# BrooklineBancorp,Inc.

**Q2 2021 FINANCIAL RESULTS** 

July 29, 2021

### **FORWARD LOOKING STATEMENTS**

Certain statements in this presentation 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. Statements contained in this presentation that do not describe historical or current facts are forward-looking statements, including statements regard the potential effects of the COVID-19 pandemic on the Company's business, credit quality, financial condition, liquidity and results of operations. Forward-looking statements made with regard to the potential effects of COVID-19 on the Company's business, credit quality, financial condition, liquidity and results of operation may differ, possibly materially, from what is included in this presentation 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 the length and extent of the economic contraction as a result of the COVID-19 pandemic; continued deterioration in employment levels, general business and economic conditions on a national basis and in the local markets in which the Company and its banking subsidiaries operate; changes in consumer behavior due to changing political, business and economic conditions or legislative or regulatory initiatives; the possibility that future credit losses may be higher than currently expected; reputational risk relating to the Company's participation in the Paycheck Protection Program and other pandemic-related legislative and regulatory initiatives and programs; and turbulence in capital and debt markets. Forward-looking statements involve risks and uncertainties which are difficult to predict. Forward-looking statements involve risks and uncertainties. These statements include, among others, statements regarding our strategy, evaluations of future interest rate trends and liquidity, expectations as to growth in assets, deposits and results of operations, success of acquisitions, future operations, market position, financial position, and prospects, plans and objectives of management. You should not place undue reliance on the Company's forward-looking statements. You should exercise caution in interpreting and relying on forward-looking statements because they are subject to significant risks, uncertainties and other factors which are, in some cases, beyond the Company's control. Forward-looking statements are based on the current assumptions and beliefs of management and are only expectations of future results.

The Company's actual results could differ materially from those projected in the forward-looking statements as a result of, among other factors, changes in interest rates; competitive pressures from other financial institutions; the effects of continued weakness in general economic conditions and the impact of the COVID-19 pandemic on a national basis or in the local markets in which the Company operates, including changes that adversely affect borrowers' ability to service and repay our loans; changes in the value of securities in the Company's investment portfolio, changes in loan default and charge-off rates, the adequacy of loan loss reserves, decreases in deposit levels necessitating increased borrowing to fund loans and investments; changes in government regulation, as well as the other risks and uncertainties detailed in the Company's Annual Report on Form 10-K, as updated by the Company's Quarterly Reports on Form 10-Q and other filings submitted to the Securities and Exchange Commission.

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.



### **OVERVIEW**

- Record quarterly net income of \$31.6 million resulted in earnings per share of \$0.40.
- Our credit quality remained stable during the quarter. Loans of \$96 million had modifications under the CARES Act as of June 30<sup>th</sup>.
- The reserve for loan losses represents a coverage ratio of 160 basis points on outstanding non-PPP loans. The Company recorded a negative provision for credit losses of \$3.3 million for Q2.
- Continued strong deposit and lending activity masked by accelerated PPP forgiveness. Lending pipelines remain strong across all segments.
- Our net interest margin increased to 3.52% and net interest income increased \$2 million from Q1.
- Fee income growth of \$1.1 million on a linked-quarter basis.
- Expenses declined \$2.8 million due to a \$2.1 million gain on sale of OREO, seasonally lower compensation costs and reduced FDIC assessments.
- Our Board approved a quarterly dividend of \$0.12 per share.

