REFINITIV

DELTA REPORT

10-Q

BRKL - BROOKLINE BANCORP INC

10-Q - SEPTEMBER 30, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	1100
CHANGES	722
DELETIONS	198
ADDITIONS	180

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 June 30, 2024 September 30, 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	**04-3402944**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
131 Clarendon Street **Boston MA**	**02116**
(Address of principal executive offices)	(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, a 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 July 31, 2024 October 31, 2024, the number of shares of common stock, par value $0.01 per share, outstanding was 88,911,623. 89,098,443.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES
FORM 10-Q

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Glossary of Acronyms and Terms

2014 Plan	Brookline Bancorp, Inc. 2014 Equity Incentive Plan
2021 Plan	Brookline Bancorp, Inc. 2021 Stock Option and Incentive Plan
ACL	Allowance for Credit Losses
AFX	American Financial Exchange
ALCO	Asset/Liability Committee
BankRI	Bank Rhode Island
Banks	Brookline Bank, Bank Rhode Island, and PCSB Bank
C&I	Commercial and industrial
Clarendon Private	Clarendon Private, LLC
CMOs	Collateralized mortgage obligations
Company	Brookline Bancorp, Inc. and its subsidiaries
CRE	Commercial real estate
Eastern Funding	Eastern Funding, LLC
EPS	Earnings per Share
EVE	Economic Value of Equity
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FHLB	Federal Home Loan Bank of Boston and New York
FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association
FRB	Board of Governors of the Federal Reserve System
GAAP	U.S generally accepted accounting principles
GNMA	Government National Mortgage Association
GSEs	U.S. Government-sponsored enterprises
IBORs	Interbank Offered Rates
LEQ	Loan equivalency
LIBOR	London Interbank Offered Rate
MBSs	Mortgage-backed securities
OAEM	Other Assets Especially Mentioned
OCI	Other comprehensive income
OREO	Other Real Estate Owned
Plans	the The 2014 Plan and the 2021 Plan
SBA	Small Business Administration
SEC	U.S. Securities and Exchange Commission

PART I — FINANCIAL INFORMATION

Item 1. Unaudited Consolidated Financial Statements

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Unaudited Consolidated Balance Sheets

	At June 30, 2024	At December 31, 2023
	At September 30, 2024	At December 31, 2023
	(In Thousands Except Share Data)	
ASSETS		
Cash and due from banks		
Cash and due from banks		

Cash and due from banks		
Short-term investments		
Total cash and cash equivalents		
Investment securities available-for-sale		
Total investment securities		
Total investment securities		
Total investment securities		
Allowance for investment security losses		
Net investment securities		
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		
Consumer loans		
Total loans and leases		
Allowance for loan and lease losses		
Net loans and leases		
Restricted equity securities		
Premises and equipment, net of accumulated depreciation of $104,399 and $100,408, respectively		
Premises and equipment, net of accumulated depreciation of $106,222 and $100,408, respectively		
Right-of-use asset operating leases		
Deferred tax asset		
Goodwill		
Identified intangible assets, net of accumulated amortization of $13,157 and $47,963, respectively		
Identified intangible assets, net of accumulated amortization of $14,825 and $47,963, respectively		
OREO and repossessed assets, net		
Other assets		
Total assets		
LIABILITIES AND STOCKHOLDERS' EQUITY	***LIABILITIES AND STOCKHOLDERS' EQUITY***	***LIABILITIES AND STOCKHOLDERS' EQUITY***
Deposits:	Deposits:	Deposits:
Demand checking accounts		
Interest-bearing deposits		
Interest-bearing deposits		
Interest-bearing deposits		
Total deposits		
Borrowed funds:	Borrowed funds:	Borrowed funds:
Advances from the FHLB		
Subordinated debentures and notes		
Other borrowed funds		
Total borrowed funds		
Operating lease liabilities		
Mortgagors' escrow accounts		
Reserve for unfunded credits		
Accrued expenses and other liabilities		
Accrued expenses and other liabilities		
Accrued expenses and other liabilities		
Total liabilities		
Commitments and contingencies (Note 12)		

Commitments and contingencies (Note 12)		
Commitments and contingencies (Note 12)		
Stockholders' Equity:	Stockholders' Equity:	Stockholders' Equity:
Brookline Bancorp, Inc. stockholders' equity:	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		
Retained earnings		
Accumulated other comprehensive (loss) income		
Treasury stock, at cost; 7,373,009 shares and 7,354,399 shares, respectively		
Treasury stock, at cost; 7,015,843 shares and 7,354,399 shares, respectively		
Total stockholders' equity		
Total stockholders' equity		
Total stockholders' equity		
Total liabilities and stockholders' equity		

See accompanying notes to unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Income

	Three Months Ended June 30,			Six Months Ended June 30,					
	Three Months Ended September 30,			Nine Months Ended September 30,					
	2024	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
	(In Thousands Except Share Data)								
Interest and dividend income:									
Loans and leases									
Loans and leases									
Loans and leases									
Debt securities									
Restricted equity securities									
Short-term investments									
Total interest and dividend income									
Interest expense:									
Deposits									
Deposits									
Deposits									
Borrowed funds									
Total interest expense									
Net interest income									
Provision for credit losses on loans									
Provision (credit) for credit losses on investments									
Net interest income after provision for credit losses									
Non-interest income:									
Deposit fees									
Deposit fees									
Deposit fees									
Loan fees									
Loan level derivative income, net									
Gain on investment securities, net									
Gain on sales of loans and leases held-for-sale									

Other
Other
Other
Total non-interest income
Non-interest expense:
Compensation and employee benefits
Compensation and employee benefits
Compensation and employee benefits
Occupancy
Equipment and data processing
Professional services
FDIC insurance
Advertising and marketing
Amortization of identified intangible assets
Merger and restructuring expense
Other
Total non-interest expense
Income before provision for income taxes
Provision for income taxes
Net income
Net income
Net income
Earnings per common share:
Basic
Basic
Basic
Diluted
Weighted average common shares outstanding:
Basic
Basic
Basic
Diluted
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 June 30,			Six Months Ended June 30,					
	Three Months Ended September 30,			Nine Months Ended September 30,					
	2024	2024	2023	2024	2023	2024	2023	2024	2023
	(In Thousands)								
Net income									
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)
Income tax (expense) benefit
Income tax (expense) benefit
Income tax (expense) benefit
Net unrealized securities holding gains (losses) before reclassification adjustments, net of taxes
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
Change in fair value of cash flow hedges
Income tax (expense) benefit
Net change in fair value of cash flow hedges, net of taxes
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:
Gain (loss) on 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
Income tax (expense) benefit
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
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
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 June 30, 2024 September 30, 2024 and 2023

Common Stock Common Stock Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity

	(In Thousands)	(In Thousands)
Balance at March 31, 2024		
Balance at June 30, 2024		
Net income		
Other comprehensive income (loss)		
Other comprehensive income (loss)		
Other comprehensive income (loss)		
Common stock dividends of $0.135 per share		
Restricted stock awards issued, net of awards surrendered		
Restricted stock awards issued, net of awards surrendered		
Restricted stock awards issued, net of awards surrendered		
Compensation under recognition and retention plans		
Balance at June 30, 2024		
Balance at September 30, 2024		
Balance at June 30, 2024		
Balance at September 30, 2024		
Balance at June 30, 2024		
Balance at September 30, 2024		

	Common Stock
	Common Stock
	Common Stock
Balance at March 31, 2023	
Balance at March 31, 2023	
Balance at March 31, 2023	
Balance at June 30, 2023	
Balance at June 30, 2023	
Balance at June 30, 2023	
Net income	
Net income	
Net income	
Other comprehensive income (loss)	
Other comprehensive income (loss)	
Other comprehensive income (loss)	
Common stock dividends of $0.135 per share	
Common stock dividends of $0.135 per share	
Common stock dividends of $0.135 per share	
Restricted stock awards issued, net of awards surrendered	
Restricted stock awards issued, net of awards surrendered	
Restricted stock awards issued, net of awards surrendered	
Compensation under recognition and retention plan	
Compensation under recognition and retention plan	
Compensation under recognition and retention plan	
Compensation under recognition and retention plan	
Balance at September 30, 2023	
Compensation under recognition and retention plan	
Balance at September 30, 2023	
Balance at June 30, 2023	
Balance at June 30, 2023	
Balance at June 30, 2023	

Balance at September 30, 2023

See accompanying notes to unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Stockholders' Equity
Six Nine Months Ended June 30, 2024 September 30, 2024 and 2023

Common Stock

Common Stock

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	(In Thousands)					(In Thousands)					
Balance at December 31, 2023											
Net income											
Other comprehensive income (loss)											
Other comprehensive income (loss)											
Other comprehensive income (loss)											
Common stock dividends of $0.270 per share											
Common stock dividends of $0.405 per share											
Restricted stock awards issued, net of awards surrendered											
Restricted stock awards issued, net of awards surrendered											
Restricted stock awards issued, net of awards surrendered											
Compensation under recognition and retention plans											
Balance at June 30, 2024											
Balance at September 30, 2024											
Balance at June 30, 2024											
Balance at September 30, 2024											
Balance at June 30, 2024											
Balance at September 30, 2024											

Common Stock

Common Stock

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
	(In Thousands)						(In Thousands)				
Balance at December 31, 2022											
Net Income											
Common stock issued for acquisition											
Common stock issued for acquisition											
Common stock issued for acquisition											
PCSB acquisition											
PCSB acquisition											
PCSB acquisition											

Other comprehensive income (loss)
Other comprehensive income (loss)
Other comprehensive income (loss)
Common stock dividends of $0.270 per share
Common stock dividends of $0.405 per share
Restricted stock awards issued, net of awards surrendered
Restricted stock awards issued, net of awards surrendered
Restricted stock awards issued, net of awards surrendered
Compensation under recognition and retention plans
Balance at June 30, 2023
Balance at September 30, 2023
Balance at June 30, 2023
Balance at September 30, 2023
Balance at June 30, 2023
Balance at September 30, 2023

See accompanying notes to unaudited consolidated financial statements.

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

	Six Months Ended June 30,			Nine Months Ended September 30,	
	2024	2024	2023	2024	2023
	(In Thousands)				
Cash flows from operating activities:					
Net income					
Net income					
Net income					
Adjustments to reconcile net income to net cash provided from operating activities:					
Provision for credit losses					
Provision for credit losses					
Provision for credit losses					
Deferred income tax (benefit) expense					
Deferred income tax (benefit) expense					
Deferred income tax (benefit) expense					
Depreciation of premises and equipment					
(Accretion) amortization of investment securities premiums and discounts, net					
Accretion of investment securities premiums and discounts, net					
(Accretion) amortization of premiums and discounts and deferred loan and lease origination costs, net					
Amortization of identified intangible assets					
Amortization of debt issuance costs					
Amortization (accretion) of acquisition fair value adjustments, net					
Gain on investment securities, net					
Gain on sales of loans and leases held-for-sale					
Write-down of other repossessed assets					
Write-down of other repossessed assets					
Write-down of other repossessed assets					
Compensation under recognition and retention plans					
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
Cash surrender value of bank-owned life insurance

Other assets

Other assets
Other assets

Accrued expenses and other liabilities

Net cash provided from operating 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 maturities, calls, and principal repayments of investment securities available-for-sale

Purchases of investment securities available-for-sale

Proceeds from redemption/sales of restricted equity securities

Proceeds from redemption/sales of restricted equity securities
Proceeds from redemption/sales of restricted equity securities

Purchase of restricted equity securities

Proceeds from sales of loans and leases held-for-investment, net

Net increase in loans and leases

Acquisitions, net of cash and cash equivalents acquired

Purchase of premises and equipment, net

Purchase of premises and equipment, net
Purchase of premises and equipment, net

Proceeds from sales of other repossessed assets

Net cash used for investing activities

Net cash used for investing activities
Net cash used for investing activities

(Continued)

(Continued)
(Continued)

See accompanying notes to unaudited consolidated financial statements.

	Six Months Ended June 30,		Nine Months Ended September 30,	
2024	2024	2023	2024	2023
	(In Thousands)			

Cash flows from financing activities:

Increase (decrease) in demand checking, NOW, savings and money market accounts

Increase (decrease) in demand checking, NOW, savings and money market accounts
Increase (decrease) in demand checking, NOW, savings and money market accounts

Decrease in demand checking, NOW, savings and money market accounts

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
Repayment of FHLB advances
Increase (decrease) in other borrowed funds, net
(Decrease) increase in other borrowed funds, net
Increase (decrease) in other borrowed funds, net
(Decrease) increase in other borrowed funds, net
Increase (decrease) in other borrowed funds, net
(Decrease) increase in other borrowed funds, net
Decrease in mortgagors' escrow accounts, net
Payment of dividends on common stock
Payment of dividends on common stock
Payment of dividends on common stock
Payment of income taxes for shares withheld in share based activity
Net cash provided from financing activities
Net cash provided from financing activities
Net cash provided from financing activities
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period
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:
Interest on deposits, borrowed funds and subordinated debt
Interest on deposits, borrowed funds and subordinated debt
Interest on deposits, borrowed funds and subordinated debt
Income taxes
Non-cash investing activities:
Transfer from loans to other repossessed assets
Transfer from loans to other repossessed assets
Transfer from loans to other repossessed assets
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 liabilities assumed
Common stock issued

See accompanying notes to unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

(1) Basis of Presentation

Overview

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; BankRI, a Rhode Island-chartered financial institution; and PCSB Bank, a New York-chartered commercial bank. The Banks are members of the Federal Reserve System. The Company is also the parent of 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 and First Ipswich Insurance Agency, operates 29 28 full-service banking offices in the Greater Boston metropolitan area with 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 22 full-service banking offices in the greater Providence, Rhode Island area. 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 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 is based in New York City, New York, and Plainview, New York.

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 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 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 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, 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 determination of the ACL, the determination of fair market values of acquired assets and liabilities, 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 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 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.

(3) Investment Securities

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

	At June 30, 2024	At September 30, 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:								
GSE debentures								
GSE debentures								
GSE debentures								
GSE CMOs								
GSE MBSs								
Municipal obligations								
Municipal obligations								
Municipal obligations								
Corporate debt obligations								
U.S. Treasury bonds								
Foreign government obligations								
Total investment securities available-for-sale								
Total investment securities available-for-sale								
Total investment securities available-for-sale								

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In Thousands)			
Investment securities available-for-sale:				
GSE debentures	$ 220,604	$ 517	$ 19,994	$ 201,127
GSE CMOs	66,463	33	4,879	61,617
GSE MBSs	186,614	62	16,679	169,997
Municipal obligations	18,785	184	47	18,922
Corporate debt obligations	20,521	82	887	19,716
U.S. Treasury bonds	470,764	423	26,450	444,737
Foreign government obligations	500	—	15	485
Total investment securities available-for-sale	$ 984,251	$ 1,301	$ 68,951	$ 916,601

As of June 30, 2024 September 30, 2024, the fair value of all investment securities available-for-sale was $856.4 million $855.4 million, with net unrealized losses of $77.1 million $50.6 million, compared to a fair value of $916.6 million and net unrealized losses of $67.7 million as of December 31, 2023. As of June 30, 2024 September 30, 2024, $774.2 million $565.1 million, or 90.4% 66.1% of the portfolio, had gross unrealized losses of $77.4 million $54.0 million, compared to $717.2 million, or 77.8% of the portfolio, with gross unrealized losses of $69.0 million as of December 31, 2023.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

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

Investment Securities as Collateral

As of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, $735.0 million $796.0 million and $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 borrowings. The Banks had no outstanding FRB borrowings as of June 30, 2024 September 30, 2024 and December 31, 2023.

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 ACL is recognized in OCI. 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 and $4.1 million, respectively, as of June 30, 2024 September 30, 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 six nine months ended June 30, 2024 September 30, 2024 and 2023.

Assessment for Available for Sale Securities for Impairment

Investment securities as of June 30, 2024 September 30, 2024 and 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:

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

		At June 30, 2024				At September 30, 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 CMOs													
GSE MBSs													
Municipal obligations													
Municipal obligations													
Municipal obligations													
Corporate debt obligations													
U.S. Treasury bonds													
Foreign government obligations													
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													

Total temporarily impaired investment securities

	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:						
GSE debentures	$ 10,964	$ 12	$ 121,993	$ 19,982	$ 132,957	$ 19,994
GSE CMOs	42,057	3,547	14,571	1,332	56,628	4,879
GSE MBSs	34,317	561	122,367	16,118	156,684	16,679
Municipal obligations	3,859	47	—	—	3,859	47
Corporate debt obligations	10,911	810	6,427	77	17,338	887
U.S. Treasury bonds	117,132	676	232,074	25,774	349,206	26,450
Foreign government obligations	—	—	485	15	485	15
Temporarily impaired investment securities available-for-sale	219,240	5,653	497,917	63,298	717,157	68,951
Total temporarily impaired investment securities	$ 219,240	$ 5,653	$ 497,917	$ 63,298	$ 717,157	$ 68,951

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 OCI. 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 June 30, 2024 September 30, 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 June 30, 2024 September 30, 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 GSEs, including GSE debentures, MBSs, and CMOs. GSE securities include obligations issued by the FNMA, the FHLMC, the GNMA, the FHLB and the Federal Farm Credit Bank. As of June 30, 2024 September 30, 2024, the Company held GNMA MBSs and CMOs, and SBA commercial loan asset-backed securities in its available-for-sale portfolio with an estimated fair value of $37.8 million $33.8 million, all of which were backed explicitly by the full faith and credit of the U.S. Government, compared to $33.9 million as of December 31, 2023.

All securities are performing and backed by the implicit (FHLB/FNMA/FHLMC) or explicit (GNMA/SBA) guarantee of the U.S. Government. Therefore, despite unrealized losses in some of the securities within the portfolio, management has determined that the investment securities are not impaired. See discussion on the portfolio below.

As of June 30, 2024 September 30, 2024, the Company owned 39 38 GSE debentures with a total fair value of $192.3 million $183.2 million, and a net unrealized loss of $21.0 million $14.9 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 June 30, 2024 September 30, 2024, 36 19 of the 39 38 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 six nine months ended June 30, 2024 and 2023, September 30, 2024, the Company did not purchase any GSE debentures compared to the same period in 2023 when the Company purchase $9.7 million GSE debentures.

As of June 30, 2024 September 30, 2024, the Company owned 60 59 GSE CMOs with a total fair value of $58.1 million $58.9 million and a net unrealized loss of $6.5 million $4.6 million. As of December 31, 2023, the Company held 60 GSE CMOs with a total fair value of $61.6 million with a net unrealized loss of $4.8 million. As of June 30, 2024 September 30, 2024, 59 55 of the 60 59 securities in this portfolio were in an unrealized loss position. As of December 31, 2023, 57 of the 60 securities in this portfolio were in an unrealized loss position. During the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company did not purchase any GSE CMOs.

As of June 30, 2024 September 30, 2024, the Company owned 145 143 GSE MBSs with a total fair value of $155.0 million $159.8 million and a net unrealized loss of $19.3 million $12.8 million. As of December 31, 2023, the Company held 146 GSE MBSs with a total fair value of $170.0 million with a net unrealized loss of $16.6 million. As of June 30, 2024 September 30, 2024, 122 84 of the 145 143 securities in this portfolio were in an unrealized loss position. As of December 31, 2023, 125 of the 146 securities in this portfolio were in an unrealized loss position. During the six nine months ended June 30, 2024 September 30, 2024 the Company did not purchase any $4.1 million GSE MBSs compared to the same period in 2023 when the Company 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 conditions of the issuing municipalities are 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 June 30, 2024 September 30, 2024, the Company owned 42 municipal obligation securities with a total fair value of $15.8 million $17.5 million and a net unrealized loss gain of $0.3 million $0.1 million. 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 gain of $0.1 million. As of June 30, 2024 September 30, 2024, 18 6 of the 42 securities in this portfolio were in an unrealized loss position. As of December 31, 2023, 6 of the 44 securities in this portfolio were in an unrealized loss position. During the six nine months ended June 30, 2024 September 30, 2024, the Company purchased $2.5 million $7.3 million of municipal securities compared to the same period in 2023 when the Company purchased $5.6 million $9.0 million of municipal securities.

Corporate Obligations

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

The Company may invest in high-quality corporate obligations to provide portfolio diversification and improve the overall yield on the portfolio. 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. As of June 30, 2024 September 30, 2024, the Company held 6 5 corporate obligation securities with a total fair value of $17.8 million $11.7 million and a net unrealized loss of $0.8 million $0.4 million. As of December 31, 2023, the Company held 11 corporate obligation securities with a total fair value of $19.7 million and a net unrealized loss of $0.8 million. As of June 30, 2024 September 30, 2024, 5 3 of the 6 5 securities in this portfolio were in an unrealized loss position. As of December 31, 2023, 9 of the 11 securities in this portfolio were in an unrealized loss position. During the six nine months ended June 30, 2024 September 30, 2024 and 2023, 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 June 30, 2024 September 30, 2024, the Company owned 62 59 U.S. Treasury bonds with a total fair value of $416.9 million $423.9 million and a net unrealized loss of $29.3 million $17.9 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 June 30, 2024 September 30, 2024, 54 36 of the 62 59 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 six nine months ended June 30, 2024 September 30, 2024, the Company purchased $38.6 million $58.4 million of U.S. Treasury bonds, compared to the same period in 2023 when the Company purchased $234.0 million $272.7 million U.S. Treasury bonds.

