

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
DEPARTMENT OF BUSINESS REGULATION  
DIVISION OF BANKING  
1511 PONTIAC AVENUE  
CRANSTON, RI 02920**

**DECISION AND ORDER**

**IN RE:**

**APPLICATION BY BROOKLINE BANCORP, INC. TO MERGE WITH BANCORP  
RHODE ISLAND, INC. AND THEREBY SEEK APPROVAL FOR DEPOSITORY  
CHANGE OF CONTROL AND ACQUISITION OF OWNERSHIP AND CONTROL OF  
BANK RHODE ISLAND PURSUANT TO R.I. GEN. LAWS §§ 19-1-1 *ET SEQ.*, 19-7-1 *ET  
SEQ.*, AND 19-8-1 *ET SEQ.*  
DBR No. 2011-A-0038**

Brookline Bancorp, Inc.  
160 Washington Street  
Brookline, MA 02447

Bancorp Rhode Island, Inc./Bank Rhode Island  
One Turks Head Place  
Providence, RI 02903

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## **I. INTRODUCTION**

### **A. Jurisdictional Statement**

This matter came before the Department of Business Regulation (“Department”), Division of Banking (“Division”) pursuant to R.I. Gen. Laws §§ 19-7-1 *et seq.* and 19-8-1 *et seq.* upon the August 3, 2011 application (“Application”) of Brookline Bancorp, Inc. (“Brookline”), a Delaware corporation and a publicly traded bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the “BHC Act”), seeking to merge with Bancorp Rhode Island, Inc. (“BancorpRI”), a Rhode Island corporation and a publicly traded bank holding company within the meaning of the BHC Act, and thereby acquire ownership and control of Bank Rhode Island (“BankRI”), a commercial bank chartered as a financial institution pursuant to applicable chapters and sections of Title 19 of the Rhode Island General Laws.

### **B. Travel of the Matter**

Brookline entered into an Agreement and Plan of Merger dated as of April 19, 2011 (“Merger Agreement”) with BancorpRI. Pursuant to the Merger Agreement, BancorpRI will merge with and into Brookline (the “Merger” or the “Proposed Transaction”), with Brookline being the surviving corporation. BancorpRI shareholders will receive, in the aggregate, a combination of cash and shares of Brookline’s common stock, par value \$0.01 per share (“Brookline Common Stock”). As a result of the Proposed Transaction, Brookline will acquire ownership and control of 100% of the issued and outstanding voting securities of BancorpRI’s wholly-owned subsidiary, BankRI. Following the Proposed Transaction, Brookline will hold and operate BankRI as a separate bank subsidiary chartered as a Rhode Island Financial Institution. After the consummation of the Proposed Transaction, Brookline will be the direct parent of three (3) insured depository institutions: Brookline Bank, a federal savings bank; The

First National Bank of Ipswich, a national banking association (“FNBI”); and, BankRI, a Rhode Island-chartered Financial Institution. Brookline indirectly acquired FNBI, with the written approval of the Massachusetts Board of Bank Incorporation, (“MA BBI”) and the Board of Governors of the Federal Reserve System (the “Board”) on February 28, 2011.

Pursuant to R.I. Gen. Laws § 19-1-3, notice of the Application was published for three (3) consecutive weeks, August 21, 28, and September 4, 2011, in the *Providence Journal*, which notice provided a process for all persons wishing to review the Application and/or comment on the application by September 12, 2011. No requests to view the Application or comments regarding the Application were received by the Department.

On September 9, 2011, Counsel for Brookline provided BankRI’s Secretary’s Certificate which stated that the Shareholders of BancorpRI voted at a special meeting held on September 8, 2011 to approve the Merger Agreement. The vote was in compliance with R.I. Gen. Laws § 19-7-3.

### **C. Related Regulatory Applications**

Brookline and BancorpRI are both registered as bank holding companies under the BHC Act and subject to regulation by the Federal Reserve. Brookline filed an application with the Board under Sections 3(a)(3) and 3(a)(5) of the BHC Act seeking approval to consummate the Merger and indirectly acquire BankRI. On December 8, 2011 the Board approved Brookline’s application. (See Board Decision attached hereto as Exhibit 1).

On September 7, 2011, the Office of the Comptroller of Currency, Administrator of National Banks, approved subject to certain standard conditions Brookline Bank’s Capital Distribution Application to pay Brookline a dividend in the amount of \$125 million.

Brookline also petitioned the MA BBI pursuant to Massachusetts General Laws chapter 167A, Sections 2 and 4 for approval to acquire ownership and control of BancorpRI and its subsidiary bank, BankRI. After notice of the application and opportunity for interested parties' comments and hearing on September 13, 2011, the MA BBI approved the petition based on its findings that the applicable statutory and administrative criteria had been met. See MA BBI September 30, 2011 Decision attached hereto as Exhibit 2.

## **II. DISCUSSION**

### **A. Transaction Details**

As referenced above, BancorpRI will merge with and into Brookline pursuant to the Merger Agreement, with Brookline being the surviving entity. As of July 31, 2011, BancorpRI had 4,684,705 shares of common stock, par value \$0.01 per share ("BancorpRI Common Stock"), outstanding. At the effective time of the Merger, each share of BankRI Common Stock outstanding immediately prior to the effective time will by virtue of the Merger and without any action on the part of the shareholder, be converted into the right to receive, at the election of the holder (and subject to election, allocation and proration procedures set forth in the Merger Agreement), either \$48.25 in cash, without interest, ("cash consideration"), or 4.686 shares of Brookline Common Stock ("stock consideration"), plus cash in lieu of any fractional share. The allocation and proration procedures are designed to ensure that 2,347,000 shares of BancorpRI Common Stock, or approximately 50% of the total number of shares of BancorpRI Common Stock outstanding immediately prior to the effective time of the Merger, will be converted into the right to receive stock consideration and remaining shares of BancorpRI Common Stock will be converted into the right to receive the cash consideration.

