

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT  
OF 1934,  
  
for the Fiscal Year Ended December 31, 2024

Commission File Number: 0-23695  
**BROOKLINE BANCORP, INC.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

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

131 Clarendon Street  
(Address of principal executive offices)

BostonMA

02116  
(Zip Code)

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value of \$0.01 per share	BRKL	Nasdaq Global Select Market

Securities registered pursuant to Section 12 (g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1934. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act of 1934. Yes ☐ No ☒

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 requirement for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant (1) 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 emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of June 30, 2024, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the shares of common stock held by nonaffiliates, based upon the closing price per share of the registrant's common stock as reported on Nasdaq, was approximately \$729.0 million.

As of February 27, 2025, there were 96,998,075 and 89,104,605 shares of the registrant's common stock, par value \$0.01 per share, issued and outstanding, respectively.

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#### DOCUMENTS INCORPORATED BY REFERENCE

None.

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**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**2024 FORM 10-K**

**Table of Contents**

	<u>Page</u>
<b><u>Part I</u></b>	
<a href="#">Item 1. Business</a>	<a href="#">1</a>
<a href="#">Item 1A. Risk Factors</a>	<a href="#">11</a>
<a href="#">Item 1B. Unresolved Staff Comments</a>	<a href="#">24</a>
<a href="#">Item 1C. Cybersecurity</a>	<a href="#">24</a>
<a href="#">Item 2. Properties</a>	<a href="#">26</a>
<a href="#">Item 3. Legal Proceedings</a>	<a href="#">26</a>
<a href="#">Item 4. Mine Safety Disclosures</a>	<a href="#">26</a>
<b><u>Part II</u></b>	
<a href="#">Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	<a href="#">27</a>
<a href="#">Item 6. Reserved</a>	<a href="#">28</a>
<a href="#">Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">28</a>
<a href="#">Item 7A. Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">65</a>
<a href="#">Item 8. Financial Statements and Supplementary Data</a>	<a href="#">68</a>
<a href="#">Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure</a>	<a href="#">69</a>
<a href="#">Item 9A. Controls and Procedures</a>	<a href="#">69</a>
<a href="#">Item 9B. Other Information</a>	<a href="#">69</a>
<a href="#">Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	<a href="#">70</a>
<b><u>Part III</u></b>	
<a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>	<a href="#">70</a>
<a href="#">Item 11. Executive Compensation</a>	<a href="#">70</a>
<a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	<a href="#">70</a>
<a href="#">Item 13. Certain Relationships and Related Transactions, and Director Independence</a>	<a href="#">71</a>
<a href="#">Item 14. Principal Accounting Fees and Services</a>	<a href="#">71</a>
<b><u>Part IV</u></b>	
<a href="#">Item 15. Exhibits and Financial Statement Schedules</a>	<a href="#">72</a>
<a href="#">Item 16. Form 10-K Summary</a>	<a href="#">73</a>
<b><u>Signatures</u></b>	<a href="#">74</a>

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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
BSA	Bank Secrecy Act
BHCA	Bank Holding Company Act of 1956, as amended
C&I	Commercial and industrial
CECL	Current Expected Credit Losses
CFPB	Consumer Financial Protection Bureau
CISO	Chief Information Security Officer
Clarendon Private	Clarendon Private, LLC
CMOs	Collateralized mortgage obligations
CODM	Chief Operating Decision Maker
Commissioner	Massachusetts Commissioner of Banks
Company	Brookline Bancorp, Inc. and its subsidiaries
CRA	Community Reinvestment Act
CRE	Commercial real estate
DCF	Discounted Cash Flow
Eastern Funding	Eastern Funding, LLC
Economic Growth Act	Economic Growth, Regulatory Relief, and Consumer Protection Act
EPS	Earnings per Share
ESOP	Employee Stock Ownership Plan
EVE	Economic Value of Equity
Exchange Act	Securities Exchange Act of 1934
FACT Act	Fair and Accurate Credit Transactions Act of 2003
FASB	Financial Accounting Standards Board
FDIA	Federal Deposit Insurance Act
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
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
GDP	Gross Domestic Product
GLBA	Gramm-Leach-Bliley Act of 1999
GNMA	Government National Mortgage Association
GSEs	U.S. Government-sponsored enterprises
IBORs	Interbank Offered Rates

**Glossary of Acronyms and Terms (continued)**

ITC	Investment tax credits
LEP	Loss emergence period
LEQ	Loan equivalency
MBSs	Mortgage-backed securities
MDOB	Massachusetts Division of Banks
NIST	National Institute of Standards and Technology
Nonqualified Plan	Nonqualified Deferred Compensation Plan
NYDFS	New York State Department of Financial Services
OAEM	Other Assets Especially Mentioned
OCI	Other comprehensive income
OFAC	U.S. Treasury's Office of Foreign Assets Control
OREO	Other Real Estate Owned
Plans	The 2014 Plan and the 2021 Plan
Program	Brookline Bancorp, Inc.'s Cybersecurity Risk Management Program
RIBD	Banking Division of the Rhode Island Department of Business Regulation
SBA	Small Business Administration
SEC	U.S. Securities and Exchange Commission
SERPs	Supplemental Executive Retirement Plans
SOC	System and Organization Controls
SOFR	Secured Overnight Financing Rate
TILA	Truth in Lending Act
USA PATRIOT Act	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001

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## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K 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 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; failure to complete the proposed merger with Berkshire Hills Bancorp, Inc. ("Berkshire") or unexpected delays related to the merger or either party's inability to satisfy closing conditions required to complete the merger; failure to obtain necessary regulatory approvals (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the proposed merger); certain restrictions during the pendency of the proposed merger with Berkshire that may impact the Company's ability to pursue certain business opportunities or strategic transactions; the diversion of management's attention from ongoing business operations and opportunities; 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 Item 1A, "Risk Factors." 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.

## PART I

### Item 1. Business

#### General

Brookline Bancorp, Inc., a Delaware corporation, is the 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.

Brookline Bank, headquartered in Boston, Massachusetts, has three wholly-owned subsidiaries, Longwood Securities Corp., First Ipswich Insurance Agency, and Eastern Funding, and operates 27 full-service banking offices and three lending offices in the Greater Boston metropolitan area.

BankRI, headquartered in Providence, Rhode Island, has three direct subsidiaries, Acorn Insurance Agency, BRI Realty Corp., and BRI Investment Corp. and its wholly-owned subsidiary, BRI MSC Corp., and operates 22 full-service banking offices in the Greater Providence, Rhode Island, area. Macrolease Corporation, previously a subsidiary of BankRI, was merged into Eastern Funding LLC in the second quarter of 2022.

PCSB Bank, headquartered in Yorktown Heights, New York, has one wholly-owned subsidiary, UpCounty Realty Corp., and operates 14 banking offices throughout the Lower Hudson Valley of New York.

The Company, through the Banks, offers a wide range of commercial, business and retail banking services, including a full complement of cash management products, on-line banking services, and consumer and residential loans and investment 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. Specialty lending activities, including equipment financing, are focused in the New York and New Jersey metropolitan area, with services offered throughout the United States. As full-service financial institutions, the Banks and their subsidiaries focus on the continued addition of well-qualified customers, the deepening of long-term banking relationships through a full complement of products and excellent customer service, and strong risk management. 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's headquarters and executive management are located at 131 Clarendon Street, Boston, Massachusetts 02116, and its telephone number is 617-425-4600.

### **Proposed Transaction**

On December 16, 2024, the Company, Berkshire, and Commerce Acquisition Sub, Inc., a Delaware corporation and wholly-owned subsidiary of the Berkshire formed solely to facilitate the merger ("Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement"). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into the Company, with the Company as the surviving entity, and immediately thereafter, the Company will merge with and into Berkshire, with Berkshire as the surviving entity (collectively, the "Merger"). As a result of the Merger, the separate corporate existence of the Company will cease, and Berkshire will continue as the surviving corporation. Upon closing of the Merger, the successor company's board of directors will be comprised of sixteen members, eight from each of the Company and Berkshire.

Under the terms of the Merger Agreement, which was unanimously approved by the Boards of Directors of both companies, each outstanding share of the Company's common stock will be exchanged for the right to receive 0.42 shares of Berkshire common stock. Holders of Company common stock will receive cash in lieu of fractional shares of Berkshire common stock. As a result of the transaction and a \$100 million common stock offering by Berkshire to support the transaction, Berkshire stockholders will own approximately 51%, Company stockholders will own approximately 45%, and investors in new shares will own approximately 4% of the outstanding shares of the combined company.

The Merger Agreement also provides that, immediately following the Merger, Berkshire Bank, BankRI and PCSB Bank will merge with and into Brookline Bank (the "Bank Merger"), with Brookline Bank continuing as the surviving bank. Upon closing of the Bank Merger, the successor bank's board of directors will be comprised of sixteen members, eight from each of Berkshire Bank and Brookline Bank.

The combined company will trade on the New York Stock Exchange and will announce a new name and ticker symbol before closing. The combined bank will also operate under a new name to be announced before closing. The executive headquarters for the combined company will be located at 131 Clarendon Street in Boston, Massachusetts, with operations centers located throughout the Northeast.

The transaction is expected to close by the end of the second half of 2025, subject to satisfaction of customary closing conditions, including receipt of required regulatory approvals and approvals from Berkshire and Company stockholders.

### **Overview of Results**

The loan and lease portfolio increased \$137.7 million, or 1.4%, to \$9.8 billion at December 31, 2024 from \$9.6 billion at December 31, 2023. The Company's commercial loan portfolios, which totaled \$8.2 billion, or 84.1% of total loans and leases, as of December 31, 2024, increased \$58.6 million, or 0.7%, from \$8.2 billion, or 84.7% of total loans and leases, as of December 31, 2023.

Total deposits increased \$353.5 million, or 4.1%, to \$8.9 billion at December 31, 2024 from \$8.5 billion as of December 31, 2023. Core deposits, which include demand checking, NOW, money market and savings accounts, increased 0.9% to \$6.1 billion as of December 31, 2024 from \$6.1 billion at December 31, 2023. The Company's core deposits were 69.1% of total deposits at December 31, 2024, a decrease from 71.3% at December 31, 2023.

The allowance for loan and lease losses increased \$7.6 million, or 6.4%, to \$125.1 million as of December 31, 2024 from \$117.5 million as of December 31, 2023. The ratio of the allowance for loan and lease losses to total loans and leases was 1.28% as of December 31, 2024 compared to 1.22% as of December 31, 2023. Nonperforming assets as of December 31, 2024 were \$70.5 million, up from \$45.3 million at the end of 2023. Nonperforming assets were 0.59% and 0.40% of total assets as of December 31, 2024 and December 31, 2023, respectively.

Net interest income decreased \$10.1 million, or 3.0%, to \$329.6 million in 2024 compared to \$339.7 million in 2023. Net interest margin decreased 18 basis points to 3.06% in 2024 from 3.24% in 2023. Net income for 2024 decreased \$6.3 million, or 8.4%, to \$68.7 million from \$75.0 million for 2023. Basic and fully diluted earnings per common share ("EPS") decreased to

\$0.77 for 2024 from \$0.85 for 2023. See Item 7. “Management's Discussion and Analysis of Financial Condition and Results of Operations.”

## **Competition**

The Company provides banking services in the Greater Boston, Massachusetts, Providence, Rhode Island, and New York, New York, metropolitan marketplaces, each of which is dominated by several large national banking institutions. The Company faces considerable competition from banking and non-banking organizations, including traditional banks, online banks, financial technology companies, wealth management companies and others, in its market area for all aspects of banking and related service activities. Competitive factors considered for loan generation include product offerings, interest rates, terms offered, services provided and geographic locations. Competitive factors considered in attracting and retaining deposits include product offerings and rate of return, convenient branch locations and automated teller machines and online access to accounts.

## **Market Area and Credit Risk Concentration**

As of December 31, 2024, the Company, through its Banks, operated 63 full-service banking offices in Greater Boston, Massachusetts, Rhode Island and New York. The Banks' deposits are gathered from the general public, primarily in the communities in which the banking offices are located. Based on June 30, 2024, Federal Deposit Insurance Corporation ("FDIC") statistics, the five largest banks in Massachusetts have an aggregate market share of approximately 69%, the three largest banks in Rhode Island have an aggregate deposit market share of approximately 69%, and the three largest banks in New York have an aggregate deposit market share of approximately 52%. The Banks' lending activities are concentrated primarily in the Greater Boston, Massachusetts, and Providence, Rhode Island, metropolitan areas, eastern Massachusetts, southern New Hampshire, other Rhode Island areas and the Lower Hudson Valley in New York. In addition, the Company, through Eastern Funding, conducts equipment financing activities in the greater New York and New Jersey metropolitan area and elsewhere in the United States.

*Commercial real estate loans.* Multi-family and commercial real estate mortgage loans typically generate higher yields, but also involve greater credit risk. In addition, many of the Banks' borrowers have more than one multi-family or commercial real estate loan outstanding. The Banks manage this credit risk by prudent underwriting with conservative debt service coverage and loan-to-value ratios at origination; lending to seasoned real estate owners/managers, frequently with personal guarantees of repayment; using reasonable appraisal practices; cross-collateralizing loans to one borrower when deemed prudent; and limiting the amount and types of construction lending. As of December 31, 2024, the largest commercial real estate relationship in the Company's portfolio was \$61.3 million.

*Commercial loans and equipment leasing.* Brookline Bank originates commercial loans and leases for working capital and other business-related purposes, and concentrate such lending to companies located primarily in Massachusetts, and, in the case of Eastern Funding, on a nationwide basis. BankRI and PCSB Bank originate commercial loans and lines of credit for various business-related purposes, for businesses located primarily in Rhode Island and the Lower Hudson Valley of New York, respectively.

Because commercial loans are typically made on the basis of the borrower's ability to repay from the cash flow of the business, the availability of funds for the repayment of commercial and industrial loans may be significantly dependent on the success of the business itself. Further, the collateral securing the loans may be difficult to value, may fluctuate in value based on the success of the business and may deteriorate over time. For this reason, these loans and leases involve greater credit risk. Loans and leases originated by Eastern Funding generally earn higher yields because the borrowers are typically small businesses with limited capital such as laundries, fitness centers and tow truck operators. The Banks manage the credit risk inherent in commercial lending by requiring strong debt service coverage ratios; limiting loan-to-value ratios; securing personal guarantees from borrowers; and limiting industry concentrations, franchisee concentrations and the duration of loan maturities. As of December 31, 2024, the largest commercial relationship in the Company's portfolio was \$65.3 million.

*Consumer loans.* Retail customers of Brookline Bank typically live and work in the Boston metropolitan area and eastern Massachusetts. Retail customers of BankRI typically live and work throughout Rhode Island. Retail customers of PCSB Bank typically live and work throughout New York. Our consumers value personalized service, local community knowledge and engagement and the choice between branch access and technology solutions. The Banks' consumer loan portfolios, which include residential mortgage loans, home equity loans and lines of credit, and other consumer loans, cater to the borrowing needs of this customer base. Credit risk in these portfolios is managed by limiting loan-to-value ratios at loan origination and by requiring borrowers to demonstrate strong credit histories. As of December 31, 2024, the largest consumer relationship in the Company's portfolio was \$76.5 million.



## **Economic Conditions and Governmental Policies**

Repayment of multi-family and commercial real estate loans are generally dependent on the properties generating sufficient income to cover operating expenses and debt service. Repayment of commercial loans and leases generally are dependent on the demand for the borrowers' products or services and the ability of borrowers to compete and operate on a profitable basis. Repayment of residential mortgage loans and home equity loans generally are dependent on the financial well-being of the borrowers and their capacity to service their debt levels. The asset quality of the Company's loan and lease portfolio, therefore, is greatly affected by the economy. Should there be any setback in the economy or increase in the unemployment rates in the Boston, Providence, or New York, metropolitan areas, the resulting negative consequences could affect occupancy rates in the properties financed by the Company and cause certain individual and business borrowers to be unable to service their debt obligations.

## **Personnel and Human Capital Resources**

As of December 31, 2024, the Company had 951 full-time employees and 49 part-time employees. The employees are not represented by a collective bargaining unit and the Company considers its relationship with its employees to be good.

We encourage and support the growth and development of our employees. Continual learning and career development is advanced through ongoing performance and development conversations with employees, internally developed training programs, customized corporate training engagements and educational reimbursement programs.

The safety, health and wellness of our employees is a top priority. On an ongoing basis, we promote the health and wellness of our employees by strongly encouraging work-life balance, offering flexible work schedules, keeping the employee portion of health care premiums to a minimum and sponsoring various wellness programs.

We believe our commitment to living out our core values, actively prioritizing concern for our employees' well-being, supporting our employees' career goals, offering competitive wages and providing valuable fringe benefits aids in retention of our top-performing employees.

## **Access to Available Information**

As a public company, Brookline Bancorp, Inc. is subject to the informational requirements of the Exchange Act, and in accordance therewith, files reports, proxy and information statements and other information with the SEC. The Company makes available on or through its internet website, [www.brooklinebancorp.com](http://www.brooklinebancorp.com), without charge, its annual reports on Form 10-K, proxy statements, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. The Company's reports filed with, or furnished to, the SEC are also available at the SEC's website at [www.sec.gov](http://www.sec.gov). Press releases are also maintained on the Company's website. Additional information for Brookline Bank, BankRI, PCSB Bank, Eastern Funding, and Clarendon Private can be found at [www.brooklinebank.com](http://www.brooklinebank.com), [www.bankri.com](http://www.bankri.com), [www.pcsb.com](http://www.pcsb.com), [www.easternfunding.com](http://www.easternfunding.com), and [www.clarendonprivate.com](http://www.clarendonprivate.com), respectively. Information on the Company's and any subsidiary's website is not incorporated by reference into this document and should not be considered part of this Report.

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

## **Supervision and Regulation**

The following discussion addresses elements of the regulatory framework applicable to bank holding companies and their subsidiaries. This regulatory framework is intended primarily for the protection of the safety and soundness of depository institutions, the federal deposit insurance system, and depositors, rather than for the protection of shareholders of a bank holding company such as the Company.

As a bank holding company, the Company is subject to regulation, supervision and examination by the Board of Governors of the FRB under the BHCA, and by the Commissioner under Massachusetts General Laws Chapter 167A. The FRB is also the primary federal regulator of the Banks. In addition, Brookline Bank is subject to regulation, supervision and examination by the MDOB, BankRI is subject to regulation, supervision and examination by the RIBD, and PCSB Bank is subject to regulation, supervision and examination by the NYDFS.

The following is a summary of certain aspects of various statutes and regulations applicable to the Company and its subsidiaries. This summary is not a comprehensive analysis of all applicable law, and is qualified by reference to the full text of the statutes and regulations referenced below, which may be modified or amended from time to time.

## ***Regulation of the Company***

The Company is subject to regulation, supervision and examination by the FRB, which has the authority, among other things, to order bank holding companies to cease and desist from unsafe or unsound banking practices; to assess civil money penalties; and to order termination of non-banking activities or termination of ownership and control of a non-banking subsidiary by a bank holding company.

### ***Source of Strength***

Under the BHCA, as amended by the Dodd-Frank Act, the Company is required to serve as a source of financial strength for the Banks in the event of the financial distress of the Banks. This provision of the Dodd-Frank Act codifies the longstanding policy of the FRB. This support may be required at times when the bank holding company may not have the resources to provide the additional financial support required by its subsidiary banks. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a bank subsidiary will be assumed by the bankruptcy trustee and entitled to priority of payment.

### ***Acquisitions and Activities***

The BHCA prohibits a bank holding company, without prior approval of the FRB, from acquiring all or substantially all the assets of a bank, acquiring control of a bank, merging or consolidating with another bank holding company, or acquiring direct or indirect ownership or control of any voting shares of another bank or bank holding company if, after such acquisition, the acquiring bank holding company would control more than 5% of any class of the voting shares of such other bank or bank holding company. Further, as a Massachusetts bank holding company, the Company generally must obtain the prior approval of the Massachusetts Board of Bank Incorporation to acquire ownership or control of more than 5% of any voting stock in any other banking institution, acquire substantially all the assets of a bank, or merge with another bank holding company. However, there is an exemption from this approval requirement in certain cases in which the banking institution to be acquired, simultaneously with the acquisition, merges with a banking institution subsidiary of the Company in a transaction approved by the Commissioner.

The BHCA also generally prohibits a bank holding company from engaging directly or indirectly in activities other than those of banking, managing or controlling banks or furnishing services to its subsidiary banks. However, among other permitted activities, a bank holding company may engage in and may own shares of companies engaged in certain activities that the FRB has determined to be so closely related to banking as to be a proper incident thereto, subject to certain notification requirements.

### ***Limitations on Acquisitions of Company Common Stock***

The Change in Bank Control Act prohibits a person or group of persons from acquiring "control" of a bank holding company unless the FRB has been notified and has not objected to the transaction. Under rebuttable presumptions of control established by the FRB, the acquisition of control of voting securities of a bank holding company constitutes an acquisition of control under the Change in Bank Control Act, requiring prior notice to the FRB, if, immediately after the transaction, the acquiring person (or persons acting in concert) will own, control, or hold with power to vote 10% or more of any class of voting securities of the bank holding company, and if either (i) the bank holding company has registered securities under Section 12 of the Securities Exchange Act of 1934, or (ii) no other person will own, control, or hold the power to vote a greater percentage of that class of voting securities immediately after the transaction. On July 30, 2024, the FDIC approved a notice of proposed rulemaking to amend the FDIC's rules implementing the Change in Bank Control Act. If adopted, the proposed rule would eliminate an exemption from prior notice to the FDIC for a proposed change in control involving the acquisition of voting securities of a depository institution holding company for which the FRB reviews a notice pursuant to the Change in Bank Control Act. As a result, if the proposed rule is adopted, the acquisition of control of a bank holding company for an insured state nonmember bank would require prior notice to both the FDIC and the FRB.

In addition, the BHCA prohibits any company from acquiring control of a bank or bank holding company without first having obtained the approval of the FRB. Among other circumstances, under the BHCA, a company has control of a bank or bank holding company if the company owns, controls or holds with power to vote 25% or more of a class of voting securities of the bank or bank holding company; controls in any manner the election of a majority of directors or trustees of the bank or bank holding company; or the FRB has determined, after notice and opportunity for hearing, that the company has the power to exercise a controlling influence over the management or policies of the bank or bank holding company. The FRB has established presumptions of control under which the acquisition of control of 5% or more of a class of voting securities of a bank holding company, together with other factors enumerated by the FRB, could constitute the acquisition of control of a bank holding company for purposes of the BHCA.

## ***Regulation of the Banks***

Brookline Bank is subject to regulation, supervision and examination by the MDOB and the FRB. BankRI is subject to regulation, supervision and examination by the RIBD and the FRB. PCSB Bank is subject to regulation, supervision and examination by the NYDFS and the FRB. The enforcement powers available to federal and state banking regulators include, among other things, the ability to issue cease and desist or removal orders to terminate insurance of deposits; to assess civil money penalties; to issue directives to increase capital; to place the bank into receivership; and to initiate injunctive actions against banking organizations and institution-affiliated parties.

### ***Deposit Insurance***

Deposit obligations of the Banks are insured by the FDIC's Deposit Insurance Fund up to \$250,000 per separately insured depositor for deposits held in the same right and capacity.

Deposit insurance premiums are based on assets. For the year ending December 31, 2024, the Banks' FDIC insurance assessments costs were approximately \$8.0 million.

The FDIC has the authority to adjust deposit insurance assessment rates at any time.

In addition, under the FDIA, the FDIC may terminate deposit insurance, among other circumstances, upon a finding that the institution has engaged in unsafe and unsound practices; is in an unsafe or unsound condition to continue operations; or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

### ***Cross-Guarantee***

Under the cross-guarantee provisions of the FDIA, the FDIC can hold any FDIC-insured depository institution liable for any loss suffered or anticipated by the FDIC in connection with (i) the "default" of a commonly controlled FDIC-insured depository institution; or (ii) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution "in danger of default."

### ***Acquisitions and Branching***

The Banks must seek prior approval from the FRB to acquire another bank or establish a new branch office. Brookline Bank must also seek prior approval from the MDOB to acquire another bank or establish a new branch office, BankRI must also seek prior approval from the RIBD to acquire another bank or establish a new branch office, and PCSB Bank must also seek prior approval from the NYDFS to acquire another bank or establish a new branch office. Well capitalized and well managed banks may acquire other banks in any state, subject to certain deposit concentration limits and other conditions, pursuant to the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, as amended by the Dodd-Frank Act. In addition, the Dodd-Frank Act authorizes a state-chartered bank to establish new branches on an interstate basis to the same extent a bank chartered by the host state may establish branches.

### ***Activities and Investments of Insured State-Chartered Banks***

The FDIA generally limits the types of equity investments that FDIC-insured state-chartered member banks, such as the Banks, may make and the kinds of activities in which such banks may engage, as a principal, to those that are permissible for national banks. Further, the GLBA permits state banks, to the extent permitted under state law, to engage through "financial subsidiaries" in certain activities which are permissible for subsidiaries of a financial holding company. In order to form a financial subsidiary, a state-chartered bank must be well capitalized, and must comply with certain capital deduction, risk management and affiliate transaction rules, among other requirements. In addition, the Federal Reserve Act provides that state member banks are subject to the same restrictions with respect to purchasing, selling, underwriting, and holding of investment securities as national banks.

### ***Brokered Deposits***

The FDIA and federal regulations generally limit the ability of an insured depository institution to accept, renew or roll over any brokered deposit unless the institution's capital category is "well capitalized" or, with regulatory approval, "adequately capitalized." Certain depository institutions that have brokered deposits in excess of 10% of total assets will be subject to increased FDIC deposit insurance premium assessments. Additionally, depository institutions considered "adequately capitalized" that need regulatory approval to accept, renew or roll over any brokered deposits are subject to additional restrictions on the interest rate they may pay on deposits. As of December 31, 2024, none of the Banks had brokered deposits in excess of 10% of total assets.

Section 202 of the Economic Growth Act, which was enacted in 2018, amended the FDIA to exempt a capped amount of reciprocal deposits from treatment as brokered deposits for certain insured depository institutions.

### *The Community Reinvestment Act*

The CRA requires the FRB to evaluate each of the Banks with regard to their performance in helping to meet the credit needs of the communities each of the Banks serve, including low and moderate-income neighborhoods, consistent with safe and sound banking operations, and to take this record into consideration when evaluating certain applications. The FRB's CRA regulations are generally based upon objective criteria of the performance of institutions under three key assessment tests: (i) a lending test, to evaluate the institution's record of making loans in its service areas; (ii) an investment test, to evaluate the institution's record of investing in community development projects, affordable housing, and programs benefiting low- or moderate-income individuals and businesses; and (iii) a service test, to evaluate the institution's delivery of services through its branches, ATMs, and other offices. Failure of an institution to receive at least a "satisfactory" rating could inhibit the Banks or the Company from undertaking certain activities, including engaging in activities permitted as a financial holding company under GLBA and acquisitions of other financial institutions. Each Bank has achieved a rating of "satisfactory" on its most recent CRA examination. Massachusetts, Rhode Island and New York have adopted specific community reinvestment requirements which are substantially similar to those of the FRB. On October 23, 2023, the FDIC approved changes to its CRA regulations, maintaining the existing CRA ratings but modifying the evaluation framework to replace the existing tests generally applicable to banks with at least \$2 billion in assets (the lending, investment, and service tests) with four new tests and associated performance metrics. On February 5, 2024, the American Bankers Association, the U.S. Chamber of Commerce, the Independent Community Bankers of America, along with four state trade associations jointly sued the FRB, FDIC, and Office of Comptroller of the Currency for exceeding their statutory authority in adopting revised regulations to implement the Community Reinvestment Act. The lawsuit filed in the U.S. District Court for the Northern District of Texas requested the regulatory agencies vacate the rule and sought a preliminary injunction pausing the new rules while the court decided the merits of the case. On March 29, 2024, the district court judge granted a temporary injunction to pause the implementation of CRA final rule with respect to the plaintiff trade associations while the case moves forward. The banking agencies have appealed the issuance of the injunction to the U.S. Court of Appeals for the Fifth Circuit. However, the new CRA regulations are currently expected to become effective on January 1, 2026.

### *Lending Restrictions*

Federal law limits a bank's authority to extend credit to directors and executive officers of the bank or its affiliates and persons or companies that own, control or have power to vote more than 10% of any class of securities of a bank or an affiliate of a bank, as well as to entities controlled by such persons. Among other things, extensions of credit to insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons. Also, the terms of such extensions of credit may not involve more than the normal risk of repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of the bank's capital.

### *Capital Adequacy and Safety and Soundness*

#### *Regulatory Capital Requirements*

The FRB has issued risk-based and leverage capital rules applicable to U.S. banking organizations such as the Company and the Banks. These rules are intended to reflect the relationship between the banking organization's capital and the degree of risk associated with its operations based on transactions recorded on-balance sheet as well as off-balance sheet items. The FRB may from time to time require that a banking organization maintain capital above the minimum levels discussed below, due to the banking organization's financial condition or actual or anticipated growth.

The capital adequacy rules define qualifying capital instruments and specify minimum amounts of capital as a percentage of assets that banking organizations are required to maintain. Common equity Tier 1 capital generally includes common stock and related surplus, retained earnings and, in certain cases and subject to certain limitations, minority interest in consolidated subsidiaries, less goodwill, other non-qualifying intangible assets and certain other deductions. Tier 1 capital for banks and bank holding companies generally consists of the sum of common equity Tier 1 elements, non-cumulative perpetual preferred stock, and related surplus in certain cases and subject to limitations, minority interests in consolidated subsidiaries that do not qualify as common equity Tier 1 capital, less certain deductions. Tier 2 capital generally consists of hybrid capital instruments, perpetual debt and mandatory convertible debt securities, cumulative perpetual preferred stock, term subordinated debt and intermediate-term preferred stock, and, subject to limitations, allowances for loan losses. The sum of Tier 1 and Tier 2 capital less certain required deductions represents qualifying total risk-based capital. Prior to the effectiveness of certain provisions of the Dodd-Frank Act, bank holding companies were permitted to include trust preferred securities and cumulative perpetual preferred stock in Tier 1 capital, subject to limitations. However, the FRB's capital rule applicable to bank holding companies permanently grandfathered nonqualifying capital instruments, including trust preferred securities, issued before May 19, 2010 by depository institution holding companies with less than \$15 billion in total assets as of December 31, 2009, subject to a limit of

25% of Tier 1 capital. In addition, under rules that became effective January 1, 2015, accumulated other comprehensive income (positive or negative) must be reflected in Tier 1 capital; however, the Company was permitted to make a one-time, permanent election to continue to exclude accumulated other comprehensive income from capital. The Company has made this election.

Under the capital rules, risk-based capital ratios are calculated by dividing common equity Tier 1, Tier 1, and total risk capital, respectively, by risk-weighted assets. Assets and off-balance sheet credit equivalents are assigned to one of several categories of risk-weights, based primarily on relative risk. Under the FRB's rules, the Company and the Banks are each required to maintain a minimum common equity Tier 1 capital ratio requirement of 4.5%, a minimum Tier 1 capital ratio requirement of 6.0%, a minimum total capital requirement of 8.0% and a minimum leverage ratio requirement of 4.0%. Additionally, these rules require an institution 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 of more than 2.5% of total risk weighted assets, or face restrictions on the ability to pay dividends, pay discretionary bonuses, and to engaged in share repurchases.

A bank holding company, such as the Company, is considered "well capitalized" if the bank holding company (i) has a total risk based capital ratio of at least 10.0%, (ii) has a Tier 1 risk-based capital ratio of at least 6.0%, and (iii) is not subject to any written agreement order, capital directive or prompt corrective action directive to meet and maintain a specific capital level for any capital measure. In addition, under the FRB's prompt corrective action rules, a state member bank is considered "well capitalized" if it (i) has a total risk-based capital ratio of 10.0% or greater; (ii) a Tier 1 risk-based capital ratio of 8.0% or greater; (iii) a common Tier 1 equity ratio of at least 6.5% or greater, (iv) a leverage capital ratio of 5.0% or greater; and (v) is not subject to any written agreement, order, capital directive, or prompt corrective action directive to meet and maintain a specific capital level for any capital measure. The FRB also considers: (i) concentrations of credit risk; (ii) interest rate risk; and (iii) risks from non-traditional activities, as well as an institution's ability to manage those risks. When determining the adequacy of an institution's capital, this evaluation is a part of the institution's regular safety and soundness examination. Each of the Banks is currently considered well-capitalized under all regulatory definitions.

Generally, a bank, upon receiving notice that it is not adequately capitalized (i.e., that it is "undercapitalized"), becomes subject to the prompt corrective action provisions of Section 38 of FDIA that, for example, (i) restrict payment of capital distributions and management fees, (ii) require that its federal bank regulator monitor the condition of the institution and its efforts to restore its capital, (iii) require submission of a capital restoration plan, (iv) restrict the growth of the institution's assets, and (v) require prior regulatory approval of certain expansion proposals. A bank that is required to submit a capital restoration plan must concurrently submit a performance guarantee by each company that controls the bank. A bank that is "critically undercapitalized" (i.e., has a ratio of tangible equity to total assets that is equal to or less than 2.0%) will be subject to further restrictions, and generally will be placed in conservatorship or receivership within 90 days.

The Banks are considered "well capitalized" under the FRB's prompt corrective action rules and the Company is considered "well capitalized" under the FRB's rules applicable to bank holding companies.

#### *Safety and Soundness Standards*

Guidelines adopted by the federal bank regulatory agencies pursuant to the FDIA establish general standards relating to internal controls and information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, asset quality, earnings and compensation, fees and benefits. In general, these guidelines require, among other things, appropriate systems and practices to identify and manage the risk and exposures specified in the guidelines. The guidelines prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal stockholder. In addition, the federal banking agencies adopted regulations that authorize, but do not require, an agency to order an institution that has been given notice by an agency that it is not satisfying any of such safety and soundness standards to submit a compliance plan. If, after being so notified, an institution fails to submit an acceptable compliance plan or fails in any material respect to implement an acceptable compliance plan, the agency must issue an order directing action to correct the deficiency and may issue an order restricting asset growth, requiring an institution to increase its ratio of tangible equity to assets or directing other actions of the types to which an undercapitalized institution is subject under the "prompt corrective action" provisions of FDIA. See "- Regulatory Capital Requirements" above. If an institution fails to comply with such an order, the agency may seek to enforce such order in judicial proceedings and to impose civil money penalties.

#### *Dividend Restrictions*

The Company is a legal entity separate and distinct from the Banks. The revenue of the Company (on a parent company only basis) is derived primarily from dividends paid to it by the Banks. The right of the Company, and consequently the right of shareholders of the Company, to participate in any distribution of the assets or earnings of the Banks through the payment of

such dividends or otherwise is subject to the prior claims of creditors of the Banks (including depositors), except to the extent that certain claims of the Company in a creditor capacity may be recognized.

*Restrictions on Bank Holding Company Dividends*

The FRB has authority to prohibit bank holding companies from paying dividends if such payment is deemed to be an unsafe or unsound practice. The FRB has indicated generally that it may be an unsafe or unsound practice for bank holding companies to pay dividends unless the bank holding company's net income for the prior year is sufficient to fund the dividends and the expected rate of earnings retention is consistent with the organization's capital needs, asset quality and overall financial condition. Further, under the FRB's capital rules, the Company's ability to pay dividends will be restricted if it does not maintain the required capital conservation buffer. See "Capital Adequacy and Safety and Soundness-Regulatory Capital Requirements" above.

*Restrictions on Bank Dividends*

The FRB has the authority to use its enforcement powers to prohibit a bank from paying dividends if, in its opinion, the payment of dividends would constitute an unsafe or unsound practice. Federal law also prohibits the payment of dividends by a bank that will result in the bank failing to meet its applicable capital requirements on a pro forma basis. In addition, a state member bank may not declare or pay a dividend: (i) if the total of all dividends declared during the calendar year, including the proposed dividend, exceeds the sum of the bank's net income during the current calendar year and the retained net income of the prior two calendar years; or (ii) that would exceed its undivided profits; in either case, unless the dividend has been approved by the FRB. Payment of dividends by a bank is also restricted pursuant to various state regulatory limitations.

*Certain Transactions by Bank Holding Companies with their Affiliates*

There are various statutory restrictions on the extent to which bank holding companies and their non-bank subsidiaries may borrow, obtain credit from or otherwise engage in "covered transactions" with their insured depository institution subsidiaries. An insured depository institution (and its subsidiaries) may not lend money to, or engage in covered transactions with, its non-depository institution affiliates if the aggregate amount of covered transactions outstanding involving the bank, plus the proposed transaction, exceeds the following limits: (i) in the case of any one such affiliate, the aggregate amount of covered transactions of the insured depository institution and its subsidiaries cannot exceed 10% of the capital stock and surplus of the insured depository institution; and (ii) in the case of all affiliates, the aggregate amount of covered transactions of the insured depository institution and its subsidiaries cannot exceed 20% of the capital stock and surplus of the insured depository institution. For this purpose, "covered transactions" are defined by statute to include a loan or extension of credit to an affiliate, a purchase of or investment in securities issued by an affiliate, a purchase of assets from an affiliate unless exempted by the FRB, the acceptance of securities issued by an affiliate as collateral for a loan or extension of credit to any person or company, the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate, securities borrowing or lending transactions with an affiliate that creates a credit exposure to such affiliate, or a derivatives transaction with an affiliate that creates a credit exposure to such affiliate. Covered transactions are also subject to certain collateral security requirements. Covered transactions as well as other types of transactions between a bank and a bank holding company must be conducted under terms and conditions, including credit standards, that are at least as favorable to the bank as prevailing market terms. Section 106 of the Bank Holding Company Act Amendment of 1970 provides that, to further competition, a bank holding company and its subsidiaries are prohibited from engaging in certain tying arrangements in connection with any extension of credit, lease or sale of property of any kind, or the furnishing of any service. As of and for the year ending December 31, 2024, there were no such transactions.

*Enhanced Prudential Supervision*

None of the Banks currently have \$10 billion or more of total consolidated assets, but it is possible that one of them may in the near future. In addition, with the merger of PCSB Financial Corporation ("PCSB") with and into the Company effective January 1, 2023, the Banks, together with their affiliates, had assets exceeding \$10 billion. The Dodd-Frank Act and other federal banking laws subject companies with \$10 billion or more of consolidated assets to additional regulatory requirements. Section 1075 of the Dodd-Frank Act, commonly known as the "Durbin Amendment", amended the Electronic Fund Transfer Act to restrict the amount of interchange fees that may be charged and prohibit network exclusivity for debit card transactions. The Banks were required to begin complying with the restrictions on interchange fees by July 1, 2024, which have negatively impacted payment network fees and is expected to continue to negatively impact future payment network fees.

In addition, Section 619 of the Dodd-Frank Act, commonly known as the "Volcker Rule", which generally prohibits banking entities from engaging in proprietary trading and from acquiring or retaining an ownership interest in or sponsoring certain types of investment funds, does not apply to an insured depository institution if it, and every company that controls it, has total consolidated assets of \$10 billion or less and consolidated trading assets and liabilities that are 5% or less of consolidated assets. While each Bank had total consolidated assets of less than \$10 billion as of December 31, 2024, the



Company, which controls the Banks, has total consolidated assets in excess of \$10 billion as of December 31, 2024. The Banks were subject to the Volcker Rule in 2023, and they remain subject to it now. However, we do not anticipate that becoming subject to the Volcker Rule will significantly impact the operations of the Company and the Banks.

Finally, Section 1025 of the Dodd-Frank Act provides that the CFPB has authority to examine any insured depository institution with total assets of more than \$10 billion and any affiliate thereof. None of the Banks had, as of December 31, 2024, or has total assets of more than \$10 billion.

### ***Consumer Protection Regulation***

The Company and the Banks are subject to a number of federal and state laws designed to protect consumers and prohibit unfair or deceptive business practices. These laws include the Equal Credit Opportunity Act, Fair Housing Act, Home Ownership Protection Act, Fair Credit Reporting Act, as amended by the FACT Act, GLBA, TILA, the CRA, the Home Mortgage Disclosure Act, Real Estate Settlement Procedures Act, National Flood Insurance Act and various state law counterparts. These laws and regulations mandate certain disclosure requirements and regulate the manner in which financial institutions must interact with customers when taking deposits, making loans, collecting loans and providing other services. Further, the CFPB also has a broad mandate to prohibit unfair, deceptive or abusive acts and practices and is specifically empowered to require certain disclosures to consumers and draft model disclosure forms. Failure to comply with consumer protection laws and regulations can subject financial institutions to enforcement actions, fines and other penalties. The FRB examines the Banks for compliance with CFPB rules and enforces CFPB rules with respect to the Banks.

The Dodd-Frank Act prescribes certain standards that mortgage lenders must consider before making a residential mortgage loan, including verifying a borrower's ability to repay such mortgage loan, and allows borrowers to assert violations of certain provisions of the TILA as a defense to foreclosure proceedings. Additionally, the CFPB's qualified mortgage rule requires creditors, such as the Banks, to make a reasonable good faith determination of a consumer's ability to repay any consumer credit transaction secured by a dwelling prior to making the loan.

### ***Privacy and Customer Information Security***

The GLBA requires financial institutions to implement policies and procedures regarding the disclosure of nonpublic personal information about consumers to nonaffiliated third parties. In general, the Banks must provide their customers with an annual disclosure that explains their policies and procedures regarding the disclosure of such nonpublic personal information and, except as otherwise required or permitted by law, the Banks are prohibited from disclosing such information except as provided in such policies and procedures. If the financial institution only discloses information under exceptions from the GLBA that do not require an opt out to be provided and if there has been no change in the financial institutions privacy policies and procedures since its most recent disclosures provide to customers, an annual disclosure is not required to be provided by the financial institution. The GLBA also requires that the Banks develop, implement and maintain a comprehensive written information security program designed to ensure the security and confidentiality of customer information (as defined under GLBA), to protect against anticipated threats or hazards to the security or integrity of such information and to protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer. The Banks are also required to send a notice to customers whose "sensitive information" has been compromised if unauthorized use of this information is "reasonably possible." Most of the states, including the states where the Banks operate, have enacted legislation concerning breaches of data security and the duties of the Banks in response to a data breach. Congress continues to consider federal legislation that would require consumer notice of data security breaches. Pursuant to the FACT Act, the Banks must also develop and implement a written identity theft prevention program to detect, prevent, and mitigate identity theft in connection with the opening of certain accounts or certain existing accounts. Additionally, the FACT Act amended the Fair Credit Reporting Act to generally prohibit a person from using information received from an affiliate to make a solicitation for marketing purposes to a consumer, unless the consumer is given notice and a reasonable opportunity and method to opt out of the making of such solicitations.

### ***Anti-Money Laundering***

#### ***The Bank Secrecy Act***

Under the BSA, a financial institution is required to have systems in place to detect certain transactions, based on the size and nature of the transaction. Financial institutions are generally required to report to the United States Treasury any cash transactions involving at least \$10,000. In addition, financial institutions are required to file suspicious activity reports for any transaction or series of transactions that involve more than \$5,000 and which the financial institution knows, suspects or has reason to suspect involves illegal funds, is designed to evade the requirements of the BSA or has no lawful purpose. The USA PATRIOT Act, which amended the BSA, is designed to deny terrorists and others the ability to obtain anonymous access to the U.S. financial system. The USA PATRIOT Act, together with the implementing regulations of various federal regulatory agencies, has caused financial institutions, such as the Banks, to adopt and implement additional policies or amend existing

policies and procedures with respect to, among other things, anti-money laundering compliance, suspicious activity, currency transaction reporting, customer identity verification and customer risk analysis. In evaluating an application to acquire a bank or to merge banks or effect a purchase of assets and assumption of deposits and other liabilities, the applicable federal banking regulator must consider the anti-money laundering compliance record of both the applicant and the target. In addition, under the USA PATRIOT Act, financial institutions are required to take steps to monitor their correspondent banking and private banking relationships as well as, if applicable, their relationships with “shell banks.”

#### *Office of Foreign Assets Control*

The U.S. has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. These sanctions, which are administered by OFAC, take many different forms. Generally, however, they contain one or more of the following elements: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on “U.S. persons” engaging in financial or other transactions relating to a sanctioned country or with certain designated persons and entities; (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons); and (iii) restrictions on transactions with or involving certain persons or entities. Blocked assets (for example, property and bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. Failure to comply with these sanctions could have serious legal and reputational consequences for the Company. As of December 31, 2024, the Company did not have any transactions with sanctioned countries, nationals, and others.

#### **Item 1A. Risk Factors**

Before deciding to invest in us or deciding to maintain or increase your investment, you should carefully consider the risks described below, in addition to the other information contained in this report and in our other filings with the SEC. The risks and uncertainties described below and in our other filings are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business. If any of these known or unknown risks or uncertainties actually occur, our business, financial condition and results of operations could be seriously harmed. In that event, the market price for our common stock could decline and you may lose your investment.

#### **RISKS RELATED TO OUR BUSINESS AND INDUSTRY**

##### ***Inflationary pressures and increases in market interest rates may affect our results of operations and financial condition.***

Inflation continued at elevated levels 2024 and may remain elevated in 2025. In response to a pronounced rise in inflation, the FRB raised the federal funds rate several times in 2023. While the FRB cut the federal funds rate in 2024, we cannot predict whether or when the FRB may increase or decrease the federal funds rate in the future. Moreover, while the inflation rate has decreased, prices remain high. Small to medium-sized businesses may be impacted by higher costs as they are not able to leverage economies of scale to mitigate cost pressures compared to larger businesses. Consequently, the ability of our business customers to repay their loans may deteriorate, and in some cases this deterioration may occur quickly. Sustained higher interest rates by the FRB, changes to fiscal policy, including expansion of U.S. federal deficit spending and resultant debt issuance, could also affect market interest rates, push down asset prices and weaken economic activity. A deterioration in economic conditions in the United States and our markets could result in an increase in loan delinquencies and non-performing assets, decreases in loan collateral values and a decrease in demand for our products and services, any of which, could adversely impact our business, financial condition and results of operations. Further, continued high market interest rates may reduce our loan origination volume, particularly refinance volume, and/or reduce our interest rate spread, which could have an adverse effect on our profitability and results of operations.



***Changes to interest rates could adversely affect our results of operations and financial condition.***

Our consolidated results of operations depend, on a large part, on net interest income, which is the difference between

(i) interest income on interest-earning assets, such as loans, leases and securities, and (ii) interest expense on interest-bearing liabilities, such as deposits and borrowed funds. As a result, our earnings and growth are significantly affected by interest rates, which are subject to the influence of economic conditions generally, both domestic and foreign, to events in the capital markets and also to the monetary and fiscal policies of the United States and its agencies, particularly the FRB. The nature and timing of any changes in such policies or general economic conditions and their effect on us cannot be controlled and are extremely difficult to predict. An increase in interest rates could also have a negative impact on our results of operations by reducing the ability of borrowers to repay their current loan obligations, which could not only result in increased loan defaults, foreclosures and charge-offs, but also necessitate further increases to our allowances for loan losses. A decrease in interest rates may trigger loan prepayments, which may serve to reduce net interest income if we are unable to lend those funds to other borrowers or invest the funds at the same or higher interest rates.

***We may be adversely affected by volatility in U.S. and global economic conditions and changes in fiscal, monetary, trade and regulatory policies.***

The economy in the U.S. and globally has experienced volatility in recent years and may continue to experience such volatility for the foreseeable future. Unfavorable or uncertain economic conditions can be caused by declines in economic growth, business activity, or investor or business confidence; limitations on the availability of or increases in the cost of credit and capital; increases in inflation or interest rates; uncertainties regarding fiscal and monetary policies; the timing and impact of changing governmental policies, including changes in guidance and interpretation by regulatory authorities; changes in trade policies by the U.S. or other countries, such as tariffs or retaliatory tariffs as those proposed by the incoming U.S. Administration; supply chain disruptions; consumer spending; employment levels; labor shortages; challenging labor market conditions; wage stagnation; federal government shutdowns; energy prices; home prices; commercial property values; bankruptcies and a default by a significant market participant or class of counterparties; natural disasters; climate change; epidemics; pandemics; terrorist attacks; acts of war; or a combination of these or other factors.

Volatile business and economic conditions could have adverse effects on our business, including the following:

- investors may have less confidence in the equity markets in general and in financial services industry stocks in particular, which could place downward pressure on our stock price and resulting market valuation;
- economic and market developments may further affect consumer and business confidence levels and may cause declines in credit usage and adverse changes in payment patterns, causing increases in delinquencies and default rates;
- our ability to assess the creditworthiness of our customers may be impaired if the models and approaches we use to select, manage, and underwrite loans become less predictive of future behaviors;
- we could suffer decreases in demand for loans or other financial products and services or decreased deposits or other investments in accounts with us;
- competition in the financial services industry could intensify as a result of the increasing consolidation of financial services companies in connection with current market conditions or otherwise; and
- the value of loans and other assets or collateral securing loans may decrease.

***Our business may be adversely affected by changes in economic conditions in our market area.***

We primarily serve individuals and businesses located in the Greater Boston metropolitan area, eastern Massachusetts, Rhode Island, the Lower Hudson Valley in New York, and the Greater New York and New Jersey metropolitan area. Our success is largely dependent on local and regional economic conditions. Unlike other larger institutions, we are not able to spread the risks of unfavorable local economic conditions across a large number of diversified economies. An economic downturn could, therefore, result in losses that materially and adversely affect our business. Recessionary economic conditions, increased unemployment, inflation, a decline in real estate values or other factors beyond our control may adversely affect the ability of our borrowers to repay their loans, and could result in higher loan and lease losses and lower net income for us.

In addition, deterioration or defaults made by issuers of the underlying collateral of our investment securities may cause additional credit-related charges to our income statement. Our ability to borrow from other financial institutions or to access the debt or equity capital markets on favorable terms or at all could be adversely affected by disruptions in the capital markets or other events, including actions by rating agencies and deteriorating investor expectations.

***Increased market volatility and adverse changes in financial or capital market conditions may increase our market risk.***

Our liquidity, competitive position, business, results of operations and financial condition are affected by market risks such as changes in interest rates, fluctuations in equity, commodity and futures prices, the implied volatility of interest rates and credit spreads and other economic and business factors. These market risks may adversely affect, among other things, the value of our securities, the cost of debt capital and our access to credit markets, customer allocation of capital among investment alternatives, and our competitiveness with respect to deposit pricing. In times of market stress or other unforeseen circumstances, previously uncorrelated indicators may become correlated, which may limit the effectiveness of our strategies to manage these risks.

***If we are unable to access the capital markets, have prolonged net deposit outflows, or our borrowing costs increase, our liquidity and competitive position will be negatively affected.***

Liquidity is essential to our business. We must maintain sufficient funds to respond to the needs of depositors and borrowers. To manage liquidity, we draw upon a number of funding sources in addition to in-market deposit growth and repayments and maturities of loans and investments. Any inability to access the capital markets, illiquidity or volatility in the capital markets, the decrease in value of eligible collateral or increased collateral requirements (including as a result of credit concerns for short-term borrowing), changes to our relationships with our funding providers based on real or perceived changes in our risk profile, prolonged federal government shutdowns, or changes in regulations or regulatory guidance, or other events could negatively affect our access to or cost of funding, affecting our ongoing ability to accommodate liability maturities and deposit withdrawals, meet contractual obligations, or fund asset growth and new business initiatives at a reasonable cost, in a timely manner and without adverse consequences. Additionally, our liquidity or cost of funds may be negatively impacted by the unwillingness or inability of the FRB to act as lender of last resort, unexpected simultaneous draws on lines of credit or deposits, the withdrawal of or failure to attract customer deposits, or increased regulatory liquidity, capital and margin requirements.

Although we maintain a liquid asset portfolio and have implemented strategies to maintain sufficient and diverse sources of funding to accommodate planned, as well as unanticipated, changes in assets, liabilities, and off-balance sheet commitments under various economic conditions, a substantial, unexpected, or prolonged change in the level or cost of liquidity could have a material adverse effect on us. If the cost effectiveness or the availability of supply in these credit markets is reduced for a prolonged period of time, our funding needs may require us to access funding and manage liquidity by other means. These alternatives may include generating client deposits, extending the maturity of wholesale borrowings, borrowing under certain secured borrowing arrangements, using relationships developed with a variety of fixed income investors, selling or securitizing loans, and further managing loan growth and investment opportunities. These alternative means of funding may result in an increase to the overall cost of funds and may not be available under stressed conditions, which would cause us to liquidate a portion of our liquid asset portfolio to meet any funding needs.

***We face significant and increasing competition in the financial services industry.***

We operate in a highly competitive environment that includes financial and non-financial services firms, including traditional banks, online banks, financial technology companies, wealth management companies and others. These companies compete on the basis of, among other factors, size, quality and type of products and services offered, price, technology and reputation. Emerging technologies have the potential to intensify competition and accelerate disruption in the financial services industry. In recent years, non-financial services firms, such as financial technology companies, have begun to offer services traditionally provided by financial institutions. These firms attempt to use technology and mobile platforms to enhance the ability of companies and individuals to borrow money, save and invest. Our ability to compete successfully depends on a number of factors, including our ability to develop and execute strategic plans and initiatives; to develop competitive products and technologies; and to attract, retain and develop a highly skilled employee workforce. If we are not able to compete successfully, we could be placed at a competitive disadvantage, which could result in the loss of customers and market share, and our business, results of operations and financial condition could suffer.

***Our business may be adversely affected if we fail to adapt our products and services to evolving industry standards and consumer preferences.***

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology driven products and services. The widespread adoption of new technologies, including payment systems, could require substantial expenditures to modify or adapt our existing products and services as the introduction of new or modified products and services can entail significant time and resources. We might not be successful in developing or introducing new products and services, integrating new products or services into our existing offerings, responding or adapting to changes in consumer behavior, preferences, spending, investing and/or saving habits, achieving market acceptance of our products and services,

reducing costs in response to pressures to deliver products and services at lower prices or sufficiently developing and maintaining loyal customers.

***Development of new products services and technologies may impose additional costs on us and may expose us to increased operational risk.***

The introduction of new products and services can entail significant time and resources, including regulatory approvals. Substantial risks and uncertainties are associated with the introduction of new products and services, including technical and control requirements that may need to be developed and implemented, rapid technological change in the industry, our ability to access technical and other information from its clients, the significant and ongoing investments required to bring new products and services to market in a timely manner at competitive prices and the preparation of marketing, sales and other materials that fully and accurately describe the product or service and its underlying risks. Our failure to manage these risks and uncertainties also exposes it to enhanced risk of operational lapses which may result in the recognition of financial statement liabilities. Regulatory and internal control requirements, capital requirements, competitive alternatives, vendor relationships and shifting market preferences may also determine if such initiatives can be brought to market in a manner that is timely and attractive to our clients. Products and services relying on internet and mobile technologies may expose us to fraud and cybersecurity risks. Implementation of certain new technologies, such as those related to artificial intelligence, automation and algorithms, may have unintended consequences due to their limitations, potential manipulation, or our failure to use them effectively. Failure to successfully manage these risks in the development and implementation of new products or services could have a material adverse effect on our business and reputation, as well as on its consolidated results of operations and financial condition.