Foreign Government Obligations

As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company owned 1 foreign government obligation security with a fair value of $0.5 million, which approximated cost. As of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, the security was in an unrealized loss position. During the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company did not purchase any foreign government obligations.

Portfolio Maturities

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

At June 30, 2024			At December 31, 2023	At September 30, 2024	
Amortized Cost	Estimated Fair Value	Weighted Average Rate	Amortized Cost	Estimated Fair Value	Weighted Average Rate
(Dollars in Thousands)					

Investment securities available-for-sale:	Investment securities available-for-sale:								Investment securities available-for-sale:			
Within 1 year	Within 1 year	$89,759	$	$ 89,343	3.91	3.91	%	$141,989	$	$ 141,340	4.27	4
After 1 year through 5 years	After 1 year through 5 years	399,763	382,723	382,723	3.12	3.12	%	342,525	332,734	332,734	3.15	
After 5 years through 10 years	After 5 years through 10 years	223,382	190,543	190,543	1.67	1.67	%	268,182	233,059	233,059	1.69	
Over 10 years	Over 10 years	220,637	193,830	193,830	3.29	3.29	%	231,555	209,468	209,468	3.35	
	$	$933,541	$	$856,439	2.92	2.92	%	$984,251	$	$ 916,601	3.00	

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 June 30, 2024 September 30, 2024, issuers of debt securities with an estimated fair value of $121.3 million $123.7 million had the right to call or prepay the obligations. Of the $121.3 million $123.7 million, approximately $6.5 million $4.9 million matures in less then 1 year, $59.5 million $68.0 million matures in 1-5 years, $47.7 million $42.8 million matures in 6-10 years, and $7.6 million $8.0 million matures after ten years. As of December 31, 2023, issuers of debt securities with an estimated fair value of approximately $122.0 million had the right to call or prepay the obligations. Of the $122.0 million, approximately $6.4 million matures in less then 1 year, $59.7 million matures in 1-5 years, $48.0 million matures in 6-10 years, and $7.9 million matures after ten years.

Security Sales

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

	Six Months Ended June 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In Thousands)		(In Thousands)	
Investment securities available-for-sale:				
Proceeds from sales:				
Proceeds from sales:				
Proceeds from sales:				
Gross gains from sales				
Gross losses from sales				
Gain on sales of securities, net				

(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:

Commercial real estate loans:
Commercial real estate loans:

Commercial real estate loans:
Commercial real estate
Commercial real estate
Commercial real estate
Multi-family mortgage
Multi-family mortgage
Multi-family mortgage
Construction
Construction
Construction
Total commercial real estate loans
Total commercial real estate loans
Total commercial real estate loans
Commercial loans and leases:
Commercial loans and leases:
Commercial loans and leases:
Commercial
Commercial
Commercial
Equipment financing
Equipment financing
Equipment financing
Condominium association
Condominium association
Condominium association
Total commercial loans and leases
Total commercial loans and leases
Total commercial loans and leases
Consumer loans:
Consumer loans:
Consumer loans:
Residential mortgage
Residential mortgage
Residential mortgage
Home equity
Home equity
Home equity
Other consumer
Other consumer
Other consumer
Total consumer loans
Total consumer loans
Total consumer loans
Total loans and leases
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 $40.9 million $39.7 million and $39.1 million at June 30, 2024 September 30, 2024 and 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 $(23.9) $(21.9) million and $(29.0) million as of June 30, 2024 September 30, 2024 and 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, 29.0% 29.6% of which is in the Greater New York and New Jersey metropolitan area and 71.0% 70.4% of which is in other areas in the U.S. as of June 30, 2024 September 30, 2024.

Loans and Leases Pledged as Collateral

As of June 30, 2024 September 30, 2024 and December 31, 2023, there were $3.6 billion and $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 June 30, 2024 September 30, 2024 and 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 June 30, 2024				Three Months Ended September 30, 2024			
	Commercial Real Estate	Commercial	Consumer	Total	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)				(In Thousands)			
Balance at March 31, 2024								
Balance at June 30, 2024								
Charge-offs								
Charge-offs								
Charge-offs								
Recoveries								
Provision (credit) for loan and lease losses excluding unfunded commitments								
Balance at June 30, 2024								
Balance at June 30, 2024								
Balance at June 30, 2024								
Balance at September 30, 2024								
Balance at September 30, 2024								
Balance at September 30, 2024								

	Three Months Ended June 30, 2023				Three Months Ended September 30, 2023			
	Commercial Real Estate	Commercial	Consumer	Total	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)				(In Thousands)			
Balance at March 31, 2023								
Balance at June 30, 2023								
Charge-offs								
Charge-offs								
Charge-offs								
Recoveries								
Provision (credit) for loan and lease losses excluding unfunded commitments								
Balance at June 30, 2023								
Balance at September 30, 2023								

	Six Months Ended June 30, 2024	Nine Months Ended September 30, 2024

	Commercial Real Estate	Commercial	Consumer	Total	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)				(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 June 30, 2024								
Balance at September 30, 2024								

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	Six Months Ended June 30, 2023				Nine Months Ended September 30, 2023			
	Commercial Real Estate	Commercial	Consumer	Total	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)				(In Thousands)			
Balance at December 31, 2022								
Charge-offs								
Charge-offs								
Charge-offs								
Recoveries								
Provision (credit) for loan and lease losses excluding unfunded commitments								
Balance at June 30, 2023								
Balance at September 30, 2023								

The ACL for unfunded credit commitments which is included in other liabilities, was $11.4 million $6.9 million, and $19.8 million at June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

Provision for Credit Losses

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

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024	2023	2024	2023
	(In Thousands)				(In Thousands)			
Provision (credit) for loan and lease losses:								
Commercial real estate								
Commercial real estate								
Commercial real estate								
Commercial								
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								

Unfunded commitments

Unfunded commitments

Unfunded commitments

Investment securities available-for-sale

Total provision (credit) for credit losses

Allowance for Loan and Lease Losses Methodology

Management has established a methodology to determine the adequacy of the ACL that assesses the risks and losses expected on the loan and lease portfolio and unfunded commitments. Additions to the ACL 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. CRE, 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 LEQ factor. LEQ

varies by current utilization and provides a reasonable estimate of expected draws and borrower behavior. 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, 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 June 30, 2024 September 30, 2024 reflect the immediate and longer-term effects of a higher interest rate environment and inflationary conditions compared to recent history.

As of June 30, 2024 September 30, 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 factors were applied to capture specific risks in several sub-segments of the portfolio determined to have potential incremental risk relative to the model's results (e.g., office and specialty vehicle) based on recent collateral valuations and performance trends. These adjustments included both positive and negative adjustments and were applied to five different sub-segments with a total impact of $21.5 million $23.2 million at June 30, 2024 September 30, 2024. Management reviews these factors on a quarterly basis as market conditions and segment performance evolve.

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 remained flat at $108.4 million was $102.2 million as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, $108.4 million as a result of the stabilization of credit conditions. December 31, 2023.

The specific allowance for loan and lease losses was $13.4 million $25.1 million as of June 30, 2024 September 30, 2024, compared to $9.1 million as of December 31, 2023. The specific allowance increased $4.3 million $16.0 million during the six nine months ended June 30, 2024 September 30, 2024, primarily due to specific reserve increases totaling $3.0 $11.5 million for commercial equipment financing loans, and $1.3 $3.0 million for commercial real estate loans, and $1.5 million for consumer and industrial loans.

As of June 30, 2024 September 30, 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

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.

5 Rating—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.

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 June 30, 2024 September 30, 2024.

June 30, 2024									
June 30, 2024									
June 30, 2024									
September 30, 2024									
September 30, 2024									
September 30, 2024									
	2024	**2024 2023 2022 2021 2020 Prior**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**	**2024 2023 2022 2021 2020 Prior**	**Revolving Loans**	**Revolving Loans Converted to Term Loans**	**Total**
			(In Thousands)				**(In Thousands)**		
Commercial Real Estate									
Pass									
Pass									
Pass									
OAEM									

Substandard

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	June 30, 2024										September 30, 2024								
	June 30, 2024										September 30, 2024								
	June 30, 2024										September 30, 2024								
	2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
	(In Thousands)										(In Thousands)								
Substandard																			
Total																			
Total																			
Total																			
Current-period gross writeoffs																			
Multi-Family Mortgage																			
Pass																			
Pass																			
Pass																			
OAEM																			
Substandard																			
Total																			
Total																			
Total																			
Construction																			
Pass																			
Pass																			
Pass																			
OAEM																			
Substandard																			
Total																			
Total																			
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

	June 30, 2024 June 30, 2024 June 30, 2024 September 30, 2024 September 30, 2024 September 30, 2024																	
	2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
	(In Thousands)										(In Thousands)								
Total																			
Other Consumer																			
Pass																			
Pass																			
Pass																			
Substandard																			
Substandard																			
Substandard																			
Total																			
Total																			
Total																			
Current-period gross writeoffs																			
Total																			
Pass																			
Pass																			
Pass																			
OAEM																			
Substandard																			
Doubtful																			
Total																			

As of June 30, 2024 September 30, 2024, there were no loans categorized as definite loss.

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

At June 30, 2024
At June 30, 2024
At June 30, 2024
At September 30, 2024
At September 30, 2024
At September 30, 2024

	2024	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
	(In Thousands)										(In Thousands)								
Residential																			
Credit Scores																			
Credit Scores																			
Credit Scores																			
Over 700																			
Over 700																			
Over 700																			
661 - 700																			
600 and below																			
Data not available*																			
Total																			
Home Equity																			
Home Equity																			
Home Equity																			
Credit Scores																			
Credit Scores																			
Credit Scores																			
Over 700																			
Over 700																			
Over 700																			
661 - 700																			
600 and below																			
Data not available*																			
Total																			
Current-period gross writeoffs																			

* 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, 2023, by credit quality indicator.

	December 31, 2023								
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
	(In Thousands)								
Commercial Real Estate									
Pass	$ 386,962	$ 690,374	$ 776,834	$ 378,322	$ 422,028	$ 1,245,148	$ 75,746	$ 14,882	$ 3,990,296

OAEM	—	—	2,529	3,300	1,784	1,674	—	—	9,287
Substandard	—	—	—	—	22,685	23,089	—	—	45,774
Doubtful	—	—	—	—	—	1,931	—	—	1,931
Total	386,962	690,374	779,363	381,622	446,497	1,271,842	75,746	14,882	4,047,288
Current -period gross writeoffs	—	4	942	—	—	258	—	—	1,204

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	December 31, 2023								
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
	(In Thousands)								
Multi-Family Mortgage									
Pass	68,963	217,727	256,198	165,770	193,162	468,623	5,947	36,585	1,412,975
Substandard	—	—	—	—	—	2,216	—	—	2,216
Total	68,963	217,727	256,198	165,770	193,162	470,839	5,947	36,585	1,415,191
Construction									
Pass	25,691	212,904	36,192	6,292	1,176	239	5,984	—	288,478
Substandard	—	2,417	11,155	—	—	—	—	—	13,572
Total	25,691	215,321	47,347	6,292	1,176	239	5,984	—	302,050
Commercial									
Pass	220,563	137,332	125,385	37,601	23,046	69,104	337,316	3,570	953,917
OAEM	—	—	79	2,081	1,291	—	1,827	8,225	13,503
Substandard	4	—	9	—	12,362	273	981	3,388	17,017
Doubtful	—	—	—	—	1	1	—	2	4
Total	220,567	137,332	125,473	39,682	36,700	69,378	340,124	15,185	984,441
Current-period gross writeoffs	1,000	3,500	4,842	1,164	673	2,379	—	—	13,558
Equipment Financing									
Pass	443,878	389,083	205,208	125,888	88,465	74,727	12,919	5,740	1,345,908
OAEM	—	2,144	1,232	1,033	159	—	—	—	4,568
Substandard	1,250	8,107	4,105	2,181	2,255	2,259	—	—	20,157
Doubtful	—	—	—	—	—	15	—	—	15
Total	445,128	399,334	210,545	129,102	90,879	77,001	12,919	5,740	1,370,648
Current-period gross writeoffs	498	1,075	1,915	122	553	2,275	—	—	6,438
Condominium Association									
Pass	4,460	7,569	9,186	6,686	4,414	9,086	3,010	168	44,579
Total	4,460	7,569	9,186	6,686	4,414	9,086	3,010	168	44,579
Other Consumer									
Pass	408	200	516	5	21	2,062	47,191	3	50,406
Total	408	200	516	5	21	2,062	47,191	3	50,406
Current-period gross writeoffs	6	—	2	—	11	9	—	—	28
Total									

Pass	1,150,925	1,655,189	1,409,519	720,564	732,312	1,868,989	488,113	60,948	8,086,559
OAEM	—	2,144	3,840	6,414	3,234	1,674	1,827	8,225	27,358
Substandard	1,254	10,524	15,269	2,181	37,302	27,837	981	3,388	98,736

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	December 31, 2023								
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
	(In Thousands)								
Doubtful	—	—	—	—	1	1,947	—	2	1,950
Total	$ 1,152,179	$ 1,667,857	$ 1,428,628	$ 729,159	$ 772,849	$ 1,900,447	$ 490,921	$ 72,563	$ 8,214,603

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

	At December 31, 2023								
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
	(In Thousands)								
Residential									
Credit Scores									
Over 700	$ 72,022	$ 161,491	$ 210,338	$ 118,752	$ 84,792	$ 261,474	$ 4,998	$ 439	$ 914,306
661 - 700	12,200	20,824	11,059	7,970	4,402	24,152	—	—	80,607
600 and below	1,943	12,108	7,197	7,093	5,449	23,838	—	—	57,628
Data not available*	1,353	2,246	3,025	—	448	23,163	28	—	30,263
Total	$ 87,518	$ 196,669	$ 231,619	$ 133,815	$95,091	$ 332,627	$ 5,026	$ 439	$ 1,082,804
Current-period gross writeoffs	—	—	—	—	—	25	—	—	25
Home Equity									
Credit Scores									
Over 700	$ 5,505	$ 3,807	$ 1,667	$ 769	$ 1,218	$ 7,366	$ 272,169	$ 4,617	$ 297,118
661 - 700	1,005	310	—	36	—	671	21,936	830	24,788
600 and below	148	143	41	—	39	402	17,349	2,008	20,130
Data not available*	23	—	1	—	—	45	2,062	15	2,146
Total	$ 6,681	$ 4,260	$ 1,709	$ 805	$ 1,257	$ 8,484	$ 313,516	$ 7,470	$ 344,182

* 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 June 30, 2024 September 30, 2024.

	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	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
Commercial real estate loans:																
Commercial real estate loans:																
Commercial real estate loans:																
Commercial real estate																
Commercial real estate																
Commercial real estate																
Multi-family mortgage																
Construction																
Total commercial real estate loans																
Commercial loans and leases:																
Commercial																
Commercial																
Commercial																
Equipment financing																
Condominium association																
Total commercial loans and leases																
Consumer loans:																
Residential mortgage																
Residential mortgage																
Residential mortgage																
Home equity																
Other consumer																
Total consumer loans																
Total loans and leases																

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

	At December 31, 2023								
	Past Due								
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Loans and Leases Past Due Greater Than 90 Days and Accruing	Non-accrual	Non-accrual with No Related Allowance
	(In Thousands)								
Commercial real estate loans:									
Commercial real estate	$ 2,578	$ 214	$ 16,915	$ 19,707	$ 4,027,581	$ 4,047,288	$ 227	$ 19,608	$ 740
Multi-family mortgage	346	—	—	346	1,414,845	1,415,191	—	—	—
Construction	—	—	—	—	302,050	302,050	—	—	—
Total commercial real estate loans	2,924	214	16,915	20,053	5,744,476	5,764,529	227	19,608	740
Commercial loans and leases:									

Commercial	829	75	3,808	4,712	979,729	984,441	—	3,886	—
Equipment financing	3,202	4,367	8,984	16,553	1,354,095	1,370,648	—	14,984	2,474
Condominium association	—	—	—	—	44,579	44,579	—	—	—
Total commercial loans and leases	4,031	4,442	12,792	21,265	2,378,403	2,399,668	—	18,870	2,474
Consumer loans:									
Residential mortgage	934	600	3,063	4,597	1,078,207	1,082,804	—	4,292	2,563
Home equity	1,290	44	387	1,721	342,461	344,182	1	860	—
Other consumer	—	—	—	—	50,406	50,406	—	—	—
Total consumer loans	2,224	644	3,450	6,318	1,471,074	1,477,392	1	5,152	2,563
Total loans and leases	$ 9,179	$ 5,300	$ 33,157	$ 47,636	$ 9,593,953	$ 9,641,589	$ 228	$ 43,630	$ 5,777

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. 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 June 30, 2024

At June 30, 2024
At June 30, 2024

At September 30, 2024

At September 30, 2024
At September 30, 2024

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

At December 31, 2023

	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Allowance for Loan and Lease Losses:				
Individually evaluated	$ 5,104	$ 3,947	$ 35	$ 9,086
Collectively evaluated	76,306	25,610	6,520	108,436
Total loans and leases	$ 81,410	$ 29,557	$ 6,555	$ 117,522
Loans and Leases:				
Individually evaluated	$ 64,953	$ 27,083	$ 4,750	$ 96,786
Collectively evaluated	5,699,576	2,372,585	1,472,642	9,544,803
Total loans and leases	$ 5,764,529	$ 2,399,668	$ 1,477,392	$ 9,641,589

Loan Modifications

The following tables present the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty during the periods indicated.

	Three Months Ended June 30, 2024	
	Three Months Ended June 30, 2024	
	Three Months Ended June 30, 2024	
	Three Months Ended September 30, 2024	
	Three Months Ended September 30, 2024	
	Three Months Ended September 30, 2024	
	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		
Significant Payment Delays		
Significant Payment Delays		
Significant Payment Delays		
C&I		
C&I		
C&I		
Combination - Maturity Extension and Significant Payment Delays		
Combination - Maturity Extension and Significant Payment Delays		

Combination - Maturity Extension and Significant Payment Delays
C&I
Combination - Maturity Extension and Interest Rate Reduction
C&I
C&I
Combination - Maturity Extension and Interest Rate Reduction
Combination - Maturity Extension and Interest Rate Reduction
Combination - Maturity Extension and Interest Rate Reduction
Commercial Real Estate
Commercial Real Estate
Commercial Real Estate
Home Equity
Home Equity
Home Equity
Combination - Maturity Extension, Interest Rate Reduction, and Significant Payment Delay
Combination - Maturity Extension, Interest Rate Reduction, and Significant Payment Delay
Combination - Maturity Extension, Interest Rate Reduction, and Significant Payment Delay
C&I
C&I
C&I
Total
Total
Total

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	Three Months Ended June 30, 2023	
	Three Months Ended June 30, 2023	
	Three Months Ended June 30, 2023	
	Three Months Ended September 30, 2023	
	Three Months Ended September 30, 2023	
	Three Months Ended September 30, 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		
Significant Payment Delays		
Significant Payment Delays		
Significant Payment Delays		
C&I		

C&I
C&I
Combination
Combination
Combination
C&I
C&I
C&I
Total
Total
Total

Six Months Ended June 30, 2024
Six Months Ended June 30, 2024
Six Months Ended June 30, 2024
Nine Months Ended September 30, 2024
Nine Months Ended September 30, 2024
Nine Months Ended September 30, 2024

Number of Loans	Number of Loans		Amortized Cost		% of Total Class of Loans and Leases		Financial Effect	Number of Loans		Amortized Cost		% of Total Class of Loans and Leases		Financial Effect
	(In thousands)													

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

C&I	2	$	131	0.01	0.01	%	One loan was given a 30 month maturity extension to assist the borrower and the other loan was given a 2 month deferment of payments along with 13 months added to the term of the loan. The financial effect was deemed "de minimis".	2	$	123	0.01	0.01 %	One loan was given 6 months of interest only payments and 6 months added to the term of the loan and the other loan was given a 2 month deferment of payments along with 13 months added to the term of the loan. The financial effect was deemed "de minimis".