The Proposed Transaction will occur in a three-step process (within a moment in time, in an integrated process including (i) merger; (ii) conversion of stock; and (iii) resulting surviving entity Brookline holding directly and operating three separate wholly-owned depository institution subsidiaries: Brookline Bank, FNBI, and BankRI). The Proposed Transaction will result in Brookline holding all of the issued and outstanding capital stock of BankRI, BancorpRI's sole bank subsidiary. Brookline intends to hold and operate BankRI as a stand-alone banking subsidiary. In connection with the Merger, Brookline will expand the size of its board of directors by two seats and will designate Merrill W. Sherman, the current President and Chief Executive Officer of BancorpRI and BankRI, and one other director of BancorpRI as mutually agreed by Brookline and BancorpRI to serve on the board of directors of Brookline. Following the consummation of the Proposed Transaction, the principal officers of Brookline will remain unchanged except the Chief Financial Officer of Brookline will be replaced in order to allow for an orderly transition prior to the current CFO's retirement in early 2012. Ms. Sherman will resign as President and Chief Executive Officer of BankRI and Mr. Mark J. Meiklejohn, the current Executive Vice President and Chief Lending Officer of BankRI, will become the President and Chief Executive Officer of BankRI. In addition, as of the effective time of the Merger, Ms. Sherman will resign from the BankRI board of directors and Mr. Paul A. Perrault, President and Chief Executive Officer of Brookline, will join the BankRI Board of Directors.

## **B. Entity Details**

### **1. Brookline**

Brookline, a Delaware corporation, is a bank holding company under the Bank Holding Company Act of 1956, as amended, and is subject to regulation by the Board and formerly subject to the Office of Thrift Supervision (“OTS”). As of June 30, 2011, Brookline had total consolidated assets of approximately \$3 billion.

Currently, Brookline’s principal assets are 100% ownership of Brookline Bank, a federally chartered savings bank formerly subject to regulation by the OTS, and FNBI, a national banking association, subject to regulation by the Office of the Comptroller of the Currency (“OCC”). The petition by Brookline for ownership and control of First Ipswich Bancorp, Massachusetts and its subsidiary bank, FNBI, was approved by the MA BBI on January 18, 2011.

#### **a. Brookline Bank**

Brookline Bank was originally chartered in 1871 as Brookline Savings Bank. On July 16, 2001, the OTS approved the conversion of Brookline Savings Bank from a Massachusetts stock savings bank into a federal savings association. In 2003, Brookline Savings Bank changed its name to “Brookline Bank.” Brookline Bank has 20 full-service banking offices in the communities of Middlesex, Norfolk and Suffolk Counties in Massachusetts: Arlington, Bedford, Brookline (4), Burlington (2), Chestnut Hill, Lexington, Malden, Medford (3), Needham Heights, Newton Center, Newton Highlands, Newtonville, Wellesley Hills and West Roxbury. The deposits of Brookline Bank are insured by the Deposit Insurance Fund of the FDIC to the maximum extent permitted by law. Brookline Bank offers investment and insurance products

and services to its customers through Brookline Investment Services, which is a division of Brookline Bank.

As of March 31, 2011, Brookline Bank had consolidated assets of approximately \$2.7 billion. As of the same date, its Tier 1 risk-based capital ratio was 16.71%, total risk-based capital ratio was 17.96%, and Tier 1 leverage capital ratio was 14.34%, each determined under guidelines established by the OTS. Accordingly, Brookline Bank is a “well-capitalized” institution pursuant to applicable law.

Brookline Bank accepts deposits and provides a broad range of retail and commercial banking services to its customers. Brookline Bank participates in the SUM network, an alliance of local banks and credit unions that provides surcharge-free use of more than 3,400 automated teller machines by customers of participating institutions. Brookline Bank’s deposits are gathered from the general public primarily in the communities in which its banking offices are located. Brookline Bank’s lending activities are concentrated primarily in the greater Boston metropolitan area and eastern Massachusetts. Multi-family and commercial real estate mortgage lending and the origination of one to four family residential mortgage loans comprise a significant portion of Brookline Bank’s lending activities.

**b. First National Bank of Ipswich**

FNBI is a national banking association subject to regulation by the OCC. FNBI was originally chartered in 1892. FNBI has six full-service banking offices in the following communities of Essex and Suffolk Counties in Massachusetts: Boston, Essex, Gloucester, Ipswich, Newburyport and Rowley. The deposits of FNBI are insured by the Deposit Insurance Fund of the FDIC to the maximum extent permitted by law.



As of March 31, 2011, FNBI had consolidated assets of approximately \$271.7 million. As of the same date, its Tier 1 risk-based capital ratio was 12.37%, total risk-based capital ratio was 12.42% and Tier 1 leverage capital ratio was 9.27% each determined under guidelines established by the OCC. The OCC has deemed FNBI an “adequately capitalized” institution pursuant to applicable law.

FNBI accepts deposits and provides a broad range of retail and commercial banking services to its customers. FNBI offers investment and retirement products and services to its customers through FNBI Investment Services, which is a division of FNBI.

## **2. BancorpRI**

BancorpRI is a Rhode Island corporation that is a bank holding company under the BHC Act, and subject to regulation by the Board. As of March 31, 2011, BancorpRI had consolidated assets of approximately \$1.6 billion. BancorpRI’s main office is located in Providence, Rhode Island.

BancorpRI, through its subsidiary, BankRI, offers a full range of financial products for consumers, businesses, investors, government agencies and non-profit organizations. BancorpRI offers no financial products or services directly and has no non-bank subsidiary that offers financial services to the public.

### **a. BankRI**

BankRI, BancorpRI’s sole banking subsidiary, is subject to regulation by the Rhode Island Department of Business Regulation, Division of Banking (the “RI Division”) and the FDIC. The deposits of BankRI are insured by the Deposit Insurance Fund of the FDIC to the maximum extent permitted by law. BankRI accepts deposits and provides a broad range of retail

and commercial banking services to its customers. BankRI is headquartered in Providence, Rhode Island and was organized in 1996 in connection with the purchase and assumption of certain assets and liabilities divested as a condition to receipt of regulatory approval of the merger of Fleet Financial Group, Inc. and Shawmut National Corporation.

BankRI has 17 full-service branches. All of BankRI's branches are located in Rhode Island with 13 in Providence County, three in Kent County and one in Washington County.

As of March 31, 2011, BankRI had consolidated assets of approximately \$1.6 billion. As of the same date, its Tier 1 risk-based capital ratio was 11.30%, total risk-based capital ratio was 12.56% and Tier 1 leverage capital ratio was 8.03%, each determined under guidelines established by the FDIC. BankRI is a "well capitalized" institution pursuant to applicable law.

BankRI has five (5) wholly-owned direct subsidiaries, four of which are active. The active subsidiaries of BankRI consist of: Acorn Insurance Agency, Inc. (a licensed insurance company); BRI Realty Corp. (a Rhode Island real estate holding company); BRI Investment Corp. (a Rhode Island Passive investment company); and, Macrolease Corporation (an equipment leasing company). The fifth subsidiary, BRI Community Investment Corp., remains inactive.

