



October 27, 2022

# 3Q 2022 Financial Results



**BROOKLINE**  
BANCORP

## Forward Looking Statements

Certain statements contained in this press release 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. We may also make forward-looking statements in other documents we file with the Securities and Exchange Commission ("SEC"), in our annual reports to shareholders, in press releases and other written materials, and in oral statements made by our officers, directors or employees. You can identify forward looking statements by the use of the words "believe," "expect," "anticipate," "intend," "estimate," "assume," "outlook," "will," "should," and other expressions that predict or indicate future events and trends and which do not relate to historical matters, including statements regarding the Company's business, credit quality, financial condition, liquidity and results of operations. Forward-looking statements may differ, possibly materially, from what is included in this press release due to factors and future developments that are uncertain and beyond the scope of the Company's control. These included, but are not limited to, general business and economic conditions on a national basis and in the local markets in which the Company operates; the Company and PCSB's ability to achieve the synergies and value creation contemplated by the proposed acquisition; the Company and PCSB's ability to successfully integrate operations in the proposed acquisition; the effect of the announcement of the proposed acquisition on the ability of PCSB to maintain relationships with its key partners, customers and employees, and on its operating business generally, changes in consumer behavior due to changing political business and economic conditions (including inflation); and ongoing turbulence in capital and debt markets.

Forward-looking statements involve risks and uncertainties which are difficult to predict. The Company's actual results could differ materially from those projected in the forward-looking statements as a result of, among others, the risks outlined in the Company's Annual Report on Form 10-K, as updated by its Quarterly Reports on Form 10-Q and other filings submitted to the SEC. 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.

**Quarterly net income of \$30.1 million and earnings per share of \$0.39.**

**Quarterly dividend of \$0.135, increase 4%.**

- ✓ Loans grew \$129.4 million or 7% annualized.
- ✓ Net interest margin increased 24 basis points to 3.80% from Q2.
- ✓ ROA of 1.40% and ROTCE of 14.72%.
- ✓ Q3 Efficiency ratio of 52.98%.
- ✓ Stable fee income and operating expense. Merger charges of \$1.1 million in the quarter.

#### **Fortress Balance Sheet / Asset Quality**

- ✓ NPAs to total assets of 0.21%.
- ✓ Net recoveries of \$179 thousand.
- ✓ The reserve for loan losses represents a coverage ratio of 127 basis points.
- ✓ Strong capital with Total RBC of 14.4%.

# Summary Income Statement

\$m, except per share amts	Linked Quarter (LQ)				Year over Year (YoY)		
	3Q22	2Q22	Δ	%Δ	3Q21	Δ	%Δ
Net interest income	\$ 78.0	\$ 71.9	\$ 6.1	8%	\$ 70.7	\$ 7.3	10%
Noninterest income	6.8	6.9	(0.1)	-1%	5.6	1.2	21%
Security gains (losses)	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>84.8</b>	<b>78.8</b>	<b>6.0</b>	<b>8%</b>	<b>76.3</b>	<b>8.5</b>	<b>11%</b>
Noninterest expense	43.9	44.4	(0.5)	-1%	40.9	3.0	7%
Merger expense	1.1	0.5	0.6	120%	-	1.1	-
<b>Pretax, Preprov. Net Rev.</b>	<b>39.8</b>	<b>33.9</b>	<b>5.9</b>	<b>17%</b>	<b>35.4</b>	<b>4.4</b>	<b>12%</b>
Provision for credit losses	2.8	0.2	2.6	1300%	(3.1)	5.9	-190%
Pretax income	37.0	33.7	3.3	10%	38.5	(1.5)	-4%
Provision for taxes	6.9	8.5	(1.6)	-19%	9.7	(2.8)	-29%
<b>Net Income</b>	<b>\$ 30.1</b>	<b>\$ 25.2</b>	<b>\$ 4.9</b>	<b>19%</b>	<b>\$ 28.8</b>	<b>\$ 1.3</b>	<b>5%</b>
<b>EPS</b>	<b>\$ 0.39</b>	<b>\$ 0.33</b>	<b>\$ 0.06</b>	<b>18%</b>	<b>\$ 0.37</b>	<b>\$ 0.02</b>	<b>5%</b>
Avg diluted shares (000s)	77,008	77,419	(411)	-1%	78,241	(1,233)	-2%
Return on Assets	1.40%	1.18%	0.22%		1.38%	0.02%	
Return on Tangible Equity	14.72%	12.38%	2.34%		14.15%	0.57%	
Net Interest Margin	3.80%	3.56%	0.24%		3.53%	0.27%	
Efficiency Ratio	52.98%	56.95%	-3.97%		53.64%	-0.66%	

- Net Income of \$30.1 million or \$0.39 per share.
- Net interest income increased \$6.1 million due to higher loan balances and expanding margin as rates rise.
- Fee income and operating expenses were relatively flat for the quarter.
- Merger expenses of \$1.1 million related to the PCSB acquisition.
- Pre-provision net revenue increased \$5.9 million from the prior quarter.
- The provision for credit losses was \$2.8 million for the quarter driven by portfolio growth.
- The effective tax rate was 18.7% for Q3 and reflects the YTD recognition of energy tax credits related to financing commercial investments in renewable energy. The YTD effective tax rate is 22.9% which approximates our estimates for the full year, excluding the impact of the PCSB acquisition anticipated in Q4'22.