***If our allowance for credit losses is not sufficient to cover actual loan and lease losses, our earnings may decrease.***

We periodically make a determination of an allowance for credit losses based on available information, including, but not limited to, the quality of the loan and lease portfolio as indicated by trends in loan risk ratings, payment performance, economic conditions, the value of the underlying collateral and the level of nonaccruing and criticized loans and leases. Management relies on its loan officers and credit quality reviews, its experience and its evaluation of economic conditions, among other factors, in determining the amount of provision required for the allowance for credit losses. Provisions to this allowance result in an expense for the period. If, as a result of general economic conditions, previously incorrect assumptions, or an increase in defaulted loans or leases, we determine that additional increases in the allowance for credit losses are necessary, additional expenses may be incurred.

Determining the allowance for credit losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and trends, all of which may undergo material changes. We cannot be sure that we will be able to identify deteriorating credits before they become nonperforming assets or that we will be able to limit losses on those loans and leases that are identified. We have in the past been, and in the future may be, required to increase our allowance for credit losses for any of several reasons. State and federal regulators, in reviewing our loan and lease portfolio as part of a regulatory examination, may request that we increase the allowance for credit losses. Changes in economic conditions or individual business or personal circumstances affecting borrowers, new information regarding existing loans and leases, identification of additional problem loans and leases and other factors, both within and outside of our control, may require an increase in the allowance for credit losses. Any increases in the allowance for credit losses may result in a decrease in our net income and, possibly, our capital, and could have an adverse effect on our financial condition and results of operations.

***Our loan and lease portfolios include commercial real estate mortgage loans and commercial loans and leases, including equipment leases, which are generally riskier than other types of loans.***

Our commercial real estate and commercial loan and lease portfolios, including equipment leases, currently comprise 84.1% of total loans and leases. Payments on loans secured by commercial real estate are often dependent on the income produced by the underlying properties which, in turn, depends on the successful operation and management of the properties and the businesses that operate within them. Accordingly, repayment of these loans is subject to conditions in the real estate market or the local economy. The COVID-19 pandemic has had a long-term negative impact on certain commercial real estate assets due to the risk that tenants may reduce the office space they lease as some portion of the workforce continues to work remotely on a hybrid or full-time basis. Commercial loans and leases generally carry larger balances and involve a higher risk of nonpayment or late payment than residential mortgage loans. Most commercial loans and leases are secured by borrower business assets such as accounts receivable, inventory, equipment and other fixed assets. Compared to real estate, these types of collateral are more difficult to monitor, harder to value, may depreciate more rapidly and may not be as readily saleable if repossessed. Repayment of commercial loans and leases is largely dependent on the business and financial condition of borrowers. Business cash flows are dependent on the demand for the products and services offered by the borrower's business. Such demand may be reduced when economic conditions are weak or when the products and services offered are viewed as less valuable than those offered by competitors. Because of the risks associated with commercial real estate and commercial loans and leases, including equipment leases, we may experience higher rates of default than if the portfolio were more heavily

weighted toward residential mortgage loans. While we seek to minimize these risks in a variety of ways, there can be no assurance that these measures will protect against credit-related losses.

***Environmental liability associated with our lending activities could result in losses.***

In the course of business, we may acquire, through foreclosure, properties securing loans originated or purchased that are in default. Particularly in commercial real estate lending, there is a risk that material environmental violations could be discovered on these properties. In this event, we might be required to remedy these violations at the affected properties at our sole cost and expense. The cost of remedial action could substantially exceed the value of affected properties. We may not have adequate remedies against the prior owner or other responsible parties and could find it difficult or impossible to sell the affected properties. These events could have an adverse effect on our financial condition and results of operations.

***Our securities portfolio performance in difficult market conditions could have adverse effects on our results of operations.***

Unrealized losses on investment securities result from changes in credit spreads and liquidity issues in the marketplace, along with changes in the credit profile of individual securities issuers. Under GAAP, we are required to review our investment portfolio periodically for the presence of impairment of our securities, taking into consideration current and future market conditions, the extent and nature of changes in fair value, issuer rating changes and trends, volatility of earnings, current analysts' evaluations, our ability and intent to hold investments until a recovery of fair value, as well as other factors. Adverse developments with respect to one or more of the foregoing factors may require us to deem particular securities to be impaired, with the credit-related portion of the reduction in the value recognized as a charge to our earnings through an allowance. Subsequent valuations, in light of factors prevailing at that time, may result in significant changes in the values of these securities in future periods. Any of these factors could require us to recognize further impairments in the value of our securities portfolio, which may have an adverse effect on our results of operations in future periods.

***The fair value of our investment securities can fluctuate due to factors outside of our control.***

Factors beyond our control can significantly influence the fair value of securities in our portfolio and can cause potential adverse changes to the fair value of these securities. These factors include, but are not limited to, rating agency actions with respect to individual securities, defaults by the issuer or with respect to the underlying securities, and changes in market interest rates and continued instability in the capital markets. For example, in 2023, inflation and rapid increases in interest rates led to a decline in the trading value of previously issued government securities with interest rates below current market interest rates. Any of these factors, among others, could cause impairments and realized and/or unrealized losses in future periods and declines in other comprehensive income, which could materially and adversely affect our business, results of operations, financial condition and prospects. The process for determining whether a security is impaired usually requires complex, subjective judgments about the future financial performance and liquidity of the issuer and any collateral underlying the security in order to assess the probability of receiving all contractual principal and interest payments on the security. Significant negative changes to valuations could result in impairments in the value of our securities portfolio, which could have an adverse effect on our financial condition or results of operations.

***Potential downgrades of U.S. government securities by one or more of the credit ratings agencies could have a material adverse effect on our operations, earnings and financial condition.***

A possible future downgrade of the sovereign credit ratings of the U.S. government and a decline in the perceived creditworthiness of U.S. government-related obligations could impact our ability to obtain funding that is collateralized by affected instruments, as well as affect the pricing of that funding when it is available. A downgrade may also adversely affect the market value of such instruments. We cannot predict if, when or how any changes to the credit ratings or perceived creditworthiness of these organizations will affect economic conditions. Such ratings actions could result in a significant adverse impact on us. Among other things, a downgrade in the U.S. government's credit rating could adversely impact the value of our securities portfolio and may trigger requirements that we post additional collateral for trades relative to these securities. A downgrade of the sovereign credit ratings of the U.S. government or the credit ratings of related institutions, agencies or instruments could significantly exacerbate the other risks to which we are subject and any related adverse effects on the business, financial condition and results of operations.

***Loss of deposits or a change in deposit mix could increase our cost of funding.***

Deposits are a low cost and stable source of funding. We compete with banks and other financial institutions for deposits. Funding costs may increase if we lose deposits and are forced to replace them with more expensive sources of funding, if clients shift their deposits into higher cost products or if we need to raise interest rates to avoid losing deposits. Higher funding costs reduce our net interest margin, net interest income and net income.

***Wholesale funding sources may prove insufficient to replace deposits at maturity and support our operations and future growth.***

We and our banking subsidiaries must maintain sufficient funds to respond to the needs of depositors and borrowers. To manage liquidity, we draw upon a number of funding sources in addition to core deposit growth and repayments and maturities of loans and investments. These sources include Federal Home Loan Bank advances, proceeds from the sale of investments and loans, and liquidity resources at the holding company. Our ability to manage liquidity will be severely constrained if we are unable to maintain access to funding or if adequate financing is not available to accommodate future growth at acceptable costs. In addition, if we are required to rely more heavily on more expensive funding sources to support future growth, our revenues may not increase proportionately to cover our costs. In this case, operating margins and profitability would be adversely affected. Turbulence in the capital and credit markets may adversely affect our liquidity and financial condition and the willingness of certain counterparties and customers to do business with us.

***Potential deterioration in the performance or financial position of the FHLB of Boston and New York might restrict our funding needs and may adversely impact our financial condition and results of operations.***

Significant components of our liquidity needs are met through our access to funding pursuant to our membership in the FHLB. The FHLB is a cooperative that provides services to its member banking institutions. The primary reason for joining the FHLB is to obtain funding. The purchase of stock in the FHLB is a requirement for a member to gain access to funding. Any deterioration in the FHLB's performance or financial condition may affect our ability to access funding and/or require us to deem the required investment in FHLB stock to be impaired. If we are not able to access funding through the FHLB, we may not be able to meet our liquidity needs, which could have an adverse effect on our results of operations or financial condition. Similarly, if we deem all or part of our investment in FHLB stock impaired, such action could have an adverse effect on our financial condition or results of operations.

***The soundness of other financial institutions could adversely affect us.***

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty and other relationships. Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. If such events were to occur again in the future and result in the receivership of financial institutions, there is no guarantee that the systemic risk exception would be invoked to allow the FDIC to complete its resolution of such financial institutions in a manner that fully protects depositors or counterparties.

We have exposure to a number of different counterparties, and we routinely execute transactions with counterparties in the financial industry, including brokers and dealers, other commercial banks, investment banks, and other financial institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty or customer. In addition, our credit risk may be exacerbated when the collateral held by us cannot be liquidated or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due to us. There is no assurance that any such losses would not materially and adversely affect our results of operations.

***Damage to our reputation could significantly harm our business, including our competitive position and business prospects.***

We are dependent on our reputation within our market area, as a trusted and responsible financial services company, for all aspects of our business with customers, employees, vendors, third-party service providers, and others, with whom we conduct business or potential future businesses. Negative public opinion about the financial services industry generally (including the types of banking and other services that we provide) or us specifically could adversely affect our reputation and our ability to keep and attract customers and employees. Our actual or perceived failure to address various issues could give rise to negative public opinion and reputational risk that could cause harm to us and our business prospects. These issues include, but are not limited to, legal and regulatory requirements; properly maintaining customer and employee personal information; record keeping; money-laundering; sales and trading practices; ethical issues; appropriately addressing potential conflicts of interest; and the proper identification of the legal, reputational, credit, liquidity and market risks inherent in our products. Failure to appropriately address any of these issues could also give rise to additional regulatory restrictions and legal risks, which could, among other consequences, increase the size and number of litigation claims and damages asserted or subject us to enforcement actions, fines and penalties and cause us to incur related costs and expenses.

The proliferation of social media websites utilized by us and other third parties, as well as the personal use of social media by our employees and others, including personal blogs and social network profiles, also may increase the risk that negative, inappropriate or unauthorized information may be posted or released publicly that could harm our reputation or have other negative consequences, including as a result of our employees interacting with our customers in an unauthorized manner in

various social media outlets. Any damage to our reputation could affect our ability to retain and develop the business relationships necessary to conduct business, which in turn could negatively impact our financial condition, results of operations, and the market price of our common stock.

***We may be unable to attract and retain qualified key employees, which could adversely affect our business prospects, including our competitive position and results of operations.***

Our success is dependent upon our ability to attract and retain highly skilled individuals. There is significant competition for those individuals with the experience and skills required to conduct many of our business activities. We may not be able to hire or retain the key personnel that we depend upon for success. The unexpected loss of services of one or more of these or other key personnel could have a material adverse impact on our business because of their skills, knowledge of the markets in which we operate, years of industry experience and the difficulty of promptly finding qualified replacement personnel. Frequently, we compete in the market for talent with entities that are not subject to comprehensive regulation, including with respect to the structure of incentive compensation. Our inability to attract new employees and retain and motivate our existing employees could adversely impact our business.

***Our ability to service our debt and pay dividends is dependent on capital distributions from our subsidiary banks, and these distributions are subject to regulatory limits and other restrictions.***

We are a legal entity that is separate and distinct from the Banks. Our revenue (on a parent company only basis) is derived primarily from dividends paid to us by the Banks. Our right, and consequently the right of our shareholders, to participate in any distribution of the assets or earnings of the Banks through the payment of such dividends or otherwise is necessarily subject to the prior claims of creditors of the Banks (including depositors), except to the extent that certain claims of ours in a creditor capacity may be recognized. It is possible, depending upon the financial condition of our subsidiary banks and other factors, that applicable regulatory authorities could assert that payment of dividends or other payments is an unsafe or unsound practice. If one or more of our subsidiary banks is unable to pay dividends to us, we may not be able to service our debt or pay dividends on our common stock. Further, our ability to pay dividends on our common stock or service our debt could be restricted if we do not maintain a capital conservation buffer of common equity Tier 1 capital. A reduction or elimination of dividends could adversely affect the market price of our common stock and would adversely affect our business, financial condition, results of operations and prospects. See Item 1, “Business-Supervision and Regulation-Dividend Restrictions” and “Business-Supervision and Regulation-Capital Adequacy and Safety and Soundness-Regulatory Capital Requirements.”

***We face continuing and growing security risks to our information base, including the information we maintain relating to our customers.***

In the ordinary course of business, we rely on electronic communications and information systems to conduct our business and to store sensitive data, including financial information regarding customers. Our electronic communications and information systems infrastructure, as well as the systems infrastructures of the vendors we use to meet our data processing and communication needs, could be susceptible to cyber-attacks, such as denial of service attacks, hacking, terrorist activities or identity theft. Financial services institutions and companies engaged in data processing have reported breaches in the security of their websites or other systems, some of which have involved sophisticated and targeted attacks intended to obtain unauthorized access to confidential information, destroy data, disable or degrade service or sabotage systems, often through the introduction of computer viruses or malware, cyber-attacks and other means. Denial of service attacks have been launched against a number of large financial services institutions. Hacking and identity theft risks, in particular, could cause serious reputational harm. Cyber threats are rapidly evolving and we may not be able to anticipate or prevent all such attacks. Although to date we have not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that we will not suffer such losses in the future. No matter how well designed or implemented our controls are, we will not be able to anticipate all security breaches of these types, and we may not be able to implement effective preventive measures against such security breaches in a timely manner. A failure or circumvention of our security systems could have a material adverse effect on our business operations and financial condition.

We regularly assess and test our security systems and disaster preparedness, including back-up systems, but the risks are substantially escalating. As a result, cyber-security and the continued enhancement of our controls and processes to protect our systems, data and networks from attacks, unauthorized access or significant damage remain a priority. Accordingly, we may be required to expend additional resources to enhance our protective measures or to investigate and remediate any information security vulnerabilities or exposures. Any breach of our system security could result in disruption of our operations, unauthorized access to confidential customer information, significant regulatory costs, litigation exposure and other possible damages, loss or liability. Such costs or losses could exceed the amount of available insurance coverage, if any, and would adversely affect our earnings. Also, any failure to prevent a security breach or to quickly and effectively deal with such a breach could negatively impact customer confidence, damaging our reputation and undermining our ability to attract and keep customers.



***We may not be able to successfully implement future information technology system enhancements, which could adversely affect our business operations and profitability.***

We invest significant resources in information technology system enhancements in order to provide functionality and security at an appropriate level. We may not be able to successfully implement and integrate future system enhancements, which could adversely impact the ability to provide timely and accurate financial information in compliance with legal and regulatory requirements, which could result in sanctions from regulatory authorities. Such sanctions could include fines and suspension of trading in our stock, among others. In addition, future system enhancements could have higher than expected costs and/or result in operating inefficiencies, which could increase the costs associated with the implementation as well as ongoing operations.

Failure to properly utilize system enhancements that are implemented in the future could result in impairment charges that adversely impact our financial condition and results of operations and could result in significant costs to remediate or replace the defective components. In addition, we may incur significant training, licensing, maintenance, consulting and amortization expenses during and after systems implementations, and any such costs may continue for an extended period of time.

***We rely on other companies to provide key components of our business infrastructure.***

Third party vendors provide key components of our business infrastructure such as internet connections, network access and core application processing. While we have selected these third party vendors carefully, we do not control them or their actions. Any problems caused by these third parties, including as a result of their not providing us their services for any reason or their performing their services poorly, could adversely affect our ability to deliver products and services to our customers or otherwise conduct our business efficiently and effectively. Replacing these third party vendors could also entail significant delay and expense.

***We may incur significant losses as a result of ineffective risk management processes and strategies.***

We seek to monitor and control our risk exposure through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational, compliance, and legal reporting systems; internal controls; management review processes; and other mechanisms. In some cases, management of our risks depends upon the use of analytical and/or forecasting tools and techniques, which, in turn, rely on assumptions and estimates. If these tools and techniques used to mitigate these risks are inadequate, or the assumption or estimates are inaccurate or otherwise flawed, we may fail to adequately protect against risks and may incur losses. While we believe that we have adopted appropriate management and compliance programs, compliance risks will continue to exist, particularly as we anticipate and adapt to new and evolving laws, rules and regulations and evolving interpretations by regulatory authorities. In addition there may be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated, which could lead to unexpected losses and our results of operations or financial condition could be materially adversely affected.

***Our internal controls, procedures and policies may fail or be circumvented.***

Management regularly reviews and updates our internal controls, disclosure controls and procedures, and corporate governance policies and procedures. Any system of controls, however well-designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of the controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations and financial condition.

***Natural disasters, acts of terrorism, future pandemics and other external events could harm our business.***

Natural disasters can disrupt our operations, result in damage to our properties, reduce or destroy the value of the collateral for our loans and negatively affect the economies in which we operate, which could have a material adverse effect on our results of operations and financial condition. A significant natural disaster, such as a tornado, hurricane, earthquake, fire or flood, could have a material adverse impact on our ability to conduct business, and our insurance coverage may be insufficient to compensate for losses that may occur. Acts of terrorism, war, civil unrest or future pandemics could cause disruptions to our business or the economy as a whole. While we have established and regularly test disaster recovery procedures, the occurrence of any such event could have a material adverse effect on our business, operations and financial condition.

***Our financial statements are based in part on assumptions and estimates, which, if wrong, could cause unexpected losses in the future.***

Pursuant to U.S. GAAP, we are required to use certain assumptions and estimates in preparing our financial statements, including in determining loan loss and litigation reserves, goodwill impairment and the fair value of certain assets and liabilities, among other items. If assumptions or estimates underlying our financial statements are incorrect, we may experience

material losses. See the "Critical Accounting Policies" section in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

***Changes in accounting standards can be difficult to predict and can materially impact how we record and report our financial condition and results of operations.***

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. From time to time, the Financial Accounting Standards Board, or "FASB", changes the financial accounting and reporting principles that govern the preparation of our financial statements. These changes can be hard to anticipate and implement, and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in our restating prior period financial statements. Additionally, significant changes to accounting standards may require costly technology changes, additional training and personnel, and other expense that will negatively impact our results of operations.

***Changes in tax laws and regulations and differences in interpretation of tax laws and regulations may adversely impact our financial statements.***

From time to time, local, state or federal tax authorities change tax laws and regulations, which may result in a decrease or increase to our net deferred tax assets. Local, state or federal tax authorities may interpret tax laws and regulations differently than we do and challenge tax positions that we have taken on tax returns. This may result in differences in the treatment of revenues, deductions, credits and/or differences in the timing of these items. The differences in treatment may result in payment of additional taxes, interest or penalties that could have a material adverse effect on our results.

***Future capital offerings may adversely affect the market price of our common stock.***

In the future, we may attempt to increase our capital resources or, if our banking subsidiaries' capital ratios fall below required minimums, we could be forced to raise additional capital by making additional offerings of debt, common or preferred stock, trust preferred securities, and senior or subordinated notes. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings will receive distributions of our available assets prior to the holders of our common stock. Additional equity offerings may dilute the holdings of our existing stockholders or reduce the market price of our common stock, or both. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Moreover, we cannot assure you that such capital will be available to us on acceptable terms or at all. Our inability to raise sufficient additional capital on acceptable terms when needed could adversely affect our businesses, financial condition and results of operations.

***The market price and trading volume of our common stock may be volatile.***

The market price of our common stock may be volatile. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock include:

- quarterly variations in our operating results or the quality of our assets;
- operating results that vary from the expectations of management, securities analysts and investors;
- changes in expectations as to our future financial performance;
- announcements of innovations, new products, strategic developments, significant contracts, acquisitions and other material events by us or our competitors;
- the operating and securities price performance of other companies that investors believe are comparable to us;
- our past and future dividend practices;
- future sales of our equity or equity-related securities; and
- changes in global financial markets and global economies and general market conditions, such as interest rates, stock, commodity or real estate valuations or volatility.

***We may be required to write down goodwill and other acquisition-related identifiable intangible assets.***

When we acquire a business, a portion of the purchase price of the acquisition may be allocated to goodwill and other identifiable intangible assets. The excess of the purchase price over the fair value of the net identifiable tangible and intangible



assets acquired determines the amount of the purchase price that is allocated to goodwill acquired. As of December 31, 2024, goodwill and other identifiable intangible assets were \$258.7 million. Under current accounting guidance, if we determine that goodwill or intangible assets are impaired, we would be required to write down the value of these assets. We conduct an annual review to determine whether goodwill and other identifiable intangible assets are impaired. We conduct a quarterly review for indicators of impairment of goodwill and other identifiable intangible assets. Our management recently completed these reviews and concluded that no impairment charge was necessary for the year ended December 31, 2024. We cannot provide assurance whether we will be required to take an impairment charge in the future. Any impairment charge would have a negative effect on stockholders' equity and financial results and may cause a decline in our stock price.

## **RISKS RELATED TO OUR REGULATORY ENVIRONMENT**

***We operate in a highly regulated industry, and laws and regulations, or changes in them, could limit or restrict our activities and could have a material adverse effect on our operations.***

We and our banking subsidiaries are subject to extensive state and federal regulation and supervision. Federal and state laws and regulations govern numerous matters affecting us, including changes in the ownership or control of banks and bank holding companies, maintenance of adequate capital and the financial condition of a financial institution, permissible types, amounts and terms of extensions of credit and investments, permissible non-banking activities, the level of reserves against deposits and restrictions on dividend payments. The FRB and the state banking regulators have the power to issue cease and desist orders to prevent or remedy unsafe or unsound practices or violations of law by banks subject to their regulation, and the FRB possesses similar powers with respect to bank holding companies. Further, we expect to become subject to future laws, rules and regulations beyond those currently proposed, adopted or contemplated in the U.S., as well as evolving interpretations of existing and future laws, rules and regulations. These and other restrictions limit the manner in which we and our banking subsidiaries may conduct business and obtain financing.

The laws, rules, regulations, and supervisory guidance and policies applicable to us are subject to regular modification and change. These changes could, among other things, subject us to additional costs, including costs of compliance; limit the types of financial services and products we may offer; and/or increase the ability of non-banks to offer competing financial services and products. Failure to comply with laws, regulations, policies, or supervisory guidance could result in enforcement and other legal actions by federal or state authorities, including criminal and civil penalties, the loss of FDIC insurance, revocation of a banking charter, other sanctions by regulatory agencies, civil money penalties, and/or reputational damage, which could have a material adverse effect on our business, financial condition, and results of operations. See the "Supervision and Regulation" section of Item 1, "Business."

***We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.***

The CRA, the Equal Credit Opportunity Act, the Fair Housing Act, and other fair lending laws and regulations impose community investment and nondiscriminatory lending requirements on financial institutions. The CFPB, the Department of Justice and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution's performance under the CRA, the Equal Credit Opportunity Act, the Fair Housing Act or other fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions, restrictions on expansion and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Such actions could have a material adverse effect on our business, financial condition and results of operations.

***We may become subject to enforcements actions even though noncompliance was inadvertent or unintentional.***

The financial services industry is subject to intense scrutiny from bank supervisors in the examination process and aggressive enforcement of federal and state regulations, particularly with respect to mortgage-related practices and other consumer compliance matters, and compliance with anti-money laundering, BSA and OFAC regulations, and economic sanctions against certain foreign countries and nationals. Enforcement actions may be initiated for violations of laws and regulations and unsafe or unsound practices. We maintain systems and procedures designed to ensure that we comply with applicable laws and regulations; however, some legal/regulatory frameworks provide for the imposition of fines or penalties for noncompliance even though the noncompliance was inadvertent or unintentional and even though there was in place at the time systems and procedures designed to ensure compliance. Failure to comply with these and other regulations, and supervisory expectations related thereto, may result in fines, penalties, lawsuits, regulatory sanctions, reputation damage, or restrictions on our business.

***We face significant legal risks, both from regulatory investigations and proceedings and from private actions brought against us.***

As a participant in the financial services industry, many aspects of our business involve substantial risk of legal liability. From time to time, customers and others make claims and take legal action pertaining to the performance of our responsibilities. Whether customer claims and legal action related to the performance of our responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to us, they may result in significant expenses, attention from management and financial liability. Any financial liability or reputational damage could have a material adverse effect on our business, which, in turn, could have a material adverse effect on our financial condition and results of operations. There is no assurance that litigation with private parties will not increase in the future. Actions currently pending against us may result in judgments, settlements, fines, penalties or other results adverse to us, which could materially adversely affect our business, financial condition or results of operations, or cause serious reputational harm to us.

***The FRB may require us to commit capital resources to support the Banks.***

Federal law requires that a holding company act as a source of financial and managerial strength to its subsidiary bank and to commit resources to support such subsidiary bank. Under the “source of strength” doctrine, the FRB may require a holding company to make capital injections into a troubled subsidiary bank and may charge the holding company with engaging in unsafe and unsound practices for failure to commit resources to a subsidiary bank. A capital injection may be required at times when the holding company may not have the resources to provide it and therefore may require the holding company to borrow the funds or raise capital. Any loans by a holding company to its subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In the event of a holding company’s bankruptcy, the bankruptcy trustee will assume any commitment by the holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank. Moreover, bankruptcy law provides that claims based on any such commitment will be entitled to a priority of payment over the claims of the institution’s general unsecured creditors, including the holders of its note obligations. Thus, any borrowing that must be done by us to make a required capital injection becomes more difficult and expensive and could have an adverse effect on our business, financial condition and results of operations.

***We are subject to stringent capital requirements which may adversely impact return on equity, require additional capital raises, or limit the ability to pay dividends or repurchase shares.***

Federal regulations establish minimum capital requirements for insured depository institutions, including minimum risk-based capital and leverage ratios, and define “capital” for calculating these ratios. The minimum capital requirements are: (i) a common equity Tier 1 capital ratio of 4.5%; (ii) a Tier 1 to risk-based assets capital ratio of 6%; (iii) a total capital ratio of 8%; and (iv) a Tier 1 leverage ratio of 4%. The regulations also establish a “capital conservation buffer” of 2.5%, which if complied will result in the following minimum ratios: (i) a common equity Tier 1 capital ratio of 7.0%; (ii) a Tier 1 to risk-based assets capital ratio of 8.5%; and (iii) a total capital ratio of 10.5%. An institution will be subject to limitations on paying dividends, engaging in share repurchases and paying discretionary bonuses if its capital level falls below the capital conservation buffer amount. The application of these capital requirements could, among other things, require us to maintain higher capital resulting in lower returns on equity, and we may be required to obtain additional capital to comply or result in regulatory actions if we are unable to comply with such requirements. See Item 1, “Business-Supervision and Regulation-Capital Adequacy and Safety and Soundness-Regulatory Capital Requirements.”

**RISKS RELATED TO OUR PROPOSED MERGER WITH BERKSHIRE**

***The need for regulatory approvals may delay the date of completion of the Merger or may diminish the benefits of the Merger.***

Approvals of certain regulatory agencies are required before completing the Merger. Satisfying any requirements of these regulatory agencies may delay the date of completion of the Merger. The requisite regulatory approvals may not be received at all (in which case the Merger could not be completed), may not be received in a timely fashion, or may contain conditions or restrictions on completion of the Merger that cannot be satisfied. In addition, any conditions or restrictions imposed could have the effect of imposing additional costs on or limiting the revenues of the combined company following the Merger, which might have an adverse effect on the combined company following the Merger. Further, it is possible that, among other things, restrictions on the combined operations of the two companies, including divestitures, may be sought by governmental agencies as a condition to obtaining the required regulatory approvals. This may diminish the benefits of the Merger to the combined company or otherwise have an adverse effect on the combined company following the Merger.

***Litigation against us, or the members of our board of directors, could prevent or delay the completion of the Merger.***

Our stockholders may file lawsuits against the Company and/or our board of directors in connection with the Merger. Such legal proceedings could delay or prevent the Merger from being completed in a timely manner. The existence of litigation related to the Merger could affect the likelihood of obtaining the required regulatory and stockholders approvals. Moreover, any litigation could be time-consuming and expensive and could divert our management's attention away from their regular business and their focus on a successful integration of the two companies. Any lawsuit adversely resolved against the Company or members of our board of directors could have a material adverse effect on our business, financial condition and results of operations.

Moreover, one of the conditions to the completion of the Merger is the absence of any restraining order, injunction or decree issued by a court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger, and that no governmental authority or regulatory authority of competent jurisdiction shall have enacted, promulgated or enforced any statute, rule, regulation, judgment, decree, injunction or other order prohibiting consummation of the transactions contemplated by the Merger Agreement or making the Merger illegal. Consequently, if a settlement or other resolution is not reached in any lawsuit that is filed or any regulatory proceeding and a claimant secures injunctive or other relief or a governmental authority issues an order or other directive restricting, prohibiting or making illegal the consummation of the transactions contemplated by the Merger Agreement (including the Merger), then such injunctive or other relief may prevent the Merger from becoming effective in a timely manner or at all.

***We will be subject to business uncertainties and contractual restrictions while the Merger is pending.***

Uncertainty about the effect of the Merger on employees and customers may have an adverse effect on the Company. These uncertainties may impair our ability to attract, retain and motivate key personnel until the Merger is completed, and could cause customers and others who deal with the Company to seek to change existing business relationships with us. In addition, the Merger Agreement requires that we conduct our business in the ordinary course of business consistent with past practice and restricts us from taking certain actions prior to the effective time or termination of the Merger Agreement without Berkshire's consent in writing. These restrictions may prevent us from pursuing attractive business opportunities that may arise prior to the completion of the Merger.

***The announcement of the proposed Merger could disrupt our relationships with our customers, suppliers, business partners and others, as well as their operating results and businesses generally.***

Whether or not the Merger is ultimately consummated, as a result of uncertainty related to the Merger, risks relating to the impact of the announcement of the merger on our business includes the following:

- our employees may experience uncertainty about their future roles, which might adversely affect our ability to retain and hire key personnel and other employees;
- customers, suppliers, business partners and other parties with which we maintain business relationships may experience uncertainty about their respective futures and seek alternative relationships with third parties, seek to alter their business relationships with us or fail to extend an existing relationship with us; and
- We have expended and will continue to expend significant costs, fees and expenses for professional services and transaction costs in connection with the proposed Merger.

If any of the aforementioned risks were to materialize, they could lead to significant costs which may impact each party's results of operations and financial condition.

***The Merger Agreement limits our ability to pursue alternatives to the Merger and may discourage other companies from trying to acquire us.***

The Merger Agreement contains "no shop" covenants that restrict our ability to, directly or indirectly, among other things initiate, solicit, knowingly encourage or knowingly facilitate, inquiries or proposals with respect to, or, subject to certain exceptions generally related to the exercise of fiduciary duties by our board of directors, engage in any negotiations concerning, or provide any confidential or non-public information or data relating to, any alternative acquisition proposals. These provisions, which include a \$45.0 million termination fee payable under certain circumstances, may discourage a potential third-party acquirer that might have an interest in acquiring all or a significant part of the Company from considering or making that acquisition proposal. If the Merger Agreement is terminated in certain circumstances, a termination fee of \$45.0 million will be payable by either Company or Berkshire, as applicable.

***The combined company will incur significant transaction and merger-related costs in connection with the Merger.***

We and Berkshire will incur costs to combine the operations of the two companies. We and Berkshire are collecting information to formulate detailed integration plans to deliver planned synergies. Additional unanticipated costs may be incurred in the integration of our business and Berkshire's business. Whether or not the Merger is consummated, we will incur substantial expenses, such as legal, accounting, printing and financial advisory fees, in pursuing the Merger. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transactions and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

***If the Merger is not completed, we will have incurred substantial expenses without our stockholders realizing the expected benefits of the Merger.***

We have incurred and will incur further substantial expenses in connection with the Merger, which are charged to earnings as incurred. These costs include legal, financial advisory, accounting, consulting and other advisory fees, severance/employee benefit-related costs, public company filing fees and other regulatory fees, financial printing and other printing costs and other related costs. If the Merger is not completed, these expenses will still be charged to earnings even though we would not have realized the expected benefits of the Merger. There can be no assurance that the Merger will be completed.

***The Company and Berkshire may not be able to successfully integrate the two companies or to realize the anticipated benefits of the Merger.***

The Merger involves the combination of two companies that previously have operated independently. A successful combination of the operations of the two entities will depend substantially on our ability to consolidate cultures, personnel, operations, systems and procedures and to eliminate redundancies and reduce costs of the combined operations. The combined company may not be able to combine our operations with the operations of Berkshire without encountering difficulties, such as:

- the loss of key employees and customers;
- the disruption of operations and business;
- the inability to maintain and increase competitive presence;
- those associated with entering a new geographic market;
- deposit attrition, customer loss and revenue loss;
- possible inconsistencies in standards, control procedures and policies;
- unexpected problems with costs, operations, personnel, technology and credit; and/or
- problems with the assimilation of new operations, sites or personnel, which could divert resources from regular banking operations.

Additionally, general market and economic conditions or governmental actions affecting the financial industry generally may inhibit the successful integration of the two companies.

We entered into the Merger Agreement with the expectation that the Merger will result in various benefits including, among other things, enhanced revenues, a strengthened market position for the combined company, cross selling opportunities, improved technology, cost savings and operating efficiencies. Achieving the anticipated benefits of the Merger is subject to a number of uncertainties, including whether the Company and Berkshire integrate in an efficient and effective manner, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could materially adversely impact our business, financial condition and operating results. Finally, any cost savings that are realized may be offset by losses in revenues or other charges to earnings.

***The Merger Agreement may be terminated in accordance with its terms, and the Merger may not be completed.***

The Merger Agreement is subject to a number of conditions that must be fulfilled to complete the Merger. Those conditions include, among others, certain regulatory and stockholder approvals, the absence of orders prohibiting the completion of the Merger, the effectiveness of a registration statement to be filed by Berkshire, which will include a joint proxy statement/prospectus, the continued accuracy of the representations and warranties by both parties, the performance by both parties of their covenants and agreements, and the receipt by both parties of legal opinions from their respective tax counsels. Any of these conditions to closing of the Merger may not be fulfilled, and as a result the Merger may not be completed.

***The future results of the combined company following the Merger may suffer if the combined company does not effectively manage its expanded operations.***

Following the Merger, the size of the business of the combined company will increase beyond the current size of either the Company's or Berkshire's business. The combined company's future success will depend, in part, upon its ability to manage this expanded business, which may pose challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. The combined company may also face increased scrutiny from governmental authorities as a result of the increased size of its business. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, revenue enhancement or other benefits currently anticipated from the Merger.

The results of operations of the combined company and the market price of the combined company's common stock after the completion of the Merger may be affected by factors different from those currently affecting the independent results of operations of each of the Company and Berkshire. In addition, the issuance of shares of the Company's common stock in the Merger could depress the market price for the combined company's common stock. For example, some of our stockholders may decide not to hold the shares of the combined company's common stock they receive as a result of the Merger. Other Company stockholders, such as funds with limitations on their permitted holdings of stock in individual issuers, may be required to sell the shares of the combined company's common stock they receive as a result of the Merger. Any such sales of the combined company's common stock could depress the market price for the combined company's common stock.

***Current holders of the our common stock will have a significantly reduced ownership and voting interest in the combined company after the Merger and will therefore have less voting influence over the combined company.***

In the Merger, each of our stockholders will become a holder of common stock of the combined company. Upon completion of the Merger, we estimate that the Company's stockholders will collectively own approximately 45% and Berkshire's stockholders as of immediately before the Merger will own approximately 51% of the outstanding shares of common stock of the combined company (in each case, on an as-converted and fully diluted basis and without regard to the fact that immediately before the Merger, certain holders may own both Company and Berkshire stock), and investors in new shares from Berkshire's private placement will own approximately 4% of the outstanding shares of the combined company. As a result, the Company's current stockholders will have less voting influence on the combined company and may have less influence on its management and policies than they now have over the Company.

***Because the market price of Berkshire's common stock may fluctuate, our stockholders cannot be certain of the precise value of the merger consideration they may receive in our proposed Merger with Berkshire.***

At the time the Merger is completed, each issued and outstanding share of our common stock will be converted into the right to receive a combination of 0.42 shares of Berkshire's common stock. There will be a time lapse between each of the date of the proxy statement/prospectus for the special stockholders' meetings to approve the Merger Agreement and the issuance of the merger consideration, the date on which our and Berkshire's stockholders vote to approve the Merger Agreement (with regard to the Company) and the issuance of the merger consideration (with regard to Berkshire), and the date on which our stockholders entitled to receive shares of Berkshire's common stock actually receive such shares. The market value of Berkshire's common stock may fluctuate during these periods as a result of a variety of factors, including general market and economic conditions, changes in Berkshire's and our businesses, operations and prospects, the volatility in the prices of securities in global financial markets and regulatory considerations. Many of these factors are outside of both our and Berkshire's control. The actual value of the shares of Berkshire's common stock received by our stockholders will depend on the market value of shares of Berkshire's common stock at the time the Merger is completed.

#### **Item 1B. Unresolved Staff Comments**

None.

#### **Item 1C. Cybersecurity**

As a financial services company, we face cybersecurity risks and threats, and our customers, suppliers, and third-party service providers face cybersecurity risks and threats. As part of the operation of our business, the Company uses, stores, and processes data for our customers, employees, partners, and suppliers. A cybersecurity incident impacting any of these entities could materially adversely affect our operations, performance, or results of operations. In addition, as a financial services company we are subject to extensive regulatory compliance requirements, including those established by the FRB, MDOB, RIDBR, and NYDFS. To address these risks and regulatory requirements, the Company implemented the Program that is designed to identify, assess and mitigate risks from cybersecurity threats to the data and our systems. The Program adheres to regulatory requirements and the tenets of the FFIEC handbook and the NIST Cybersecurity Framework.

## Risk Management Oversight and Governance

Our CISO, assisted by our Information Security team, has primary responsibility for assessing and managing the Program and reporting on cybersecurity matters to the Company's Board of Directors and members of executive management. Our CISO has extensive experience managing information technology systems and information security systems, previously served as the Company's Chief Information Officer, and holds the Certified Information Systems Security Professional ("CISSP") and Certified Information Security Manager ("CISM") certifications. Our CISO regularly updates members of executive management on developments surrounding cybersecurity. The CISO reports to the Risk Committee of the Board of Directors and provides regular reports to the Board of Directors and Risk Committee on emerging cybersecurity issues and the Company's cybersecurity infrastructure.

Our Program is overseen by the Company's Board of Directors, which has delegated certain responsibilities to the Audit Committee and the Risk Committee. The Chairs of the Audit Committee and Risk Committee, in turn, report to the Board of Directors a summary of the presentations they have received relative to the Program. The Board of Directors oversees management's processes for identifying and mitigating risks, including cyber risks, to assist in the alignment of our risk exposure with our overall strategic business objectives. The Board of Directors has also engaged an experienced information security advisor to assist them with cybersecurity and data privacy oversight responsibilities. This advisor provides the Board of Directors with independent updates on external market cybersecurity threats and emerging risks on a regular basis.

The Risk Committee, Audit Committee, and the Board of Directors are active in understanding and evaluating cybersecurity risks. The Risk Committee receives and reviews a quarterly Enterprise Risk Management ("ERM") report from the Chief Risk Officer that is the cumulation of a process that involves discussions with leaders across the Company and incorporates a number of enterprise risk factors, including those related to cybersecurity threats. The Audit Committee receives the results of internal and external penetration testing as well as any other audits applicable to the Company's information security programs. The Audit Committee actively engages management in discussions surrounding the outcome of these audits.

At least annually, the Board of Directors receives a report from the CISO covering the Company's information security program. This report includes a review of enhancements to the Company's programs, a discussion of management's actions to identify and detect threats and planned action steps in the event of an incident, and an overview of employee training and engagement efforts. In addition, separately, on at least an annual basis, the Board of Directors receives updates from the CISO on the Company's Incident Response Plan, which outlines steps to be followed in the event of an incident including detection, mitigation, recovery, and notification (including notification to senior management, the Board of Directors, and functional business areas), and remediation.

## Cybersecurity Risk Management Program

The Program is designed to identify, assess, manage, mitigate, and respond to cyber threats with the goal of preventing cybersecurity incidents to the extent feasible, while also increasing our system resilience to minimize business disruption in the event we experience a cyber event. Our program is structured to be nimble and adaptable to changes in cybersecurity threats over time and to respond to emerging threats in a timely and efficient manner. Our Program consists of a layered cybersecurity approach and is incorporated into our overall ERM program.

Our Information Security team, led by our CISO, is responsible for monitoring our information systems for vulnerabilities and mitigating any issues. The Information Security team works collaboratively across the Company to understand the potential impacts of a cybersecurity incident and prioritize mitigation and other measures based on, among other things, the materiality to our business. The Information Security team has established processes designed to monitor threats in the cybersecurity landscape which include interacting with intelligence networks, working with researchers, discussions with peers at other companies, monitoring social media, reviewing government alerts and other news items and attending industry specific security conferences and trainings. The team regularly monitors our internal network and customer-facing network to identify any security issues. In addition, the Company augments the team's monitoring via the engagement of external vendors who provide continuous threat monitoring services of the Company's environment.

As part of our assessment of the risks to our Company, the Information Security team conducts annual cybersecurity risk assessments to evaluate the inherent risk of our applications and the strength of our controls, and identify the residual risk for each application. In addition, we conduct regular reviews and testing of critical network and application systems to monitor their security. We have adopted internal Company-wide Information Technology and Information Security policies which are reviewed and updated annually and approved by our Board of Directors. Our employees and the Board of Directors attend annual trainings that are designed to raise awareness about cybersecurity threats, reduce our vulnerability, and encourage consideration of cybersecurity threats across the Company. Additional trainings are required for employees in certain roles; these additional trainings are tailored to the employees' specific duties.

We regularly review and update our investments in information technology security to identify and protect critical assets, provide monitoring and alerts, and, as needed, engage third-party experts. To assess the effectiveness of our Program, we have engaged consultants to conduct penetration testing and other vulnerability assessments. Additionally, our Internal Audit department and external auditors conduct assessments of different systems to provide the Audit Committee with information on our risk management processes, including cybersecurity risk management. We also test our defenses internally and conduct regular cybersecurity simulations and tabletop exercises with members of executive management present. These tests and assessments provide useful insights into the strengths and weaknesses of our cybersecurity framework.

Our cybersecurity framework is designed to protect our customers, employees, investors, and our intellectual property. Before purchasing third-party technology or other solutions that could expose the Company's assets and electronic information, our Information Security and Information Technology teams complete security reviews on the vendors. We also conduct ongoing reviews of cybersecurity risks associated with our third-party service providers. As part of the Company's Vendor Management Program, annual reviews are conducted for certain third-party vendors. Members of our Information Security team work with our Vendor Management team to review SOC 1 or SOC 2 reports. In the event a third-party vendor is unable to provide either a SOC 1 or SOC 2 report, this group conducts additional reviews to assess the cybersecurity preparedness of the specific vendor. This assessment of the risks associated with the use of third-party service providers is part of our overall vendor management and cybersecurity risk management framework.

Our Company faces a number of cybersecurity risks in connection with the operation of our business which could have a material adverse effect on our business financial condition, results of operations, cash flows, or reputation. Although, to date, such risks have not materially affected us, we have, from time to time, experienced threats and breaches to our data and systems. For more information about the cybersecurity risks we face, see the risk factors entitled "*We face continuing and growing security risks to our information base, including the information we maintain relating to our customers.*" and "*We rely on other companies to provide key components of our business infrastructure.*" in Item 1A- Risk Factors.

## **Item 2. Properties**

The Company's executive administration offices are located at 131 Clarendon Street, Boston, Massachusetts, which is owned by Brookline Bank, as well as its corporate operations center in Lincoln, Rhode Island, which is owned by BankRI, with other administrative and operations functions performed at several different locations. Clarendon Private conducts its business from a portion of the Company's executive administration offices which it leases.

Brookline Bank conducts its business from 27 banking offices, six of which are owned and 21 of which are leased. Brookline Bank's main banking office is leased and located in Brookline, Massachusetts. Brookline Bank also has three additional lending offices and one remote ATM location, all of which are leased. Eastern Funding conducts its business from leased premises in New York City, New York, in Melville, New York, and in Plainview, New York.

BankRI conducts its business from 22 banking offices, six of which are owned and 16 of which are leased. BankRI's main banking office is leased and located in Providence, Rhode Island. BankRI also has two remote ATM locations, all of which are leased.

PCSB Bank conducts its business from 14 banking offices, four of which are owned and 10 of which are leased. PCSB bank's main banking office is leased and located in Yorktown Heights, New York.

Refer to Note 13, "Commitments and Contingencies," to the consolidated financial statements for information regarding the Company's lease commitments as of December 31, 2024.

## **Item 3. Legal Proceedings**

During the fiscal year ended December 31, 2024, the Company was not involved in any legal proceedings other than routine legal proceedings occurring in the ordinary course of business. Management believes that those routine legal proceedings involve, in the aggregate, amounts that are immaterial to the Company's financial condition and results of operations.

## **Item 4. Mine Safety Disclosures**

Not applicable.



## PART II

### Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

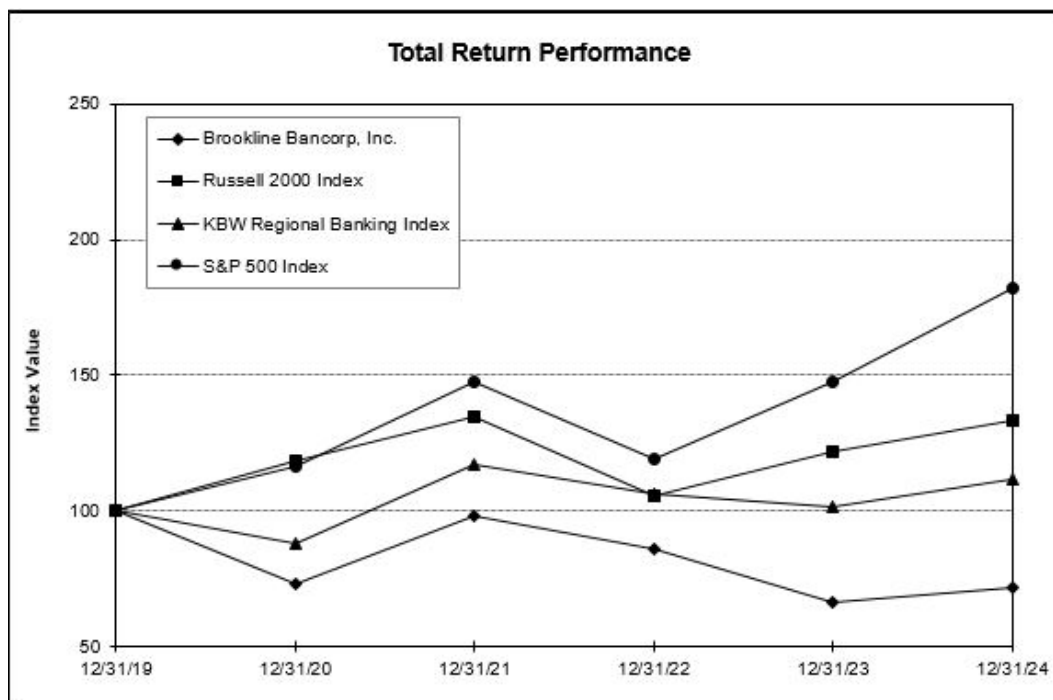
- (a) The common stock of the Company is traded on Nasdaq under the symbol BRKL. The number of registered holders of common stock as of March 3, 2025 was 2,583. The Company currently pays quarterly cash dividends in the amount of \$0.135 per share. The Company expects comparable cash dividends will be paid in the future.

#### Equity Compensation Plan Information

Refer to Note 20, "Employee Benefit Plans" for a discussion of the Company's equity compensation plans.

#### Five-Year Performance Comparison

The following graph compares total shareholder return on the Company's common stock over the last five years with the S&P 500 Index, the Russell 2000 Index and the KBW Regional Banking Index. Index values are as of December 31 of each of the indicated years.



Index	At December 31,					
	2019	2020	2021	2022	2023	2024
Brookline Bancorp, Inc.	100.00	73.15	98.36	85.97	66.28	71.69
Russell 2000 Index	100.00	118.36	134.57	105.56	121.49	133.66
KBW Regional Banking Index	100.00	87.90	117.08	106.01	101.77	111.52
S&P 500 Index	100.00	116.26	147.52	118.84	147.64	182.05

The graph assumes \$100 invested on December 31, 2019 in each of the Company's common stock, the S&P 500 Index, the Russell 2000 Index and the KBW Regional Banking Index. The graph also assumes reinvestment of all dividends.

- (b) Not applicable.
- (c) Not applicable.



**Item 6. [Reserved]**

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Introduction**

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

As a commercially-focused financial institution with 63 full-service banking offices throughout Greater Boston, Rhode Island and New York, the Company, through the Banks offers a wide range of commercial, business and retail banking services, including a full complement of cash management products, foreign exchange services, on-line and mobile banking services, consumer and residential loans and investment advisory services, designed to meet the financial needs of small- to mid-sized businesses and individuals throughout central New England and the Lower Hudson Valley in New York. The Banks and their subsidiaries lend primarily in all New England states and New York, with the exception of equipment financing, 29.5% of which is in the greater New York and New Jersey metropolitan area and 70.5% of which is in other areas in the United States of America as of December 31, 2024. Clarendon Private is a registered investment advisor with the SEC. Through Clarendon Private, the Company offers a wide range of wealth management services to individuals, families, endowments and foundations to help these clients meet their long-term financial goals.

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

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

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

As the interest rate environment resets to a more normal, upward-sloping yield curve with shorter-term interest rates lower than longer-term interest rates, management expects net interest margin to increase. This is due to deposit and wholesale funding costs repricing, while legacy loans do not reprice down with the same magnitude.

However, if both short- and long-term interest rates 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 parallel decrease in rates will 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 higher, which if that continues in the future would have a more neutral or positive impact on 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's common stock is traded on the Nasdaq Global Select Market<sup>SM</sup> under the symbol "BRKL."

**Executive Overview**

***Balance Sheet***

Total assets increased \$0.5 billion, or 4.6%, to \$11.9 billion as of December 31, 2024 from \$11.4 billion as of December 31, 2023. The increase was primarily driven by cash and cash equivalents, and loans and leases.

Cash and cash equivalents increased \$410.6 million, or 308.7%, to \$543.7 million as of December 31, 2024 from \$133.0 million as of December 31, 2023.

Total loans and leases increased \$137.7 million, or 1.4%, to \$9.8 billion as of December 31, 2024 from \$9.6 billion as of December 31, 2023. The Company's commercial loan portfolios, which are comprised of commercial real estate loans and commercial loans and leases, totaled \$8.2 billion, or 84.1% of total loans and leases as of December 31, 2024, an increase of \$58.6 million, or 0.7%, from \$8.2 billion, or 84.7% of total loans and leases, as of December 31, 2023.

Total deposits increased \$353.5 million, or 4.1%, to \$8.9 billion as of December 31, 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 69.1% of total deposits, as of December 31, 2024, an increase of \$55.2 million, or 0.9%, from \$6.1 billion, or 71.3% of total deposits, as of December 31, 2023. Certificate of deposit balances totaled \$1.9 billion, or 21.2% of total deposits, as of December 31, 2024, an increase of \$310.6 million, or 19.7%, from \$1.6 billion, or 18.4% of total deposits, as of December 31, 2023. Brokered deposit balances totaled \$0.9 billion, or 9.8% of total deposits as of December 31, 2024, a decrease of \$12.2 million, or 1.4%, from \$0.9 billion, or 10.3% of total deposits, as of December 31, 2023.

Total borrowed funds increased \$143.2 million, or 10.4%, to \$1.5 billion as of December 31, 2024 from \$1.4 billion as of December 31, 2023.

### ***Asset Quality***

Nonperforming assets as of December 31, 2024 totaled \$70.5 million, or 0.59% of total assets, compared to \$45.3 million, or 0.40% of total assets, as of December 31, 2023. Total net charge-offs for the year ended December 31, 2024 were \$28.2 million, or 0.29% of average loans and leases, compared to \$19.7 million, or 0.21% of average loans and leases, for the year ended December 31, 2023. The increase of \$25.2 million in nonperforming assets was primarily driven by increases of \$16.5 million in nonperforming equipment financing loans, \$10.8 million in nonperforming commercial loans, \$6.6 million in nonperforming multi-family loans, respectively, offset by a decrease of \$8.1 million in nonperforming commercial real estate loans during the year ended December 31, 2024.

The ratio of the allowance for loan and lease losses to total loans and leases was 1.28% as of December 31, 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 180.37% as of December 31, 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 10.46% as of December 31, 2024, compared to 10.25% as of December 31, 2023. The Company's Tier 1 leverage ratio was 9.06% as of December 31, 2024, compared to 9.02% as of December 31, 2023. As of December 31, 2024, the Company's Tier 1 risk-based ratio was 10.56%, compared to 10.35% as of December 31, 2023. The Company's total risk-based ratio was 12.42% as of December 31, 2024, compared to 12.37% as of December 31, 2023.

The Company's ratio of stockholders' equity to total assets was 10.26% and 10.53% as of December 31, 2024 and December 31, 2023, respectively. The Company's tangible equity ratio was 8.27% and 8.39% as of December 31, 2024 and December 31, 2023, respectively.

### ***Net Income***

For the year ended December 31, 2024, the Company reported net income of \$68.7 million, or \$0.77 per basic and diluted share, a decrease of \$6.3 million, or 8.4%, from \$75.0 million, or \$0.85 per basic and diluted share for the year ended December 31, 2023. The decrease in net income is primarily the result of a decrease in net interest income of \$10.1 million, a decrease in non-interest income of \$6.3 million, an increase in the provision for income taxes of \$4.1 million, and an increase in non-interest expense of \$2.3 million, partially offset by a decrease in the provision for credit losses on loans of \$15.9 million and a decrease in provision for investment losses of \$0.7 million.

The return on average assets was 0.60% for the year ended December 31, 2024, compared to 0.67% for the year ended December 31, 2023. The return on average stockholders' equity was 5.67% for the year ended December 31, 2024, compared to 6.42% for the year ended December 31, 2023.

Net interest margin was 3.06% for the year ended December 31, 2024, down from 3.24% for the year ended December 31, 2023. The decrease in net interest margin is a result of an increase of 59 basis points in the Company's cost of interest bearing

liabilities to 3.59% in 2024 from 3.00% in 2023, partially offset by an increase in the yield on interest-earning assets of 33 basis points to 5.83% in 2024 from 5.50% in 2023.

Results for 2024 included a provision for credit losses of \$22.0 million, as discussed in the *"Allowance for Credit Losses—Allowance for Loan and Lease Losses"* section below.

Non-interest income decreased \$6.3 million to \$25.6 million for the year ended December 31, 2024 from \$31.9 million for the year ended December 31, 2023. Several factors contributed to the year over year decrease, including decreases of \$2.2 million in loan level derivative income, net, \$1.7 million in gain on sales of investment securities, net, \$1.6 million in gain on sales of loans and leases, and \$1.1 million in deposit fees, partially offset by an increase of \$0.4 million in loan fees.