### **III. APPLICABLE LAW**

#### **A. Merger and Acquisition Standard**

Brookline seeks approval of the Merger and the resulting ownership and depository change in control of Rhode Island chartered BankRI. The Proposed Transaction is subject to compliance with R.I. Gen. Laws § 19-7-1 *et seq.* and the resulting depository change of control is subject to R.I. Gen. Laws § 19-8-1 *et seq.*

## **1. Analysis of Massachusetts Law**

The Department is required under R.I. Gen. Laws § 19-7-2 to review the laws of the state of Massachusetts to determine whether Massachusetts laws expressly authorize under conditions no more restrictive than those imposed by the laws of Rhode Island the acquisition by a Rhode Island bank holding company or a financial institution of direct or indirect ownership or control of more than five percent (5%) of the voting stock of banks located in Massachusetts or bank holding companies, the operations of the bank subsidiaries of which are principally conducted in Massachusetts.

Based on a review of Massachusetts General Laws Chapter 167A, Section 2, the Department has determined that the Massachusetts laws are substantively no more restrictive than Rhode Island law with respect to this Proposed Transaction.

## **2. Public Interest**

Once the reciprocity of interstate laws has been reviewed and approved, then second tier review is focused on the criteria in R.I. Gen. Laws § 19-7-2(a)(2) which requires the Department to determine whether the acquisition is in the public interest. As stated in this section:

In determining whether the approval of a proposed acquisition by an out-of-state bank or bank holding company is in the public interest, the director or the director's designee shall consider, in addition to any other factors he or she may in his or her discretion determine, whether the acquisition shall promote the safety and soundness of the financial institution whose voting stock is to be acquired and the convenience and advantage of communities served by that financial institution, and whether the acquisition is likely to have a significant impact upon the state's economy, employment levels, and tax base.

**a. Safety and Soundness**

Based on a review of the details of the Proposed Transaction as detailed in the Application, the Proposed Transaction will increase BankRI's access to capital and management resources and augment BankRI's ability to meet the borrowing needs of its larger commercial banking clients. Additionally, BankRI will benefit from Brookline's skilled experienced management resources, its ready access to capital markets and the depth of the Brookline organization. For these reasons, the Department finds that the Proposed Transaction will promote the safety and soundness of BankRI.

**b. Public Convenience and Advantage Standard**

BankRI will remain a Rhode Island-chartered bank and will not be merged into another entity and Brookline has indicated that it is maintaining all current BankRI offices and branches; therefore, the public convenience will be preserved. Brookline has also indicated that it intends to invest additional funds in technology that will: i) result in improvements in the quality of consumer and commercial products and services of BankRI customers; ii) provide BankRI with access to a stronger capital base and, through loan participations with its sister banks, and; iii) allow BankRI to address the borrowing needs of its larger commercial banking customers. BankRI's increased access to capital, management resources, ready access to capital markets, and other benefits incorporated through the Proposed Transaction will also promote the public convenience and advantage of the communities served by BankRI.

**c. Impact upon State's Economy, Employment Levels, and Tax Base**

According to the Application submitted by Brookline, the Proposed Transaction will have no significant impact on Rhode Island's economy, employment levels, and tax base. Brookline

asserts that Brookline and BankRI do not share any markets or have any market overlap, and Brookline does not intend to close any of the BankRI's current offices. Additionally, Brookline has stated that it will keep BankRI as a stand-alone bank with a local President and a strong local identity. As stated by Paul Perrault, at the September 13, 2011 public hearing of the Massachusetts Board of Bank Incorporation concerning the Proposed Transaction, Brookline intends to retain as many current employees of BankRI as possible, including all of the customer-facing personnel at each of BankRI's banking offices. Mr. Perrault also indicated that Brookline expects that the consolidation and integration of various functional areas will result in a net decrease in current positions. Mr. Perrault further stated that the actual number of job losses in Rhode Island will be low and intentionally minimized because, to the extent possible, Brookline is managing the process through attrition, and Brookline expects that its growth in both Massachusetts and Rhode Island during the period ending December 31, 2012 is likely to result in the hiring of additional employees in Rhode Island. Further, as set forth by Brookline, the intended expansion of BankRI in Rhode Island will mitigate the effects of the initial job elimination (although it may still have a de minimis negative effect on Rhode Island's employment level) and will in the medium and long-term time frames have a positive effect on the Rhode Island economy, employment levels and tax base. (See also, MA BBI Decision, Exhibit 2, pages 6-7.)

The Department has evaluated the proposed post-merger reorganization of BankRI (including the substance/function of the proposed job eliminations). The information provided by Brookline underscores that there will be a net benefit to Rhode Island consumers through increased access to capital (therefore increased commercial lending which affects the Rhode Island economy and jobs), technological enhancements, and efficiencies in operation of BankRI.

Specifically, Brookline has made the decision to enhance its deposit operations center in Lincoln, Rhode Island and create at least five (5) new jobs by the end of 2012 and has indicated that more jobs may be added during the post-closing (of the Transaction) period. Additionally, the proposed job eliminations will be over a one year period of time with the goal of ensuring some of these eliminations through attrition and with the long term goal of adding jobs in Rhode Island. Brookline has indicated and presented a detailed analysis supporting its desire to expand its presence in Rhode Island with benefits to Rhode Island's economy, employment levels, and tax base.

The Department has determined that job elimination will result in no impact on the safety and soundness of BankRI and no impact on the convenience and advantage to any Rhode Island depositors or consumers. The impact of the modest proposed job elimination on the State of Rhode Island's economy, employment levels, and tax base is off-set by the expansion of access to capital and enhanced commercial lending opportunities for Rhode Island businesses and the potential for related job growth in the longer term. Additionally, given the totality of facts detailed above (including no opposition, objection or comment to the Application nor any request to review the Application) there does not exist sufficient basis upon which this application may be denied.

**B. Depository Change in Control Standard**

R.I. Gen. Laws § 19-8-5 states that the Department may disapprove any proposed acquisition if:

- (1) The proposed acquisition of control would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking;

(2) The effect of the proposed acquisition of control may be substantially to lessen competition or to tend to create a monopoly or would in any other manner be in restraint of trade, and the anticompetitive effects of the proposed acquisition of control are not outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served;

(3) The financial condition of any acquiring person might jeopardize the financial stability of the regulated institution or prejudice the interests of the depositors of the regulated institution;

(4) The competence, experience, or integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the regulated institution, or in the interest of the public to permit the person to control the regulated institution;

(5) Any acquiring person neglects, fails, or refuses to furnish the information required; or

(6) The acquisition would not promote the public convenience and advantage.