### **SUMMARY INCOME STATEMENT**

	Lin	ked Quart	ter (	LQ)		Year over Year (YoY)						
\$m, except per share amts		2Q21		1Q21	Δ	%Δ		2 <b>Q</b> 20		Δ	%Δ	
Net interest income	\$	71.1	\$	69.1	\$ 2.0	3%	\$	64.3	\$	6.8	11%	
Noninterest income		5.9		4.8	1.1	23%		5.6		0.3	5%	
Security gains (losses)		-		-	-	<u>-</u>		0.6		(0.6)	-100%	
Total Revenue		77.0		73.9	3.1	4%		70.5		6.5	9%	
Noninterest expense		38.0		40.8	(2.8)	-7%		39.1		(1.1)	-3%	
Pretax, Preprov. Net Rev.		39.0		33.1	5.9	18%		31.4		7.6	24%	
Provision for credit losses		(3.3)		(2.1)	(1.2)	57%		5.3		(8.6)	-162%	
Pretax income		42.3		35.2	7.1	20%		26.1		16.2	62%	
Provision for taxes		10.7		8.7	2.0	23%		6.5		4.2	65%	
Net Income	\$	31.6	\$	26.5	\$ 5.1	19%	\$	19.6	\$	12.0	61%	
EPS	\$	0.40	\$	0.34	\$ 0.06	18%	\$	0.25	\$	0.15	60%	
Avg diluted shares (000s)		78,470		78,404	66	0%		79,015		(545)	-1%	
Return on Assets		1.48%		1.21%	0.27%			0.88%		0.60%		
Return on Tangible Equity		15.92%		13.51%	2.41%			10.28%		5.64%		
Net Interest Margin		3.52%		3.39%	0.13%			3.09%		0.43%		
Efficiency Ratio		49.30%		55.22%	-5.92%			55.46%		-6.16%		

- Net Income of \$31.6 million or \$0.40 per share.
- Net interest income increased due to a higher net interest margin partially offset by lower average earning assets.
- Fee income improved \$1.1 million from Q1 driven by deposit fees and loan sales.
- Operating expenses were lower on a linked quarter basis driven by a \$2.1 million gain on sale of Other Real Estate Owned (OREO).
- Pretax, Pre-provision net revenue increased \$5.9 million from prior quarter.
- The Provision for credit losses was negative \$3.3 million for the quarter as economic forecasts have improved.

## **MARGIN - YIELDS AND COSTS**

	2Q2	21			F	Prior Quar	ter			LQ/	Δ		
\$ millions		Avg Bal	Interest	Yield		Avg I	Bal	Interest	Yield		Avg Bal	Interest	Yield
Loans	\$	7,129	\$ 75.1	4.21%	-	\$ 7,2	71	\$ 75.1	4.13%	\$	(142)	\$ -	0.08%
Investments & earning cash		990	3.4	1.37%		9	92	3.5	1.39%		(2)	(0.1)	-0.02%
Interest Earning Assets	\$	8,119	\$ 78.5	3.87%	-	\$ 8,2	63	\$ 78.6	3.80%	\$	(144)	\$ (0.1)	0.07%
Interest bearing deposits	\$	5,167	\$ 5.4	0.42%	:	\$ 5,2	14	\$ 6.7	0.52%	\$	(47)	\$ (1.3)	-0.10%
Borrowings		408	1.9	1.88%		6	65	2.7	1.60%		(257)	(0.8)	0.28%
Interest Bearing Liabilities	\$	5,575	\$ 7.3	0.53%		\$ 5,8	79	\$ 9.4	0.65%	\$	(304)	\$ (2.1)	-0.12%
Net interest spread				3.34%					3.15%				0.19%
Net interest income, TEB	/ M	argin	\$ 71.2	3.52%				\$ 69.2	3.39%			\$ 2.0	0.13%
LESS: Tax Equivilent Basis (TE	EB) A	dj.	0.1					0.1				-	
Net Interest Income			\$ 71.1				-	\$ 69.1			•	\$ 2.0	

Estimated PPP Impact:	2Q21	L			Pri	or Quarter			LQ∆			
PPP Loans	\$	494	\$ 7.2	5.76%	\$	505	\$ 6.4	5.06%	\$	(11) \$	0.8	0.70%
Loans, excl. PPP		6,635	67.9	4.09%		6,766	68.7	4.06%		(131)	(0.8)	0.03%
Earning Assets, excl. PPP		7,625	71.3	3.74%		7,758	72.2	3.72%		(133)	(0.9)	0.02%
Net Interest Inc., excl. PPP		7,625	64.0	3.37%		7,758	62.8	3.28%		(133)	1.2	0.08%
Estimated PPP Margin Im	pact			0.15%				0.11%				0.04%