## Margin – Yields and Costs

	3Q22			Prior Quarter			LQΔ		
\$ millions	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield	Avg Bal	Interest	Yield
Loans	\$ 7,335	\$ 84.4	4.60%	\$ 7,240	\$ 74.3	4.11%	\$ 95	\$ 10.1	0.49%
Investments & earning cash	817	4.3	2.09%	857	3.8	1.75%	(40)	0.5	0.34%
Interest Earning Assets	\$ 8,152	\$ 88.7	4.35%	\$ 8,097	\$ 78.1	3.86%	\$ 55	\$ 10.6	0.49%
Interest bearing deposits	\$ 4,994	\$ 7.3	0.58%	\$ 5,106	\$ 4.3	0.34%	\$ (112)	\$ 3.0	0.24%
Borrowings	505	3.3	2.53%	373	1.9	1.99%	132	1.4	0.54%
Interest Bearing Liabilities	\$ 5,499	\$ 10.6	0.77%	\$ 5,479	\$ 6.2	0.45%	\$ 20	\$ 4.4	0.32%
Net interest spread			3.58%			3.41%			0.17%
<b>Net Interest Income, TEB / Margin</b>	<b>\$ 78.1</b>	<b>3.80%</b>		<b>\$ 71.9</b>	<b>3.56%</b>		<b>\$ 6.2</b>	<b>0.24%</b>	
LESS: Tax Equivalent Basis (TEB) Adj.		0.1			-			0.1	
Net Interest Income	\$ 78.0			\$ 71.9			\$ 6.1		

	3Q22			Prior Quarter			LQΔ		
<b>Estimated PPP Impact:</b>									
PPP Loans	\$ 1	\$ 0.0	4.70%	\$ 6	\$ 0.4	23.53%	\$ (5)	\$ (0.3)	-18.83%
Loans, excl. PPP	7,334	84.4	4.60%	7,234	74.0	4.09%	100	10.4	0.51%
Earning Assets, excl. PPP	8,151	88.7	4.35%	8,091	77.8	3.84%	60	10.9	0.51%
<b>Net Interest Inc., excl. PPP</b>	<b>8,151</b>	<b>78.1</b>	<b>3.80%</b>	<b>8,091</b>	<b>71.6</b>	<b>3.55%</b>	<b>60</b>	<b>6.5</b>	<b>0.25%</b>
<b>Estimated PPP Margin Impact</b>			<b>0.00%</b>			<b>0.01%</b>			<b>-0.01%</b>
<b>Margin excluding PPP</b>			<b>3.80%</b>			<b>3.55%</b>			<b>0.25%</b>

# Summary Balance Sheet

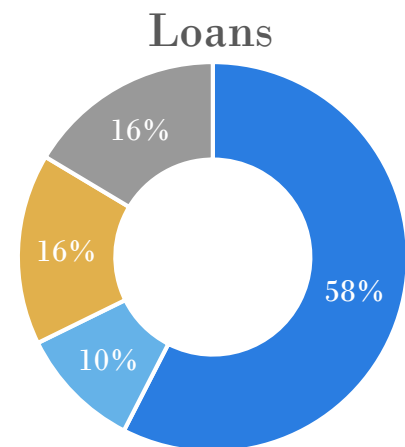
\$m, except per share amts	Linked Quarter (LQ)				Year over Year (YoY)		
	3Q22	2Q22	Δ	%Δ annual.	3Q21	Δ	%Δ
Gross Loans, investment	\$ 7,421	\$ 7,292	\$ 129	7%	\$ 6,932	\$ 489	7%
Allowance for loan losses	(94)	(93)	(1)	4%	(103)	9	-9%
Net Loans	7,327	7,199	128	7%	6,829	498	7%
Securities	676	718	(42)	-23%	732	(56)	-8%
Cash & equivalents	113	90	23	102%	239	(126)	-53%
Intangibles	162	162	-	0%	163	(1)	-1%
Other assets	418	345	73	85%	350	68	19%
Total Assets	\$ 8,696	\$ 8,514	\$ 182	9%	\$ 8,313	\$ 383	5%
Deposits	\$ 6,736	\$ 6,894	\$ (158)	-9%	\$ 6,873	\$ (137)	-2%
Borrowings	759	478	281	235%	268	491	183%
Reserve for unfunded loans	19	18	1	22%	13	6	46%
Other Liabilities	218	156	62	159%	180	38	21%
Total Liabilities	7,732	7,546	186	10%	7,334	398	5%
Stockholders' Equity	964	968	(4)	-2%	879	85	10%
Total Liabilities & Equity	\$ 8,696	\$ 8,514	\$ 182	9%	\$ 8,213	\$ 943	11%
TBV per share	\$ 10.43	\$ 10.51	\$ (0.08)	-3%	\$ 10.51	\$ (0.08)	-1%
Actual shares outstanding (000)	76,839	76,673	166	1%	77,608	(769)	-1%
Tang. Equity / Tang. Assets	9.39%	9.65%	-0.26%		10.01%	-0.62%	
Loans / Deposits	110.17%	105.77%	4.40%		100.86%	9.31%	
ALLL / Gross Loans	1.27%	1.28%	-0.01%		1.48%	-0.21%	

- Loans increased \$129 million or 7% on an annualized basis.
- The allowance for loan losses increased modestly due to the growth in the loan portfolio.
- ALLL coverage of 1.27%.
- Deposits decreased \$158 million.
- Borrowings increased \$281 million.
- Stockholders' Equity declined \$4 million due to the accounting impact of marking to market securities classified as available for sale and dividends partially offset by strong quarterly earnings.

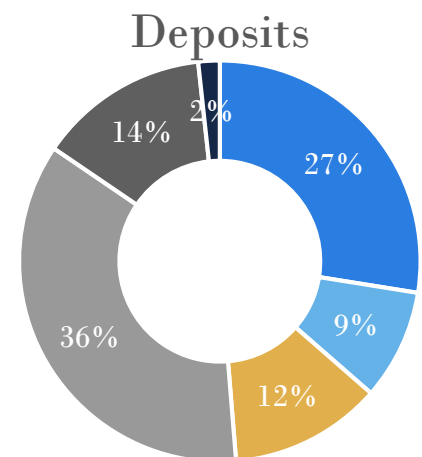
## Loan and Deposit Composition

\$ millions		Linked Quarter (LQ)				Year over Year (YoY)		
		3Q22	2Q22	Δ	%Δ an.	3Q21	Δ	%Δ
LOANS	CRE	\$ 4,269	\$ 4,226	\$ 43	4%	\$ 3,909	\$ 360	9%
	Commercial	757	710	47	26%	624	133	21%
	PPP Loans	1	1	-	0%	161	(160)	-99%
	Equipment Finance	1,176	1,149	27	9%	1,085	91	8%
	Consumer	1,218	1,206	12	4%	1,153	65	6%
	Total Loans	\$ 7,421	\$ 7,292	\$ 129	7%	\$ 6,932	\$ 489	7%
DEPOSITS	Demand deposits	\$ 1,849	\$ 1,845	\$ 4	1%	\$ 1,816	\$ 33	2%
	NOW	598	629	(31)	-20%	513	85	17%
	Savings	825	895	(70)	-31%	823	2	0%
	Money market	2,405	2,403	2	0%	2,393	12	1%
	CDs	925	1,006	(81)	-32%	1,142	(217)	-19%
	Brokered deposits	134	116	18	62%	186	(52)	-28%
	Total Deposits	\$ 6,736	\$ 6,894	\$ (158)	-9%	\$ 6,873	\$ (137)	-2%

- Total loans increased \$129 million with solid growth in all categories.
- Total deposits declined \$158 million driven primarily in Savings and CDs.