After a review of the Proposed Transaction as described in the Application, there is no basis upon which to disapprove the Proposed Transaction under the criteria set forth in R.I. Gen. Laws § 19-8-5. Brookline intends to operate Brookline Bank, FNBI, and BankRI as separate subsidiaries following the consummation of the Proposed Transaction. However, Brookline will control 100% of the voting securities of Brookline Bank, FNBI, and BankRI and will be able to influence the operations of the three institutions. The analysis presented by Brookline confirms that the Proposed Transaction would have no adverse impact on competition in any of the relevant markets, and may improve competition in some of the markets. Further, there were no issues presented with respect to financial condition of the acquiring entity, prejudice to depositors of BankRI (who voted to approve the transaction with a 99 percent majority) or any other issue under R.I. Gen. Laws § 19-8-5 that warrants disapproval of the Proposed Transaction.

### **C. Community Reinvestment Act Standard**

It has been the policy of the Department, in reviewing applications of regulated institutions, to determine whether an applicant will adhere to the federal and state Community Reinvestment Act (“CRA”) standards as codified in 12 U.S.C. § 2901 *et seq.* and R.I. Gen. Laws § 19-9-4, respectively. The principles inherent in CRA require institutions to address the credit needs of the communities they serve. It is the position of the Department that CRA factors are relevant and important in determining whether to approve an application. In its latest CRA Performance Evaluation dated November 3, 2008, Brookline Bank received a rating of Satisfactory. Bank RI received a rating of Satisfactory in its latest CRA Performance Evaluation dated June 25, 2010. And, in its latest CRA Performance Evaluation dated June 2, 2008 FNBI received a rating of Satisfactory.

### **D. Findings of Fact**

Evidence was submitted to the Division in support of the Application, which included various documents attached as exhibits to the Application. Specifically, the Merger Agreement, pertinent financial information, market analysis, and corporate filings were provided along with information on the background of Brookline, the benefits of the proposed transactions to the communities served by BankRI and Brookline, and evidence of the safety and soundness of Brookline and BankRI following the Proposed Transaction. Approval of the Application will not impact the convenience and advantage of the communities served by BankRI. Based upon the documentary evidence filed with the Division, the Director hereby makes the following additional findings of fact:



1. On August 3, 2011, the Division received the Application, in duplicate. Supplemental information was requested and received subsequent to the initial Application.
2. Notice of the Application was published in the Providence Journal on August 21, 28, and September 4, 2011.
3. The public inspection and comment period for the Application extended from August 21, 2011 through to and including September 12, 2011, during which time the Application was available for public inspection and comment in the office of the Division. No requests to view the Application or comments or letters of objection to the Application were received by the Department; therefore, no public hearing was held.
4. On September 7, 2011, the Office of the Comptroller of Currency, Administrator of National Banks, approved subject to certain standard conditions Brookline Bank's Capital Distribution Application to pay Brookline a dividend in the amount of \$125 million.
5. On September 8, 2011, the Shareholders of BancorpRI voted to approve the Merger Agreement pursuant to R.I. Gen. Laws § 19-7-3 with a 99% majority.
6. On September 9, 2011, Brookline provided the Department BankRI's Secretary Certificate confirming the BankRI Shareholder approval of the Merger Agreement.
7. On September 13, 2011, the MA BBI approved Brookline's petition for approval to acquire ownership and control of BancorpRI and its subsidiary bank, BankRI.

8. Brookline's application with the Board under Sections 3(a)(3) and 3(a)(5) of the BHC Act was approved on December 8, 2011.
9. The Proposed Transaction is in the public interest and will have no adverse impact on the safety and soundness of Brookline or BankRI and will promote the convenience and advantage of the community.
10. The Proposed Transaction will not result in a monopoly or be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking.
11. The effect of the Proposed Transaction will not substantially lessen competition or tend to create a monopoly or be in any other manner a restraint of trade.
12. The Proposed Transaction will not substantially affect the nature of the banking services available or the customers currently serviced and the Proposed Transaction is expected to have no significant adverse impact on the state's employment level, the state's economy or the state's tax base.
13. In each of their respective most recent CRA Performance Evaluations, Brookline Bank, FNBI, and BankRI each received a rating of Satisfactory.
14. The financial condition of Brookline does not jeopardize the financial stability of BankRI or prejudice the interests of the depositors of BankRI.
15. The competence, experience, integrity of Brookline and its proposed management personnel indicates that it would be in the interest of the depositors of BankRI, and in the best interests of the public to approve the Proposed Transaction.

16. Upon approval of the Application, Brookline will merge with BancorpRI, with Brookline being the surviving entity, and thereby acquire ownership and control of BankRI pursuant to the Merger Agreement.
17. As a result of the Proposed Transaction, Brookline will hold and directly operate three (3) separate and wholly-owned depository institution subsidiaries: Brookline Bank, FNBI, and BankRI.

**E. Conclusions of Law**

Based on the evidence presented, including documentary evidence filed with the Division, the Director makes the following conclusions of law:

1. R.I. Gen. Laws §§ 19-7-1 *et seq.* and 19-8-1 *et seq.* authorize the Department to consider, review and approve interstate bank holding company mergers and change of control of its regulated institutions.
2. The Director has jurisdiction over the Application in this matter pursuant to R.I. Gen. Laws §§ 19-7-1 *et seq.* and 19-8-1 *et seq.*
3. The Notice of Application published in the Providence Journal on August 21, 28, and September 4, 2011 satisfies the requirements of R.I. Gen. Laws § 19-1-3 with respect to publication of notice for the Proposed Transaction.
4. The laws of the State of Massachusetts with respect to the Proposed Transaction are no more restrictive than those imposed by the laws of Rhode Island .
5. The Proposed Transaction is in the public interest, will promote the safety and soundness of BankRI, will have no adverse impact on BankRI's ability to promote the convenience and advantage of the communities it serves and will not

have a significant impact on the state's economy, employment levels, and tax base consistent with the criteria set forth in R.I. Gen. Laws §19-7-2(a)(2).

6. Consistent with the requirements in R.I. Gen. Laws § 19-8-5, there is no evidence presented that the Proposed Transaction (i)will result in a monopoly or be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking; (ii)will substantially lessen competition or tend to create a monopoly or be in any other manner a restraint of trade; (iii)will jeopardize the financial stability of BankRI or prejudice the interests of the depositors of the regulated institution; (iv) is not in the best interest of the depositors of BankRI, or in the best interest of the public to permit Brookline to control BankRI given the competence, experience, or integrity of any acquiring person or any of the proposed management personnel; and (v) will not promote the public convenience and advantage.
7. The Proposed Transaction complies with the spirit and intent of R.I. Gen. Laws § 19-9-4 regarding the credit needs of local communities.