### **SUMMARY BALANCE SHEET**

	Lin	ked Quart	(LQ)				Yea	ar over Ye	ar (	YoY)		
\$m, except per share amts		2Q21		1021	Δ	%∆ annual.	_		2 <b>Q</b> 20		Δ	%Δ
Gross Loans, investment	\$	7,020	\$	7,268	\$ (248)	-14%		\$	7,408	\$	(388)	-5%
Allowance for loan losses		(106)		(110)	4	-15%			(120)		14	-12%
Net Loans		6,914		7,158	(244)	-14%	_		7,288		(374)	-5%
Securities		694		730	(36)	-20%			856		(162)	-19%
Cash & equivalents		320		131	189	577%			255		65	25%
Intangibles		163		163	-	0%			164		(1)	-1%
Other assets		371		378	(7)	-7%			507		(136)	-27%
Total Assets	\$	8,462	\$	8,560	\$ (98)	-5%		\$	9,070	\$	(608)	-7%
							_					
Deposits	\$	6,895	\$	6,867	\$ 28	2%		\$	6,440	\$	455	7%
Borrowings		363		546	(183)	-134%	_		1,407		(1,044)	-74%
Reserve for unfunded loans		13		14	(1)	-29%			15		(2)	-13%
Other Liabilities		219		188	31	66%			281		(62)	-22%
Total Liabilities		7,490		7,615	(125)	-7%	_		8,143		(653)	-8%
Stockholders' Equity		972		945	27	11%			927		45	5%
Total Liabilities & Equity	\$	8,462	\$	8,560	\$ (98)	-5%	_	\$	9,070	\$	943	10%
TBV per share	\$	10.35	\$	10.01	\$ 0.34	14%		\$	9.67	\$	0.68	7%
Actual shares outstanding (000)		78,155		78,148	7	0%	1		78,854		(699)	-1%
Tang. Equity / Tang. Assets		9.75%		9.31%	0.44%				8.56%		1.19%	
Loans / Deposits		101.81%		105.84%	-4.03%				115.03%		-13.22%	
ALLL / Gross Loans		1.52%		1.51%	0.01%				1.61%		-0.09%	
ALLL / Loans excl PPP		1.60%		1.65%	-0.05%				1.75%		-0.15%	

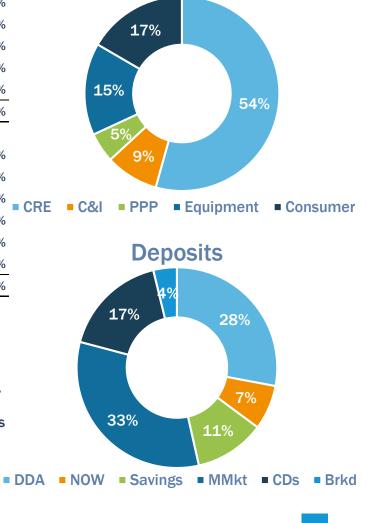
- Loans \$248 million decrease in the quarter driven by PPP loan forgiveness.
- Allowance for Loan Losses declined \$4 million. Improving forecasts, net charge-offs and stable non-PPP loan balances.
- ALLL coverage of 1.60% (excluding PPP loans).
- Cash increased \$189 million as PPP loan forgiveness and deposit flows continue to provide significant on-balance sheet liquidity.
- Deposits increased \$28 million driven by strong core deposit growth offset by a decline of \$210 million in brokered deposits.
- Borrowings declined \$183 million as liquidity is used to reduce FHLB advances.