■ CRE ■ C&I ■ Equipment ■ Consumer



■ DDA ■ NOW ■ Savings ■ MMkt ■ CDs ■ Brkd

## Capital Strength

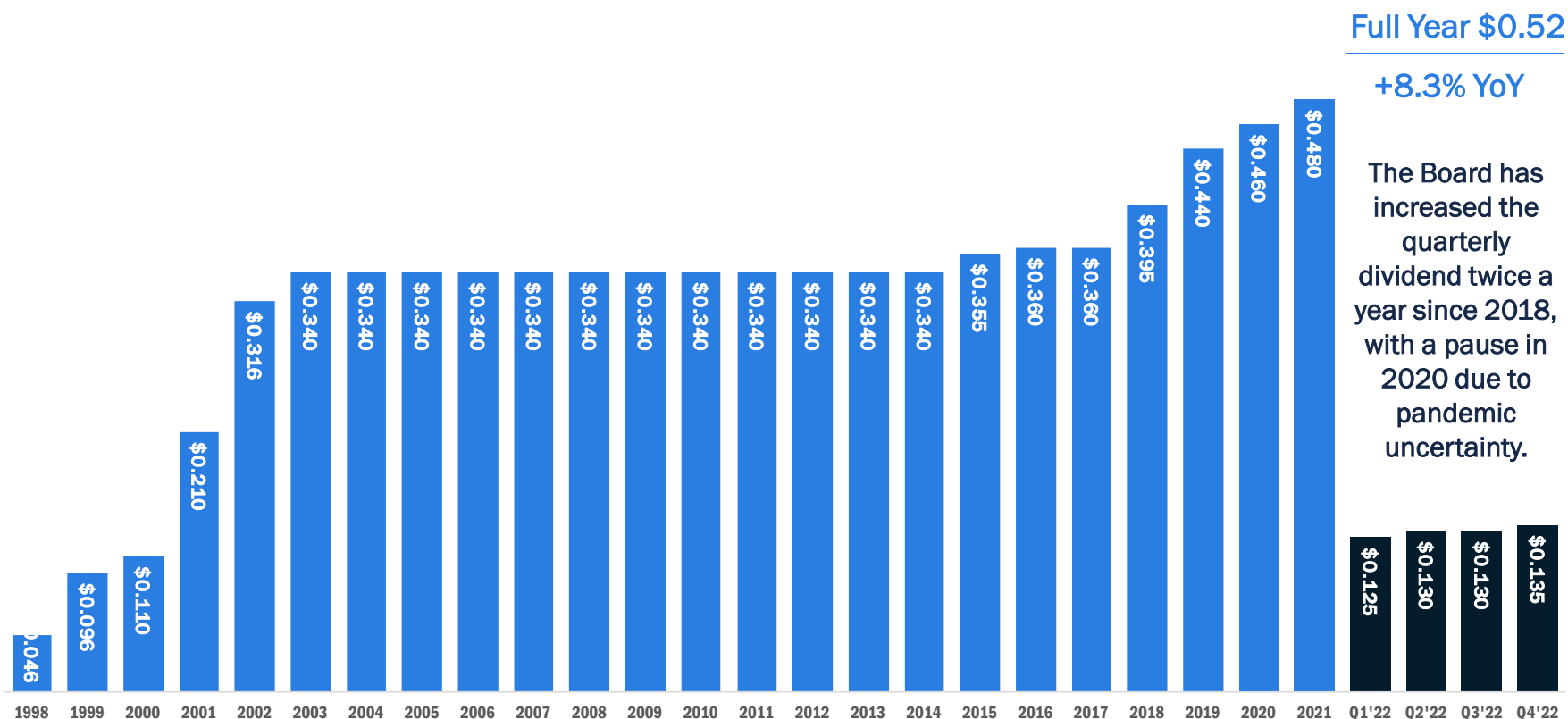
	preliminary estimates*	Regulatory BASEL III Requirements		Brookline Board Policy Limits		Capital In Excess of "Well Capitalized"	
	Sep-22	Minimum	"Well Capitalized"	Policy Minimums	Operating Targets	Excess Ratio	Excess Capital
\$ millions							
Tier 1 Common / RWA	12.0%	≥ 4.5%	≥ 6.5%	≥ 7.5%	≥ 8.0%	5.5%	\$ 399.8
Tier 1 / RWA	12.1%	≥ 6.0%	≥ 8.0%	≥ 9.0%	≥ 9.5%	4.1%	\$ 300.1
Total Risk Based Capital	14.4%	≥ 8.0%	≥ 10.0%	≥ 11.0%	≥ 11.5%	4.4%	\$ 319.7
Leverage Ratio	10.5%	≥ 5.0%	≥ 5.0%	≥ 5.5%	≥ 6.0%	5.5%	\$ 462.2

\* Regulatory capital ratios are preliminary estimates and may differ from numbers calculated in final Regulatory filings.

- As of September 30, 2022, the Company maintained capital well above regulatory “well capitalized” requirements.
- On November 15, 2021, the Company announced a \$20 million stock buyback program authorizing management to repurchase stock through December 31, 2022. Approximately \$13.8 million was used to acquire 956,341 shares under the program. The repurchase program was paused on June 24, 2022 and will expire at the end of the year.