Non-interest expense increased \$2.3 million to \$241.9 million for the year ended December 31, 2024 from \$239.5 million for the year ended December 31, 2023. The increase was largely attributable to increases of \$4.8 million in compensation and employee benefits expense, \$1.9 million in occupancy expense, \$0.5 million in advertising and marketing expense, and \$0.4 million in equipment and data processing expense, partially offset by decreases of \$3.2 million in merger and restructuring expense, \$1.1 million in amortization of identified intangible assets, and \$1.0 million in other non-interest expense.

### **Critical Accounting Policies and Estimates**

The accounting policies described below are considered critical to understanding the Company's financial condition and operating results. Such accounting policies are considered to be especially important because they involve a higher degree of complexity and require management to make difficult and subjective judgments which often require assumptions or estimates about matters that are inherently uncertain. The use of different judgments, assumptions and estimates could result in material differences in the Company's operating results or financial condition.

#### ***Allowance for Credit Losses***

*Description.* The allowance for credit losses represents management's estimate of expected losses over the life of the loan and lease portfolio. The allowance for credit losses consists of the allowance for loan and lease losses and reserve for unfunded commitments, which are classified as a contra-asset and liability within other liabilities, respectively, on the Consolidated Balance Sheets. Additions to the allowance for credit losses are made by charges to the provision for credit losses. Losses on loans and leases are deducted from the allowance when all or a portion of a loan or lease is considered uncollectible. The determination of the loans on which full collectability is not reasonably assured, the estimates of the fair value of the underlying collateral, and the assessment of economic and other conditions are subject to assumptions and judgments by management. Valuation allowances could differ materially as a result of changes in, or different interpretations of, these assumptions and judgments.

Management evaluates the adequacy of the allowance on a quarterly basis and reviews its conclusion as to the amount to be established with the Audit Committee and the Board of Directors.

*Judgments and Uncertainties.* In estimating the allowance for credit losses, the Company relies on models and economic forecasts developed by external parties as the primary driver of the allowance for credit losses. These models and forecasts are based on nationwide sets of data. As a result, the Company has calibrated the output of these models to match the performance of a relevant set of peer institutions during the development dataset in order to make the results more relevant to the Company. Additionally, economic forecasts can change significantly over an economic cycle and have a significant level of uncertainty associated with them. The performance of the models is dependent on the variables used in the models being reasonable proxies for the portfolio's performance; however, these variables may not capture all sources of risk within the portfolio. As a result, management reviews the results and makes qualitative adjustments to the models to capture limitations of the models as necessary. Such qualitative factors may include adjustments to better capture the risk of specialty lending portfolios, the imprecision associated with the economic forecasts, and the ability of the models to capture emerging risks within the portfolio that may not be represented in the historical dataset. These judgments are thoroughly evaluated through management's review process, and revised on a quarterly basis to account for changes in the facts and circumstances of the portfolio.

*Effect if Actual Results Differ From Assumptions.* The allowance for credit losses is a reflection of the Company's best estimate of loss based on a forecast of future conditions as of a point in time. Conditions in the future may vary from those forecasts, causing realized losses to be either higher or lower than forecasted, which will result in either additional provisions from income or a benefit to income based on the performance of the portfolio.

#### ***Recent Accounting Developments***

In October 2021, the FASB issued ASU 2021-08, "Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers" which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, Revenue from Contracts with

Customers. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. The Company adopted ASU 2021-08 as of January 1, 2023 on a prospective basis. The adoption did not have a material impact on the Company's consolidated financial statements.

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures" which addresses concerns regarding the complex accounting for loans modified as troubled debt restructurings 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.

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. The Company adopted ASU 2023-07 as of January 1, 2024. The adoption did not have a material impact on the Company's consolidated financial statements.

See Note 2, "Recent Accounting Pronouncements" in the notes to the consolidated financial statements for additional information regarding recent accounting developments.

### **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 the operating earnings metrics, the return on average tangible assets, return on average tangible equity, the tangible stockholders' equity, tangible equity 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 methodologies used by the Company for determining the non-GAAP financial measures discussed above may differ from those used by other financial institutions.

#### ***Operating Earnings***

Operating earnings exclude the after-tax impact of securities gains, the day 1 CECL provision and merger and restructuring expense. By excluding such items, the Company's results can be measured and assessed on a more consistent basis from period to period. Items excluded from operating earnings are also excluded when calculating the operating return and operating efficiency ratios.

The following table summarizes the Company's operating earnings and operating earnings per share ("EPS") for the periods indicated:

	Year Ended December 31,				
	2024	2023	2022	2021	2020
	(Dollars in Thousands, Except Per Share Data)				
Net income, as reported	\$ 68,715	\$ 74,999	\$ 109,744	\$ 115,440	\$ 47,635
Less:					
Security (losses) gains (after-tax)	—	1,361	252	(28)	1,511
Add:					
Day 1 PCSB CECL provision (after tax)	—	13,372	—	—	—
Merger and restructuring expense (after-tax) <sup>(1)</sup>	3,697	5,918	1,763	—	—
Operating earnings	<u>\$ 72,412</u>	<u>\$ 92,928</u>	<u>\$ 111,255</u>	<u>\$ 115,468</u>	<u>\$ 46,124</u>
Earnings per share, as reported	\$ 0.77	\$ 0.85	\$ 1.42	\$ 1.48	\$ 0.60
Less:					
Security gains (after-tax)	—	0.02	—	—	0.02
Add:					
Day 1 PCSB CECL provision (after tax)	—	0.15	—	—	—
Merger and restructuring expense (after-tax) <sup>(1)</sup>	0.04	0.07	0.02	—	—
Operating earnings per share	<u>\$ 0.81</u>	<u>\$ 1.05</u>	<u>\$ 1.44</u>	<u>\$ 1.48</u>	<u>\$ 0.58</u>

(1) The 2022 and 2023 merger and restructuring expense was related to the acquisition of PCSB in the first quarter of 2023. The 2024 merger and restructuring expense was related to the exit of the specialty vehicle business at Eastern Funding in the second quarter of 2024, and the proposed merger transaction with Berkshire Hills Bancorp, Inc. expected to close by the end of the second half of 2025.

The following table summarizes the Company's operating return on average assets, operating return on average tangible assets, operating return on average stockholders' equity and operating return on average tangible stockholders' equity for the periods indicated:

	Year Ended December 31,				
	2024	2023	2022	2021	2020
	(Dollars in Thousands)				
Operating earnings	\$ 72,412	\$ 92,928	\$ 111,255	\$ 115,468	\$ 46,124
Average total assets	\$ 11,473,424	\$ 11,214,371	\$ 8,623,403	\$ 8,518,200	\$ 8,683,569
Less: Average goodwill and average identified intangible assets, net	262,011	270,637	162,447	163,122	164,227
Average tangible assets	\$ 11,211,413	\$ 10,943,734	\$ 8,460,956	\$ 8,355,078	\$ 8,519,342
Return on average assets	0.60 %	0.67 %	1.27 %	1.36 %	0.55 %
Less:					
Security gains (after-tax)	— %	0.01 %	— %	— %	0.02 %
Add:					
Day 1 PCSB CECL provision (after tax)	— %	0.12 %	— %	— %	— %
Merger and restructuring expense (after-tax)	0.03 %	0.05 %	0.02 %	— %	— %
Operating return on average assets	0.63 %	0.83 %	1.29 %	1.36 %	0.53 %
Return on average tangible assets	0.61 %	0.69 %	1.30 %	1.38 %	0.56 %
Less:					
Security gains (after-tax)	— %	0.01 %	— %	— %	0.02 %
Add:					
Day 1 PCSB CECL provision (after tax)	— %	0.12 %	— %	— %	— %
Merger and restructuring expense (after-tax)	0.03 %	0.05 %	0.02 %	— %	— %
Operating return on average tangible assets	0.64 %	0.85 %	1.32 %	1.38 %	0.54 %
Average total stockholders' equity	\$ 1,211,036	\$ 1,168,106	\$ 984,237	\$ 967,538	\$ 936,075
Less: Average goodwill and average identified intangible assets, net	262,011	270,637	162,447	163,122	164,227
Average tangible stockholders' equity	\$ 949,025	\$ 897,469	\$ 821,790	\$ 804,416	\$ 771,848
Return on average stockholders' equity	5.67 %	6.42 %	11.15 %	11.93 %	5.09 %
Less:					
Security gains (after-tax)	— %	0.12 %	0.03 %	— %	0.16 %
Add:					
Day 1 PCSB CECL provision (after tax)	— %	1.14 %	— %	— %	— %
Merger and restructuring expense (after-tax)	0.26 %	0.51 %	0.18 %	— %	— %
Operating return on average stockholders' equity	5.93 %	7.95 %	11.30 %	11.93 %	4.93 %
Return on average tangible stockholders' equity	7.24 %	8.36 %	13.35 %	14.35 %	6.17 %
Less:					
Security gains (after-tax)	— %	0.15 %	0.03 %	— %	0.20 %
Add:					
Day 1 PCSB CECL provision (after tax)	— %	1.49 %	— %	— %	— %
Merger and restructuring expense (after-tax)	0.33 %	0.66 %	0.21 %	— %	— %
Operating return on average tangible stockholders' equity	7.57 %	10.36 %	13.53 %	14.35 %	5.97 %

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

	Year Ended December 31,				
	2024	2023	2022	2021	2020
	(Dollars in Thousands)				
Net income, as reported	\$ 68,715	\$ 74,999	\$ 109,744	\$ 115,440	\$ 47,635
Average total assets	\$ 11,473,424	\$ 11,214,371	\$ 8,623,403	\$ 8,518,200	\$ 8,683,569
Less: Average goodwill and average identified intangible assets, net	262,011	270,637	162,447	163,122	164,227
Average tangible assets	\$ 11,211,413	\$ 10,943,734	\$ 8,460,956	\$ 8,355,078	\$ 8,519,342
Return on average tangible assets	0.61 %	0.69 %	1.30 %	1.38 %	0.56 %
Average total stockholders' equity	\$ 1,211,036	\$ 1,168,106	\$ 984,237	\$ 967,538	\$ 936,075
Less: Average goodwill and average identified intangible assets, net	262,011	270,637	162,447	163,122	164,227
Average tangible stockholders' equity	\$ 949,025	\$ 897,469	\$ 821,790	\$ 804,416	\$ 771,848
Return on average tangible stockholders' equity	7.24 %	8.36 %	13.35 %	14.35 %	6.17 %

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

	At December 31,				
	2024	2023	2022	2021	2020
	(Dollars in Thousands)				
Total stockholders' equity	\$ 1,221,939	\$ 1,198,644	\$ 992,125	\$ 995,342	\$ 941,778
Less: Goodwill and identified intangible assets, net	258,683	265,429	162,208	162,703	163,579
Tangible stockholders' equity	\$ 963,256	\$ 933,215	\$ 829,917	\$ 832,639	\$ 778,199
Total assets	\$ 11,905,326	\$ 11,382,256	\$ 9,185,836	\$ 8,602,622	\$ 8,942,424
Less: Goodwill and identified intangible assets, net	258,683	265,429	162,208	162,703	163,579
Tangible assets	\$ 11,646,643	\$ 11,116,827	\$ 9,023,628	\$ 8,439,919	\$ 8,778,845
Tangible equity ratio	8.27 %	8.39 %	9.20 %	9.87 %	8.86 %

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

	Year Ended December 31,				
	2024	2023	2022	2021	2020
	(Dollars in Thousands)				
Tangible stockholders' equity	\$ 963,256	\$ 933,215	\$ 829,917	\$ 832,639	\$ 778,199
Common shares issued	96,998,075	96,998,075	85,177,172	85,177,172	85,177,172
Less:					
Treasury shares	7,019,384	7,354,399	7,731,445	7,037,464	6,525,783
Unallocated ESOP	—	—	—	24,660	51,114
Unvested restricted stock	880,248	749,099	601,495	500,098	458,800
Common shares outstanding	89,098,443	88,894,577	76,844,232	77,614,950	78,141,475
Tangible book value per share	\$ 10.81	\$ 10.50	\$ 10.80	\$ 10.73	\$ 9.96

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

	Year Ended December 31,				
	2024	2023	2022	2021	2020
	(Dollars in Thousands)				
Dividends paid	\$ 48,058	\$ 47,926	\$ 40,077	\$ 37,463	\$ 36,396
Net income, as reported	\$ 68,715	\$ 74,999	\$ 109,744	\$ 115,440	\$ 47,635
Dividend payout ratio	69.94 %	63.90 %	36.52 %	32.45 %	76.41 %



## Financial Condition

### Loans and Leases

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

		At December 31,									
		2024		2023		2022		2021		2020	
		Balance	Percent of Total	Balance	Percent of Total	Balance	Percent of Total	Balance	Percent of Total	Balance	Percent of Total
(Dollars in Thousands)											
Commercial real estate loans:											
Commercial real estate	\$	4,027,265	41.1 %	\$ 4,047,288	42.0 %	\$ 3,046,746	39.9 %	\$ 2,842,791	39.6 %	\$ 2,578,773	35.4 %
Multi-family mortgage		1,387,796	14.2 %	1,415,191	14.7 %	1,150,597	15.1 %	1,099,818	15.4 %	1,013,432	13.9 %
Construction		301,053	3.1 %	302,050	3.1 %	206,805	2.7 %	160,431	2.2 %	231,621	3.2 %
Total commercial real estate loans		5,716,114	58.4 %	5,764,529	59.8 %	4,404,148	57.7 %	4,103,040	57.2 %	3,823,826	52.5 %
Commercial loans and leases:											
Commercial		1,164,052	11.9 %	984,441	10.2 %	752,948	9.9 %	734,388	10.3 %	1,131,668	15.6 %
Equipment financing		1,294,950	13.2 %	1,370,648	14.2 %	1,216,585	15.9 %	1,105,611	15.5 %	1,092,461	15.0 %
Condominium association		47,662	0.5 %	44,579	0.5 %	46,966	0.6 %	47,137	0.7 %	50,770	0.7 %
Total commercial loans and leases		2,506,664	25.6 %	2,399,668	24.9 %	2,016,499	26.4 %	1,887,136	26.5 %	2,274,899	31.3 %
Consumer loans:											
Residential mortgage		1,114,732	11.4 %	1,082,804	11.2 %	844,614	11.0 %	799,737	11.2 %	791,317	10.9 %
Home equity		377,411	3.9 %	344,182	3.6 %	322,622	4.2 %	324,156	4.5 %	346,652	4.8 %
Other consumer		64,367	0.7 %	50,406	0.5 %	56,505	0.7 %	40,388	0.6 %	32,859	0.5 %
Total consumer loans		1,556,510	16.0 %	1,477,392	15.3 %	1,223,741	15.9 %	1,164,281	16.3 %	1,170,828	16.2 %
Total loans and leases		9,779,288	100.0 %	9,641,589	100.0 %	7,644,388	100.0 %	7,154,457	100.0 %	7,269,553	100.0 %
Allowance for loan and lease losses		(125,083)		(117,522)		(98,482)		(99,084)		(114,379)	
Net loans and leases	\$	9,654,205		\$ 9,524,067		\$ 7,545,906		\$ 7,055,373		\$ 7,155,174	

The following table sets forth the growth in the Company's loan and lease portfolios during the year ending December 31, 2024:

	At December 31, 2024	At December 31, 2023	Dollar Change	Percent Change (Annualized)
(Dollars in Thousands)				
Commercial real estate	\$ 5,716,114	\$ 5,764,529	\$ (48,415)	-0.8 %
Commercial	2,506,664	2,399,668	106,996	4.5 %
Consumer	1,556,510	1,477,392	79,118	5.4 %
Total loans and leases	\$ 9,779,288	\$ 9,641,589	\$ 137,699	1.4 %
Total core loans and leases	\$ 9,779,288	\$ 9,641,332	\$ 137,956	1.4 %

The following table presents the maturity distribution of the Company's loan portfolio as of December 31, 2024.

	At December 31, 2024				
	1 Year or Less	After 1-5 Years	After 5-15 Years	After 15 Years	Total
	(Dollars in Thousands)				
Commercial real estate	\$ 2,244,999	\$ 2,730,579	\$ 733,470	\$ 7,066	\$ 5,716,114
Commercial	572,741	1,357,553	507,365	69,005	2,506,664
Consumer	297,413	248,433	186,060	824,603	1,556,509
Total	\$ 3,115,153	\$ 4,336,565	\$ 1,426,895	\$ 900,674	\$ 9,779,287

The following table presents the distribution of the Company's loans that were due after one year between fixed and variable interest rates as of December 31, 2024.

	At December 31, 2024		
	Fixed	Variable	Total
	(Dollars in Thousands)		
Commercial real estate	\$ 1,593,676	\$ 1,877,438	\$ 3,471,114
Commercial	1,220,673	713,251	1,933,924
Consumer	691,602	567,495	1,259,097
Total	\$ 3,505,951	\$ 3,158,184	\$ 6,664,135

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 the total credit exposure to one obligor relationship may not exceed \$60.0 million unless approved by the Credit Committee, a committee of the Company's Board of Directors. As of December 31, 2024, there were four borrowers with commitments over \$60.0 million. The total of those commitments was \$267.3 million or 2.3% of total loans and commitments as of December 31, 2024. As of December 31, 2023, there were four borrowers with loans and commitments 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 comprised 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 58.4% of total loans and leases outstanding as of December 31, 2024.

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

A number of factors are considered in originating commercial real estate and multi-family mortgage loans. The qualifications and financial condition of the borrower (including credit history), as well as the potential income generation and the value and condition of the underlying property, are evaluated. When evaluating the qualifications of the borrower, the Company considers the financial resources of the borrower, the borrower's experience in owning or managing similar property and the borrower's payment history with the Company and other financial institutions. Factors considered in evaluating the underlying property include the net operating income of the mortgaged premises before debt service and depreciation, the debt

service coverage ratio (the ratio of cash flow before debt service to debt service), the use of conservative capitalization rates, and the ratio of the loan amount to the appraised value. Generally, personal guarantees are obtained from commercial real estate loan borrowers.

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

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

The commercial real estate portfolio was composed primarily of loans secured by multi-family buildings (\$1.4 billion), office buildings (\$767.3 million), retail stores (\$942.1 million), industrial properties (\$822.0 million), mixed-use properties (\$493.8 million), lodging services (\$203.7 million) and food services (\$78.3 million) as of December 31, 2024. As of that date, approximately 77.5% 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 16.5% 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 December 31, 2024.

	At December 31, 2024		
	Owner Occupied	Non-Owner Occupied	Total
<b>Borrower type:</b>			
Multi-family buildings	— %	23.95 %	23.95 %
Office buildings	1.15 %	12.28 %	13.43 %
Retail stores	2.14 %	14.34 %	16.48 %
Industrial properties	2.59 %	11.79 %	14.38 %
Mixed-use properties	0.81 %	7.83 %	8.64 %
Lodging services	0.14 %	3.42 %	3.56 %
Food Services	0.75 %	0.62 %	1.37 %
Other	9.74 %	8.45 %	18.19 %
<b>Total</b>	<b>17.32 %</b>	<b>82.68 %</b>	<b>100.00 %</b>

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 December 31, 2024.

	At December 31, 2024		
	Owner Occupied	Non-Owner Occupied	Total
<b>Geographic concentration:</b>			
New England	11.55 %	67.14 %	78.69 %
New York	3.09 %	13.60 %	16.69 %
Other	1.88 %	2.74 %	4.62 %
<b>Total</b>	<b>16.52 %</b>	<b>83.48 %</b>	<b>100.00 %</b>

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 is 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 commercial loan and lease portfolio is comprised of commercial loans, equipment financing loans and leases and condominium association loans representing 25.6% of total loans outstanding as of December 31, 2024.

The commercial loan and lease portfolio is composed primarily of loans in the following sectors: small businesses (\$890.3 million), transportation services (\$302.3 million), food services (\$298.9 million), recreation services (\$126.8 million), rental and leasing services (\$90.0 million), manufacturing (\$150.6 million), and retail (\$144.3 million) as of December 31, 2024.

The Company provides commercial banking services to companies in its market area. Approximately 41.7% of the commercial loans outstanding as of December 31, 2024 were made to borrowers located in New England; primarily in the Greater Boston and Greater Providence markets. The remaining 58.3% of the commercial loans outstanding were made to borrowers in other areas in the United States of America, primarily by the Company's equipment financing divisions. Product offerings include lines of credit, term loans, letters of credit, deposit services and cash management. These types of credit facilities have as their primary source of repayment cash flows from the operations of a business. Interest rates offered are available on a floating basis tied to the prime rate or a similar index or on a fixed-rate basis referenced on the Federal Home Loan Bank of Boston index.

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 that are expanding their operations. The equipment financing portfolio is composed primarily of loans to finance vended-laundry, and to a lesser degree larger industrial laundries, tow trucks, fitness, and convenience/grocery store equipment. Approximately 10.1% of all loans outstanding made by the equipment financing divisions were made to 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 five- to ten-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 is comprised of residential mortgage loans, home equity loans and lines of credit, and other consumer loans representing, 16.0% of total loans outstanding as of December 31, 2024. The Company focuses its mortgage and home equity lending on existing and new customers within its branch networks in its urban and suburban marketplaces in the Greater 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 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 December 31, 2024, other consumer loans equaled \$64.4 million, or 0.7% 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 December 31, 2024, the Company had \$252.7 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 \$128.0 million in criticized assets was primarily driven by increases in commercial real estate, multi-family, and equipment financing relationships, offset by decreases in commercial and construction relationships, for the year ended December 31, 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 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 December 31, 2024, the Company had nonperforming assets of \$70.5 million, representing 0.59% 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 \$25.2 million was primarily driven by increases of \$16.5 million in nonperforming equipment financing loans, \$10.8 million in nonperforming commercial loans, \$6.6 million in nonperforming multi-family loans, respectively, offset by a decrease of \$8.1 million in nonperforming commercial real estate loans during the year ended December 31, 2024.

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

### Past Due and Accruing

As of December 31, 2024, the Company had \$0.8 million loans and leases greater than 90 days past due and accruing, compared to minimal as of December 31, 2023.

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

	At December 31,				
	2024	2023	2022	2021	2020
	(Dollars in Thousands)				
Nonperforming loans and leases:					
Nonaccrual loans and leases:					
Commercial real estate	\$ 11,525	\$ 19,608	\$ 607	\$ 10,848	\$ 3,300
Multi-family mortgage	6,596	—	—	—	—
Construction	—	—	707	—	3,853
Total commercial real estate loans	18,121	19,608	1,314	10,848	7,153
Commercial	14,676	3,886	464	2,318	7,702
Equipment financing	31,509	14,984	9,653	15,014	16,757
Condominium association	—	—	58	84	112
Total commercial loans and leases	46,185	18,870	10,175	17,416	24,571
Residential mortgage	3,999	4,292	2,680	3,909	5,587
Home equity	1,043	860	723	285	1,136
Other consumer	1	—	2	1	1
Total consumer loans	5,043	5,152	3,405	4,195	6,724
Total nonaccrual loans and leases	69,349	43,630	14,894	32,459	38,448
Other real estate owned	700	780	—	—	5,415
Other repossessed assets	403	914	408	718	1,100
Total nonperforming assets	\$ 70,452	\$ 45,324	\$ 15,302	\$ 33,177	\$ 44,963
Loans and leases past due greater than 90 days and accruing	\$ 811	\$ 228	\$ 33	\$ 1	\$ 11,975
Total delinquent loans and leases 61-90 days past due	6,119	5,300	2,218	6,081	16,129
Total nonaccrual loans and leases as a percentage of total loans and leases	0.71 %	0.45 %	0.19 %	0.45 %	0.53 %
Total nonperforming assets as a percentage of total assets	0.59 %	0.40 %	0.17 %	0.39 %	0.50 %
Total delinquent loans and leases 61-90 days past due as a percentage of total loans and leases	0.06 %	0.05 %	0.03 %	0.08 %	0.22 %

## Allowances for Credit Losses

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

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

The Company's allowance methodology provides a quantification of probable 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 December 31, 2024, qualitative adjustments were applied to the commercial real estate, commercial, and consumer portfolios resulting in a net addition in total reserves compared to modeled calculations.

The following tables present the changes in the allowance for loans and lease losses by portfolio category for the years ended December 31, 2024, 2023, 2022, 2021, and 2020, respectively.

	Year Ended December 31, 2024			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2023	\$ 81,410	\$ 29,557	\$ 6,555	\$ 117,522
Charge-offs	(4,425)	(22,345)	(40)	(26,810)
Recoveries	—	2,241	41	2,282
Provision (credit) for loan and lease losses	(2,814)	34,716	187	32,089
Balance at December 31, 2024	<u>\$ 74,171</u>	<u>\$ 44,169</u>	<u>\$ 6,743</u>	<u>\$ 125,083</u>
Total loans and leases	\$ 5,716,114	\$ 2,506,664	\$ 1,556,510	\$ 9,779,288
Total allowance for loan and lease losses as a percentage of total loans and leases	1.30 %	1.76 %	0.43 %	1.28 %
	Year Ended December 31, 2023			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2022	\$ 68,154	\$ 26,604	\$ 3,724	\$ 98,482
Charge-offs	(1,204)	(19,990)	(41)	(21,235)
Recoveries	132	1,406	34	1,572
Provision (credit) for loan and lease losses	14,328	21,537	2,838	38,703
Balance at December 31, 2023	<u>\$ 81,410</u>	<u>\$ 29,557</u>	<u>\$ 6,555</u>	<u>\$ 117,522</u>
Total loans and leases	\$ 5,764,529	\$ 2,399,668	\$ 1,477,392	\$ 9,641,589
Total allowance for loan and lease losses as a percentage of total loans and leases	1.41 %	1.23 %	0.44 %	1.22 %

	Year Ended December 31, 2022			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2021	\$ 69,213	\$ 27,055	\$ 2,816	\$ 99,084
Charge-offs	(37)	(5,068)	(28)	(5,133)
Recoveries	24	1,725	64	1,813
Provision (credit) for loan and lease losses	(1,046)	2,892	872	2,718
Balance at December 31, 2022	<u>\$ 68,154</u>	<u>\$ 26,604</u>	<u>\$ 3,724</u>	<u>\$ 98,482</u>
Total loans and leases	\$ 4,404,148	\$ 2,016,499	\$ 1,223,741	\$ 7,644,388
Allowance for loan and lease losses as a percentage of total loans and leases	1.55 %	1.32 %	0.30 %	1.29 %
	Year Ended December 31, 2021			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2020	\$ 80,132	\$ 29,498	\$ 4,749	\$ 114,379
Charge-offs	(28)	(7,464)	(34)	(7,526)
Recoveries	12	1,541	239	1,792
Provision (credit) for loan and lease losses	(10,903)	3,480	(2,138)	(9,561)
Balance at December 31, 2021	<u>\$ 69,213</u>	<u>\$ 27,055</u>	<u>\$ 2,816</u>	<u>\$ 99,084</u>
Total loans and leases	\$ 4,103,040	\$ 1,887,136	\$ 1,164,281	\$ 7,154,457
Allowance for loan and lease losses as a percentage of total loans and leases	1.69 %	1.43 %	0.24 %	1.38 %
	Year Ended December 31, 2020			
	Commercial Real Estate	Commercial	Consumer	Total
	(In Thousands)			
Balance at December 31, 2019	\$ 30,285	\$ 24,826	\$ 5,971	\$ 61,082
Adoption of ASU 2016-13 (CECL)	11,694	(2,672)	(2,390)	6,632
Balance at beginning of period, adjusted	41,979	22,154	3,581	67,714
Charge-offs	(3,514)	(11,113)	(36)	(14,663)
Recoveries	94	1,407	201	1,702
Provision (credit) for loan and lease losses	41,573	17,050	1,003	59,626
Balance at December 31, 2020	<u>\$ 80,132</u>	<u>\$ 29,498</u>	<u>\$ 4,749</u>	<u>\$ 114,379</u>
Total loans and leases	\$ 3,823,826	\$ 2,274,899	\$ 1,170,828	\$ 7,269,553
Allowance for loan and lease losses as a percentage of total loans and leases	2.10 %	1.30 %	0.41 %	1.57 %

At December 31, 2024, the allowance for loan and lease losses increased to \$125.1 million, or 1.28% 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 portfolio for the years ending December 31, 2024 and 2023 were \$24.5 million and \$19.7 million, respectively. The \$4.8 million increase in net charge-offs was primarily driven by net charge-off increases of \$11.9 million in equipment financing loans and \$3.4 million in commercial real estate loans, offset by a decrease of \$10.4 million in commercial loans.

Management believes that the allowance for loan and lease losses as of December 31, 2024 is appropriate based on the facts and circumstances discussed further below.



The following tables set 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 December 31,									
2024				2023			2022		
Amount	Percent of Allowance to Total Allowance	Percent of Loans in Each Category to Total Loans		Amount	Percent of Allowance to Total Allowance	Percent of Loans in Each Category to Total Loans	Amount	Percent of Allowance to Total Allowance	Percent of Loans in Each Category to Total Loans
(Dollars in Thousands)									
Commercial real estate	\$ 52,638	42.0 %	41.1 %	\$ 53,633	45.7 %	42.0 %	\$ 44,536	45.3 %	39.9 %
Multi-family mortgage	15,234	12.2 %	14.2 %	16,626	14.1 %	14.7 %	16,885	17.1 %	15.1 %
Construction	6,299	5.0 %	3.1 %	11,151	9.5 %	3.1 %	6,733	6.8 %	2.7 %
Total commercial real estate loans	74,171	59.2 %	58.4 %	81,410	69.3 %	59.8 %	68,154	69.2 %	57.7 %
Commercial	15,436	12.3 %	11.9 %	15,527	13.2 %	10.2 %	12,190	12.4 %	9.9 %
Equipment financing	28,614	22.9 %	13.2 %	13,869	11.8 %	14.2 %	14,315	14.5 %	15.9 %
Condominium association	119	0.1 %	0.5 %	161	0.1 %	0.5 %	99	0.1 %	0.6 %
Total commercial loans and leases	44,169	35.3 %	25.6 %	29,557	25.1 %	24.9 %	26,604	27.0 %	26.4 %
Residential mortgage	3,067	2.5 %	11.4 %	3,669	3.2 %	11.2 %	1,894	1.9 %	11.0 %
Home equity	2,851	2.3 %	3.9 %	2,255	1.9 %	3.6 %	1,478	1.5 %	4.2 %
Other consumer	825	0.7 %	0.7 %	631	0.5 %	0.5 %	352	0.4 %	0.7 %
Total consumer loans	6,743	5.5 %	16.0 %	6,555	5.6 %	15.3 %	3,724	3.8 %	15.9 %
Total	\$ 125,083	100.0 %	100.0 %	\$ 117,522	100.0 %	100.0 %	\$ 98,482	100.0 %	100.0 %

	At December 31,					
	2021			2020		
	Amount	Percent of Allowance to Total Allowance	Percent of Loans in Each Category to Total Loans	Amount	Percent of Allowance to Total Allowance	Percent of Loans in Each Category to Total Loans
	(Dollars in Thousands)					
Commercial real estate	\$ 44,843	45.3 %	39.6 %	\$ 46,357	40.6 %	35.4 %
Multi-family mortgage	17,474	17.6 %	15.4 %	22,559	19.7 %	13.9 %
Construction	6,896	7.0 %	2.2 %	11,216	9.8 %	3.2 %
Total commercial real estate loans	69,213	69.9 %	57.2 %	80,132	70.1 %	52.5 %
Commercial	9,068	9.2 %	10.3 %	8,089	7.1 %	15.6 %
Equipment financing	17,907	18.0 %	15.5 %	21,292	18.6 %	15.0 %
Condominium association	80	0.1 %	0.7 %	117	0.1 %	0.7 %
Total commercial loans and leases	27,055	27.3 %	26.5 %	29,498	25.8 %	31.3 %
Residential mortgage	1,297	1.3 %	11.2 %	1,967	1.7 %	10.9 %
Home equity	1,335	1.3 %	4.5 %	2,504	2.2 %	4.8 %
Other consumer	184	0.2 %	0.6 %	278	0.2 %	0.5 %
Total consumer loans	2,816	2.8 %	16.3 %	4,749	4.1 %	16.2 %
Total	\$ 99,084	100.0 %	100.0 %	\$ 114,379	100.0 %	100.0 %

#### Investment Securities and Restricted Equity Securities

The investment portfolio exists primarily for liquidity purposes, and secondarily as sources 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, 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 8% and 12% of total assets.

Cash, cash equivalents, and investment securities increased \$389.1 million, or 37.1%, to \$1.4 billion as of December 31, 2024 compared to \$1.0 billion as of December 31, 2023. Cash, cash equivalents, and investment securities were 12.1% of total assets as of December 31, 2024, compared to 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 December 31,					
	2024		2023		2022	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In Thousands)					
Investment securities available-for-sale:						
GSE debentures	\$ 195,099	\$ 176,294	\$ 220,604	\$ 201,127	\$ 176,751	\$ 152,422
GSE CMOs	62,567	55,543	66,463	61,617	19,977	18,220
GSE MBSs	166,843	148,285	186,614	169,997	159,824	140,576
Municipal obligations	20,526	20,254	18,785	18,922	—	—
Corporate debt obligations	12,140	12,287	20,521	19,716	14,076	13,764
U.S. Treasury bonds	506,714	481,872	470,764	444,737	362,850	331,307
Foreign government obligations	500	499	500	485	500	477
Total investment securities available-for-sale	<u>\$ 964,389</u>	<u>\$ 895,034</u>	<u>\$ 984,251</u>	<u>\$ 916,601</u>	<u>\$ 733,978</u>	<u>\$ 656,766</u>
Restricted equity securities:						
FHLB stock	\$ 61,108		\$ 55,548		\$ 52,914	
FRB stock	21,881		21,881		18,241	
Other	166		166		152	
Total restricted equity securities	<u>\$ 83,155</u>		<u>\$ 77,595</u>		<u>\$ 71,307</u>	

Total investment securities and restricted equity securities primarily consist of investment securities available-for-sale, stock in the FHLB and stock in the FRB. The total securities portfolio decreased \$16.0 million, or 1.6% since December 31, 2023. As of December 31, 2024, the total securities portfolio was 8.22% of total assets, compared to 8.73% of total assets as of December 31, 2023.

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 equity securities held-for-trading, if any, are priced this way and are included in Level 1. 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, GSEs, MBSs and CMOs, trust preferred securities, and equity securities held-for-trading, all of which are included in Level 1, 2 and 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.

As of December 31, 2024, the fair value of all investment securities available-for-sale was \$895.0 million and carried a total of \$69.4 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 December 31, 2024, \$705.3 million, or 78.8%, of the portfolio, had gross unrealized losses of \$70.2 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 increased unrealized loss position in 2024 was primarily driven by higher interest rates year over year. In 2024, U.S. Treasury yields rose across the the 3-to-10 year part of the curve which negatively impacted the value of the Company's longer duration primarily in the GSE CMOs and GSE MBS security portfolios. For additional discussion on investment securities available-for-sale by security type, see Note 4, "Investment Securities."

The Company reviews its debt securities portfolio on a quarterly basis in accordance with ASC 326. This analysis is done using probability of default and loss given default assumptions where a model is created to determine CECL for the remaining life of the securities. For the year ended December 31, 2024, the Company recognized \$0.1 million as an allowance for credit loss. For additional discussion on how the Company validates fair values provided by the third-party pricing service, see Note 21, "Fair Value of Financial Instruments."

Maturities, calls and principal repayments for investment securities available-for-sale totaled \$174.0 million for the year ended December 31, 2024 compared to \$272.4 million for the same period in 2023. For the year ended December 31, 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 year ended December 31, 2024, the Company purchased \$148.5 million of investment securities available-for-sale, compared to \$362.9 million for the same period in 2023.

### Restricted Equity Securities

**FHLB Stock**—The Company invests in the stock of the FHLB of Boston and FHLB of New York as a requirement to borrow funds from the FHLB. As of December 31, 2024 and 2023, the Company did not have excess balance of capital stock.

As of December 31, 2024, the Company owned stock in the FHLB of Boston and New York with a carrying value of \$61.1 million, an increase of \$5.6 million from \$55.5 million as of December 31, 2023. The Company continually reviews its investment to determine if impairment exists. The Company reviews recent public filings, rating agency analysis and other factors when making its determination. See Note 5, "Restricted Equity Securities" to the consolidated financial statements for further information about the FHLB.

**Federal Reserve Bank Stock**—The Company invests in the stock of the Federal Reserve Bank of Boston and New York, as a condition of the membership for the Banks in the Federal Reserve System. The Federal Reserve Bank is the primary federal regulator for the Company and the Banks.

### Carrying Value, Weighted Average Yields, and Contractual Maturities of Investment and Restricted Equity Securities

The table below sets forth certain information regarding the carrying value, weighted average yields and contractual maturities of the Company's investment and restricted equity securities portfolio at the date indicated.

Balance at December 31, 2024										
One Year or Less			After One Year Through Five Years		After Five Years Through Ten Years		After Ten Years		Total	
Carrying Value	Weighted Average Yield (1)		Carrying Value	Weighted Average Yield (1)	Carrying Value	Weighted Average Yield (1)	Carrying Value	Weighted Average Yield (1)	Carrying Value	Weighted Average Yield (1)
(Dollars in Thousands)										
Investment securities available-for-sale:										
GSE debentures	\$ 5,946	2.65 %	\$ 91,806	3.71 %	\$ 70,394	1.24 %	\$ 8,148	2.39 %	\$ 176,294	2.63 %
GSE CMOs	—	— %	468	2.68 %	7,377	3.55 %	47,698	3.79 %	55,543	3.75 %
GSE MBSs	47	— %	6,654	2.35 %	23,425	2.58 %	118,158	2.92 %	148,285	2.84 %
Municipal obligations	7,659	4.09 %	4,912	3.04 %	4,089	3.58 %	3,595	3.21 %	20,254	3.71 %
Corporate debt obligations	—	— %	—	— %	12,287	4.62 %	—	— %	12,287	4.62 %
U.S. Treasury bonds	88,306	3.19 %	330,768	3.23 %	62,798	1.16 %	—	— %	481,872	2.95 %
Foreign government obligations	499	1.97 %	—	— %	—	— %	—	— %	499	1.97 %
Total investment securities available-for-sale	<u>\$ 102,457</u>	<u>3.22 %</u>	<u>\$ 434,608</u>	<u>3.32 %</u>	<u>\$ 180,370</u>	<u>1.77 %</u>	<u>\$ 177,599</u>	<u>3.13 %</u>	<u>\$ 895,034</u>	<u>2.96 %</u>
Restricted equity securities (2):										
FHLB stock	\$ —	— %	\$ —	— %	\$ —	— %	\$ 61,108	8.45 %	\$ 61,108	8.45 %
FRB stock	—	— %	—	— %	—	— %	21,881	6.00 %	21,881	6.00 %
Other stock	—	— %	—	— %	—	— %	166	— %	166	— %
Total restricted equity securities	<u>\$ —</u>	<u>— %</u>	<u>\$ —</u>	<u>— %</u>	<u>\$ —</u>	<u>— %</u>	<u>\$ 83,155</u>	<u>7.79 %</u>	<u>\$ 83,155</u>	<u>7.79 %</u>

(1) Yields have been calculated on a pre-tax basis. The Company holds no investment securities available-for-sale that are tax-exempt.

(2) Equity securities have no contractual maturity, therefore they are reported above in the over ten year maturity column.

## Deposits

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

	At December 31,								
	2024			2023			2022		
	Amount	Percent of Total	Weighted Average Rate	Amount	Percent of Total	Weighted Average Rate	Amount	Percent of Total	Weighted Average Rate
(Dollars in Thousands)									
Non-interest-bearing deposits:									
Demand checking accounts	\$ 1,692,394	19.0 %	— %	\$ 1,678,406	19.6 %	— %	\$ 1,802,518	27.6 %	— %
Interest-bearing deposits:									
NOW accounts	617,246	6.9 %	0.57 %	661,863	7.8 %	0.60 %	544,118	8.3 %	0.18 %
Savings accounts	1,721,247	19.3 %	4.40 %	1,669,018	19.5 %	2.63 %	762,271	11.7 %	0.70 %
Money market accounts	2,116,360	23.8 %	2.58 %	2,082,810	24.4 %	3.07 %	2,174,952	33.4 %	1.63 %
Certificate of deposit accounts	1,885,444	21.2 %	4.30 %	1,574,855	18.4 %	3.88 %	928,143	14.2 %	1.68 %
Brokered deposit accounts	868,953	9.8 %	4.42 %	881,173	10.3 %	4.36 %	310,144	4.8 %	3.00 %
Total interest-bearing deposits	7,209,250	81.0 %	3.51 %	6,869,719	80.4 %	3.08 %	4,719,628	72.4 %	1.41 %
Total deposits	\$ 8,901,644	100.0 %	2.85 %	\$ 8,548,125	100.0 %	2.48 %	\$ 6,522,146	100.0 %	1.02 %

The Company seeks to increase its core deposits and decrease its loan-to-deposit ratio over time, while continuing to increase deposits as a percentage of total funding sources. The Company's loan-to-deposit ratio was 109.9% as of December 31, 2024, compared to 112.8% as of December 31, 2023.

Total deposits increased \$353.5 million, or 4.1%, to \$8.9 billion as of December 31, 2024, compared to \$8.5 billion as of December 31, 2023. Deposits as a percentage of total assets decreased from 75.1% as of December 31, 2023 to 74.8% as of December 31, 2024. The decrease in deposits as a percentage of total assets is due to an increase in total assets driven by increases in cash and cash equivalents and net loans and leases year over year.

In 2024, core deposits increased \$55.2 million. The ratio of core deposits to total deposits decreased from 71.3% as of December 31, 2023 to 69.1% as of December 31, 2024, as a result of increases in certificate of deposit accounts.

Certificate of deposit accounts increased \$310.6 million to \$1.9 billion as of December 31, 2024, compared to \$1.6 billion as of December 31, 2023. Certificate of deposit accounts increased as a percentage of total deposits to 21.2% as of December 31, 2024 from 18.4% as of December 31, 2023.

Brokered deposits decreased \$12.2 million to \$869.0 million as of December 31, 2024, compared to \$881.2 million as of December 31, 2023. Brokered deposits decreased as a percentage of total deposits to 9.8% as of December 31, 2024 from 10.3% as of December 31, 2023. The decrease in brokered deposits was primarily driven by an increase in internal customer deposits allowing for less reliance on brokered deposits. 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 amount of brokered deposits to 15% of total assets.

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

Year Ended December 31,								
2024			2023			2022		
Average Balance	Percent of Total Average Deposits	Weighted Average Rate	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	\$ 1,657,922	19.1 %	— %	\$ 1,823,759	21.7 %	— %	\$ 1,879,620	27.3 %
NOW accounts	650,225	7.5 %	0.70 %	720,572	8.5 %	0.59 %	598,267	8.7 %
Savings accounts	1,726,504	19.8 %	2.68 %	1,439,293	17.1 %	1.94 %	882,881	12.8 %
Money market accounts	2,056,066	23.6 %	2.96 %	2,205,430	26.1 %	2.64 %	2,387,670	34.6 %
Total core deposits	6,090,717	70.0 %	1.83 %	6,189,054	73.4 %	1.46 %	5,748,438	83.4 %
Certificate of deposit accounts	1,737,697	20.0 %	4.38 %	1,428,727	16.9 %	3.09 %	998,580	14.5 %
Brokered deposit accounts	873,182	10.0 %	5.18 %	819,419	9.7 %	5.02 %	146,038	2.1 %
Total deposits	\$ 8,701,596	100.0 %	2.68 %	\$ 8,437,200	100.0 %	2.08 %	\$ 6,893,056	100.0 %

As of December 31, 2024 and 2023, the Company had outstanding certificate of deposit of \$250,000 or more, maturing as follows:

At December 31,				
2024		2023		
Amount	Weighted Average Rate	Amount	Weighted Average Rate	
(Dollars in Thousands)				
Maturity period:				
Six months or less	\$ 443,944	4.63 %	\$ 291,049	4.02 %
Over six months through 12 months	143,238	4.22 %	163,277	4.59 %
Over 12 months	26,044	3.86 %	29,637	3.91 %
Total certificate of deposit of \$250,000 or more	\$ 613,226	4.50 %	\$ 483,963	4.21 %

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

At December 31, 2024						
(Dollars in Millions)						
	Commercial	Consumer	Municipal	Brokered	Total	%
Insured or Collateralized	\$ 2,224	\$ 3,117	\$ 163	\$ 869	\$ 6,373	72 %
Uninsured	1,377	1,054	98	—	2,529	28 %
Total	\$ 3,601	\$ 4,171	\$ 261	\$ 869	\$ 8,902	100 %
Composition	40 %	47 %	3 %	10 %	100 %	

As of December 31, 2024, the Company had uninsured municipal deposits requiring collateral of \$79.1 million, included in Insured or Collateralized in the table above, which are covered by specific collateral and FHLB letters of credit. The remaining deposits, included in Insured or Collateralized in the table above, are insured with the FDIC.

## Borrowed Funds

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

	Year Ended December 31,		
	2024	2023	2022
	(Dollars in Thousands)		
Borrowed funds:			
Average balance outstanding	\$ 1,287,549	\$ 1,301,905	\$ 542,923
Maximum amount outstanding at any month end during the year	1,519,846	1,630,102	1,432,652
Balance outstanding at end of year	1,519,846	1,376,670	1,432,652
Weighted average interest rate for the period	5.04 %	4.69 %	2.87 %
Weighted average interest rate at end of period	4.88 %	5.01 %	4.41 %

### Advances from the FHLB of Boston and FHLB of New York

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

FHLB borrowings increased \$132.7 million to \$1.4 billion as of December 31, 2024 from \$1.2 billion as of December 31, 2023. The increase in FHLB borrowings was primarily due to higher liquidity needs. The Company's remaining borrowing capacity from the FHLB of Boston and FHLB of New York for advances and repurchase agreements was \$1.3 billion as of December 31, 2024.

### 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.

As of December 31, 2024, the Banks also have access to funding through certain uncommitted lines via AFX as well as committed and uncommitted lines from other large financial institutions. As of December 31, 2024, the Company had no borrowings outstanding with these committed and uncommitted lines.

The Company has access to the Federal Reserve Discount Window to supplement its liquidity. The Company has \$359.5 million of borrowing capacity at the FRB as of December 31, 2024. As of December 31, 2024, the Company did not have any borrowings with the FRB outstanding.

As of December 31, 2024, the Company had \$79.6 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. The Company did not have any repurchase agreements with customers as of December 31, 2024. As of December 31, 2023, the Company had repurchase agreements with customers of \$9.3 million.

### Subordinated Debentures and Notes

In connection with the acquisition of Bancorp Rhode Island, Inc., the Company assumed three subordinated debentures issued by a subsidiary of Bancorp Rhode Island, Inc.

On September 15, 2014, the Company offered \$75.0 million of 6.0% fixed-to-floating subordinated notes due September 15, 2029. The Company was obligated to pay 6.0% interest semiannually between September 2014 and September 2024. Currently, 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. As of December 31, 2024, the Company had capitalized costs of \$0.5 million in relation to the issuance of these subordinated notes.

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	
				December 31, 2024	December 31, 2023
(Dollars in Thousands)					
June 26, 2003	Variable; 3-month CME term SOFR + spread adjustment of 0.26% + 3.10%	June 26, 2033	March 25, 2025	\$ 4,920	\$ 4,904
March 17, 2004	Variable; 3-month CME term SOFR + spread adjustment of 0.26% + 2.79%	March 17, 2034	March 16, 2025	4,880	4,857
September 15, 2014	Variable; 3-month CME term SOFR + spread adjustment of 0.26% + 3.32%	September 15, 2029	March 17, 2025	74,528	74,427
Total				\$ 84,328	\$ 84,188

### Derivative Financial Instruments

The Company has entered into loan level derivatives, risk participation agreements, and foreign exchange contracts with certain 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, risk participation agreements, and foreign exchange contracts at December 31, 2024 and 2023:

	At December 31, 2024		At December 31, 2023	
	(Dollars in Thousands)			
Interest rate derivatives (Notional amounts):	\$	225,000	\$	225,000
Loan level derivatives (Notional Amount):				
Receive fixed, pay variable	\$	1,672,948	\$	1,733,198
Pay fixed, receive variable		1,672,948		1,733,198
Risk participation-out agreements		539,731		542,387
Risk participation-in agreements		102,198		100,313
Foreign exchange contracts (Notional Amount)				
Buys foreign currency, sells U.S. currency	\$	5,849	\$	3,262
Sells foreign currency, buys U.S. currency		5,408		3,895
Fixed weighted average interest rate of the swap portfolio		3.03 %		2.96 %
Floating weighted average interest rate of the swap portfolio		4.81 %		5.70 %
Weighted average remaining term to maturity (in months)		68		75
Fair value:				
Recognized as an asset:				
Interest rate derivatives	\$	18	\$	234
Loan level derivatives		102,608		99,876
Risk participation-out agreements		495		1,238
Foreign exchange contracts		482		139
Recognized as a liability:				
Interest rate derivatives	\$	2,051	\$	2,842
Loan level derivatives		102,608		99,876
Risk participation-in agreements		137		310
Foreign exchange contracts		459		132



## Stockholders' Equity and Dividends

The Company's total stockholders' equity was \$1,221.9 million as of December 31, 2024, representing a \$23.3 million increase compared to \$1,198.6 million at December 31, 2023. The increase for the twelve months ended December 31, 2024, primarily reflects net income of \$68.7 million and compensation under recognition and retention plans of \$3.4 million partially offset by dividends paid by the Company of \$48.1 million and unrealized gain on securities available-for-sale of \$1.2 million.

For the year ended December 31, 2024, the dividend payout ratio was 69.9%, compared to 63.9% for the year ended December 31, 2023. The dividends paid in the fourth quarter of 2024 represented the Company's 103th consecutive quarter of dividend payments. The Company's quarterly dividend distribution was \$0.135 per share for each quarter of 2024.

Stockholders' equity represented 10.26% of total assets as of December 31, 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 8.27% of tangible assets (total assets less goodwill and identified intangible assets, net) as of December 31, 2024 and 8.39% as of December 31, 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 ("net interest margin"), 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. 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 are based on numerous assumptions and other subjective judgments. See the discussion in the "*Measuring Interest-Rate Risk*" section of Item 7A, "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.

### *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 years ended December 31, 2024, 2023 and 2022. 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.

	Year Ended December 31,								
	2024			2023			2022		
	Average Balance	Interest (1)	Average Yield/ Cost	Average Balance	Interest (1)	Average Yield/ Cost	Average Balance	Interest (1)	Average Yield/ Cost
(Dollars in Thousands)									
<b>Assets:</b>									
Interest-earning assets:									
Debt securities	\$ 862,381	\$ 26,416	3.06 %	\$ 947,782	\$ 29,891	3.15 %	\$ 706,580	\$ 13,079	1.85 %
Restricted equity securities	74,788	5,786	7.74 %	72,264	5,572	7.71 %	36,813	1,898	5.15 %
Short-term investments	164,445	8,554	5.20 %	158,718	8,329	5.25 %	104,288	1,440	1.38 %
Total investments	1,101,614	40,756	3.70 %	1,178,764	43,792	3.72 %	847,681	16,417	1.94 %
Commercial real estate loans <sup>(2)</sup>	5,760,432	327,221	5.59 %	5,654,385	307,652	5.37 %	4,238,960	172,811	4.02 %
Commercial loans <sup>(2)</sup>	1,086,460	73,369	6.65 %	929,077	59,110	6.28 %	744,972	34,105	4.52 %
Equipment financing <sup>(2)</sup>	1,352,993	106,329	7.86 %	1,277,224	92,112	7.21 %	1,148,673	75,767	6.60 %
Consumer loans <sup>(2)</sup>	1,501,626	82,273	5.47 %	1,470,677	75,098	5.10 %	1,199,804	46,295	3.86 %
Total loans and leases	9,701,511	589,192	6.07 %	9,331,363	533,972	5.72 %	7,332,409	328,978	4.49 %
Total interest-earning assets	10,803,125	629,948	5.83 %	10,510,127	577,764	5.50 %	8,180,090	345,395	4.22 %
Allowance for loan and lease losses	(121,628)			(120,613)			(95,542)		
Non-interest-earning assets	791,927			824,857			538,855		
Total assets	\$ 11,473,424			\$ 11,214,371			\$ 8,623,403		
<b>Liabilities and Stockholders' Equity:</b>									
Interest-bearing liabilities:									
Interest-bearing deposits:									
NOW accounts	\$ 650,225	4,543	0.70 %	\$ 720,572	4,275	0.59 %	\$ 598,267	853	0.14 %
Savings accounts	1,726,504	46,220	2.68 %	1,439,293	27,974	1.94 %	882,881	2,228	0.25 %
Money market accounts	2,056,066	60,796	2.96 %	2,205,430	58,153	2.64 %	2,387,670	15,392	0.64 %
Certificate of deposit accounts	1,737,697	76,134	4.38 %	1,428,727	44,122	3.09 %	998,580	8,210	0.82 %
Brokered deposit accounts	873,182	45,270	5.18 %	819,419	41,141	5.02 %	146,038	2,909	1.99 %
Total interest-bearing deposits <sup>(3)</sup>	7,043,674	232,963	3.31 %	6,613,441	175,665	2.66 %	5,013,436	29,592	0.59 %
Advances from the FHLB	1,124,432	55,851	4.89 %	1,092,996	52,467	4.73 %	340,569	9,355	2.71 %
Subordinated debentures and notes	84,258	6,074	7.21 %	84,116	5,476	6.51 %	83,971	5,133	6.11 %
Other borrowed funds	78,859	4,048	5.13 %	124,793	3,968	3.18 %	118,383	1,335	1.13 %
Total borrowed funds	1,287,549	65,973	5.04 %	1,301,905	61,911	4.69 %	542,923	15,823	2.87 %
Total interest-bearing liabilities	8,331,223	298,936	3.59 %	7,915,346	237,576	3.00 %	5,556,359	45,415	0.82 %
Non-interest-bearing liabilities:									
Non-interest-bearing demand checking accounts	1,657,922			1,823,759			1,879,620		
Other non-interest-bearing liabilities	273,243			307,160			203,187		
Total liabilities	10,262,388			10,046,265			7,639,166		
Stockholders' equity	1,211,036			1,168,106			984,237		
Total liabilities and equity	\$ 11,473,424			\$ 11,214,371			\$ 8,623,403		
Net interest income (tax-equivalent basis) / Interest-rate spread <sup>(4)</sup>		331,012	2.24 %		340,188	2.50 %		299,980	3.40 %
Less adjustment of tax-exempt income		1,427			477			209	
Net interest income		\$ 329,585			\$ 339,711			\$ 299,771	
Net interest margin <sup>(5)</sup>			3.06 %			3.24 %			3.67 %

(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 2.68%, 2.08% and 0.43% in the years ended December 31, 2024, 2023 and 2022, respectively.

(4) Interest-rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.

(5) Net interest margin represents net interest income (tax equivalent basis) divided by average interest-earning assets.

See "Comparison of Years Ended December 31, 2024 and December 31, 2023" and "Comparison of Years Ended December 31, 2023 and December 31, 2022" below for a discussion of average assets and liabilities, net interest income, interest-rate spread and net interest margin.