#### **IV. DECISION AND ORDER**

Upon review and consideration of the documentary evidence in the record in this matter, it is hereby ORDERED:

- A. That the Application be approved and that Brookline be authorized to merge with BancorpRI, with Brookline being the surviving entity, and thereby acquire ownership and control of BankRI consistent with the terms of the Merger Agreement and provided that the Proposed Transaction is completed within one (1) year from the date of this Decision and Order;

- B. That the Applicant confirm in writing at least fifteen (15) days prior to consummation that it has complied with all terms of the Merger Agreement and that the Proposed Transaction will be consummated;
- C. That the Applicant confirm in writing that it has complied with all applicable terms of the Rhode Island Business Corporation Act, R.I. Gen. Laws §§ 7-1.2-101 *et seq.*;
- D. That the Applicant confirm in writing that it is in compliance with all applicable federal and state statutes and regulations including but not limited to: i) all requirements under Massachusetts law and regulation; ii) all applicable sections of Title 19 of the Rhode Island General Laws; iii) and all applicable requirements of R.I. Gen. Laws §§ 19-2-7, 8, 17, and 19, 19-4-10 (specifically pertaining to the insurance of deposits); and, 19-7-3(c)(2), (e), (g).
- E. That the Applicant provide notice of any and all regulatory actions taken by any other state or federal regulator with respect to the Proposed Transaction or the parties to the Proposed Transaction within forty-eight (48) hours of receiving that notice; .

RECOMMENDED BY:



\_\_\_\_\_  
Joseph Torti III  
Deputy Director and Superintendent of Banking  
Date: 12/9/11

AS ORDERED BY:



\_\_\_\_\_  
Paul McGreevy  
Director  
Date: 9 Dec 2011

*Entered as Administrative Order #11-088 on 12/9/11.*

**CERTIFICATION**

I hereby certify that on the 9<sup>th</sup> day of December 2011 a copy of the above Decision was sent by first class mail and certified mail, postage prepaid to:

Eric R. Fischer, Esq.  
Goodwin Proctor LLP  
Counselors at Law  
Boston, MA 02109

Margaret D. Farrell, Esq.  
Hinckley, Allen & Snyder LLP  
50 Kennedy Plaza, Suite 1500  
Providence, RI 02903-2319

And by hand-delivery to:

Joseph Torti III, Deputy Director & Superintendent of Banking  
Department of Business Regulation  
1511 Pontiac Avenue  
Cranston, RI 02920

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1511 Pontiac Avenue  
Cranston, RI 02920



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# **EXHIBIT I**

# FEDERAL RESERVE press release



For immediate release

December 8, 2011

The Federal Reserve Board on Thursday announced its approval of the application of Brookline Bancorp, Inc., Brookline, Massachusetts, to acquire Bancorp Rhode Island, Inc. and its subsidiary bank, Bank Rhode Island, both of Providence, Rhode Island.

Attached is the Board's Order relating to this action.

- 0 -

Attachment

For media inquiries, call 202-452-2955.



FEDERAL RESERVE SYSTEM

Brookline Bancorp, Inc.  
Brookline, Massachusetts

Order Approving the Acquisition of a Bank Holding Company

Brookline Bancorp, Inc. (“Brookline”), Brookline, Massachusetts, has requested the Board’s approval under section 3 of the Bank Holding Company Act (“BHC Act”)<sup>1</sup> to acquire Bancorp Rhode Island, Inc. (“BancorpRI”) and its subsidiary bank, Bank Rhode Island (“BankRI”), both of Providence, Rhode Island.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (76 Federal Register 35893 (2011)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

Brookline, with total consolidated assets of approximately \$3.1 billion, is the 227<sup>th</sup> largest insured depository organization in the United States, controlling \$2.2 billion in deposits.<sup>2</sup> Brookline controls two subsidiary insured depository institutions, Brookline Bank, Brookline, and The First National Bank of Ipswich (“FNBI”), Ipswich, both of Massachusetts, that operate only in Massachusetts. Brookline is the 15<sup>th</sup> largest depository organization in Massachusetts, controlling deposits of approximately \$1.7 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the state.

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<sup>1</sup> 12 U.S.C. § 1842.

<sup>2</sup> Deposit data are as of June 30, 2011, updated to reflect mergers through that date. In this context, insured depository institutions include commercial banks, savings associations, and savings banks. National deposit data and rankings are as of June 30, 2011.

BancorpRI, with total consolidated assets of \$1.6 billion, controls BankRI, which operates only in Rhode Island. BankRI is the sixth largest insured depository institution in Rhode Island, controlling deposits of \$1.1 billion.

On consummation of the proposal, Brookline would become the 165<sup>th</sup> largest depository organization in the United States, with total consolidated assets of approximately \$4.7 billion. Brookline would control deposits of approximately \$3.3 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.

#### Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located in a state other than the bank holding company's home state if certain conditions are met. For purposes of the BHC Act, the home state of Brookline is Massachusetts,<sup>3</sup> and BancorpRI is located in Rhode Island.<sup>4</sup>

Based on a review of all the facts of record, including relevant state statutes, the Board finds that the conditions for an interstate acquisition enumerated in section 3(d) are met in this case.<sup>5</sup> In light of all facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

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<sup>3</sup> See 12 U.S.C. § 1842(d). A bank holding company's home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

<sup>4</sup> For purposes of section 3(d) of the BHC Act, the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. §§ 1841(o)(4)-(7) and 1842(d)(1)(A) and 1842(d)(2)(B).

<sup>5</sup> 12 U.S.C. §§ 1842(d)(1)(A)-(B) and 1842(d)(2)-(3). Brookline is well capitalized and well managed, as defined by applicable law. BankRI has been in existence and operated for the minimum period of time required by Rhode Island law and for more than five years. See 12 U.S.C. § 1842(d)(1)(B)(i)-(ii). On consummation of the proposal, Brookline would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States. 12 U.S.C. § 1842(d)(2)(A). Brookline also would control less than 30 percent of the total amount of deposits in

### Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of any attempt to monopolize the business of banking in any relevant banking market. The BHC Act also prohibits the Board from approving a proposed bank acquisition that would substantially lessen competition in any relevant banking market unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.<sup>6</sup>

Brookline and BancorpRI do not compete directly in any relevant banking market. Based on all the facts of record, the Board has concluded that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of banking resources in any relevant banking market and that competitive factors are consistent with approval of the proposal.