## BrooklineBancorp,Inc.

### **LOAN AND DEPOSIT COMPOSITION**

		Lir	nked Qua	arte	er (LQ)			Year over Year (YoY)						
	\$ millions		2Q21		1021	Δ	%∆ an.	_		2Q20		Δ	%∆	_
	CRE	\$	3,815	\$	3,790	\$ 25	3%	_	\$	3,838	\$	(23)	-19	%
	Commercial		617		650	(33)	-20%			709		(92)	-139	%
LOANS	PPP Loans		348		605	(257)	-170%			566		(218)	-399	%
9	Equipment Finance		1,074		1,070	4	1%			1,086		(12)	-19	%
	Consumer		1,166		1,153	13	5%			1,209		(43)	-49	%
	Total Loans	\$	7,020	\$	7,268	\$ (248)	-14%	_	\$	7,408	\$	(388)	-59	%
								_						_
	Demand deposits	\$	1,927	\$	1,724	\$ 203	47%		\$	1,603	\$	324	209	%
	NOW		496		482	14	12%			418		78	199	%
<u>S</u>	Savings		782		725	57	31%			658		124	199	%
DEPOSITS	Money market		2,251		2,192	59	11%			1,810		441	249	%
DE	CDs		1,178		1,273	(95)	-30%			1,601		(423)	-269	%
	Brokered deposits		261		471	(210)	-178%			350		(89)	-25%	%
	Total Deposits	\$	6,895	\$	6,867	\$ 28	2%	_	\$	6,440	\$	455	79	%

- Total loans declined \$248 million driven by a \$257 million decline in PPP loans. The core loan portfolio grew \$9 million during Q2 versus a decline of \$117 million in Q1.
- Total deposits increased \$28 million as liquidity was used to reduce brokered deposits.
- Strong growth in transaction and savings accounts as customers continue to shift funds from CD products.



Loans

### **SBA GUARANTEED PPP LOAN PROGRAM**

As of: 6/30/2021

\$ millions	В	rookline Bank		nk Rhode Island	Brookline Bancorp
PPP Loans Outstanding	\$	120.6	\$	227.8	\$ 348.4
2 Year		31.7		52.8	84.5
5 Year		88.9		<b>1</b> 75.0	263.9
# Loans (actual)		791		1,161	1,952
Avg Loan Size (\$000)		<b>\$152.5</b>		\$196.2	<b>\$178.5</b>
Unamortized Fees *	\$	3.7	\$	6.6	\$ 10.3
2 Year		0.4		0.5	0.9
5 Year		3.3		6.1	9.4

- Expect forgiveness trends to continue for the remainder of 2021.
- At the end of June 2021 there were \$10.3 million in net deferred fees to be amortized into income.

Strong PPP loan satisfactions and SBA forgiveness activity in the quarter resulting in accelerated recognition of net deferred fees.

<sup>\*</sup> Fees, net of deferred costs, amortized over the life of the loan.

### **CUSTOMER AND COMMUNITY SUPPORT - MODIFIED PAYMENTS**

A a a fire	- C / 20 / 20 24	
As of:	6/30/2021	
710 011		

	Port	folio	<b>Current CARES Modifications</b>							
\$ millions		<b>2</b> Q21	# Loans	Mo	odified	% of Port				
CRE	\$	3,227	17	\$	52	1.6%				
Commercial**		1,110	7		2	0.2%				
Equipment Finance**		1,169	127		42	3.6%				
Consumer		1,166	-	-		0.0%				
Subtotal	\$	6,672	151	\$	96	1.4%				
SBA - PPP Loans		348	_		-	0.0%				
<b>Total Gross Loans</b>	\$ 7,020		151	\$	96	1.4%				

- \$96 million in loans modified under the CARES Act.
- Loans previously modified are closely monitored to evaluate ongoing strength.

<sup>\*\*</sup> Commercial Includes Owner Occupied Commercial Real Estate.