## Regular Dividends Per Share



The Board of Directors announced a dividend of \$0.135 per share payable November 25, 2022 to stockholders of record on November 11, 2022.



## QUESTIONS

Paul A. Perrault, Chairman and Chief Executive Officer

Carl M. Carlson, Co-President and Chief Financial Officer



Thank You.

# APPENDIX

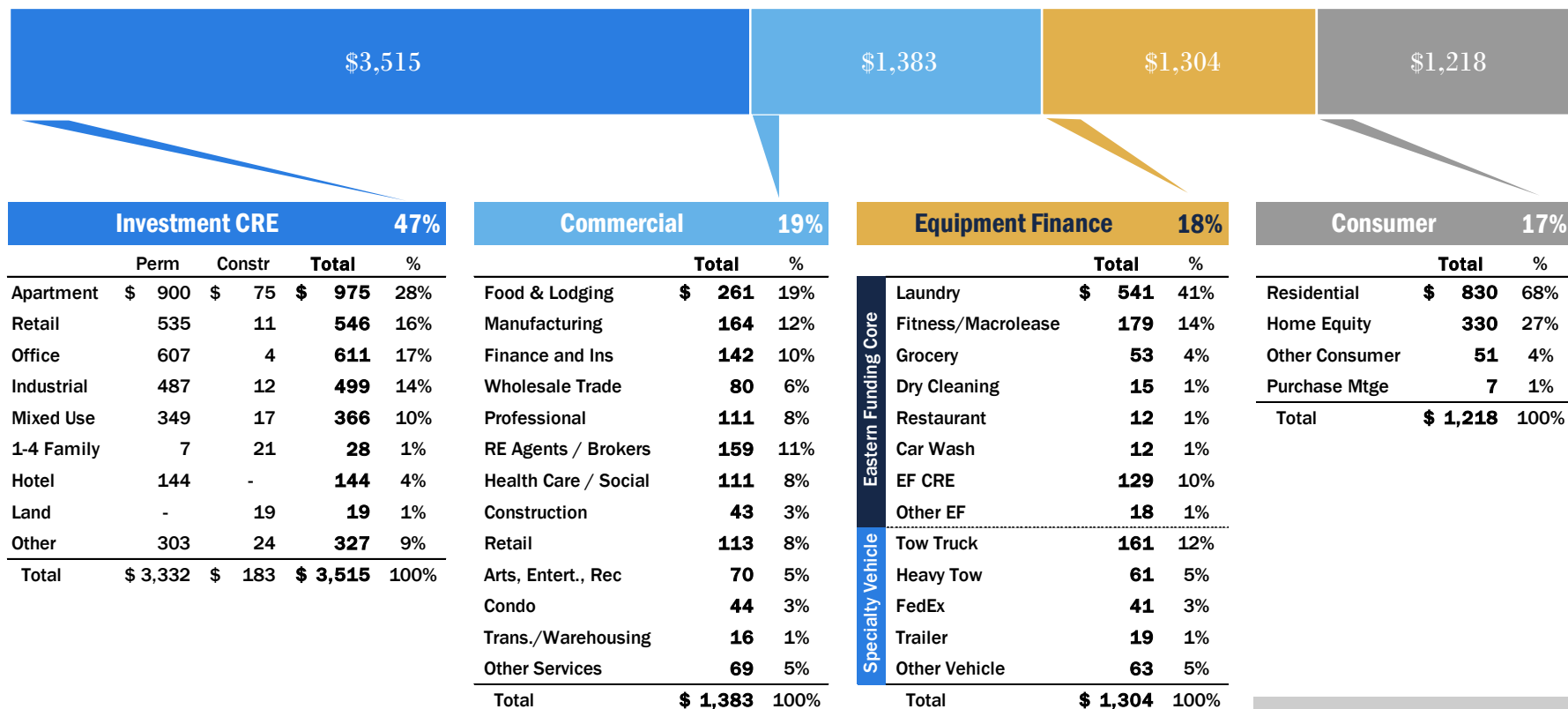
## Non Performing Assets and Net Charge Offs

	Linked Quarter (LQ)			Year over Year (YoY)	
	3Q22	2Q22	Δ	3Q21	Δ
<b>Non Performing Assets (NPAs), in millions</b>					
CRE	\$ 3.1	\$ 6.5	\$ (3.4)	\$ 11.0	\$ (7.9)
C&I	11.2	11.2	-	20.3	(9.1)
Consumer	3.4	3.1	0.3	4.6	(1.2)
Total Non Performing Loans (NPLs)	17.7	20.8	(3.1)	35.9	(18.2)
Other real estate owned	-	-	-	-	-
Other repossessed assets	0.6	0.5	0.1	0.6	-
Total NPAs	\$ 18.3	\$ 21.3	\$ (3.0)	\$ 36.5	\$ (18.2)
NPLs / Total Loans	0.24%	0.28%	-0.04%	0.52%	-0.28%
NPAs / Total Assets	0.21%	0.25%	-0.04%	0.44%	-0.23%
<b>Net Charge Offs (NCOs), in millions</b>					
CRE loans	\$ -	\$ -	\$ -	\$ -	\$ -
C&I loans	(0.2)	1.2	(1.4)	1.3	(1.5)
Consumer loans	-	-	-	-	-
Total Net Charge Offs	\$ (0.2)	\$ 1.2	\$ (1.4)	\$ 1.3	\$ (1.5)
NCOs / Loans (annualized)	-0.01%	0.07%	-0.08%	0.07%	-0.08%

