

BROOKLINE BANCORP INC  
Form 10-Q  
November 07, 2007

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

## FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2007

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

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.)

**160 Washington Street, Brookline, MA**

(Address of principal executive offices)

**02447-0469**

(Zip Code)

**(617) 730-3500**

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

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**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**

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**Part I - Financial Information****Item 1. Financial Statements****BROOKLINE BANCORP, INC. AND SUBSIDIARIES****Consolidated Balance Sheets****(In thousands except share data)**

	September 30, 2007	December 31, 2006
	(unaudited)	
<b><u>ASSETS</u></b>		
Cash and due from banks	\$ 15,665	\$ 18,237
Short-term investments	130,254	134,417
Securities available for sale	265,424	335,246
Securities held to maturity (market value of \$203 and \$242, respectively)	195	233
Restricted equity securities	26,563	28,567
Loans	1,892,087	1,792,062
Allowance for loan losses	(23,461)	(23,024)
Net loans	1,868,626	1,769,038
Accrued interest receivable	9,897	10,310
Bank premises and equipment, net	9,267	9,335
Deferred tax asset	10,936	11,036
Prepaid income taxes	1,089	1,801
Goodwill	42,545	42,545
Identified intangible assets, net of accumulated amortization of \$6,115 and \$4,604, respectively	6,837	8,348
Other assets	4,608	3,927
Total assets	\$ 2,391,906	\$ 2,373,040
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Retail deposits	\$ 1,244,642	\$ 1,210,206
Brokered deposits	67,991	78,060
Borrowed funds	512,019	463,806
Subordinated debt	7,024	12,092
Mortgagors' escrow accounts	5,429	5,114
Accrued expenses and other liabilities	21,997	19,494
Total liabilities	1,859,102	1,788,772
Minority interest in subsidiary	1,321	1,375
Stockholders' equity:		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued		
Common stock, \$0.01 par value; 200,000,000 shares authorized; 63,256,281 shares and 62,989,384 shares issued, respectively	633	630
Additional paid-in capital	511,758	508,248
Retained earnings, partially restricted	70,109	96,229
Accumulated other comprehensive income (loss)	7	(640)
Treasury stock, at cost 3,922,911 shares and 1,405,611 shares, respectively	(47,815)	(18,144)
Unallocated common stock held by ESOP 588,500 shares and 629,081 shares, respectively	(3,209)	(3,430)

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Total stockholders' equity		531,483		582,893
Total liabilities and stockholders' equity	\$	2,391,906	\$	2,373,040

See accompanying notes to the unaudited consolidated financial statements.

## BROOKLINE BANCORP, INC. AND SUBSIDIARIES

## Consolidated Statements of Income

(In thousands except share data)

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
	(unaudited)			
Interest income:				
Loans	\$ 31,258	\$ 29,154	\$ 91,181	\$ 81,356
Debt securities	3,342	3,774	10,682	11,033
Marketable equity securities	15	30	50	93
Restricted equity securities	469	763	1,353	1,074
Short-term investments	1,759	1,436	5,242	3,874
Total interest income	36,843	35,157	108,508	97,430
Interest expense:				
Retail deposits	11,476	9,523	33,332	25,354
Brokered deposits	1,019	968	3,092	1,605
Borrowed funds	6,211	6,256	17,371	17,313
Subordinated debt	140	236	531	667
Total interest expense	18,846	16,983	54,326	44,939
Net interest income	17,997	18,174	54,182	52,491
Provision for loan losses	1,503	813	3,860	2,420
Net interest income after provision for loan losses	16,494	17,361	50,322	50,071
Non-interest income:				
Fees and charges	926	829	3,217	2,362
Gains on securities, net				558
Other income	1	8	40	28
Total non-interest income	927	837	3,257	2,948
Non-interest expense:				
Compensation and employee benefits	5,227	5,027	15,712	14,462
Occupancy	854	837	2,545	2,396
Equipment and data processing	1,700	1,538	4,872	4,478
Professional services	462	365	1,477	1,007
Advertising and marketing	406	294	813	749
Amortization of identified intangibles	503	569	1,510	1,665
Other	1,243	1,002	3,521	2,577
Total non-interest expense	10,395	9,632	30,450	27,334
Income before income taxes and minority interest	7,026	8,566	23,129	25,685
Provision for income taxes	2,711	3,383	8,932	10,109
Net income before minority interest	4,315	5,183	14,197	15,576
Minority interest in earnings of subsidiary	66	74	154	141
Net income	\$ 4,249	\$ 5,109	\$ 14,043	\$ 15,435
Earnings per common share:				
Basic	\$ 0.07	\$ 0.08	\$ 0.24	\$ 0.25
Diluted	0.07	0.08	0.23	0.25