### **LOAN MODIFICATIONS - SECTORS OF INTEREST**

As of:	6/30	/2021
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	Port	tfolio	<b>Current CARES Modifications</b>						
\$ millions		2Q21	# Loans	M	odified	% of Sector			
EF Core - Laundry, etc.	\$	652	47	\$	17	2.6%			
Macrolease - Fitness Equip.		167	36		23	13.8%			
Hotel (CRE)		147	2		16	10.9%			
Specialty Vehicle - Tow, etc.		350	47		3	0.9%			
Mixed Use		262	4		17	6.5%			
Retail (CRE)		526	4		11	2.1%			
Office		581	1		5	0.9%			
Selected Sectors	\$	2,685	141	\$ 92		3.4%			
Other	4,335		10		4	0.1%			
TOTAL	\$ 7,020		151	\$ 96		1.4%			

 All loans remain accruing, with some downgrades on loan modifications if there are signs of deterioration.

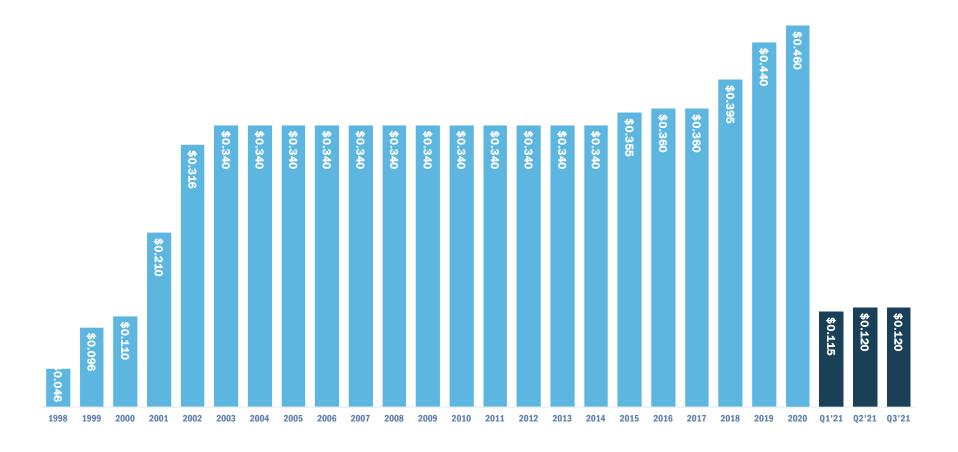
### **CAPITAL STRENGTH**

	preliminary estimates*		ry BASEL III rements	Brookline B Lim		Capital in Exc Capita	
\$ millions	Jun-21	Minimum	"Well Capitalized"	Policy Minimums	Operating Targets	Excess Ratio	Excess Capital
Tier 1 Common / RWA	12.3%	≥ 4.5%	≥ 6.5%	≥ 7.5%	≥ 8.0%	5.8%	\$ 379.5
Tier 1 / RWA	12.4%	≥ 6.0%	≥ 8.0%	≥ 9.0%	≥ 9.5%	4.4%	\$ 290.9
Total Risk Based Capital	14.8%	≥ 8.0%	≥ 10.0%	≥ 11.0%	≥ 11.5%	4.8%	\$ 316.0
Leverage Ratio	9.7%	≥ 5.0%	≥ 5.0%	≥ 5.5%	≥ 6.0%	4.7%	\$ 396.1

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

- As of June 30, 2021, the Company had capital well above regulatory "well capitalized" requirements.
- On January 27, 2021, the Board of Directors approved a \$10 million stock buyback program authorizing management to repurchase stock through December 31, 2021. No stock was repurchased during the first and second quarters.

### **REGULAR DIVIDENDS PER SHARE**



Board of Directors announced a dividend of \$0.12 per share payable August 27, 2021 to stockholders of record on August 13, 2021.

# QUESTIONS

Paul A. Perrault, Chairman and Chief Executive Officer Carl M. Carlson, Chief Financial Officer M. Robert Rose, Chief Credit Officer

# BrooklineBancorp,Inc.

Thank You.