# Major Loan Segments with Industry Breakdown

3Q22

Loans outstanding (\$millions) – Excludes PPP Loans

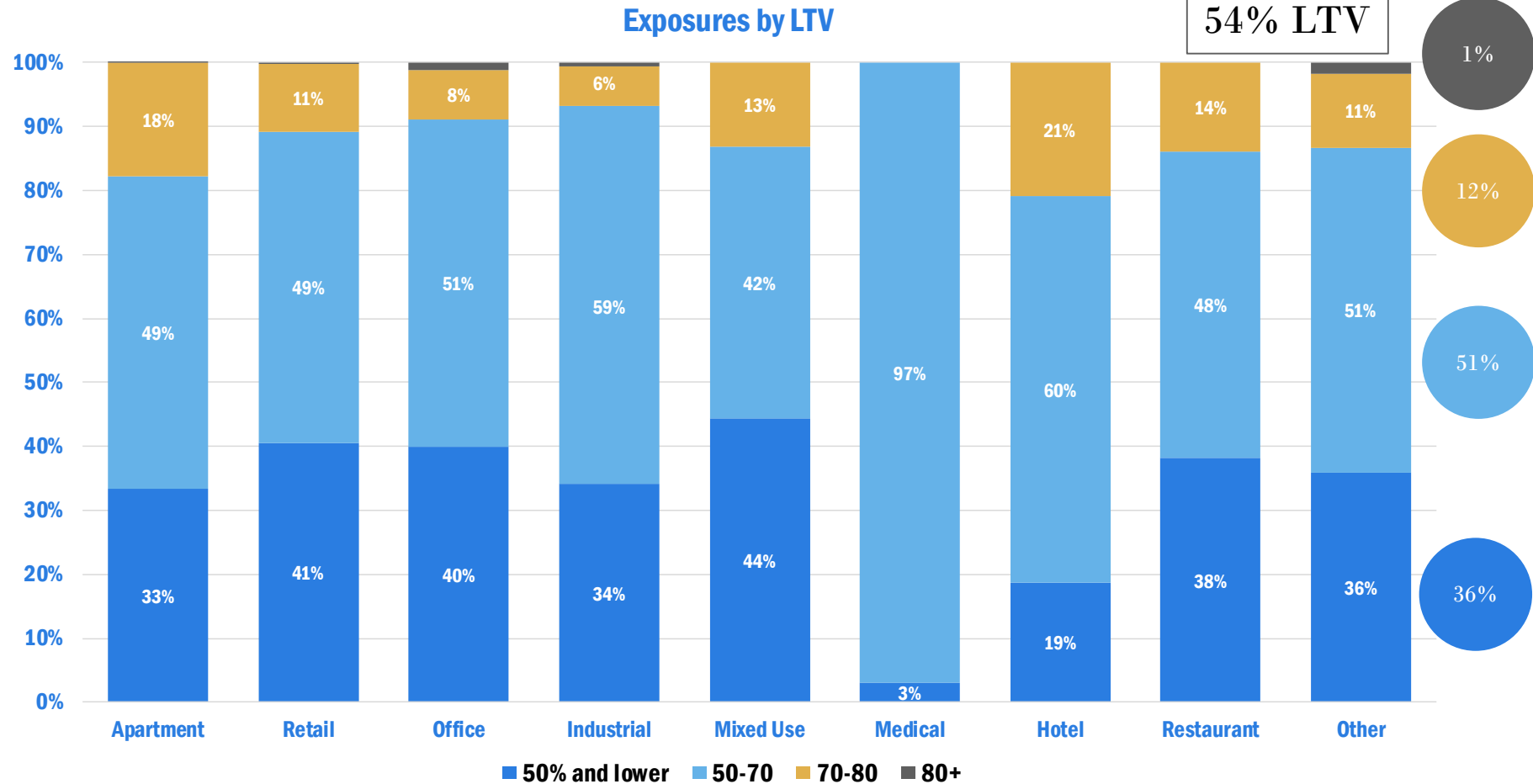


Loans, excluding PPP \$ 7,420  
 SBA - PPP Loans 1  
**Total Loans Outstanding \$ 7,421**

Owner Occupied CRE  
 included in Commercial  
 and Equipment Finance

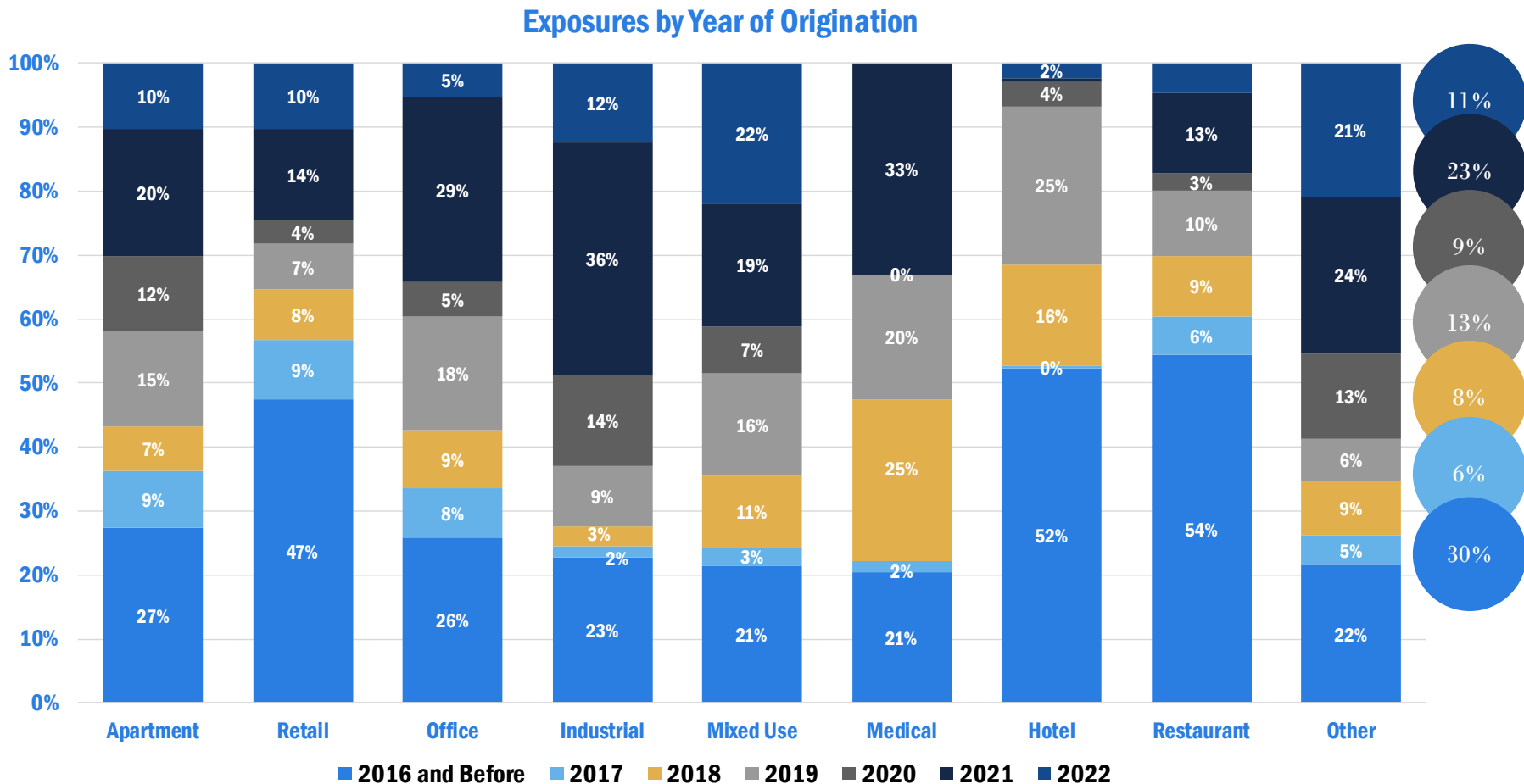
## CRE – Loan to Value (LTV)