Significant Payment Delays					
Significant Payment Delays					
Significant Payment Delays					
C&I					
C&I					
C&I	12	$13,833	0.57	%	These loans and letters of credit were given a two quarter (6 month) payment forbearance. The projected impact of the payment delay is approximately $0.1 million.
Combination - Maturity Extension and Significant Payment Delays					
Combination - Maturity Extension and Significant Payment Delays					
Combination - Maturity Extension and Significant Payment Delays					

C&I	2	1,615	0.07 %	These loans were given 6 month maturity extension and 6 months of interest-only payments.
Combination - Maturity Extension and Interest Rate Reduction				
C&I	2	$ 123	0.01 %	These loans were given 21 and 25 month extensions, respectively, and reductions in their stated interest rates of 7.5%.
Total	18	$ 15,702	0.66 %	
	Six Months Ended June 30, 2023			

	Number of Loans	Amortized Cost	% of Total Class of Loans and Leases	Financial Effect
		(In thousands)		
Maturity Extension				
C&I	24	$ 19,061	1.29 %	All 24 loans were given 6 month maturity extensions and restructured payment plans to assist borrowers. The financial effect was deemed "de minimis".
Combination				
CRE				
C&I	2	627	0.04 %	Both loans were given 6 month maturity extensions and restructured delayed payment plans to assist borrowers. The financial effect was deemed "de minimis".
Total	26	$ 19,688	1.33 %	

C&I	14	$ 15,490	1.43 %	Some of these loans and letters of credit were given a two quarter (6 month) payment forbearance, while one was given a 30 month term extension, and another was given one year of payment deferrals. The financial effect was deemed "de minimis."
Combination - Maturity Extension and Significant Payment Delays				
C&I	2	1,586	0.15 %	These loans were given 6 month maturity extension and 6 months of interest-only payments. The financial effect was deemed "de minimis."
Combination - Maturity Extension and Interest Rate Reduction				
Commercial Real Estate	1	$ 8,284	0.20 %	This loan was given a maturity extension of 3 years with a 5.0% pay rate and 7.0% accrue rate. The financial effect was deemed "de minimis."
C&I	2	$ 110	0.01 %	These loans were given 25 month extensions, and reductions in their stated interest rates of 7.5%. The financial effect was deemed "de minimis."
Home Equity	1	$ 269	0.07 %	This loan was reamortized over 30 years and extended the prior maturity date 20 years, with a reduction in rate to 6.8% fixed. The financial effect was deemed "de minimis."
Combination - Maturity Extension, Interest Rate Reduction, and Significant Payment Delay				

C&I	1	$ 604	0.06 %	Line of credit renewed for one year, interest only, with a reduction in rate from 10.3% variable to 7.5% fixed. The financial effect was deemed "de minimis."
Total	23	$ 26,466		

	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	0 0	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		

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

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

		Three Months Ended June 30, 2024							Three Months Ended September 30, 2024						
	Current	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified	Paid Off	Charged Off	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified	Paid Off	Charged Off
				(In thousands)											
Total Modifications															

Three Months Ended June 30, 2023

Three Months Ended June 30, 2023

Three Months Ended June 30, 2023

Three Months Ended September 30, 2023

Three Months Ended September 30, 2023

Three Months Ended September 30, 2023															
	Current	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified	Paid Off	Charged Off	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified	Paid Off	Charged Off
	(In thousands)														
Total Modifications															
Six Months Ended June 30, 2024															
Six Months Ended June 30, 2024															
Six Months Ended June 30, 2024															
Nine Months Ended September 30, 2024															
Nine Months Ended September 30, 2024															
Nine Months Ended September 30, 2024															
	Current	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified	Paid Off	Charged Off	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified	Paid Off	Charged Off
	(In thousands)														
Total Modifications															

	Six Months Ended June 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	$ 19,688	$ —	$ —	$ —	$ —	$ —	$ —

	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

(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 June 30, 2024	At December 31, 2023	At September 30, 2024	At December 31, 2023
	(In Thousands)		(In Thousands)	
Goodwill				
Additions				
Balance at end of period				
Balance at end of period				
Balance at end of period				
Other intangible assets, net accumulated amortization:				
Core deposits				
Core deposits				
Core deposits				
Trade name				
Total other intangible assets				
Total other intangible assets				
Total other intangible assets				
Total goodwill and other intangible assets				

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

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 5.44 5.2 years.

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 2024	
Year ending:	
2025	
2025	
2025	
2026	
2027	
2028	
2029	
Thereafter	
Total	

(7) Accumulated Other Comprehensive Income (Loss)

For the six nine months ended June 30, 2024 September 30, 2024 and 2023, the Company's accumulated OCI (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 OCI (loss) by component, net of tax, were as follows for the periods indicated:

	Three Months Ended June 30, 2024			Three Months Ended September 30, 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 March 31, 2024								
Balance at June 30, 2024								
Other comprehensive income (loss)								
Reclassification adjustment for (income) expense recognized in earnings								
Balance at June 30, 2024								
Balance at September 30, 2024								

	Three Months Ended June 30, 2023			Three 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)	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 March 31, 2023								
Balance at June 30, 2023								
Other comprehensive income (loss)								
Reclassification adjustment for (income) expense recognized in earnings								
Balance at June 30, 2023								
Balance at September 30, 2023								

	Six Months Ended June 30, 2024				Nine Months Ended September 30, 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 December 31, 2023								
Other comprehensive income (loss)								
Reclassification adjustment for (income) expense recognized in earnings								
Balance at June 30, 2024								
Balance at September 30, 2024								

	Six Months Ended June 30, 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)	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 December 31, 2022								
Other comprehensive income (loss)								
Reclassification adjustment for (income) expense recognized in earnings								
Balance at June 30, 2023								
Balance at September 30, 2023								

(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 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 accounting purposes.

	At June 30, 2024					At September 30, 2024			
	Notional Amount	Notional Amount	Average Maturity	Weighted Average Rate	Fair Value	Notional Amount	Average Maturity	Weighted Average Rate	Fair Value
	(in thousands)		(in years)		(in thousands)	(in thousands)	(in years)		(in thousands)
Interest rate swaps on loans									

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	At December 31, 2023						
				Weighted Average Rate			
	Notional Amount		Average Maturity	Current Rate Paid	Received Fixed Swap Rate		Fair Value
	(in thousands)		(in years)				(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								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	Number of Positions	Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total	Fair Value
		June 30, 2024								September 30, 2024						
	(Dollars In Thousands)								(Dollars In Thousands)							
Loan level derivatives																
Receive fixed, pay variable																
Receive fixed, pay variable																
Receive fixed, pay variable																
Pay fixed, receive variable																
Risk participation-out agreements																
Risk participation-in agreements																
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																
Sells foreign currency, buys U.S. currency																

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

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, 2023 (Dollars In Thousands)							
Loan level derivatives								
Receive fixed, pay variable	153	$ 69,135	$ 156,567	$ 66,330	$ 244,615	$ 1,196,551	$ 1,733,198	$ 80,118
Pay fixed, receive variable	153	69,135	156,567	66,330	244,615	1,196,551	1,733,198	80,118
Risk participation-out agreements	67	22,979	33,409	6,038	64,875	415,086	542,387	1,238
Risk participation-in agreements	9	—	—	23,155	3,577	73,581	100,313	310
Foreign exchange contracts								
Buys foreign currency, sells U.S. currency	23	$ 3,262	$ —	$ —	$ —	$ —	$ 3,262	$ 139
Sells foreign currency, buys U.S. currency	28	3,895	—	—	—	—	3,895	132

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 collateral to dealer counterparties of $0.9 million $1.4 million and $1.2 million in the normal course of business as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

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.

	At June 30, 2024						At September 30, 2024			
	Gross Amounts Recognized	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	Net Amount	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 th Statement of Financial Positio
	(In Thousands)						(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 not designated as hedging instruments:
Loan level derivatives
Loan level derivatives
Loan level derivatives
Risk participation-in agreements

Foreign exchange contracts
Total

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

	At December 31, 2023					
				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:						
Interest rate derivatives	$ 234	$ —	$ 234	$ —	$ —	$ 234
Derivatives not designated as hedging instruments:						
Loan level derivatives	$ 99,876	$ —	$ 99,876	$ —	$ —	$ 99,876
Risk participation-out agreements	1,238	—	1,238	—	—	1,238
Foreign exchange contracts	139	—	139	—	—	139
Total	$ 101,487	$ —	$ 101,487	$ —	$ —	$ 101,487
Liability derivatives						
Derivatives designated as hedging instruments:						
Interest rate derivatives	$ 2,842	$ —	$ 2,842	$ —	$ —	$ 2,842
Derivatives not designated as hedging instruments:						
Loan level derivatives	$ 99,876	$ —	$ 99,876	$ 20,353	$ 61,153	$ 18,370
Risk participation-in agreements	310	—	310	—	—	310
Foreign exchange contracts	132	—	132	—	—	132
Total	$ 103,160	$ —	$ 103,160	$ 20,353	$ 61,153	$ 21,654

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	
	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
	(Dollars in Thousands)	(Dollars in Thousands)
Derivatives designated as hedges		
Derivatives designated as hedges		
Derivatives designated as hedges		
(Loss) gain in OCI on derivatives (effective portion), net of tax		
Gain (loss) reclassified from OCI into interest income or interest expense (effective portion)		

The guidance in ASU 2017-12 requires that amounts in accumulated OCI 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 OCI 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 June 30, 2024 September 30, 2024, the Company had one active equity plan: the 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 2014 Plan, and no further shares will be granted as awards under the 2014 Plan.

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 six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023, no 432,279 and 449,265 shares were issued, respectively, upon satisfaction of required conditions of the Plans.

Total expense for the Plans was $0.8 million $0.9 million and $0.9 million $1.0 million for the three months ended June 30, 2024 September 30, 2024 and 2023, respectively. Total expense for the Plans was $1.9 million and $1.8 million $2.8 million for both the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively.

(10) EPS

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

	Three Months Ended							
	June 30, 2024		June 30, 2023		September 30, 2024		September 30, 2023	
	Basic	Fully Diluted	Basic	Fully Diluted	Basic	Fully Diluted	Basic	Fully Diluted
	(Dollars in Thousands, Except Per Share Amounts)							
Numerator:								
Net income								
Net income								
Net income								
Denominator:								
Denominator:								
Denominator:								
Weighted average shares outstanding								
Weighted average shares outstanding								
Weighted average shares outstanding								
Effect of dilutive securities								
Adjusted weighted average shares outstanding								
EPS								
EPS								
EPS								

	Six Months Ended			
	Nine Months Ended			
	Six Months Ended			
	Nine Months Ended			
	Six Months Ended			
	Nine Months Ended			
	June 30, 2024		June 30, 2023	
	September 30, 2024		September 30, 2023	
	Basic	Fully Diluted	Basic	Fully Diluted
	Basic	Fully Diluted	Basic	Fully Diluted
	(Dollars in Thousands, Except Per Share Amounts)			
Numerator:				
Net income				
Net income				
Net income				
Denominator:				
Denominator:				
Denominator:				
Weighted average shares outstanding				
Weighted average shares outstanding				
Weighted average shares outstanding				
Effect of dilutive securities				
Adjusted weighted average shares outstanding				
EPS				
EPS				
EPS				

(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 six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 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 June 30, 2024				Carrying Value as of September 30, 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 CMOs								
GSE MBSs								
Municipal obligations								

Municipal obligations
Municipal obligations
Corporate debt obligations
U.S. Treasury bonds
Foreign government obligations
Foreign government obligations
Foreign government obligations
Total investment securities available-for-sale
Assets:
Assets:
Assets:
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

Liabilities:	Liabilities:	Liabilities:

Interest rate derivatives
Derivatives not designated as hedging instruments:
Loan level derivatives
Loan level derivatives
Loan level derivatives
Risk participation-in agreements
Foreign exchange contracts

	Carrying Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets:				
Investment securities available-for-sale:				
GSE debentures	$ —	$ 201,127	$ —	$ 201,127
GSE CMOs	—	61,617	—	61,617
GSE MBSs	—	169,997	—	169,997
Municipal obligations	—	3,398	15,524	18,922
Corporate debt obligations	—	17,337	2,379	19,716
U.S. Treasury bonds	—	444,737	—	444,737
Foreign government obligations	—	485	—	485
Total investment securities available-for-sale	$ —	$ 898,698	$ 17,903	$ 916,601
Interest rate derivatives	—	234	—	234
Loan level derivatives	—	99,876	—	99,876

Risk participation-out agreements	—	1,238	—	1,238
Foreign exchange contracts	—	139	—	139
Liabilities:				
Interest rate derivatives	$ —	$ 2,842	$ —	$ 2,842
Loan level derivatives	—	99,876	—	99,876
Risk participation-in agreements	—	310	—	310
Foreign exchange contracts	—	132	—	132

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 June 30, 2024 September 30, 2024, $15.0 million $16.6 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 $12.6 million $14.1 million are private placement municipal Bond Anticipation Notes. As of December 31, 2023, 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 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 June 30, 2024 September 30, 2024 and 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	Rang of Inpu
				(In Thousands)							
June 30, 2024											
September 30, 2024											
Assets											
Assets											
Assets											
Municipal obligations											
Municipal obligations											

Municipal obligations	$12,573	Discounted Cash Flow	Discounted Cash Flow	Discount Rate from Bloomberg BVAL	0.0%-3.44%		1.71	%	$14,149	Discounted Cash Flow	Discounted Cash Flow	Discount Rate from Bloomberg BVAL	0.0%
Corporate debt obligations													

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	Six Months Ended June 30, 2024		Nine Months Ended September 30, 2024		
					(In Thousands)
	Municipal obligations	Municipal obligations	Corporate debt obligations	Municipal obligations	Corporate debt obligations
Beginning balance					
Purchases					
Included in comprehensive income					
Included in comprehensive income					
Included in comprehensive income					
Unrealized gains (losses) included in comprehensive income					
Unrealized gains (losses) included in comprehensive income					
Unrealized gains (losses) included in comprehensive income					
Transfers in					
Transfers out					
Sales					
Maturities, calls, and paydowns					
Ending balance					

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 June 30, 2024				Carrying Value as of September 30, 2024			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
		(In Thousands)				(In Thousands)			
Assets measured at fair value on a non-recurring basis:	Assets measured at fair value on a non-recurring basis:					Assets measured at fair value on a non-recurring basis:			
Collateral-dependent impaired loans and leases									
OREO									
Repossessed assets									
Total assets measured at fair value on a non-recurring basis									

	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	$ —	$ —	$ 16,720	$ 16,720
OREO	—	—	780	780
Repossessed assets	—	914	—	914
Total assets measured at fair value on a non-recurring basis	$ —	$ 914	$ 17,500	$ 18,414

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") 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.

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
	Fair Value
	Fair Value
	At June 30, 2024
	At June 30, 2024
	At June 30, 2024
	At September 30, 2024
	At September 30, 2024
	At September 30, 2024
Collateral-dependent impaired loans and leases	
Collateral-dependent impaired loans and leases	
Collateral-dependent impaired loans and leases	
Other real estate owned	
Other real estate owned	
Other real estate owned	

(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.

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 June 30, 2024 Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Carrying Value	Estimated Fair Value	Fair Value Measurements at September 30, 2024 Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
	(In Thousands)				(In Thousands)					
Financial assets: Financial assets:				Financial assets:						
Loans and leases, net										
Loans and leases, net										
Loans and leases, net										
Financial liabilities:										
Financial liabilities:										
Financial liabilities:										
Certificates of deposits and brokered deposits										
Certificates of deposits and brokered deposits										
Certificates of deposits and brokered deposits										
Borrowed funds										

	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	$ 9,524,067	$ 9,230,864	$ —	$ —	$ 9,230,864
Financial liabilities:					
Certificates of deposits and brokered deposits	2,456,028	2,443,772	—	2,443,772	—
Borrowed funds	1,376,670	1,375,506	—	1,375,506	—

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 June 30, 2024	At December 31, 2023		At September 30, 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						
Residential mortgage						
Unadvanced portion of loans and leases						
Unused lines of credit:	Unused lines of credit:			Unused lines of credit:		
Home equity						
Other consumer						
Other commercial						
Unused letters of credit:	Unused letters of credit:				Unused letters of credit:	
Financial standby letters of credit						
Performance standby letters of credit						
Commercial and similar letters of credit						
Interest rate derivatives						
Loan level derivatives (Notional principal amounts):						
Receive fixed, pay variable						
Receive fixed, pay variable						
Receive fixed, pay variable						
Pay fixed, receive variable						
Risk participation-out agreements						
Risk participation-in agreements						
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						

Sells foreign currency, buys U.S. currency

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 other assets. These leases have terms ranging from 1 year to over 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.

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
		(In Thousands)
The components of lease expense was as follows:		
Operating lease cost		
Operating lease cost		
Operating lease cost		
Supplemental cash flow information related to leases was as follows:		
Supplemental cash flow information related to leases was as follows:		
Supplemental cash flow information related to leases was as follows:		
Cash paid for amounts included in the measurement of lease liabilities:		
Cash paid for amounts included in the measurement of lease liabilities:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases		
Operating cash flows for operating leases		
Operating cash flows for operating leases		
Right-of-use assets obtained in exchange for new lease obligations:		
Right-of-use assets obtained in exchange for new lease obligations:		
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases assets		
Operating leases assets		
Operating leases assets		
Operating leases liabilities		

	At June 30, 2024	At December 31, 2023
	At September 30, 2024	At December 31, 2023

		(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				
Operating lease liabilities				
Operating lease liabilities				
Operating lease liabilities				
Weighted Average Remaining Lease Term				
Weighted Average Remaining Lease Term				
Weighted Average Remaining Lease Term				
Operating leases				
Operating leases				
Operating leases	8.49	8.87	9.1	8.9
Weighted Average Discount Rate				
Weighted Average Discount Rate				
Weighted Average Discount Rate				
Operating leases				
Operating leases				
Operating leases	4.2%	4.0%	4.2%	4.0%

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements (Continued)

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

	Minimum Rental Payments
	Minimum Rental Payments
	Minimum Rental Payments
	June 30, 2024
	June 30, 2024
	June 30, 2024
	September 30, 2024
	September 30, 2024
	September 30, 2024
Remainder of 2024	
Remainder of 2024	
Remainder of 2024	
Year ending:	
Year ending:	
Year ending:	
2025	
2025	
2025	
2026	
2026	

2026
2027
2027
2027
2028
2028
2028
2029
2029
2029
Thereafter
Thereafter
Thereafter
Total
Total
Total
Less imputed interest
Less imputed interest
Less imputed interest
Present value of lease liability
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 $1.2 $1.8 million and $1.3 million $1.9 million for the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. Total other expenditures were $0.3 million and $0.2 million $0.4 million for both the six nine months ended June 30, 2024 September 30, 2024 and 2023, respectively. Total rental expense was $4.5 million $6.8 million and $4.2 million $6.3 million for the six nine months ended June 30, 2024 September 30, 2024 and 2023. Total rental expense was $2.2 million and $2.0 million $2.1 million for the three months ended June 30, 2024 September 30, 2024 and 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") 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, changes in interest rates; 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, 2023 and other filings submitted to the 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; BankRI and its subsidiaries; PCSB Bank and its subsidiaries; and Clarendon Private. Brookline Securities Corp, previously a subsidiary of Brookline Bancorp, Inc., was dissolved in November 2023.

As a commercially-focused financial institution with 65 64 full-service banking offices throughout Greater Boston, the north shore of Massachusetts, Rhode Island and New York, the Company, through Brookline Bank, BankRI and PCSB Bank, 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 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, 29.0% 29.6% of which is in the Greater New York and New Jersey metropolitan area and 71.0% 70.4% of which is in other areas in the U.S. as of June 30, 2024 September 30, 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 in accordance with corporate policies overseen by the Company's credit department.

The competition for loans and leases and deposits remains strong. Loan strong, with growth and deposit growth are also pricing influenced by the Federal Reserve's interest rate-setting actions of the FRB. Based on management's actions. Management's scenario analysis of deposit sensitivity to the current rate environment and customer's customer demand for non-depository investment alternatives management expects there will be suggests further deposit mix migration and increased deposit sensitivity to interest rates.

As the interest rate environment resets to a more normal, upward-sloping yield curve with shorter-term interest rates which may negatively impact the net lower than longer-tem interest income and the net interest margin in the near term.

Management rates, management expects the net interest margin to stabilize increase. This is due to deposit and then increase as wholesale funding costs repricing, while legacy loans continue to do not reprice into down with the higher rate environment faster than time deposits same magnitude.

However, if both short- and other funding sources. Net long-term interest rates both fall, net interest income models, using a projected flat balance sheet with stable deposit balances and an average sensitivity of deposit rates of approximately 40% to market rates, forecast that a short-term increase parallel decrease in rates will positively negatively affect the Company's net interest income, net interest spread, and net interest margin. Note, while our long term historical sensitivity of deposit rates approximates 40%, more recently, deposit rate sensitivity has been much higher, which if continues in the future would have a more neutral or positive impact on the net interest income.

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.

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

Executive Overview

Balance Sheet

Total assets increased $253.0 million $294.5 million, or 4.4% 3.5% on an annualized basis, to $11.6 billion $11.7 billion as of June 30, 2024 September 30, 2024 from $11.4 billion as of December 31, 2023. The increase was primarily driven by an increase in cash and cash equivalents and an increase in loans and leases, partially offset by a decrease in available-for-sale investment securities. Cash, cash equivalents and available for sale investment securities increased $149.9 million $213.7 million, or 28.6% 27.1% on an annualized basis, to $1.2 billion $1.3 billion as of June 30, 2024 September 30, 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 10.3% 10.8% of total assets as of June 30, 2024 September 30, 2024.

Cash and cash equivalents increased $210.1 million $274.9 million, or 315.8% 275.5% on an annualized basis, to $343.1 million $407.9 million as of June 30, 2024 September 30, 2024 from $133.0 million as of December 31, 2023.

Total investment securities decreased $60.2 million $61.2 million, or 13.1% 8.9% on an annualized basis, to $856.4 million $855.4 million as of June 30, 2024 September 30, 2024 from $916.6 million as of December 31, 2023.

Total loans and leases increased $79.5 million $113.6 million, or 1.7% 1.6% on an annualized basis, to $9.7 billion $9.8 billion as of June 30, 2024 September 30, 2024 from $9.6 billion as of December 31, 2023. The Company's commercial loan portfolios, which are composed of commercial real estate loans and commercial loans and leases, totaled $8.2 billion, or 84.6% 84.4% of total loans and leases as of June 30, 2024 September 30, 2024, an increase of $61.4 million $68.1 million, or 1.5% 1.1% on an annualized basis, from $8.2 billion, or 84.7% of total loans and leases as of December 31, 2023.