### 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.

	Year Ended December 31, 2024 Compared to Year Ended December 31, 2023			Year Ended December 31, 2023 Compared to Year Ended December 31, 2022		
	Increase (Decrease) Due To			Increase (Decrease) Due To		
	Volume	Rate	Net Change	Volume	Rate	Net Change
	(In Thousands)					
<b>Interest and dividend income:</b>						
Investments:						
Debt securities	\$ (2,638)	\$ (837)	\$ (3,475)	\$ 5,497	\$ 11,315	\$ 16,812
Restricted equity securities	193	21	214	2,423	1,251	3,674
Short-term investments	304	(79)	225	1,081	5,808	6,889
Total investments	(2,141)	(895)	(3,036)	9,001	18,374	27,375
Loans and leases:						
Commercial real estate loans	6,145	13,424	19,569	67,228	67,613	134,841
Commercial loans and leases	10,579	3,680	14,259	9,708	15,297	25,005
Equipment financing	5,642	8,575	14,217	8,952	7,393	16,345
Consumer loans	1,645	5,530	7,175	11,098	17,705	28,803
Total loans	24,011	31,209	55,220	96,986	108,008	204,994
Total change in interest and dividend income	21,870	30,314	52,184	105,987	126,382	232,369
<b>Interest expense:</b>						
Deposits:						
NOW accounts	(453)	721	268	205	3,217	3,422
Savings accounts	6,267	11,979	18,246	2,196	23,550	25,746
Money market accounts	(4,112)	6,755	2,643	(1,258)	44,019	42,761
Certificate of deposit accounts	10,924	21,088	32,012	4,836	31,076	35,912
Brokered deposit accounts	2,779	1,350	4,129	28,741	9,491	38,232
Total deposits	15,405	41,893	57,298	34,720	111,353	146,073
Borrowed funds:						
Advances from the FHLB	1,555	1,829	3,384	32,236	10,876	43,112
Subordinated debentures and notes	9	589	598	9	334	343
Other borrowed funds	(1,796)	1,876	80	76	2,557	2,633
Total borrowed funds	(232)	4,294	4,062	32,321	13,767	46,088
Total change in interest expense	15,173	46,187	61,360	67,041	125,120	192,161
Change in tax-exempt income	950	—	950	268	—	268
Change in net interest income	\$ 5,747	\$ (15,873)	\$ (10,126)	\$ 38,678	\$ 1,262	\$ 39,940

See "Comparison of Years Ended December 31, 2024 and December 31, 2023" and "Comparison of Years Ended December 31, 2023 and December 31, 2022" below for a discussion of changes in interest income, interest-rate spread and net interest margin resulting from changes in rates and volumes.

## Comparison of Years Ended December 31, 2024 and December 31, 2023

### Net Interest Income

Net interest income decreased \$10.1 million to \$329.6 million for the year ended December 31, 2024 from \$339.7 million for the year ended December 31, 2023. The decrease year over year reflects a \$61.4 million increase in interest expense on deposits and borrowings, along with a \$3.0 million decrease in interest income on debt securities, short term investments and restricted equity securities, partially offset by a \$54.2 million increase in interest income on loans and leases which is reflective of the increase in volume and interest rate environment.

Net interest margin decreased 18 basis points to 3.06% in 2024 from 3.24% in 2023. The Company's weighted average interest rate on loans increased to 6.07% for the year ended December 31, 2024 from 5.72% for the year ended December 31, 2023.

The yield on interest-earning assets increased to 5.83% for the year ended December 31, 2024 from 5.50% for the year ended December 31, 2023. The increase is the result of higher yields on loans and leases and investments. The Company recorded \$3.4 million in prepayment penalties and late charges, which contributed 3 basis points to yields on interest-earning assets for the year ended December 31, 2024 compared to \$2.9 million, or 3 basis points, for the year ended December 31, 2023.

The cost of interest-bearing liabilities increased 59 basis points to 3.59% for the year ended December 31, 2024 from 3.00% for the year ended December 31, 2023. Refer to "Financial Condition - Borrowed Funds" above for more details.

Management aims to position the balance sheet to be neutral to changes in interest rates. As a result of the Federal Reserve's rate cut which began in September and continued into the fourth quarter, the Treasury yield curve has become less inverted in recent months, with shorter-term interest rates decreasing.

This trend positively impacts the Company's net interest income, net interest spread, and net interest margin. Management anticipates that net interest margin will increase as deposit and wholesale funding costs decrease more rapidly than loan yields. If the Federal Reserve cuts rates in the near term, net interest income and net interest margin will be highly dependent on the Company's ability and timing to reduce deposit pricing as well as the overall mix of funding.

### Interest Income—Loans and Leases

	Year Ended December 31,		Dollar Change	Percent Change
	2024	2023		
(Dollars in Thousands)				
Interest income—loans and leases:				
Commercial real estate loans	\$ 326,877	\$ 307,652	\$ 19,225	6.2 %
Commercial loans	72,450	58,878	13,572	23.1 %
Equipment financing	106,329	92,112	14,217	15.4 %
Residential mortgage loans	51,171	46,350	4,821	10.4 %
Other consumer loans	31,102	28,747	2,355	8.2 %
Total interest income—loans and leases	\$ 587,929	\$ 533,739	\$ 54,190	10.2 %

Interest income from loans and leases was \$587.9 million for 2024, and represented a yield on total loans of 6.07%. This compares to \$533.7 million of interest on loans and leases and a yield of 5.72% for 2023. The \$54.2 million increase in interest income from loans and leases was primarily due to an increase of \$31.2 million related to interest rates changes, and an increase of \$23.0 million in origination volume.

### Interest Income—Investments

	Year Ended December 31,			
	2024	2023	Dollar Change	Percent Change
(Dollars in Thousands)				
Interest income—investments:				
Debt securities	\$ 26,252	\$ 29,648	\$ (3,396)	(11.5)%
Marketable and restricted equity securities	5,786	5,571	215	3.9 %
Short-term investments	8,554	8,329	225	2.7 %
Total interest income—investments	<u>\$ 40,592</u>	<u>\$ 43,548</u>	<u>\$ (2,956)</u>	(6.8)%

Total investment income was \$40.6 million for the year ended December 31, 2024 compared to \$43.5 million for the year ended December 31, 2023. As of December 31, 2024, the yield on total investments was 3.70% compared to 3.72% as of December 31, 2023. This year over year decrease in total investment income of \$3.0 million, or 6.8%, was driven by a \$2.1 million decrease due to volume and a \$0.9 million decrease due to rates.

### Interest Expense—Deposits and Borrowed Funds

	Year Ended December 31,			
	2024	2023	Dollar Change	Percent Change
(Dollars in Thousands)				
Interest expense:				
Deposits:				
NOW accounts	\$ 4,543	\$ 4,275	\$ 268	6.3 %
Savings accounts	46,220	27,974	18,246	65.2 %
Money market accounts	60,796	58,153	2,643	4.5 %
Certificate of deposit accounts	76,134	44,122	32,012	72.6 %
Brokered deposit accounts	45,270	41,141	4,129	10.0 %
Total interest expense—deposits	<u>232,963</u>	<u>175,665</u>	<u>57,298</u>	32.6 %
Borrowed funds:				
Advances from the FHLB	55,851	52,467	3,384	6.4 %
Subordinated debentures and notes	6,074	5,476	598	10.9 %
Other borrowed funds	4,048	3,968	80	2.0 %
Total interest expense—borrowed funds	<u>65,973</u>	<u>61,911</u>	<u>4,062</u>	6.6 %
Total interest expense	<u>\$ 298,936</u>	<u>\$ 237,576</u>	<u>\$ 61,360</u>	25.8 %

#### Deposits

In 2024, interest paid on deposits increased \$57.3 million, or 32.6%, compared to 2023. The increase in interest expense on deposits was driven by an increase of \$41.9 million due to higher interest rates and an increase of \$15.4 million primarily driven by the growth in volume of certificate of deposit balances and savings accounts. For the year ended December 31, 2024, purchase accounting amortization was \$1.0 million on acquired deposits and one basis point, compared to \$1.3 million and one basis point for the year ended December 31, 2023.

#### Borrowed Funds

As of December 31, 2024, the Company's borrowed funds include \$1.4 billion in FHLB borrowings, \$84.3 million in subordinated debentures and notes, and \$79.6 million in other borrowed funds. In 2024, the average balance of FHLB borrowings increased \$31.4 million, or 2.9%, the average balance of other borrowed funds, which includes repurchase agreements and other borrowings, decreased \$45.9 million, or 36.8%, and the average balance of subordinated debentures and notes increased \$142.0 thousand, or 0.2%, for the year ended December 31, 2024.

For the year ended December 31, 2024, interest paid on borrowed funds increased \$4.1 million, or 6.6%, year over year. The cost of borrowed funds increased to 5.04% for the year ended December 31, 2024 from 4.69% for the year ended December 31, 2023. The increase in interest expense was driven by an increase of \$4.3 million due to borrowing rates partially

offset by a decrease of \$0.2 million due to volume. For the year ended December 31, 2024, purchase accounting amortization was \$0.2 million on acquired borrowed funds compared to amortization of \$0.3 million for the year ended December 31, 2023.

### Provision for Credit Losses

The provisions for credit losses are set forth below:

	Year Ended December 31,	
	2024	2023
	(In Thousands)	
Provision (credit) for credit losses:		
Commercial real estate	\$ (2,814)	\$ 14,328
Commercial	34,716	21,537
Consumer	187	2,838
Total provision (credit) for loan and lease losses	32,089	38,703
Unfunded credit commitments	(10,086)	(835)
Investment securities available-for-sale	(359)	339
Total provision (credit) for credit losses	\$ 21,644	\$ 38,207

For the year ended December 31, 2024, the provision for credit losses decreased \$16.6 million to \$21.6 million from \$38.2 million for the year ended December 31, 2023. The decrease in the provision for 2024 was largely driven by the lack of a day one provision of \$16.7 million in acquired loans as a result of the PCSB acquisition.

See management's discussion of "Financial Condition — Allowance for Loan and Lease Losses" and Note 7, "Allowance for Credit Losses," to the audited 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:

	Year Ended December 31,			
	2024	2023	Dollar Change	Percent Change
	(Dollars in Thousands)			
Deposit fees	\$ 10,548	\$ 11,611	\$ (1,063)	(9.2)%
Loan fees	2,394	2,036	358	17.6 %
Loan level derivative income, net	1,658	3,890	(2,232)	(57.4)%
Gain (loss) on sales of investment securities, net	—	1,704	(1,704)	(100.0)%
Gain on sales of loans and leases	951	2,581	(1,630)	(63.2)%
Other	10,064	10,112	(48)	(0.5)%
Total non-interest income	\$ 25,615	\$ 31,934	\$ (6,319)	(19.8)%

For the year ended December 31, 2024, non-interest income decreased \$6.3 million, or 19.8%, to \$25.6 million compared to \$31.9 million for the same period in 2023. The decrease was primarily driven by decreases of \$2.2 million in loan level derivative income, net, \$1.7 million in gain on sales of investment securities, net, and \$1.6 million in gain on sales of loans and leases.

Loan level derivative income, net, decreased \$2.2 million, or 57.4%, to \$1.7 million for the year ended December 31, 2024 from \$3.9 million for the same period in 2023, driven by lower levels of swap deals in 2024.

There was no gain on sales of investment securities for the year ended December 31, 2024 compared to a gain of \$1.7 million for the same period in 2023, driven by a \$1.7 million gain on sales of investments from the repositioning of the PCSB portfolio in 2023 and no sales of investment securities in 2024.

Gain on sales of loans and leases decreased \$1.6 million, or 63.2%, to \$1.0 million for the year ended December 31, 2024 from \$2.6 million for the same period in 2023, driven by a decrease in loan participations in 2024.

### Non-Interest Expense

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

	Year Ended December 31,			
	2024	2023	Dollar Change	Percent Change
	(Dollars in Thousands)			
Compensation and employee benefits	\$ 143,723	\$ 138,895	\$ 4,828	3.5 %
Occupancy	22,056	20,203	1,853	9.2 %
Equipment and data processing	27,374	27,004	370	1.4 %
Professional services	7,133	7,226	(93)	(1.3)%
FDIC insurance	8,044	7,844	200	2.5 %
Advertising and marketing	5,240	4,724	516	10.9 %
Amortization of identified intangible assets	6,746	7,840	(1,094)	(14.0)%
Merger and restructuring expense	4,201	7,411	(3,210)	(43.3)%
Other	17,348	18,377	(1,029)	(5.6)%
Total non-interest expense	\$ 241,865	\$ 239,524	\$ 2,341	1.0 %

For the year ended December 31, 2024, non-interest expense increased \$2.3 million, or 1.0%, to \$241.9 million compared to \$239.5 million for the same period in 2023. The increase was primarily driven by increases of \$4.8 million in compensation and employee benefits and \$1.9 million in occupancy expense, partially offset by decreases of \$3.2 million in merger and restructuring expense, \$1.1 million in amortization of identified intangible assets, and \$1.0 million in other expenses.

The efficiency ratio increased to 68.09% for the year ended December 31, 2024 from 64.45% for the same period in 2023. The increase year over year was primarily driven by lower net interest income and non-interest income, and higher non-interest expense in 2024.

Compensation and employee benefits expense increased \$4.8 million, or 3.5%, to \$143.7 million for the year ended December 31, 2024 from \$138.9 million for the same period in 2023. The increase was primarily driven by higher incentive/bonus, salaries, and health care benefits expenses.

Occupancy expense increased \$1.9 million, or 9.2%, to \$22.1 million for the year ended December 31, 2024 from \$20.2 million for the same period in 2023. The increase was primarily driven by higher building maintenance, leasehold improvement depreciation, and rent expenses.

Merger and restructuring expense decreased \$3.2 million, or 43.3%, to \$4.2 million for the year ended December 31, 2024 from \$7.4 million for the same period in 2023. The decrease was driven by higher merger-related expenses due to the PCSB acquisition in 2023, compared to Berkshire Hills Bancorp merger-related expenses and restructuring costs at Eastern Funding in 2024.

### Provision for Income Taxes

	Year Ended December 31,			
	2024	2023	Dollar Change	Percent Change
	(Dollars in Thousands)			
Income before provision for income taxes	\$ 91,691	\$ 93,914	\$ (2,223)	(2.4)%
Provision for income taxes	22,976	18,915	4,061	21.5 %
Net income,	<u>\$ 68,715</u>	<u>\$ 74,999</u>	<u>\$ (6,284)</u>	<u>(8.4)%</u>
Effective tax rate	25.1 %	20.1 %	N/A	24.9 %

The Company recorded income tax expense of \$23.0 million for 2024, compared to \$18.9 million for 2023. This represents an effective tax rate of 25.1% and 20.1% for 2024 and 2023, respectively. The increase in the Company's effective tax rate was due to the lack of participation in energy tax credit investments in 2024 compared to 2023 as well as an increase in merger and restructuring expenses which were not tax deductible during the period.

## Comparison of Years Ended December 31, 2023 and December 31, 2022

### Net Interest Income

Net interest income increased \$39.9 million to \$339.7 million for the year ended December 31, 2023 from \$299.8 million for the year ended December 31, 2022. The increase year over year reflects a \$205.0 million increase in interest income on loans and leases, along with a \$27.1 million increase in interest income on debt securities, short term investments and restricted equity securities, offset by a \$192.2 million increase in interest expense on deposits and borrowings, which is reflective of the increase in volume and rising interest rate environment.

Net interest margin decreased by 43 basis points to 3.24% in 2023 from 3.67% in 2022. The Company's weighted average interest rate on loans (prior to purchase accounting adjustments) increased to 5.72% for the year ended December 31, 2023 from 4.49% for the year ended December 31, 2022.

The yield on interest-earning assets increased to 5.50% for the year ended December 31, 2023 from 4.22% for the year ended December 31, 2022. The increase is the result of higher yields on loans and leases and investments. The Company recorded \$2.9 million in prepayment penalties and late charges, which contributed 3 basis points to yields on interest-earning assets for the year ended December 31, 2023 compared to \$4.8 million, or 6 basis points, for the year ended December 31, 2022.

The cost of funds increased 218 basis points to 3.00% for the year ended December 31, 2023 from 0.82% for the year ended December 31, 2022. Refer to "Financial Condition - Borrowed Funds" above for more details.

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

### Interest Income—Loans and Leases

	Year Ended December 31,			
	2023	2022	Dollar Change	Percent Change
	(Dollars in Thousands)			
Interest income—loans and leases:				
Commercial real estate loans	\$ 307,652	\$ 172,811	\$ 134,841	78.0 %
Commercial loans	58,878	33,896	24,982	73.7 %
Equipment financing	92,112	75,767	16,345	21.6 %
Residential mortgage loans	46,350	29,726	16,624	55.9 %
Other consumer loans	28,747	16,569	12,178	73.5 %
Total interest income—loans and leases	\$ 533,739	\$ 328,769	\$ 204,970	62.3 %

Interest income from loans and leases was \$533.7 million for 2023, and represented a yield on total loans of 5.72%. This compares to \$328.8 million of interest on loans and leases and a yield of 4.49% for 2022. The \$205.0 million increase in interest income from loans and leases was driven by the acquisition of PCSB Bank, along with an increase of \$97.0 million in origination volume, and an increase of \$108.0 million in interest rates changes.



### Interest Income—Investments

	Year Ended December 31,			
	2023	2022	Dollar Change	Percent Change
	(Dollars in Thousands)			
Interest income—investments:				
Debt securities	\$ 29,648	\$ 13,079	\$ 16,569	126.7 %
Marketable and restricted equity securities	5,571	1,898	3,673	193.5 %
Short-term investments	8,329	1,440	6,889	478.4 %
Total interest income—investments	\$ 43,548	\$ 16,417	\$ 27,131	165.3 %

Total investment income was \$43.5 million for the year ended December 31, 2023 compared to \$16.4 million for the year ended December 31, 2022. As of December 31, 2023, the yield on total investments was 3.72% compared to 1.94% as of December 31, 2022. This year over year increase in total investment income of \$27.1 million, or 165.3%, was driven by a \$18.4 million increase due to rates and a \$9.0 million increase due to volume.

### Interest Expense—Deposits and Borrowed Funds

	Year Ended December 31,			
	2023	2022	Dollar Change	Percent Change
	(Dollars in Thousands)			
Interest expense:				
Deposits:				
NOW accounts	\$ 4,275	\$ 853	\$ 3,422	401.2 %
Savings accounts	27,974	2,228	25,746	1155.6 %
Money market accounts	58,153	15,392	42,761	277.8 %
Certificate of deposit accounts	44,122	8,210	35,912	437.4 %
Brokered deposit accounts	41,141	2,909	38,232	1,314.3 %
Total interest expense—deposits	175,665	29,592	146,073	493.6 %
Borrowed funds:				
Advances from the FHLB	52,467	9,355	43,112	460.8 %
Subordinated debentures and notes	5,476	5,133	343	6.7 %
Other borrowed funds	3,968	1,335	2,633	197.2 %
Total interest expense—borrowed funds	61,911	15,823	46,088	291.3 %
Total interest expense	\$ 237,576	\$ 45,415	\$ 192,161	423.1 %

#### Deposits

In 2023, interest paid on deposits increased \$146.1 million, or 493.6%, compared to 2022. The increase in interest expense on deposits was driven by an increase of \$111.4 million due to higher interest rates and an increase of \$34.7 million primarily driven by the growth in volume of average brokered deposits and certificate of deposit balances. For the year ended December 31, 2023, purchase accounting amortization was \$1.3 million on acquired deposits and one basis point. The Company did not record any purchase accounting amortization in 2022.

#### Borrowed Funds

As of December 31, 2023, the Company's borrowed funds include \$1.2 billion in FHLB borrowings, \$84.2 million in subordinated debentures and notes, and \$69.3 million in other borrowed funds. In 2023, the average balance of FHLB borrowings increased \$752.4 million, or 220.9%, the average balance of other borrowed funds, which includes repurchase agreements and other borrowings, increased \$6.4 million, or 5.4%, and the average balance of subordinated debentures and notes increased \$145.0 thousand, or 0.2%, for the year ended December 31, 2023.

For the year ended December 31, 2023, interest paid on borrowed funds increased \$46.1 million, or 291.3%, year over year. The cost of borrowed funds increased to 4.69% for the year ended December 31, 2023 from 2.87% for the year ended December 31, 2022. The increase in interest expense was driven by an increase of \$32.3 million due to volume and an increase

of \$13.8 million due to borrowing rates. For the year ended December 31, 2023, purchase accounting amortization was \$0.3 million on acquired borrowed funds compared to amortization of \$0.1 million for the year ended December 31, 2022. Purchase accounting amortization had no impact on the Company's net interest margin.

### Provision for Credit Losses

The provisions for credit losses are set forth below:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
Provision (credit) for loan and lease losses:		
Commercial real estate	\$ 14,328	\$ (1,046)
Commercial	21,537	2,892
Consumer	2,838	872
Total provision (credit) for loan and lease losses	38,703	2,718
Unfunded credit commitments	(835)	5,807
Investment securities available-for-sale	\$ 339	\$ 102
Total provision (credit) for credit losses	\$ 38,207	\$ 8,627

For the year ended December 31, 2023, the provision for credit losses increased \$29.6 million to \$38.2 million from \$8.6 million for the year ended December 31, 2022. This increase in the provision for 2023 is largely driven by a \$16 million increase in acquired loans as a result of the PCSB acquisition.

For the year ended December 31, 2023, the provision for credit losses increased \$29.6 million to \$38.2 million from \$8.6 million for the year ended December 31, 2022. This increase in the provision for 2023 was largely driven by a \$16 million increase in acquired loans as a result of the PCSB acquisition.

See management's discussion of "Financial Condition — Allowance for Loan and Lease Losses" and Note 7, "Allowance for Credit Losses," to the audited 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:

	Year Ended December 31,			
	2023	2022	Dollar Change	Percent Change
	(Dollars in Thousands)			
Deposit fees	\$ 11,611	\$ 10,919	\$ 692	6.3 %
Loan fees	2,036	2,208	(172)	(7.8)%
Loan level derivative income, net	3,890	4,246	(356)	(8.4)%
Gain (loss) on sales of investment securities, net	1,704	321	1,383	430.8 %
Gain on sales of loans and leases	2,581	4,136	(1,555)	(37.6)%
Other	10,112	6,517	3,595	55.2 %
Total non-interest income	\$ 31,934	\$ 28,347	\$ 3,587	12.7 %

For the year ended December 31, 2023, non-interest income increased \$3.6 million, or 12.7%, to \$31.9 million compared to \$28.3 million for the same period in 2022. The increase was primarily driven by increases of \$3.6 million in other income and \$1.4 million in gain on sales of investment securities, net, partially offset by a decrease of \$1.6 million in gain on sales of loans and leases.

Other income increased \$3.6 million, or 55.2%, to \$10.1 million for the year ended December 31, 2023 from \$6.5 million for the same period in 2022, primarily driven by higher gain on interest rate derivatives, BOLI income, and wealth management income.

Gain on sales of loans and leases decreased \$1.6 million, or 37.6%, to \$2.6 million for the year ended December 31, 2023 from \$4.1 million for the same period in 2022, primarily driven by a decrease in loan participations in 2023.

For the year ended December 31, 2023, gain on sales of investment securities increased \$1.4 million, or 430.8%, to \$1.7 million, compared to a gain of \$0.3 million for the same period in 2022, primarily driven by a \$1.7 million gain on sales of investments from the repositioning of the PCSB portfolio.

### Non-Interest Expense

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

	Year Ended December 31,			
	2023	2022	Dollar Change	Percent Change
	(Dollars in Thousands)			
Compensation and employee benefits	\$ 138,895	\$ 113,487	\$ 25,408	22.4 %
Occupancy	20,203	16,002	4,201	26.3 %
Equipment and data processing	27,004	20,833	6,171	29.6 %
Professional services	7,226	5,060	2,166	42.8 %
FDIC insurance	7,844	3,177	4,667	146.9 %
Advertising and marketing	4,724	4,980	(256)	(5.1)%
Amortization of identified intangible assets	7,840	494	7,346	1487.0 %
Merger and acquisition expense	7,411	2,249	5,162	229.5 %
Other	18,377	13,260	5,117	38.6 %
Total non-interest expense	\$ 239,524	\$ 179,542	\$ 59,982	33.4 %

For the year ended December 31, 2023, non-interest expense increased \$60.0 million, or 33.4%, to \$239.5 million compared to \$179.5 million for the same period in 2022. The increase was primarily driven by increases of \$25.4 million in compensation and employee benefits, \$7.3 million in amortization of identified intangible assets, \$6.2 million in equipment and data processing, \$5.2 million in merger and acquisition expense, \$5.1 million in other expense, \$4.7 million in FDIC insurance, \$4.2 million in occupancy, and \$2.2 million in professional services.

The efficiency ratio increased to 64.45% for the year ended December 31, 2023 from 54.72% for the same period in 2022. The increase year over year was primarily driven by higher non-interest expense, partially offset by higher net interest income and non-interest income in 2023.

Compensation and employee benefits expense increased \$25.4 million, or 22.4%, to \$138.9 million for the year ended December 31, 2023 from \$113.5 million for the same period in 2022. The increase was primarily driven by an increase in employee headcount, predominantly from the PCSB acquisition, driving increases in salaries, retirement plan and health care benefits, partially offset by a decrease in incentive/bonus.

Amortization of identified intangible assets expense increased \$7.3 million to \$7.8 million for the year ended December 31, 2023 from \$0.5 million for the same period in 2022. The increase in 2023 was primarily driven by intangible core deposit valuation for the PCSB acquisition.

Equipment and data processing expense increased \$6.2 million, or 29.6%, to \$27.0 million for the year ended December 31, 2023 from \$20.8 million for the same period in 2022. The increase was primarily driven by higher software expenses.

Merger and acquisition expense increased \$5.2 million to \$7.4 million for the year ended December 31, 2023 from \$2.2 million for the same period in 2022. The increase was driven by merger-related expenses related to the PCSB acquisition.

Other expense increased \$5.1 million, or 38.6%, to \$18.4 million for the year ended December 31, 2023 from \$13.3 million for the same period in 2022. The increase was primarily driven by lower deferred loan expenses, higher directors' fees and higher miscellaneous expenses.

## Provision for Income Taxes

	Year Ended December 31,			
	2023	2022	Dollar Change	Percent Change
	(Dollars in Thousands)			
Income before provision for income taxes	\$ 93,914	\$ 139,949	\$ (46,035)	(32.9)%
Provision for income taxes	18,915	30,205	(11,290)	(37.4)%
Net income,	<u>\$ 74,999</u>	<u>\$ 109,744</u>	<u>\$ (34,745)</u>	<u>(31.7)%</u>
Effective tax rate	20.1 %	21.6 %	N/A	(6.9)%

The Company recorded income tax expense of \$18.9 million for 2023, compared to \$30.2 million for 2022. This represents an effective tax rate of 20.1% and 21.6% for 2023 and 2022, respectively. The decrease in the Company's effective tax rate is due to continued participation in energy tax credit investments, and increased benefits in the Company's investments in affordable housing projects.

## Liquidity and Capital Resources

### Liquidity

Liquidity is defined as the ability to meet current and future financial obligations of a short-term nature. The Company further defines liquidity as the ability to respond to the needs of depositors and borrowers, as well as to earnings enhancement opportunities, in a changing marketplace. Liquidity management is monitored by an 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 are dividends paid to it by the Banks. The primary sources of liquidity for the Banks consist of deposit inflows, loan repayments, borrowed funds, maturing investment securities and net income.

In the fourth quarter, the Company operated with increased liquidity. During the year, the Company shifted its balance sheet asset mix to include additional cash. Management will continue to monitor the economic conditions 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 fourth quarter. Cash and equivalents at the end of the quarter were \$543.6 million, or 4.6% 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 8% and 12% of total assets. As of December 31, 2024, cash, cash equivalents and investment securities available-for-sale totaled \$1.4 billion, or 12.1% 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 \$8.9 billion as of December 31, 2024 and represented 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 December 31, 2024 and represented 69.1% 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 \$869.0 million of brokered deposits as of December 31, 2024, which represented 9.8% 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 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 \$1.5 billion as of December 31, 2024, representing 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 of Boston and FHLB of New York, the Banks have access to both short- and long-term borrowings. The Company's remaining borrowing capacity from the FHLB of Boston and FHLB of New York for advances and repurchase agreements was \$1.3 billion as of December 31, 2024 and December 31, 2023, respectively, based on the level of qualifying collateral available for these borrowings.

As of December 31, 2024, the Banks also have access to funding through certain uncommitted lines via AFX as well as other large financial institution specific lines.

The Company had a \$30.0 million committed line of credit for contingent liquidity as of December 31, 2024.

The Company has access to the Federal Reserve Discount Window to supplement its liquidity. The Company has \$359.5 million of borrowing capacity at the FRB as of December 31, 2024.

As of December 31, 2024, the Company did not have any borrowings outstanding with the FRB nor with these committed and uncommitted lines.

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

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

### Capital Resources

As of December 31, 2024 and 2023, the Company and the Banks were under the primary regulation of and required to comply with the capital requirements of the FRB. At those dates, the Company and the Banks exceeded all regulatory capital requirements and the banks were considered "well-capitalized." See "Supervision and Regulation" in Item 1 and Note 19, "Regulatory Capital Requirements", for the Company's and the Banks' actual and required capital amounts and ratios.

### Off-Balance-Sheet Arrangements

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 effect of such activity on the Company's financial condition and results of operations, such as recorded liability for unfunded credit commitment, is immaterial. See Note 13, "Commitments and Contingencies," to the consolidated financial statements for a description of off-balance-sheet financial instruments.

### Contractual Obligations

A summary of contractual obligations by the expected payment period for the date indicated follows.

	Payment Due by Period				
	Less Than One Year	One to Three Years	More than Three Years to Five Years	Over Five Years	Total
(In Thousands)					
<b>At December 31, 2024:</b>					
Advances from the FHLB	\$ 1,278,372	\$ 70,316	\$ 2,577	\$ 4,661	\$ 1,355,926
Subordinated debentures and notes	—	—	74,528	9,800	84,328
Other borrowed funds	79,592	—	—	—	79,592
Loan commitments <sup>(1)</sup>	2,181,044	—	—	—	2,181,044
Occupancy lease commitments <sup>(2)</sup>	9,156	16,423	10,301	16,665	52,545
Purchase obligations <sup>(3)</sup>	39,825	18,970	1,220	—	60,015
Employee postretirement obligations	1,725	3,643	3,976	20,222	29,566
	<u>\$ 3,589,714</u>	<u>\$ 109,352</u>	<u>\$ 92,602</u>	<u>\$ 51,348</u>	<u>\$ 3,843,016</u>

(1) These amounts represent commitments made by the Company to extend credit to borrowers as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Since some of the commitments are expected to expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements.

(2) The Company leases certain office space under various noncancellable operating leases. These leases have terms ranging from 1 year to over 19 years. Certain leases contain renewal options and escalation clauses for real estate taxes and other expenditures which can increase rental expenses based principally on the consumer price index and fair market rental value provisions.

(3) Purchase obligations represent agreements to purchase goods or services that are enforceable and legally binding and specify all significant terms.

## **Item 7A. 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.

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 deposits with terms of more than five years, and adjusting maturities of FHLB advances. 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 enters into interest rate swaps as part of its interest rate risk management strategy. These interest rate swaps are designated as cash flow hedges and involve the receipt of variable rate amounts from a counterparty in exchange for the Company making fixed payments.

### ***Measuring Interest-Rate Risk***

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

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

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

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

Gradual Change in Interest Rate Levels	Estimated Exposure to Net Interest Income over Twelve-Month Horizon Beginning			
	December 31, 2024		December 31, 2023	
	Dollar Change	Percent Change	Dollar Change	Percent Change
	(Dollars in Thousands)			
Up 300 basis points shock	\$ 10,017	2.7 %	\$ 13,318	3.9 %
Up 200 basis points ramp	7,911	2.1 %	7,068	2.1 %
Up 100 basis points ramp	4,431	1.2 %	3,389	1.0 %
Down 100 basis points ramp	(3,537)	(1.0)%	(5,042)	(1.5)%

The estimated impact of a 300 basis points increase in market interest rates on the Company's estimated net interest income over a twelve-month horizon was a positive 2.7% as of December 31, 2024, compared to a positive 3.9% as of December 31, 2023. The balance sheet became less asset sensitive as loans reprice slower than deposits.

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.

Parallel Shock in Interest Rate Levels	Estimated Percent Change in Economic Value of Equity	
	At December 31, 2024	At December 31, 2023
Up 300 basis points	(5.5)%	(6.3)%
Up 200 basis points	(4.1)%	(4.4)%
Up 100 basis points	(1.3)%	(2.2)%
Down 100 basis points	(0.8)%	2.1 %

The Company's EVE asset sensitivity decreased from December 31, 2023 to December 31, 2024 driven by change in deposit mix and loan growth.

The Company also uses interest-rate sensitivity "gap" analysis to provide a more general overview of its interest-rate risk profile. The interest-rate sensitivity gap is defined as the difference between interest-earning assets and interest-bearing liabilities maturing or repricing within a given time period. The table below shows the Company's interest-rate sensitivity gap position as of December 31, 2024.

	One Year or Less	More than One Year to Two Years	More than Two Years to Three Years	More than Three Years to Five Years	More than Five Years	Total
(Dollars in Thousands)						
<b>Interest-earning assets <sup>(1)</sup>:</b>						
Short-term investments	\$ 478,997	\$ —	\$ —	\$ —	\$ —	\$ 478,997
Weighted average rate	4.33 %	— %	— %	— %	— %	4.33 %
Investment securities <sup>(1)(3)</sup>	149,753	182,918	132,879	197,908	231,575	895,033
Weighted average rate	2.03 %	2.70 %	2.65 %	2.83 %	2.43 %	2.54 %
Commercial real estate loans <sup>(1)</sup>	2,623,203	801,344	763,564	1,105,816	422,188	5,716,115
Weighted average rate	6.01 %	4.46 %	4.83 %	5.21 %	5.39 %	5.43 %
Commercial loans and leases <sup>(1)</sup>	1,125,818	465,215	344,964	402,310	168,358	2,506,665
Weighted average rate	7.12 %	7.32 %	7.80 %	7.54 %	7.24 %	7.33 %
Consumer loans <sup>(1)</sup>	703,762	136,235	126,475	194,800	395,237	1,556,509
Weighted average rate	6.54 %	4.22 %	4.39 %	4.82 %	5.36 %	5.65 %
Total interest-earning assets	5,081,533	1,585,712	1,367,882	1,900,834	1,217,358	11,153,319
Weighted average rate	6.05 %	5.07 %	5.32 %	5.41 %	5.07 %	5.61 %
<b>Interest-bearing liabilities <sup>(1)</sup>:</b>						
NOW accounts	\$ —	\$ —	\$ —	\$ —	\$ 617,246	\$ 617,246
Weighted average rate	— %	— %	— %	— %	0.57 %	0.57 %
Savings accounts	—	—	—	—	1,721,247	1,721,247
Weighted average rate	— %	— %	— %	— %	2.35 %	2.35 %
Money market savings accounts	2,116,360	—	—	—	—	2,116,360
Weighted average rate	2.50 %	— %	— %	— %	— %	2.50 %
Certificates of deposit <sup>(1)</sup>	1,773,258	78,153	13,188	20,844	—	1,885,443
Weighted average rate	4.38 %	3.34 %	2.13 %	2.03 %	— %	4.30 %
Brokered deposits	786,026	83,486	—	(559)	—	868,953
Weighted average rate	4.55 %	4.34 %	— %	— %	— %	4.53 %
Borrowed funds <sup>(1)</sup>	1,443,760	70,820	780	3,247	1,238	1,519,845
Weighted average rate	4.90 %	4.24 %	2.96 %	1.47 %	4.86 %	4.86 %
Total interest-bearing liabilities	6,119,404	232,459	13,968	23,532	2,339,731	8,729,094
Weighted average rate	3.88 %	3.97 %	2.18 %	2.00 %	1.88 %	3.20 %
Interest sensitivity gap <sup>(2)</sup>	\$ (1,037,871)	\$ 1,353,253	\$ 1,353,914	\$ 1,877,302	\$ (1,122,373)	\$ 2,424,225
Cumulative interest sensitivity gap	\$ (1,037,871)	\$ 315,382	\$ 1,669,296	\$ 3,546,598	\$ 2,424,225	
Cumulative interest sensitivity gap as a percentage of total assets	(8.72)%	2.65 %	14.02 %	29.79 %	20.36 %	
Cumulative interest sensitivity gap as a percentage of total interest-earning assets	(9.31)%	2.83 %	14.97 %	31.80 %	21.74 %	

(1) Interest-earning assets and interest-bearing liabilities are included in the period in which the balances are expected to be redeployed and/or repriced as a result of anticipated prepayments, scheduled rate adjustments and contractual maturities.

(2) Interest sensitivity gap represents the difference between interest-earning assets and interest-bearing liabilities.

(3) Investment securities include all debt, equity and restricted equity securities and unrealized gains and losses on investment securities.



As of December 31, 2024, interest-earning assets maturing or repricing within one year amounted to \$5.1 billion and interest-bearing liabilities maturing or repricing within one year amounted to \$6.1 billion, resulting in a cumulative one-year negative gap position of \$1.0 billion or 9.31% of total interest-earning assets. As of December 31, 2023, the Company had a cumulative one-year negative gap position of \$521.4 million, or 4.89% of total interest-earning assets. The change in the cumulative one-year gap position from December 31, 2023 was due to an increase of borrowed funds and non-maturity deposits.

Interest rates paid on NOW accounts, savings accounts and money market accounts are subject to change at any time and such deposits are available for immediate withdrawal. A review of rates paid on these deposit categories over the last several years indicated that the amount and timing of rate changes did not coincide with the amount and timing of rate changes on other deposits when the FRB adjusted its benchmark federal funds rate.

Management views NOW and savings accounts to be less sensitive to interest rates than money market accounts and these accounts are therefore characterized as stable long-term funding sensitive beyond five years. Management views money market accounts to be more volatile deposits and these accounts are therefore characterized as sensitive to changes in interest rates within the first year.

#### **Item 8. Financial Statements and Supplementary Data**

The following financial statements and supplementary data required by this item are presented on the following pages which appear elsewhere herein:

	<u>Pages</u>
<a href="#">Reports of Independent Registered Public Accounting Firm</a>	<a href="#">F-3</a>
<a href="#">Consolidated Balance Sheets as of December 31, 2024 and 2023</a>	<a href="#">F-6</a>
<a href="#">Consolidated Statements of Income for the years ended December 31, 2024, 2023, and 2022</a>	<a href="#">F-7</a>
<a href="#">Consolidated Statements of Comprehensive Income for the years ended December 31, 2024, 2023, and 2022</a>	<a href="#">F-8</a>
<a href="#">Consolidated Statements of Changes in Stockholders' Equity for the years ended December 31, 2024, 2023, and 2022</a>	<a href="#">F-9 - F-11</a>
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023, and 2022</a>	<a href="#">F-10 - F-13</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">F-12 - F-82</a>

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. 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 and Strategy 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 and Strategy Officer concluded 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 and Strategy Officer, as appropriate to allow timely decisions regarding required disclosure.

There has been no change in the Company's internal control over financial reporting identified in connection with the quarterly evaluation that occurred during the Company's last fiscal quarter that has materially and detrimentally affected, or is reasonably likely to materially and detrimentally affect, the Company's internal control over financial reporting.

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. In addition, the effectiveness of the Company's internal control over financial reporting as of the end of the period covered by this report has been audited by KPMG LLP, an independent registered public accounting firm as stated in its report which is included in Item 8 of this Annual Report on Form 10-K.

Management's Report on Internal Control Over Financial Reporting as of December 31, 2024 appears on page F-1 herein and the related Report of Independent Registered Public Accounting Firm thereon appears on page F-2 herein.

### **Item 9B. Other Information**

#### *(a). Retention Bonus Agreements*

On February 26, 2025, the Company entered into retention bonus agreements with each of Carl M. Carlson, the Company's Co-President and Chief Financial and Strategy Officer, and Michael W. McCurdy, the Company's Co-President and Chief Operating Officer (the "Retention Bonus Agreements"). The Retention Bonus Agreements were entered into in connection with the Merger to incentivize Mr. Carlson and Mr. McCurdy to remain employed with Brookline and, after the closing of the Merger, Berkshire. Pursuant to the Retention Bonus Agreements, Mr. Carlson's and Mr. McCurdy's retention bonuses are each equal to \$3 million, payable in two equal installments with 50% of each retention bonus becoming earned and payable on the first anniversary of the closing of the Merger and 50% of each retention bonus becoming earned and payable on the second anniversary of the closing of the Merger, in each case, subject to such executive officer's continued employment through such date. In the event that Mr. Carlson's or Mr. McCurdy's employment is terminated by the Company (or, after the closing of the Merger, Berkshire) without "cause", due to their death or disability, or by such executive officer for "good reason" (as each term is defined in each executive officer's employment agreement), the full amount of any unpaid retention bonuses shall accelerate and become payable on the first regularly scheduled payroll cycle following the date of termination. Copies of the Retention Bonus Agreements are filed as Exhibits 10.15 and 10.16 of this Annual Report on Form 10-K and incorporated herein by reference.

#### *Meiklejohn Agreement*

On February 26, 2025, Berkshire, Brookline Bank and Mark J. Meiklejohn entered into an employment agreement (the "Meiklejohn Agreement"). The Meiklejohn Agreement will become effective as of the closing of the Merger and sets forth the terms of Mr. Meiklejohn's employment with Berkshire and Brookline Bank following the Merger. The Meiklejohn Agreement supersedes and replaces Mr. Meiklejohn's preexisting employment agreement.

Pursuant to the Meiklejohn Agreement, Mr. Meiklejohn will receive a base salary, subject to periodic review by the Berkshire board of directors or compensation committee, and cash incentive compensation and equity awards as determined by the Berkshire board of directors or compensation committee from time to time. As of the closing of the Merger, the base salary of Mr. Meiklejohn will be equal to \$480,500.00. As of the closing of the Merger, Mr. Meiklejohn's target annual incentive

compensation will continue to be equal to 60% of his base salary and the target value of his annual equity award will have a grant date fair value of 50% of his base salary. In addition, Mr. Meiklejohn will be eligible to participate in the employee benefit plans generally available to employees of Berkshire and Brookline Bank after the Merger, subject to the terms of such plans. Mr. Meiklejohn will also continue to receive a car allowance of \$500 per month, parking near the bank's office in Providence, Rhode Island, and payment of membership dues to the Aurora Civic Association in Providence, Rhode Island.

In the event of a termination of employment after the closing of the merger by Berkshire or Brookline Bank without "cause" or by such executive officer for "good reason" (as each term is defined in the Meiklejohn Agreement), subject to his execution of a separation agreement and release of claims in favor of Berkshire and Brookline Bank, Mr. Meiklejohn is entitled to receive severance equal to (i) two times the sum of (A) his then-current base salary (or, in the case of a termination by Mr. Meiklejohn for good reason due to a reduction in base salary, the base salary in effect immediately prior to such reduction), and (B) his target bonus for the then-current year; (ii) full acceleration of vesting of all stock options and other stock-based awards held by such executive officer; (iii) subject to the Mr. Meiklejohn's proper election to receive benefits under COBRA and copayment of premiums at the applicable active employee's rate, a monthly payment equal to the monthly employer contribution that Berkshire would have made to provide health insurance to the executive officer had he remained employed until the earlier of 24 months from the date of termination or the date that he becomes eligible for group medical benefits under any other employer's group medical plan; and (iv) continued life and disability coverage for 24 months following the date of termination.

In lieu of the payments and benefits described in the paragraph above, in the event of a termination of employment on or within 24 months after a "change in control" (as defined in the employment agreement) by either Berkshire and Brookline Bank without "cause" or by Mr. Meiklejohn for "good reason" (as each term is defined in Meiklejohn Agreement), subject to his execution of a separation agreement and release of claims in favor of Berkshire and Brookline Bank, Mr. Meiklejohn is entitled to receive severance equal to (i) two times the sum of (A) Mr. Meiklejohn's then-current base salary (or the base salary in effect immediately prior to the change in control, if higher), and (B) Mr. Meiklejohn's target bonus for the then-current year (or, the target bonus in effect immediately prior to the change in control, if higher); (ii) full acceleration of vesting of all stock options and other stock-based awards held by Mr. Meiklejohn; (iii) subject to Mr. Meiklejohn's proper election to receive benefits under COBRA and copayment of premiums at the applicable active employee's rate, a monthly payment equal to the monthly employer contribution that Brookline would have made to provide health insurance to Mr. Meiklejohn had he or she remained employed until the earlier of 24 months from the date of termination or the date that the executive officer becomes eligible for group medical benefits under any other employer's group medical plan; and (iv) continued life and disability coverage for 24 months following the date of termination.

In addition, Mr. Meiklejohn is entitled to voluntary termination benefits in the event that they resign within two years following the closing of the merger, subject to Mr. Meiklejohn's execution of a separation agreement and release of claims in favor of Berkshire and Brookline Bank, equal to the severance benefits described above for a termination that is not in connection with a change in control (excluding equity acceleration). In the event that Mr. Meiklejohn's disability, Berkshire and Brookline Bank will continue to pay his base salary (reduced by any benefits he may be entitled to receive under any state or federal disability insurance program) for a period of six months from the date of disability.

A copy of the Meiklejohn Agreement is filed as Exhibits 10.17 of this Annual Report on Form 10-K and incorporated herein by reference.

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

#### **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance**

Information required by Item 10 shall be included in an amendment to this Annual Report on Form 10-K filed in accordance with General Instructions G(3).

#### **Item 11. Executive Compensation**

Information required by Item 11 shall be included in an amendment to this Annual Report on Form 10-K filed in accordance with General Instructions G(3).

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information required by Item 12 shall be included in an amendment to this Annual Report on Form 10-K filed in accordance with General Instructions G(3).

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information required by Item 13 shall be included in an amendment to this Annual Report on Form 10-K filed in accordance with General Instructions G(3).

**Item 14. Principal Accounting Fees and Services**

Our independent registered public accounting firm is KPMG LLP, Boston, MA, Auditor Firm ID: 185

Information required by Item 14 shall be included in an amendment to this Annual Report on Form 10-K filed in accordance with General Instructions G(3).

**PART IV****Item 15. Exhibits, Financial Statement Schedules****(a) Financial Statements**

All financial statements are included in Item 8 of Part II of this Annual Report on Form 10-K.

**(2) Financial Statement Schedules**

All financial statement schedules have been omitted because they are not required, not applicable or are included in the consolidated financial statements or related notes.

**(3) Exhibits**

The exhibits listed in paragraph (b) below are filed herewith or incorporated herein by reference to other filings.

**(b) Exhibits****EXHIBIT INDEX**

Exhibit	Description
2.1	<a href="#">Agreement and Plan of Merger, dated as of December 16, 2024, by and among Berkshire Hills Bancorp, Inc., Commerce Acquisition Sub, Inc., and Brookline Bancorp, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed on December 16, 2024).</a>
3.1	<a href="#">Certificate of Incorporation of Brookline Bancorp, Inc.</a>
3.2	<a href="#">Amended and Restated Bylaws of Brookline Bancorp, Inc. (incorporated by reference to Exhibit 3.02 of the Company's Current Report on Form 8-K filed on January 10, 2013).</a>
4	<a href="#">Form of Common Stock Certificate of the Company (incorporated by reference to Exhibit 4 of the Registration Statement on Form S-1 filed by the Company on April 10, 2002 (Registration No. 333-85980)).</a>
4.1	<a href="#">Subordinated Indenture, dated as of September 16, 2014, between Brookline Bancorp, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on September 17, 2014).</a>
4.2	<a href="#">First Supplemental Indenture, dated as of September 16, 2014, between Brookline Bancorp, Inc. and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K filed on September 17, 2014).</a>
4.3	Form of Global Note to represent the 6.000% Fixed-to-Floating Rate Subordinated Notes due September 15, 2029 (contained in the First Supplemental Indenture included as Exhibit 4.2)
4.4	<a href="#">Description of Registrant's Securities</a>
10.1+	<a href="#">Brookline Bancorp, Inc. Deferred Compensation Plan effective January 1, 2011, as amended and restated January 1, 2018</a>
10.5+	<a href="#">Brookline Bancorp, Inc. 2021 Stock Option and Incentive Plan (incorporated by reference to the Company's Current Report on Form 8-K filed on May 13, 2021).</a>
10.5.1+	<a href="#">Form of Restricted Stock Award Agreement under the Brookline Bancorp, Inc. 2021 Stock Option and Incentive Plan (incorporated by reference to Exhibit 10.2 of the Company's Registration Statement on Form S-8).</a>
10.6+	<a href="#">Employment Agreement, dated as of April 11, 2011, by and among Brookline Bancorp, Inc., Brookline Bank and Paul A. Perrault (incorporated by reference to Exhibit 10.10 of the Company's Current Report on Form 8-K filed on April 15, 2011).</a>
10.6.1+	<a href="#">Amendment to the Employment Agreement, dated July 25, 2018, by and among the Brookline Bancorp, Inc., Brookline Bank and Paul Perrault.</a>
10.6.2+	<a href="#">Second Amendment to the Employment Agreement, dated March 10, 2021, by and among Brookline Bancorp, Inc., Brookline Bank and Paul A. Perrault (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on March 10, 2021).</a>
10.6.3+	<a href="#">Third Amendment to the Employment Agreement, dated September 22, 2021, by and among Brookline Bancorp, Inc., Brookline Bank and Paul A. Perrault.</a>
10.6.4+	<a href="#">Fourth Amendment to the Employment Agreement, dated April 28, 2023, by and among Brookline Bancorp, Inc., Brookline Bank and Paul A. Perrault</a>
10.6.5+	<a href="#">Fifth Amendment to Employment Agreement, dated as of December 16, 2024, by and among Brookline Bancorp, Inc., Brookline Bank and Paul A. Perrault (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on December 16, 2024).</a>

Exhibit	Description
10.8+	<a href="#">Employment Letter Agreement, dated as of April 19, 2011, by and between Brookline Bancorp, Inc. and Mark J. Meiklejohn (incorporated by reference to Exhibit 10.3 of Pre-effective Amendment No. 2 of the Registration Statement on Form S-4 filed by the Company on July 25, 2011 (Registration Number 333-174731))</a>
10.9+	<a href="#">Form of Amended Change in Control Agreement (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed May 9, 2014)</a>
10.12+	<a href="#">Employment Agreement, dated September 22, 2021, by and among Brookline Bancorp, Inc., Brookline Bank, Bank Rhode Island and Michael W. McCurdy</a>
10.13+	<a href="#">Employment Agreement, dated September 22, 2021, by and among Brookline Bancorp, Inc., Brookline Bank, Bank Rhode Island and Carl M. Carlson</a>
10.14+	<a href="#">Employment Agreement, by and among Brookline Bancorp, Inc., PCSB Bank and Michael P. Goldrick, dated as of May 23, 2022 (incorporated by reference to Exhibit 10.2 of Brookline Bancorp, Inc.'s Form S-4 filed by Brookline Bancorp, Inc. with the Securities and Exchange Commission on June 27, 2022)</a>
10.15+*	<a href="#">Retention Bonus Agreement, dated February 26, 2025, by and between Brookline Bancorp, Inc. and Carl M. Carlson</a>
10.16+*	<a href="#">Retention Bonus Agreement, dated February 26, 2025, by and between Brookline Bancorp, Inc. and Michael W. McCurdy</a>
10.17+*	<a href="#">Employment Agreement, dated February 26, 2025, by and among Berkshire Hills Bancorp, Inc., Brookline Bank, and Mark J. Meiklejohn</a>
19.1	<a href="#">Brookline Bancorp, Inc. Insider Trading Policy</a>
21	Subsidiaries of the Registrant (incorporated by reference in Part I, Item 1. "Business—General" of this Annual Report on Form 10-K)
23*	<a href="#">Consent of Independent Registered Public Accounting Firm</a>
31.1*	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Rule 13a-14(b) Certifications of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2**	<a href="#">Rule 13a-14(b) Certifications of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
97	<a href="#">Clawback Policy</a>
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

+ Management contract or compensatory plan or agreement

(c) *Other Required Financial Statements and Schedules*

Not applicable.

#### Item 16. Form 10-K Summary

Not applicable.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: March 3, 2025

### **BROOKLINE BANCORP, INC.**

By: /s/ PAUL A. PERRAULT

Paul A. Perrault  
*Chairman and Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ PAUL A. PERRAULT

Paul A. Perrault,  
*Chairman and Chief Executive Officer*  
*(Principal Executive Officer)*  
Date: March 3, 2025

By: /s/ CARL M. CARLSON

Carl M. Carlson,  
*Co-President, Chief Financial and Strategy Officer*  
*(Principal Financial Officer)*  
Date: March 3, 2025

By: /s/ MARGARET BOLES FITZGERALD

Margaret Boles Fitzgerald,  
*Director*  
Date: March 3, 2025

By: /s/ BOGDAN NOWAK

Bogdan Nowak,  
*Director*  
Date: March 3, 2025

By: /s/ JOANNE CHANG

Joanne Chang,  
*Director*  
Date: March 3, 2025

By: /s/ JOHN M. PEREIRA

John M. Pereira,  
*Director*  
Date: March 3, 2025

By: /s/ WILLARD I. HILL, JR.

Willard I. Hill, Jr.,  
*Director*  
Date: March 3, 2025

By: /s/ MERRILL W. SHERMAN

Merrill W. Sherman,  
*Director*  
Date: March 3, 2025

By: /s/ THOMAS J. HOLLISTER

Thomas J. Hollister,  
*Lead Director*  
Date: March 3, 2025

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Brookline Bancorp, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Brookline Bancorp, Inc.'s internal control system was designed to provide reasonable assurance to the Company's management and 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.

Brookline Bancorp, Inc.'s management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2024. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013)*. Based on our assessment, we believe that, as of December 31, 2024, the Company's internal control over financial reporting is effective based on those criteria.

Brookline Bancorp, Inc.'s independent registered public accounting firm has issued an audit report on the effectiveness of the Company's internal control over financial reporting. This report appears on page F-2.