Non Owner Occupied CRE and Multifamily Exposures at September 30, 2022.



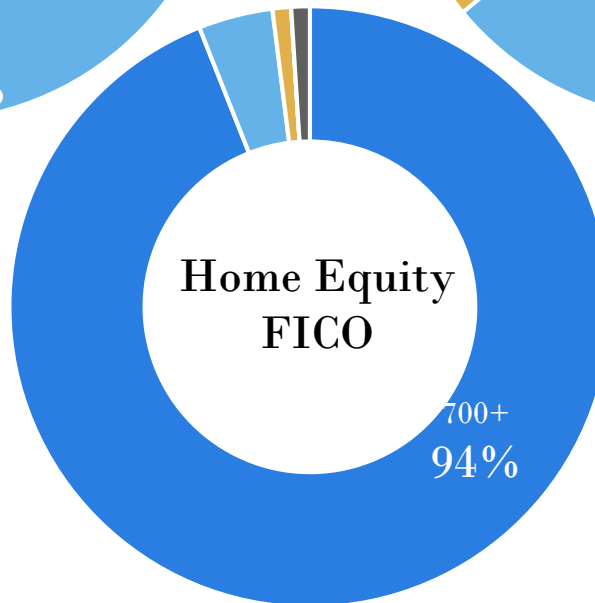
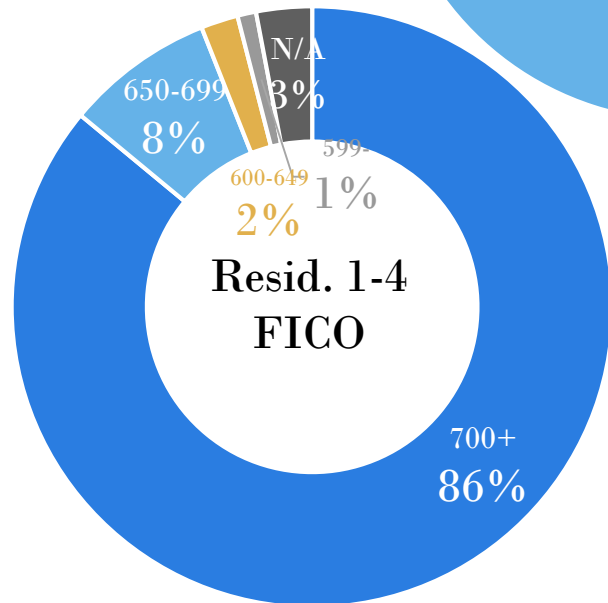
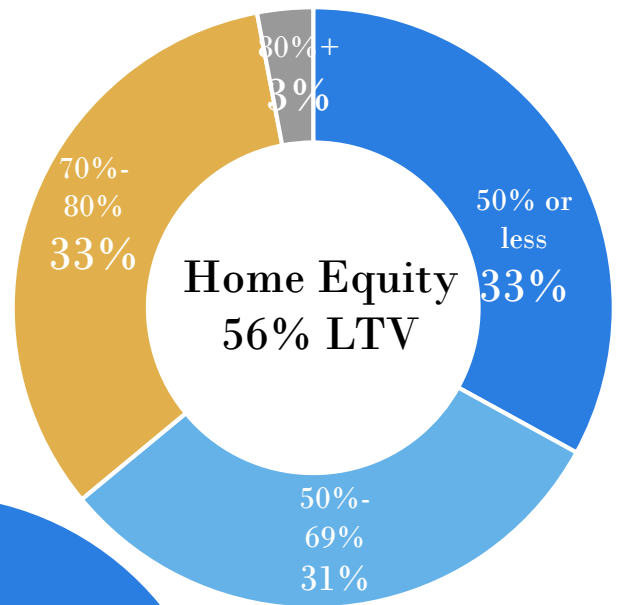
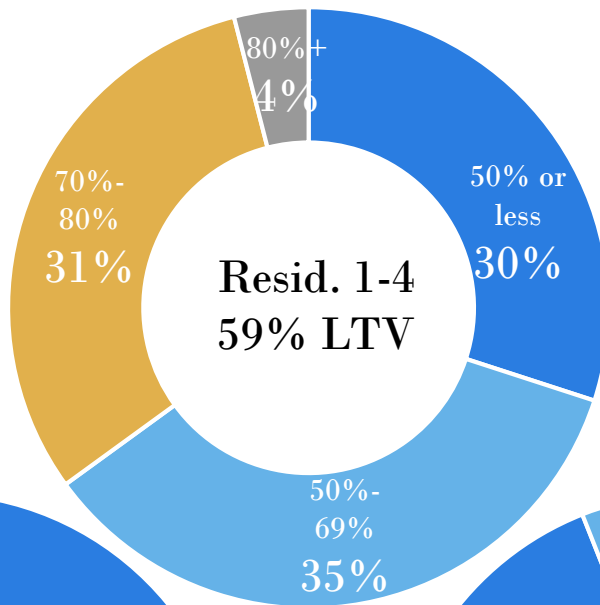
## CRE - Vintage

Non Owner Occupied CRE and Multifamily Exposures at September 30, 2022.