Total deposits increased $188.9 million $184.1 million, or 4.4% 2.9% on an annualized basis, to $8.7 billion as of June 30, 2024 September 30, 2024 from $8.5 billion as of December 31, 2023. Core deposits, which include demand checking, NOW, money market and savings accounts, totaled $6.1 billion, or 69.8% of total deposits, as of June 30, 2024 September 30, 2024, an increase of $3.1 million $5.3 million, or 0.1% on an annualized basis, from $6.1 billion, or 71.3% of total deposits, as of December 31, 2023. Certificate of deposit balances totaled $1.7 billion $1.8 billion, or 19.7% 20.8% of total deposits as of June 30, 2024 September 30, 2024, an increase of $143.6 million $244.5 million, or 18.2% 20.7% on an annualized basis, from $1.6 billion, or 18.4% of total deposits as of December 31, 2023. Brokered deposits totaled $923.5 million $815.5 million, or 10.6% 9.3%

of total deposits as of June 30, 2024 September 30, 2024, an increase a decrease of $42.3 million $65.7 million, or 9.6% 9.9% on an annualized basis, from $881.2 million, or 10.3% of total deposits as of December 31, 2023.

Total borrowed funds increased $52.8 million $120.9 million, or 7.7% 11.7% on an annualized basis, to $1.4 billion $1.5 billion as of June 30, 2024 September 30, 2024 from $1.4 billion as of December 31, 2023.

Asset Quality

Nonperforming assets as of June 30, 2024 September 30, 2024 totaled $62.7 million $72.8 million, or 0.54% 0.62% of total assets, compared to $45.3 million, or 0.40% of total assets, as of December 31, 2023. Net charge-offs for the three months ended June 30, 2024 September 30, 2024 were $8.4 million $3.8 million, or 0.35% 0.16% of average loans and leases on an annualized basis, compared to $1.1 million $11.0 million, or 0.05% 0.47% of average loans and leases on an annualized basis, for the three months ended June 30, 2023 September 30, 2023.

The ratio of the allowance for loan and lease losses to total loans and leases was 1.25% 1.31% as of June 30, 2024 September 30, 2024, compared to 1.22% as of December 31, 2023.

The ratio of the allowance for loan and lease losses to nonaccrual loans and leases was 200.55% 178.71% as of June 30, 2024 September 30, 2024, compared to 269.36% as of 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 10.33% 10.42% as of June 30, 2024 September 30, 2024, compared to 10.25% as of December 31, 2023. The Company's Tier 1 leverage ratio was 8.99% 9.09% as of June 30, 2024 September 30, 2024, compared to 9.02% as of December 31, 2023. As of June 30, 2024 September 30, 2024, the Company's Tier 1 risk-based capital ratio was 10.44% 10.52%, compared to 10.35% as of December 31, 2023. The Company's Total risk-based capital ratio was 12.45% 12.39% as of June 30, 2024 September 30, 2024, compared to 12.37% as of December 31, 2023.

The Company's ratio of stockholders' equity to total assets was 10.30% 10.54% and 10.53% as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively. The Company's ratio of tangible stockholders' equity to tangible assets was 8.23% 8.50% and 8.39% as of June 30, 2024 September 30, 2024 and December 31, 2023, respectively.

Net Income

For the three months ended June 30, 2024 September 30, 2024, the Company reported net income of $16.4 million $20.1 million, or $0.18 $0.23 per basic and diluted share, a decrease of $5.5 million $2.6 million, or 25.1% 11.3%, from net income of $21.9 million $22.7 million, or $0.25 $0.26 per basic and diluted share, for the three months ended June 30, 2023 September 30, 2023. This decrease in net income is primarily the result of an increase in provision for credit losses on loans of $1.9 million, a decrease in net interest income of $1.1 million, and an increase in the provision for income taxes of $0.4 million, partially offset by an increase in non-interest income of $0.8 million. Refer to *"Results of Operations"* below for further discussion.

For the nine months ended September 30, 2024, the Company reported net income of $51.2 million, or $0.58 and $0.57 per basic and diluted share, respectively, a decrease of $0.9 million, or 1.8%, from $52.1 million, or $0.59 per basic and diluted share for the nine months ended September 30, 2023. This decrease in net income is primarily the result of a decrease in net interest income of $6.0 million and an increase in non-interest expense of $1.4 million $11.6 million, partially offset by an increase a decrease in non-interest income of $0.9 million $4.9 million, and a decrease an increase in the provision for income taxes of $0.7 million. Refer to *"Results of Operations"* below for further discussion.

For the six months ended June 30, 2024 $3.5 million, the Company reported net income of $31.0 million, or $0.35 per basic and diluted share, an increase of $1.6 million, or 5.5%, from $29.4 million, or $0.34 per basic and diluted share for the six months ended June 30, 2023. This increase in net income is primarily the result of partially offset by a decrease in the provision for credit losses on loans of $18.0 million $16.2 million, a decrease in non-interest expense of $2.4 million $2.1 million, and a decrease in the provision for credit losses on investments of $0.4 million $0.7 million which were all elevated in 2023 due to the acquisition of PCSB, partially offset by a decrease in net interest income of $10.5 million, a decrease in non-interest income of $5.7 million, and an increase in the provision for income taxes of $3.0 million. PCSB. Refer to *"Results of Operations"* below for further discussion.

The annualized return on average assets was 0.57% 0.70% for the three months ended June 30, 2024 September 30, 2024, compared to 0.78% 0.81% for the three months ended June 30, 2023 September 30, 2023. The annualized return on average stockholders' equity was 5.49% 6.63% for the three months ended June 30, 2024 September 30, 2024, compared to 7.44% 7.78% for the three months ended June 30, 2023 September 30, 2023.

The net interest margin was 3.00% 3.07% for the three months ended June 30, 2024 September 30, 2024, down from 3.26% 3.18% for the three months ended June 30, 2023 September 30, 2023. The decrease in the net interest margin is a result of an increase of 67 51 basis points in the Company's cost of interest-bearing liabilities to 3.65% 3.67% for the three months ended June 30, 2024 September 30, 2024 from 2.98% 3.16% for the three months ended June 30, 2023 September 30, 2023, partially offset by an increase in the yield on interest-earning assets of 30 32 basis points to 5.79% 5.93% for the three months ended June 30, 2024 September 30, 2024 from 5.49% 5.61% for the three months ended June 30, 2023 September 30, 2023.

The net interest margin was 3.03% 3.05% for the six nine months ended June 30, 2024 September 30, 2024, down from 3.31% 3.27% for the six nine months ended June 30, 2023 September 30, 2023. The decrease in the net interest margin is a result of an increase of 89 76 basis points in the Company's cost of interest bearing liabilities to 3.61% 3.63% for the six nine months ended June 30, 2024 September 30, 2024 from 2.72% 2.87% for the six nine months ended June 30, 2023 September 30, 2023, partially offset by an increase in the yield on interest-earning assets of 49 44 basis points to 5.79% 5.84% for the six nine months ended June 30, 2024 September 30, 2024 from 5.30% 5.40% for the six nine months ended June 30, 2023 September 30, 2023.

The Company's net interest margin and net interest income is are 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") 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 2023 Annual Report on Form 10-K for the fiscal year ended December 31, 2023, management has identified the determination of the ACL, the review of goodwill for impairment and business combinations as the Company's most critical accounting policies.

Recent Accounting Developments

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" which improves reportable segment disclosure requirements, particularly regarding a reportable segment's expenses. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Management has determined that ASU 2023-07 does apply to the Company and is currently determining the impact as of June 30, 2024 September 30, 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 June 30, 2024 September 30, 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 June 30,		At and for the Six Months Ended June 30,	
	2024	2023	2024	2023
	(Dollars in Thousands)			
Reported Pretax Income	$ 21,645	$ 27,815	$ 41,124	$ 36,483
Less:				
Gains on the sale of investment securities (1)	—	3	—	1,704
Add:				
Day 1 PCSB provision for credit losses	—	—	—	16,744
Merger and restructuring expense (2)	823	1,002	823	7,411
Operating Pretax Income	$ 22,468	28,814	41,947	58,934
Effective tax rate	24.4 %	19.4 %	24.5 %	19.4 %
Provision for income taxes	5,473	5,587	10,289	11,427
Operating earnings after tax	$ 16,995	$ 23,227	$ 31,658	$ 47,507
Operating earnings per common share:				
Basic	$ 0.19	$ 0.26	$ 0.36	$ 0.54
Diluted	$ 0.19	$ 0.26	0.35	$ 0.54

	At and for the Nine Months Ended September 30,	
	2024	2023
	(Dollars in Thousands)	
Reported Pretax Income	$ 67,872	$ 65,351
Less:		
Gains on the sale of investment securities (1)	—	1,704
Add:		
Day 1 PCSB provision for credit losses	—	16,744
Merger and restructuring expense (2)	823	7,411
Operating Pretax Income	68,695	87,802
Effective tax rate	24.6 %	20.3 %
Provision for income taxes	16,895	17,789
Operating earnings after tax	$ 51,800	$ 70,013
Operating earnings per common share:		
Basic	$ 0.58	$ 0.80
Diluted	0.58	$ 0.79

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

(2) For the three and six nine months ended June 30, 2024 September 30, 2024, merger and restructuring expense was related to a non-recurring restructuring charge due to the exit of the specialty vehicle business at Eastern Funding. For the three and six nine months ended June 30, 2023 September 30, 2023, merger and restructuring expense was 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				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
	(Dollars in Thousands)				
Operating earnings	$ 16,995	$ 14,665	$ 22,888	$ 22,701	$ 23,227
Average total assets	$ 11,453,394	$ 11,417,185	$ 11,271,941	$ 11,180,635	$ 11,272,672
Less: Average goodwill and average identified intangible assets, net	262,859	264,536	266,225	268,199	270,147
Average tangible assets	$ 11,190,535	$ 11,152,649	$ 11,005,716	$ 10,912,436	$ 11,002,525
Return on average assets (annualized)	0.57%	0.51%	0.81%	0.81%	0.78%
Add:					
Merger and restructuring expense	0.02%	—%	—%	—%	0.03%
Operating return on average assets (annualized)	0.59%	0.51%	0.81%	0.81%	0.81%
Return on average tangible assets (annualized)	0.59%	0.53%	0.83%	0.83%	0.79%
Add:					
Merger and restructuring expense	0.02%	—%	—%	—%	0.03%
Operating return on average tangible assets (annualized)	0.61%	0.53%	0.83%	0.83%	0.82%
Average total stockholders' equity	$ 1,193,385	$ 1,201,904	$ 1,170,776	$ 1,167,727	$ 1,174,167
Less: Average goodwill and average identified intangible assets, net	262,859	264,536	266,225	268,199	270,147
Average tangible stockholders' equity	$ 930,526	$ 937,368	$ 904,551	$ 899,528	$ 904,020
Return on average stockholders' equity (annualized)	5.49%	4.88%	7.82%	7.78%	7.44%
Add:					
Merger and restructuring expense	0.21%	—%	—%	—%	0.28%
Operating return on average stockholders' equity (annualized)	5.70%	4.88%	7.82%	7.78%	7.72%
Return on average tangible stockholders' equity (annualized)	7.04%	6.26%	10.12%	10.09%	9.67%
Add:					
Merger and restructuring expense	0.27%	—%	—%	—%	0.36%
Operating return on average tangible stockholders' equity (annualized)	7.31%	6.26%	10.12%	10.09%	10.03%

	Three Months Ended				
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	(Dollars in Thousands)				
Operating earnings	$ 20,142	$ 16,995	$ 14,665	$ 22,888	$ 22,701
Average total assets	$ 11,451,338	$ 11,453,394	$ 11,417,185	$ 11,271,941	$ 11,180,635
Less: Average goodwill and average identified intangible assets, net	261,188	262,859	264,536	266,225	268,199

Average tangible assets	$ 11,190,150	$ 11,190,535	$ 11,152,649	$ 11,005,716	$ 10,912,436
Return on average assets (annualized)	0.70%	0.57%	0.51%	0.81%	0.81%
Add:					
Merger and restructuring expense	—%	0.02%	—%	—%	—%
Operating return on average assets (annualized)	0.70%	0.59%	0.51%	0.81%	0.81%
Return on average tangible assets (annualized)	0.72%	0.59%	0.53%	0.83%	0.83%
Add:					
Merger and restructuring expense	—%	0.02%	—%	—%	—%
Operating return on average tangible assets (annualized)	0.72%	0.61%	0.53%	0.83%	0.83%
Average total stockholders' equity	$ 1,216,037	$ 1,193,385	$ 1,201,904	$ 1,170,776	$ 1,167,727
Less: Average goodwill and average identified intangible assets, net	261,188	262,859	264,536	266,225	268,199
Average tangible stockholders' equity	$ 954,849	$ 930,526	$ 937,368	$ 904,551	$ 899,528
Return on average stockholders' equity (annualized)	6.63%	5.49%	4.88%	7.82%	7.78%
Add:					
Merger and restructuring expense	—%	0.21%	—%	—%	—%
Operating return on average stockholders' equity (annualized)	6.63%	5.70%	4.88%	7.82%	7.78%
Return on average tangible stockholders' equity (annualized)	8.44%	7.04%	6.26%	10.12%	10.09%
Add:					
Merger and restructuring expense	—%	0.27%	—%	—%	—%
Operating return on average tangible stockholders' equity (annualized)	8.44%	7.31%	6.26%	10.12%	10.09%

Three Months Ended

		June 30, 2024	**March 31, 2024**	**December 31, 2024**	**September 30, 2023**			**June 30, 2023**
		September 30, 2024	**June 30, 2024**	**March 31, 2024**	**December 31, 2023**			**September 30, 2023**
				(Dollars in Thousands)				
Net income, as reported	Net income, as reported	$ 16,372	$ 14,665	$ 22,888	$ 22,701	$ 21,850	Net income, as reported	$
Average total assets								
Average total assets								
Average total assets		$11,453,394	$11,417,185	$11,271,941	$11,180,635	$11,272,672	$	11,451,338
Less: Average goodwill and average identified intangible assets, net	Less: Average goodwill and average identified intangible assets, net	262,859	264,536	266,225	268,199	270,147	Less: Average goodwill and average identified intangible assets, net	
Average tangible assets	Average tangible assets	$11,190,535	$11,152,649	$11,005,716	$10,912,436	$11,002,525	Average tangible assets	$
Return on average tangible assets (annualized)								

Return on average tangible assets (annualized)						
Return on average tangible assets (annualized)	0.59%	0.53%	0.83%	0.79%	0.72%	
Average total stockholders' equity						
Average total stockholders' equity						
Average total stockholders' equity	$ 1,193,385	$ 1,201,904	$ 1,170,776	$ 1,167,727	$ 1,174,167	$ 1,216,037
Less: Average goodwill and average identified intangible assets, net	Less: Average goodwill and average identified intangible assets, net 262,859	264,536	266,225	268,199	270,147	Less: Average goodwill and average identified intangible assets, net
Average tangible stockholders' equity	Average tangible stockholders' equity $ 930,526	$ 937,368	$ 904,551	$ 899,528	$ 904,020	Average tangible stockholders' equity $
Return on average tangible stockholders' equity (annualized)						
Return on average tangible stockholders' equity (annualized)						
Return on average tangible stockholders' equity (annualized)	7.04%	6.26%	10.12%	10.09%	9.67%	8.44%

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

	Three Months Ended					
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023		June 30, 2023
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023		September 30, 2023
	(Dollars in Thousands)					
Total stockholders' equity	Total stockholders' equity $ 1,198,480	$ 1,194,231	$ 1,198,644	$ 1,157,871	$ 1,162,308	Total stockholders' equity $ 1,230
Less: Goodwill and identified intangible assets, net	Less: Goodwill and identified intangible assets, net 262,052	263,721	265,429	267,394	269,348	Less: Goodwill and identified intangible assets, net 260
Tangible stockholders' equity	Tangible stockholders' equity $ 936,428	$ 930,510	$ 933,215	$ 890,477	$ 892,960	Tangible stockholders' equity $ 969
Total assets						
Total assets						
Total assets	$11,635,292	$11,542,731	$11,382,256	$11,180,555	$11,206,078	$ 11,676,721

Less: Goodwill and identified intangible assets, net	Less: Goodwill and identified intangible assets, net 262,052	263,721	265,429	267,394	269,348	Less: Goodwill and identified intangible assets, net 260
Tangible assets	Tangible assets $11,373,240	$11,279,010	$11,116,827	$10,913,161	$10,936,730	Tangible assets $ 11,416
Tangible stockholders' equity to tangible assets						
Tangible stockholders' equity to tangible assets						
Tangible stockholders' equity to tangible assets	8.23%	8.25%	8.39%	8.16%	8.50%	

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

	Three Months Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	(Dollars in Thousands)				
Tangible stockholders' equity					
Common shares issued					
Common shares issued					
Common shares issued					
Less:					
Treasury shares					
Treasury shares					
Treasury shares					
Unvested restricted stock					
Unvested restricted stock					
Unvested restricted stock					
Common shares outstanding					
Tangible book value per share					
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							
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023			
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023			
	(Dollars in Thousands)							
Dividends paid	Dividends paid $12,001	$12,001	$11,997	$11,989	$11,969	Dividends paid $ 12,028	$ 12,001	$ 12,001 $
Net income, as reported								

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Net income, as reported									
Net income, as reported	$16,372	$14,665	$22,888	$22,701	$21,850	$ 20,142	$16,372	$14,665	$22,888
Dividend payout ratio									
Dividend payout ratio									
Dividend payout ratio	73.30%	81.83%	52.42%	52.81%	54.78%	59.72%	73.30%	81.83%	52.42%

Financial Condition

Loans and Leases

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

	At June 30, 2024			At December 31, 2023							
	At September 30, 2024			At December 31, 2023							
	Balance		Percent of Total	Balance		Percent of Total		Balance		Percent of Total	
	(Dollars in Thousands)										
Commercial real estate loans:											
Commercial real estate											
Commercial real estate											
Commercial real estate	$4,031,684	41.5	41.5 %	$4,047,288	42.0	42.0	%	$ 4,056,018	41.6	41.6 %	$4,0
Multi-family mortgage	1,401,230	14.4	14.4 %	1,415,191	14.7	14.7	%	1,398,348	14.3	14.3 %	
Construction	349,197	3.6	3.6 %	302,050	3.1	3.1	%	324,924	3.3	3.3 %	
Total commercial real estate loans	5,782,111	59.5	59.5 %	5,764,529	59.8	59.8	%	5,779,290	59.2	59.2 %	
Commercial loans and leases:											
Commercial											
Commercial											
Commercial	1,020,262	10.5	10.5 %	984,441	10.2	10.2	%	1,082,959	11.1	11.1 %	9
Equipment financing	1,379,662	14.2	14.2 %	1,370,648	14.2	14.2	%	1,324,660	13.6	13.6 %	
Condominium association	43,606	0.4	0.4 %	44,579	0.5	0.5	%	45,419	0.5	0.5 %	
Total commercial loans and leases											
Total commercial loans and leases											
Total commercial loans and leases	2,443,530	25.1	25.1 %	2,399,668	24.9	24.9	%	2,453,038	25.2	25.2 %	2,3

Consumer loans:	Consumer loans:								Consumer loans:			
Residential mortgage	Residential mortgage	1,092,991	11.3	11.3 %	1,082,804	11.2	11.2	%	Residential mortgage	1,098,435	11.2	11.2 %
Home equity	Home equity	352,295	3.6	3.6 %	344,182	3.6	3.6	%	Home equity	366,880	3.8	3.8 %
Other consumer	Other consumer	50,210	0.5	0.5 %	50,406	0.5	0.5	%	Other consumer	57,593	0.6	0.6 %
Total consumer loans	Total consumer loans	1,495,496	15.4	15.4 %	1,477,392	15.3	15.3	%	Total consumer loans	1,522,908	15.6	15.6 %
Total loans and leases	Total loans and leases	9,721,137	100.0	100.0 %	9,641,589	100.0	100.0	%	Total loans and leases	9,755,236	100.0	100.0 %
Allowance for loan and lease losses												

Net loans and leases

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 six nine months ended June 30, 2024 September 30, 2024:

		At June 30, 2024		At December 31, 2023		Dollar Change			Percent Change (Annualized)		At September 30, 2024		At December 31, 2023	
		(Dollars in Thousands)									(Dollars in Thousands)			
Commercial real estate	Commercial real estate	$5,782,111	$	$5,764,529	$	$ 17,582		1.2	1.2 %	Commercial real estate	$ 5,779,290	$	$5,764,529	$
Commercial	Commercial	2,443,530	2,399,668	2,399,668	43,862	43,862		7.3	7.3	% Commercial	2,453,038	2,399,668		2,39
Consumer	Consumer	1,495,496	1,477,392	1,477,392	18,104	18,104		4.9	4.9	% Consumer	1,522,908	1,477,392		1,47
Total loans and leases	Total loans and leases	$9,721,137	$	$9,641,589	$	$ 79,548		3.3	3.3 %	Total loans and leases	$ 9,755,236	$	$9,641,589	$

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 June 30, 2024 September 30, 2024, there were 5 five borrowers with loans and commitments over $60.0 million. The total of those loans and commitments was $336.9 million $335.7 million, or 2.86% of total loans and commitments, as of June 30, 2024 September 30, 2024. As of December 31, 2023, there were four borrowers with loans and commitments over

$60.0 million. over $60.0 million. The total of those loans and commitments was $259.5 million, or 2.2% of total loans and commitments, as of 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 59.5% 59.2% of total loans and leases outstanding as of June 30, 2024 September 30, 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 ($1.4 billion), office buildings ($790.3 million), retail stores ($959.0 959.5 million), industrial properties ($846.2 855.2 million), office buildings ($776.8 million), mixed-use properties ($513.0 514.7 million), lodging services ($204.9 204.5 million), and food services ($79.1 79.4 million) as of June 30, 2024 September 30, 2024. At that date, approximately 77.8% of the commercial real estate loans outstanding were secured by properties located in New England; primarily in the Greater Boston and Greater Providence markets, with additional exposure of approximately 16.6% 16.5% of the commercial real estate loans outstanding were also secured by properties in the 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 non-owner occupied as of June 30, 2024 September 30, 2024.