/s/ PAUL A. PERRAULT

Paul A. Perrault

*Chairman and Chief Executive Officer  
(Principal Executive Officer)*

/s/ CARL M. CARLSON

Carl M. Carlson

*Co-President, Chief Financial and Strategy Officer  
(Principal Financial Officer)*



## **Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
Brookline Bancorp, Inc.:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Brookline Bancorp, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements), and our report dated March 3, 2025 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### *Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Boston, Massachusetts

March 3, 2025

## Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors  
Brookline Bancorp, Inc.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Brookline Bancorp, Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 3, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### *Assessment of the collective allowance for credit losses*

As discussed in Notes 1 and Note 7 to the consolidated financial statements, the Company's allowance for credit losses related to loans and leases and unfunded commitments evaluated on a collective basis as of December 31, 2024 (the collective ACL) was \$109.7 million, which consists of an allowance for loan and lease losses evaluated on a collective basis of \$103.7 million and a reserve for unfunded commitments, evaluated on a collective basis of \$6.0 million. The collective ACL is calculated using models developed by a third party, which include Commercial real estate lifetime, Commercial and industrial lifetime, and Retail lifetime models (collectively, the lifetime loss rate models). Lifetime loss rate models calculate the expected losses over the life of the loan based on the exposure at default, loan attributes and reasonable and supportable economic forecasts. The exposure at default considers the current unpaid balance, prepayment assumptions and utilization of unfunded commitment assumptions. In order to capture the unique risk characteristics of the loan and lease portfolios, the lifetime loss rate models segment the portfolios based on individual loan attributes and credit risk ratings for commercial loans. The economic forecasts include various projections of certain macro-economic variables. The Company uses multiple economic forecasts, which are probability weighted. The collective 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 forecasts assumes each macro-economic variable will revert to long-term expectations. The Company calibrates expected losses for each

model using a scalar, which is determined by examining the loss rates of peer banks that have similar operations and asset bases to the Company and comparing these peer group loss rates to the model results. In addition, adjustments are made to the quantitative model outputs for relevant qualitative factors.

We identified the assessment of the collective ACL as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment due to measurement uncertainty. Specifically, the assessment encompassed the evaluation of the collective ACL methodology, including the methods and models used to estimate (1) the lifetime loss rates and their significant assumptions, including the economic forecasts including the various projections of certain macro-economic variables, the related weighting of the economic forecasts, the scalar applied to each model, utilization of unfunded commitments assumptions, and credit risk ratings for commercial loans, and (2) the qualitative factors and their significant assumptions and inputs, including historic loss patterns and the impact of current portfolio metrics. The assessment also included an evaluation of the conceptual soundness and performance of the models.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the collective ACL estimates, including over the:

- design of the collective ACL methodology
- continued use of the lifetime loss rate models
- identification and determination of the significant assumptions used in the lifetime loss rate models
- performance monitoring of the lifetime loss rate models for the collective ACL
- development of the qualitative factors, including the significant assumptions used in the measurement of the qualitative factors
- analysis of the collective ACL results and trends.

We evaluated the Company's process to develop the collective ACL estimate by testing certain sources of data and assumptions that the Company used and considered the relevance and reliability of such data and assumptions. We also evaluated whether (1) the Company's collective ACL methodology is in compliance with U.S. generally accepted accounting principles, and (2) the methodology used to determine the utilization of unfunded commitments assumptions is conceptually sound by comparing it to relevant Company specific metrics and trends and applicable industry practices. In addition, we involved credit risk professionals with specialized skills and knowledge, who assisted in:

- evaluating judgments made by the Company relative to the performance testing of the lifetime loss rate models by comparing them to relevant Company-specific metrics and trends and the applicable industry and regulatory practices
- testing the conceptual soundness and performance testing of the lifetime loss rate models by inspecting the model documentation to determine whether the models are suitable for their intended use
- evaluating the methodology utilized to incorporate reasonable and supportable forecast scenarios and related weightings used for each macro-economic variable by comparing it to the Company's business environment and relevant industry practices
- assessing the composition of the peer group used in determining the scalar used to calibrate the model results by comparing to specific portfolio risk characteristics
- testing individual credit risk ratings for a selection of commercial loans by evaluating the financial performance of the borrower, sources of repayment, and any relevant guarantees or underlying collateral
- evaluating the methodology used to develop the qualitative factors and the effect of those factors on the collective ACL compared with relevant credit risk factors and consistency with credit trends.

/s/ KPMG LLP

We have served as the Company's auditor since 2003.

Boston, Massachusetts

March 3, 2025

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**

	At December 31,	
	2024	2023
	(In Thousands Except Share Data)	
ASSETS		
Cash and due from banks	\$ 64,673	\$ 34,514
Short-term investments	478,997	98,513
Total cash and cash equivalents	543,670	133,027
Investment securities available-for-sale	895,034	916,601
Total investment securities	895,034	916,601
Allowance for investment security losses	(82)	(441)
Net investment securities	894,952	916,160
Loans and leases:		
Commercial real estate loans	5,716,114	5,764,529
Commercial loans and leases	2,506,664	2,399,668
Consumer loans	1,556,510	1,477,392
Total loans and leases	9,779,288	9,641,589
Allowance for loan and lease losses	(125,083)	(117,522)
Net loans and leases	9,654,205	9,524,067
Restricted equity securities	83,155	77,595
Premises and equipment, net of accumulated depreciation of \$103,466 and \$100,408, respectively	86,781	89,853
Right-of-use asset operating leases	43,527	30,863
Deferred tax asset	56,620	56,952
Goodwill	241,222	241,222
Identified intangible assets, net of accumulated amortization of \$16,526 and \$47,963, respectively	17,461	24,207
OREO and repossessed assets, net	1,103	1,694
Other assets	282,630	286,616
Total assets	\$ 11,905,326	\$ 11,382,256
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-interest-bearing deposits:		
Demand checking accounts	\$ 1,692,394	\$ 1,678,406
Interest-bearing deposits:		
NOW accounts	617,246	661,863
Savings accounts	1,721,247	1,669,018
Money market accounts	2,116,360	2,082,810
Certificate of deposit accounts	1,885,444	1,574,855
Brokered deposit accounts	868,953	881,173
Total interest-bearing deposits	7,209,250	6,869,719
Total deposits	8,901,644	8,548,125
Borrowed funds:		
Advances from the FHLB	1,355,926	1,223,226
Subordinated debentures and notes	84,328	84,188
Other borrowed funds	79,592	69,256
Total borrowed funds	1,519,846	1,376,670
Operating lease liabilities	44,785	31,998
Mortgagors' escrow accounts	15,875	17,239
Reserve for unfunded credits	5,981	19,767
Accrued expenses and other liabilities	195,256	189,813
Total liabilities	10,683,387	10,183,612
Commitments and contingencies (Note 13)		
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	970	970
Additional paid-in capital	902,584	902,659
Retained earnings	458,943	438,722
Accumulated other comprehensive (loss) income	(52,882)	(52,798)
Treasury stock, at cost; 7,019,384 shares and 7,354,399 shares, respectively	(87,676)	(90,909)
Total stockholders' equity	1,221,939	1,198,644
Total liabilities and stockholders' equity	\$ 11,905,326	\$ 11,382,256

See accompanying notes to consolidated financial statements.

# **BROOKLINE BANCORP, INC. AND SUBSIDIARIES**

## **Consolidated Statements of Income**

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands Except Share Data)		
Interest and dividend income:			
Loans and leases	\$ 587,929	\$ 533,739	\$ 328,769
Debt securities	26,252	29,648	13,079
Restricted equity securities	5,786	5,571	1,898
Short-term investments	8,554	8,329	1,440
Total interest and dividend income	628,521	577,287	345,186
Interest expense:			
Deposits	232,963	175,665	29,592
Borrowed funds	65,973	61,911	15,823
Total interest expense	298,936	237,576	45,415
Net interest income	329,585	339,711	299,771
Provision for credit losses on loans	22,003	37,868	8,525
(Credit) provision for credit losses on investments	(359)	339	102
Net interest income after provision for credit losses	307,941	301,504	291,144
Non-interest income:			
Deposit fees	10,548	11,611	10,919
Loan fees	2,394	2,036	2,208
Loan level derivative income, net	1,658	3,890	4,246
Gain on sales of investment securities, net	—	1,704	321
Gain on sales of loans and leases	951	2,581	4,136
Other	10,064	10,112	6,517
Total non-interest income	25,615	31,934	28,347
Non-interest expense:			
Compensation and employee benefits	143,723	138,895	113,487
Occupancy	22,056	20,203	16,002
Equipment and data processing	27,374	27,004	20,833
Professional services	7,133	7,226	5,060
FDIC insurance	8,044	7,844	3,177
Advertising and marketing	5,240	4,724	4,980
Amortization of identified intangible assets	6,746	7,840	494
Merger and restructuring expense	4,201	7,411	2,249
Other	17,348	18,377	13,260
Total non-interest expense	241,865	239,524	179,542
Income before provision for income taxes	91,691	93,914	139,949
Provision for income taxes	22,976	18,915	30,205
Net income	68,715	74,999	109,744
Earnings per common share:			
Basic	\$ 0.77	\$ 0.85	\$ 1.42
Diluted	0.77	0.85	1.42
Weighted average common shares outstanding during the year:			
Basic	88,983,248	88,230,681	77,079,278
Diluted	89,302,304	88,450,646	77,351,834
Dividends declared per common share	\$ 0.540	\$ 0.540	\$ 0.530

See accompanying notes to consolidated financial statements.

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

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Net income	\$ 68,715	\$ 74,999	\$ 109,744
Investment securities available-for-sale:			
Unrealized securities holding gains (losses)	(1,704)	9,560	(77,303)
Income tax (expense) benefit	532	(1,913)	17,038
Net unrealized securities holding gains (losses) before reclassification adjustments, net of taxes	(1,172)	7,647	(60,265)
Less reclassification adjustments for securities gains (losses) included in net income:			
Gain (loss) on sales of securities, net	—	—	(327)
Income tax (expense) benefit	—	—	72
Net reclassification adjustments for securities gains (losses) included in net income	—	—	(255)
Net unrealized securities holding gains (losses)	(1,172)	7,647	(60,010)
Cash flow hedges:			
Change in fair value of cash flow hedges	(3,620)	(2,829)	(2,899)
Reclassification adjustment for (income) expense recognized in earnings	—	—	(168)
Income tax (expense) benefit	876	803	788
Net change in fair value of cash flow hedges, net of taxes	(2,744)	(2,026)	(2,279)
Less reclassification adjustment for change in fair value of cash flow hedges:			
Gain (loss) on change in fair value of cash flow hedges	(4,036)	(3,632)	—
Income tax (expense) benefit	1,034	945	—
Net reclassification adjustment for change in fair value of cash flow hedges	(3,002)	(2,687)	—
Net change in fair value of cash flow hedges	258	\$ 661	—
Postretirement benefits:			
Adjustment of accumulated obligation for postretirement benefits	1,127	1,135	611
Income tax (expense) benefit	(297)	(294)	(159)
Net adjustment of accumulated obligation for postretirement benefits	830	841	452
Other comprehensive gain (loss), net of taxes	(84)	9,149	(61,837)
Comprehensive income	68,631	84,148	47,907

See accompanying notes to consolidated financial statements.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**Year Ended December 31, 2024, 2023 and 2022**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Unallocated Common Stock Held by ESOP	Total Stockholders' Equity
	(In Thousands)						
Balance at December 31, 2023	\$ 970	\$ 902,659	\$ 438,722	\$ (52,798)	\$ (90,909)	\$ —	\$ 1,198,644
Net income	—	—	68,715	—	—	—	68,715
Other comprehensive income (loss)	—	—	—	(84)	—	—	(84)
Common stock dividends of \$0.540 per share	—	—	(48,058)	—	—	—	(48,058)
Restricted stock awards, net of awards surrendered	—	(3,891)	—	—	3,233	—	(658)
Compensation under recognition and retention plans	—	3,816	(436)	—	—	—	3,380
Balance at December 31, 2024	<u>\$ 970</u>	<u>\$ 902,584</u>	<u>\$ 458,943</u>	<u>\$ (52,882)</u>	<u>\$ (87,676)</u>	<u>\$ —</u>	<u>\$ 1,221,939</u>

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Unallocated Common Stock Held by ESOP	Total Stockholders' Equity
	(In Thousands)						
Balance at December 31, 2022	\$ 852	\$ 736,074	\$ 412,019	\$ (61,947)	\$ (94,873)	\$ —	\$ 992,125
Net income	—	—	74,999	—	—	—	74,999
PCSB acquisition	118	167,212	—	—	—	—	167,330
Other comprehensive income (loss)	—	—	—	9,149	—	—	9,149
Common stock dividends of \$0.54 per share	—	—	(47,926)	—	—	—	(47,926)
Restricted stock awards, net of awards surrendered	—	(4,720)	—	—	3,964	—	(756)
Compensation under recognition and retention plans	—	4,093	(370)	—	—	—	3,723
Balance at December 31, 2023	<u>\$ 970</u>	<u>\$ 902,659</u>	<u>\$ 438,722</u>	<u>\$ (52,798)</u>	<u>\$ (90,909)</u>	<u>\$ —</u>	<u>\$ 1,198,644</u>

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Unallocated Common Stock Held by ESOP	Total Stockholders' Equity
	(In Thousands)						
Balance at December 31, 2021	\$ 852	\$ 736,826	\$ 342,639	\$ (110)	\$ (84,718)	\$ (147)	\$ 995,342
Net income	—	—	109,744	—	—	—	109,744
Other comprehensive income (loss)	—	—	—	(61,837)	—	—	(61,837)
Common stock dividends of \$0.530 per share	—	—	(40,077)	—	—	—	(40,077)
Restricted stock awards, net of awards surrendered	—	(4,310)	—	—	3,625	—	(685)
Compensation under recognition and retention plans	—	3,349	(287)	—	—	—	3,062
Treasury stock, repurchase shares	—	—	—	—	(13,780)	—	(13,780)
Common stock held by ESOP committed to be released (24,660 shares)	—	209	—	—	—	147	356
Balance at December 31, 2022	<u>\$ 852</u>	<u>\$ 736,074</u>	<u>\$ 412,019</u>	<u>\$ (61,947)</u>	<u>\$ (94,873)</u>	<u>\$ —</u>	<u>\$ 992,125</u>

See accompanying notes to consolidated financial statements.



# **BROOKLINE BANCORP, INC. AND SUBSIDIARIES**

## **Consolidated Statements of Cash Flows**

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Cash flows from operating activities:			
Net income	\$ 68,715	\$ 74,999	\$ 109,744
Adjustments to reconcile net income to net cash provided from operating activities:			
Provision for credit losses	21,644	38,207	8,627
Deferred income tax expense	409	16,167	4,357
Depreciation of premises and equipment	7,890	8,159	6,027
(Accretion) amortization of investment securities deferred, net	(5,657)	(8,658)	1,631
(Accretion) amortization of premiums and discounts and deferred loan and lease origination costs, net	(6,682)	(4,708)	4,934
Amortization of identified intangible assets	6,746	7,840	494
Amortization of debt issuance costs	100	100	101
Amortization (accretion) of acquisition fair value adjustments, net	1,313	(1,611)	41
Gain on investment securities, net	—	(1,704)	(321)
Gain on sales of loans and leases	(951)	(2,581)	(4,136)
Loss on sales of OREO	—	4	—
Write-down of OREO and other repossessed assets	574	181	178
Compensation under recognition and retention plans	3,380	3,723	3,062
ESOP shares committed to be released	—	—	356
Net change in:			
Cash surrender value of bank-owned life insurance	(2,017)	(1,269)	(1,025)
Other assets	6,590	13,758	(48,725)
Accrued expenses and other liabilities	2,900	(26,010)	35,416
Net cash provided from operating activities	104,954	116,597	120,761
Cash flows from investing activities:			
Proceeds from sales of investment securities available-for-sale	—	229,981	78,778
Proceeds from maturities, calls, and principal repayments of investment securities available-for-sale	173,996	272,419	98,572
Purchases of investment securities available-for-sale	(148,476)	(362,905)	(197,632)
Proceeds from redemption/sales of restricted equity securities	32,834	48,489	29,923
Purchase of restricted equity securities	(38,394)	(50,775)	(66,153)
Proceeds from sales of loans and leases held-for-investment, net	109,742	244,133	463,937
Net increase in loans and leases	(265,919)	(955,593)	(959,561)
Acquisitions, net of cash and cash equivalents acquired	—	(80,209)	—
Purchase of premises and equipment, net	(4,985)	(12,357)	(7,388)
Proceeds from sales of OREO and other repossessed assets	1,599	1,552	1,831
Net cash used for investing activities	(139,603)	(665,265)	(557,693)

(Continued)

See accompanying notes to consolidated financial statements.

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Cash flows from financing activities:			
Increase (decrease) in demand checking, NOW, savings and money market accounts	5,424	(402,552)	(532,446)
Increase in certificates of deposit and brokered certificates of deposit	347,057	859,866	4,686
Proceeds from FHLB advances	1,643,100	6,155,000	8,608,609
Repayment of FHLB advances	(1,510,516)	(6,222,735)	(7,518,693)
Increase (decrease) in other borrowed funds, net	10,336	(41,529)	(14,732)
Decrease in mortgagors' escrow accounts, net	(1,364)	(678)	(689)
Repurchases of common stock	—	—	(13,780)
Payment of dividends on common stock	(48,058)	(47,926)	(40,077)
Payment of income taxes for shares withheld in share based activity	(687)	(710)	(724)
Net cash provided from financing activities	445,292	298,736	492,154
Net increase (decrease) in cash and cash equivalents	410,643	(249,932)	55,222
Cash and cash equivalents at beginning of year	133,027	382,959	327,737
Cash and cash equivalents at end of year	\$ 543,670	\$ 133,027	\$ 382,959
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest on deposits, borrowed funds and subordinated debt	\$ 291,428	\$ 238,396	\$ 41,040
Income taxes	13,085	8,632	22,554
Non-cash investing activities:			
Transfer from loans to other real estate owned and other repossessed assets	\$ 1,582	\$ 3,023	\$ 1,699
Acquisition of PCSB Financial Corporation			
Fair value of assets acquired, net of cash and cash equivalents acquired	\$ —	\$ 1,931,528	\$ —
Fair value of liabilities assumed	—	1,676,110	—
Common stock issued	—	118	—

See accompanying notes to consolidated financial statements.

## BROOKLINE BANCORP, INC. AND SUBSIDIARIES

### Notes to 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 all 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 27 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 Company's 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, 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 wealth and investment advisory services. The Company also provides specialty equipment financing through its 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 also subject to supervision, examination and regulation by Massachusetts Division of Banks. As a Rhode Island-chartered financial institution, BankRI is subject to regulation, 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 secondarily subject to supervision, examination and regulation by the FDIC.

##### *Basis of Financial Statement Presentation*

The Company's consolidated financial statements have been prepared in conformity with U.S. GAAP as set forth by the FASB in its Accounting Standards Codification and through the rules and interpretive releases of the SEC under the authority of federal securities laws.

The 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 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 and the determination of fair market values of assets and liabilities.

The judgments used by management in applying these significant estimates 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.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)*****Cash and Cash Equivalents***

For purposes of reporting asset balances and cash flows, cash and cash equivalents includes cash on hand and due from banks (including cash items in process of clearing), interest-bearing deposits with banks, federal funds sold, money market mutual funds and other short-term investments with original maturities of three months or less. Cash and cash equivalents are held at major institutions and are subject to credit risk to the extent those balances exceed applicable FDIC or Securities Investor Protection Corporation limitations.

***Investment Securities***

Investment securities, other than those reported as short-term investments, are classified at the time of purchase as "available-for-sale," "held-to-maturity," or "held-for-trading." Classification is periodically re-evaluated for consistency with the Company's goals and objectives. Equity investments in the FHLB of Boston, the FHLB of New York, the Federal Reserve Bank of Boston, the Federal Reserve Bank of New York, and other restricted equities are discussed in more detail in Note 5, "Restricted Equity Securities."

***Investment Securities Available-for-Sale, Held-to-Maturity, and Held-for-Trading***

Investment securities for which the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity and carried at amortized cost. As of December 31, 2024 and 2023, the Company did not hold any securities as held-to-maturity. Those investment securities held for indefinite periods of time but not necessarily to maturity are classified as available-for-sale. Investment securities held for indefinite periods of time include investment securities that management intends to use as part of its asset/liability, liquidity, and/or capital management strategies and may be sold in response to changes in interest rates, maturities, asset/liability mix, liquidity needs, regulatory capital needs or other business factors. Investment securities available-for-sale are carried at estimated fair value, primarily obtained from a third-party pricing service, with unrealized gains and losses reported on an after-tax basis in stockholders' equity as accumulated other comprehensive income or loss. Investment securities expected to be held for very short term duration, used for hedging, or are marketable equity securities are typically designated held-for-trading. Held-for-trading securities are carried at estimated fair value principally based on market prices and dealer quotes received from third-party and nationally-recognized pricing services. Gains and losses for held-for-trading are reported on the income statement as gains on investment securities, net. As of December 31, 2024 and 2023, the Company did not hold any securities as held-for-trading. As of December 31, 2024 and 2023, the Company did not make any adjustments to the prices provided by the third-party pricing service.

Security transactions are recorded on the trade date. Realized gains and losses are determined using the specific identification method and are recorded in non-interest income. Interest and dividends on securities are recorded using the accrual method. Premiums and discounts on securities are amortized or accreted into interest income using the level-yield method over the remaining period to contractual maturity, adjusted for the effect of actual prepayments in the case of MBSs and CMOs. These estimates of prepayment assumptions are made based upon the actual performance of the underlying security, current interest rates, the general market consensus regarding changes in mortgage interest rates, the contractual repayment terms of the underlying loans, the priority rights of the investors to the cash flows from the mortgage securities and other economic conditions. When differences arise between anticipated prepayments and actual prepayments, the effective yield is recalculated to reflect actual payments to date and anticipated future payments. Unamortized premium or discount is adjusted to the amount that would have existed had the new effective yield been applied since purchase, with a corresponding charge or credit to interest income.

***Restricted Equity Securities***

The Company invests in the stock of the FHLB of Boston, the FHLB of New York, the Federal Reserve Bank of Boston and the Federal Reserve Bank of New York, and a small amount of other restricted securities. No ready market exists for these stocks, and they have no quoted market values. The Banks, as members of the FHLB, are required to maintain investments in the capital stock of the FHLB equal to their membership base investments plus an activity-based investment determined according to the Banks' level of outstanding FHLB advances. The Company has also purchased Federal Reserve Bank of Boston and Federal Reserve Bank of New York stock which is redeemable at par. The Company reviews for impairment of these securities based on the ultimate recoverability of the cost basis in the stock. As of December 31, 2024 and 2023, no impairment has been recognized.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)****Loans***Loans and Leases Held-to-Maturity*

Loans the Company originates for the portfolio, and for which it has the intent and ability to hold to maturity, are reported at amortized cost, inclusive of deferred loan origination fees and expenses, less unadvanced funds due to borrowers on loans and the allowance for loan and lease losses.

Interest income on loans and leases originated for the portfolio is accrued on unpaid principal balances as earned. Loan origination fees and direct loan origination costs are deferred, and the net fee or cost is recognized in interest income using the interest method. Deferred amounts are recognized for fixed-rate loans over the contractual life of the loans and for adjustable-rate loans over the period of time required to adjust the contractual interest rate to a yield approximating a market rate at the origination date. If a loan is prepaid, the unamortized portion of the loan origination costs, including third party referral related costs not subject to rebate from the dealer, is charged to income.

*Loans and Leases Held-for-Sale*

Management identifies and designates certain newly originated loans and leases for sale to specific financial institutions, subject to the underwriting criteria of those financial institutions. These loans and leases are held for sale and are carried at the lower of cost or market as determined in the aggregate. Deferred loan fees and costs are included in the determination of the gain or loss on sale. The Company had no loans and leases held-for-sale as of December 31, 2024 and 2023.

**Nonperforming Loans***Nonaccrual Loans*

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. Exceptions may be made if the loan has matured and is in the process of renewal or is well-secured and in the process of collection. When a loan is placed on nonaccrual status, interest accruals cease and uncollected accrued 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 consecutive months of performance has been achieved.

*Impaired Loans*

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. Smaller-balance, homogeneous loans that are evaluated collectively for impairment, such as residential, home equity and other consumer loans are specifically excluded from the impaired loan portfolio. The Company has defined the population of impaired loans to include nonaccrual loans.

When the ultimate collectability of the total principal of an impaired loan or lease is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of an impaired loan or lease is not in doubt and the loan or lease is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method.

The value of an impaired loan is measured based upon the present value of expected future cash flows discounted at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral-dependent and its payment is expected solely based on the underlying collateral. For impaired loans deemed collateral dependent, where impairment is measured using the fair value of the collateral, the Company will either obtain a new appraisal or use another available source of collateral assessment to determine a reasonable estimate of the fair value of the collateral.

Interest collected on impaired loans is either applied against principal or reported as income according to management's judgment as to the collectability of principal. If management does not consider a loan ultimately collectible within an acceptable time frame, payments are applied as principal to reduce the loan balance. If full collection of the remaining recorded investment should subsequently occur, interest receipts are recorded as interest income on a cash basis.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)***Loan Modifications*

In determining whether a debtor is experiencing financial difficulties, the Company considers, among other factors, whether the debtor is in payment default or is likely to be in payment default in the foreseeable future without the modification, if 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, if the debtor has securities that have been delisted or are in the process of being delisted, or the debtor cannot obtain funds from sources other than the existing creditors at market terms for debt with similar risk characteristics.

Disclosable modifications under current guidance include principal forgiveness, interest rate reductions, significant payment delays, maturity extensions, or any combination of the aforementioned modifications. The Company tracks and discloses the performance of these modifications with respect to delinquency and re-modification status.

The current guidance also eliminates the requirement to measure the allowance using a DCF methodology, and allows for a portfolio-based methodology for modified loans to troubled borrowers. If the DCF approach is still utilized for individually evaluated loans, the discount rate used must be the modified effective interest rate, rather than the original effective interest rate. Typically, modified loans to troubled borrowers are Substandard credits and are already evaluated for impairment on an individual basis.

*Allowance for Credit Losses*

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

To calculate the allowance for loans collectively evaluated, management uses models developed by a third party. The 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 utilization of 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, the expected utilization of unfunded commitments, risk rating and a scalar, 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.

Historical loss rate models apply a loss rate to the outstanding balance of the loan. Management uses historical loss rates for condominium association and government lease portfolio segments because these loans have distinct, historical, or expected loss patterns and a de minimus effect on the overall allowance and provision.

Management elected to use multiple economic forecasts in determining the reserve to account for economic uncertainty. The forecasts include various projections of GDP, interest rates, property price indices, and employment measures. The forecasts are probability-weighted based on available information at the time of the calculation execution. Scenario weighting and model parameters are reviewed for each calculation and are subject to change. The models recognize that the life of a loan may exceed the economic forecast, therefore, the models employ mean reversion techniques at the input level to predict credit losses for loans that are expected to mature beyond the forecast period. The forecasts utilized at December 31, 2024 reflect the immediate and longer-term effects of a higher interest rate environment relative to the past cycle and the corresponding impacts on employment, GDP growth, and real estate indices.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)**

The CRE lifetime loss rate, C&I lifetime loss rate, and Retail lifetime loss rate models were developed using the historical loss experience of all banks in the model's developmental dataset. Banks in the model's developmental dataset may have different loss experiences due to geography and portfolio as well as variances in operational and underwriting procedures from the Company, and therefore, the Company calibrates expected losses using a scalar for each model. Each scalar was calculated by examining the loss rates of peer banks that have similar operations and asset bases to the Company and comparing these peer group loss rates to the model results. Peer group loss rates were used in the scalar calculation because management believes the peer group's historical losses provide a better reflection of the Company's current portfolio and operating procedures than the Company's historical losses. Qualitative adjustments are also applied to select segments of the loan portfolio where applicable.

For December 31, 2024, management applied qualitative adjustments based on historical loss patterns, current loan and portfolio metrics, and expert judgment based on professional experience. These qualitative adjustments result in additions to reserves as compared to the model output. These adjustments included an adjustment to the economic scenario weighting slightly towards a recessionary environment, as well as specific risks including: office, interest rate risk on maturing and refinancing loans, non-speculative construction relationships, non-recourse C&I relationships, and higher than average loss severity rates on certain specialty lending segments.

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.

*Liability for Unfunded Commitments*

In the ordinary course of business, the Company enters into commitments to extend credit, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable. The credit risk associated with these commitments is evaluated in a manner similar to the allowance for loan and lease losses.

*Premises and Equipment*

Premises and equipment are carried at cost less accumulated depreciation and amortization, except for land which is carried at cost. Premises and equipment are depreciated using the straight-line method over the estimated useful life of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the improvements.

Costs related to internal-use software development projects that provide significant new functionality are capitalized. Internal-use software is software acquired or modified solely to meet the Company's needs and for which there is no plan to market the software externally. Direct and indirect costs associated with the application development stage of internal use software are capitalized until such time that the software is substantially complete and ready for its intended use. Capitalized costs are amortized on a straight-line basis over the remaining estimated life of the software. Computer software and development costs incurred in the preliminary project stage, as well as training and maintenance costs, are expensed as incurred.

*Leases*

The Company leases certain office space under various noncancellable operating leases as well as certain other assets. These leases have terms ranging from 1 year to over 19 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. Right-of-use lease assets are carried on the balance sheet at amortized cost and corresponding lease liabilities are carried on the balance sheet at present value of the future minimum lease payments, adjusted for any initial direct costs and incentives. All of the Company's current outstanding leases are classified as operating leases.

*Bank-Owned Life Insurance*

The Company acquired BOLI plans as part of its acquisitions of PCSB Bank, First Ipswich Bank and BankRI. BOLI represents life insurance on the lives of certain current and former employees who have provided positive consent allowing their employer to be the beneficiary of such policies. BankRI, PCSB Bank and Brookline Bank as successor in interest to First Ipswich Bank, are the beneficiaries of their respective policies. The Banks utilize BOLI as tax-efficient financing for their benefit obligations to their employees, including their retirement obligations and SERPs.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)**

Since the Banks are the primary beneficiaries of their respective insurance policies, increases in the cash value of the policies, as well as insurance proceeds received, are recorded in non-interest income and are not subject to income taxes. BOLI is recorded at the cash value of the policies, less any applicable cash surrender charges, and is reflected as an asset in the accompanying consolidated balance sheets. Cash proceeds, if any, are classified as cash flows from investing activities.

The Company reviews the financial strength of the insurance carriers prior to the purchase of BOLI to ensure minimum credit ratings of at least investment grade. The financial strength of the carriers is reviewed at least annually, and BOLI with any individual carrier is limited to 10% of the Company's capital. Total BOLI is limited to 25% of the Company's capital.

***Goodwill and Other Identified Intangible Assets***

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Goodwill and indefinite-lived identified intangible assets are not subject to amortization. Definite-lived identified intangible assets are assets resulting from acquisitions that are being amortized over their estimated useful lives. The recoverability of goodwill and identified intangible assets is evaluated for impairment at least annually. A Company can perform a qualitative assessment of whether it is more likely than not that the fair value of an acquired asset is greater than its carrying amount. If the Company qualitatively concludes that it is more likely than not that the fair value of an acquired asset is greater than its carrying amount, no further testing is necessary. If, however, the Company qualitatively concludes that the fair value of an acquired asset is less than its carrying value, or, if for any other reason the Company determines it to be appropriate, then a quantitative assessment will be performed. If a quantitative analysis were performed, management would select a sample of comparable acquisitions and calculate the control premium associated with each sale. The Company's market capitalization would then be times by the sampled control premium allowing management to compare the calculated fair value to the Company's current book value to determine if an adjustment to goodwill is warranted. During 2024, management performed a qualitative analysis which indicated that the Company did not have any impairment of Goodwill and no quantitative analysis was deemed necessary. The Company did not have any impairment of goodwill and other identified intangible assets as of December 31, 2024 and 2023. Further analysis of the Company's goodwill can be found in Note 9 "Goodwill and Other Intangible Assets" within notes to the consolidated financial statements.

***OREO and Other Repossessed Assets***

OREO and other repossessed assets consists of properties acquired through foreclosure, real estate acquired through acceptance of a deed in lieu of foreclosure and loans determined to be substantively repossessed. Real estate loans that are substantively repossessed include only those loans for which the Company has taken possession of the collateral. OREO and other repossessed assets which consist of vehicles and equipment, if any, are recorded initially at estimated fair value less costs to sell, resulting in a new cost basis. The amount by which the recorded investment in the loan exceeds the fair value (net of estimated cost to sell) of the foreclosed or repossessed asset is charged to the allowance for loan and lease losses. Such evaluations are based on an analysis of individual properties/assets as well as a general assessment of current real estate market conditions. Subsequent declines in the fair value of the foreclosed or repossessed asset below the new cost basis are recorded through the use of a valuation allowance. Subsequent increases in the fair value are recorded as reductions in the allowance, but not below zero. Rental revenue received on foreclosed or repossessed assets is included in other non-interest income, whereas operating expenses and changes in the valuation allowance relating to foreclosed and repossessed assets are included in other non-interest expense. Certain costs used to improve such properties are capitalized. Gains and losses from the sale of OREO and other repossessed assets are reflected in non-interest expense when realized. Together with nonperforming loans, OREO and repossessed assets comprise nonperforming assets.

***Derivatives***

The Company utilizes loan level derivatives which consists of interest rate contracts (swaps, caps and floors), and risk participation agreements as part of the Company's interest-rate risk management strategy for certain assets and liabilities and not for speculative purposes. 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". These derivatives designated as cash flow hedges involve the receipt of fixed rate amounts from a counterparty in exchange for the Company making variable rate payments.

Loan level derivatives and foreign exchange contracts entered into on behalf of our customers are designated as economic hedges and are recorded at fair value within other assets or liabilities. Changes in the fair value of these non hedging derivatives are recorded directly through earnings at each reporting period.



**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)*****Transfer of Financial Assets***

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

***Employee Benefits***

Costs related to the Company's 401(k) plan are recognized in current earnings. Costs related to the Company's nonqualified deferred compensation plan, SERPs and postretirement benefits are recognized over the vesting period or the related service periods of the participating employees. Changes in the funded status of postretirement benefits and defined pension plans are recognized through comprehensive income in the year in which changes occur.

The fair value of restricted stock awards and stock option grants are determined as of the grant date and are recorded as compensation expense over the period in which the shares of restricted stock awards and stock options vest. Forfeitures are accounted for as they occur.

***Fair Value Measurements***

ASC 820-10, "Fair Value Measurements and Disclosures," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability is not adjusted for transaction costs. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets and liabilities. It is not a forced transaction. Market participants are buyers and sellers in the principal market that are independent, knowledgeable, able to transact, and willing to transact.

A fair-value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs are included in ASC 820. The fair value hierarchy is as follows:

Level 1: Inputs are unadjusted quoted prices in active markets for assets and liabilities identical to those reported at fair value.

Level 2: Inputs other than quoted prices included within Level 1. Level 2 inputs are observable either directly or indirectly. These inputs might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3: Inputs are unobservable inputs for an asset or liability that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities. These inputs are used to determine fair value only when observable inputs are not available.

***Earnings per Common Share***

EPS is computed by dividing net income by the weighted average number of shares of common stock outstanding for the applicable period, exclusive of Treasury shares and unvested shares of restricted stock. Diluted EPS is calculated after adjusting the denominator of the basic EPS calculation for the effect of all potential dilutive common shares outstanding during the period. The dilutive effects of options and unvested restricted stock awards are computed using the "treasury stock" method. Management evaluated the "two class" method and concluded that the method did not apply to the Company's EPS calculation.

***Income Taxes***

Income taxes are accounted for under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)**

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Tax positions that are more likely than not to be sustained upon a tax examination are recognized in the Company's financial statements to the extent that the benefit is greater than 50% likely of being recognized. Interest resulting from underpayment of income taxes is classified as income tax expense in the first period the interest would begin accruing according to the provision of the relevant tax law. Penalties resulting from underpayment of income taxes are classified as income tax expense in the period for which the Company claims or expects to claim an uncertain tax position or in the period in which the Company's judgment changes regarding an uncertain tax position.

For new ITCs, the Company chose to apply the flow-through method and immediately recognize the ITC benefit in income tax expense, as opposed to deferring.

***Business Combinations***

Business combinations are generally accounted for under the acquisition method of accounting whereby assets acquired and liabilities assumed in business combinations are recorded at their estimated fair value as of the acquisition date. The determination of fair value may involve the use of internal or third-party valuation specialists to assist in the determination of the fair value of certain assets and liabilities at the acquisition date, including loans and leases, core deposit intangibles and time deposits. The excess of the cost of acquisition over these fair values is recognized as goodwill.

***Treasury Stock***

Any shares repurchased under the Company's share repurchase programs were purchased in open-market transactions and are held as treasury stock. Treasury stock also consists of common stock withheld to satisfy federal, state and local income tax withholding requirements for employee restricted stock awards upon vesting. All treasury stock is held at cost.

***Segment Reporting***

An operating segment is defined as a component of a business for which separate financial information is available that is evaluated regularly by the CODM in deciding how to allocate resources and evaluate performance. The Company is a bank holding company with subsidiaries engaged in the business of banking and activities closely related to banking. The Company's banking business provided substantially all of its total revenues and pre-tax income in 2024, 2023 and 2022. Therefore, the Company has determined to be a single segment.

**(2) Recent Accounting Pronouncements*****Accounting Standards Adopted in 2024, 2023 and 2022***

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

In March 2022, the FASB issued ASU 2022-02, "Financial Instruments - Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures" which addresses concerns regarding the complex accounting for loans modified as troubled debt restructurings 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.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)**

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. The Company adopted ASU 2023-07 as of January 1, 2024. The adoption did not have a material impact on the Company's consolidated financial statements and continues to operate as one reportable segment.

**(3) Cash, Cash Equivalents and Short-Term Investments**

Aggregate reserve balances included in cash and cash equivalents were \$480.9 million and \$110.9 million, respectively, as of December 31, 2024 and 2023.

Short-term investments are summarized as follows:

	At December 31,	
	2024	2023
	(In Thousands)	
FRB interest bearing reserve	\$ 470,706	\$ 86,864
FHLB overnight deposits	8,291	11,649
Total short-term investments	<u>\$ 478,997</u>	<u>\$ 98,513</u>

Short-term investments are stated at cost which approximates market value.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### (4) Investment Securities

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

At December 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
(In Thousands)				
Investment securities available-for-sale:				
GSE debentures	\$ 195,099	\$ 225	\$ 19,030	\$ 176,294
GSE CMOs	62,567	4	7,028	55,543
GSE MBSs	166,843	63	18,621	148,285
Municipal obligations	20,526	19	291	20,254
Corporate debt obligations	12,140	225	78	12,287
U.S. Treasury bonds	506,714	331	25,173	481,872
Foreign government obligations	500	—	1	499
Total investment securities available-for-sale	<u>\$ 964,389</u>	<u>\$ 867</u>	<u>\$ 70,222</u>	<u>\$ 895,034</u>

At 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	<u>\$ 984,251</u>	<u>\$ 1,301</u>	<u>\$ 68,951</u>	<u>\$ 916,601</u>

As of December 31, 2024, the fair value of all investment securities available-for-sale was \$895.0 million, with net unrealized losses of \$69.4 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 December 31, 2024, \$705.3 million, or 78.8% of the portfolio, had gross unrealized losses of \$70.2 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.

As of December 31, 2024 and 2023, the Company did not hold any securities as held to maturity; all securities were held as available-for-sale.

### Investment Securities as Collateral

As of December 31, 2024 and 2023, respectively, \$792.0 million and \$791.2 million of investment securities were pledged as collateral for repurchase agreements; municipal deposits; treasury, tax and loan deposits ("TT&L"); swap agreements; Federal Reserve Bank borrowings; and FHLB of Boston and FHLB of New York borrowings. The Banks did not have any outstanding Federal Reserve Bank borrowings as of December 31, 2024 and 2023.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### Allowance for Credit Losses-Available-for-Sale Securities

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

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

### Assessment for Available-for-Sale Securities for Impairment

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

	At December 31, 2024					
	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	\$ 30,753	\$ 281	\$ 107,750	\$ 18,749	\$ 138,503	\$ 19,030
GSE CMOs	4,664	107	50,334	6,921	54,998	7,028
GSE MBSs	11,128	596	131,481	18,025	142,609	18,621
Municipal obligations	3,616	74	3,568	217	7,184	291
Corporate debt obligations	—	—	2,550	78	2,550	78
U.S. Treasury bonds	67,290	285	291,641	24,888	358,931	25,173
Foreign government obligations	—	—	499	1	499	1
Temporarily impaired investment securities available-for-sale	117,451	1,343	587,823	68,879	705,274	70,222
Total temporarily impaired investment securities	\$ 117,451	\$ 1,343	\$ 587,823	\$ 68,879	\$ 705,274	\$ 70,222

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

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

### Investment Securities Available-For-Sale Impairment Analysis

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

#### U.S. Government-Sponsored Enterprises

The Company invests in securities issued by 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 December 31, 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 \$36.9 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.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)**

As of December 31, 2024, the Company owned 34 GSE debentures with a total fair value of \$176.3 million, and a net unrealized loss of \$18.8 million. As of December 31, 2023, the Company held 43 GSE debentures with a total fair value of \$201.1 million, and a net unrealized loss of \$19.5 million. As of December 31, 2024, 23 of the 34 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. All securities are performing and backed by the implicit (FHLB/FNMA/FHLMC) or explicit (GNMA/SBA) guarantee of the U.S. Government. During the twelve months ended December 31, 2024 and 2023, the Company did not purchase any GSE debentures securities.

As of December 31, 2024, the Company owned 59 GSE CMOs with a total fair value of \$55.5 million and a net unrealized loss of \$7.0 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 December 31, 2024, 57 of the 59 securities in this portfolio were in an unrealized loss position. As of December 31, 2023, 57 of 60 of the securities in this portfolio were in an unrealized loss position. All securities are performing and backed by the implicit (FHLB/FNMA/FHLMC) or explicit (GNMA) guarantee of the U.S. Government. For the years ended December 31, 2024 and 2023, the Company did not purchase any GSE CMOs.

As of December 31, 2024, the Company owned 141 GSE MBSs with a total fair value of \$148.3 million and a net unrealized loss of \$18.6 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 December 31, 2024, 92 of the 141 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. All securities are performing and backed by the implicit (FHLB/FNMA/FHLMC) or explicit (GNMA) guarantee of the U.S. Government. During the twelve months ended December 31, 2024, the Company purchased \$4.1 million of GSE MBS securities compared to the same period in 2023, when the Company purchased \$39.4 million of GSE MBS securities.

*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 December 31, 2024, the Company owned 39 municipal obligation securities with a total fair value of \$20.3 million and a net unrealized loss of \$0.3 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 December 31, 2024, 13 of the 39 securities in this portfolio were in an unrealized loss position. During the twelve months ended December 31, 2024, the Company purchased \$11.7 million of municipal securities compared to the same period in 2023 when the Company purchased \$10.0 million of municipal securities.

*Corporate Obligations*

The Company may invest in high-quality corporate obligations to provide portfolio diversification and improve the overall yield on the portfolio. As of December 31, 2024, the Company owned 4 corporate obligation securities with a total fair value of \$12.3 million and a net unrealized gain of \$0.1 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 December 31, 2024, 1 of the 4 securities in this portfolio was in an unrealized loss position. As of December 31, 2023, 9 of the 11 securities in this portfolio were in an unrealized loss position. Full collection of the obligations is expected because the financial condition of the issuers is sound, they have not defaulted on scheduled payments, the obligations are rated investment grade, and the Company has the ability and intent to hold the obligations for a period of time to recover the amortized cost. For the years ended December 31, 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 December 31, 2024, the Company owned 65 U.S. Treasury bonds with a total fair value of \$481.9 million and a net unrealized loss of \$24.8 million. As of December 31, 2023, the Company owned 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 December 31, 2024, 50 of the 65 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 unrealized loss positions. During the twelve months ended December 31, 2024 the Company purchased \$132.7 million U.S. Treasury bonds compared to the same period in 2023 when the Company purchased \$272.7 million, of U.S. Treasury bonds.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### Foreign Government Obligations

As of December 31, 2024 and 2023, the Company owned 1 foreign government obligation security with a fair value and amortized cost of \$0.5 million. As of December 31, 2024 and 2023, the security was in an unrealized loss position. During the twelve months ended December 31, 2024 and 2023 the Company did not purchase any foreign government obligation securities.

### Portfolio Maturities

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

	At December 31,					
	2024			2023		
	Amortized Cost	Estimated Fair Value	Weighted Average Rate	Amortized Cost	Estimated Fair Value	Weighted Average Rate
(Dollars in Thousands)						
Investment securities available-for-sale:						
Within 1 year	\$ 103,337	\$ 102,457	3.22%	\$ 141,989	\$ 141,340	4.27%
After 1 year through 5 years	449,289	434,608	3.32%	342,525	332,734	3.15%
After 5 years through 10 years	207,980	180,370	1.77%	268,182	233,059	1.69%
Over 10 years	203,783	177,599	3.13%	231,555	209,468	3.35%
	<u>\$ 964,389</u>	<u>\$ 895,034</u>	2.96%	<u>\$ 984,251</u>	<u>\$ 916,601</u>	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 December 31, 2024, issuers of debt securities with an estimated fair value of \$118.6 million had the right to call or prepay the obligations. Of the \$118.6 million, approximately \$4.8 million matures in less than 1 year, \$67.4 million matures in 1-5 years, \$38.9 million matures in 6-10 years, and \$7.5 million mature 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 than 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 year ended December 31, 2024. This compares to \$230.0 million securities sold during the year ended December 31, 2023. Securities sales executed during the twelve months ended 2023 were related to the acquisition of PCSB and the restructuring of the acquired investment portfolio.

	Year Ended December 31,	
	2024	2023
	(In Thousands)	
Proceeds from sales of investment securities available-for-sale	\$ —	\$ 229,981
Gross gains from sales	—	2,705
Gross losses from sales	—	(1,001)
Gain (loss) on sales of securities, net	<u>\$ —</u>	<u>\$ 1,704</u>



**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**

**(5) Restricted Equity Securities**

Investments in the restricted equity securities of various entities are as follows:

	At December 31,	
	2024	2023
	(In Thousands)	
FHLB stock	\$ 61,108	\$ 55,548
FRB stock	21,881	21,881
Other restricted equity securities	166	166
	<u>\$ 83,155</u>	<u>\$ 77,595</u>

The Company invests in the stock of the FHLB of Boston and the FHLB of New York as one of the requirements to borrow. As of December 31, 2024 and 2023, FHLB stock is recorded at its carrying value, which is equal to cost and which management believes approximates its fair value. As of December 31, 2024, the Company's investment in FHLB stock met the total stock investment requirement.

The Company invests in the stock of the Federal Reserve Bank of Boston and the Federal Reserve Bank of New York as required by its the Banks' membership in the Federal Reserve System. As of December 31, 2024 and 2023, Federal Reserve Bank stock is recorded at its carrying value, which is equal to cost and which management believes approximates its fair value.

**(6) Loans and Leases**

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

	At December 31, 2024		At December 31, 2023	
	Balance	Weighted Average Coupon	Balance	Weighted Average Coupon
	(Dollars In Thousands)			
Commercial real estate loans:				
Commercial real estate	\$ 4,027,265	5.40 %	\$ 4,047,288	5.47 %
Multi-family mortgage	1,387,796	5.06 %	1,415,191	5.14 %
Construction	301,053	7.00 %	302,050	6.86 %
Total commercial real estate loans	<u>5,716,114</u>	5.40 %	<u>5,764,529</u>	5.46 %
Commercial loans and leases:				
Commercial	1,164,052	6.51 %	984,441	6.83 %
Equipment financing	1,294,950	8.27 %	1,370,648	7.76 %
Condominium association	47,662	5.50 %	44,579	5.05 %
Total commercial loans and leases	<u>2,506,664</u>	7.40 %	<u>2,399,668</u>	7.33 %
Consumer loans:				
Residential mortgage	1,114,732	4.69 %	1,082,804	4.41 %
Home equity	377,411	7.18 %	344,182	8.03 %
Other consumer	64,367	6.67 %	50,406	7.68 %
Total consumer loans	<u>1,556,510</u>	5.38 %	<u>1,477,392</u>	5.36 %
Total loans and leases	<u>\$ 9,779,288</u>	5.91 %	<u>\$ 9,641,589</u>	5.91 %

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

Accrued interest on loans and leases, which were excluded from the amortized cost of loans and leases totaled \$37.5 million and \$39.1 million at December 31, 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 premium and discount on acquired loans included in total loans and leases were \$(19.6) million and \$(29.0) million as of December 31, 2024 and 2023, respectively.

The Banks and their subsidiaries lend primarily in New England and New York, with the exception of equipment financing, of which 29.5% is in the Greater New York and New Jersey metropolitan area and 70.5% of which is in other areas in the United States of America as of December 31, 2024.

### Related Party Loans

The Banks' authority to extend credit to their respective directors and executive officers, as well as to entities controlled by such persons, is currently governed by the requirements of the Sarbanes-Oxley Act and Regulation O of the FRB. Among other things, these provisions require that extensions of credit to insiders (1) be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than, those prevailing for comparable transactions with unaffiliated persons and that do not involve more than the normal risk of repayment or present other unfavorable features; and (2) not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of the Banks' capital. In addition, the extensions of credit to insiders must be approved by the applicable Bank's Board of Directors.

The following table summarizes the change in the total amounts of loans and advances to directors, executive officers and their affiliates for the periods indicated. All loans were performing as of December 31, 2024 and 2023.

	Year Ended December 31,	
	2024	2023
	(Dollars In Thousands)	
Balance at beginning of year	\$ 133,499	\$ 123,577
New loans granted during the year	24,447	2,942
Loans no longer classified as insider loans	(68,516)	—
New loans to existing relationship	17,245	6,408
Net (repayments)/additional drawals	886	572
Balance at end of year	\$ 107,561	\$ 133,499

Unfunded commitments on extensions of credit to related parties totaled \$5.6 million and \$30.1 million as of December 31, 2024 and 2023, respectively.

### Loans and Leases Pledged as Collateral

As of December 31, 2024 and 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; Federal Reserve Bank borrowings, and FHLB borrowings. The Banks did not have any outstanding Federal Reserve Bank borrowings as of December 31, 2024 and 2023.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### (7) Allowance for Credit Losses

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

	Year Ended December 31, 2024				
	Commercial Real Estate	Commercial	Consumer	Total	
	(In Thousands)				
Balance at December 31, 2023	\$ 81,410	\$ 29,557	\$ 6,555	\$	117,522
Charge-offs	(4,425)	(22,345)	(40)		(26,810)
Recoveries	—	2,241	41		2,282
Provision (credit) for loan and lease losses excluding unfunded commitments	(2,814)	34,716	187		32,089
Balance at December 31, 2024	\$ 74,171	\$ 44,169	\$ 6,743	\$	125,083

	Year Ended December 31, 2023				
	Commercial Real Estate	Commercial	Consumer	Total	
	(In Thousands)				
Balance at December 31, 2022	\$ 68,154	\$ 26,604	\$ 3,724	\$ 98,482	
Charge-offs	(1,204)	(19,990)	(41)	(21,235)	
Recoveries	132	1,406	34	1,572	
Provision (credit) for loan and lease losses excluding unfunded commitments	14,328	21,537	2,838	38,703	
Balance at December 31, 2023	\$ 81,410	\$ 29,557	\$ 6,555	\$ 117,522	

The allowance for credit losses for unfunded credit commitments was \$6.0 million, and \$19.8 million at December 31, 2024 and December 31, 2023, respectively.

### Provision for Credit Losses

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

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Provision (credit) for loan and lease losses:			
Commercial real estate	\$ (2,814)	\$ 14,328	\$ (1,046)
Commercial	34,716	21,537	2,892
Consumer	187	2,838	872
Total provision (credit) for loan and lease losses	32,089	38,703	2,718
Unfunded credit commitments	(10,086)	(835)	5,807
Investment securities available-for-sale	(359)	339	102
Total provision (credit) for credit losses	<u>\$ 21,644</u>	<u>\$ 38,207</u>	<u>\$ 8,627</u>

### Allowance for Credit Losses Methodology

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

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)**

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.

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

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

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

The general allowance for loan and lease losses was \$107.5 million as of December 31, 2024, compared to \$108.4 million as of December 31, 2023. The decrease of \$0.9 million was primarily driven by the decreases in the general allowance of \$5.7 million for commercial real estate loans and \$2.3 million for commercial loans, offset by an increase of \$6.9 million in the reserve for equipment financing loans.

The specific allowance for loan and lease losses was \$17.5 million as of December 31, 2024, compared to \$9.1 million as of December 31, 2023. The increase of \$8.8 million was primarily driven by increases in the specific reserve of \$7.8 million in equipment financing relationships and \$2.2 million in commercial relationships, offset by a decrease of \$1.2 million in the specific reserve for commercial real estate relationships.

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

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)*****Credit Quality Assessment***

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

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

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

***1 -4 Rating—Pass***

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

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

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

***6 Rating—Substandard***

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

***7 Rating—Doubtful***

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

***8 Rating—Definite Loss***

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

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

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### Credit Quality Information

The following tables present the recorded investment in loans in each class as of December 31, 2024 and December 31, 2023 by credit quality indicator and year originated.

	December 31, 2024									
							Revolving Loans	Revolving Loans Converted to Term Loans		
	2024	2023	2022	2021	2020	Prior	Revolving Loans			Total
	(In Thousands)									
Commercial Real Estate										
Pass	\$ 147,877	\$ 395,770	\$ 677,054	\$ 740,805	\$ 368,755	\$ 1,493,198	\$ 45,933	\$ 16,620	\$	3,886,012
OAEM	22,505	—	21,923	3,611	3,210	41,704	—	411		93,364
Substandard	—	—	3,653	5,416	—	38,820	—	—		47,889
Total	170,382	395,770	702,630	749,832	371,965	1,573,722	45,933	17,031		4,027,265
Current -period gross writeoffs	—	—	552	—	—	3,874	—	—		4,426
Multi-Family Mortgage										
Pass	16,197	67,890	244,419	243,977	153,294	572,534	5,937	38,001		1,342,249
OAEM	—	—	11,606	—	—	3,855	—	—		15,461
Substandard	—	—	2,863	11,477	—	15,746	—	—		30,086
Total	16,197	67,890	258,888	255,454	153,294	592,135	5,937	38,001		1,387,796
Construction										
Pass	50,569	24,642	169,636	37,832	1,649	221	8,754	—		293,303
OAEM	—	—	7,750	—	—	—	—	—		7,750
Total	50,569	24,642	177,386	37,832	1,649	221	8,754	—		301,053
Commercial										
Pass	166,730	246,370	132,302	101,292	29,561	78,400	380,122	6,851		1,141,628
OAEM	—	—	—	48	—	284	1,711	—		2,043
Substandard	—	4	—	392	1,197	12,001	6,091	365		20,050
Doubtful	—	—	—	—	—	2	—	329		331

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

December 31, 2024									
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
(In Thousands)									
Total	166,730	246,374	132,302	101,732	30,758	90,687	387,924	7,545	1,164,052
Current-period gross writeoffs	13	4	3,612	100	1,523	1,596	—	—	6,848
Equipment Financing									
Pass	287,280	359,803	289,487	147,244	83,664	85,286	425	5,881	1,259,070
OAEM	—	—	1,572	930	—	—	—	—	2,502
Substandard	—	7,681	3,455	2,918	725	2,771	—	11,530	29,080
Doubtful	—	—	4,283	—	—	15	—	—	4,298
Total	287,280	367,484	298,797	151,092	84,389	88,072	425	17,411	1,294,950
Current-period gross writeoffs	840	2,801	4,740	1,430	5,219	4,166	—	—	19,196
Condominium Association									
Pass	5,248	9,897	6,644	7,600	5,529	9,030	3,603	111	47,662
Total	5,248	9,897	6,644	7,600	5,529	9,030	3,603	111	47,662
Other Consumer									
Pass	373	176	84	873	—	2,057	60,789	15	64,367
Total	373	176	84	873	—	2,057	60,789	15	64,367
Current-period gross writeoffs	7	—	3	—	1	12	—	—	23
Total									
Pass	674,274	1,104,548	1,519,626	1,279,623	642,452	2,240,726	505,563	67,479	8,034,291
OAEM	22,505	—	42,851	4,589	3,210	45,843	1,711	411	121,120
Substandard	—	7,685	9,971	20,203	1,922	69,338	6,091	11,895	127,105
Doubtful	—	—	4,283	—	—	17	—	329	4,629
Total	\$ 696,779	\$ 1,112,233	\$ 1,576,731	\$ 1,304,415	\$ 647,584	\$ 2,355,924	\$ 513,365	\$ 80,114	\$ 8,287,145

As of December 31, 2024, there were no loans categorized as definite loss.