### Financial, Managerial, and Other Supervisory Considerations

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and banks involved in the proposal and certain other supervisory factors.<sup>7</sup> The Board has carefully considered those factors in light of all the facts of record, including confidential supervisory and examination information received from the relevant federal and state supervisors of the organizations involved in the proposal, other publicly available financial information, information provided by Brookline, and public comment received on the proposal.

In evaluating financial factors in expansionary proposals by banking organizations, the Board reviews the financial condition of the organizations involved

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insured depository institutions in Rhode Island. 12 U.S.C. § 1842(d)(2)(B)-(D). All other requirements of section 3(d) of the BHC Act would be met on consummation of the proposal.

<sup>6</sup> 12 U.S.C. § 1842(c)(1).

<sup>7</sup> 12 U.S.C. § 1842(c)(2) and (3).

on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information, including capital adequacy, asset quality, and earnings performance. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important. The Board also evaluates the financial condition of the combined organization at consummation, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding of the transaction.

The Board has considered the proposal carefully under the financial factors. Brookline, Brookline Bank, BancorpRI, and BankRI are well capitalized and will remain so on consummation of the proposal. FNBI is adequately capitalized and also will remain so on consummation of the proposal. The proposed transaction is structured as a partial share exchange and a partial cash purchase of shares. Brookline will fund the cash portion of the acquisition from a special dividend from Brookline Bank, which the Office of the Comptroller of the Currency ("OCC") has approved. Based on its review of the record, the Board finds that Brookline has sufficient financial resources to effect the proposal.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Brookline, BancorpRI, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of other relevant bank supervisory agencies with the organizations and their records of compliance with applicable banking and anti-money-laundering laws. Brookline and its subsidiary depository institutions are considered to be well managed. The Board has carefully considered the comment it received on the proposal.<sup>8</sup> The Board

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<sup>8</sup> A commenter alleged that management of Brookline Bank is deficient because the bank used commenter's material regarding reverse mortgages in violation of copyright and trademark law. The commenter also alleged that Brookline Bank has not provided

also has considered Brookline's plans for implementing the proposal, including the proposed management after consummation. In addition, the Board has considered the future prospects of the organizations involved in the proposal in light of financial and managerial resources and Brookline's proposed business plan.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are the other supervisory factors.

Convenience and Needs Considerations and Financial Stability

In acting on a proposal under section 3 of the BHC Act, the Board must consider the effects of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant depository institutions under the Community Reinvestment Act ("CRA").<sup>9</sup> The CRA requires the federal financial supervisory agencies to encourage financial institutions to meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires the appropriate federal financial supervisory agency to take into account an institution's record of meeting the credit needs of its entire community, including

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reverse mortgage candidates with counseling in violation of state law. Brookline represented that it was not subject to state approval requirements for reverse mortgage loan programs, has not made reverse mortgage loans since 2009, and has no plans to resume originating reverse mortgage loans. Brookline Bank also has replaced its chief executive officer, hired a full-time compliance officer, and added compliance staff since 2009, which should strengthen its monitoring procedures and compliance audit process. Moreover, Brookline noted that with the assistance of an independent compliance company, it is reviewing all relevant loans and will remedy any identified compliance issues to ensure that none of the borrowers has been or will be overcharged because of inadequate disclosure. In evaluating the financial and managerial factors that the Board must consider under section 3 of the BHC Act, the Board has considered these and other facts of record with respect to litigation involving the copyright and trademark matters, information provided by Brookline regarding its reverse mortgage loans, and confidential supervisory information, including records of compliance with consumer laws and regulations.

<sup>9</sup> 12 U.S.C. §§ 2901 et seq.; 12 U.S.C. § 1842(c)(2).

low- and moderate-income neighborhoods, in evaluating bank acquisition proposals. Accordingly, the Board has carefully considered the convenience and needs factor and the CRA performance records of Brookline Bank, FNBI, and BankRI in light of all the facts of record.

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.<sup>10</sup> Brookline Bank, FNBI, and BankRI received "satisfactory" ratings at their most recent examinations for CRA performance by the Office of Thrift Supervision, the OCC, and the Federal Deposit Insurance Corporation, as of November 3, 2008, June 2, 2008, and June 25, 2010, respectively. Moreover, the facts of record do not reflect a subsequent decline in the CRA performance of any of the three institutions since those examinations.

Based on all the facts of record and for the reasons discussed above, the Board concludes that considerations relating to convenience and needs, including the CRA performance records of the relevant depository institutions, are consistent with approval of the proposal.

The Board has also carefully considered information relevant to risks to the stability of the United States banking or financial system. The Board concludes that financial stability considerations in this proposal are consistent with approval.

#### Conclusion

Based on the foregoing, and in light of all the facts of record, the Board has determined that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered the application record in light of the factors that it

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<sup>10</sup> See Interagency Questions and Answers Regarding Community Reinvestment, 75 Federal Register 11642 at 11665 (2010).

is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Brookline with all the conditions imposed in this order and the commitments made to the Board in connection with the application, including receipt of all required regulatory approvals. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposed transaction may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Boston, acting pursuant to delegated authority.

By order of the Board of Governors,<sup>11</sup> effective December 8, 2011.

*(signed)*

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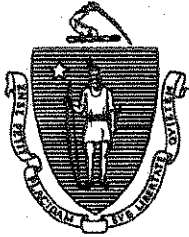
Robert deV. Frierson  
Deputy Secretary of the Board

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<sup>11</sup> Voting for this action: Chairman Bernanke, Vice Chair Yellen, and Governors Duke, Tarullo, and Raskin.

## **EXHIBIT II**





# The Commonwealth of Massachusetts

## Board of Bank Incorporation

**DECISION  
RELATIVE TO THE PETITION OF  
BROOKLINE BANCORP, INC., BROOKLINE, MASSACHUSETTS  
TO ACQUIRE  
BANCORP RHODE ISLAND, INC., PROVIDENCE, RHODE ISLAND**

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Brookline Bancorp, Inc. (the "Petitioner"), Brookline, Massachusetts has petitioned the Board of Bank Incorporation (the "Board") pursuant to Massachusetts General Laws chapter 167A, sections 2 and 4 for approval to acquire ownership and control of Bancorp Rhode Island, Inc., Providence, Rhode Island, and its subsidiary bank, Bank Rhode Island, Providence, Rhode Island. The Petitioner is the bank holding company for Brookline Bank, Brookline, Massachusetts, and First National Bank of Ipswich, Ipswich, Massachusetts.