## Consumer Loans – LTV / FICO

3Q22





## Key Economic Variables - CECL

### Select Economic Variables from the Moody's Baseline Forecasts

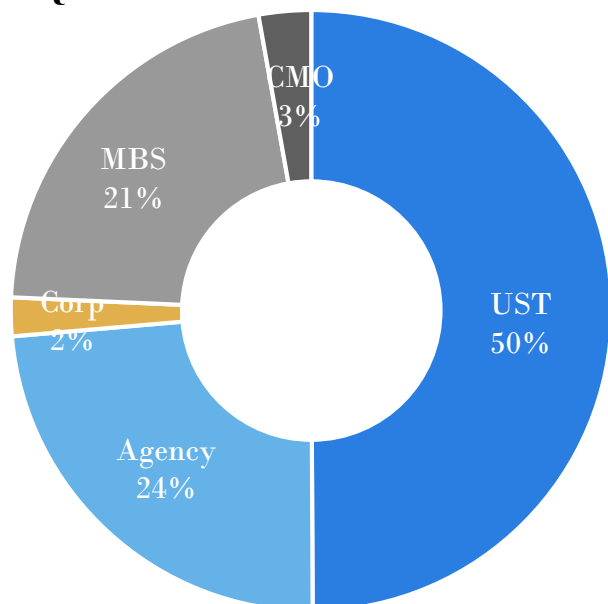
Scenarios:	3Q'22 CECL - Baseline			2Q'22 CECL - Baseline			Change from Prior Forecast		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
GDP	19,746	20,017	20,533	19,947	20,470	21,039	(201.0)	(453.0)	(506.0)
Unemployment Rate	3.7	3.9	3.8	3.5	3.5	3.6	0.2	0.4	0.2
CRE Price Index	375.6	374.3	393.4	382.7	402.9	421.2	(7.1)	(28.6)	(27.8)
Fed Fund Rate	1.60	3.60	3.60	1.10	2.70	2.50	0.5	0.9	1.1
10 Treasury	2.70	3.50	3.50	2.80	3.20	3.40	(0.1)	0.3	0.1

- The Company uses Moody's forecasts as inputs into the models used to estimate credit losses under CECL.
- The September Baseline economic forecast has trended down from June. Lower GDP growth, higher Unemployment, and lower Commercial Real Estate valuations versus last quarter's estimates.
- Higher inflation and the significant rise in interest rates is expected to slow the economy and has increased the probability of a recession. We have maintained our forecast weightings.

Weightings of Moody's Forecast for CECL Model	Moderate Recession (S3)	Baseline	Stronger Near Term Growth (S1)
<b>3Q 2022</b>	<b>60%</b>	<b>40%</b>	<b>0%</b>
2Q 2022	60%	40%	0%
1Q 2022	60%	40%	0%
4Q 2021	60%	40%	0%
3Q 2021	60%	40%	0%
2Q 2021	60%	40%	0%
1Q 2021	60%	40%	0%
4Q 2020	60%	40%	0%
3Q 2020	30%	40%	30%