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

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**

<b>December 31, 2023</b>									
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
<b>Current -period gross writeoffs</b>	—	4	942	—	—	258	—	—	1,204
<b>Multi-Family Mortgage</b>									
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
<b>Construction</b>									
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
<b>Commercial</b>									
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
<b>Current-period gross writeoffs</b>	1,000	3,500	4,842	1,164	673	2,379	—	—	13,558
<b>Equipment Financing</b>									
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
<b>Current-period gross writeoffs</b>	498	1,075	1,915	122	553	2,275	—	—	6,438
<b>Condominium Association</b>									
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
<b>Other Consumer</b>									
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
<b>Current-period gross writeoffs</b>	6	—	2	—	11	9	—	—	28
<b>Total</b>									
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



# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

	December 31, 2023								
Substandard	1,254	10,524	15,269	2,181	37,302	27,837	981	3,388	98,736
Doubtful	—	—	—	—	1	1,947	—	2	1,950
<b>Total</b>	<b>\$ 1,152,179</b>	<b>\$ 1,667,857</b>	<b>\$ 1,428,628</b>	<b>\$ 729,159</b>	<b>\$ 772,849</b>	<b>\$ 1,900,447</b>	<b>\$ 490,921</b>	<b>\$ 72,563</b>	<b>\$ 8,214,603</b>

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

For residential mortgage and home equity loans, the borrowers' credit scores at origination contribute as a reserve metric in the retail loss rate model. The credit scores in the table as follows represent the borrowers' current credit scores.

	December 31, 2024								
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
(In Thousands)									
<b>Residential</b>									
Credit Scores									
Over 700	\$ 119,843	\$ 75,397	\$ 167,352	\$ 204,738	\$ 110,663	\$ 341,746	\$ 7,936	\$ —	\$ 1,027,675
661 - 700	6,444	7,330	7,734	6,915	4,622	12,583	—	—	45,628
600 and below	2,040	1,111	7,711	4,976	5,016	13,024	—	—	33,878
Data not available*	31	537	1,349	881	—	4,753	—	—	7,551
<b>Total</b>	<b>\$ 128,358</b>	<b>\$ 84,375</b>	<b>\$ 184,146</b>	<b>\$ 217,510</b>	<b>\$ 120,301</b>	<b>\$ 372,106</b>	<b>\$ 7,936</b>	<b>\$ —</b>	<b>\$ 1,114,732</b>
<b>Home Equity</b>									
Credit Scores									
Over 700	\$ 1,696	\$ 4,686	\$ 3,492	\$ 1,402	\$ 529	\$ 7,003	\$ 316,187	\$ 5,446	\$ 340,441
661 - 700	166	400	21	38	—	326	18,700	505	20,156
600 and below	—	405	132	—	18	373	12,121	1,195	14,244
Data not available*	—	—	—	—	—	4	2,566	—	2,570
<b>Total</b>	<b>\$ 1,862</b>	<b>\$ 5,491</b>	<b>\$ 3,645</b>	<b>\$ 1,440</b>	<b>\$ 547</b>	<b>\$ 7,706</b>	<b>\$ 349,574</b>	<b>\$ 7,146</b>	<b>\$ 377,411</b>
<b>Current-period gross writeoffs</b>	<b>—</b>	<b>—</b>	<b>16</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>16</b>

\* Represents loans made to trusts and purchased mortgages.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**

December 31, 2023									
	2023	2022	2021	2020	2019	Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
(In Thousands)									
<b>Residential</b>									
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
<b>Home Equity</b>									
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

\* Represents loans made to trusts and purchased mortgages.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### Age Analysis of Past Due Loans and Leases

The following tables present an age analysis of the recorded investment in total loans and leases as of December 31, 2024 and 2023.

	At December 31, 2024									
	Past Due						Past Due Greater Than 90 Days and Accruing	Non-accrual	Non-accrual with no related Allowance	
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases				
	(In Thousands)									
Commercial real estate loans:										
Commercial real estate	\$ 6,570	\$ 1,685	\$ 12,153	\$ 20,408	\$ 4,006,857	\$ 4,027,265	\$ 629	\$ 11,525	\$ 683	
Multi-family mortgage	2,863	—	6,469	9,332	1,378,464	1,387,796	—	6,596	6,605	
Construction	—	—	—	—	301,053	301,053	—	—	—	
Total commercial real estate loans	9,433	1,685	18,622	29,740	5,686,374	5,716,114	629	18,121	7,288	
Commercial loans and leases:										
Commercial	783	1,693	695	3,171	1,160,881	1,164,052	—	14,676	326	
Equipment financing	6,140	2,508	27,070	35,718	1,259,232	1,294,950	—	31,509	2,180	
Condominium association	—	—	—	—	47,662	47,662	—	—	—	
Total commercial loans and leases	6,923	4,201	27,765	38,889	2,467,775	2,506,664	—	46,185	2,506	
Consumer loans:										
Residential mortgage	2,015	—	2,057	4,072	1,110,660	1,114,732	130	3,999	2,359	
Home equity	818	233	135	1,186	376,225	377,411	52	1,043	—	
Other consumer	4	—	1	5	64,362	64,367	—	1	—	
Total consumer loans	2,837	233	2,193	5,263	1,551,247	1,556,510	182	5,043	2,359	
Total loans and leases	\$ 19,193	\$ 6,119	\$ 48,580	\$ 73,892	\$ 9,705,396	\$ 9,779,288	\$ 811	\$ 69,349	\$ 12,153	

There is no interest income recognized on non-accrual loans for the year ending December 31, 2024.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**
**At December 31, 2023**

<b>Past Due</b>									
	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>Greater Than 90 Days</b>	<b>Total</b>	<b>Current</b>	<b>Total Loans and Leases</b>	<b>Past Due Greater Than 90 Days and Accruing</b>	<b>Non- accrual</b>	<b>Non-accrual with no related Allowance</b>
<b>(In Thousands)</b>									
<b>Commercial real estate loans:</b>									
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
<b>Commercial loans and leases:</b>									
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
<b>Consumer loans:</b>									
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

There is no interest income recognized on non-accrual loans for the year ending December 31, 2023.

**Impaired Loans and Leases**

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

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

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**

At December 31, 2024				
	Commercial Real Estate	Commercial	Consumer	Total
(In Thousands)				
<b>Allowance for Loan and Lease Losses:</b>				
Individually evaluated	\$ 3,566	\$ 13,967	\$ 13	\$ 17,546
Collectively evaluated	70,605	30,202	6,730	107,537
Total	\$ 74,171	\$ 44,169	\$ 6,743	\$ 125,083
<b>Loans and Leases:</b>				
Individually evaluated	\$ 77,983	\$ 47,819	\$ 2,626	\$ 128,428
Collectively evaluated	5,638,131	2,458,845	1,553,884	9,650,860
Total	\$ 5,716,114	\$ 2,506,664	\$ 1,556,510	\$ 9,779,288

At December 31, 2023				
	Commercial Real Estate	Commercial	Consumer	Total
(In Thousands)				
<b>Allowance for Loan and Lease Losses:</b>				
Individually evaluated	\$ 5,104	\$ 3,947	\$ 35	\$ 9,086
Collectively evaluated	76,306	25,610	6,520	108,436
Total	\$ 81,410	\$ 29,557	\$ 6,555	\$ 117,522
<b>Loan and Lease Losses:</b>				
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	\$ 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.

				At December 31, 2024
	Number of Loans	Amortized Cost	% of Total Class of Loans and Leases	Financial Effect
		(In thousands)		
Maturity Extension				
				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".
C&I	2	\$ 115	0.01 %	
Significant Payment Delays				

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

C&I	14	15,016	1.29 %	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."
<b>Combination - Maturity Extension and Significant Payment Delays</b>				
C&I	2	1,478	0.13 %	These loans were given 6 month maturity extension and 6 months of interest-only payments. The financial effect was deemed "de minimis."
<b>Combination - Maturity Extension and Interest Rate Reduction</b>				
CRE	1	8,284	0.21 %	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	92	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."
<b>Combination - Maturity Extension, Interest Rate Reduction, and Significant Payment Delays</b>				
CRE	1	604	0.02 %	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	\$ 25,858		

At December 31, 2023				
	Number of Loans	Amortized Cost (In thousands)	% of Total Class of Loans and Leases	Financial Effect
<b>Maturity Extension</b>				
CRE	1	\$ 3,195	0.06 %	The loan was given a one year maturity extension. The financial effect was deemed "de minimis."

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**

C&I	12	14,463	0.98 %	All 12 loans were given six month maturity extensions to assist borrowers. The financial effect was deemed "de minimis."
<b>Significant Payment Delays</b>				
C&I	2	16	— %	Both loans were given restructured payment plans to assist borrowers. The financial effect was deemed "de minimis."
<b>Combination - Maturity Extension and Significant Payment Delays</b>				
CRE	2	18,792	0.33 %	Loans were given two year maturity extensions, with a partial deferral of interest payments. The financial effect was deemed "de minimis."
C&I	10	4,650	0.30 %	Loans were given one to 30 of payment delays and three to 30 month term extensions. The financial effect was deemed "de minimis."
<b>Combination - Maturity Extension and Interest Rate Reduction</b>				
CRE				A portion of loans were given four month maturity extensions and interest rate reductions. Other loans were given two year maturity extensions and a 5.00% fixed rate. The financial effect was deemed "de minimis."
C&I	10	985	0.07 %	
Total	37	\$ 42,101		

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

At December 31, 2024					
	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified
(In thousands)					
Total Modifications	\$ 25,155	98	580	—	—

At December 31, 2023					
	Current	30-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Modified
(In thousands)					
Total Modifications	\$ 41,993	16	—	92	—

### (8) Premises and Equipment

Premises and equipment consist of the following:

	At December 31,		Estimated Useful Life
	2024	2023	
(In Thousands)			(In Years)
Land	\$ 15,416	\$ 15,440	NA
Fine art	602	620	NA
Computer equipment	19,158	18,810	3
Vehicles	176	280	3
Core processing system and software	27,034	26,770	3 to 5
Furniture, fixtures and equipment	15,461	18,062	3 to 15
Office building and improvements	112,400	110,279	10 to 40
Total	190,247	190,261	
Accumulated depreciation and amortization	103,466	100,408	
Total premises and equipment	\$ 86,781	\$ 89,853	

Depreciation and amortization expense is calculated using the straight-line method and is included in occupancy and equipment and data processing expense in the Consolidated Statements of Income. For the years ended December 31, 2024, and 2023, depreciation and amortization expense related to premises and equipment totaled \$8.0 million, and \$8.5 million respectively.



**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**

**(9) Goodwill and Other Intangible Assets**

The changes in the carrying value of goodwill for the periods indicated were as follows:

	Year Ended December 31,	
	2024	2023
	(In Thousands)	
Balance at beginning of year	\$ 241,222	\$ 160,427
Additions	—	80,795
Balance at end of year	<u>\$ 241,222</u>	<u>\$ 241,222</u>

The following is a summary of the Company's other intangible assets:

	At December 31, 2024			At December 31, 2023		
	Gross Amount	Accumulated Amortization	Carrying Amount	Gross Amount	Accumulated Amortization	Carrying Amount
	(In Thousands)					
Other intangible assets:						
Core deposits	\$ 32,387	\$ 16,015	\$ 16,372	\$ 68,560	\$ 45,442	\$ 23,118
Trade name	1,600	511	1,089	1,600	511	1,089
Trust relationship	—	—	—	1,568	1,568	—
Other intangible	—	—	—	442	442	—
Total other intangible assets	<u>\$ 33,987</u>	<u>\$ 16,526</u>	<u>\$ 17,461</u>	<u>\$ 72,170</u>	<u>\$ 47,963</u>	<u>\$ 24,207</u>

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 4.96 years. There were no impairment losses relating to other acquisition-related intangible assets recorded during the years ended December 31, 2024, 2023 and 2022.

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

Year ended December 31:	Amount
	(In Thousands)
2025	\$ 5,562
2026	4,324
2027	3,243
2028	2,162
2029	1,081
Thereafter	—
Total	<u>\$ 16,372</u>

**(10) Other Assets**

***BOLI***

BOLI is recorded at the cash surrender value of the policies, less any applicable cash surrender charges, and is recorded in other assets. As of December 31, 2024 and 2023, BankRI owned seven policies with a net cash surrender value of \$45.9 million. As of December 31, 2024, PCSB owned four policies with a net cash surrender value of \$37.8 million. As of December 31, 2024 and 2023, Brookline Bank, as successor-in-interest to First Ipswich Bank owned two policies with a net cash surrender value of \$0.7 million, respectively.

# **BROOKLINE BANCORP, INC. AND SUBSIDIARIES**

## **Notes to Consolidated Financial Statements (Continued)**

The Company recorded a total of \$2.0 million, \$2.1 million, and \$1.0 million of tax exempt income from these policies in 2024, 2023, and 2022, respectively. They are included in the Company's other non-interest income in the consolidated statements of income. Included in the 2023 income is a death benefit received on a former employee in the amount \$256 thousand.

### ***Affordable Housing Investments***

The Company invests in affordable housing projects that benefit low- and moderate-income individuals. As of December 31, 2024, the Company had investments in 21 of these projects. The project sponsor or general partner controls the project's management. In each case, the Company is a limited partner with less than 99% of the outstanding equity interest in any single project.

The Company uses the proportional amortization method to account for investments in affordable housing projects. The proportional amortization method calculation and the operating losses or gains for these investments are included as a component of the provision for income taxes in the Company's consolidated statements of income. Under the proportional amortization method, the initial costs of the investment in qualified affordable housing projects is amortized based on the tax credits and other benefits received.

Further information regarding the Company's investments in affordable housing projects follows:

	At December 31,			
	2024		2023	
	(In Thousands)			
Investments in affordable housing projects included in other assets	\$	29,634	\$	30,245
Unfunded commitments related to affordable housing projects included in other liabilities		9,502		14,888
Investment in affordable housing tax credits		3,766		2,951
Investment in affordable housing tax benefits		657		521

	For the year ended December 31,					
	2024		2023		2022	
	(In Thousands)					
Investment amortization included in provision for income taxes	\$	3,925	\$	3,237	\$	3,268
Amount recognized as income tax benefit		657		521		547

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### (11) Deposits

A summary of deposits follows:

	December 31, 2024		December 31, 2023	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
	(Dollars in Thousands)			
Demand checking accounts	\$ 1,692,394	— %	\$ 1,678,406	— %
NOW accounts	617,246	0.57 %	661,863	0.60 %
Savings accounts	1,721,247	4.40 %	1,669,018	2.63 %
Money market accounts	2,116,360	2.58 %	2,082,810	3.07 %
Total core deposit accounts	6,147,247	2.18 %	6,092,097	1.84 %
Certificate of deposit accounts maturing:				
Within six months	\$ 1,287,280	4.48 %	\$ 854,200	3.62 %
After six months but within 1 year	492,098	4.06 %	581,937	4.43 %
After 1 year but within 2 years	78,153	3.34 %	93,514	3.69 %
After 2 years but within 3 years	13,188	2.13 %	17,313	1.53 %
After 3 years but within 4 years	12,028	3.27 %	14,830	1.82 %
After 4 years but within 5 years	2,498	1.16 %	13,061	3.15 %
5+ Years	199	0.50 %	—	— %
Total certificate of deposit accounts	1,885,444	4.30 %	1,574,855	3.88 %
Brokered deposit accounts	868,953	4.42 %	881,173	4.36 %
Total deposits	\$ 8,901,644	2.85 %	\$ 8,548,125	2.48 %

Certificate of deposit accounts issued in amounts of \$250,000 or more totaled \$613.2 million and \$484.0 million as of December 31, 2024 and 2023, respectively.

Interest expense on deposit balances is summarized as follows:

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Interest-bearing deposits:			
NOW accounts	\$ 4,543	\$ 4,275	\$ 853
Savings accounts	46,220	27,974	2,228
Money market accounts	60,796	58,153	15,392
Certificate of deposit accounts	76,134	44,122	8,210
Brokered deposit accounts	45,270	41,141	2,909
Total interest-bearing deposits	\$ 232,963	\$ 175,665	\$ 29,592

### Related Party Deposits

Deposit accounts of directors, executive officers and their affiliates totaled \$89.8 million and \$69.3 million as of December 31, 2024 and 2023, respectively.

### Collateral Pledged to Deposits

As of December 31, 2024 and 2023, \$97.0 million and \$262.8 million, respectively, of collateral was pledged for municipal deposits and TT&L.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### (12) Borrowed Funds

Borrowed funds are comprised of the following:

	At December 31,	
	2024	2023
	(In Thousands)	
Advances from the FHLB	\$ 1,355,926	\$ 1,223,226
Subordinated debentures and notes	84,328	84,188
Other borrowed funds	79,592	69,256
Total borrowed funds	<u>\$ 1,519,846</u>	<u>\$ 1,376,670</u>

Interest expense on borrowed funds for the periods indicated is as follows:

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Advances from the FHLB	\$ 55,851	\$ 52,467	\$ 9,355
Subordinated debentures and notes	6,074	5,476	5,133
Other borrowed funds	4,048	3,968	1,335
Total interest expense on borrowed funds	<u>\$ 65,973</u>	<u>\$ 61,911</u>	<u>\$ 15,823</u>

### Collateral Pledged to Borrowed Funds

As of December 31, 2024 and 2023, \$4.4 billion and \$4.3 billion, respectively, of investment securities and loans and leases, were pledged as collateral for repurchase agreements, swap agreements, FHLB/Federal Reserve Bank borrowings, municipal deposits, and TT&L. The Banks did not have any outstanding Federal Reserve Bank borrowings as of December 31, 2024 and 2023.

### Advances from the FHLB of Boston and FHLB of New York

FHLB advances mature as follows<sup>(1)</sup>:

	At December 31,			
	2024		2023	
	Amount	Weighted Average Rate	Amount	Weighted Average Rate
	(Dollars in Thousands)			
Within 1 year	\$ 1,278,372	4.74 %	\$ 742,100	4.96 %
Over 1 year to 2 years	70,000	4.25 %	471,322	4.88 %
Over 2 years to 3 years	316	0.76 %	3,114	2.62 %
Over 3 years to 4 years	750	— %	340	0.76 %
Over 4 years to 5 years	1,827	1.05 %	750	— %
Over 5 years	4,661	3.35 %	5,716	3.19 %
	<u>\$ 1,355,926</u>	<u>4.70 %</u>	<u>\$ 1,223,342</u>	<u>4.91 %</u>

(1) Excludes \$0.1 million in FHLB borrowings fair value adjustment related to the acquisition of PCSB in 2023.

Actual maturities of the advances may differ from those presented above since the FHLB has the right to call certain advances prior to the scheduled maturity.

The FHLB advances are secured by blanket pledge agreements which require the Banks to maintain certain qualifying assets as collateral. The Company's remaining borrowing capacity from the FHLB of Boston and FHLB of New York for advances and repurchase agreements was \$1.3 billion as of December 31, 2024. The total amount of qualifying collateral for FHLB and Federal Reserve Bank borrowings was \$4.3 billion as of December 31, 2024.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**

***Other Borrowed Funds***

Information concerning other borrowed funds is as follows for the periods indicated below:

	Year Ended December 31,	
	2024	2023
	(Dollars In Thousands)	
Outstanding at end of year	\$ 79,592	\$ 69,256
Average outstanding for the year	78,859	124,793
Maximum outstanding at any month-end	127,505	224,020
Weighted average rate at end of year	4.33 %	4.66 %
Weighted average rate paid for the year	5.13 %	3.18 %

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.

As of December 31, 2024, the Banks also have access to funding through certain uncommitted lines via AFX as well as committed and uncommitted lines from other large financial institutions. As of December 31, 2024, the Company had no borrowings outstanding with these committed and uncommitted lines.

The Company has access to the Federal Reserve Discount Window to supplement its liquidity. The Company has \$359.5 million of borrowing capacity at the FRB as of December 31, 2024. As of December 31, 2024, the Company did not have any borrowings with the FRB outstanding.

As of December 31, 2024, the Company had \$79.6 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. The Company did not have any repurchase agreements with customers as of December 31, 2024. As of December 31, 2023, the Company had repurchase agreements with customers of \$9.3 million.

***Subordinated Debentures and Notes***

On September 15, 2014, the Company issued \$75.0 million of 6.0% fixed-to-floating subordinated notes due September 15, 2029. The Company was obligated to pay 6.0% interest semiannually between September 2014 and September 2024. Currently, 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.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

Issue Date	Rate	Maturity Date	Next Call Date	Carrying Amount	
				December 31, 2024	December 31, 2023
(Dollars in Thousands)					
June 26, 2003	Variable; 3-month CME term SOFR + spread adjustment of 0.26% + 3.10%	June 26, 2033	March 25, 2025	\$ 4,920	\$ 4,904
March 17, 2004	Variable; 3-month CME term SOFR + spread adjustment of 0.26% + 2.79%	March 17, 2034	March 16, 2025	4,880	4,857
September 15, 2014	Variable; 3-month CME term SOFR + spread adjustment of 0.26% + 3.32%	September 15, 2029	March 17, 2025	74,528	74,427
Total				\$ 84,328	\$ 84,188

The above carrying amounts of the acquired subordinated debentures included \$0.2 million of accretion adjustments and \$0.5 million of capitalized debt issuance costs as of December 31, 2024. This compares to \$0.2 million of accretion adjustments and \$0.6 million of capitalized debt issuance costs as of December 31, 2023.

### (13) 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 credits, 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.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

	At December 31,	
	2024	2023
	(In Thousands)	
Financial instruments whose contract amounts represent credit risk:		
Commitments to originate loans and leases:		
Commercial real estate	\$ 11,126	\$ 88,435
Commercial	144,721	279,001
Residential mortgage	14,607	26,170
Unadvanced portion of loans and leases	1,076,783	1,208,553
Unused lines of credit:		
Home equity	780,214	762,235
Other consumer	113,838	114,816
Other commercial	398	475
Unused letters of credit:		
Financial standby letters of credit	12,702	8,221
Performance standby letters of credit	24,325	29,187
Commercial and similar letters of credit	2,330	3,278
Interest rate derivatives	225,000	225,000
Loan level derivatives:		
Receive fixed, pay variable	1,672,948	1,733,198
Pay fixed, receive variable	1,672,948	1,733,198
Risk participation-out agreements	539,731	542,387
Risk participation-in agreements	102,198	100,313
Foreign exchange contracts:		
Buys foreign currency, sells U.S. currency	5,849	3,262
Sells foreign currency, buys U.S. currency	5,408	3,895

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 credits 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.

The reserve for unfunded credit commitments, which is included in other liabilities, was \$6.0 million and \$19.8 million as of December 31, 2024 and December 31, 2023, respectively. See Note 7, "Allowance for Credit Losses" for further discussion on the Company's methodology for determining the ACL, which includes the reserve for unfunded commitments.

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

# **BROOKLINE BANCORP, INC. AND SUBSIDIARIES**

## **Notes to Consolidated Financial Statements (Continued)**

institution, effectively minimizing its net interest-rate risk exposure resulting from such transactions. The fair value of these derivatives are presented in Note 16, "Derivative and Hedging Activities".

### ***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 19 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 used 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.

	At December 31, 2024	At December 31, 2023	At December 31, 2022
	(In Thousands)		
The components of lease expense were as follow:			
Operating lease cost	\$ 8,983	\$ 8,527	\$ 6,305
Supplemental cash flow information related to leases was as follows:			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	\$ 9,044	\$ 8,901	\$ 6,481
Right-of-use assets obtained in exchange for new lease obligations:			
Operating leases assets	\$ 18,093	\$ 15,073	\$ 2,082
Operating leases liabilities	\$ 18,093	\$ 16,672	\$ 2,082
Supplemental balance sheet information related to leases was as follows:			
Operating Leases			
Operating lease right-of-use assets	\$ 43,527	\$ 30,863	\$ 19,484
Operating lease liabilities	44,785	31,998	19,484
Weighted Average Remaining Lease Term			
Operating leases	8.90	8.87	7.39
Weighted Average Discount Rate			
Operating leases	4.1 %	4.0 %	3.5 %



# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

<u>Year ended December 31,</u>		<b>Minimum Rental Payments</b>	
		<b>(In Thousands)</b>	
2025	\$		9,156
2026			8,739
2027			7,684
2028			6,129
2029			4,172
Thereafter			16,665
Total	\$		52,545
Less imputed interest			(7,760)
	\$		44,785

Certain leases contain escalation clauses for real estate taxes and other expenditures, which are not included above. Total rental expense was \$9.0 million in 2024. This compares to total rent expense of \$8.5 million and \$6.0 million in 2023 and 2022, respectively.

A portion of the Company's headquarters was rented to third-party tenants which generated rental income of \$0.2 million in 2024 compared to \$0.2 million for both 2023 and 2022 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.

### (14) Earnings per Share ("EPS")

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

	<b>For the year ended December 31,</b>					
	<b>2024</b>		<b>2023</b>		<b>2022</b>	
	<b>Basic</b>	<b>Fully Diluted</b>	<b>Basic</b>	<b>Fully Diluted</b>	<b>Basic</b>	<b>Fully Diluted</b>
<b>(Dollars in Thousands, Except Per Share Amounts)</b>						
<b>Numerator:</b>						
Net income	\$ 68,715	\$ 68,715	\$ 74,999	\$ 74,999	\$ 109,744	\$ 109,744
<b>Denominator:</b>						
Weighted average shares outstanding	88,983,248	88,983,248	88,230,681	88,230,681	77,079,278	77,079,278
Effect of dilutive securities	—	319,056	—	219,965	—	272,556
Adjusted weighted average shares outstanding	88,983,248	89,302,304	88,230,681	88,450,646	77,079,278	77,351,834
EPS	\$ 0.77	\$ 0.77	\$ 0.85	\$ 0.85	\$ 1.42	\$ 1.42

### (15) Comprehensive Income/(Loss)

Comprehensive income (loss) represents the sum of net income (loss) and other comprehensive income (loss). For the years ended December 31, 2024, 2023 and 2022, the Company's other comprehensive income (loss) include the following three

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**

components: (i) unrealized holding gains (losses) on investment securities available-for-sale; (ii) change in the fair value of cash flow hedges and (iii) adjustment of accumulated obligation for postretirement benefits.

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

	Year Ended December 31, 2024			
	Investment Securities Available-for-Sale	Net Change in Fair Value of Cash Flow Hedges	Postretirement Benefits	Accumulated Other Comprehensive Income (Loss)
	(In Thousands)			
Balance at December 31, 2023	\$ (52,546)	\$ (1,581)	\$ 1,329	\$ (52,798)
Other comprehensive income (loss)	(1,172)	(2,744)	1,127	(2,789)
Reclassification adjustment for (income) expense recognized in earnings	—	3,002	(297)	2,705
Balance at December 31, 2024	<u>\$ (53,718)</u>	<u>\$ (1,323)</u>	<u>\$ 2,159</u>	<u>\$ (52,882)</u>

	Year Ended December 31, 2023			
	Investment Securities Available-for-Sale	Net Change in Fair Value of Cash Flow Hedges	Postretirement Benefits	Accumulated Other Comprehensive Income (Loss)
	(In Thousands)			
Balance at December 31, 2022	\$ (60,193)	\$ (2,242)	\$ 488	\$ (61,947)
Other comprehensive income (loss)	7,647	(2,026)	1,135	6,756
Reclassification adjustment for (income) expense recognized in earnings	—	2,687	(294)	2,393
Balance at December 31, 2023	<u>\$ (52,546)</u>	<u>\$ (1,581)</u>	<u>\$ 1,329</u>	<u>\$ (52,798)</u>

	Year Ended December 31, 2022			
	Investment Securities Available-for-Sale	Net Change in Fair Value of Cash Flow Hedges	Postretirement Benefits	Accumulated Other Comprehensive Income (Loss)
	(In Thousands)			
Balance at December 31, 2021	\$ (183)	\$ 37	\$ 36	\$ (110)
Other comprehensive income (loss)	(60,265)	(2,111)	452	(61,924)
Reclassification adjustment for (income) expense recognized in earnings	255	(168)	—	87
Balance at December 31, 2022	<u>\$ (60,193)</u>	<u>\$ (2,242)</u>	<u>\$ 488</u>	<u>\$ (61,947)</u>

# **BROOKLINE BANCORP, INC. AND SUBSIDIARIES**

## **Notes to Consolidated Financial Statements (Continued)**

### **(16) 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 December 31, 2024					
	Notional Amount (in thousands)	Average Maturity (in years)	Weighted Average Rate		Fair Value (in thousands)
			Current Rate Paid	Received Fixed Swap Rate	
Interest rate swaps on loans	\$ 225,000	1.90	4.53 %	3.39 %	\$ (2,033)
At December 31, 2023					
	Notional Amount (in thousands)	Average Maturity (in years)	Weighted Average Rate		Fair Value (in thousands)
			Current Rate Paid	Received Fixed Swap Rate	
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 consolidated balance sheets.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**

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

	Number of Positions	Notional Amount Maturing							Fair Value
		Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter	Total		
		December 31, 2024							
(Dollars In Thousands)									
Loan level derivatives									
Receive fixed, pay variable	149	\$ 153,724	\$ 57,535	\$ 237,601	\$ 93,027	\$ 1,131,061	\$ 1,672,948	\$ 95,720	
Pay fixed, receive variable	149	153,724	57,535	237,601	93,027	1,131,061	1,672,948	95,720	
Risk participation-out agreements	68	33,305	5,847	59,464	52,828	388,287	539,731	495	
Risk participation-in agreements	10	—	22,518	3,506	25,346	50,828	102,198	137	
Foreign exchange contracts									
Buys foreign currency, sells U.S. currency	26	\$ 5,849	\$ —	\$ —	\$ —	\$ —	\$ 5,849	\$ 459	
Sells foreign currency, buys U.S. currency	24	5,408	—	—	—	—	5,408	482	

	Number of Positions	Notional Amount Maturing							Total	Fair Value	
		Less than 1 year	Less than 2 years	Less than 3 years	Less than 4 years	Thereafter					
		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 Consolidated Financial Statements (Continued)**

Changes in the fair value are recognized directly in the Company's consolidated statements of income and are included in other non-interest income in the consolidated statements of income. The table below presents the net gain (loss) recognized in income due to changes in the fair value for the year ended December 31, 2024 and 2023.

	Year Ended December 31,	
	2024	2023
	(In Thousands)	
Net (loss) gain recognized in income on:		
Net risk participation agreements	\$ (571)	\$ 612
Foreign exchange contracts	16	(11)
Total	\$ (555)	\$ 601

By using derivative financial instruments, the Company exposes itself to credit risk which is the risk of failure by the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative is negative, the Company owes the counterparty and, therefore, it does not possess credit risk. The credit risk in derivative instruments is mitigated by entering into transactions with highly-rated counterparties that management believes to be creditworthy and by limiting the amount of exposure to each counterparty by either cross collateralizing the underlying hedged loan or through bilateral posting of collateral to cover exposure. As the swaps are subject to master netting agreements, the Company had limited exposure relating to loan level derivatives with institutional counterparties as of December 31, 2024 and 2023. The estimated net credit risk exposure for derivative financial instruments was zero as of December 31, 2024, and 2023.

Certain derivative agreements contain provisions that require the Company to post collateral if the derivative exposure exceeds a threshold amount. The Company posted collateral of \$0.9 million and \$81.5 million in the normal course of business as of December 31, 2024 and 2023, respectively.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

At December 31, 2024												
	Gross Amounts Recognized		Gross Amounts Offset in the Statement of Financial Position		Gross Amounts Not Offset in the Statement of Financial Position							
				Net Amounts Presented in the Statement of Financial Position	Financial Instruments Pledged	Cash Collateral Received/Paid	Net Amount					
(In Thousands)												
Asset derivatives												
Derivatives designated as hedging instruments:												
Interest rate derivatives	\$	18	\$	—	\$	18	\$	—	\$	—	\$	18
Derivatives not designated as hedging instruments:												
Loan level derivatives	\$	102,608	\$	—	\$	102,608	\$	—	\$	79,592	\$	23,016
Risk participation-out agreements		495		—		495		—		—		495
Foreign exchange contracts		482		—		482		—		—		482
Total	\$	103,603	\$	—	\$	103,603	\$	—	\$	79,592	\$	24,011
Liability derivatives												
Derivatives designated as hedging instruments:												
Interest rate derivatives	\$	2,051	\$	—	\$	2,051	\$	—	\$	—	\$	2,051
Derivatives not designated as hedging instruments:												
Loan level derivatives	\$	102,608	\$	—	\$	102,608	\$	—	\$	870	\$	101,738
Risk participation-in agreements		137		—		137		—		—		137
Foreign exchange contracts		459		—		459		—		—		459
Total	\$	105,255	\$	—	\$	105,255	\$	—	\$	870	\$	104,385

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

At December 31, 2023							
Gross Amounts Recognized		Gross Amounts Offset in the Statement of Financial Position	Net Amounts Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position		Net Amount	
				Financial Instruments Pledged	Cash Collateral Pledged		
(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	
	Year Ended December 31, 2024	Year Ended December 31, 2023
	(Dollars in Thousands)	
Derivatives designated as hedges	\$ (2,033)	\$ (2,608)
(Loss) in OCI on derivatives (effective portion), net of tax	\$ (1,324)	\$ (1,582)
Gain (loss) reclassified from OCI into interest income or interest expense (effective portion)	\$ (4,036)	\$ (3,632)

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

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**
**(17) Income Taxes**

Income tax expense is comprised of the following amounts:

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Current provision:			
Federal	\$ 16,464	\$ 960	\$ 17,414
State	6,120	1,788	8,434
Total current provision	22,584	2,748	25,848
Deferred provision (benefit)			
Federal	912	12,922	3,994
State	(520)	3,245	363
Total deferred provision (benefit)	392	16,167	4,357
Total provision for income taxes	\$ 22,976	\$ 18,915	\$ 30,205

Total provision for income taxes differed from the amounts computed due to the following:

	Year Ended December 31,		
	2024	2023	2022
	(Dollars In Thousands)		
Expected income tax expense at statutory federal tax rate	\$ 19,255	\$ 19,722	\$ 29,390
State taxes, net of federal income tax benefit	4,395	3,977	6,950
Bank-owned life insurance	(424)	(443)	(215)
Tax-exempt interest income	(597)	(307)	(163)
Merger and restructuring expense	528	159	302
Energy tax credits	—	(4,504)	(6,082)
Investments in affordable housing projects	(607)	(917)	(544)
Other, net	426	1,228	567
Total provision for income taxes	\$ 22,976	\$ 18,915	\$ 30,205
Effective income tax rate	25.1 %	20.1 %	21.6 %

The Company's effective tax rate was 25.1% as of December 31, 2024 compared to 20.1% as of December 31, 2023. The Company's effective tax rate was higher in 2024 due to the Company's discontinued participation in energy tax credit investments, and decreased benefits in the Company's investments in affordable housing projects.



**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at the dates indicated are as follows:

	At December 31,	
	2024	2023
	(In Thousands)	
Deferred tax assets:		
Allowance for credit losses	\$ 35,163	\$ 36,168
Right-of-use asset - operating leases	11,591	8,153
Deferred compensation	4,088	3,022
Identified intangible assets and goodwill	4,666	5,138
Supplemental Executive Retirement Plans	2,427	2,522
Net operating loss carryforwards	145	83
Postretirement benefits	811	1,071
Nonaccrual interest	780	678
Restricted stock and stock option plans	1,153	1,039
Unrealized loss on investment securities available-for-sale	15,629	15,107
Acquisition fair value adjustments	11,531	14,735
Other	166	218
Total gross deferred tax assets	<u>88,150</u>	<u>87,934</u>
Deferred tax liabilities:		
Operating leases - liability	11,924	8,448
Identified intangible assets and goodwill	6,475	8,361
Deferred loan origination costs, net	3,926	3,583
Depreciation	723	249
Prepaid expense	377	1,581
Accrued Expense	8,101	8,756
Other	4	4
Total gross deferred tax liabilities	<u>31,530</u>	<u>30,982</u>
Net deferred tax asset	<u>\$ 56,620</u>	<u>\$ 56,952</u>

The Company has determined that a valuation allowance is not required for any of its deferred tax assets because it believes that it is more likely than not that these assets will reverse against future taxable income.

The Company did not have any unrecognized tax benefits accrued as income tax payables, receivables or as deferred tax items as of December 31, 2024 and 2023. The Company files U.S. federal and state income tax returns. As of December 31, 2024, the Company is subject to potential examination by the Massachusetts, Rhode Island, New York and several other state taxing authorities, along with the Internal Revenue Service for tax years after December 31, 2020.

**(18) Stockholders' Equity**

***Preferred Stock***

The Company is authorized to issue 50,000,000 shares of serial preferred stock, par value \$0.01 per share, from time to time in one or more series subject to limitations of law. The Board of Directors is authorized to fix the designations, powers, preferences, limitations and rights of the shares of each such series. As of December 31, 2024, there were no shares of preferred stock issued.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)*****Capital Distributions and Restrictions Thereon***

The Company is a legal entity separate and distinct from each of the Banks and Clarendon Private. The Company's primary source of revenue is dividends paid to it by the Banks and Clarendon Private.

The FRB has authority to prohibit the Company from paying dividends to the Company's shareholders if such payment is deemed to be an unsafe or unsound practice. The FRB has indicated generally that it may be an unsafe or unsound practice for bank holding companies to pay dividends unless the bank holding company's net income over the preceding year is sufficient to fund the dividends and the expected rate of earnings retention is consistent with the organization's capital needs, asset quality and overall financial condition.

The FRB also has the authority to use its enforcement powers to prohibit the Banks from paying dividends to the Company if, in its opinion, the payment of dividends would constitute an unsafe or unsound practice. Federal law also prohibits the payment of dividends by a bank that will result in the bank failing to meet its applicable capital requirements on a pro forma basis. In addition, a state bank that is a member of the Federal Reserve System may not declare or pay a dividend if the total of all dividends declared during the calendar year, including the proposed dividend, exceeds the sum of the bank's net income (as reportable in its Reports of Condition and Income) during the current calendar year and the retained net income of the prior two calendar years, unless the dividend has been approved by the FRB. Payment of dividends by a bank is also restricted pursuant to various state regulatory limitations, including those enforced by the Massachusetts Division of Banks in the case of Brookline Bank, the Banking Division of the Rhode Island Department of Business Regulation in the case of BankRI and New York State Department of Financial Services in the case of PCSB Bank. In addition, pursuant to the Agreement and Plan of Merger, dated as of December 16, 2024, by and among Berkshire Hills Bancorp, Inc. ("Berkshire"), Commerce Acquisition Sub, Inc., and the Company, during the pendency of the merger, the consent of Berkshire would be required before the Company could pay a dividend or distribution on the Company's common stock other than a quarterly cash dividend of no more than \$0.18 per share of common stock. See Note 24, "Business Combination" for a further discussion of the proposed transaction with Berkshire.

***Common Stock Repurchases***

Repurchases may be made from time to time depending on market conditions and other factors, and will be conducted through open market or private transactions, through block trades, and pursuant to any trading plan that may be adopted in accordance with the Securities and Exchange Commission Rule 10b5-1. There is no guarantee as to the exact number of shares, if any, to be repurchased by the Company.

***Restricted Retained Earnings***

As part of the stock offering in 2002 and as required by regulation, Brookline Bank established a liquidation account for the benefit of eligible account holders and supplemental eligible account holders who maintain their deposit accounts at Brookline Bank after the stock offering. In the unlikely event of a complete liquidation of Brookline Bank (and only in that event), eligible depositors who continue to maintain deposit accounts at Brookline Bank shall be entitled to receive a distribution from the liquidation account.

Accordingly, retained earnings of the Company are deemed to be restricted up to the balance of the liquidation account. The liquidation account balance is reduced annually to the extent that eligible depositors have reduced their qualifying deposits as of each anniversary date. Subsequent increases in deposit account balances do not restore an account holder's interest in the liquidation account.

The liquidation account totaled \$8.2 million (unaudited), \$8.9 million (unaudited), and \$9.9 million (unaudited) at December 31, 2024, 2023 and 2022, respectively.

***(19) Regulatory Capital Requirements***

The Company's primary source of cash is dividends from the Banks. The Banks are subject to certain restrictions on the amount of dividends that they may declare without prior regulatory approval. In addition, the dividends declared cannot be in excess of the amount which would cause the Banks to fall below the minimum required for capital adequacy purposes.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)**

The Company is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended and as such, must comply with the capital requirements of the FRB at the consolidated level. As member banks of the FRB, Brookline Bank, BankRI and PCSB Bank are also required to comply with the regulatory capital requirement of the FRB.

The FRB has promulgated regulations imposing minimum capital requirements for bank holding companies and state member banks as well as prompt corrective action regulations for state member banks that implement the system of prompt corrective action established by Section 38 of the FDIA. Under the prompt corrective action regulations in effect as of December 31, 2024, a bank is "well-capitalized" if it has: (1) a total risk-based capital ratio of 10.0% or greater; (2) a Tier 1 risk-based capital ratio of 8.0% or greater; (3) a common equity Tier 1 capital ratio of 6.5% or greater; (4) a Tier 1 leverage ratio of 5.0% or greater; and (5) is not subject to any written agreement, order, capital directive or prompt corrective action directive to meet and maintain a specific capital level for any capital measure.

Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under capital adequacy guidelines, the Company and each of the Banks must meet specific capital guidelines that involve quantitative measures of the Company's and the Banks' assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. In addition, the prompt corrective action rules applicable to state member banks establish a framework of supervisory actions for state member banks that are not at least adequately capitalized. The Company's and the Banks' capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Bank holding companies are not subject to prompt corrective action requirements. However, a bank holding company is considered "well capitalized" for purpose of the FRB's Regulation Y if the bank holding company maintains on a consolidated basis a total risk-based capital ratio of 10.0% or greater and a Tier 1 risk-based capital ratio of 6.0% or greater and is not subject to any written agreement under capital directive or prompt correction action directive issued by the FRB to meet and maintain a specific capital level for any capital measure.

The Company and the Banks are required to maintain a capital conservation buffer composed of common equity Tier 1 capital equal to 2.5% of risk-weighted assets above the amounts required to be adequately capitalized in order to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers. Capital ratios required to be considered well-capitalized exceed the ratios required under the capital conservation buffer requirement at December 31, 2024.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

As of December 31, 2024, the Company and the Banks exceeded all regulatory capital requirements and were considered “well-capitalized” under applicable rules. The following table presents actual and required capital ratios as of December 31, 2024 for the Company and the Banks.

	Actual		Minimum Required for Capital Adequacy Purposes		Minimum Required for Fully Phased in Capital Adequacy Purposes plus Capital Conservation Buffer		Minimum Required to be Considered “Well-Capitalized” Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)								
<b>At December 31, 2024:</b>								
Brookline Bancorp, Inc.								
Common equity Tier 1 capital ratio <sup>(1)</sup>	\$ 1,022,454	10.46 %	\$ 439,870	4.50 %	\$ 684,243	7.00 %	N/A	N/A
Tier 1 leverage capital ratio <sup>(2)</sup>	1,032,255	9.06 %	455,742	4.00 %	455,742	4.00 %	N/A	N/A
Tier 1 risk-based capital ratio <sup>(3)</sup>	1,032,255	10.56 %	586,509	6.00 %	830,887	8.50 %	N/A	N/A
Total risk-based capital ratio <sup>(4)</sup>	1,214,208	12.42 %	782,099	8.00 %	1,026,504	10.50 %	N/A	N/A
Brookline Bank								
Common equity Tier 1 capital ratio <sup>(1)</sup>	\$ 584,420	10.47 %	\$ 251,183	4.50 %	\$ 390,730	7.00 %	\$ 362,820	6.50 %
Tier 1 leverage capital ratio <sup>(2)</sup>	584,420	9.30 %	251,363	4.00 %	251,363	4.00 %	314,204	5.00 %
Tier 1 risk-based capital ratio <sup>(3)</sup>	584,420	10.47 %	334,911	6.00 %	474,457	8.50 %	446,548	8.00 %
Total risk-based capital ratio <sup>(4)</sup>	654,287	11.73 %	446,232	8.00 %	585,679	10.50 %	557,789	10.00 %
BankRI								
Common equity Tier 1 capital ratio <sup>(1)</sup>	\$ 294,573	10.53 %	\$ 125,886	4.50 %	\$ 195,823	7.00 %	\$ 181,835	6.50 %
Tier 1 leverage capital ratio <sup>(2)</sup>	294,573	8.90 %	132,392	4.00 %	132,392	4.00 %	165,490	5.00 %
Tier 1 risk-based capital ratio <sup>(3)</sup>	294,573	10.53 %	167,848	6.00 %	237,784	8.50 %	223,797	8.00 %
Total risk-based capital ratio <sup>(4)</sup>	328,646	11.75 %	223,759	8.00 %	293,684	10.50 %	279,699	10.00 %
PCSB Bank								
Common equity Tier 1 capital ratio <sup>(1)</sup>	197,296	13.73 %	64,664	4.50 %	100,588	7.00 %	93,403	6.50 %
Tier 1 leverage capital ratio <sup>(2)</sup>	197,296	10.11 %	78,060	4.00 %	78,060	4.00 %	97,575	5.00 %
Tier 1 risk-based capital ratio <sup>(3)</sup>	197,296	13.73 %	86,218	6.00 %	122,142	8.50 %	114,958	8.00 %
Total risk-based capital ratio <sup>(4)</sup>	214,879	14.95 %	114,985	8.00 %	150,918	10.50 %	143,732	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.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

The following table presents actual and required capital ratios as of December 31, 2023 for the Company and the Banks under the regulatory capital rules then in effect.

	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)								
<b>At December 31, 2023:</b>								
Brookline Bancorp, Inc.								
Common equity Tier 1 capital ratio <sup>(1)</sup>	\$ 994,023	10.25 %	\$ 436,400	4.50 %	\$ 678,845	7.00 %	N/A	N/A
Tier 1 leverage capital ratio <sup>(2)</sup>	1,003,784	9.02 %	445,137	4.00 %	445,137	4.00 %	N/A	N/A
Tier 1 risk-based capital ratio <sup>(3)</sup>	1,003,784	10.35 %	581,904	6.00 %	824,364	8.50 %	N/A	N/A
Total risk-based capital ratio <sup>(4)</sup>	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 <sup>(1)</sup>	\$ 580,148	10.39 %	\$ 251,267	4.50 %	\$ 390,860	7.00 %	\$ 362,941	6.50 %
Tier 1 leverage capital ratio <sup>(2)</sup>	580,148	9.46 %	245,306	4.00 %	245,306	4.00 %	306,632	5.00 %
Tier 1 risk-based capital ratio <sup>(3)</sup>	580,148	10.39 %	335,023	6.00 %	474,616	8.50 %	446,697	8.00 %
Total risk-based capital ratio <sup>(4)</sup>	650,135	11.64 %	446,828	8.00 %	586,462	10.50 %	558,535	10.00 %
BankRI								
Common equity Tier 1 capital ratio <sup>(1)</sup>	\$ 283,673	10.20 %	\$ 125,150	4.50 %	\$ 194,678	7.00 %	\$ 180,772	6.50 %
Tier 1 leverage capital ratio <sup>(2)</sup>	283,673	8.89 %	127,637	4.00 %	127,637	4.00 %	159,546	5.00 %
Tier 1 risk-based capital ratio <sup>(3)</sup>	283,673	10.20 %	166,866	6.00 %	236,394	8.50 %	222,489	8.00 %
Total risk-based capital ratio <sup>(4)</sup>	318,462	11.46 %	222,312	8.00 %	291,785	10.50 %	277,890	10.00 %
PCSB								
Common equity Tier 1 capital ratio <sup>(1)</sup>	185,337	13.50 %	61,779	4.50 %	96,101	7.00 %	89,236	6.50 %
Tier 1 leverage capital ratio <sup>(2)</sup>	185,337	9.78 %	75,802	4.00 %	75,802	4.00 %	94,753	5.00 %
Tier 1 risk-based capital ratio <sup>(3)</sup>	185,337	13.50 %	82,372	6.00 %	116,694	8.50 %	109,829	8.00 %
Total risk-based capital ratio <sup>(4)</sup>	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.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**
**(20) Employee Benefit Plans**
***Postretirement Benefits***

Postretirement benefits are provided for part of the annual expense of health insurance premiums for certain retired employees and their dependents. No contributions are made by the Company to invest in assets allocated for the purpose of funding this benefit obligation. The following table presents the change in plan assets and change in benefit obligation:

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Change in plan assets:			
Fair value of plan assets at beginning of year	\$ —	\$ —	\$ —
Employer contributions	34	29	34
Benefits paid	(34)	(29)	(34)
Fair value of plan assets at end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Change in benefit obligation:			
Benefit obligation at beginning of year	\$ 1,557	\$ 1,530	\$ 2,026
Service cost	40	39	64
Interest cost	76	70	55
Estimated benefits paid	(34)	(29)	(34)
Actuarial (gain) loss	(422)	(53)	(581)
Benefit obligation at end of year	<u>\$ 1,217</u>	<u>\$ 1,557</u>	<u>\$ 1,530</u>
Funded status at end of year	<u>\$ 1,217</u>	<u>\$ 1,557</u>	<u>\$ 1,530</u>
Accumulated benefit obligation at end of year	<u>\$ 1,217</u>	<u>\$ 1,557</u>	<u>\$ 1,530</u>

The liability for the postretirement benefits included in accrued expenses and other liabilities was \$1.2 million, \$1.6 million, and \$1.5 million as of December 31, 2024, 2023 and 2022, respectively.

The following table presents the components of net periodic postretirement benefit cost and other amounts recognized in other comprehensive income:

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Net periodic benefit expense:			
	\$ 40	\$ 39	\$ 64
Interest cost	76	70	55
Prior service credit	—	—	—
Actuarial gain	(64)	(85)	—
Net periodic benefit expense	<u>\$ 52</u>	<u>\$ 24</u>	<u>\$ 119</u>
Changes in postretirement benefit obligation recognized in other comprehensive income:			
Net actuarial (loss) gain	64	\$ 85	\$ 611
Prior service credit	—	—	—
Total pre-tax changes in postretirement benefit obligation recognized in other comprehensive income	<u>\$ 64</u>	<u>\$ 85</u>	<u>\$ 611</u>

## BROOKLINE BANCORP, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

The discount rate used to determine the actuarial present value of projected postretirement benefit obligations was 5.51% in 2024, 4.82% in 2023 and 5.02% in 2022. There is no estimated prior service credit that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2025.

The actual health care trend used to measure the accumulated postretirement benefit obligation in 2024 for plan participants below age 65 and for plan participants over age 65 was 6.8% and (16.2)%, respectively. In 2023, the rate for plan participants below age 65 and for plan participants over age 65 was (1.1)% and 3.4%, respectively. The health care trend rates for 2023 and 2024 are based on actual changes in medical premium rates for those years. The rates to be used in 2025 through 2028 are expected to be in the range of 8% to 6.5% and to decline gradually thereafter to 4.5%. Assumed health care trend rates may have a significant effect on the amounts reported for the postretirement benefit plan. A 1% change in assumed health care cost trend rates would have the following effects:

	Year Ended	
	December 31, 2024	
	1% Increase	1% Decrease
	(In Thousands)	
Effect on total service and interest cost components of net periodic postretirement benefit costs	\$ 20	\$ (16)
Effect on the accumulated postretirement benefit obligation	191	(159)

#### **401(k) Plan**

The Company administers one 401(k) plan, which is a qualified, tax-exempt profit-sharing plan with a salary deferral feature under Section 401(k) of the Internal Revenue Code. Each employee, excluding temporary employees, who has attained the age of 21 is eligible to participate in the 401(k) plan by making voluntary contributions, subject to certain limits based on federal tax laws. The Company makes a matching contribution of the amount contributed by eligible employees, up to 5% of the employee's yearly compensation. Expenses associated with the plans were \$5.0 million in 2024, \$4.6 million in 2023, and \$3.8 million in 2022.

#### **Nonqualified Deferred Compensation Plan**

The Company also maintains a Nonqualified Plan under which certain participants may contribute the amounts they are precluded from contributing to the Company's 401(k) plan because of the qualified plan limitations, and additional compensation deferrals that may be advantageous for personal income tax or other planning reasons. Expenses associated with the Nonqualified Plan in 2024, 2023 and 2022 were \$687.6 thousand, \$645.8 thousand, and \$477.6 thousand, respectively. Accrued liabilities associated with the Nonqualified Plan in 2024, 2023, and 2022 were \$1.3 thousand, \$1.3 thousand, and \$1.3 thousand, respectively.

#### **Supplemental Executive Retirement Agreements**

The Company acquired two SERPs as part of its acquisition of BankRI. The Company maintains the SERPs for certain senior executives who are entitled to an annual retirement benefit. As of December 31, 2024, there were 14 participants in the SERPs. The Company funded a Rabbi Trust to provide a partial funding source for the Company's liabilities under the SERPs. In 2016, a portion of the Company's BOLI assets were transferred into the Rabbi Trust as a replacement for the funds previously held in the Rabbi Trust. In 2020, additional BOLI assets were transferred into the Rabbi Trust. The Company records the liability for the SERPs based on an actuarial calculation in accordance with GAAP, and no actuarial gains and losses are recognized.

Total expense under the SERPs for the year ended December 31, 2024 was \$93 thousand compared to an expense in 2023 of \$589.0 thousand and a benefit in 2022 of \$2.1 million. Aggregate benefits payable included in accrued expenses and other liabilities as of December 31, 2024 and 2023 were \$10.3 million and \$10.8 million, respectively.

The nominal discount rate used to determine the actuarial present value of projected benefits under the agreements was 5.50% and 5.00% in the years 2024 and 2023, respectively.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### Defined Benefit Pension Plan

As part of the acquisition of PCSB, the Company acquired a pension plan covering certain employees (the "PCSB Pension Plan"). The PCSB Pension Plan has been terminated and the Company has filed a request for a determination letter with the Internal Revenue Service. The PCSB Pension Plan is currently over-funded with net assets of \$7.4 million that are included in other assets in the Company's balance sheet. During the years ended December 31, 2024 and December 31, 2023, the PCSB Pension Plan had unrealized gains of \$544 thousand and \$903 thousand, respectively, reflected in other comprehensive income. No contributions were made to the PCSB Pension Plan in 2024 or 2023.