Notice of the application was published and posted as directed by the Board, thereby affording opportunity for interested parties to submit comments. Other standard procedures informing the public of this matter before the Board were implemented. The Board held a public hearing on the petition of Brookline Bancorp, Inc. on September 13, 2011. The comment period on the proposed transaction ended on September 20, 2011. Prior to the public hearing, Bancorp Rhode Island, Inc. held its stockholders' vote on this proposed transaction, and the stockholders voted in favor of the transaction.

The Board has reviewed the application, the oral testimony received at the public hearing, and other testimony received. That review focused on the statutory and administrative criteria applicable to such transactions which include, among other things, whether competition among banking institutions will be unreasonably affected; whether public convenience and advantage

would be promoted; and the record of performance under the Community Reinvestment Act (“CRA”) by the subsidiary banks of the holding companies. As in any transaction, consideration is also given to the financial and management components of a proposed acquisition. The additional statutory requirements set out in sections 2 and 4 of said chapter 167A were also significant factors in the Board’s deliberations on the matter before it.

One such statutory provision requires the Board to have received notice from the Massachusetts Housing Partnership Fund (the “MHPF”) that satisfactory arrangements have been made by the Petitioner consistent with statute and the MHPF’s various affordable housing loan programs. The Board received notice from the MHPF that arrangements satisfactory to it had been made for this transaction in a letter dated June 29, 2011.

Brookline Bancorp, Inc. is a Delaware corporation and is a bank holding company under the Bank Holding Company Act of 1956, as amended and subject to regulation by the Board of Governors of the Federal Reserve System, and formerly subject to the Office of Thrift Supervision (“OTS”). As of June 30, 2011, Brookline Bancorp, Inc. had total consolidated assets of approximately \$3 billion.

As a bank holding company, one of Brookline Bancorp, Inc.’s primary purposes is to serve as a source of strength for its subsidiaries and affiliates. In this case, Brookline Bancorp Inc.’s principal assets are 100% ownership of Brookline Bank, a federally chartered savings bank formerly subject to regulation by the OTS, and First National Bank of Ipswich, a national banking association, subject to regulation by the Office of the Comptroller of the Currency (OCC). On January 18, 2011 the Board approved Brookline Bancorp, Inc.’s petition to acquire ownership and control of First Ipswich Bancorp, Ipswich, Massachusetts and its subsidiary bank, the immediately aforementioned First National Bank of Ipswich.

Brookline Bank was originally chartered in 1871 as Brookline Savings Bank. On July 16, 2001, the OTS approved the conversion of Brookline Savings Bank from a Massachusetts

chartered stock savings bank to a federally chartered savings association. In 2003, Brookline Savings Bank changed its name to Brookline Bank. Brookline Bank has twenty full-service banking offices in cities and towns in Middlesex, Norfolk and Suffolk Counties in Massachusetts. The deposits of Brookline Bank are insured by the FDIC. Brookline Bank offers investment and insurance products and services to its customers through Brookline Investment Services, which is a division of Brookline Bank. As of June 30, 2011, Brookline Bank had consolidated assets of approximately \$2.8 billion. As of June 30, 2011 its Tier 1 risk-based capital ratio was 15.40%, total risk-based capital ratio was 16.65% and Tier 1 Capital Ratio was 13.65%. Accordingly, Brookline Bank is a “well-capitalized” institution pursuant to regulatory guidelines. Brookline Bank received a “Satisfactory” CRA rating on its most recent CRA performance evaluation conducted by the OTS as of November 3, 2008. Brookline Bank has three wholly-owned direct subsidiaries, two of which are securities corporations.

First National Bank of Ipswich was originally chartered in 1892. The bank has six full-service banking offices in Essex and Suffolk Counties in Massachusetts. The deposits of First National Bank of Ipswich are insured by the FDIC. First National Bank of Ipswich offers investment and retirement products and services to its customers through First National Bank of Ipswich Investment Services, which is a division of the bank. As of June 30, 2011, First National Bank of Ipswich had consolidated assets of approximately \$272 million. As of June 30, 2011 its Tier 1 leverage ratio was 9.41%, Tier 1 risk-based capital ratio was 12.64%, and total risk-based capital ratio was 12.74%, each exceeding regulatory guidelines. First National Bank of Ipswich received a “Satisfactory” CRA rating on its most recent CRA performance evaluation conducted by the OCC as of January 3, 2011.

Bancorp Rhode Island, Inc. is a Rhode Island corporation, registered as a bank holding company under the BHC Act, and subject to regulation by the Federal Reserve. As of June 30, 2011, Bancorp Rhode Island, Inc. had consolidated total assets of \$1.6 billion.

Bancorp Rhode Island, Inc. through Bank Rhode Island offers a full range of financial products for consumers, businesses, investors, government agencies and non-profit organizations. Bancorp Rhode Island, Inc, as a holding company, offers no financial products and services directly and has no non-bank subsidiary that offers financial services to the public.

Bank Rhode Island, Bancorp Rhode Island, Inc.'s sole banking subsidiary is subject to regulation by the Rhode Island Department of Business Regulation, Division of Banking and the FDIC. Bank Rhode Island accepts deposits and provides a broad range of retail and commercial banking services to its customers. The deposits of Bank Rhode Island are insured by the FDIC to the maximum extent permitted by law. Bank Rhode Island is headquartered in Providence, Rhode Island and was chartered in 1996 in connection with the purchase and assumption of certain assets and liabilities divested as a condition to receipt of regulatory approval of the merger of Fleet Financial Company, Inc. and Shawmut National Corporation. Bank Rhode Island has seventeen full service branch offices all located in Rhode Island, with 13 in Providence County, three in Kent County, and one in Washington County.

As of June 30, 2011, Bank Rhode Island had consolidated assets of \$1.6 billion. As of the same date, its Tier 1 risk-based capital ratio was 11.44%, total risk-based capital ratio was 12.69% and Tier 1 leverage ratio was 8.12%, each exceeding regulatory guidelines. Bank Rhode Island is a "well capitalized" institution pursuant to those guidelines. Bank Rhode Island received a "Satisfactory" CRA rating on its most recent CRA performance evaluation conducted by the FDIC as of January 1, 2011.