		At June 30, 2024				At September 30, 2024		
		Owner Occupied	Non-Owner Occupied	Total		Owner Occupied	Non-Owner Occupied	Total
Borrower type:								
Borrower type:								
Borrower type:								
Multi-family buildings								
Multi-family buildings								
Multi-family buildings		— %	23.5 %	23.5 %		— %	23.5 %	23.5 %
Office buildings		1.2 %	12.5 %	13.7 %				
Retail stores	Retail stores	2.1 %	14.5 %	16.6 %	Retail stores	2.1 %	14.5 %	16.6 %
Industrial properties	Industrial properties	2.7 %	11.9 %	14.6 %	Industrial properties	2.6 %	12.2 %	14.8 %
Office buildings		1.2 %	12.3 %	13.5 %				
Mixed-use properties	Mixed-use properties	0.7 %	8.2 %	8.9 %	Mixed-use properties	0.8 %	8.1 %	8.9 %
Lodging services	Lodging services	— %	3.4 %	3.4 %	Lodging services	0.1 %	3.4 %	3.5 %
Food Services	Food Services	— %	0.6 %	0.6 %	Food Services	0.8 %	0.6 %	1.4 %
Other	Other	10.8 %	7.9 %	18.7 %	Other	9.8 %	8.0 %	17.8 %
Total	Total	17.5 %	82.5 %	100.0 %	Total	17.4 %	82.6 %	100.0 %

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 June 30, 2024 September 30, 2024.

		At June 30, 2024				At September 30, 2024		
		Owner Occupied	Non-Owner Occupied	Total		Owner Occupied	Non-Owner Occupied	Total
Geographic concentration:								
Geographic concentration:								
Geographic concentration:								
New England								
New England								
New England		11.4 %	66.4 %	77.8 %		11.4 %	66.4 %	77.8 %
New York	New York	3.1 %	13.5 %	16.6 %	New York	3.0 %	13.5 %	16.5 %
Other	Other	3.0 %	2.6 %	5.6 %	Other	3.0 %	2.7 %	5.7 %
Total	Total	17.5 %	82.5 %	100.0 %	Total	17.4 %	82.6 %	100.0 %

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 25.1% 25.2% of total loans outstanding as of June 30, 2024 September 30, 2024.

The Company's commercial loan and lease portfolio is composed primarily of loans and leases to small to medium sized businesses ($878.8 893.0 million), transportation services ($359.3 331.2 million), food services ($253.6 272.3 million), recreation services ($140.4 123.4 million), manufacturing ($135.1 144.4 million), retail ($157.1 157.6 million), and rental and leasing services ($90.5 88.7 million) as of June 30, 2024 September 30, 2024.

The Company provides commercial banking services to companies in its market areas. Approximately 39.6% 40.6% of the commercial loans outstanding as of June 30, 2024 September 30, 2024 were made to borrowers located in New England. The remaining 60.4% 59.4% of the commercial loans outstanding were made to borrowers in other areas in the U.S., 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 businesses. 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 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'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, distributors, and owner-operated start-ups as well as existing customers as they expand that are expanding their operations. The equipment financing portfolio is composed primarily of loans to finance laundry, vended-laundry, and to a lesser degree larger industrial laundries, tow trucks, fitness, dry cleaning and convenience store equipment. convenience/grocery stores. Approximately 10.9% 18.5% of the commercial all loans outstanding in the equipment financing divisions were made to borrowers finance assets located in the state of New York. Typically, the loans are priced at a fixed rate of interest and require monthly payments over their 3- 5- to 7-year 10-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 15.4% 15.6% of total loans outstanding as of June 30, 2024 September 30, 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 Boston and Providence metropolitan areas along with the Lower Hudson Valley area of New 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 June 30, 2024 September 30, 2024, other consumer loans equaled $50.2 million $57.6 million, or 0.5% 0.6% of total loans outstanding.

Asset Quality

Criticized and Classified Assets

The Company's management rates certain loans and leases as 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 June 30, 2024 September 30, 2024, the Company had $190.8 million $242.8 million of total assets that were designated as criticized. This compares to $128.0 million of assets designated as criticized as of December 31, 2023. The increase of $62.8 million $114.8 million in criticized assets was primarily driven by increases in commercial real estate, equipment financing, construction, and multi-family relationships, and offset by a decrease in commercial relationships, for the six nine months ended June 30, 2024 September 30, 2024.

Nonperforming Assets

"Nonperforming assets" consist of nonaccrual loans and leases, 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 June 30, 2024 September 30, 2024, the Company had nonperforming assets of $62.7 million $72.8 million, representing 0.54% 0.62% of total assets, compared to nonperforming assets of $45.3 million, or 0.40% of total assets as of December 31, 2023. The increase of $17.4 $27.5 million in nonperforming assets was primarily driven by increases of $12.8 million $22.2 million and $12.1 million $11.8 million in commercial equipment financing and equipment financing commercial loans, respectively, offset by an $8.0 million decrease in commercial real estate loans during the six nine months ended June 30, 2024 September 30, 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 June 30, 2024 September 30, 2024, the Company had $5.0 million $16.1 million loans and leases greater than 90 days past due and accruing, compared to minimal loans as of December 31, 2023. The increase in 90 days past due and accruing loans was primarily due to one $2.4 million $11.5 million construction relationship, three multi-family relationships totaling $3.4 million, and three commercial real estate relationships totaling $1.7 million, and two commercial relationships totaling $0.7 million $1.3 million becoming 90 days past due.

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

	At June 30, 2024	At December 31, 2023
	At September 30, 2024	**At December 31, 2023**
	(Dollars in Thousands)	
Nonperforming loans and leases:		
Nonaccrual loans and leases:		
Nonaccrual loans and leases:		
Nonaccrual loans and leases:		
Commercial real estate		
Commercial real estate		
Commercial real estate		
Multi-family mortgage		
Construction		
Total commercial real estate loans		

Commercial						
Commercial						
Commercial						
Equipment financing						
Condominium association						
Total commercial loans and leases						
Residential mortgage						
Residential mortgage						
Residential mortgage						
Home equity						
Other consumer						
Total consumer loans						
Total nonaccrual loans and leases						
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						
Total nonperforming assets						
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						
Total delinquent loans and leases 61-90 days past due						
Restructured loans and leases not included in nonperforming assets						
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						
Total nonperforming loans and leases as a percentage of total loans and leases		0.62 %	0.45 %		0.73 %	0.45 %
Total nonperforming assets as a percentage of total assets	Total nonperforming assets as a percentage of total assets	0.54 %	0.40 %	Total nonperforming assets as a percentage of total assets	0.62 %	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	0.19 %	0.05 %	Total delinquent loans and leases 61-90 days past due as a percentage of total loans and leases	0.06 %	0.05 %

Allowance for Credit Losses

The ACL 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 ACL on a quarterly basis. Management continuously evaluates and challenges inputs and assumptions in the ACL.

While management evaluates currently available information in establishing the ACL, 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 ACL on a quarterly basis. In addition, various regulatory agencies, as an integral part of their examination process, periodically review a financial institution's ACL and carrying amounts of OREO. 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 June 30, 2024 September 30, 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 six nine months ended June 30, 2024 September 30, 2024 and 2023.

At and for the Three Months Ended June 30, 2024
At and for the Three Months Ended June 30, 2024
At and for the Three Months Ended June 30, 2024

	At and for the Three Months Ended September 30, 2024								
	At and for the Three Months Ended September 30, 2024								
	At and for the Three Months Ended September 30, 2024								
	Commercial Real Estate	Commercial Real Estate	Commercial	Consumer	Total	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)								
Balance at March 31, 2024									
Balance at June 30, 2024									
Charge-offs									
Charge-offs									
Charge-offs									
Recoveries									
Provision (credit) for loan and lease losses									
Balance at June 30, 2024									
Balance at September 30, 2024									
Total loans and leases									
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 1.42 %	1.37 %	0.42 %	1.25 %	Total allowance for loan and lease losses as a percentage of total loans and leases 1.30 %	1.88 %	0.39 %	1.31 %	

	At and for the Three Months Ended June 30, 2023								
	At and for the Three Months Ended June 30, 2023								
	At and for the Three Months Ended June 30, 2023								
	At and for the Three Months Ended September 30, 2023								
	At and for the Three Months Ended September 30, 2023								
	At and for the Three Months Ended September 30, 2023								
	Commercial Real Estate	Commercial Real Estate	Commercial	Consumer	Total	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)								
Balance at March 31, 2023									
Balance at June 30, 2023									
Charge-offs									
Charge-offs									
Charge-offs									
Recoveries									

Provision (credit) for loan and lease losses								
Balance at June 30, 2023								
Balance at September 30, 2023								
Total loans and leases								
Total loans and leases								
Total loans and leases								
Total allowance for loan and lease losses as a percentage of total loans and leases	1.49 %	1.62 %	0.40 %	1.35 %	1.39 %	1.49 %	0.46 %	1.27 %

	At and for the Six Months Ended June 30, 2024				At and for the Nine Months Ended September 30, 2024			
	Commercial Real Estate	Commercial	Consumer	Total	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)				(In Thousands)			
Balance at December 31, 2023								
Charge-offs								
Charge-offs								
Charge-offs								
Recoveries								
Provision (credit) for loan and lease losses								
Balance at June 30, 2024								
Balance at September 30, 2024								
Total loans and leases								
Total loans and leases								
Total loans and leases								
Total allowance for loan and lease losses as a percentage of total loans and leases	1.42 %	1.37 %	0.42 %	1.25 %	1.30 %	1.88 %	0.39 %	1.31 %

	At and for the Six Months Ended June 30, 2023				At and for the Nine Months Ended September 30, 2023			
	Commercial Real Estate	Commercial	Consumer	Total	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)				(In Thousands)			
Balance at December 31, 2022	$ 68,154	$ 26,604	$ 3,724	$ 98,482	$ 68,154	$ 26,604	$ 3,724	$ 98,482
Charge-offs								
Charge-offs								
Charge-offs	—	(2,525)	(16)	(2,541)	—	(13,475)	(38)	(13,513)
Recoveries	12	960	21	993	15	951	25	991

Provision (credit) for loan and lease losses	Provision (credit) for loan and lease losses	16,135	10,595	2,153	28,883	Provision (credit) for loan and lease losses	10,611	19,425	3,085	33,121
Balance at June 30, 2023		$ 84,301	$ 35,634	$ 5,882	$ 125,817					
Balance at September 30, 2023		$ 78,780	$ 33,505	$ 6,796	$ 119,081					
Total loans and leases										
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	1.49 %	1.62 %	0.40 %	1.35 %	Total allowance for loan and lease losses as a percentage of total loans and leases	1.39 %	1.49 %	0.46 %	1.27 %

At June 30, 2024 September 30, 2024, the allowance for loan and lease losses increased to $121.8 million $127.3 million, or 1.25% 1.31% of total loans and leases outstanding. This compared to an allowance for loan and lease losses of $117.5 million, or 1.22% of total loans and leases outstanding, as of December 31, 2023.

Net charge-offs in the loans and leases for the three months ended June 30, 2024 September 30, 2024 and 2023 were $8.4 million $3.8 million and $1.1 million $11.0 million, respectively. As a percentage of average loans and leases, annualized net charge-offs for the three months ended June 30, 2024 September 30, 2024 and 2023 were 0.35% 0.16% and 0.05% 0.47%, respectively. The year over year increase decrease in the net charge-offs was primarily due to increases a decrease in net charge-offs of $3.8 million $8.6 million in commercial real estate loans, and $3.3 million offset by an increase in net charge-offs of $1.5 million in equipment financing 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 June 30, 2024 / At September 30, 2024				At December 31, 2023						
		Amount	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		Amount	
		(Dollars in Thousands)										
Commercial real estate	Commercial real estate	$ 52,411	43.1	43.1 %	41.5 %	$ 53,633	45.7	45.7 %	42.0 %	Commercial real estate	$51,080	40.2
Multi-family mortgage	Multi-family mortgage	17,277	14.2	14.2 %	14.4 %	16,626	14.1	14.1 %	14.7 %	Multi-family mortgage	14,957	11.7
Construction	Construction	12,464	10.2	10.2 %	3.6 %	11,151	9.5	9.5 %	3.1 %	Construction	9,144	7.2
Total commercial real estate loans	Total commercial real estate loans	82,152	67.5	67.5 %	59.5 %	81,410	69.3	69.3 %	59.8 %	Total commercial real estate loans	75,181	59.1
Commercial	Commercial	10,306	8.5	8.5 %	10.5 %	15,527	13.2	13.2 %	10.2 %	Commercial	13,472	10.6
Equipment financing	Equipment financing	22,949	18.8	18.8 %	14.2 %	13,869	11.8	11.8 %	14.2 %	Equipment financing	32,617	25.6
Condominium association	Condominium association	131	0.1	0.1 %	0.4 %	161	0.1	0.1 %	0.5 %	Condominium association	132	0.1
Total commercial loans	Total commercial loans	33,386	27.4	27.4 %	25.1 %	29,557	25.1	25.1 %	24.9 %	Total commercial loans	46,221	36.3
Residential mortgage	Residential mortgage	3,213	2.6	2.6 %	11.3 %	3,669	3.2	3.2 %	11.2 %	Residential mortgage	2,778	2.2
Home equity	Home equity	2,409	2.0	2.0 %	3.6 %	2,255	1.9	1.9 %	3.6 %	Home equity	2,580	2.0

Other consumer	Other consumer	590	0.5	0.5 %	0.5 %	631	0.5	0.5 %	0.5 %	Other consumer	556	0.4	
Total consumer loans	Total consumer loans	6,212	5.1	5.1 %	15.4 %	6,555	5.6	5.6 %	15.3 %	Total consumer loans	5,914	4.6	
Total Total Total		$121,750	100.0	100.0 %	100.0 %	$117,522	100.0	100.0 %	100.0 %	$	127,316	100.0	100.0

Management believes that the allowance for loan and lease losses as of June 30, 2024 September 30, 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 5% 8% and 15% 12% of total assets.

Cash, cash equivalents, and investment securities increased $149.9 million $213.7 million, or 28.6% 27.1% on an annualized basis, to $1.2 billion $1.3 billion as of June 30, 2024 September 30, 2024, from $1.05 billion December 31, 2023. The increase was driven by an increase in cash and due from banks and short-term investments. Cash, cash equivalents, and investment securities were 10.3% 10.8% of total assets as of June 30, 2024 September 30, 2024, compared to 9.22% 9.2% of total assets at 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 June 30, 2024			At December 31, 2023				At September 30, 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:						Investment securities available-for-sale:							
GSE debentures														
GSE CMOs														
GSE MBSs														
Municipal obligations														
Municipal obligations														
Municipal obligations														
Corporate debt obligations														
U.S. Treasury bonds														
Foreign government obligations														
Foreign government obligations														
Foreign government obligations	500	491	491	500	500	485	485	500	497	497	500	500	485	485
Total investment securities available-for-sale														

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 the "Fair Value Measurements and Disclosures" Topic of the FASB, or 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 $94.9 million $152.6 million for the six nine months ended June 30, 2024 September 30, 2024 compared to $178.2 million $242.8 million for the same period in 2023. For the six nine months ended June 30, 2024 September 30, 2024, the Company did not sell any investment securities available-for-sale, compared to $230.0 million for the same period in 2023. For the six nine months ended June 30, 2024 September 30, 2024, the Company purchased $41.1 million $69.9 million of investment securities available-for-sale, compared to $279.0 million $330.8 million for the same period in 2023.

As of June 30, 2024 September 30, 2024, the fair value of all investment securities available-for-sale was $856.4 million $855.4 million with $77.1 million $50.6 million of net unrealized losses, compared to a fair value of $916.6 million and net unrealized losses of $67.7 million as of December 31, 2023. As of June 30, 2024 September 30, 2024, $774.2 million $565.1 million, or 90.4% 66.1%, of the portfolio, had gross unrealized losses of $77.4 million $54.0 million. This compares to $717.2 million, or 77.8%, of the portfolio with gross unrealized losses of $69.0 million as of December 31, 2023. The Company's unrealized loss position increased in 2024 primarily driven by 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 a requirement to borrow funds from the FHLB. As of June 30, 2024 and December 31, 2023, there was no excess balance of capital stock.

As of June 30, 2024 September 30, 2024, the Company owned stock in the FHLBs with a carrying value of $56.9 million $60.6 million, an increase of $1.4 million $5.1 million from $55.5 million as of December 31, 2023. As of June 30, 2024, the FHLB of Boston had total assets of $68.8 billion and total capital of $3.7 billion, of which $1.9 billion was retained earnings. As of June 30, 2024, the FHLB of New York had total assets of $168.1 billion and total capital of $8.7 billion, of which $2.5 billion was retained earnings. The FHLB of Boston stated that it remained in compliance with all regulatory capital ratios as of June 30, 2024 and was classified as "adequately capitalized" by its regulator, based on the FHLB of Boston's financial information as of March 31, 2024. The FHLB of New York stated that it met all of its regulatory capital ratios at June 30, 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 of the Banks' membership in the Federal Reserve System. As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company owned stock in the Federal Reserve Banks with a carrying value of $21.9 million.

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

Deposits

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

		At June 30, 2024				At December 31, 2023				At September 30, 2024			At December 31, 2	
		Amount	Percent of Total		Weighted Average Rate	Amount	Percent of Total		Weighted Average Rate		Amount		Percent of Total	Weig Ave Ra
		(Dollars in Thousands)								(Dollars in Thousands)				
Non-interest-bearing deposits:														
Demand checking accounts														
Demand checking accounts														
Demand checking accounts		$1,638,378	18.7	18.7 %	— %	$1,678,406	19.6	19.6 %	— %	$	1,681,858	19.3	19.3	%
Interest-bearing deposits:	Interest-bearing deposits:												Interest-bearing deposits:	
NOW accounts	NOW accounts	647,370	7.4	7.4 %	0.68 %	661,863	7.8	7.8 %	0.60 %	NOW accounts	637,374	7.3		7.3 %

Savings accounts	Savings accounts	1,735,857	19.9	19.9 %	2.70 %	1,669,018	19.5	19.5 %	2.63 %	Savings accounts	1,736,989	19.9	19.9 %
Money market accounts	Money market accounts	2,073,557	23.7	23.7 %	3.11 %	2,082,810	24.4	24.4 %	3.07 %	Money market accounts	2,041,185	23.4	23.4 %
Certificate of deposit accounts	Certificate of deposit accounts	1,718,414	19.7	19.7 %	4.40 %	1,574,855	18.4	18.4 %	3.88 %	Certificate of deposit accounts	1,819,353	20.8	20.8 %
Brokered deposit accounts	Brokered deposit accounts	923,460	10.6	10.6 %	4.48 %	881,173	10.3	10.3 %	4.36 %	Brokered deposit accounts	815,512	9.3	9.3 %
Total interest-bearing deposits	Total interest-bearing deposits	7,098,658	81.3	81.3 %	3.28 %	6,869,719	80.4	80.4 %	3.08 %	Total interest-bearing deposits	7,050,413	80.7	80.7 %
Total deposits	Total deposits	$8,737,036	100.0	100.0 %	2.67 %	$8,548,125	100.0	100.0 %	2.48 %	Total deposits	$8,732,271	100.0	100.0 %

Total deposits increased $188.9 million $184.1 million to $8.7 billion as of June 30, 2024 September 30, 2024, compared to $8.5 billion as of December 31, 2023. Deposits as a percentage of total assets was 74.8% and 75.1% as of June 30, 2024 September 30, 2024 and December 31, 2023. , respectively.

During the six nine months ended June 30, 2024 September 30, 2024, core deposits increased $3.1 million $5.3 million. The ratio of core deposits to total deposits decreased to 69.8% as of June 30, 2024 September 30, 2024 from 71.3% as of December 31, 2023, primarily due to a decrease an increase in the percentage of demand checking accounts, NOW accounts, and money market accounts to total deposits. certificate of deposit accounts.

Certificate of deposit accounts increased $144 million $244 million to $1.7 billion $1.8 billion as of June 30, 2024 September 30, 2024, compared to $1.6 billion as of December 31, 2023. Certificate of deposit accounts increased as a percentage of total deposits to 19.7% 20.8% as of June 30, 2024 September 30, 2024 from 18.4% as of December 31, 2023.