### Employee Stock Ownership Plan

The Company previously maintained an ESOP which was terminated pending final regulatory and government approval. There was no compensation and employee benefit expense related to ESOP in 2024 or 2023. Compensation and employee benefits expense related to the ESOP was \$0.4 million in 2022.

### Share-Based Compensation Plans

As of December 31, 2024, the Company had one active equity plan: the 2021 Plan with 1,750,000 authorized shares. 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, 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. The remaining 50% of each award has a cliff vesting schedule and 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. The specific performance measure targets are approved annually by the Compensation Committee and are disclosed in the Company's SEC filings. If a grantee leaves the Company prior to the vest date of an award, any unvested shares are forfeited. Dividends declared with respect to shares awarded will be held by the Company and paid to the grantee only when the shares vest.

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 2021 Plan.

Total expense for the 2021 Plan and the 2014 Plan was \$3.9 million in 2024, \$4.1 million in 2023 and \$3.3 million in 2022, respectively. Total income tax benefits on vested awards was \$0.0 million in 2024, \$0.0 million in 2023, and \$0.0 million in 2022. There were no income tax benefits on the 2024 vesting due to the stock price at the vesting date being lower overall than the stock price at the grant date. Dividends paid on unvested awards under the 2021 Plan and the 2014 Plan were \$0.3 million in 2024, \$0.3 million in 2023, and \$0.2 million in 2022.

The following table presents information about the Company's restricted stock awards as of and for the year ending December 31, 2024:

	Restricted Stock Awards Outstanding	Weighted Average Price per Share
(Dollars in Thousands, Except Per Share Amounts)		
<b>Restricted Stock Awards:</b>		
Outstanding at December 31, 2023	749,099	\$ 12.06
Granted	432,279	9.84
Vested	(270,826)	12.65
Forfeited / Canceled	(30,304)	12.19
Outstanding at December 31, 2024	880,248	\$ 10.79
Unrecognized compensation cost		\$ 5,202
Weighted average remaining recognition period (months)		21 months



**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)**

The following table presents information about the securities authorized for issuance under the Company's equity compensation plan:

	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants, and rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Right (b)	Number of Securities Remaining Available for Future Issuance (Excluding Securities in Column (a)) (c)
Equity compensation plans approved by security holders <sup>(1)</sup>	—	\$ —	366,368 <sup>(2)</sup>
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>—</b>	<b>\$ —</b>	<b>366,368</b>

(1) Consists of the 2021 Plan.

(2) Shares available for issuance under the 2021 Plan. The Company has only issued restricted stock awards under the 2021 Plan.

**(21) 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 2024 and 2023.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**
**Assets and Liabilities Recorded at Fair Value on a Recurring Basis**

The following table set forth the carrying value of assets and liabilities measured at fair value on a recurring basis at December 31, 2024 and 2023:

	Carrying Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets:				
Investment securities available-for-sale:				
GSE debentures	\$ —	\$ 176,294	\$ —	\$ 176,294
GSE CMOs	—	55,543	—	55,543
GSE MBSs	—	148,285	—	148,285
Municipal obligations	—	3,198	17,056	20,254
Corporate debt obligations	—	9,853	2,434	12,287
U.S. Treasury bonds	—	481,872	—	481,872
Foreign government obligations	—	499	—	499
Total investment securities available-for-sale	<u>\$ —</u>	<u>\$ 875,544</u>	<u>\$ 19,490</u>	<u>\$ 895,034</u>
Interest rate derivatives	—	\$ 18	—	\$ 18
Loan level derivatives	—	102,608	—	102,608
Risk participation-out agreements	—	495	—	495
Foreign exchange contracts	—	482	—	482
Liabilities:				
Interest rate derivatives	\$ —	\$ 2,051	\$ —	\$ 2,051
Loan level derivatives	—	102,608	—	102,608
Risk participation-in agreements	—	137	—	137
Foreign exchange contracts	—	459	—	459

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

	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	<u>\$ —</u>	<u>\$ 898,698</u>	<u>\$ 17,903</u>	<u>\$ 916,601</u>
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 securities, municipal obligations and U.S. Treasury bonds, all of which are included in Level 2. As of December 31, 2024, 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 16, "Derivatives and Hedging Activities."

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

There were no transfers between levels for assets and liabilities recorded at fair value on a recurring basis during 2024 or 2023.

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.

Financial Instrument	Quantitative Information About Level 3 Fair Value Measurements - Recurring Basis				
	Estimated Fair Value	Valuation Technique(s)	Significant Unobservable Inputs	Range of Inputs	Weighted Average
(In Thousands)					
December 31, 2024					
Assets					
Municipal obligations	\$ 17,056	Discounted Cash Flow	Discount Rate from Bloomberg BVAL	0.00%-3.46%	1.06 %
Corporate debt obligations	2,434	Observable Bids	Bloomberg TRACE		

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	
	Twelve Months Ended December 31, 2024	
	(In Thousands)	
	Municipal obligations	Corporate debt obligations
Beginning balance	\$ 15,524	\$ 2,379
Purchases	11,526	—
Unrealized gains (losses) included in comprehensive income	(241)	32
Transfer in	—	—
Transfers out	—	—
Sales	—	—
Maturities, calls, and paydowns <sup>(1)</sup>	(9,753)	23
Ending balance	\$ 17,056	\$ 2,434

(1) The \$23 thousand includes amortization of purchase discount which exceeded maturities, calls and paydowns during the period resulting in an increase in balance.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

Assets and liabilities measured at fair value on a non-recurring basis as of December 31, 2024 and 2023 are summarized below:

	Carrying Value as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets measured at fair value on a non-recurring basis:				
Collateral-dependent impaired loans and leases	\$ —	\$ —	\$ 28,100	\$ 28,100
OREO	—	—	700	700
Reposessed assets	—	403	—	403
Total assets measured at fair value on a non-recurring basis	\$ —	\$ 403	\$ 28,800	\$ 29,203

	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
Reposessed 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

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.

### Reposessed Assets

Reposessed 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 recurring basis at the dates indicated.

	Fair Value		Valuation Technique
	At December 31, 2024	At December 31, 2023	
	(Dollars in Thousands)		
Collateral-dependent impaired loans and leases	\$ 28,100	\$ 16,720	Appraisal of collateral <sup>(1)</sup>
Other real estate owned	700	780	Appraisal of collateral <sup>(1)</sup>

<sup>(1)</sup> 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.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### 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. There were no transfers between levels during 2024.

	Carrying Value	Estimated Fair Value	Fair Value Measurements		
			Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
			(In Thousands)		
At December 31, 2024					
Financial assets:					
Loans and leases, net	\$ 9,654,205	\$ 9,298,057	\$ —	\$ —	\$ 9,298,057
Financial liabilities:					
Certificates of deposits and brokered deposits	2,754,397	2,749,092	—	2,749,092	—
Borrowed funds	1,519,846	1,547,183	—	1,547,183	—
At December 31, 2023					
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.

# BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### (22) Condensed Parent Company Financial Statements

Condensed Parent Company Balance Sheets as of December 31, 2024 and 2023 and Statements of Income for the years ended December 31, 2024, 2023 and 2022 are as follows. The Statement of Stockholders' Equity is not presented below as the parent company's stockholders' equity is that of the consolidated company.

#### Balance Sheets

	At December 31,	
	2024	2023
	(In Thousands)	
<i>ASSETS</i>		
Cash and due from banks	\$ 31,958	\$ 22,798
Short-term investments	35	33
Total cash and cash equivalents	31,993	22,831
Restricted equity securities	152	152
Premises and equipment, net	2,391	2,701
Deferred tax asset	3,525	2,310
Investment in subsidiaries, at equity	1,241,520	1,220,425
Goodwill	35,267	35,267
Other assets	26,318	26,533
Total assets	\$ 1,341,166	\$ 1,310,219
<i>LIABILITIES AND STOCKHOLDERS' EQUITY</i>		
Borrowed funds	\$ 84,328	\$ 84,188
Accrued expenses and other liabilities	34,899	27,387
Total liabilities	119,227	111,575
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	970	970
Additional paid-in capital	902,584	902,659
Retained earnings	458,943	438,722
Accumulated other comprehensive loss	(52,882)	(52,798)
Treasury stock, at cost; 7,019,384 shares and 7,354,399 shares, respectively	(87,676)	(90,909)
Total stockholders' equity	1,221,939	1,198,644
Total liabilities and stockholders' equity	\$ 1,341,166	\$ 1,310,219

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**
*Statements of Income*

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Interest and dividend income:			
Dividend income from subsidiaries	\$ 57,000	\$ 46,500	\$ 130,500
Short-term investments	114	1	—
ESOP loan to Brookline Bank	—	—	13
Total interest and dividend income	57,114	46,501	130,513
Interest expense:			
Borrowed funds	6,261	5,503	5,188
Total interest expense	6,261	5,503	5,188
Net interest income	50,853	40,998	125,325
Non-interest income:			
Gain on securities, net	—	—	6,106
Other	14	391	425
Total non-interest income	14	391	6,531
Non-interest expense:			
Compensation and employee benefits	504	334	1,531
Occupancy	1,623	1,602	1,735
Equipment and data processing <sup>(1)</sup>	(1,642)	(1,187)	(255)
Directors' fees	127	483	435
Franchise taxes	251	251	250
Insurance	762	832	663
Professional services <sup>(1)</sup>	(733)	(95)	829
Advertising and marketing	36	34	82
Merger and restructuring expense	3,378	6,182	2,249
Other <sup>(1)</sup>	(1,063)	(1,648)	(1,360)
Total non-interest expense	3,243	6,788	6,159
Income before income taxes	47,624	34,601	125,697
Credit for income taxes	(1,912)	(3,124)	(421)
Income before equity in undistributed income of subsidiaries	49,536	37,725	126,118
Equity in undistributed income of subsidiaries	19,179	37,274	(16,374)
Net income	\$ 68,715	\$ 74,999	\$ 109,744

(1) The Parent Company received a net benefit in 2024, 2023 and 2022 from the intercompany allocation of expense that is eliminated in consolidation.



**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**
**Notes to Consolidated Financial Statements (Continued)**
*Statements of Cash Flows*

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands)		
Cash flows from operating activities:			
Net income attributable to parent company	\$ 68,715	\$ 74,999	\$ 109,744
Adjustments to reconcile net income to net cash provided from operating activities:			
Equity in undistributed income of subsidiaries	(19,179)	(37,274)	16,374
Depreciation of premises and equipment	1,477	1,514	1,211
Amortization of debt issuance costs	100	100	100
Other operating activities, net	7,274	(22,515)	(11,989)
Net cash provided from operating activities	58,387	16,824	115,440
Cash flows from investing activities:			
Repayment of ESOP loan by Brookline Bank	—	—	252
Proceeds from sale of restricted equity securities	—	—	100
Purchase of premises and equipment	(1,167)	(48)	(3,257)
Outlays for PCSB acquisition	—	(107,332)	—
Net cash used for investing activities	(1,167)	(107,380)	(2,905)
Cash flows from financing activities:			
Payment of dividends on common stock	(48,058)	(47,926)	(40,077)
Net cash used for from financing activities	(48,058)	(47,926)	(40,077)
Net increase (decrease) in cash and cash equivalents	9,162	(138,482)	72,458
Cash and cash equivalents at beginning of year	22,831	161,313	88,855
Cash and cash equivalents at end of year	\$ 31,993	\$ 22,831	\$ 161,313

**(23) 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 non-interest 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.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Notes to Consolidated Financial Statements (Continued)***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.

**(24) Segment Reporting**

An operating segment is defined as a component of a business for which separate financial information is available that is evaluated regularly by the CODM in deciding how to allocate resources and evaluate performance.

The Company is a bank holding company operating through a single business segment, which derives interest income on loan and lease products the Company offers to customers. Substantially all of the Company's total revenues, pre-tax income, and assets is driven by the banking business. While revenue generating activities are aligned through our bank subsidiaries, expense activities, including funding costs, credit losses and operating expenses, are managed for the Company as a whole. As a result, detailed profitability for each subsidiary bank is not used by the CODM.

The accounting policies of the segment are the same as those described in Note 1, "Basis of Presentation". The Chairman and Chief Executive Officer of the Company acts as the Company's CODM. The CODM regularly reviews comprehensive financial information with the reported measures focused on net interest income and net income. This financial information reviewed is consistent with the information presented within the Company's financial statements.

The CODM uses the reported measures of net interest income and net income to assess performance by comparing to and monitoring against budget and prior year results. This information is used to manage resources to drive business and net earnings growth, including investment in key strategic priorities, as well as determine the Company's ability to return capital to shareholders.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**

The following table presents segment information with respect to our single reportable segment:

	Year Ended December 31,		
	2024	2023	2022
	(In Thousands Except Share Data)		
Interest and dividend income:			
Loans and leases	\$ 587,929	\$ 533,739	\$ 328,769
Debt securities	26,252	29,648	13,079
Restricted equity securities	5,786	5,571	1,898
Short-term investments	8,554	8,329	1,440
Total interest and dividend income	628,521	577,287	345,186
Interest expense:			
Deposits	232,963	175,665	29,592
Borrowed funds	65,973	61,911	15,823
Total interest expense	298,936	237,576	45,415
Net interest income	329,585	339,711	299,771
Provision for credit losses on loans	22,003	37,868	8,525
(Credit) provision for credit losses on investments	(359)	339	102
Net interest income after provision for credit losses	307,941	301,504	291,144
Non-interest income:			
Deposit fees	10,548	11,611	10,919
Loan fees	2,394	2,036	2,208
Loan level derivative income, net	1,658	3,890	4,246
Gain on sales of investment securities, net	—	1,704	321
Gain on sales of loans and leases	951	2,581	4,136
Other	10,064	10,112	6,517
Total non-interest income	25,615	31,934	28,347
Non-interest expense:			
Compensation and employee benefits	143,723	138,895	113,487
Occupancy	22,056	20,203	16,002
Equipment and data processing	27,374	27,004	20,833
Professional services	7,133	7,226	5,060
FDIC insurance	8,044	7,844	3,177
Advertising and marketing	5,240	4,724	4,980
Amortization of identified intangible assets	6,746	7,840	494
Merger and acquisition expense	4,201	7,411	2,249
Other	17,348	18,377	13,260
Total non-interest expense	241,865	239,524	179,542
Income before income taxes	91,691	93,914	139,949
Provision for income taxes	22,976	18,915	30,205
Net income	68,715	74,999	109,744

The Company's segment assets represent total assets as presented on the Consolidated Balance Sheets.

**(25) Business Combination**

***Proposed Transaction with Berkshire Hills Bancorp, Inc.***

On December 16, 2024, the Company, Berkshire, and Commerce Acquisition Sub, Inc., a Delaware corporation and wholly-owned subsidiary of the Berkshire formed solely to facilitate the merger (“Merger Sub”), entered into an Agreement and Plan of Merger (the “Merger Agreement”). The Merger Agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into Brookline, with Brookline as the surviving entity, and immediately thereafter, Brookline will merge with and into Berkshire, with Berkshire as the surviving entity (collectively, the “Merger”). As a result of the Merger, the separate corporate existence of the Company will cease, and Berkshire will continue as the surviving

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (Continued)**

corporation. Under the terms of the Merger Agreement, which was unanimously approved by the Boards of Directors of both companies, each outstanding share of Company common stock will be exchanged for the right to receive 0.42 shares of Berkshire common stock. Holders of Company common stock will receive cash in lieu of fractional shares of Berkshire common stock. As a result of the proposed transaction and a \$100 million common stock offering by Berkshire to support the proposed transaction, Berkshire stockholders will own approximately 51%, Brookline stockholders will own approximately 45%, and investors in new shares will own approximately 4% of the outstanding shares of the combined company. The proposed transaction is expected to close by the end of the second half of 2025, subject to satisfaction of customary closing conditions, including receipt of required regulatory approvals and approvals from Berkshire and the Company stockholders.

## **DESCRIPTION OF EQUITY SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT**

Brookline Bancorp, Inc. (the “Company”) has one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended: common stock, par value \$0.01 per share (the “Common Stock”). The Company’s Common Stock is traded on the Nasdaq Global Select Market<sup>sm</sup> under the symbol “BRKL.”

The following is a description of the material terms and provisions of the Company’s Common Stock. It may not contain all information that is important to you. You can access complete information by referring to the Company’s certificate of incorporation and bylaws and the Delaware General Corporation Law. The certificate of incorporation and bylaws are attached as exhibits to the Annual Report on Form 10-K to which this description is an exhibit.

### **General**

Under the certificate of incorporation, the Company has authority, without further shareholder action, to issue up to 200,000,000 shares of Common Stock. The Company may amend its certificate of incorporation from time to time to increase the number of authorized shares of Common Stock with shareholder approval.

The Company may issue Common Stock from time to time. The Company’s Board of Directors must approve the amount of capital stock the Company sells and the price for which it is sold. Holders of Common Stock do not have any preferential rights or preemptive rights to buy or subscribe for capital stock or other securities that the Company may issue. The Company’s Common Stock does not have any redemption rights, sinking fund provisions or any conversion rights.

### **Dividends**

The Company may pay dividends on its Common Stock if, after giving effect to the distribution, it would be able to pay its indebtedness as the indebtedness comes due in the usual course of business and its total assets exceed the sum of its liabilities and the amount needed, if the Company were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of any holders of capital stock who have preference in the event of dissolution. The holders of Common Stock are entitled to receive and share equally in dividends as may be declared by the Company’s Board of Directors out of funds legally available therefor. If the Company issues shares of preferred stock, the holders thereof may have a priority over the holders of the Common Stock with respect to dividends.

### **Liquidation**

In the event of any liquidation, dissolution or winding up of the Company, and subject to the preferential rights of any other class or series of stock, holders of shares of the Common Stock are entitled to receive all assets of the Company available for distribution, after payment or provision for payment of all debts and liabilities of the Company, including deposit accounts and accrued interest thereon, and after distribution of the balance in the liquidation account to eligible account holders.

### **Voting Rights**

Subject to the provisions of the certificate of incorporation, each holder of Common Stock is entitled to one vote per share and has no right to cumulate votes in the election of directors. Holders of the Company’s Common Stock elect the Company’s Board of Directors and act on all other matters as are required to be presented to them under Delaware law or as are otherwise presented to them by the Company’s Board of Directors.

Under the certificate of incorporation, any person who beneficially owns more than 10% of the then-outstanding shares of the Company’s Common Stock will not be entitled or permitted to vote any shares of Common Stock held in excess of the 10% limit.

All matters to be voted on by stockholders, other than a contested election of directors, must be approved by a majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present, subject to any voting rights granted to holders of any then outstanding preferred stock. In contested elections of directors, which generally will include any situation in which the Company receives a notice that a stockholder has nominated a person for election to the Company’s Board of Directors at a meeting of the stockholders of the Company that is not

withdrawn on or before the tenth day before the Company first mails its notice for such meeting to its stockholders, a plurality voting standard will apply.

ACTIVE/102295989.5

February 26, 2025

Carl M. Carlson  
4 Temple Road  
Wellesley, MA 02482

**Re: Retention Bonus**

Dear Mr. Carlson,

As you know, Brookline Bancorp, Inc. ("Brookline") has entered into that certain Agreement and Plan of Merger, by and among Berkshire Hills Bancorp, Inc. ("Berkshire"), Commerce Acquisition Sub, Inc., and Brookline, pursuant to which Brookline and Berkshire intend to combine in a strategic business combination transaction (the "Merger"). In connection with the Merger, the Company would like to incentivize you to remain employed with the Company and the combined business following the Merger, and is pleased to inform you that it has decided to award you a retention bonus in an aggregate amount of \$3,000,000 (the "Bonus"), subject to and in accordance with the terms of this letter agreement (the "Agreement").

1. Payment of Bonus. The Bonus shall be earned and become payable in two equal installments, as follows: (i) fifty percent of the Bonus (the "First Payment") will become earned and payable to you, for services rendered by you during the First Performance Period, on the first anniversary of the closing date of the Merger, and (ii) fifty percent of the Bonus (the "Second Payment", and each of the First Payment and the Second Payment are a "Payment") will become earned and payable to you, for services rendered by you during the Second Performance Period, on the second anniversary of the closing date of the Merger (each, a "Vesting Date"), in each case, subject to your continued employment through the applicable Vesting Date. If earned, each Payment shall be paid to you in cash on or within 30 days following the applicable Vesting Date.

Notwithstanding the foregoing, in the event of a termination of your employment by the Company or its affiliates without Cause, by you for Good Reason, or due to your death or Disability, the Company shall pay you the full amount of any unpaid Payment (including the full First Payment and full Second Payment to the extent unpaid) in a single lump sum cash payment on the first regularly scheduled payroll cycle following the date of termination of employment.

For purposes of this Agreement, "Cause", "Good Reason" and "Disability" shall each have the meanings set forth in your Employment Agreement and the following terms shall have the meanings set forth below:

"Company." means Brookline, and after the Merger becomes effective, the surviving company in the Merger.

"First Performance Period" means the period commencing on the closing date of the Merger and ending on the day prior to the first anniversary of the closing date of the Merger.

“Second Performance Period” means the period commencing on the first anniversary of the closing date of the Merger and ending on the second anniversary of the closing date of the Merger.

2. Additional Limitation.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of you, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”) and the applicable regulations thereunder (the “Aggregate Payments”), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be \$1.00 less than the amount at which you become subject to the excise tax imposed by Section 4999 of the Code; *provided, however*, that such reduction shall only occur if it would result in you receiving a higher After Tax Amount (as defined below) than you would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; *provided* that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(b) For purposes of this Agreement, the “After Tax Amount” means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on you as a result of your receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, you will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained for the calendar year in which such state and local taxes are paid from deduction of such state and local taxes.

(c) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to this Section 2 shall be made by a nationally recognized accounting firm selected by the Company, other than the Company’s external auditor (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and you within 15 business days of the Date of Termination, if



applicable, or at such earlier time as is reasonably requested by the Company or you. Any determination by the Accounting Firm shall be binding upon the Company and you.

(d) The Accounting Firm currently retained by the Company, after consultation with you and other Company executives, for rendering advice on certain tax related considerations and making tax related determinations, such as those addressed in this Section 2, is Golden Parachute Tax Solutions LLC. If the Company should elect in the future to retain some other accounting firm to render similar advice and determinations, it will also consult with you, and to the extent that any such determinations may directly affect and be binding upon you individually, such consultations will be undertaken with you in your individual, as opposed to executive, capacity.

3. Amendment and Termination. The Agreement may only be amended by a written instrument executed by the Company and you.

4. No Contract for Continuing Services. This Agreement shall not be construed as creating any contract for continued services between you and the Company or any of its subsidiaries and nothing herein contained shall create and express or implied contract of employment or alter the terms of your existing Employment Agreement, dated as of September 22, 2021, by and among you, the Company, Brookline Bank, and Bank Rhode Island (the "Employment Agreement").

5. Governing Law. The Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts, without regard to principles of conflict of laws of such Commonwealth.

6. Tax Matters. The Company shall have the right to deduct from all payments hereunder any taxes required by law to be withheld with respect to such payments. The Bonus is intended to be exempt from the requirements of Section 409A of the Code as a "short-term deferral."

7. Integration. This Agreement constitutes the entire agreement between the Company and you concerning the subject matter hereof and supersedes any written or oral agreement between such parties concerning such subject matter.

8. Benefits and Burdens. This Agreement shall inure to the benefit of and be binding upon the Company and you, and its and your respective successors, executors, administrators, heirs and permitted assigns.

9. Enforceability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

11. Notices. Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to you at the last address you filed in writing with the Company, or to the Company at its main office, attention of the Board of Directors.

12. No Transfers. Your right to the Bonus may not be assigned or transferred.

*[SIGNATURE PAGE FOLLOWS]*

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

**BROOKLINE BANCORP, INC.**

By: \_\_\_\_\_  
Name: Paul A. Perrault  
Title: Chairman and Chief Executive Officer

**EXECUTIVE**

\_\_\_\_\_  
Carl M. Carlson

*Signature Page to the Retention Bonus Agreement*

February 26, 2025

Michael W. McCurdy  
8 Sagamore Road  
Wellesley, MA 02482

**Re: Retention Bonus**

Dear Mr. McCurdy,

As you know, Brookline Bancorp, Inc. ("Brookline") has entered into that certain Agreement and Plan of Merger, by and among Berkshire Hills Bancorp, Inc. ("Berkshire"), Commerce Acquisition Sub, Inc., and Brookline, pursuant to which Brookline and Berkshire intend to combine in a strategic business combination transaction (the "Merger"). In connection with the Merger, the Company would like to incentivize you to remain employed with the Company and the combined business following the Merger, and is pleased to inform you that it has decided to award you a retention bonus in an aggregate amount of \$3,000,000 (the "Bonus"), subject to and in accordance with the terms of this letter agreement (the "Agreement").

1. Payment of Bonus. The Bonus shall be earned and become payable in two equal installments, as follows: (i) fifty percent of the Bonus (the "First Payment") will become earned and payable to you, for services rendered by you during the First Performance Period, on the first anniversary of the closing date of the Merger, and (ii) fifty percent of the Bonus (the "Second Payment", and each of the First Payment and the Second Payment are a "Payment") will become earned and payable to you, for services rendered by you during the Second Performance Period, on the second anniversary of the closing date of the Merger (each, a "Vesting Date"), in each case, subject to your continued employment through the applicable Vesting Date. If earned, each Payment shall be paid to you in cash on or within 30 days following the applicable Vesting Date.

Notwithstanding the foregoing, in the event of a termination of your employment by the Company or its affiliates without Cause, by you for Good Reason, or due to your death or Disability, the Company shall pay you the full amount of any unpaid Payment (including the full First Payment and full Second Payment to the extent unpaid) in a single lump sum cash payment on the first regularly scheduled payroll cycle following the date of termination of employment.

For purposes of this Agreement, "Cause", "Good Reason" and "Disability" shall each have the meanings set forth in your Employment Agreement and the following terms shall have the meanings set forth below:

"Company." means Brookline, and after the Merger becomes effective, the surviving company in the Merger.

“First Performance Period” means the period commencing on the closing date of the Merger and ending on the day prior to the first anniversary of the closing date of the Merger.

“Second Performance Period” means the period commencing on the first anniversary of the closing date of the Merger and ending on the second anniversary of the closing date of the Merger.

2. Additional Limitation.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of you, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”) and the applicable regulations thereunder (the “Aggregate Payments”), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be \$1.00 less than the amount at which you become subject to the excise tax imposed by Section 4999 of the Code; *provided, however*, that such reduction shall only occur if it would result in you receiving a higher After Tax Amount (as defined below) than you would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; *provided* that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(b) For purposes of this Agreement, the “After Tax Amount” means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on you as a result of your receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, you will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained for the calendar year in which such state and local taxes are paid from deduction of such state and local taxes.

(c) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to this Section 2 shall be made by a nationally recognized accounting firm selected by the Company, other than the Company’s external

auditor (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and you within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or you. Any determination by the Accounting Firm shall be binding upon the Company and you.

(d) The Accounting Firm currently retained by the Company, after consultation with you and other Company executives, for rendering advice on certain tax related considerations and making tax related determinations, such as those addressed in this Section 2, is Golden Parachute Tax Solutions LLC. If the Company should elect in the future to retain some other accounting firm to render similar advice and determinations, it will also consult with you, and to the extent that any such determinations may directly affect and be binding upon you individually, such consultations will be undertaken with you in your individual, as opposed to executive, capacity.

3. Amendment and Termination. The Agreement may only be amended by a written instrument executed by the Company and you.

4. No Contract for Continuing Services. This Agreement shall not be construed as creating any contract for continued services between you and the Company or any of its subsidiaries and nothing herein contained shall create and express or implied contract of employment or alter the terms of your existing Employment Agreement, dated as of September 22, 2021, by and among you, the Company, Brookline Bank, and Bank Rhode Island (the “Employment Agreement”).

5. Governing Law. The Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts, without regard to principles of conflict of laws of such Commonwealth.

6. Tax Matters. The Company shall have the right to deduct from all payments hereunder any taxes required by law to be withheld with respect to such payments. The Bonus is intended to be exempt from the requirements of Section 409A of the Code as a “short-term deferral.”

7. Integration. This Agreement constitutes the entire agreement between the Company and you concerning the subject matter hereof and supersedes any written or oral agreement between such parties concerning such subject matter.

8. Benefits and Burdens. This Agreement shall inure to the benefit of and be binding upon the Company and you, and its and your respective successors, executors, administrators, heirs and permitted assigns.

9. Enforceability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each

portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

10. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

11. Notices. Any notices, requests, demands, and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to you at the last address you filed in writing with the Company, or to the Company at its main office, attention of the Board of Directors.

12. No Transfers. Your right to the Bonus may not be assigned or transferred.

*[SIGNATURE PAGE FOLLOWS]*

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

**BROOKLINE BANCORP, INC.**

By: \_\_\_\_\_  
Name: Paul A. Perrault  
Title: Chairman and Chief Executive Officer

**EXECUTIVE**

\_\_\_\_\_  
**Michael W. McCurdy**

*Signature Page to the Retention Bonus Agreement*



## EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is made as of February 26, 2025, by and among Berkshire Hills Bancorp, Inc., a Delaware corporation with its principal administrative office at 60 State Street, Boston, MA 02109 (the “Holding Company”), Brookline Bank, a Massachusetts chartered trust company, and Mark J. Meiklejohn (the “Executive”). Collectively the Holding Company and Brookline Bank shall be referred to herein as the “Company,” and either the Holding Company or Brookline Bank may satisfy the Company’s obligations under this Agreement.

**WHEREAS**, the Executive currently serves as the Chief Credit Officer of Brookline Bancorp, Inc.;

**WHEREAS**, pursuant to that Agreement and Plan of Merger, dated December 16, 2024 (the “Merger Agreement”) by and among the Holding Company, Commerce Acquisition Sub, Inc., and Brookline Bancorp, Inc., the holding company of Brookline Bank (“Brookline”), the Holding Company and Brookline intend to combine in a strategic business combination transaction with the Holding Company being the surviving entity, and immediately thereafter Berkshire Bank, PCSB Bank, and Bank Rhode Island will merge with and into Brookline Bank, with Brookline Bank being the surviving entity (the surviving entity, the “Bank”);

**WHEREAS**, following the consummation of the transactions contemplated by the Merger Agreement, the Company desires to continue to employ the Executive from the Closing Date (as defined in the Merger Agreement) (the “Effective Date”) on the terms contained herein; and

**WHEREAS**, the Executive desires to be employed by the Company and to enter into this Agreement with the Company, subject to the terms set forth herein; and

**WHEREAS**, the Executive is party to that certain letter agreement, dated April 19, 2011, and that certain Change in Control Agreement, effective as of May 27, 2014, by and between Brookline and the Executive (the “Prior Agreements”), which the Company and the Executive intend to replace with this Agreement immediately at and after the Effective Time (as defined in the Merger Agreement).

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term. The Company shall employ the Executive and the Executive shall be employed by the Company pursuant to this Agreement commencing as of the Effective Date and continuing until such employment is terminated in accordance with the provisions hereof (the “Term”). The Executive’s employment with the Company shall continue to be “at will,” meaning that the Executive’s employment may be terminated by the Company or the Executive at any time and for any reason subject to the terms of this Agreement.

(b) Position and Duties. The Executive shall serve as Chief Credit Officer of the Holding Company and the Bank and shall have such powers and duties as may from time to time be prescribed by the Chief Executive Officer of the Holding Company (the “CEO”) or other duly authorized executive. The Executive shall devote the Executive’s full working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, the Executive may serve on boards of directors of other companies, with the approval of the Board of Directors of the Holding Company (the “Board”), or engage in religious, charitable or other community activities as long as such services and activities do not interfere with the Executive’s performance of the Executive’s duties to the Bank.

2. Compensation and Related Matters.

(a) Base Salary. The Executive’s initial base salary shall be paid at the rate of \$480,500.00 per year. The Executive’s base salary shall be subject to periodic review by the Board or the Compensation Committee of the Board (the “Compensation Committee”). The base salary in effect at any given time is referred to herein as “Base Salary.” The Base Salary shall be payable in a manner that is consistent with the Company’s usual payroll practices for its executive officers.

(b) Incentive Compensation. The Executive shall be eligible to receive cash incentive compensation as determined by the Board or the Compensation Committee from time to time. As of the Effective Date, the Executive’s target annual incentive compensation is sixty percent (60%) of the Executive’s Base Salary. The target annual incentive compensation in effect at any given time is referred to herein as the “Target Bonus.” The actual amount of the Executive’s annual incentive compensation, if any, shall be determined in the sole discretion of the Board or the Compensation Committee, subject to the terms of any applicable incentive compensation plan that may be in effect from time to time. Except as otherwise provided herein, as may be provided by the Board or the Compensation Committee, or as may otherwise be set forth in the applicable incentive compensation plan, the Executive must be employed by the Company on the date such incentive compensation is paid to the Company’s eligible executives in order to earn and receive any annual incentive compensation.

(c) Expenses. The Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its executive officers.

(d) Other Benefits. The Executive shall be eligible to participate in or receive benefits under the Company’s employee benefit plans in effect from time to time, subject to the terms of such plans.

(e) Club Membership; Automobile. During the Executive’s employment, the Company shall pay for the Executive’s annual membership to the Aurora Civic Association in Providence, Rhode Island. During the Executive’s employment, the Company shall provide the Executive with a car allowance equal to Five Hundred Dollars (\$500) per month and shall provide the Executive with parking at or near the Bank’s office in Providence, Rhode Island, consistent with past practice.

(f) Paid Time Off. The Executive shall be entitled to take paid time off in accordance with the Company’s applicable paid time off policy for executives, as may be in effect from time to time.

(g) Equity. The Executive shall be eligible to receive equity awards as determined by the Board or the Compensation Committee from time to time. As of the Effective Date, the

Executive's target annual equity award shall have a grant date fair value of fifty percent (50%) of the Executive's Base Salary. The actual value of the Executive's annual equity award, if any, shall be determined in the sole discretion of the Board or the Compensation Committee, subject to the terms of any applicable equity compensation plan that may be in effect from time to time. The equity awards held by the Executive shall continue to be governed by the terms and conditions of the Holding Company's applicable equity incentive plan(s) and the applicable award agreement(s) governing the terms of such equity awards (collectively, the "Equity Documents").

3. Termination. The Executive's employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death or Disability. In the event of the Executive's death or disability during the term of employment, the employment hereunder shall terminate. For purposes of this Agreement, "disability" shall mean the Executive is disabled and unable to perform or expected to be unable to perform the essential functions of the Executive's then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period. If any question shall arise as to whether during any period the Executive is disabled so as to be unable to perform the essential functions of the Executive's then existing position or positions with or without reasonable accommodation, the Executive may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company to whom the Executive or the Executive's guardian has no reasonable objection as to whether the Executive is so disabled or how long such disability is expected to continue, and such certification shall for the purposes of this Agreement be conclusive of the issue. The Executive shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and the Executive shall fail to submit such certification, the Company's determination of such issue shall be binding on the Executive. Nothing in this Section 3(b) shall be construed to waive the Executive's rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq.* and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.* In the event of the Executive's disability, the Company shall continue to pay the Executive's Base Salary (reduced by any benefits the Executive may be entitled to receive under any state or federal disability insurance program, such as Rhode Island temporary disability insurance or federal social security) for a period of six (6) months from the date of disability.

(b) Termination by the Company for Cause. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean any of the following:

(i) conduct by the Executive constituting a material act of misconduct in connection with the performance of the Executive's duties, including, without limitation, (A) willful failure or refusal to perform material responsibilities that have been requested by the CEO; (B) dishonesty to the CEO with respect to any material matter; or (C) misappropriation of funds or property of the Company or any of its subsidiaries or affiliates other than the occasional, customary and *de minimis* use of Company property for personal purposes;

(ii) the commission by the Executive of acts satisfying the elements of (A) any felony or (B) a misdemeanor involving moral turpitude, deceit, dishonesty or fraud;

(iii) any misconduct by the Executive, regardless of whether or not in the course of the Executive's employment, that would reasonably be expected to result in

material injury or reputational harm to the Company or any of its subsidiaries or affiliates if the Executive were to continue to be employed in the same position;

(iv) continued failure by the Executive to use his best efforts to perform his duties hereunder (other than by reason of the Executive's physical or mental illness, incapacity or disability) which has continued for more than 30 days following written notice of such failure to use best efforts from the CEO;

(v) a material breach or repeated breaches by the Executive of any of the provisions contained in Section 9 of this Agreement or the Restrictive Covenants Agreement (as defined below);

(vi) a material violation by the Executive of any of the Company's written employment policies; or

(vii) the Executive's failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

(c) Termination by the Company without Cause. The Company may terminate the Executive's employment hereunder at any time without Cause. Any termination by the Company of the Executive's employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or disability of the Executive under Section 3(a) or (b) shall be deemed a termination without Cause.

(d) Termination by the Executive. The Executive may terminate employment hereunder at any time for any reason, including but not limited to, Good Reason. For purposes of this Agreement, "Good Reason" shall mean that the Executive has completed all steps of the Good Reason Process (hereinafter defined) following the occurrence of any of the following events without the Executive's prior written consent (each, a "Good Reason Condition"):

(i) a material diminution in the Executive's responsibilities, authority or duties;

(ii) a material diminution in the Executive's Base Salary, except for across-the-board salary reductions of not more than ten percent (10%) based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company;

(iii) a material change in the geographic location of the principal office of the Company to which the Executive is assigned, such that there is an increase of at least thirty (30) miles of driving distance to such location from the Executive's principal residence as of such change; or

(iv) a material breach of any of the provisions of this Agreement by the Company.

The "Good Reason Process" consists of the following steps:

- (i) the Executive reasonably determines in good faith that a Good Reason Condition has occurred;
  - (ii) the Executive notifies the Company in writing of the first occurrence of the Good Reason Condition within 60 days of the first occurrence of such condition;
  - (iii) the Executive cooperates in good faith with the Company's efforts, for a period of not less than 30 days following such notice (the "Cure Period"), to remedy the Good Reason Condition;
  - (iv) notwithstanding such efforts, the Good Reason Condition continues to exist at the end of the Cure Period;
- and
- (v) the Executive terminates employment within 60 days after the end of the Cure Period.

If the Company cures the Good Reason Condition during the Cure Period, Good Reason shall be deemed not to have occurred with respect to such Good Reason Condition.

#### 4. Matters Related to Termination.

(a) Notice of Termination. Except for termination as specified in Section 3(a), any termination of the Executive's employment by the Company or any such termination by the Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(b) Date of Termination. "Date of Termination" shall mean: (i) if the Executive's employment is terminated by death, the date of death; (ii) if the Executive's employment is terminated on account of disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which Notice of Termination is given; (iii) if the Executive's employment is terminated by the Company without Cause under Section 3(d), the date on which a Notice of Termination is given or the date otherwise specified by the Company in the Notice of Termination; (iv) if the Executive's employment is terminated by the Executive under Section 3(e) other than for Good Reason, 14 days after the date on which a Notice of Termination is given, and (v) if the Executive's employment is terminated by the Executive under Section 3(e) for Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that the Executive gives a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement.

(c) Accrued Obligations. If the Executive's employment with the Company is terminated for any reason, the Company shall pay or provide to the Executive (or to the Executive's authorized representative or estate) (i) any Base Salary earned through the Date of Termination and, if applicable, any accrued but unused vacation through the Date of Termination; (ii) unpaid expense reimbursements (subject to, and in accordance with, Section 2(c) of this Agreement); and (iii) any vested benefits the Executive may have under any employee benefit plan of the Company through the Date of Termination, which vested benefits shall be paid and/or provided in accordance with the terms of such employee benefit plans (collectively, the "Accrued Obligations").

(d) Resignation of All Other Positions. To the extent applicable, the Executive shall be deemed to have resigned from all officer and board member positions that the Executive holds with the Company or any of its respective subsidiaries and affiliates upon the termination of the Executive's employment for any reason. The Executive shall execute any documents in reasonable form as may be requested to confirm or effectuate any such resignations.

5. Severance Pay and Benefits Upon Termination by the Company without Cause or by the Executive for Good Reason Outside the Change in Control Period. If the Executive's employment is terminated by the Company without Cause as provided in Section 3(d), or the Executive terminates employment for Good Reason as provided in Section 3(e), in each case outside of the Change in Control Period (as defined below), then, in addition to the Accrued Obligations, and subject to (i) the Executive signing a separation agreement and release proposed by the Company that is substantially in the form attached hereto as Exhibit A (the "Separation Agreement"), and (ii) the Separation Agreement becoming irrevocable, all within 60 days after the Date of Termination (or such shorter period as set forth in the Separation Agreement), which shall include a seven-day revocation period:

(a) the Company shall pay the Executive a lump sum payment in cash in an amount equal to two times the sum of (A) the Executive's then-current Base Salary (or, in the case of a termination by the Executive for the Good Reason Condition specified in Section 3(e)(ii), the Base Salary in effect immediately prior to the occurrence of such Good Reason Condition), plus (B) the Executive's Target Bonus for the then-current year (the "Severance Amount");

(b) notwithstanding anything to the contrary in any applicable equity award, option agreement or stock-based award agreement, all stock options and other stock-based awards held by the Executive shall immediately accelerate and become fully exercisable or nonforfeitable as of the later of (i) the Executive's Date of Termination or (ii) the effective date of the Separation Agreement; provided that in order to effectuate the accelerated vesting contemplated by this subsection, the forfeiture of the unvested portion of such awards that would otherwise be forfeited on the Date of Termination will be delayed until the earlier of (A) the effective date of the Separation Agreement (at which time acceleration will occur), or (B) the date that the Separation Agreement can no longer become fully effective (at which time the unvested portion of such awards will be forfeited). Notwithstanding the foregoing, no additional vesting of any such awards shall occur during the period between the Date of Termination and the effective date of the acceleration. The Executive shall also be entitled to any other rights and benefits with respect to equity awards, options and stock-related awards, to the extent and upon the terms provided in the employee stock option or incentive plan or any agreement or other instrument attendant thereto pursuant to which such options or awards were granted;

(c) subject to the Executive's copayment of premium amounts at the applicable active employees' rate and the Executive's proper election to receive benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall make a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company until the earlier of (A) the 24-month anniversary of the Date of Termination; or (B) the date that the Executive becomes eligible for group medical plan benefits under any other employer's group medical plan. The Company will make such payments directly to the group health plan provider or the COBRA provider to the maximum extent possible; *provided, however*, that if the Company determines that it cannot pay such amounts directly to the group health plan provider or the COBRA provider (if applicable) for any reason, as determined by the Company in its sole discretion, (including, without limitation, without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act)), then the Company shall convert such payments to payroll payments directly to the Executive for

the time period specified above, and such payments to the Executive shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates; and

(d) the Company shall cause to be continued, at the Company's expense, life insurance and disability coverage substantially identical to the coverage maintained by the Company for the Executive prior to the Date of Termination for 24 months following the Date of Termination; *provided, however*, that in the event that the Company determines, in the reasonable exercise of its discretion, that it is impossible or impracticable for the Company to continue such coverage, including, but not limited to, by reason of operation of the plans or applicable law, the Company will convert such benefits to payroll payments directly to the Executive for the time period specified above which are equal in the aggregate to the amount the Company would have paid for such coverage for the 24 month period following the Date of Termination based on the cost of such coverage as of the Date of Termination. Any such payroll payments shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates.

(i) The amounts payable under this Section 5, to the extent taxable, shall be paid or commence to be paid, as applicable, within 60 days after the Date of Termination; *provided, however*, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payments, to the extent they qualify as "non-qualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall begin to be paid in the second calendar year by the last day of such 60-day period; *provided, further*, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

6. Severance Pay and Benefits Upon Termination by the Company without Cause or by the Executive for Good Reason within the Change in Control Period. The provisions of this Section 6 shall apply in lieu of, and expressly supersede, the provisions of Section 5 if (i) the Executive's employment is terminated either (a) by the Company without Cause as provided in Section 3(d), or (b) by the Executive for Good Reason as provided in Section 3(e), and (ii) the Date of Termination is on or within 24 months after the occurrence of the first event constituting a Change in Control (such period, the "Change in Control Period"). These provisions (other than the provisions applicable after the Change in Control Period to a termination that occurs during the Change in Control Period) shall terminate and be of no further force or effect after the Change in Control Period.

(a) If the Executive's employment is terminated by the Company without Cause as provided in Section 3(d) or the Executive terminates employment for Good Reason as provided in Section 3(e) and in each case the Date of Termination occurs during the Change in Control Period, then, in addition to the Accrued Obligations, and subject to the signing of the Separation Agreement and the Separation Agreement becoming fully effective, all within the time frame set forth in the Separation Agreement but in no event more than 60 days after the Date of Termination:

(i) the Company shall pay the Executive a lump sum payment in cash in an amount equal to two (2) times the sum of (A) the Executive's then-current Base Salary (or the Executive's Base Salary in effect immediately prior to the Change in Control, if higher) plus (B) the Executive's Target Bonus for the then-current year (or the Executive's Target Bonus in effect immediately prior to the Change in Control, if higher) (the "Change in Control Payment");

(ii) subject to the Executive's copayment of premium amounts at the applicable active employees' rate and the Executive's proper election to receive benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall make a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to the Executive if the Executive had remained employed by the Company until the earlier of (A) the 24 month anniversary of the Date of Termination; or (B) the date that the Executive becomes eligible for group medical plan benefits under any other employer's group medical plan. The Company will make such payments directly to the group health plan provider or the COBRA provider to the maximum extent possible; *provided, however*, that if the Company determines that it cannot pay such amounts directly to the group health plan provider or the COBRA provider (if applicable) for any reason, as determined by the Company in its sole discretion, (including, without limitation, without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act)), then the Company shall convert such payments to payroll payments directly to the Executive for the time period specified above. Such payments to the Executive shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates;

(iii) the Company shall cause to be continued, at the Company's expense, life insurance and disability coverage substantially identical to the coverage maintained by the Company for the Executive prior to the Date of Termination for 24 months following the Date of Termination; *provided, however*, that in the event that the Company determines, in the reasonable exercise of its discretion, that it is impossible or impracticable for the Company to continue such coverage, including, but not limited to, by reason of operation of the plans or applicable law, the Company will convert such benefits to payroll payments directly to the Executive for the time period specified above which are equal in the aggregate to the amount the Company would have paid for such coverage for the 24-month period following the Date of Termination based on the cost of such coverage as of the Date of Termination. Any such payroll payments shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates; and

(iv) notwithstanding anything to the contrary in any applicable equity award, option agreement or stock-based award agreement, all stock options and other stock-based awards held by the Executive shall immediately accelerate and become fully exercisable or nonforfeitable as of the later of (i) the Executive's Date of Termination or (ii) the effective date of the Separation Agreement; provided that in order to effectuate the accelerated vesting contemplated by this subsection, the forfeiture of the unvested portion of such awards that would otherwise be forfeited on the Date of Termination will be delayed until the earlier of (A) the effective date of the Separation Agreement (at which time acceleration will occur), or (B) the date that the Separation Agreement can no longer become fully effective (at which time the unvested portion of such awards will be forfeited). Notwithstanding the foregoing, no additional vesting of any such awards shall occur during the period between the Date of Termination and the effective date of the acceleration. The Executive shall also be entitled to any other rights and benefits with respect to equity awards, options and stock-related awards, to the extent and upon the terms provided in the employee stock option or incentive plan or any agreement or other instrument attendant thereto pursuant to which such options or awards were granted.

(v) The amounts payable under this Section 6(a), to the extent taxable, shall be paid or commence to be paid within 60 days after the Date of Termination; *provided, however*, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payments to



the extent they qualify as “non-qualified deferred compensation” within the meaning of Section 409A of the Code, shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period.

(b) Definitions. For purposes of this Section 6, “Change in Control” shall be deemed to have occurred upon the occurrence of any one of the following events:

(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”) (other than the Holding Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Holding Company or any of its subsidiaries), together with all “affiliates” and “associates” (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the “beneficial owner” (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Holding Company representing 25 percent or more of the combined voting power of the Holding Company’s then outstanding securities having the right to vote in an election of the Board (“Voting Securities”) (in such case other than as a result of an acquisition of securities directly from the Holding Company); or

(ii) the consummation of (A) any consolidation or merger of the Holding Company where the stockholders of the Holding Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the voting shares of the Holding Company issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), or (B) any sale or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Holding Company and the Bank.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Holding Company that, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of shares of Voting Securities beneficially owned by any person to 25 percent or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Holding Company) and immediately thereafter beneficially owns 25 percent or more of the combined voting power of all then outstanding Voting Securities, then a “Change in Control” shall be deemed to have occurred for purposes of the foregoing clause (a). For the avoidance of doubt, the transactions contemplated in the Merger Agreement shall not be deemed a “Change of Control.”

7. Voluntary Termination. Notwithstanding anything in this Agreement to the contrary, if the Executive voluntarily resigns during the period commencing on the Effective Date and ending on the second anniversary of the Effective Date, then, subject to the Executive’s timely execution of a Separation Agreement and the Separation Agreement becoming irrevocable, all within 60 days after the Date of Termination (or such shorter period as set forth in the Separation Agreement), which shall include a seven-day revocation period, the Company shall provide the Executive with the severance payments and benefits set forth in Sections 5(a) (c) and (d) of this Agreement; provided that the Company may delay the payment of the lump sum payment described in Section 5(a) to any date within sixty (60) days of the Date of Termination, provided, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payment, to the extent it qualifies as “non-qualified deferred compensation”

within the meaning of Section 409A of the Code shall begin to be paid in the second calendar year by the last day of such 60-day period. Any voluntary resignation shall be subject to the notice obligations applicable to resignations other than for Good Reason pursuant to Section 4(b)(iv).

8. Tax Matters.

(a) Section 280G. Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code, and the applicable regulations thereunder (the “Aggregate Payments”), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be \$1.00 less than the amount at which the Executive becomes subject to the excise tax imposed by Section 4999 of the Code. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (i) cash payments not subject to Section 409A of the Code; (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments and acceleration; and (iv) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(b) Section 409A.

(i) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive’s separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement or otherwise on account of the Executive’s separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive’s separation from service, or (B) the Executive’s death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(ii) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(iii) To the extent that any payment or benefit described in this Agreement constitutes “non-qualified deferred compensation” under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Executive’s termination of employment, then such payments or benefits shall be payable only upon the Executive’s “separation from service.” The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(iv) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement or the Restrictive Covenants Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(v) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

#### 9. Continuing Obligations.

(a) As a condition of continued employment, the Executive is required to enter into the Confidentiality, Assignment, Nonsolicitation and Noncompetition Agreement, attached hereto as Exhibit B (the “Restrictive Covenants Agreement”). For purposes of this Agreement, the obligations in this Section 9 and those that arise in the Restrictive Covenants Agreement and any other agreement relating to confidentiality, assignment of inventions, or other restrictive covenants, including without limitation the noncompetition obligations in the Separation Agreement, shall collectively be referred to as the “Continuing Obligations.”

(b) Third-Party Agreements and Rights. The Executive hereby confirms that the Executive is not bound by the terms of any agreement with any previous employer or other party which restricts in any way the Executive’s use or disclosure of information, other than confidentiality restrictions (if any), or the Executive’s engagement in any business. The Executive represents to the Company that the Executive’s execution of this Agreement, the Executive’s employment with the Company and the performance of the Executive’s proposed duties for the Company will not violate any obligations the Executive may have to any such previous employer or other party. In the Executive’s work for the Company, the Executive will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and the Executive will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(c) Litigation and Regulatory Cooperation. During and after the Executive’s employment, to the extent permitted by law, the Executive shall cooperate with the Company in (i) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while the Executive was employed by the Company, and (ii) the investigation, whether internal or external, of any matters about which the Company believes the Executive

may have knowledge or information. The Executive's cooperation in connection with such claims, actions or investigations shall include, but not be limited to, being available to meet with counsel to answer questions or to prepare for discovery or trial, and to act as a witness on behalf of the Company, at mutually convenient times and locations, considering the Executive's availability. During and after the Executive's employment, the Executive also shall cooperate with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while the Executive was employed by the Company. The Company shall reimburse the Executive for any reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 9(c).

(d) Relief. The Executive agrees that it would be difficult to measure any damages caused to the Company which might result from any breach by the Executive of the Continuing Obligations, and that in any event money damages would be an inadequate remedy for any such breach. Accordingly, the Executive agrees that if the Executive breaches, or proposes to breach, any portion of the Continuing Obligations, the Company shall be entitled, in addition to all other remedies that it may have, to an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company.

#### 10. Arbitration of Disputes.

(a) Arbitration Generally. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of the Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination or retaliation, whether based on race, religion, national origin, sex, gender, age, disability, sexual orientation, or any other protected class under applicable law, including without limitation Massachusetts General Laws Chapter 151B) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of JAMS in Boston, Massachusetts, in accordance with the JAMS Employment Arbitration Rules, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. The Executive understands that the Executive may only bring such claims in the Executive's individual capacity, and not as a plaintiff or class member in any purported class proceeding or any purported representative proceeding. The Executive further understands that, by signing this Agreement, the Company and the Executive are giving up any right they may have to a jury trial on all claims they may have against each other. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 10 shall be specifically enforceable. Notwithstanding the foregoing, this Section 10 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate, including without limitation relief sought under the Restrictive Covenants Agreement or the Separation Agreement; *provided* that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 10.

(b) Arbitration Fees and Costs. The Executive shall be required to pay an arbitration fee to initiate any arbitration equal to what the Executive would be charged as a first appearance fee in court. The Company shall advance the remaining fees and costs of the arbitrator. However, to the extent permissible under the law, and following the arbitrator's ruling on the matter, the arbitrator may rule that the arbitrator's fees and costs be distributed in an alternative manner. Each party shall pay its own costs and attorneys' fees, if any. If, however, any party prevails on a statutory claim that affords the prevailing party attorneys' fees (including pursuant to this Agreement), the arbitrator may award attorneys' fees to the prevailing party to the extent permitted by law.

11. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 10 of this Agreement, the parties hereby consent to the exclusive jurisdiction of the state and federal courts of the Commonwealth of Massachusetts.

12. Waiver of Jury Trial. Each of the Executive and the Company irrevocably and unconditionally WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE EXECUTIVE'S EMPLOYMENT BY THE COMPANY OR ANY AFFILIATE OF THE COMPANY, INCLUDING WITHOUT LIMITATION THE EXECUTIVE'S OR THE COMPANY'S PERFORMANCE UNDER, OR THE ENFORCEMENT OF, THIS AGREEMENT.

13. Integration. This Agreement and the Restrictive Covenants Agreement together constitute the entire agreement between the parties with respect to their subject matters and supersede all prior agreements between the parties concerning such subject matters.

14. Withholding; Tax Effect. All payments made by the Company to the Executive under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate the Executive for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

15. Assignment; Successors and Assigns. Neither the Executive nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; *provided, however*, that the Company may assign its rights and obligations under this Agreement (including the Restrictive Covenants Agreement) without the Executive's consent to any affiliate or to any person or entity with whom the Company shall hereafter effect a reorganization or consolidation, into which the Company merges or to whom it transfers all or substantially all of its properties or assets; *provided, further*, that if the Executive remains employed or becomes employed by the Company, the purchaser or any of their affiliates in connection with any such transaction, then the Executive shall not be entitled to any payments, benefits or vesting pursuant to Sections 5, 6 or 7 of this Agreement solely as a result of such transaction. This Agreement shall inure to the benefit of and be binding upon the Executive and the Company, and each of the Executive's and the Company's respective successors, executors, administrators, heirs and permitted assigns. In the event of the Executive's death after the Executive's termination of employment but prior to the completion by the Company of all payments due to the Executive under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to the Executive's death (or to the Executive's estate, if the Executive fails to make such designation).

16. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of the Executive's employment to the extent necessary to effectuate the terms contained herein.

18. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

19. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

20. Amendment. This Agreement may be amended or modified only by a written instrument signed by the Executive and by a duly authorized representative of the Company.

21. Effect on Other Plans and Agreements. An election by the Executive to resign for Good Reason under the provisions of this Agreement shall not be deemed a voluntary termination of employment by the Executive for the purpose of interpreting the provisions of any of the Company's benefit plans, programs or policies. Nothing in this Agreement shall be construed to limit the rights of the Executive under the Company's benefit plans, programs or policies except as otherwise provided herein, and except that the Executive shall have no rights to any severance benefits under any Company severance pay plan, offer letter or otherwise. Except for the Restrictive Covenants Agreement, in the event that the Executive is party to an agreement with the Company providing for payments or benefits under such plan or agreement and under this Agreement, the terms of this Agreement shall govern and the Executive may receive payment under this Agreement only and not both. Further, Sections 5, 6 and 7 of this Agreement are mutually exclusive and in no event shall the Executive be entitled to payments or benefits pursuant to more than one of such Sections of this Agreement.

22. Governing Law. This is a Rhode Island contract and shall be construed under and be governed in all respects by the laws of the State of Rhode Island without giving effect to the conflict of laws principles thereof, and in accordance with any applicable federal laws to which the Bank may be subject as an FDIC-insured institutions and member bank of the Federal Reserve System. With respect to any disputes concerning federal law, such disputes shall be determined in accordance with the law as it would be interpreted and applied by the United States Court of Appeals for the First Circuit.

23. Counterparts. This Agreement may be executed in any number of counterparts, with .pdf and facsimile signatures having the same effect as the original, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

24. Allocation of Obligations Between the Companies. The obligations of the Company under this Agreement are intended to be the joint and several obligations of the Holding Company and the Bank, and each shall, as between themselves, allocate these obligations in a manner agreed upon by them.

25. Indemnification. The Company shall provide the Executive (including his heirs, executors and administrators) with coverage under a standard directors' and officers' liability insurance policy at its expense, and shall indemnify the Executive (and his heirs, executors and administrators) to the fullest extent permitted under federal law against all expenses and liabilities reasonably incurred by him in connection with or arising out of any action, suit or proceeding in which he may be involved by reason of his having been a director or officer of the Company (whether or not he continues to be a director or officer at the time of incurring such

expenses or liabilities), such expenses and liabilities to include, but not be limited to, judgments, court costs and attorneys' fees and the cost of reasonable settlements (such settlements must be approved by the Board). If such action, suit or proceeding is brought against the Executive in his capacity as an officer or director of the Company, such indemnification shall not extend to matters as to which the Executive is finally adjudged to be liable for willful misconduct in the performance of his duties.

26. Clawback. The Executive agrees to be subject to any clawback policy adopted by the Holding Company or the Bank similarly affecting all or substantially all senior management employees and acknowledges that, to the extent provided therein, he may be required to repay all or any portion of any incentive compensation previously paid to him on account of inaccurate or erroneous financial data.

27. No Mitigation; No Offset. In the event of any termination of the Executive's employment under this Agreement, the Executive shall be under no obligation to seek other employment or to mitigate damages, and there shall be no offset against amounts due to the Executive under this Agreement on account of any remuneration attributable to any subsequent employment that the Executive may obtain. Any amount due under this Agreement are in the nature of severance payments and are not in the nature of a penalty.

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IN WITNESS WHEREOF, the parties have executed this Agreement effective on the Effective Date.

**BERKSHIRE HILLS BANCORP, INC.**

By: \_\_\_\_\_  
Name: David M. Brunelle  
Title: Chairman

**BROOKLINE BANK**

By: \_\_\_\_\_  
Name: Paul A. Perrault  
Title: Chairman

**EXECUTIVE**

\_\_\_\_\_  
Mark J. Meiklejohn



## **Exhibit A**

### **SEPARATION AGREEMENT AND RELEASE**

This Separation Agreement and Release (the “Separation Agreement”) is entered into by and among Berkshire Hills Bancorp, Inc., a Delaware corporation with its principal administrative office at 131 Clarendon Street, Boston, MA 02116 (the “Holding Company”), Brookline Bank, a Massachusetts chartered trust company (the “Bank”) and Mark J. Meiklejohn (the “Executive”) in connection with the “Employment Agreement” by and among the Holding Company, Brookline Bank, and the Executive dated [\_\_\_\_]. Together the Holding Company and the Bank shall be referred to herein as the “Company.” This is the Separation Agreement referenced in the Employment Agreement. Terms with initial capitalization that are not otherwise defined in this Separation Agreement have the meanings set forth in the Employment Agreement. The consideration for the Executive’s agreement to this Separation Agreement consists of the payments pursuant to Section 5, 6 or 7 of the Employment Agreement (as applicable), which are subject to the terms of the Employment Agreement.

1. Executive’s Release of Claims. The Executive voluntarily releases and forever discharges the Company, its affiliated and related entities, its and their respective predecessors, successors and assigns, its and their respective employee benefit plans and fiduciaries of such plans, and the current and former directors, officers, shareholders, employees, attorneys, accountants and agents of each of the foregoing in their official and personal capacities (collectively referred to as the “Released Parties”) generally from all claims, demands, debts, damages and liabilities of every name and nature, known or unknown (collectively, “Claims”) that, as of the date when the Executive signs this Separation Agreement, he has, ever had, now claims to have or ever claimed to have had against any or all of the Released Parties. This general release of Claims includes, without implication of limitation, the release of all Claims:
  - relating to the Executive’s employment by and termination of employment with the Company or any related entity;
  - of wrongful discharge or violation of public policy;
  - of breach of contract;
  - of discrimination or retaliation under federal, state or local law (including, without limitation, Claims of age discrimination or retaliation under the Age Discrimination in Employment Act, the Americans with Disabilities Act, and Title VII of the Civil Rights Act of 1964);
  - under any other federal or state statute or constitution or local ordinance;
  - of defamation or other torts;
  - for wages, bonuses, incentive compensation, stock, stock options, vacation pay or any other compensation or benefits; and
  - for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney’s fees.

To the fullest extent permitted by law, the Executive agrees not to accept damages of any nature, other equitable or legal remedies for his own benefit or attorney's fees or costs from any of the Released Parties with respect to any Claim released by this Separation Agreement.

2. Limitations on Executive's Release of Claims. Notwithstanding anything in Section 1 of this Separation Agreement to the contrary:
  - (a) Employment Agreement. Nothing in this Separation Agreement shall be construed to limit the Executive's rights under the Employment Agreement, including without limitation (i) the Accrued Obligations, as defined in Section 4(c) of the Employment Agreement, (ii) the severance pay and benefits pursuant to Sections 5, 6 or 7 of the Employment Agreement, whichever is applicable, subject to satisfying the requirements for execution and non-revocation of this Separation Agreement, as set forth in the Employment Agreement, or (iii) any rights to indemnification to which the Executive is entitled, including but not limited those described in Section 25 of the Employment Agreement.
  - (b) Equity. Nothing in this Separation Agreement is intended to affect the Executive's rights or obligations under the Equity Documents. The Equity Documents shall continue to be governed by their terms, except as may otherwise be provided in the Employment Agreement.
  - (c) Statutory Benefit Rights. Nothing in this Separation Agreement is intended to release or waive the Executive's right to elect continuation of group health plan coverage under the law known as COBRA or unemployment insurance benefits.
3. Ongoing Obligations of the Executive. As a condition of receiving the payments pursuant to Section 5, 6 or 7 of the Employment Agreement, the Executive hereby reaffirms that he remains subject to the Continuing Obligations.
4. Nondisparagement.
  - (a) The Executive shall not, directly or indirectly, make any statements that disparage or deprecate the Company, any of its business practices, any of its business activities or any of its officers, directors or employees (provided that, with respect to any such officer, director or employee, the Executive actually knows or has substantial reason to believe that such person is an officer, director or employee of the Company) and shall not assist or encourage any other person, firm or entity to do so.
  - (b) The Company shall direct its directors and executive officers not to directly or indirectly, disparage or deprecate the Executive, any of his business practices or any of his business activities. In addition, the Company shall not in any authorized public statement of the Company (a "Company Statement") disparage or deprecate the Executive, any of his business practices or any of his business activities.

5. Protected Disclosures. Nothing in this Separation Agreement nor any direction pursuant to this Separation Agreement shall be interpreted or applied to prohibit the Executive or any other person from making any good faith report to any governmental agency or other governmental entity (a “Government Agency”) concerning any act or omission that the Executive or such other person reasonably believes constitutes a possible violation of federal or state law or making other disclosures that are protected under the anti-retaliation or whistleblower provisions of applicable federal or state law or regulation. In addition, nothing contained in this Separation Agreement nor in any direction pursuant to this Agreement limits the Executive’s or any other person’s ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including the Executive’s ability to provide documents or other information, without notice to the Company, nor does anything contained in this Separation Agreement nor in any direction pursuant to this Agreement apply to truthful testimony in litigation by the Executive or any other person. If the Executive files any charge or complaint with any Government Agency and if the Government Agency pursues any claim on the Executive’s behalf, or if any other third party pursues any claim on the Executive’s behalf, the Executive waives any right to monetary or other individualized relief (either individually or as part of any collective or class action) to the fullest extent permitted by law; *provided, however*, that nothing in this Separation Agreement limits any right the Executive may have to receive a whistleblower award or bounty for information provided to the Securities and Exchange Commission or any such award from any other Government Agency pursuant to a whistleblower award or bounty program administered by such agency.
6. Defend Trade Secrets Act of 2016. The Executive understands that pursuant to the federal Defend Trade Secrets Act of 2016, the Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
7. No Assignment. The Executive represents that he has not assigned to any other person or entity any Claims against any Released Party.
8. Right to Consider and Revoke Separation Agreement. The Executive acknowledges that he has been given the opportunity to consider this Separation Agreement for a period of 21 days (the “Consideration Period”). In the event the Executive executed this Separation Agreement before the end of the Consideration Period, he acknowledges that such decision was entirely voluntary and that he had the opportunity to consider this Separation Agreement until the end of the Consideration Period. To accept this Separation Agreement, the Executive shall deliver a signed

Separation Agreement to the Company's then most senior Human Resources professional (the "HR Leader") before the end of the Consideration Period. For a period of seven days from the date when the Executive executes this Separation Agreement (the "Revocation Period"), he shall retain the right to revoke this Separation Agreement by written notice that is received by the HR Leader on or before the last day of the Revocation Period. This Separation Agreement shall take effect only if it is executed within the Consideration Period as set forth above and if it is not revoked pursuant to the preceding sentence. If the conditions set forth in this paragraph are satisfied, this Separation Agreement shall become effective and enforceable on the date immediately following the last day of the Revocation Period (the "Effective Date").

9. Other Terms.

- (a) Legal Representation; Review of Separation Agreement. The Executive acknowledges that he has been advised to discuss all aspects of this Separation Agreement with his attorney, that he has carefully read and fully understands all of the provisions of this Separation Agreement and that he is knowingly and voluntarily entering into this Separation Agreement.
- (b) Binding Nature of Separation Agreement. This Separation Agreement shall be binding upon the Executive and upon his heirs, administrators, representatives and executors.
- (c) Modification of Separation Agreement; Waiver. This Separation Agreement may be amended only upon a written agreement executed by the Executive and the Company. No waiver of any provision of this Separation Agreement shall be effective unless made in writing and signed by the waiving party. The failure of a party to require the performance of any term or obligation of this Separation Agreement, or the waiver by a party of any breach of this Separation Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.
- (d) Severability. In the event that at any future time it is determined by a court of competent jurisdiction that any covenant, clause, provision or term of this Separation Agreement is illegal, invalid or unenforceable, the remaining provisions and terms of this Separation Agreement shall not be affected thereby and the illegal, invalid or unenforceable term or provision shall be severed from the remainder of this Separation Agreement. In the event of such severance, the remaining covenants shall be binding and enforceable; *provided, however*, and for the avoidance of doubt, in no event shall the Company be required to provide payments or benefits to the Executive pursuant to Section 5, 6 or 7 of the Employment Agreement if all or part of Section 1 of this Separation Agreement is held to be invalid or unenforceable.
- (e) Governing Law and Interpretation. This Separation Agreement shall be deemed to be made and entered into in the State of Rhode Island, and shall in all respects be

interpreted, enforced and governed under the laws of the State of Rhode Island, without giving effect to its conflict of laws provisions. The language of all parts of this Separation Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any of the parties.

- (f) Arbitration; Jurisdiction. Enforcement of this Separation Agreement shall be subject to the terms of Sections 10 (“Arbitration of Disputes”) and 11 (“Consent to Jurisdiction”) of the Employment Agreement as if set forth herein.
- (g) Remedies. If the Executive breaches any provision of this Separation Agreement or any of the Continuing Obligations, in addition to all other remedies available to the Company at law, in equity, and under contract, the Executive agrees that the Company may cease any payments or benefits otherwise due to the Executive or for the Executive’s benefit pursuant to Sections 5, 6 or 7 of the Employment Agreement.
- (h) Entire Agreement; Absence of Reliance. This Separation Agreement constitutes the entire agreement between the Executive and the Company and supersedes any previous agreements or understandings between the Executive and the Company, except the Equity Documents, the Continuing Obligations, and any other obligations specifically preserved in this Separation Agreement. The Executive acknowledges that he is not relying on any promises or representations by the Company or the agents, representatives or attorneys of any of the entities within the definition of Company regarding any subject matter addressed in this Separation Agreement.
- (i) Counterparts; Copies. This Separation Agreement may be executed in separate counterparts, each of which when so executed and delivered shall be taken to be an original. Such counterparts shall together constitute one and the same document. PDF copies shall be equally valid as originals.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Separation Agreement, to be effective on the Effective Date.

**BERKSHIRE HILLS BANCORP, INC.**

By: \_\_\_\_\_  
Name: David M. Brunelle  
Title: Chairman

**BROOKLINE BANK**

By: \_\_\_\_\_  
Name: Paul A. Perrault  
Title: Chairman

**EXECUTIVE**

\_\_\_\_\_  
Mark J. Meiklejohn  
Date: \_\_\_\_\_

## **Exhibit B**

### **Restrictive Covenants Agreement**

#### **Confidentiality, Assignment, Nonsolicitation and Noncompetition Agreement**

In consideration and as a condition of my continued employment by Berkshire Hills Bancorp, Inc. (the "Holding Company"), and, after the Effective Time, Brookline Bank (the "Bank" and, together with the Holding Company and their respective subsidiaries and other affiliates and their respective successors and assigns, the "Company"), and in exchange for, among other things, benefits to be provided by the Company under the terms of a new employment agreement, specifically, the Employment Agreement by and among the Holding Company, Brookline Bank, and me dated [\_\_\_\_\_] (the "Employment Agreement"), which I acknowledge and agree is fair and reasonable consideration which is independent from the continuation of my employment, I enter into this Confidentiality, Assignment, Nonsolicitation and Noncompetition Agreement (this "Agreement") and agree as follows:

1. Proprietary Information. I agree that all information, whether or not in writing, concerning the Company's business, technology, business relationships or financial affairs that the Company has not released to the general public (collectively, "Proprietary Information") and all tangible embodiments thereof are and will be the exclusive property of the Company. By way of illustration, Proprietary Information may include information or material that has not been made generally available to the public, such as: (a) corporate information, including plans, strategies, methods, policies, resolutions, negotiations or litigation; (b) marketing information, including strategies, methods, customer or business partner identities or other information about customers, business partners, prospect identities or other information about prospects, or market analyses or projections; (c) financial information, including cost and performance data, debt arrangements, equity structure, investors and holdings, purchasing and sales data and price lists; (d) operational information, including plans, specifications, manuals, forms, templates, software, strategies, designs, methods, procedures, data, reports, discoveries, inventions, improvements, concepts, ideas, know-how and trade secrets; and (e) personnel information, including personnel lists, reporting or organizational structure, resumes, personnel data, performance evaluations and termination arrangements or documents. Proprietary Information also includes information received in confidence by the Company from its customers, suppliers, business partners or other third parties.

2. Recognition of Company's Rights. I will not, at any time, without the Company's prior written permission, either during or after my employment, disclose any Proprietary Information to anyone outside of the Company, or use or permit to be used any Proprietary Information for any purpose other than the performance of my duties as an employee of the Company. I will cooperate with the Company and use my reasonable best efforts to prevent the unauthorized disclosure of all Proprietary Information. I will deliver to the Company all copies and other tangible embodiments of Proprietary Information in my possession or control upon the earlier of a request by the Company or termination of my employment.

3. Rights of Others. I understand that the Company is now and may hereafter be subject to nondisclosure or confidentiality agreements with third persons that require the Company to protect or refrain from use or disclosure of proprietary information. I agree to be bound by the terms of such agreements in the event I have access to such proprietary information. I understand that the Company strictly prohibits me from using or disclosing confidential or proprietary information belonging to any other person or entity (including any

employer or former employer), in connection with my employment. In addition, I agree not to bring any confidential information belonging to any other person or entity onto Company premises or into Company workspaces.

4. Commitment to Company; Avoidance of Conflict of Interest. While an employee of the Company, I will devote my full-time efforts to the Company's business and I will not, directly or indirectly, engage in any other business activity, except as expressly authorized in writing and in advance by a duly authorized representative of the Company. I will advise an authorized officer of the Company or his or her designee at such time as any activity of either the Company or another business presents me with a conflict of interest or the appearance of a conflict of interest as an employee of the Company. I will take whatever action is reasonably requested of me by the Company to resolve any conflict or appearance of conflict which it finds to exist.

5. Documents and Other Materials. I will keep and maintain adequate and current records of all Proprietary Information and Company-related developments developed by me during my employment, which records will be available to and remain the sole property of the Company at all times. All files, letters, notes, memoranda, reports, records, data, sketches, drawings, notebooks, layouts, charts, quotations and proposals, or other written, photographic or other tangible material containing Proprietary Information, whether created by me or others, which come into my custody or possession, are the exclusive property of the Company to be used by me only in the performance of my duties for the Company. Any property situated on the Company's premises and owned by the Company, including without limitation computers, disks and other storage media, filing cabinets or other work areas, is subject to inspection by the Company at any time with or without notice. In the event of the termination of my employment for any reason, I will deliver to the Company all Company property and equipment in my possession, custody or control, including all files, letters, notes, memoranda, reports, records, data, sketches, drawings, notebooks, layouts, charts, quotations and proposals, or other written, photographic or other tangible material containing Proprietary Information, and other materials of any nature pertaining to the Proprietary Information of the Company and to my work, and will not take or keep in my possession any of the foregoing or any copies.

6. Nonsolicitation and Noncompetition. In order to protect the Company's Proprietary Information and goodwill, during my employment and for a period of: (i) one year following the date of the cessation of my employment with the Company (the "Last Date of Employment") or (ii) two years following the Last Date of Employment if I breach my fiduciary duty to the Company or if I have unlawfully taken, physically or electronically, property belonging to the Company (in either case the "Restricted Period"):

(a) I shall not, directly or indirectly, in any manner, other than for the benefit of the Company, solicit or transact any business with any of the customers of the Company. For purposes of this Agreement, customers shall include (i) then current customers to which the Company provided products or services during the 12 months prior to the Applicable Date (the "One Year Lookback") and (ii) customer prospects that the Company solicited during the One Year Lookback and with which I had significant contact or about which I learned confidential information in the course of my employment. The "Applicable Date" means (i) as applied to my activities after my employment ends, the Last Date of Employment and (ii) as applied to my activities during my employment, the date of such activities.

(b) I shall not, directly or indirectly, in any manner, solicit, entice or attempt to persuade any employee or consultant of the Company to leave the Company for any reason or otherwise participate in or facilitate the hire, directly or through another entity, of any person who is then employed or engaged by the Company. I understand that it would be a violation of this Section 6(b) if, other than for the benefit of the Company during my employment with the



Company, I provided information about an employee or consultant to an individual who I know or should know will use such information for the purpose of soliciting such employee or consultant.

(c) I shall not, directly or indirectly, whether as owner, partner, shareholder, director, manager, consultant, agent, employee, co-venturer or otherwise, anywhere in the Applicable Counties, provide any of the types of services that I provided to the Company during the two years that immediately preceded the Applicable Date, in connection with any business that is, in whole or in part, engaged in, or actively preparing to be engaged in, the Business. For purposes of this Agreement: "Business" shall mean, as of the Applicable Date, the business of the Company as previously or currently conducted, or as planned to be conducted in the future, including, without limitation, the performance of any services related to the foregoing. I acknowledge that this covenant is necessary because the Company's legitimate business interests cannot be adequately protected solely by the other covenants in this Agreement. The "Applicable Counties" shall mean those counties in which the Bank (which shall include for these purposes any direct or indirect subsidiary of the Banks or any successor or assign of any of the foregoing) maintains a physical office on the Applicable Date. Notwithstanding anything in the foregoing to the contrary, my obligations under this Section 6(c) shall not apply to any period following the Last Date of Employment unless I receive the "Severance Amount" pursuant to Section 5(a) or Section 7 of the Employment Agreement or the "Change in Control Payment" pursuant to Section 6(a) of the Employment Agreement.

7. Prior Agreements. I hereby represent that, except as I have fully disclosed previously in writing to the Company, I am not bound by the terms of any agreement with any previous or current employer or other party to refrain from using or disclosing any trade secret or confidential or proprietary information in the course of my employment with the Company or to refrain from competing, directly or indirectly, with the business of such employer or any other party. I further represent that my performance of all the terms of this Agreement as an employee of the Company does not and will not breach any agreement to keep in confidence proprietary information, knowledge or data acquired by me in confidence or in trust prior to my employment with the Company. I will not disclose to the Company or induce the Company to use any confidential or proprietary information or material belonging to any previous employer or others.

8. Remedies Upon Breach. I understand that the restrictions contained in this Agreement are necessary for the protection of the business and goodwill of the Company and I consider them to be reasonable for such purpose. Any breach of this Agreement is likely to cause the Company substantial and irreparable harm and therefore, in the event of such breach, the Company, in addition to such other remedies which may be available, will be entitled to specific performance and other injunctive relief, without the posting of a bond. I further acknowledge that a court may render an award extending the Restricted Period as one of the remedies in the event of my violation of this Agreement. In the event of litigation involving a claim of breach of this Agreement, the prevailing party with respect to such claim shall be entitled to recover his or its reasonable attorney's fees and costs with respect to such claim from the non-prevailing party.

9. Use of Voice, Image and Likeness. I give the Company permission to use any and all of my voice, image and likeness, with or without using my name, in connection with the products and/or services of the Company, for the purposes of advertising and promoting such products and/or services and/or the Company, and/or for other purposes deemed appropriate by the Company in its reasonable discretion, except to the extent prohibited by law.

10. No Employment Obligation. I understand that this Agreement does not create an obligation on the Company or any other person to continue my employment. I acknowledge that, unless otherwise agreed in a formal written employment agreement signed on behalf of the

Company by an authorized officer, my employment with the Company is at will and therefore may be terminated by the Company or me at any time and for any reason, with or without cause.

11. Survival and Assignment by the Company. I understand that my obligations under this Agreement will continue in accordance with its express terms regardless of any changes in my title, position, duties, salary, compensation or benefits or other terms and conditions of employment. I further understand that my obligations under this Agreement will continue following the termination of my employment regardless of the manner of such termination and will be binding upon my heirs, executors and administrators. The Company will have the right to assign this Agreement to its affiliates, successors and assigns. I expressly consent to be bound by the provisions of this Agreement for the benefit of the Company or any parent, subsidiary or affiliate to whose employ I may be transferred without the necessity that this Agreement be re-signed at the time of such transfer.

12. Post-Employment Notifications. During the Restricted Period, I will notify the Company of any change in my address and of each subsequent employment or business activity.

13. Disclosures During Restricted Period. I will provide a copy of this Agreement to any person or entity with whom I may enter into a business relationship, whether as an employee, consultant, partner, coventurer or otherwise, prior to entering into such business relationship during the Restricted Period.

14. Waiver. No waiver of any of my obligations under this Agreement shall be effective unless made in writing by the Company. The failure of the Company to require my performance of any term or obligation of this Agreement, or the waiver of any breach of this Agreement, shall not prevent the Company's subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

15. Severability. In case any provisions (or portions thereof) contained in this Agreement shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If, moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be modified by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

16. Arbitration; Jurisdiction. Enforcement of this Agreement shall be subject to the terms of Sections 10 ("Arbitration of Disputes") and 11 ("Consent to Jurisdiction") of the Employment Agreement as if set forth herein.

17. Independence of Obligations. My obligations under this Agreement are independent of any obligation, contractual or otherwise, the Company has to me. The Company's breach of any such obligation shall not be a defense against the enforcement of this Agreement or otherwise limit my obligations under this Agreement.

18. Protected Disclosures. I understand that nothing contained in this Agreement limits my ability to communicate with any federal, state or local governmental agency or commission, including to provide documents or other information, without notice to the Company. I also understand that nothing in this Agreement limits my ability to share compensation information concerning myself or others, except that this does not permit me to disclose compensation information concerning others that I obtain because my job responsibilities require or allow access to such information.

19. Defend Trade Secrets Act of 2016. I understand that pursuant to the federal Defend Trade Secrets Act of 2016, I shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

20. Other Agreements; Amendment. This Agreement supplements and does not supersede any other confidentiality, assignment of inventions or restrictive covenant agreement between the Company and me. To the extent that this Agreement addresses other subject matters, this Agreement supersedes any other agreements between the Company and me with respect to such subject matters. This Agreement may be amended only in a written agreement executed by a duly authorized officer of the Company and me.

I UNDERSTAND THAT THIS AGREEMENT AFFECTS IMPORTANT RIGHTS. I ACKNOWLEDGE AND AGREE THAT THE TERMS OF THIS AGREEMENT WILL APPLY TO MY ENTIRE SERVICE RELATIONSHIP WITH THE COMPANY, INCLUDING WITHOUT LIMITATION ANY PERIOD OF SERVICE PRIOR TO THE DATE OF MY SIGNATURE BELOW.

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement and agree to be bound by it.

**EXECUTIVE**

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**COMPANY**

**BERKSHIRE HILLS BANCORP, INC.**

By: \_\_\_\_\_

Name: David M. Brunelle

Title: Chairman

Date: \_\_\_\_\_

**BROOKLINE BANK**

By: \_\_\_\_\_

Name: Paul A. Perrault

Title: Chairman

Date: \_\_\_\_\_

## BROOKLINE BANCORP, INC.

### INSIDER TRADING POLICY

Brookline Bancorp, Inc. (the “Company”) has adopted the following policy and procedures for securities trading by Company directors and employees (our “Insider Trading Policy”). Our Insider Trading Policy is intended to prevent the misuse of material nonpublic information, insider trading in securities, and the severe consequences associated with violations of insider trading laws. It is your obligation to review, understand, and comply with this Insider Trading Policy and applicable laws. Our Board of Directors has approved this Insider Trading Policy, and we have appointed our General Counsel as the Insider Trading Compliance Officer (with their designees, the “Insider Trading Compliance Officer”) to administer the policy and to be available to answer your questions.

#### PART I. OVERVIEW

##### **A. *Who Must Comply?***

This Insider Trading Policy applies to all of our employees and members of our Board of Directors, including anyone employed by or acting as a director of any of the Company’s subsidiaries, as well as any other individuals whom the Insider Trading Compliance Officer may designate as Insiders (defined below) because they have access to material nonpublic information about the Company.

In addition, all of our directors, executive officers (as defined by Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) and other designated employees must comply with the Trading Procedures included in Part II of this Insider Trading Policy (the “Trading Procedures”); we will refer to these individuals in this policy as “Insiders.” The Trading Procedures provide rules for when Insiders can trade in our securities and explain the process for mandatory pre-clearance of proposed trades. You will be notified if you are considered to be an Insider who is required to comply with the Trading Procedures.

This Insider Trading Policy and, for Insiders, the Trading Procedures also apply to the following persons (“Affiliated Persons”):

- your “Family Members” (“Family Members” are (a) your spouse or domestic partner, children, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws who reside in the same household as you, (b) your children or your spouse’s children who do not reside in the same household as you but are financially dependent on you, (c) any of your other family members who do not reside in your household but whose transactions are directed by you, and (d) any other individual over whose account you have control and to whose financial support you materially contribute. Materially contributing to financial support would include, for example, paying an individual’s rent but not just a phone bill.);
  - all trusts, family partnerships and other types of entities formed for your benefit or for the benefit of a member of your family and over which you have the ability to influence or direct investment decisions concerning securities;
  - all persons who execute trades on your behalf; and
-

- all investment funds, trusts, retirement plans, partnerships, corporations and other types of entities over which you have the ability to influence or direct investment decisions concerning securities; provided, however, that the Trading Procedures do not apply to any such entity that engages in the investment of securities in the ordinary course of its business (e.g., an investment fund or partnership) if the entity has established its own insider trading controls and procedures in compliance with applicable securities laws and it (or an affiliated entity) has represented to the Company that its affiliated entities: (a) engage in the investment of securities in the ordinary course of their respective businesses; (b) have established insider trading controls and procedures in compliance with securities laws; and (c) are aware the securities laws prohibit any person or entity who has material nonpublic information concerning the Company from purchasing or selling securities of the Company or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell securities.

You are responsible for ensuring compliance with this Insider Trading Policy, including the Trading Procedures contained herein, by all of your Affiliated Persons.

#### ***B. What is Prohibited by this Insider Trading Policy?***

You and your Affiliated Persons are prohibited from engaging in insider trading and from trading in securities in violation of this Insider Trading Policy. “Insider trading” is (1) trading (buying or selling) the securities of a company whether for your account or for the account of another, while in the possession of material nonpublic information (see definition below) about that company or (2) disclosing material nonpublic information about a company to others who may trade on the basis of that information. Insider trading can result in criminal prosecution, jail time, significant fines and public embarrassment for you and the Company.

#### **Prohibition on Trading in Company Securities**

When you are in possession of material nonpublic information about the Company, whether positive or negative, you are prohibited from trading (whether for your account or for the account of another) in the Company’s securities, which include common stock, options to purchase common stock, any other type of securities that the Company may issue (such as preferred stock, convertible debentures, warrants and exchange-traded options), and any derivative securities that provide the economic equivalent of ownership of any the Company’s securities or an opportunity, direct or indirect, to profit from any change in the value of the Company’s securities, except for trades made pursuant to plans approved by the Insider Trading Compliance Officer in accordance with this policy that are intended to comply with Rule 10b5-1 under the Exchange Act.

The trading prohibitions in this Insider Trading Policy do not apply to: (1) an exercise of an employee stock option when payment of the exercise price is made in cash or (2) the withholding by the Company of shares of stock upon vesting of restricted stock or upon settlement of restricted stock units to satisfy applicable tax withholding requirements if (a) such withholding is required by the applicable plan or award agreement or (b) the election to exercise such tax withholding right was made by the Insider in compliance with the Trading Procedures.

The trading prohibitions in this Insider Trading Policy do apply, however, to the use of outstanding Company securities to pay part or all of the exercise price of a stock option, any sale of stock as part of a

broker-assisted cashless exercise of an option, and any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

### **Prohibition on Tipping**

Providing material nonpublic information about the Company to another person who may trade or advise others to trade on the basis of that information is known as “tipping” and is illegal. You are prohibited from providing material nonpublic information about the Company to a friend, relative, or anyone else who might buy or sell a security or other financial instrument on the basis of that information, whether or not you intend to or actually do realize a profit (or any other benefit) from such tipping. Additionally, you are prohibited from recommending to any person that such person engage in or refrain from engaging in any transaction involving the Company’s securities, or otherwise give trading advice concerning the Company’s securities, if you are in possession of material nonpublic information about the Company.

### **Duration of Trading Prohibitions**

These trading prohibitions continue whenever and for as long as you know or are in possession of material nonpublic information. Remember, anyone scrutinizing your transactions will be doing so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction, you should carefully consider even the appearance of improper insider trading and how enforcement authorities and others might view the transaction in hindsight.

This Insider Trading Policy applies to you and your Affiliated Persons so long as you are associated with the Company. If you leave the Company for any reason, this Insider Trading Policy, including, if applicable, the Trading Procedures described in Part III, will continue to apply to you and your Affiliated Persons until the later of: (1) the first trading day following the public release of earnings for the fiscal quarter in which you leave the Company or (2) the first trading day after any material nonpublic information known to you has become public or is no longer material.

### **C. What is Material Nonpublic Information?**

This Insider Trading Policy prohibits you from trading in a company’s securities if you are in possession of information about the company that is both “*material*” and “*nonpublic*.” If you have a question whether certain information you are aware of is material or has been made public, you should consult with the Insider Trading Compliance Officer.

#### **“Material” Information**

Information about our Company or any other company is “material” if it could reasonably be expected to affect the investment decisions of a stockholder or potential investor or if disclosure of the information could reasonably be expected to significantly alter the total mix of information in the marketplace about us or any other company. We speak mostly in this Insider Trading Policy about determining whether information about us is material and nonpublic, but the same analysis applies to information about other companies that would preclude you from trading in their securities.

In simple terms, material information is any type of information that could reasonably be expected to affect the market price of our securities. Both positive and negative information may be material. While it is not possible to identify all information that would be deemed “material,” the following items are examples of the types of information that could be material:

- projections of future earnings or losses, or other earnings guidance;
- earnings or revenue that are inconsistent with the consensus expectations of the investment community
- quarterly financial results that are known but have not been publicly disclosed;
- potential restatements of the Company's financial statements, changes in auditors or auditor notification that the Company may no longer rely on an auditor's audit report;
- pending or proposed corporate mergers, acquisitions, tender offers, joint ventures or dispositions of significant assets;
- changes in senior management or member of our Board of Directors;
- significant actual or threatened litigation or governmental investigations or major developments in such matters;
- cybersecurity risks and incidents, including the discovery of significant vulnerabilities or breaches;
- developments regarding customers (e.g., the acquisition, loss or performance of a loan);
- changes in auditors or auditor notification that the Company may no longer rely on an auditor's audit report;
- changes in dividend policy, declarations of stock splits, or proposed securities offerings or other financings;
- potential defaults under our credit agreements or indentures or potential material liquidity issues; and
- bankruptcies or receiverships.

The above items will not always be material. For example, some new products or contracts may clearly be material while others may not be. No "bright-line" standard or list of items can adequately address the range of situations that may arise; information and events should be carefully considered in terms of their materiality to the Company.

#### **"Nonpublic" Information**

Material information is "nonpublic" if it has not been disseminated in a manner making it available to investors generally.

To demonstrate that information is public, one must be able to point to some fact that establishes that the information has become publicly available, such as the filing of a report with the SEC, the distribution of a press release, publishing the information on our website or posting on social media if those are regular ways we communicate with investors, or by other means that are reasonably designed to provide broad public access. Before a person with material nonpublic information can trade, the market must have adequate time to absorb the information that has been disclosed. For the purposes of



this Insider Trading Policy, information will be considered public after the completion of two full business days of trading following our public release of the information. For that purpose, a full day of trading means a session of regular trading hours on the New York Stock Exchange ("NYSE") or the Nasdaq Stock Market ("Nasdaq") between 9:30 a.m. and 4:00 p.m. Eastern Time (or such earlier closing time as has been set by exchange rules) has occurred.

For example, if the Company publicly discloses material nonpublic information of which you are aware before trading begins on a Tuesday, the first time you can buy or sell Company securities is the opening of the market on Thursday. However, if the Company publicly discloses material information after trading begins on a Tuesday, the first time that you can buy or sell Company securities is the opening of the market on Friday.

***D. What are the Penalties for Insider Trading and Noncompliance with this Insider Trading Policy?***

Both the U.S. Securities and Exchange Commission (the "SEC") and the national securities exchanges, through the Financial Industry Regulatory Authority ("FINRA"), investigate and are very effective at detecting insider trading. The U.S. government pursues insider trading violations vigorously, successfully prosecuting, for example, trading by employees in foreign accounts, trading by family members and friends of insiders, and trading involving only a small number of shares.

The penalties for violating rules against insider trading can be severe and include:

- forfeiting any profit gained or loss avoided by the trading;
- payment of the loss suffered by the persons who, contemporaneously with the purchase or sale of securities that are subject of a violation, have purchased or sold securities of the same class;
- payment of criminal penalties of up to \$5,000,000;
- payment of civil penalties of up to three times the profit made or loss avoided; and
- imprisonment for up to 20 years.

The Company and/or the supervisors of the person engaged in insider trading may also be required to pay civil penalties or fines of \$2 million or more, up to three times the profit made or loss avoided, as well as criminal penalties of up to \$25,000,000, and could under some circumstances be subject to private lawsuits.

Violation of this Insider Trading Policy or any federal or state insider trading laws may subject you to disciplinary action by the Company, including termination of your employment or other relationship with the Company. The Company reserves the right to determine, in its own discretion and on the basis of the information available to it, whether this Insider Trading Policy has been violated. The Company may determine that specific conduct violates this Insider Trading Policy whether or not it also violates the law. It is not necessary for the Company to await the filing or conclusion of a civil or criminal action against an alleged violator before taking disciplinary action.

***E. How Do You Report a Violation of this Insider Trading Policy?***

If you have a question about this Insider Trading Policy, including whether certain information you are aware of is material or has been made public, you should consult with the Insider Trading Compliance

Officer. In addition, if you violate this Insider Trading Policy or any federal or state laws governing insider trading or know of any such violation by any director or employee of the Company, you should report the violation immediately to the Insider Trading Compliance Officer.

## **PART II. TRADING PROCEDURES**

### ***A. Special Trading Restrictions Applicable to Insiders***

In addition to needing to comply with the restrictions on trading in our securities set forth above, Insiders and their Affiliated Persons are subject to the following special trading restrictions:

#### **1. No Trading Except During Trading Windows.**

The announcement of the Company's quarterly financial results almost always has the potential to have a material effect on the market for the Company's securities. Although an Insider may not know the financial results prior to public announcement, if an Insider engages in a trade before the financial results are disclosed to the public, such trades may give an appearance of impropriety that could subject the Insider and the Company to a charge of insider trading. Therefore, subject to limited exceptions described herein, Insiders may trade in Company securities only during four quarterly trading windows and then only after obtaining pre-clearance from the Insider Trading Compliance Officer in accordance with the procedures set forth below. Unless otherwise advised, the four trading windows consist of the periods that begin after market close on the second full trading day following the Company's issuance of a press release (or other method of broad public dissemination) announcing its quarterly or annual earnings and end at the close of business on the 15<sup>th</sup> day before the end of the then-current quarter. For the purposes of the foregoing, a full trading day means an entire calendar day in which a session of regular trading hours on the NYSE or Nasdaq between 9:30 a.m. and 4:00 p.m. Eastern Time (or such earlier close time as has been set by exchange rules) has occurred. Insiders may be allowed to trade outside of a trading window only (a) pursuant to a pre-approved Rule 10b5-1 Plan as described below or (b) if granted a waiver in accordance with the procedure for granting waivers as described below.

For example, if we release earnings results after the market closes on a Wednesday, the first time an Insider can buy or sell Company securities is after the market opens on the following Monday.

Of course, if an Insider has material nonpublic information about the Company during one of these trading windows, the Insider may not trade in the Company's securities.

#### **2. Special Closed Trading Periods**

The Insider Trading Compliance Officer may designate, from time to time, a "Special Closed Window" during what would be a permitted trading window. During a Special Closed Window, designated Insiders (which could be all Insiders or a subset of them) may not trade in the Company's securities. The Insider Trading Compliance Officer may also impose a Special Closed Window on Insiders or a subset of them to prohibit trading in the securities of other companies, including specified peers or competitors of the Company. The imposition of a Special Closed Window will not be announced to the Company generally, should not be communicated to any other person, and may itself be considered under this Insider Trading Policy to be material nonpublic information about the Company.

### 3. Prohibited Transactions

- **No Short Sales.** You may not at any time sell any securities of the Company that are not owned by you at the time of the sale (a “short sale”).
- **No Purchases or Sales of Derivative Securities or Hedging Transactions.** You may not buy or sell puts, calls, other derivative securities of the Company or any derivative securities that provide the economic equivalent of ownership of any of the Company’s securities or an opportunity, direct or indirect, to profit from any change in the value of our securities or engage in any other hedging transaction with respect to our securities.
- **No Company Securities Subject to Margin Calls.** You may not use the Company’s securities as collateral in a margin account.
- **No Pledges.** You may not pledge Company securities as collateral for a loan (or modify an existing pledge).

### 4. Gifts and Other Distributions in Kind.

No Insider may donate or make any other transfer of Company securities without consideration when the Insider is not permitted to trade unless the donee agrees not to sell the shares until the Insider is permitted to sell. In addition to charitable donations or gifts to family members, friends, trusts or others, this prohibition applies to distributions to limited partners by limited partnerships that are subject to this Insider Trading Policy.

### 5. No Trading During Retirement Plan Blackout Periods.

If we adopt a policy to allow ownership of Company stock in our 401(k) or other retirement plan, then during a retirement plan “blackout period,” no Insider may trade in any Company securities that were acquired in connection with the Insider’s service or employment with the Company except as specifically permitted below. A blackout period includes any period of more than three (3) consecutive business days during which at least fifty percent (50%) of all participants and beneficiaries under all of the individual account plans maintained by the Company and members of the Company’s controlled group are prohibited from trading in Company securities through their plan accounts. Insiders will receive advance notice of any such blackout period from the Insider Trading Compliance Officer.

#### B. Pre-Clearance Procedures

No Insider may trade in our securities, even during an open trading window, unless the trade has been approved by the Insider Trading Compliance Officer in accordance with the procedures described below. Gifts of Company securities are considered a trade in securities for purposes of this Part II.B. In reviewing trading requests, the Insider Trading Compliance Officer may consult with our other officers and/or outside legal counsel and will seek approval of their own trades from the Chief Human Resources Officer.

#### 1. Procedures. No Insider may trade in our securities unless:

- The Insider has notified the Insider Trading Compliance Officer of the amount and nature of the proposed trade(s) using the Stock Transaction Request form attached

to this Insider Trading Policy. To provide adequate time for the preparation of any required reports under Section 16 of the Exchange Act, a Stock Transaction Request form should, if practicable, be received by the Insider Trading Compliance Officer at least two (2) business days before the intended trade date;

- The Insider has certified to the Insider Trading Compliance Officer in writing before the proposed trade(s) that the Insider does not possess material nonpublic information concerning the Company;
- If the Insider is an executive officer or director, the Insider has informed the Insider Trading Compliance Officer, using the Stock Transaction Request form, whether, to the Insider's best knowledge, (a) the Insider has (or is deemed to have) engaged in any opposite way transactions within the previous six months that were not exempt from Section 16(b) of the Exchange Act and (b) if the transaction involves a sale by an "affiliate" of the Company or of "restricted securities" (as such terms are defined under Rule 144 under the Securities Act of 1933, as amended ("Rule 144")), whether the transaction meets all of the applicable conditions of Rule 144; and
- The Insider Trading Compliance Officer has approved the trade(s) and has certified their approval in writing (which may be by email).

The Insider Trading Compliance Officer does not assume responsibility for, and approval by the Insider Trading Compliance Officer does not protect the Insider from, the consequences of prohibited insider trading.

## **2. Additional Information.**

Insiders shall provide to the Insider Trading Compliance Officer any documentation the Insider Trading Compliance Officer reasonably requires in furtherance of the foregoing procedures. Any failure to provide such information will be grounds for the Insider Trading Compliance Officer to deny approval of the trade request.

## **3. Notification of Brokers of Insider Status**

Insiders who are required to file reports under Section 16 of the Exchange Act shall inform their broker-dealers that (a) the Insider is subject to Section 16; (b) the broker shall confirm that any trade by the Insider or any of their affiliates has been precleared by the Company; and (c) the broker is to provide transaction information to the Insider and/or Insider Trading Compliance Officer on the day of a trade.

## **4. No Obligation to Approve Trades.**

The foregoing approval procedures do not in any way obligate the Insider Trading Compliance Officer to approve any trade. The Insider Trading Compliance Officer has sole discretion to reject any trading request.

From time to time, an event may occur that is material to the Company and is known by only by a limited number of directors and employees. The Insider Trading Compliance Officer may decline an Insider's request to preclear a proposed trade based on the existence of a material nonpublic

development – even if the Insider is not aware of that material nonpublic development. If any Insider engages in a trade before a material nonpublic development is disclosed to the public or resolved, the Insider and the Company might be exposed to a charge of insider trading that could be costly and difficult to refute even if the Insider was unaware of the development. So long as the event remains material and nonpublic, the Insider Trading Compliance Officer may decide not to approve any transactions in the Company’s securities. The Insider Trading Compliance Officer will subsequently notify the Insider once the material nonpublic development is disclosed to the public or resolved. If an Insider requests preclearance of a trade during the pendency of such an event, the Insider Trading Compliance Officer may reject the trading request without disclosing the reason.

#### **5. Completion of Trades.**

After receiving written clearance to engage in a trade signed by the Insider Trading Compliance Officer, an Insider must complete the proposed trade within five (5) business days or make a new trading request. Even if an Insider has received clearance, the Insider may not engage in a trade if (i) such clearance has been rescinded by the Insider Trading Compliance Officer, (ii) the Insider has otherwise received notice that the trading window has closed or (iii) the Insider has or acquires material nonpublic information.

#### **6. Post-Trade Reporting.**

The details of any transactions in our securities (including transactions effected pursuant to a Rule 10b5-1 Plan) by an Insider (or an Affiliated Person) who is required to file reports under Section 16 of the Exchange Act must be reported to the Insider Trading Compliance Officer by the Insider or their brokerage firm on the same day on which a trade order is placed or such a transaction otherwise is entered into. The report shall include the date of the transaction, quantity of shares, the price and the name of the broker-dealer that effected the transaction. This reporting requirement may be satisfied by providing (or having the Insider’s broker provide) a trade order confirmation to the Insider Trading Compliance Officer if the Insider Trading Compliance Officer receives such information by the required date. Compliance by directors and executive officers with this provision is imperative given the requirement of Section 16 of the Exchange Act that these persons generally report changes in ownership of Company securities within two (2) business days. The sanctions for noncompliance with this reporting deadline include mandatory disclosure in the Company’s proxy statement for the next annual meeting of stockholders, as well as possible civil or criminal sanctions for chronic or egregious violators.

### **C. Exemptions**

#### **1. Pre-Approved Rule 10b5-1 Plan.**

Transactions made pursuant to an approved Rule 10b5-1 Plan (as defined below) will not be subject to our trading windows, retirement plan blackout periods (if applicable), or pre-clearance procedures, and Insiders are not required to complete a Stock Transaction Request form for such transactions. Rule 10b5-1 of the Exchange Act provides an affirmative defense from insider trading liability under the federal securities laws for trading plans, arrangements or instructions that meet specified requirements. A trading plan, arrangement or instruction that meets the requirements of the SEC’s Rule 10b5-1 (a

“Rule 10b5-1 Plan”) enables Insiders to trade in Company securities outside of our trading windows, even when in possession of material nonpublic information.

## **2. Employee Equity and Retirement Plans.**

**Exercise of Stock Options.** The trading prohibitions and restrictions set forth in the Trading Procedures do not apply to the exercise for cash of an option to purchase securities of the Company. However, the exercise is subject to the current reporting requirements of Section 16 of the Exchange Act and, therefore, Insiders must comply with the post-trade reporting requirement described in Section C above for any such transaction. In addition, the securities acquired upon the exercise of an option to purchase Company securities are subject to all of the requirements of this Insider Trading Policy, including the Trading Procedures. Moreover, the Trading Procedures apply to the use of outstanding Company securities to pay part or all of the exercise price of an option, any net option exercise, any exercise of a stock appreciation right, share withholding and any sale of stock as part of a broker-assisted cashless exercise of an option or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

**Tax Withholding on Restricted Stock/Units.** The trading prohibitions and restrictions set forth in the Trading Procedures do not apply to the withholding by the Company of shares of stock upon vesting of restricted stock or upon settlement of restricted stock units to satisfy tax withholding requirements if (a) withholding is required by the applicable plan or award agreement or (b) the election to exercise the tax withholding right was made by the Insider in compliance with the Trading Procedures.

**Dividend Reinvestment Plan.** The trading prohibitions and restrictions set forth in the Trading Procedures do not apply to purchases of Company securities under the Company’s Dividend Reinvestment and Stock Purchase Plan (“DRSPP”) resulting from the reinvestment by Insiders of dividends paid on Company securities. Such prohibitions and restrictions do apply, however, to voluntary purchases of Company securities resulting from additional contributions by Insiders to the DRSPP (i.e., direct stock purchases) and to elections by Insiders to participate in the plan or change the level of such participation. The Trading Procedures also apply to sales by Insiders of Company securities purchased pursuant to the plan.

### **D. Waivers**

A waiver of any provision of this Insider Trading Policy or the Trading Procedures may be authorized in writing by the Insider Trading Compliance Officer or his or her designee. All waivers shall be reported to the Board of Directors.

## **PART III. ACKNOWLEDGEMENT**

We will deliver a copy of this Insider Trading Policy to all current employees and directors and to future employees and directors at the start of their employment or relationship with the Company. Each of these individuals must acknowledge that they have received a copy and agree to comply with the terms of this Insider Trading Policy, and, if applicable, the Trading Procedures contained herein. The attached acknowledgment must be completed and submitted to the Company within ten days of receipt.

At our request, directors and employees will be required to re-acknowledge and agree to comply with the Insider Trading Policy (including any amendments or modifications). For that purpose, an individual will be deemed to have acknowledged and agreed to comply with the Insider Trading Policy, as amended

from time to time, when copies of those items have been delivered by regular or electronic mail (or other delivery option used by the Company) to the Insider Trading Compliance Officer.

\* \* \*

Questions regarding this Insider Trading Policy are encouraged and may be directed to the Insider Trading Compliance Officer.

ADOPTED: January 29, 2025

EFFECTIVE: January 29, 2025

**EXHIBIT A**

**STOCK TRANSACTION REQUEST**

Pursuant to Brookline Bancorp Inc.'s Insider Trading Policy, I hereby notify Brookline Bancorp, Inc. (the "Company") of my intent to trade the securities of the Company as indicated below:

**REQUESTER INFORMATION**

Insider's Name: \_\_\_\_\_

**INTENT TO PURCHASE**

Number of shares: \_\_\_\_\_

Intended trade date: \_\_\_\_\_

Means of acquiring shares:                      Acquisition through employee benefit plan (please specify):  
\_\_\_\_\_  
Purchase through a broker on the open market  
Other (please specify): \_\_\_\_\_

**INTENT TO SELL**

Number of shares: \_\_\_\_\_

Intended trade date: \_\_\_\_\_

Means of selling shares:                      Sale through employee benefit plan (please specify):  
\_\_\_\_\_  
Sale through a broker on the open market  
Other (please specify): \_\_\_\_\_

**SECTION 16**

**RULE 144 (Not applicable if transaction requested involves a purchase)**

I am not subject to Section 16.

To the best of my knowledge, I have not (and am not deemed to have) engaged in an opposite way transaction within the previous 6 months that was not exempt from Section 16(b) of the Exchange Act.

None of the above.

I am not an "affiliate" of the Company and the transaction requested above does not involve the sale of "restricted securities" (as those terms are defined in Rule 144 under the Securities Act of 1933, as amended).

To the best of my knowledge, the transaction requested above will meet all of the applicable conditions of Rule 144.

The transaction requested will be made pursuant to an effective registration statement covering such transaction.

None of the above.



**CERTIFICATION**

I hereby certify that I am not (1) in possession of any material nonpublic information concerning the Company, as defined in the Company's Insider Trading Policy and (2) purchasing any securities of the Company on margin in contravention of the Company's Trading Procedures. I understand that, if I trade while possessing such information or in violation of such trading restrictions, I may be subject to severe civil and/or criminal penalties and may be subject to discipline by the Company including termination of my employment.

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Insider's Signature

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Date**APPROVAL**

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Signature of Compliance Officer (or designee)

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Date

*\*NOTE: Multiple lots must be listed on separate forms or broken out.*

**EXHIBIT B**

**ACKNOWLEDGEMENT**

I hereby acknowledge that I have read, that I understand, and that I agree to comply with the Insider Trading Policy of Brookline Bancorp, Inc. (the “Company”). I further acknowledge and agree that I am responsible for ensuring compliance with the Insider Trading Policy and the Trading Procedures by all of my “Affiliated Persons.” I also understand and agree that I will be subject to sanctions, including termination of employment, that may be imposed by the Company, in its sole discretion, for violation of the Insider Trading Policy, and that the Company may give stop-transfer and other instructions to the Company’s transfer agent or any brokerage firm managing the Company’s equity incentive plan(s) against the transfer of any Company securities that the Company considers to be in contravention of the Insider Trading Policy.

This acknowledgement constitutes consent for the Company to impose sanctions for violation of the Insider Trading Policy, including the Trading Procedures, and to issue any stop-transfer orders to the Company’s transfer agent that the Company, in its sole discretion, deems appropriate to ensure compliance.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statement (No. 333-273248) on Form S-3 and registration statements (Nos. 333-197317 and 333-256081) on Form S-8 of our reports dated March 3, 2025, with respect to the consolidated financial statements of Brookline Bancorp, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Boston, Massachusetts  
March 3, 2025

## Certification of Chief Executive Officer

## PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

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

1. I have reviewed this Annual Report on Form 10-K of Brookline Bancorp, Inc. (the "Registrant");
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 15(d)-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 fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of 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: March 3, 2025

/s/ PAUL A. PERRAULT

Paul A. Perrault

*Chairman and Chief Executive Officer*

*(Principal Executive Officer)*

## Certification of Chief Financial Officer

## PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Carl M. Carlson, Co-President, Chief Financial and Strategy Officer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Brookline Bancorp, Inc. (the "Registrant");
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 15(d)-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 fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of 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: March 3, 2025

/s/ CARL M. CARLSON

Carl M. Carlson

*Co-President, Chief Financial and Strategy Officer*  
*(Principal Financial Officer)*

**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 Chairman and 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 Annual Report on Form 10-K for the year ended December 31, 2024 (the "Report").

By execution of this statement, I certify that:

- A) 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
- B) 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: March 3, 2025

/s/ PAUL A. PERRAULT

Paul A. Perrault

*Chairman and Chief Executive Officer*

*(Principal Executive Officer)*

**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 Co-President, Chief Financial and Strategy Officer of Brookline Bancorp, Inc. (the "Company").

This statement is being furnished in connection with the filing by the Company of the Company's Annual Report on Form 10-K for the year ended December 31, 2024 (the "Report").

By execution of this statement, I certify that:

- A) 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
- B) 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: March 3, 2025

/s/ CARL M. CARLSON

Carl M. Carlson

*Co-President, Chief Financial and Strategy Officer  
(Principal Financial Officer)*