The financial aspects of any transaction are a significant consideration of the Board as they may affect the continuing holding company's ability to serve the banking public and to actively compete with other financial institutions as well as to maintain its capital ratio standards for a safe and sound institution. This is a cash and stock transaction whereby the Petitioner will purchase all of the stock of Bancorp Rhode Island, Inc. for approximately \$207 million. The

total cash consideration will be approximately \$120.3 million and the total stock consideration will consist of approximately 11 million shares of the Petitioner's common stock. The Board is aware that Brookline Bank has received approval from the OCC to pay a dividend of \$125 million to the Petitioner as part of the proposed transaction. Upon consummation of the transaction, if approved, Brookline Bancorp, Inc. will remain a well capitalized holding company under applicable bank regulatory guidelines. It was discussed at the public hearing the different charters of the banks that would be held by the Petitioner if the transaction was approved. The Petitioner indicated its ability to operate in such a multi charter structure.

The Petitioner has submitted materials to address the issue that competition among banks will not be unreasonably affected by the proposed transaction. The application contained an analysis utilizing the various tests used by federal agencies. The analysis demonstrates that consummation of the transaction will not result in undue concentration of banking resources in the specified banking markets in Massachusetts. Traditionally, however, this Board has not limited its review to those previously cited federal standards in its consideration of whether competition will be unreasonably affected. Rather it is the position of this Board to consider a transaction in light of its impact on the citizens, communities and banking structure in the Commonwealth on a community by community basis instead of by variously grouped markets. The Board has considered that Brookline Bancorp, Inc. intends to hold and operate Bank Rhode Island as a separate bank subsidiary. It has further considered the fact that the three banks, Brookline Bank, First National Bank of Ipswich and Bank Rhode Island do not have branch offices in the same communities or CRA assessment areas. There will be no geographical overlap in banking operations. Upon review, the Board does not believe that the transaction will unreasonably affect competition for the reasons cited as well as the fact that a number of diverse financial institutions will continue to provide competitive deposit and credit services throughout the affected areas and banking markets served by the continuing institutions.

The Board has considered whether public convenience and advantage will be promoted by the proposed transaction. The Petitioner states that the enhanced financial strength of the combined holding companies, the opportunity to broaden their geographic scope and geographically to diversify their asset mix and risk profile throughout the Greater Boston metropolitan area and the North Shore of Massachusetts as well as Rhode Island, will further enhance its ability to better serve customers along eastern coastal areas of the Commonwealth as well as in Rhode Island. In connection with the proposed transaction, Brookline Bancorp, Inc. has no current plans to close any branch office of Bank Rhode Island or its other two existing bank subsidiaries. The Petitioner also informed the Board of its branch expansion plans for 2012 at the public hearing.

The Board has considered the Petitioner's analysis of "net new benefits" related to the transaction with respect to the statutory criteria. The term includes initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices, among other factors. Testimony by the Petitioner and in response to several questions by the Board indicated that while there would be some immediate reduction of staff levels, it was anticipated that there would be future growth resulting from the proposed transaction if approved. Testimony was provided on the jobs to be impacted as well as the ongoing growth of Brookline Bancorp, Inc. Additional information was submitted to supplement a response to a question on impacted jobs. With respect to the statutory test of job creation plans within net new benefits the Board has past precedent to guide it. In prior Decisions, the Board has concluded that the statutory test can be met by prospective direct and indirect employment gains resulting from continued growth of a larger and stronger institution as well as through its subsidiary bank's lending programs which ultimately fund jobs. Accordingly, the Board's consideration of the transaction's impact on employment does not preclude its approval. The Petitioner detailed the capital investments to be made as part of the integration of the back office

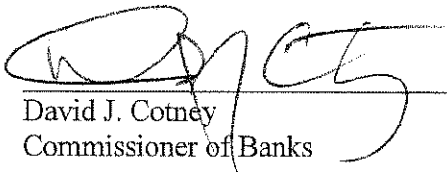
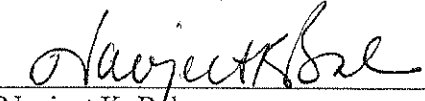

function of its subsidiary banks and upgrades to existing systems. Additionally it commented on the significant investment being made on the purchase and establishment of its new headquarters in Boston. The Board has considered the application and testimony submitted by the Petitioner and finds that consideration of public convenience and advantage including net new benefits weighs in favor of approving the proposed transaction.

Related to the issue of public convenience and advantage is the record of performance under the CRA by the subsidiary banks which are the parties to this transaction. Such a review for a state-chartered bank includes examination by personnel of the Division of Banks as well as analysis of concerns received by the bank's community and its response to those concerns fairly raised. For other institutions, the Board looks to a publicly available descriptive rating and evaluation by a federal or state bank regulatory agency. The Board has noted that the Petitioner's subsidiary bank, Brookline Bank, has a "Satisfactory" rating in its most recent examination of performance under CRA by the OTS as of November 3, 2008. The Board has noted that Bank Rhode Island received a "Satisfactory" CRA rating on its most recent CRA performance evaluation conducted by the FDIC as of January 1, 2011, and that First National Bank of Ipswich received a "Satisfactory" CRA rating on its most recent examination of performance under CRA by the OCC on June 2, 2008. The fact that all three banking subdivisions of the Petitioner, if the transaction were to be approved, would have "Satisfactory" CRA ratings was discussed at the public hearing. The Petitioner identified areas that could be worked on to improve each of its existing subsidiaries rating.

The application, supporting documents, as well as the testimony received at the public hearing have established a comprehensive record on this petition, which has been reviewed consistent with statutory provisions and the policies of the Board. Based on the record of this matter considered in light of all relevant statutory and administrative requirements, the Board finds

that public convenience and advantage will be promoted and that competition among banking institutions will not be unreasonably affected and that the record of performance under CRA by the subsidiary banks involved in this transaction are consistent with its approval. Having considered the record established on this application, the Board has found that the applicable statutory and administrative criteria have been met. Accordingly, the Board has concluded that the petition should be approved.

In accordance with the findings expressed herein and pursuant to statute, the Board hereby approves the petition and authorizes Brookline Bancorp, Inc. to acquire Bancorp Rhode Island, Inc. and its subsidiary bank, Bank Rhode Island, provided that the transaction is completed within one year of the date of this Decision.

	)	
David J. Cotney	)	
Commissioner of Banks	)	
	)	Board of
	)	
Navjeet K. Bal	)	Bank
Commissioner of Revenue	)	Incorporation
	)	
	)	
Steven Grossman	)	
Treasurer and Receiver-General	)	

September 30, 2011  
Date