Brokered deposits increased $42.3 million decreased $65.7 million to $923.5 million $815.5 million as of June 30, 2024 September 30, 2024, compared to $881.2 million as of December 31, 2023. Brokered deposits increased decreased as a percentage of total deposits to 10.6% 9.3% as of June 30, 2024 September 30, 2024 from 10.3% as of December 31, 2023. 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 June 30,					
	2024			2023		
	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	$ 1,646,869	18.9 %	— %	$ 1,849,393	21.8 %	— %
NOW accounts	659,351	7.6 %	0.68 %	735,001	8.7 %	0.58 %
Savings accounts	1,731,388	19.9 %	2.76 %	1,374,337	16.2 %	1.73 %
Money market accounts	2,026,780	23.1 %	3.08 %	2,140,522	25.3 %	2.62 %
Total core deposits	6,064,388	69.5 %	1.88 % 1.88 %	6,099,253	72.0 %	1.38 %
Certificate of deposit accounts	1,699,510	19.5 %	4.43 %	1,390,913	16.5 %	2.89 %
Brokered deposit accounts	958,146	11.0 %	5.25 %	975,700	11.5 %	5.00 %
Total deposits	$ 8,722,044	100.0 %	2.74 %	$ 8,465,866	100.0 %	2.04 %

	Three Months Ended September 30,					
	2024			2023		
	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	$ 1,669,092	19.2 %	— %	$ 1,794,225	21.0 %	— %
NOW accounts	639,561	7.4 %	0.69 %	681,929	8.0 %	0.67 %
Savings accounts	1,738,756	20.0 %	2.77 %	1,557,911	18.3 %	2.26 %
Money market accounts	2,038,048	23.4 %	3.02 %	2,177,528	25.5 %	2.88 %
Total core deposits	6,085,457	70.0 %	1.89 % 1.89 %	6,211,593	72.8 %	1.66 %
Certificate of deposit accounts	1,768,026	20.3 %	4.51 %	1,444,269	16.9 %	3.33 %
Brokered deposit accounts	841,067	9.7 %	5.23 %	882,351	10.3 %	5.03 %
Total deposits	$ 8,694,550	100.0 %	2.75 %	$ 8,538,213	100.0 %	2.28 %

		Six Months Ended June 30,											
		Six Months Ended June 30,											
		Six Months Ended June 30,											
		Nine Months Ended September 30,											
		Nine Months Ended September 30,											
		Nine Months Ended September 30,											
	2024			2024		2023					20		
	Average Balance		Average Balance	Percent of Total Average Deposits	Weighted Average Rate	Average Balance	Percent of Total Average Deposits	Weighted Average Rate			Average Balance		
		(Dollars in Thousands)											
Core deposits:													
Non-interest-bearing demand checking accounts													
Non-interest-bearing demand checking accounts													
Non-interest-bearing demand checking accounts		$1,635,690	18.9	18.9 %	— %	$1,889,554	22.7	22.7 %	— %	$ 1,646,932	19.0	19.0	%
NOW accounts	NOW accounts	665,632	7.7	7.7 %	0.72 %	772,459	9.3	9.3 %	0.51 %	NOW accounts	656,879	7.6	7.6
Savings accounts	Savings accounts	1,712,804	19.8	19.8 %	2.73 %	1,267,762	15.3	15.3 %	1.34 %	Savings accounts	1,721,518	19.9	19.9
Money market accounts	Money market accounts	2,051,542	23.7	23.7 %	3.09 %	2,252,755	27.2	27.2 %	2.34 %	Money market accounts	2,047,011	23.5	23.5
Total core deposits	Total core deposits	6,065,668	70.1	70.1 %	1.88 %	6,182,530	74.4	74.4 %	1.18 %	Total core deposits	6,072,340	70.0	70.0
Certificate of deposit accounts	Certificate of deposit accounts	1,661,814	19.2	19.2 %	4.28 %	1,368,959	16.5	16.5 %	2.57 %	Certificate of deposit accounts	1,697,477	19.6	19.6

Brokered deposit accounts	Brokered deposit accounts	927,465	10.7	10.7 %	5.23 %	756,332	9.1	9.1 %	4.93 %	Brokered deposit accounts	898,455	10.4	10.4
Total deposits	Total deposits	$8,654,947	100.0	100.0 %	2.69 %	$8,307,821	100.0	100.0 %	1.75 %	Total deposits	$8,668,272	100.0	100.0

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

		At June 30, 2024			At December 31, 2023							
		At September 30, 2024			At December 31, 2023							
	Amount	Amount	Weighted Average Rate	Amount	Weighted Average Rate			Amount	Weighted Average Rate		Amount	
			(Dollars in Thousands)									
Maturity period:												
Six months or less												
Six months or less												
Six months or less		279,043	4.64	4.64 %	291,049	4.02	4.02 %	296,174	4.63	4.63 %	291,049	4.02 4
Over six months through 12 months	Over six months through 12 months	208,421	4.71	4.71 %	163,277	4.59	4.59 %	Over six months through 12 months 254,273	4.66	4.66 %	163,277	4.59
Over 12 months	Over 12 months	51,902	4.15	4.15 %	29,637	3.91	3.91 %	Over 12 months 31,605	4.00	4.00 %	29,637	3.91
Total certificate of deposit of $250,000 or more		$539,366	4.62 %		$483,963	4.21 %						
Total certificates of deposit of $250,000 or more		$582,052	4.61 %		$483,963	4.21 %						

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

		At June 30, 2024													At September 3	
	Commercial		Commercial		Consumer		Municipal		Brokered		Total				%	
Insured or Collateralized	Insured or Collateralized	$2,117	$	$3,116	$	$207	$	$923	$	$6,363	73	73 %	Insured or Collateralized	$ 2,158		$
Uninsured	Uninsured	1,302	981	981	91	91	—	—	2,374	2,374	27	27 %	Uninsured	1,375		
Total	Total	$3,419	$	$4,097	$	$298	$	$923	$	$8,737	100	100 %	Total	$ 3,533		$
Composition																

The collateral collateralized 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 June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
	(Dollars in Thousands)							
Borrowed funds:								
Average balance outstanding								
Average balance outstanding								
Average balance outstanding								
Maximum amount outstanding at any month-end during the period								
Balance outstanding at end of period								
Weighted average interest rate for the period	5.00 %	4.70 %	5.00 %	4.62 %	5.14 %	4.69 %	5.05 %	4.64 %
Weighted average interest rate at end of period	5.12 %	4.74 %	5.12 %	4.74 %	5.03 %	4.55 %	5.03 %	4.55 %

Advances from the FHLB

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 FHLB will advance to member institutions, including the Company, fluctuates from time to time in accordance with the policies of the FHLB.

FHLB borrowings increased $41.9 million $121.8 million to $1.3 billion as of June 30, 2024 September 30, 2024 with a total capacity of $2.7 billion. As of December 31, 2023, FHLB borrowings stood at $1.2 billion with a total capacity of $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 CME term SOFR plus spread adjustment of 0.26% plus 3.10% and 3-month CME term SOFR plus spread adjustment of 0.26% 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 CME term SOFR plus spread adjustment of 0.26% plus 3.32% quarterly until the notes mature in September 2029.

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

Issue Date	Rate	Maturity Date	Next Call Date	Carrying Amount June 30, 2024	Carrying Amount December 31, 2023	Carrying Amount September 30, 2024	Carrying Amount December 31, 2023
		(Dollars in Thousands)					
June 26, 2003							

March 17, 2004

September 15, 2014

Total

The above carrying amounts of the subordinated debentures included $0.2 million of accretion adjustments and $0.5 million of capitalized debt issuance costs as of June 30, 2024 September 30, 2024. This compares to $0.2 million of accretion adjustments and $0.6 million of capitalized debt issuance costs as of 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 has access to a $30.0 million committed line of credit as of June 30, 2024 September 30, 2024. As of June 30, 2024 September 30, 2024 and December 31, 2023, the Company did not have any borrowings on this committed line of credit.

As of June 30, 2024 September 30, 2024, the Banks also have access to funding through certain uncommitted lines via AFX as well as other large financial institution specific lines. As of June 30, 2024 and December 31, 2023 September 30, 2024, respectively, the Company had $30.0 million borrowings on outstanding uncommitted lines of credit. This compares to no borrowings on outstanding uncommitted lines of credit. credit as of December 31, 2023,

As of June 30, 2024 September 30, 2024, the Company had $80.1 million $38.3 million in interest-bearing cash on hold 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 June 30, 2024 September 30, 2024 and December 31, 2023:

	At June 30, 2024	At December 31, 2023
	At September 30, 2024	At December 31, 2023
		(Dollars in Thousands)
Interest rate derivatives (Notional amounts):		
Loan level derivatives (Notional principal amounts):		
Receive fixed, pay variable		
Receive fixed, pay variable		
Receive fixed, pay variable		
Pay fixed, receive variable		
Risk participation-out agreements		
Risk participation-in agreements		
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		
Sells foreign currency, buys U.S. currency		
Fixed weighted average interest rate from the Company to counterparty		
Fixed weighted average interest rate from the Company to counterparty	3.05 %	2.96 %
Fixed weighted average interest rate from the Company to counterparty	3.04 %	2.96 %
Floating weighted average interest rate from counterparty to the Company		
Floating weighted average interest rate from counterparty to the Company	5.68 %	5.70 %
Floating weighted average interest rate from counterparty to the Company	5.41 %	5.70 %
Weighted average remaining term to maturity (in months)		
Fair value:		

Recognized as an asset:
Recognized as an asset:
Recognized as an asset:
Interest rate derivatives
Interest rate derivatives
Interest rate derivatives
Loan level derivatives
Loan level derivatives
Loan level derivatives
Risk participation-out agreements
Foreign exchange contracts
Recognized as a liability:
Interest rate derivatives
Interest rate derivatives
Interest rate derivatives
Loan level derivatives
Risk participation-in agreements
Foreign exchange contracts

Stockholders' Equity and Dividends

The Company's total stockholders' equity was $1,198.5 million $1.2 billion as of June 30, 2024 September 30, 2024 representing a $0.1 million decrease $31.7 million increase compared to $1,198.6 million $1.2 billion at December 31, 2023. The decrease increase for the six nine months ended June 30, 2024 September 30, 2024, primarily reflects net income of $51.2 million and unrealized gain on securities available-for-sale of $13.2 million included in comprehensive income, partially offset by dividends paid by the Company of $24 million and unrealized loss on securities available-for-sale of $7.2 million, partially offset by net income of $31.0 million $36.0 million.

Stockholders' equity represented 10.30% 10.54% of total assets as of June 30, 2024 September 30, 2024 and 10.53% of total assets as of December 31, 2023. Tangible stockholders' equity (total stockholders' equity less goodwill and identified intangible assets, net) represented 8.23% 8.50% of tangible assets (total assets less goodwill and identified intangible assets, net) as of June 30, 2024 September 30, 2024 and 8.39% as of December 31, 2023.

The dividend payout ratio was 73.30% 59.72% for the three months ended June 30, 2024 September 30, 2024, compared to 54.78% 52.81% for the same period in 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 decreased $6.0 million $1.1 million to $80.0 million $83.0 million for the three months ended June 30, 2024 September 30, 2024 from $86.0 million $84.1 million for the three months ended June 30, 2023 September 30, 2023. This decrease reflects a $16.0 million $13.6 million increase in interest expense on deposits and borrowings, which is reflective of the rising current interest rate environment, along with a $1.7 million $0.3 million decrease in short term investments and restricted equity securities, and a $1.6 million $0.3 million decrease in interest income on debt securities primarily driven by a lower volume during the period, offset by a $13.3 million $13.1 million increase in interest income on loans and leases. Refer to *"Results of Operations - Comparison of the Three-Month Period Ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 — Interest Income"* and *"Results of Operations - Comparison of the Three-Month Period Ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 — Interest Expense -Deposit and Borrowed Funds"* below for more details.

Net interest income decreased $10.5 million $11.6 million to $161.6 million $244.6 million for the six nine months ended June 30, 2024 September 30, 2024 from $172.1 million $256.2 million for the six nine months ended June 30, 2023 September 30, 2023. This overall decrease reflects a $43.4 million $57.0 million increase in interest expense on deposit and borrowings and a $3.7 million $4.3 million decrease in interest income on investment securities primarily driven by a lower volume of debt securities during the period, offset by an $36.6 million $49.7 million increase in interest income on loans and leases, which is reflective of the various portfolios repricing and replacing balances into the current interest rate environment. Refer to *"Results of Operations - Comparison of the Six-Month Nine-Month Period Ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 — Interest Income"* and *"Results of Operations - Comparison of the Six-Month Nine-Month Period Ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 2023 — Interest Expense Deposit and Borrowed Funds"* below for more details.

Net interest margin decreased 26 11 basis points to 3.00% 3.07% for the three months ended June 30, 2024 September 30, 2024 from 3.26% 3.18% for the three months ended June 30, 2023 September 30, 2023. The Company's weighted average interest rate on loans increased to 6.02% 6.17% for the three months ended June 30, 2024 September 30, 2024 from 5.70% 5.84% for the three months ended June 30, 2023 September 30, 2023.

Net interest margin decreased by 28 22 basis points to 3.03% 3.05% for the six nine months ended June 30, 2024 September 30, 2024 from 3.31% 3.27% for the six nine months ended June 30, 2023 September 30, 2023. The Company's weighted average interest rate on loans increased to 6.03% 6.07% for the six nine months ended June 30, 2024 September 30, 2024 from 5.52% 5.62% for the six nine months ended June 30, 2023 September 30, 2023.

The yield on interest-earning assets increased to 5.79% 5.93% for the three months ended June 30, 2024 September 30, 2024 from 5.49% 5.61% for the three months ended June 30, 2023 September 30, 2023. The increase is the result of higher yields on loans and leases. During the three months ended June 30, 2024 September 30, 2024, the Company recorded $0.6 million $1.3 million in prepayment penalties and late charges, which contributed 2 5 basis points to yields on interest-earning assets, compared to $0.7 million $0.8 million, or 3 basis points, for the three months ended June 30, 2023 September 30, 2023.

The yield on interest-earning assets increased to 5.79% 5.84% for the six nine months ended June 30, 2024 September 30, 2024 from 5.30% 5.40% for the six nine months ended June 30, 2023 September 30, 2023. The increase is primarily due to higher yields on loans and leases. During the six nine months ended June 30, 2024 September 30, 2024, the Company recorded $1.3 million $2.6 million in prepayment penalties and late charges, which contributed 2 3 basis points to yields on interest-earning assets, compared to $1.4 million $2.2 million in prepayment penalties and late charges, which contributed 3 basis points to yields on interest-earning assets in the six nine months ended June 30, 2023 September 30, 2023.

The cost of interest-bearing liabilities increased 67 51 basis points to 3.65% 3.67% for the three months ended June 30, 2024 September 30, 2024 from 2.98% 3.16% for the three months ended June 30, 2023 September 30, 2023. The cost of interest-bearing liabilities increased 89 76 basis points to 3.61% 3.63% for the six nine months ended June 30, 2024 September 30, 2024 from 2.72% 2.87% for the six nine months ended June 30, 2023 September 30, 2023. Refer to *"Financial Condition - Borrowed Funds"* above for more details.

Management seeks aims to position the balance sheet to be neutral to changes in interest rates. During 2020, interest rates declined sharply in response to the economic impact As a result of the COVID-19 pandemic, and began to increase Federal Reserve's rate cut in the first quarter of 2022. In recent months, September, the Treasury yield curve has become less inverted and flattened at the long end. Short term in recent months, with shorter-term interest 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 decreasing.

This trend positively affected impacts the Company's net interest income, net interest spread, and net interest margin initially. As is expected in the near term, margin. Management anticipates that the net interest margin is compressing as investable funds migrate among depository and non-depository categories. Management expects the net interest margin to stabilize and then will increase as loans continue to reprice into deposit and wholesale funding costs decrease more rapidly than loan yields. If the higher rate environment. To the extent the FRB Federal Reserve cuts rates in the near term, the net interest income and the net interest margin will be highly dependent on the Company's 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 six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 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	
	June 30, 2024	**June 30, 2023**
	September 30, 2024	**September 30, 2023**

	Average Balance	Average Balance	Interest (1)		Average Yield/ Cost	Average Balance		Interest (1)	
					(Dollars in Thousands)				
Assets:									
Interest-earning assets:									
Interest-earning assets:									
Interest-earning assets:									
Debt securities									
Debt securities									
Debt securities	$ 846,469	$	$ 6,510	3.08	3.08 %	$ 1,000,440	$	$ 8,091	3.23
Restricted equity securities	Restricted equity securities 71,696	1,375	1,375	7.67	7.67 %	77,364	1,673	1,673	8.65
Short-term investments	Short-term investments 143,800	1,914	1,914	5.33	5.33 %	229,474	3,351	3,351	5.84
Total investments	Total investments 1,061,965	9,799	9,799	3.69	3.69 %	1,307,278	13,115	13,115	4.01
Commercial real estate loans (2)	Commercial real estate loans (2) 5,754,901	81,565	81,565	5.61	5.61 %	5,640,491	79,582	79,582	5.58
Commercial loans (2)	Commercial loans (2) 1,069,154	17,672	17,672	6.54	6.54 %	913,732	13,502	13,502	5.85
Equipment financing (2)	Equipment financing (2) 1,374,217	26,255	26,255	7.64	7.64 %	1,253,199	22,357	22,357	7.14
Consumer loans (2)									
Consumer loans (2)									
Consumer loans (2)	1,488,587	20,291	20,291	5.46	5.46 %	1,482,799	16,903	16,903	4.56
Total loans and leases	Total loans and leases 9,686,859	145,783	145,783	6.02	6.02 %	9,290,221	132,344	132,344	5.70
Total interest-earning assets	Total interest-earning assets 10,748,824	155,582	155,582	5.79	5.79 %	10,597,499	145,459	145,459	5.49
Allowance for loan and lease losses									
Non-interest-earning assets									
Non-interest-earning assets									
Non-interest-earning assets									
Total assets									
Total assets									
Total assets									
Liabilities and Stockholders' Equity:									
Liabilities and Stockholders' Equity:									
Liabilities and Stockholders' Equity:									
Interest-bearing liabilities:									
Interest-bearing liabilities:									
Interest-bearing liabilities:									
Interest-bearing deposits:									
Interest-bearing deposits:									

Interest-bearing deposits:													
NOW accounts													
NOW accounts													
NOW accounts		$ 659,351	1,111	1,111	0.68	0.68	%	$ 735,001	1,069	1,069	0.58		
Savings accounts	Savings accounts	1,731,388	11,874	11,874	2.76	2.76	%	1,374,337	5,917	5,917	1.73		
Money market accounts	Money market accounts	2,026,780	15,520	15,520	3.08	3.08	%	2,140,522	13,989	13,989	2.62		
Certificate of deposit accounts	Certificate of deposit accounts	1,699,510	18,717	18,717	4.43	4.43	%	1,390,913	10,021	10,021	2.89		
Brokered deposit accounts	Brokered deposit accounts	958,146	12,499	12,499	5.25	5.25	%	975,700	12,151	12,151	5.00		
Total interest-bearing deposits (3)	Total interest-bearing deposits (3)	7,075,175	59,721	59,721	3.39	3.39	%	6,616,473	43,147	43,147	2.62		
Advances from the FHLB	Advances from the FHLB	1,049,609	12,894	12,894	4.86	4.86	%	1,191,424	14,287	14,287	4.74		
Subordinated debentures and notes	Subordinated debentures and notes	84,241	1,375	1,375	6.53	6.53	%	84,098	1,363	1,363	6.49		
Other borrowed funds	Other borrowed funds	103,753	1,364	1,364	5.29	5.29	%	86,896	523	523	2.41		
Total borrowed funds	Total borrowed funds	1,237,603	15,633	15,633	5.00	5.00	%	1,362,418	16,173	16,173	4.70		
Total interest-bearing liabilities	Total interest-bearing liabilities	8,312,778	75,354	75,354	3.65	3.65	%	7,978,891	59,320	59,320	2.98		
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)	1,646,869						1,849,393					Non-interest-bearing den checking accounts (3)
Other non-interest-bearing liabilities	Other non-interest-bearing liabilities	300,362						270,221					Other non-int bearing liabili
Total liabilities	Total liabilities	10,260,009						10,098,505					Total liabilit
Total stockholders' equity	Total stockholders' equity	1,193,385						1,174,167					Total stockholders' e
Total liabilities and stockholders' equity													

Total liabilities and stockholders' equity							
Total liabilities and stockholders' equity	$11,453,394			$11,272,672			$ 11,45
Net interest income (tax-equivalent basis) / Interest-rate spread (4)	Net interest income (tax-equivalent basis) / Interest-rate spread (4)	80,228	2.14	2.14 %		86,139	2.51
Less adjustment of tax-exempt income							
Net interest income							
Net interest income							
Net interest income							
Net interest margin (5)							
Net interest margin (5)							
Net interest margin (5)			3.00	%			3.26

(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 2.75% 2.74% and 2.04% 2.28% in the three months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 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.