## **APPENDIX**

### **NON PERFORMING ASSETS**

	Lin	ked Qua	rter	(LQ)		Ye	ar over Y	ear	(YoY)
	•	2021		1021	Δ		<b>2Q20</b>		Δ
NON PERFORMING ASSETS (NPAs), in r	nilli	ons							
CRE	\$	11.7	\$	7.5	\$ 4.2	\$	10.1	\$	1.6
C&I		18.1		19.0	(0.9)		25.7		(7.6)
Consumer		4.4		4.5	(0.1)		5.5		(1.1)
Total Non Performing Loans (NPLs)		34.2		31.0	3.2		41.3		(7.1)
Other real estate owned		-		5.3	(5.3)		-		-
Other repossessed assets		0.4		1.1	(0.7)		1.5		(1.1)
Total NPAs	\$	34.6	\$	37.4	\$ (2.8)	\$	42.8	\$	(8.2)
NPLs / Total Loans		0.49%		0.43%	0.06%		0.56%		-0.07%
NPAs / Total Assets		0.41%		0.44%	-0.03%		0.47%		-0.06%
NET CHARGE OFFS (NCOs), in millions									
CRE loans	\$	-	\$	-	\$ -	\$	-	\$	-
C&I loans		0.7		1.8	<b>(1.1)</b>		1.5		(8.0)
Consumer loans		(0.1)		-	(0.1)		(0.1)		-
Total Net Charge Offs	\$	0.6	\$	1.8	\$ (1.2)	\$	1.4	\$	(0.8)
NCOs / Loans (annualized)		0.03%		0.10%	-0.07%		0.08%		-0.05%

 Sale of OREO property generated \$2.1 million gain on sale in 2Q 2021.

## **Brookline**Bancorp,Inc.

### **MAJOR LOAN SEGMENTS WITH INDUSTRY BREAKDOWN**

**2021** 

## Loans outstanding (\$millions) - Excludes PPP Loans

\$3,227 \$1,110 \$1,169 \$1,166

	48%				
	Perm	Const	r <b>T</b>	otal	%
Apartment	\$ 876	\$ 6	4 \$	940	29%
Office	575		6	581	18%
Retail	519		7	526	16%
Industrial	423		1	424	13%
Mixed Use	240	2	2	262	8%
1-4 Family	9	1	.6	25	1%
Hotel	137	1	.0	147	5%
Land	-	2	20	20	1%
Other	257	4	5	302	9%
Total	\$ 3,036	\$ 19	1 \$ :	3,227	100%

Commercia	17%		
	Т	otal	%
Food & Lodging	\$	185	17%
Manufacturing		105	9%
Finance and Ins		135	<b>12</b> %
Wholesale Trade		80	7%
Professional		79	7%
RE Agents/Brokers		113	10%
Health Care/Social		71	6%
Construction		46	4%
Retail		72	6%
Arts/Entertainmt/Rec		57	5%
Condo		46	4%
Transp/Warehousing		28	3%
Other Services		93	8%
Total	\$ :	1,110	100%

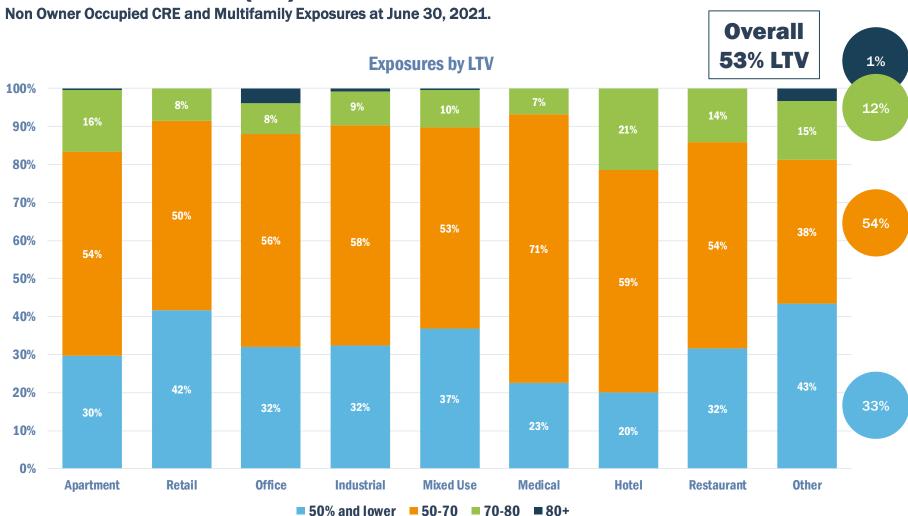
	18%			
		Т	otal	%
ė)	Laundry	\$	457	39%
Ö	Grocery		42	4%
ling	Dry Cleaning		13	1%
Jun-	Restaurant		14	1%
Eastern Funding Core	Car Wash		12	1%
aste	EF CRE		90	8%
"	Other EF		24	2%
cle	Tow Truck		174	15%
/ehi	Heavy Tow		68	6%
Ey.	FedEx		38	3%
Specialty Vehicle	Trailer		18	2%
Sp	Other Vehicle		52	4%
	Fitness-Macrolease		167	14%
	Total	\$ :	1,169	100%

