above, interest-rate risk can be measured by analyzing the extent to which the repricing of assets and liabilities are mismatched to create an interest-rate sensitivity gap. An asset or liability is said to be interest-rate sensitive within a specific period if it will mature or reprice within that period. The interest-rate sensitivity gap is defined as the difference between the amount of interest-earning assets maturing or repricing within a specific time period and the amount of interest-bearing liabilities maturing or repricing within that same time period. A gap is considered positive when the amount of interest-rate-sensitive assets exceeds the amount of interest-rate-sensitive liabilities. A gap is considered negative when the amount of interest-rate-sensitive liabilities exceeds the amount of interest-rate-sensitive assets. During a period of falling interest rates, therefore, a positive gap would tend to adversely affect net interest income. Conversely, during a period of rising interest rates, a positive gap position would tend to result in an increase in net interest income.

The Company's interest-rate risk position is measured using both income simulation and interest-rate sensitivity "gap" analysis. Income simulation is the primary tool for measuring the interest-rate risk inherent in the Company's balance sheet at a given point in time by showing the effect on net interest income, over a twelve-month period, of a variety of interest-rate shocks. These simulations take into account repricing, maturity, and prepayment characteristics of individual products. The ALCO reviews simulation results to determine whether exposure resulting from changes in market interest rates remains within established tolerance levels over a twelve-month horizon, and develops appropriate strategies to manage this exposure. The Company's interest-rate risk analysis remains modestly asset-sensitive as of September 30, 2023 March 31, 2024.

The assumptions used in the Company's interest-rate sensitivity simulation discussed above are inherently uncertain and, as a result, the simulations cannot precisely measure net interest income or precisely predict the impact of changes in interest rates.

As of September 30, 2023 March 31, 2024, net interest income simulation indicated that the Company's exposure to changing interest rates was within tolerance. The ALCO reviews the methodology utilized for calculating interest-rate risk exposure and may periodically adopt modifications to this methodology. The following table presents the estimated impact of interest-rate changes on the Company's estimated net interest income over the twelve-month periods indicated while maintaining a flat balance sheet:

		Estimated Exposure to Net Interest Income over Twelve-Month Horizon Beginning										
		September 30, 2023		December 31, 2022								
		Estimated Exposure to Net Interest Income over Twelve-Month Horizon Beginning								Estimated Exposure to Net Interest Income over Twelve-Month Horizon Beginning		
		March 31, 2024					March 31, 2024			December 31, 2023		
Change in Interest Rate Levels	Change in Interest Rate Levels	Dollar Change	Percent Change	Dollar Change	Percent Change	Change in Interest Rate Levels	Dollar Change		Percent Change	Dollar Change		Percent Change
		(Dollars in Thousands)					(Dollars in Thousands)					
Up 300 basis points shock	Up 300 basis points shock	$7,923	2.4 %	$22,790	7.4 %	Up 300 basis points shock	$ 17,865	5.3	5.3 %	$ 13,318	3.9	3.9 %
Up 200 basis points ramp	Up 200 basis points ramp	6,558	2.0 %	8,747	2.8 %	Up 200 basis points ramp	9,742	2.9	2.9 %	7,068	2.1	2.1 %

Up 100 basis points ramp	Up 100 basis points ramp	3,603	1.1 %	4,477	1.5 %	Up 100 basis points ramp	5,394	1.6	1.6 %	3,389	1.0	1.0 %
Down 100 basis points ramp	Down 100 basis points ramp	(3,720)	(1.1)%	(6,160)	(2.0)%	Down 100 basis points ramp	(4,216)	(1.3)	(1.3) %	(5,042)	(1.5)	(1.5) %

The estimated impact of a 300 basis point increase in market interest rates on the Company's estimated net interest income over a twelve-month horizon was 2.4% 5.3% as of September 30, 2023 March 31, 2024, compared to 7.4% a positive 3.9% as of December 31, 2022 December 31, 2023.

The Company also uses interest-rate sensitivity "gap" analysis to provide a more general overview of its interest-rate risk profile. The interest-rate sensitivity gap is defined as the difference between interest-earning assets and interest-bearing liabilities maturing or repricing within a given time period. At September 30, 2023 March 31, 2024, the Company's one-year cumulative gap was a negative $673.1 million $596.2 million, or 6.48% 5.53% of total interest-earning assets, compared with a positive $9.3 million negative $521.4 million, or 0.11% 4.89% of total interest-earning assets, at December 31, 2022 December 31, 2023.

The assumptions used in the Company's interest-rate sensitivity simulation discussed above are inherently uncertain and, as a result, the simulations cannot precisely measure net interest income or precisely predict the impact of changes in interest rates. For additional discussion on interest-rate risk see Item 7A, "Quantitative and Qualitative Disclosures about Market Risk" of the Company's 2022 2023 Annual Report on Form 10-K.

Economic Value of Equity ("EVE") at Risk Simulation is conducted in tandem with net interest income simulations to ascertain a longer term view of the Company's interest-rate risk position by capturing longer-term repricing risk and options risk embedded in the balance sheet. It measures the sensitivity of the economic value of equity to changes in interest rates. The EVE at Risk Simulation values only the current balance sheet and does not incorporate growth assumptions. As with the net interest income simulation, this simulation captures product characteristics such as loan resets, repricing terms, maturity dates, and rate caps and floors. Key assumptions include loan prepayment speeds, deposit pricing elasticity, and non-maturity deposit attrition rates. These assumptions can have significant impacts on valuation results as the assumptions remain in effect for the entire life of each asset and liability. The Company conducts non-maturity deposit behavior studies on a periodic basis to support deposit assumptions used in the valuation process. All key assumptions are subject to a periodic review.