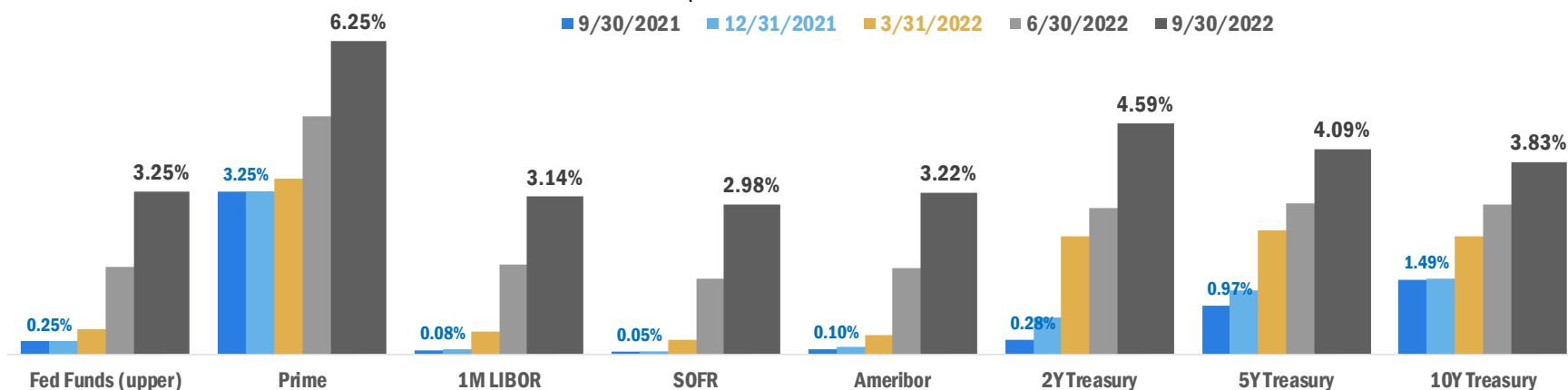
# Securities Portfolio

3Q22



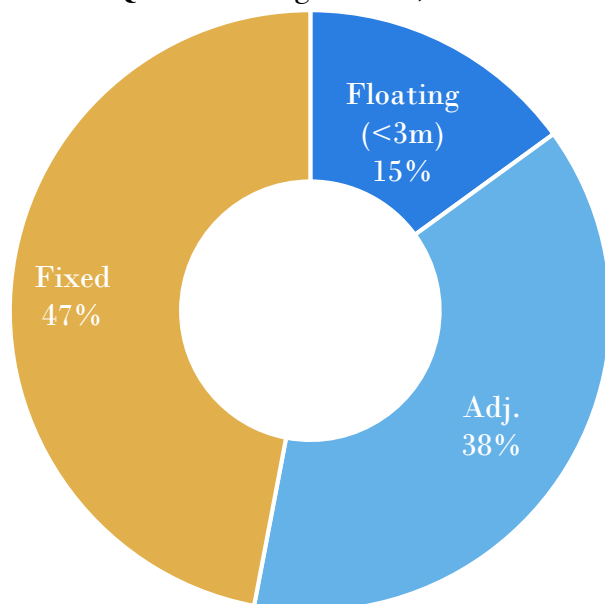
\$ in millions	Current Par	Book Value	Fair Value	Unreal. G/L	Book Yield	Duration
U.S. Treasuries	\$ 374	\$ 376	\$ 337	\$ (39)	1.62%	4.1
Agency Debentures	176	185	160	(25)	1.64%	4.6
Corp Bonds	14	14	14	-	2.59%	1.3
Agency MBS	164	166	145	(21)	2.15%	5.0
Agency CMO	21	21	19	(2)	1.86%	3.2
Other	1	1	1	-	1.97%	2.2
<b>Total</b>	<b>\$ 750</b>	<b>\$ 763</b>	<b>\$ 676</b>	<b>\$ (87)</b>	<b>1.77%</b>	<b>4.3</b>

- Highly liquid, risk averse securities portfolio with moderate duration and minimal extension risk. The entire investment portfolio is classified as Available for Sale.
- The mark to market on the portfolio is recorded in Accumulated Other Comprehensive Income in Stockholders Equity on an after tax basis and represents a reduction of approximately -6.3%. There is no impact on regulatory capital.

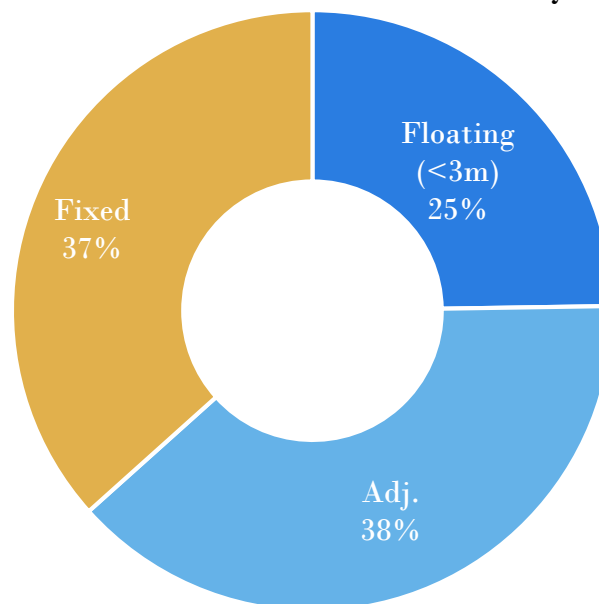


## Interest Rate Risk

**3Q22 Loan Originations, \$542 million**

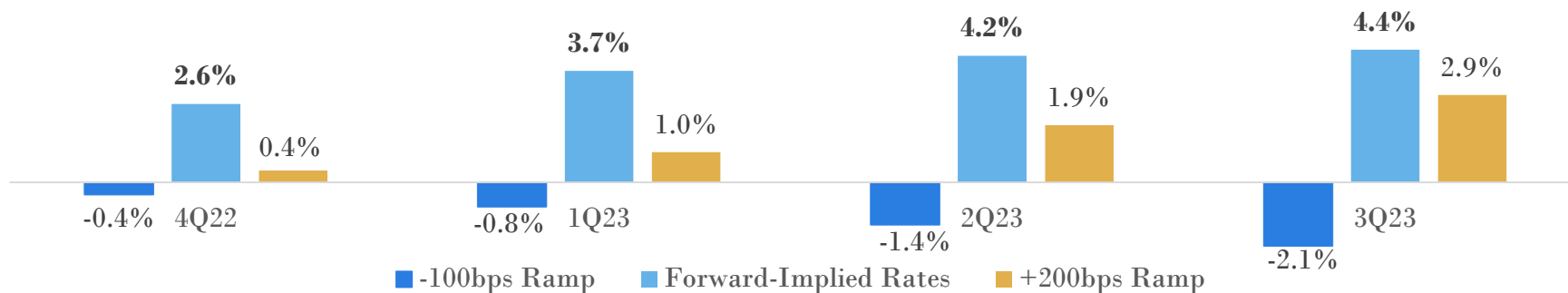


**Total Loan Portfolio Mix – Duration 1.8 years**



### Cumulative Net Interest Income Change by Quarter

09/30/2022 Flat Balance Sheet, simulations reflect a product weighted beta of 32% on total deposits.



## Deposit and Funding Betas

**3Q22**

BETAS*	YoY Chg	Through the Cycle	LQ Chg
		YTD Chg	
NOW	9.6%	10.1%	15.8%
Savings	5.8%	6.7%	13.9%
MMA	13.1%	13.2%	21.2%
CDs	-3.0%	0.5%	5.0%
Brokerd CDs	20.7%	25.1%	40.6%
<b>Total Interest Bearing</b>	<b>7.5%</b>	<b>9.0%</b>	<b>16.5%</b>
DDA	0.0%	0.0%	0.0%
<b>Total Deposit Costs</b>	<b>5.3%</b>	<b>6.4%</b>	<b>11.8%</b>
Borrowings	-29.5%	16.2%	36.3%
<b>Total Funding Costs</b>	<b>6.0%</b>	<b>9.0%</b>	<b>15.5%</b>

- The Federal Reserve began increasing the Federal Funds rate in March 2022 and **has increased rates 300 basis points through September 2022.**
  - Q1: 0.25%
  - Q2: 1.25%
  - Q3: 1.50%

**\*Betas reflect the change in quarterly funding costs as a percentage of the change in the targeted Federal Funds Rate over the same period.**

- While the Betas for the product groupings do not reflect the flow of funds in or out of a product category, the overall Interest Bearing, Total Deposit and Total Funding lines capture the period impact.
- As an example, year-to-date, the Federal Funds Rate has increased 300 basis points. Brookline Bancorp's cost of total deposits has increased 6.4% of the 300 basis points or 19 basis points.
- In the latest quarter or linked quarter (LQ), the Federal Funds Rate increased 150 basis points and the cost of total deposits increased 11.8% or 18 basis points.