Consum	17%		
	Т	%	
Residential	\$	790	68%
Home Equity	28%		
Other Consumer		36	3%
Purchase Mtge	1%		
Total	100%		

Loans, excluding PPP\$ 6,672SBA - PPP Loans348Total Loans Outstanding\$ 7,020

Owner Occupied CRE included in Commercial and Equipment Finance

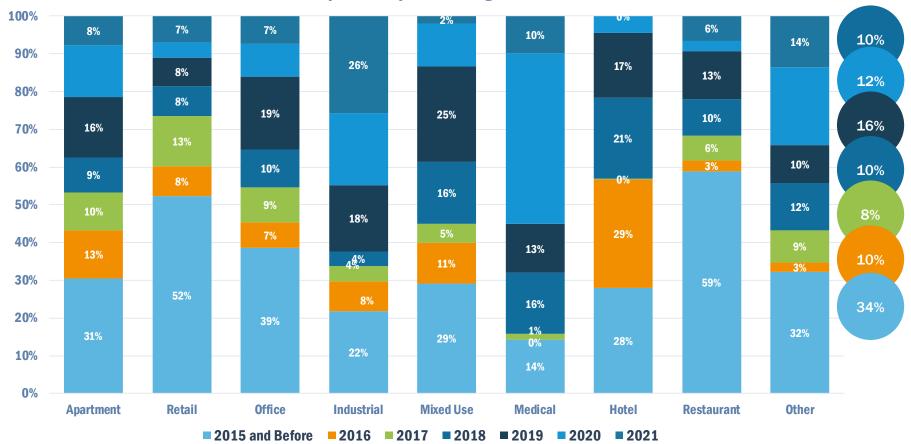
## **CRE – LOAN TO VALUE (LTV)**



#### **CRE-VINTAGE**

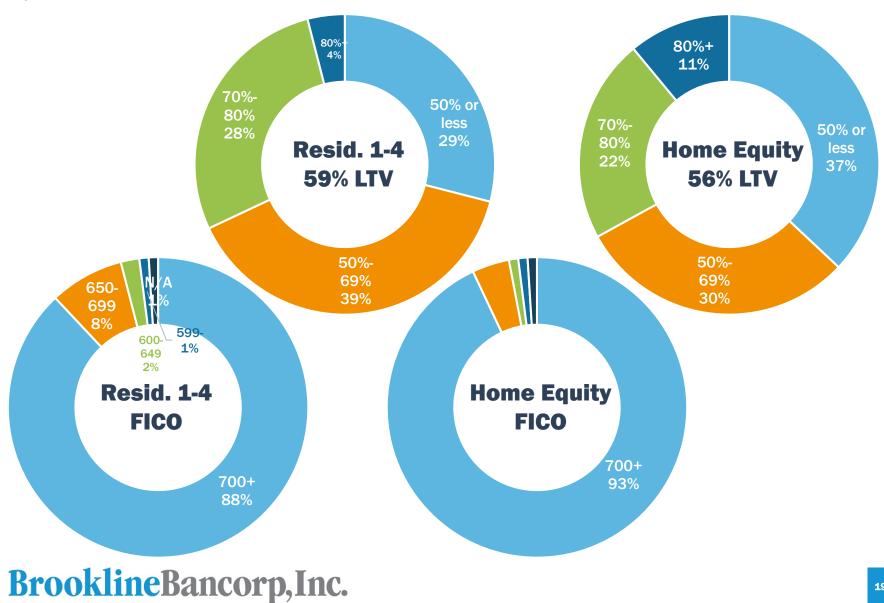
Non Owner Occupied CRE and Multifamily Exposures at June 30, 2021.