	Six Months Ended								
	Six Months Ended								
	Six Months Ended								
	June 30, 2024					June 30, 2023			
	Nine Months Ended								
	Nine Months Ended								
	Nine Months Ended								
	September 30, 2024					September 30, 2023			
	Average Balance		Average Balance	Interest (1)	Average Yield/ Cost		Average Balance		Interest (1)
	(Dollars in Thousands)								
Assets:									
Interest-earning assets:									
Interest-earning assets:									
Interest-earning assets:									
Debt securities									
Debt securities									
Debt securities	$ 869,848	$	$ 13,437	3.09	3.09 %	$1,014,675	$	$16,065	3.17
Marketable and restricted equity securities	Marketable and restricted equity securities 74,015	2,868	2,868	7.75	7.75 %	77,139	2,928	2,928	7.
Short-term investments	Short-term investments 137,284	3,738	3,738	5.45	5.45 %	188,790	4,846	4,846	5.

Total investments	Total investments	1,081,147	20,043	20,043	3.71	3.71 %	1,280,604	23,839	23,839	3.
Commercial real estate loans (2)	Commercial real estate loans (2)	5,758,318	162,614	162,614	5.59	5.59 %	5,610,401	147,249	147,249	5.
Commercial loans (2)	Commercial loans (2)	1,047,810	35,179	35,179	6.64	6.64 %	903,185	27,519	27,519	6.
Equipment financing (2)	Equipment financing (2)	1,374,322	53,150	53,150	7.73	7.73 %	1,240,031	43,570	43,570	7.
Consumer loans (2)										
Consumer loans (2)										
Consumer loans (2)		1,485,702	40,269	40,269	5.43	5.43 %	1,467,521	35,973	35,973	4.
Total loans and leases	Total loans and leases	9,666,152	291,212	291,212	6.03	6.03 %	9,221,138	254,311	254,311	5.
Total interest-earning assets	Total interest-earning assets	10,747,299	311,255	311,255	5.79	5.79 %	10,501,742	278,150	278,150	5.
Allowance for loan and lease losses										
Non-interest-earning assets										
Non-interest-earning assets										
Non-interest-earning assets										
Total assets										
Total assets										
Total assets										
Liabilities and Stockholders' Equity:										
Liabilities and Stockholders' Equity:										
Liabilities and Stockholders' Equity:										
Interest-bearing liabilities:										
Interest-bearing liabilities:										
Interest-bearing liabilities:										
Interest-bearing deposits:										
Interest-bearing deposits:										
Interest-bearing deposits:										
NOW accounts										
NOW accounts										
NOW accounts		$ 665,632	2,372	2,372	0.72	0.72 %	$ 772,459	1,970	1,970	0.
Savings accounts	Savings accounts	1,712,804	23,226	23,226	2.73	2.73 %	1,267,762	8,431	8,431	1.
Money market accounts	Money market accounts	2,051,542	31,474	31,474	3.09	3.09 %	2,252,755	26,129	26,129	2.
Certificate of deposit accounts	Certificate of deposit accounts	1,661,814	35,389	35,389	4.28	4.28 %	1,368,959	17,477	17,477	2.
Brokered deposit accounts	Brokered deposit accounts	927,465	24,144	24,144	5.23	5.23 %	756,332	18,508	18,508	4.
Total interest-bearing deposits (3)	Total interest-bearing deposits (3)	7,019,257	116,605	116,605	3.34	3.34 %	6,418,267	72,515	72,515	2.

Advances from the FHLBB	Advances from the FHLBB	1,107,071	27,527	27,527	4.92	4.92 %	1,227,772	28,818	28,818	4.
Subordinated debentures and notes	Subordinated debentures and notes	84,223	2,752	2,752	6.54	6.54 %	84,080	2,717	2,717	6.
Other borrowed funds	Other borrowed funds	98,406	2,341	2,341	4.78	4.78 %	122,500	1,772	1,772	2.
Total borrowed funds	Total borrowed funds	1,289,700	32,620	32,620	5.00	5.00 %	1,434,352	33,307	33,307	4.
Total interest-bearing liabilities	Total interest-bearing liabilities	8,308,957	149,225	149,225	3.61	3.61 %	7,852,619	105,822	105,822	2.
Non-interest-bearing liabilities:	Non-interest-bearing liabilities:									
Non-interest-bearing demand checking accounts (3)	Non-interest-bearing demand checking accounts (3)	1,635,690					1,889,554			
Other non-interest-bearing liabilities	Other non-interest-bearing liabilities	289,351					293,157			
Total liabilities	Total liabilities	10,233,998					10,035,330			
Total stockholders' equity	Total stockholders' equity	1,197,644					1,166,941			
Total liabilities and stockholders' equity Total liabilities and stockholders' equity Total liabilities and stockholders' equity		$11,431,642					$11,202,271			
Net interest income (tax-equivalent basis) / Interest-rate spread (4)	Net interest income (tax-equivalent basis) / Interest-rate spread (4)			162,030	2.18	2.18 %			172,328	2.58
Less adjustment of tax-exempt income	Less adjustment of tax-exempt income			441					242	
Net interest income	Net interest income			$161,589				$172,086		
Net interest margin (5)	Net interest margin (5)				3.03	%				

(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 2.71% 2.72% and 1.76% 1.94% in the six nine months ended June 30, 2024 September 30, 2024 and June 30, 2023 September 30, 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.

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 June 30, 2024 as Compared to the Three Months Ended June 30, 2023			**Six Months Ended June 30, 2024 as Compared to the Six Months Ended June 30, 2023**								
	Three Months Ended September 30, 2024 as Compared to the Three Months Ended September 30, 2023			**Nine Months Ended September 30, 2024 as Compared to the Nine Months Ended September 30, 2023**								
	Increase (Decrease) Due To											
	Volume											
	Volume											
	Volume	**Rate**	**Net Change**	**Volume**	**Rate**	**Net Change**	**Rate**	**Net Change**	**Volume**	**Rate**	**Net Change**	
	(In Thousands)											
Interest and dividend income:												
Investments:												
Investments:												
Investments:												
Debt securities												
Debt securities												
Debt securities												
Marketable and restricted equity securities												
Short-term investments												
Total investments												
Loans and leases:												
Commercial real estate loans												
Commercial real estate loans												
Commercial real estate loans												
Commercial loans and leases												
Equipment financing												
Consumer loans												
Consumer loans												
Consumer loans												
Total loans												
Total change in interest and dividend income												
Interest expense:												
Deposits:												
Deposits:												
Deposits:												
NOW accounts												
NOW accounts												

NOW accounts
Savings accounts
Money market accounts
Certificate of deposit accounts
Brokered deposit accounts
Total deposits
Borrowed funds:
Advances from the FHLB
Advances from the FHLB
Advances from the FHLB
Subordinated debentures and notes
Other borrowed funds
Total borrowed funds
Total change in interest expense
Change in tax-exempt income
Change in net interest income

Interest Income

Loans and Leases

	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended June 30,
	Three Months Ended September 30,
	Three Months Ended September 30,
	Three Months Ended September 30,
	2024
	2024
	2024
	(Dollars in Thousands)
	(Dollars in Thousands)
	(Dollars in Thousands)
Interest income—loans and leases:	
Interest income—loans and leases:	
Interest income—loans and leases:	
Commercial real estate loans	
Commercial real estate loans	
Commercial real estate loans	
Commercial loans	
Commercial loans	
Commercial loans	
Equipment financing	
Equipment financing	
Equipment financing	
Residential mortgage loans	

Residential mortgage loans
Residential mortgage loans

Other consumer loans
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)

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(1) Change in tax-exempt income of $153 $166 thousand and $281 $447 thousand is excluded from the three and six nine months ended tables above, respectively.

Total interest from loans and leases was $145.6 million $149.6 million for the three months ended June 30, 2024 September 30, 2024, and represented a yield on total loans of 6.02% 6.17%. This compares to $132.3 million $136.6 million of interest on loans and a yield of 5.70% 5.84% for the three months ended June 30, 2023 September 30, 2023. The $13.3 million $13.1 million increase in interest income from loans and leases was primarily due to an increase of $7.1 million $7.4 million in changes to interest rates, and an increase of $6.2 million due to higher average loan balances. $5.7 million in origination volume.

Interest income from loans and leases was $290.9 million $440.5 million for the six nine months ended June 30, 2024 September 30, 2024, and represented a yield on total loans of 6.03% 6.07%. This compares to $254.2 million $390.8 million of interest on loans and a yield of 5.52% 5.62% for the six nine months ended June 30, 2023 September 30, 2023. The $36.6 million $49.7 million increase in interest income from loans and leases was primarily attributable to an increase of $14.2 million $30.2 million due to the changes in interest rates and an increase of $19.5 million due to an increase in origination volume and an increase of $22.7 million due to the changes in interest rates. volume.

Investments

Three Months Ended June 30,
Three Months Ended June 30,
Three Months Ended June 30,
Six Months Ended June 30,
Three Months Ended September 30,
Three Months Ended September 30,
Three Months Ended September 30,
Nine Months Ended September 30,
2024
(Dollars in Thousands)
(Dollars in Thousands)
(Dollars in Thousands)

						Dollar Change		Percent Change					Dollar Change		Percent Change
Interest income—investments:															
Debt securities															
Debt securities															
Debt securities		$6,480	$	$ 8,034	$	$(1,554)	(19.3)	(19.3)	%	$13,358	$	$15,904	$	$(2,546)	(16.0
Restricted equity securities	Restricted equity securities	1,376	1,673	1,673	(297)	(297)	(17.8)	(17.8)%		2,868	2,928	2,928	(60)		(60
Short-term investments	Short-term investments	1,914	3,351	3,351	(1,437)	(1,437)	(42.9)	(42.9)%		3,738	4,846	4,846	(1,108)		(1,108
Total interest income—investments (1)	Total interest income—investments (1)	$9,770	$	$13,058	$	$(3,288)	(25.2)	(25.2)	%	$19,964	$	$23,678	$	$(3,714)	(15.7

(1) Change in tax-exempt income of $(28) $3 thousand and $(82) $(79) thousand is excluded from the three and six nine months ended tables above, respectively.

Total interest income from investments was $9.8 million $9.9 million for the three months ended June 30, 2024 September 30, 2024, compared to $13.1 million $10.5 million for the three months ended June 30, 2023 September 30, 2023. For the three months ended June 30, 2024 and 2023, the yield on total investments was 3.7% and 4.0%. respectively. The year over year decrease in interest income on investments of $3.3 million, or 25.2%, was primarily driven by a $2.5 million decrease due to volume and a $0.8 million decrease due to rates.

Total investment income was $20.0 million and $23.7 million for the six months ended June 30, 2024 and June 30, 2023, respectively. For the six months ended June 30, 2024 September 30, 2024 and 2023, the yield on total investments was 3.7%. The year over year decrease in interest income on investments of $3.7 million $0.6 million, or 15.7% 5.5%, was primarily driven by a $3.6 million $0.5 million decrease due to volume and a $0.1 million decrease due to rates.

Total investment income was $29.9 million and $34.2 million for the nine months ended September 30, 2024 and September 30, 2023, respectively. For the nine months ended September 30, 2024 and 2023, the yield on total investments was 3.7%. The year over year decrease in interest income on investments of $4.3 million, or 12.6%, was primarily driven by a $4.2 million decrease due to volume and a $0.1 million decrease due to rates.

Interest Expense—Deposits and Borrowed Funds

		Three Months Ended June 30,									Six Months Ended June 30,					
		Three Months Ended September 30,				Dollar Change	Dollar Change	Percent Change	Percent Change		Nine Months Ended September 30,			Dollar Change		Dollar Change
	2024															
		(Dollars in Thousands)														
		(Dollars in Thousands)														
		(Dollars in Thousands)														
Interest expense:																
Deposits:																
Deposits:																
Deposits:																
NOW accounts																
NOW accounts																
NOW accounts		$ 1,111	$	$ 1,069	$	$ 42		3.9	3.9 %	$ 2,372	$		$ 1,970	$		$ 40
Savings accounts	Savings accounts	11,874	5,917	5,917	5,957		5,957	100.7	100.7 %		23,226	8,431		8,431	14,795	
Money market accounts	Money market accounts	15,520	13,989	13,989	1,531		1,531	10.9	10.9 %		31,474	26,129		26,129	5,345	
Certificate of deposit accounts	Certificate of deposit accounts	18,717	10,021	10,021	8,696		8,696	86.8	86.8 %		35,389	17,477		17,477	17,912	
Brokered deposit accounts	Brokered deposit accounts	12,499	12,151	12,151	348		348	2.9	2.9 %		24,144	18,508		18,508	5,636	
Total interest expense - deposits	Total interest expense - deposits	59,721	43,147	43,147	16,574		16,574	38.4	38.4 %		116,605	72,515		72,515	44,090	
Borrowed funds:																
Advances from the FHLB																
Advances from the FHLB																
Advances from the FHLB		12,894	14,287	14,287	(1,393)		(1,393)	(9.8)	(9.8)%		27,527	28,818		28,818	(1,291)	

Subordinated debentures and notes	Subordinated debentures and notes	1,375	1,363	1,363	12	12	0.9	0.9 %		2,752	2,717	2,717	35
Other borrowed funds	Other borrowed funds	1,364	523	523	841	841	160.8	160.8 %		2,341	1,772	1,772	569
Total interest expense - borrowed funds	Total interest expense - borrowed funds	15,633	16,173	16,173	(540)	(540)	(3.3)	(3.3)%		32,620	33,307	33,307	(687)
Total interest expense	Total interest expense	$75,354	$	$59,320	$	$16,034	27.0	27.0	%	$149,225	$	$105,822	$	$43,40

Deposits

For the three months ended June 30, 2024 September 30, 2024, interest expense on deposits increased $16.6 million $10.7 million, or 38.4% 21.7%, compared to the same period in 2023. The increase in interest expense on deposits was driven by an increase of $13.3 million $8.2 million due to higher interest rates and an increase of $3.2 million $2.5 million primarily driven by the growth in volume of average certificate of deposit balances. For the three months ended June 30, 2024 September 30, 2024, the purchase accounting amortization on acquired deposits was $0.2 million and one basis point, compared to $0.3 million and one basis point for the same period in 2023.

Interest expense on deposits increased $44.1 million $54.8 million, or 60.8% 45.0%, to $116.6 million $176.4 million for the six nine months ended June 30, 2024 September 30, 2024 from $72.5 million $121.6 million for the six nine months ended June 30, 2023 September 30, 2023. The increase in interest expense on deposits was driven by a $34.4 million $42.0 million increase due to higher interest rates and a $9.7 million $12.7 million increase primarily driven by the growth in volume of average certificate of deposit, savings accounts, and brokered deposit balances. Purchase accounting amortization on acquired deposits for the six nine months ended June 30, 2024 September 30, 2024 was $0.6 million $0.8 million and one basis point, compared to $0.6 million $1.0 million and one basis point for the same period in 2023.

Borrowed Funds

For the three months ended June 30, 2024 September 30, 2024, interest expense on borrowed funds decreased $0.5 million increased $2.9 million, or 3.3% 20.8% year over year. The decrease increase in interest expense on borrowed funds was driven by a decrease an increase of $1.6 million $1.7 million due to volume offset by and an increase of $1.1 million $1.2 million due to borrowing rates as they increased to 5.00% 5.14% for the three months ended June 30, 2024 September 30, 2024 from 4.70% 4.69% for the three months ended June 30, 2023 September 30, 2023.

During the six nine months ended June 30, 2024 September 30, 2024, interest paid on borrowed funds decreased $0.7 million increased $2.2 million, or 2.1% 4.7% year over year. The cost of borrowed funds increased to 5.00% 5.05% for the six nine months ended June 30, 2024 September 30, 2024 from 4.62% 4.64% for the six nine months ended June 30, 2023 September 30, 2023. The decrease increase in interest expense was driven by an increase of $3.8 million due to borrowing rates offset by a decrease of $3.2 million $1.6 million due to volume offset by an increase of $2.5 million due to borrowing rates. volume. For the six nine months ended June 30, 2024 September 30, 2024, purchase accounting amortization was $0.1 million on acquired borrowed funds compared to amortization of $0.2 million for the six nine months ended June 30, 2023 September 30, 2023.

Provision for Credit Losses

The provisions for credit losses are set forth below:

	Three Months Ended June 30,						Six Months Ended June 30,					
	Three Months Ended September 30,		Dollar Change	Dollar Change	Percent Change	Percent Change	Nine Months Ended September 30,				Dollar Change	Dollar Change
	2024											
	(Dollars in Thousands)											
	(Dollars in Thousands)											
	(Dollars in Thousands)											
Provision (credit) for loan and lease losses:												
Commercial real estate												
Commercial real estate												
Commercial real estate	$2,496	$	$1,603	$	$ 893	55.7	55.7	%	$ 5,167	$	$16,135	$	$	(10,

Commercial	Commercial	7,540	3,981	3,981	3,559	3,559	89.4	89.4 %	12,879	10,595	10,595	2,284	
Consumer	Consumer	(23)	465	465	(488)	(488)	(104.9)	(104.9) %	(350)	2,153	2,153	(2,503)	
Total provision (credit) for loan and lease losses Total provision (credit) for loan and lease losses Total provision (credit) for loan and lease losses		10,013	6,049	6,049	3,964	3,964	65.5	65.5 %	17,696	28,883	28,883	(11,187)	
Unfunded credit commitments Unfunded credit commitments Unfunded credit commitments		(4,406)	(323)	(323)	(4,083)	(4,083)	NM	NM	(4,666)	2,187	2,187	(6,853)	
Investment securities available-for-sale	Investment securities available-for-sale	(39)	—	—	(39)	(39)	N/A	N/A	(83)	—	—	(83)	
Total provision (credit) for credit losses	Total provision (credit) for credit losses	$5,568	$	$5,726	$	$(158)	(2.8)	(2.8) %	$12,947	$ —	$ 31,070	$	$(18,123) (!

For the three months ended June 30, 2024 September 30, 2024, the provision for credit losses remained stable at $5.6 million increased by $1.6 million to $4.7 million compared to a provision for credit losses of $5.7 million $3.0 million for the three months ended June 30, 2023 September 30, 2023.

The increase in the provision for credit losses for the three months ended September 30, 2024 is primarily driven by an increase in specific reserves on nonperforming credits, partially offset by improving economic forecasts.

For the six nine months ended June 30, 2024 September 30, 2024, the provision for credit losses decreased $18.1 million $16.8 million resulting in a provision (credit) for credit and investment losses of $12.9 million $17.6 million. The decrease in the provision for credit losses for the six nine months ended June 30, 2024 September 30, 2024 is primarily driven by the lack of day one provision impact resulting from the Company's acquisition of PCSB Bank in 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 June 30,				Six Months Ended June 30,			
	Three Months Ended September 30,	Dollar Change	Dollar Change	Percent Change	Percent Change	Nine Months Ended September 30,	Dollar Change	Dollar Change	Percent Change	Percent Change
2024										
	(Dollars in Thousands) (Dollars in Thousands) (Dollars in Thousands)									
Deposit fees Deposit fees Deposit fees										

Deposit fees														
Deposit fees														
Deposit fees														
Deposit fees														
Deposit fees														
Deposit fees		$3,001	$	$2,866	$	$135	4.7	4.7 %	$ 5,898	$	$ 5,523	$	$ 375	6.8 6
Loan fees	Loan fees	702	491	491	211	211	43.0	43.0 %	1,491	882	882	609	609	69.0
Loan level derivative income, net	Loan level derivative income, net	106	363	363	(257)	(257)	(70.8)	(70.8)%	543	2,736	2,736	(2,193)	(2,193)	(80.2)
Gain (loss) on investment securities, net	Gain (loss) on investment securities, net	—	3	3	(3)	(3)	(100.0)	(100.0)%	—	1,704	1,704	(1,704)	(1,704)	(100.0)
Gain on sales of loans and leases held-for-sale	Gain on sales of loans and leases held-for-sale	130	308	308	(178)	(178)	(57.8)	(57.8)%	130	1,946	1,946	(1,816)	(1,816)	(93.3)
Other														
Other														
Other		2,457	1,431	1,431	1,026	1,026	71.7	71.7 %	4,618	5,608	5,608	(990)	(990)	(17.7)
Total non-interest income	Total non-interest income	$6,396	$	$5,462	$	$934	17.1	17.1 %	$12,680	$	$18,399	$	$(5,719)	(31.1) (31

Loan There was no loan level derivative income decreased $0.3 million, or 70.8%, to $0.1 million for the three months ended June 30, 2024 from September 30, 2024, compared to $0.4 million for the same period in 2023, primarily as there were no loan level derivative transactions completed for the three months ended September 30, 2024. Loan level derivative income decreased $2.6 million, or 82.6%, to $0.5 million for the nine months ended

September 30, 2024 from $3.1 million for the same period in 2023, driven by lower volume of loan level derivative transactions completed for the three nine months ended June 30, 2024, and decreased $2.2 million, or 80.2%, to $0.5 million for the six months ended June 30, 2024 from $2.7 million for the same period in 2023, primarily driven by lower volume of loan level derivative transactions completed for the six months ended June 30, 2024 September 30, 2024.

There was no gain (loss) on investment securities for the six nine months ended June 30, 2024 September 30, 2024, compared to $1.7 million for the same period in 2023 as there were no sales of investment securities for the six nine months ended June 30, 2024 September 30, 2024.