EVE at Risk is calculated by estimating the net present value of all future cash flows from existing assets and liabilities using current interest rates as well as parallel shocks to the current interest-rate environment. The following table sets forth the estimated percentage change in the Company's EVE at Risk, assuming various shifts in interest rates.

		Estimated Percent Change in Economic Value of Equity			Estimated Percent Change in Economic Value of Equity	
		Estimated Percent Change in Economic Value of Equity				
Parallel Shock in Interest Rate Levels	Parallel Shock in Interest Rate Levels	At September 30, 2023	At December 31, 2022	Parallel Shock in Interest Rate Levels	At March 31, 2024	At December 31, 2023
Up 300 basis points	Up 300 basis points	(8.25) %	0.30 %	Up 300 basis points	(5.5) %	(6.3) %
Up 200 basis points	Up 200 basis points	(6.42) %	0.51 %	Up 200 basis points	(4.2) %	(4.4) %
Up 100 basis points	Up 100 basis points	(2.33) %	0.83 %	Up 100 basis points	(1.2) %	(2.2) %
Down 100 basis points	Down 100 basis points	0.76 %	(2.95) %	Down 100 basis points	(0.6) %	2.1 %

The Company's EVE-at-risk asset sensitivity decreased increased from December 31, 2022 December 31, 2023 to September 30, 2023 due to wholesale funding balances, March 31, 2024 as well as a more inverted yield curve. cash was held on the balance sheet and the deposit mix shifted.

Item 4. Controls and Procedures

Controls and Procedures

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), the Company has evaluated the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer considered that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that the Company files or submits under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to the Company's management, including its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control system was designed to provide reasonable assurance to its management and the Board of Directors regarding the preparation and fair presentation of published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The Company's management assessed the effectiveness of its internal control over financial reporting as of the end of the period covered by this report. There has been no change in the Company's internal controls over financial reporting during the quarter ended September 30, 2023 March 31, 2024 that has materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting as of December 31, 2022 December 31, 2023 and the related Report of Independent Registered Public Accounting Firm thereon appear on pages F-1 and F-2 of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

PART II — OTHER INFORMATION
Item 1. Legal Proceedings

There are no material pending legal proceedings other than those that arise in the normal course of business. In the opinion of management, after consulting with legal counsel, the consolidated financial position and results of operations of the Company are not expected to be affected materially by the outcome of such proceedings.

Item 1A. Risk Factors

There have been no material changes in the risk factors described in Part I, Item 1A. "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the SEC on February 27, 2023 and Part II. Item 1A "Risk Factors" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2023 (the "First Quarter 10-Q") filed with the SEC on May 10, 2023 February 27, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

a) Not applicable.

b) Not applicable.

c) Not applicable.

Item 3. Defaults Upon Senior Securities

a) None.

b) None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

c) During the three months ended September 30, 2023 March 31, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibits

Exhibit 31.1*	Certification of Chief Executive Officer
Exhibit 31.2*	Certification of Chief Financial Officer
Exhibit 32.1**	Section 1350 Certification of Chief Executive Officer
Exhibit 32.2**	Section 1350 Certification of Chief Financial Officer
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and included in Exhibit 101)

* Filed herewith
** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BROOKLINE BANCORP, INC.

Date: November 6, 2023 May 7, 2024	By:	/s/ Paul A. Perrault
		Paul A. Perrault
		Chief Executive Officer
		(Principal Executive Officer)
Date: November 6, 2023 May 7, 2024	By:	/s/ Carl M. Carlson
		Carl M. Carlson
		Co-President and Chief Financial Officer
		(Principal Financial Officer)

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Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Paul A. Perrault, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brookline Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2023 May 7, 2024

/s/ PAUL A. PERRAULT

Paul A. Perrault
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Carl M. Carlson, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Brookline Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2023 May 7, 2024

/s/ CARL M. CARLSON

Carl M. Carlson
Co-President and Chief Financial Officer
(Principal Financial Officer)

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Exhibit 32.1

STATEMENT FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

The undersigned, Paul A. Perrault, is the Chief Executive Officer of Brookline Bancorp, Inc. (the "Company").

This statement is being furnished in connection with the filing by the Company of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 (the "Report").

By execution of this statement, I certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the Report.

This statement is authorized to be attached as an exhibit to the Report so that this statement will accompany the Report at such time as the Report is filed with the Securities and Exchange Commission pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

Date: November 6, 2023 May 7, 2024

/s/ PAUL A. PERRAULT

Paul A. Perrault
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

STATEMENT FURNISHED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350

The undersigned, Carl M. Carlson, is the Chief Accounting Officer of Brookline Bancorp, Inc. (the “Company”).

This statement is being furnished in connection with the filing by the Company of the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 (the “Report”).

By execution of this statement, I certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the Report.

This statement is authorized to be attached as an exhibit to the Report so that this statement will accompany the Report at such time as the Report is filed with the Securities and Exchange Commission pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

Date: November 6, 2023 May 7, 2024

/s/ CARL M. CARLSON

Carl M. Carlson
Co-President and Chief Financial Officer
(Principal Financial Officer)

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