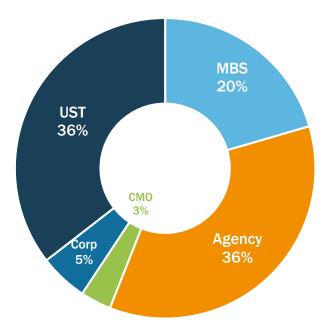
## **CONSUMER LOANS – LTV / FICO**

2021



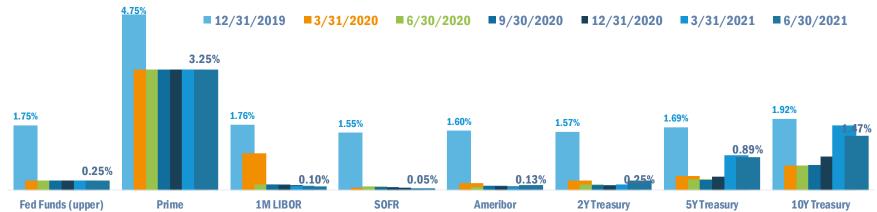
### **SECURITIES PORTFOLIO**

**2021** 



	Cı	ırrent	Е	Book			Uı	nreal.	Book	
\$ in millions		Par	V	alue	Fair	Value		G/L	Yield	Duration
U.S. Treasuries	\$	238	\$	240	\$	246	\$	6	1.97%	2.4
Agency Debentures		235		246		246		0	1.70%	4.1
Corp Bonds		35		35		36		1	1.78%	2.1
Agency MBS		139		142		142		0	1.43%	6.9
Agency CMO		22		22		23		1	2.53%	1.7
Other		1		1		0		(0)	3.25%	0.6
Total	\$	669	\$	686	\$	694	\$	8	1.77%	3.9

- Highly liquid, risk averse securities portfolio.
- The Investment portfolio declined \$16 million during the quarter.



### **KEY ECONOMIC VARIABLES - CECL**

1Q'21 CECL - Baseline							
	2021	2022	2021	2022	2021	2022	
GDP	19,474	20,585	19,703	20,691	229.0	106.0	
<b>Unemployment Rate</b>	5.7	4.3	5.4	3.7	(0.3)	(0.6)	
Fed Fund Rate	0.1	0.1	0.1	0.1	-	-	
10 Treasury	1.58	2.09	1.70	2.30	0.12	0.21	
CRE Price Index	275.6	290.3	289.2	305.8	13.6	15.5	

- The Company uses Moody's monthly forecasts as inputs into its models for estimated credit losses under CECL.
- The June Baseline forecast shows general improvement over the March Baseline forecast. Higher GDP, better employment and improved Commercial Real Estate valuation outlook.
- Due to the near term uncertainty over the course of the COVID-19 pandemic, the Company has maintained forecast weightings at:

Weightings of Moody's Forecast for CECL Model	S3 - Moderate Recession	Baseline	S1 - Stronger Near Term Growth
2Q 2021	60%	40%	0%
1Q 2021	60%	40%	0%
4Q 2020	60%	40%	0%
3Q 2020	30%	40%	30%
2Q 2020	30%	40%	30%
1Q 2020	30%	40%	30%