Gain on sales of loans and leases held-for-sale decreased increased $0.2 million, or 57.8% 84.4%, to $0.1 million $0.4 million for the three months ended June 30, 2024 September 30, 2024 from $0.3 million $0.2 million for the same period in 2023, primarily driven by lower higher gain on sale to participants, and decreased $1.8 million $1.6 million, or 93.3% 74.9% to $0.1 million $0.5 million for the six nine months ended June 30, 2024 September 30, 2024 from $1.9 million $2.2 million for the same period in 2023, also primarily driven by lower gain on sale to participants.

Other income increased $1.0 million $1.9 million, or 71.7% 150.5%, to $2.5 million $3.1 million for the three months ended June 30, 2024 September 30, 2024 from $1.4 million $1.2 million for the same period in 2023, primarily driven by the mark to market on interest rate swaps on loans, higher bank owned life insurance income, commission, and higher wealth management fees. an increase in foreign exchange activity. Other income decreased $1.0 million increased $0.9 million, or 17.7% 12.9%, to $4.6 million $7.7 million for the six nine months ended June 30, 2024 September 30, 2024 from $5.6 million $6.9 million for the same period in 2023, primarily driven by the mark to market on interest rate swaps on loans, partially offset by higher insurance commission and wealth management fees.

Non-Interest Expense

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

		Three Months Ended June 30, / Three Months Ended September 30,				Dollar Change	Dollar Change		Percent Change	Percent Change	Six Months Ended June 30, / Nine Months Ended September 30,					Dollar Change	Dollar Change	Percent Change
	2024																	
		(Dollars in Thousands)																
		(Dollars in Thousands)																
		(Dollars in Thousands)																
Compensation and employee benefits	Compensation and employee benefits	$34,762	$	$33,438	$	$1,324		4.0	4.0	%	$ 71,391	$		$ 70,003	$		$ 1,388	2.0
Occupancy	Occupancy	5,551	4,870	4,870	681		681	14.0	14.0 %			11,320	10,093		10,093	1,227		1,227
Equipment and data processing	Equipment and data processing	6,732	6,531	6,531	201		201	3.1	3.1 %			13,763	12,993		12,993	770		770
Professional services	Professional services	1,745	1,986	1,986	(241)		(241)	(12.1)	(12.1)%			3,645	3,416		3,416	229		229
FDIC insurance	FDIC insurance	2,025	2,609	2,609	(584)		(584)	(22.4)	(22.4)%			3,909	3,853		3,853	56		56
Advertising and marketing	Advertising and marketing	1,504	1,382	1,382	122		122	8.8	8.8 %			3,078	2,792		2,792	286		286
Amortization of identified intangible assets	Amortization of identified intangible assets	1,669	1,954	1,954	(285)		(285)	(14.6)	(14.6)%			3,377	3,920		3,920	(543)		(543)
Merger and restructuring expense	Merger and restructuring expense	823	1,002	1,002	(179)		(179)	(17.9)	(17.9)%			823	7,411		7,411	(6,588)		(6,588)
Other	Other	4,373	4,053	4,053	320		320	7.9	7.9 %			8,892	8,120		8,120	772		772
Total non-interest expense	Total non-interest expense	$59,184	$	$57,825	$	$1,359		2.4	2.4	%	$120,198	$		$122,601	$		$(2,403)	(2.0)

During the three months ended June 30, 2024, the Company had $0.8 million in merger Merger and restructuring expense compared decreased $6.6 million, or 88.9%, to $1.0 million for the same period in 2023, and $0.8 million for the six nine months ended June 30, 2024 September 30, 2024, compared to $7.4 million for the same period in 2023. Excluding merger and restructuring expense, non-interest expense increased $1.5 million $4.4 million to $58.4 million $177.3 million for the three nine months ended June 30, 2024 September 30, 2024, compared to $56.8 million for for the same period in 2023, and increased $4.2 million to $119.4 million for the six months ended June 30, 2024, compared to $115.2 million $172.9 million for the same period in 2023.

Compensation and employee benefits expense increased $1.3 million $1.6 million, or 4.0% 4.9%, to $34.8 million $35.1 million for the three months ended June 30, 2024 September 30, 2024, compared to $33.4 million $33.5 million for the same period in 2023, and increased $1.4 million $3.0 million, or 2.0% 2.9%, to $71.4 million $106.5 million for the six nine months ended June 30, 2024 September 30, 2024 from $70.0 million $103.5 million for the same period in 2023, primarily driven by higher employee headcount, salaries, health care benefits, and retirement benefits, partially offset by lower incentives and bonuses. standard increases across all categories.

Occupancy expense increased $0.7 million $0.4 million, or 14.0% 7.2%, to $5.6 million $5.3 million for the three months ended June 30, 2024 September 30, 2024 from $4.9 million $5.0 million for the same period in 2023, and increased $1.2 million $1.6 million, or 12.2% 10.5%, to $11.3 million $16.7 million for the six nine months ended June 30, 2024 September 30, 2024 from $10.1 million $15.1 million for the same period in 2023, primarily driven by higher building maintenance, rent, and leasehold improvement depreciation.

Provision for Income Taxes

		Three Months Ended June 30,									Six Months Ended June 30,							
		Three Months Ended September 30,				Dollar Change	Dollar Change	Percent Change	Percent Change		Nine Months Ended September 30,				Dollar Change		Dollar Change	Perce Chang
	2024																	
		(Dollars in Thousands)																
		(Dollars in Thousands)																
		(Dollars in Thousands)																
Income before provision for income taxes	Income before provision for income taxes	$21,645	$	$27,815	$	$(6,170)	(22.2)	(22.2)	%	$	41,124	$	$	36,483	$		$4,641	12.7
Provision (benefit) for income taxes	Provision (benefit) for income taxes	5,273	5,965	5,965	(692)	(692)	(11.6)	(11.6)%			10,087	7,073			7,073	3,014		3,014
Net income	Net income	$16,372	$	$21,850	$	$(5,478)	(25.1)	(25.1)	%	$	31,037	$	$	29,410	$		$1,627	5.5
Effective tax rate	Effective tax rate	24.4 %		21.4 %		N/A		14.0	%	24.5	%		19.4	%			N/A	

The Company recorded an income tax expense of $5.3 million $6.6 million for the three months ended June 30, 2024 September 30, 2024, compared to an income tax expense of $6.0 million $6.2 million for the three months ended June 30, 2023 September 30, 2023, representing effective tax rates of 24.4% 24.7% and 21.4%, respectively. The increase in effective tax rate for the three months ended June 30, 2024 September 30, 2024 compared to the three months ended June 30, 2023 September 30, 2023 was primarily driven by nonrecurring items in the 2023 effective rate. The 2023 effective tax rate included energy tax credit deals in 2023 that have not reoccurred in 2024, partially offset by merger expenses relating to the acquisition of PCSB Bank.

The Company recorded an income tax expense of $10.1 million $16.7 million for the six nine months ended June 30, 2024 September 30, 2024, compared to an income tax expense of $7.1 million $13.2 million for the six nine months ended June 30, 2023 September 30, 2023, representing effective tax rates of 24.5% 24.6% and 19.4% 20.3%, respectively. The overall increase in the effective tax rate for the six nine months ended June 30, 2024 September 30, 2024 is primarily driven by nonrecurring items in the 2023 effective rate. The 2023 effective tax rate included energy tax credit deals in 2023 that have not reoccurred in 2024 partially offset by merger expenses relating to the acquisition of PCSB Bank in 2023.

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 the Company's 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. The primary sources of liquidity for the Banks consist of deposit inflows, loan repayments, borrowed funds, and maturing investment securities.

In the second third 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 higher levels of on balance sheet liquidity in the form of cash and available for sale securities in the second third quarter. Cash and equivalents at the end of the quarter were $343.1 million $407.9 million, or 2.9% 3.5% of the balance sheet, compared to $133.0 million, or 1.2% of the balance sheet, as of 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 5% 8% and 15% 12% of total assets. As of June 30, 2024 September 30, 2024, cash, cash equivalents and investment securities available-for-sale totaled $1.2 billion $1.3 billion, or 10.3% 10.8% of total assets. This compares to $1.0 billion, or 9.2% of total assets, as of December 31, 2023.

Deposits, which are considered the most stable source of liquidity, totaled $8.7 billion as of June 30, 2024 September 30, 2024 and represented 85.9% 85.4% of total funding (the sum of total deposits and total borrowings), compared to deposits of $8.5 billion, or 86.1% of total funding, as of December 31, 2023. Core deposits, which consist of demand checking, NOW, savings and money market accounts, totaled $6.1 billion as of June 30, 2024 September 30, 2024 and represented 69.8% of total deposits, compared to core deposits of $6.1 billion, or 71.3% of total deposits, as of December 31, 2023. Additionally, the Company had $923.5 million $815.5 million of brokered deposits as of June 30, 2024 September 30, 2024, which represented 10.6% 9.3% of total deposits, compared to $881.2 million or 10.3% of total deposits, as of 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 $1.4

billion $1.5 billion as of June 30, 2024 September 30, 2024, representing 14.1% 14.6% of total funding, compared to $1.4 billion, or 13.9% of total funding, as of 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 June 30, 2024 September 30, 2024, the Company's total borrowing limit from the FHLB for advances and repurchase agreements was $2.7 billion, compared to $2.6 billion as of December 31, 2023.

As of June 30, 2024 September 30, 2024, the Banks also have access to funding through certain uncommitted lines via AFX as well as other large financial institution specific lines. As of June 30, 2024 September 30, 2024 and December 31, 2023, respectively, the Company had no borrowings on outstanding uncommitted lines of credit.

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

The Company has access to the Federal Reserve Bank's "discount window" Discount Window to supplement its liquidity. The Company had $351.7 million $350.4 million of borrowing capacity at the Federal Reserve Bank FRB as of June 30, 2024 September 30, 2024. As of June 30, 2024 September 30, 2024, the Company did not have any outstanding borrowings with the Federal Reserve Bank. FRB.

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

While management believes 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 June 30, 2024 (In Thousands)	At December 31, 2023		At September 30, 2024 (In Thousands)	At December 31, 2023
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						
Residential mortgage						
Unadvanced portion of loans and leases						
Unused lines of credit:	Unused lines of credit:			Unused lines of credit:		
Home equity						
Other consumer						
Other commercial						
Unused letters of credit:	Unused letters of credit:			Unused letters of credit:		
Financial standby letters of credit						
Performance standby letters of credit						
Commercial and similar letters of credit						
Interest rate derivatives						
Loan level derivatives:						

Receive fixed, pay variable

Receive fixed, pay variable

Receive fixed, pay variable

Pay fixed, receive variable

Risk participation-out agreements

Risk participation-in agreements

Foreign exchange contracts:

Buys foreign currency, sells U.S. currency

Buys foreign currency, sells U.S. currency

Buys foreign currency, sells U.S. currency

Sells foreign currency, buys U.S. currency

Capital Resources

As of June 30, 2024 September 30, 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 June 30, 2024 September 30, 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 June 30, 2024 September 30, 2024 for the Company and the Banks.

	Actual Amount	Actual Amount	Actual Ratio	Actual Ratio	Minimum Required for Capital Adequacy Purposes Amount	Minimum Required for Capital Adequacy Purposes Ratio	Minimum Required for Capital Adequacy Purposes Ratio	Minimum Required for Fully Phased in Capital Adequacy Purposes plus Capital Conservation Buffer Amount	Minimum Required for Fully Phased in Capital Adequacy Purposes plus Capital Conservation Buffer Ratio	Minimum Required for Fully Phased in Capital Adequacy Purposes plus Capital Conservation Buffer Ratio	Minimum Required to be Considered “Well-Capitalized” Under Prompt Corrective Action Provisions Amount	Minimum Required to be Considered “Well-Capitalized” Under Prompt Corrective Action Provisions Amount	Minimum Required to be Considered “Well-Capitalized” Under Prompt Corrective Action Provisions Ratio
	(Dollars in Thousands)												
At June 30, 2024:													
At September 30, 2024:													
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)	$1,005,251		10.33	10.33 %	$437,912	4.50	4.50 %	$ 681,196	7.00	7.00 %	N/A	$1,014,756	10.4
Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2) 1,015,032		8.99	8.99 %	451,627	4.00	4.00 %	451,627	4.00	4.00 %	N/A	Tier 1 leverage capital ratio (2) 1,024,547	

Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	1,015,032	10.44	10.44 %	583,352	6.00	6.00 %	826,415	8.50	8.50	%		N/A			Tier 1 risk-based capital ratio (3)	1,024,547
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	1,211,242	12.45	12.45 %	778,308	8.00	8.00 %	1,021,529	10.50	10.50	%		N/A			Total risk-based capital ratio (4)	1,206,062
Brookline Bank	Brookline Bank															Brookline Bank	
Common equity Tier 1 capital ratio (1)	Common equity Tier 1 capital ratio (1)	$ 575,684	10.35	10.35 %	$ 250,297	4.50	4.50 %	$ 389,351	7.00	7.00	%	$ 361,541	6.50	6.50	%	Common equity Tier 1 capital ratio (1)	
Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	575,684	9.24	9.24 %	249,214	4.00	4.00 %	249,214	4.00	4.00	%	311,517	5.00	5.00	%	Tier 1 leverage capital ratio (2)	
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	575,684	10.35	10.35 %	333,730	6.00	6.00 %	472,784	8.50	8.50	%	444,973	8.00	8.00	%	Tier 1 risk-based capital ratio (3)	
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	645,382	11.60	11.60 %	445,091	8.00	8.00 %	584,182	10.50	10.50	%	556,364	10.00	10.00	%	Total risk-based capital ratio (4)	
BankRI	BankRI															BankRI	
Common equity Tier 1 capital ratio (1)	Common equity Tier 1 capital ratio (1)	$ 289,743	10.43	10.43 %	$ 125,009	4.50	4.50 %	$ 194,458	7.00	7.00	%	$ 180,569	6.50	6.50	%	Common equity Tier 1 capital ratio (1)	
Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	289,743	8.89	8.89 %	130,368	4.00	4.00 %	130,368	4.00	4.00	%	162,960	5.00	5.00	%	Tier 1 leverage capital ratio (2)	
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	289,743	10.43	10.43 %	166,679	6.00	6.00 %	236,128	8.50	8.50	%	222,238	8.00	8.00	%	Tier 1 risk-based capital ratio (3)	
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	323,193	11.64	11.64 %	222,126	8.00	8.00 %	291,540	10.50	10.50	%	277,657	10.00	10.00	%	Total risk-based capital ratio (4)	
PCSB Bank																	
Common equity Tier 1 capital ratio (1)																	
Common equity Tier 1 capital ratio (1)																	
Common equity Tier 1 capital ratio (1)		$ 191,319	13.41	13.41 %	$ 64,201	4.50	4.50 %	$ 99,868	7.00	7.00	%	$ 92,735	6.50	6.50	%		$ 195,39

Tier 1 leverage capital ratio (2)	Tier 1 leverage capital ratio (2)	191,319	9.78	9.78 %	78,249	4.00	4.00 %	78,249	4.00	4.00	%	97,811	5.00	5.00	%	Tier 1 leverage capital ratio (2)
Tier 1 risk-based capital ratio (3)	Tier 1 risk-based capital ratio (3)	191,319	13.41	13.41 %	85,601	6.00	6.00 %	121,269	8.50	8.50	%	114,135	8.00	8.00	%	Tier 1 risk-based capital ratio (3)
Total risk-based capital ratio (4)	Total risk-based capital ratio (4)	209,159	14.66	14.66 %	114,139	8.00	8.00 %	149,807	10.50	10.50	%	142,673	10.00	10.00	%	Total risk-based capital ratio (4)

(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, 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, 2023:								
Brookline Bancorp, Inc.								
Common equity Tier 1 capital ratio (1)	$ 994,023	10.25 %	$ 436,400	4.50 %	$ 678,845	7.00 %	N/A	N/A
Tier 1 leverage capital ratio (2)	1,003,784	9.02 %	445,137	4.00 %	445,137	4.00 %	N/A	N/A
Tier 1 risk-based capital ratio (3)	1,003,784	10.35 %	581,904	6.00 %	824,364	8.50 %	N/A	N/A
Total risk-based capital ratio (4)	1,199,686	12.37 %	775,868	8.00 %	1,018,327	10.50 %	N/A	N/A
Brookline Bank								
Common equity Tier 1 capital ratio (1)	$ 580,148	10.39 %	$ 251,267	4.50 %	$ 390,860	7.00 %	$ 362,941	6.50 %
Tier 1 leverage capital ratio (2)	580,148	9.46 %	245,306	4.00 %	245,306	4.00 %	306,632	5.00 %
Tier 1 risk-based capital ratio (3)	580,148	10.39 %	335,023	6.00 %	474,616	8.50 %	446,697	8.00 %
Total risk-based capital ratio (4)	650,135	11.64 %	446,828	8.00 %	586,462	10.50 %	558,535	10.00 %
BankRI								
Common equity Tier 1 capital ratio (1)	$ 283,673	10.20 %	$ 125,150	4.50 %	$ 194,678	7.00 %	$ 180,772	6.50 %
Tier 1 leverage capital ratio (2)	283,673	8.89 %	127,637	4.00 %	127,637	4.00 %	159,546	5.00 %
Tier 1 risk-based capital ratio (3)	283,673	10.20 %	166,866	6.00 %	236,394	8.50 %	222,489	8.00 %
Total risk-based capital ratio (4)	318,462	11.46 %	222,312	8.00 %	291,785	10.50 %	277,890	10.00 %
PCSB Bank								
Common equity Tier 1 capital ratio (1)	$ 185,337	13.50 %	$ 61,779	4.50 %	$ 96,101	7.00 %	$ 89,236	6.50 %
Tier 1 leverage capital ratio (2)	185,337	9.78 %	75,802	4.00 %	75,802	4.00 %	94,753	5.00 %
Tier 1 risk-based capital ratio (3)	185,337	13.50 %	82,372	6.00 %	116,694	8.50 %	109,829	8.00 %
Total risk-based capital ratio (4)	201,314	14.66 %	109,858	8.00 %	144,188	10.50 %	137,322	10.00 %

(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 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, 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 June 30, 2024 September 30, 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 June 30, 2024 September 30, 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	
	June 30, 2024	December 31, 2023

		September 30, 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	$14,772	4.3	4.3 %	$13,318	3.9	3.9 %	Up 300 basis points shock	$16,867	4.7	4.7 %	$13,318	3.9	3.9 %
Up 200 basis points ramp	Up 200 basis points ramp	9,640	2.8	2.8 %	7,068	2.1	2.1 %	Up 200 basis points ramp	9,155	2.6	2.6 %	7,068	2.1	2.1 %
Up 100 basis points ramp	Up 100 basis points ramp	5,334	1.5	1.5 %	3,389	1.0	1.0 %	Up 100 basis points ramp	5,123	1.4	1.4 %	3,389	1.0	1.0 %
Down 100 basis points ramp	Down 100 basis points ramp	(3,903)	(1.1)	(1.1)%	(5,042)	(1.5)	(1.5) %	Down 100 basis points ramp	(3,691)	(1.0)	(1.0)%	(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 4.3% 4.7% as of June 30, 2024 September 30, 2024, compared to a positive 3.9% as of December 31, 2023.

The Company also uses utilizes interest-rate sensitivity "gap" "gap" analysis to provide a more general broader 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 June 30, 2024 As of September 30, 2024, the Company's one-year cumulative gap was a negative $793.1 million $973.7 million, or 7.30% 8.90% of total interest-earning assets, compared with to a negative $521.4 million, or 4.89% of total interest-earning assets, at as of 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 2023 Annual Report on Form 10-K. 10-K for the fiscal year ended December 31, 2023.

The 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				
Parallel Shock in Interest Rate Levels	Parallel Shock in Interest Rate Levels	At June 30, 2024	At December 31, 2023	Parallel Shock in Interest Rate Levels	At September 30, 2024	At December 31, 2023
Up 300 basis points	Up 300 basis points	(5.4) %	(6.3) %	Up 300 basis points	(3.6) %	(6.3) %
Up 200 basis points	Up 200 basis points	(4.0) %	(4.4) %	Up 200 basis points	(3.0) %	(4.4) %
Up 100 basis points	Up 100 basis points	(1.1) %	(2.2) %	Up 100 basis points	(0.6) %	(2.2) %
Down 100 basis points	Down 100 basis points	(0.8) %	2.1 %	Down 100 basis points	(1.2) %	2.1 %

The Company's EVE-at-risk asset sensitivity decreased from December 31, 2023 to June 30, 2024 September 30, 2024 driven by deposit mix and loan growth.

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 June 30, 2024 September 30, 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, 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, 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, 2023 filed with the SEC on 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 June 30, 2024 September 30, 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: August 6, 2024 November 6, 2024	By:	/s/ Paul A. Perrault
		Paul A. Perrault
		Chief Executive Officer
		(Principal Executive Officer)
Date: August 6, 2024 November 6, 2024	By:	/s/ Carl M. Carlson
		Carl M. Carlson
		Co-President and Chief Financial Officer
		(Principal Financial Officer)

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 (the registrant's fourth fiscal quarter in the case of an annual report) 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: August 6, 2024 November 6, 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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: August 6, 2024 November 6, 2024

/s/ CARL M. CARLSON

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

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 June 30, 2024 September 30, 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: August 6, 2024 November 6, 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 June 30, 2024 September 30, 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: August 6, 2024 November 6, 2024

/s/ CARL M. CARLSON

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