

BROOKLINE BANCORP INC
Form 10-Q
May 03, 2006

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 March 31, 2006

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.)

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160 Washington Street, Brookline, MA
(Address of principal executive offices)

02447-0469
(Zip Code)

(617) 730-3500

(Registrant's telephone number, including area code)

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

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)**

| | March 31, 2006 | (unaudited) | December 31, 2005 |
|---|-------------------|-------------|----------------------|
| <u>ASSETS</u> | | | |
| Cash and due from banks | \$ 15,307 | | \$ 15,507 |
| Short-term investments | 108,954 | | 102,888 |
| Securities available for sale | 359,879 | | 374,906 |
| Securities held to maturity (market value of \$406 and \$423, respectively) | 395 | | 410 |
| Restricted equity securities | 24,608 | | 23,081 |
| Loans | 1,673,313 | | 1,636,755 |
| Allowance for loan losses | (22,478) | | (22,248) |
| Net loans | 1,650,835 | | 1,614,507 |
| Other investment | 4,723 | | 4,662 |
| Accrued interest receivable | 9,268 | | 9,189 |
| Bank premises and equipment, net | 9,755 | | 10,010 |
| Deferred tax asset | 11,246 | | 11,347 |
| Core deposit intangible, net of amortization | 8,945 | | 9,471 |
| Goodwill | 35,615 | | 35,615 |
| Other assets | 3,550 | | 3,111 |
| Total assets | \$ 2,243,080 | | \$ 2,214,704 |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | | |
| Deposits | \$ 1,161,555 | | \$ 1,168,307 |
| Borrowed funds | 459,512 | | 411,507 |
| Subordinated debt | 12,187 | | 12,218 |
| Mortgagors' escrow accounts | 5,894 | | 5,377 |
| Income taxes payable | 327 | | 630 |
| Accrued expenses and other liabilities | 13,065 | | 14,215 |
| Total liabilities | 1,652,540 | | 1,612,254 |
| 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; 62,989,384 shares issued | 630 | | 630 |
| Additional paid-in capital | 505,267 | | 512,338 |
| Retained earnings, partially restricted | 108,845 | | 121,042 |
| Accumulated other comprehensive loss | (2,399) | | (1,577) |
| Treasury stock, at cost 1,405,611 shares | (18,144) | | (18,144) |
| Unearned compensation - recognition and retention plans | | | (8,103) |
| Unallocated common stock held by ESOP 671,142 shares and 685,161 shares, respectively | (3,659) | | (3,736) |
| Total stockholders' equity | 590,540 | | 602,450 |
| Total liabilities and stockholders' equity | \$ 2,243,080 | | \$ 2,214,704 |

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 March 31, | |
|---|---------------------------------|------------|
| | 2006 | 2005 |
| | (unaudited) | |
| Interest income: | | |
| Loans | \$ 24,050 | \$ 21,724 |
| Debt securities | 3,620 | 2,267 |
| Marketable equity securities | 33 | 74 |
| Restricted equity securities | 309 | 219 |
| Short-term investments | 1,112 | 846 |
| Total interest income | 29,124 | 25,130 |
| Interest expense: | | |
| Deposits | 7,446 | 4,559 |
| Borrowed funds | 4,843 | 3,382 |
| Subordinated debt | 207 | 135 |
| Total interest expense | 12,496 | 8,076 |
| Net interest income | 16,628 | 17,054 |
| Provision for loan losses | 748 | 654 |
| Net interest income after provision for loan losses | 15,880 | 16,400 |
| Non-interest income: | | |
| Fees and charges | 573 | 851 |
| Gains on sales of securities, net | 558 | 594 |
| Other income | 69 | 174 |
| Total non-interest income | 1,200 | 1,619 |
| Non-interest expense: | | |
| Compensation and employee benefits | 4,177 | 3,950 |
| Dividends on unvested restricted stock | 169 | |
| Dividend equivalent rights | | 363 |
| Occupancy | 793 | 704 |
| Equipment and data processing | 1,417 | 1,591 |
| Advertising and marketing | 187 | 204 |
| Professional services | 311 | 349 |
| Merger/conversion | | 382 |
| Amortization of core deposit intangible | 526 | 593 |
| Other | 675 | 590 |
| Total non-interest expense | 8,255 | 8,726 |
| Income before income taxes | 8,825 | 9,293 |
| Provision for income taxes | 3,428 | 3,761 |
| Net income | \$ 5,397 | \$ 5,532 |
| Earnings per common share: | | |
| Basic | \$ 0.09 | \$ 0.09 |
| Diluted | 0.09 | 0.09 |
| Weighted average common shares outstanding during the period: | | |
| Basic | 60,309,532 | 59,944,866 |

| | | |
|---------|------------|------------|
| Diluted | 61,051,157 | 60,737,986 |
|---------|------------|------------|

See accompanying notes to the unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****(In thousands)**

| | Three months ended March 31, | |
|--|---|-------------|
| | 2006 | 2005 |
| | (unaudited) | |
| Net income | \$ 5,397 | \$ 5,532 |
| Other comprehensive income (loss), net of taxes: | | |
| Unrealized holding loss | (745) | (1,913) |
| Income tax benefit | (281) | (706) |
| Net unrealized holding loss | (464) | (1,207) |
| Less reclassification adjustment for gains included in net income: | | |
| Realized gains | 558 | 594 |
| Income tax expense | 200 | 213 |
| Net reclassification adjustment | 358 | 381 |
| Net other comprehensive loss | (822) | (1,588) |
| Comprehensive income | \$ 4,575 | \$ 3,944 |

See accompanying notes to the unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders Equity

Three Months Ended March 31, 2006 and 2005 (Unaudited)

(Dollars in thousands)

| | Common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive income (loss) | Treasury stock | Unearned compensation-recognition and retention plans | Unallocated common stock held by ESOP | Total stockholders equity |
|---|-------------------------|---|------------------------------|--|---------------------------|--|--|--|
| Balance at December 31, 2004 | \$ 605 | \$ 471,799 | \$ 144,081 | \$ 560 | \$ (17,017) | \$ (10,963) | \$ (4,052) | \$ 585,013 |
| Net income | | | 5,532 | | | | | 5,532 |
| Unrealized loss on securities available for sale, net of reclassification adjustment | | | | (1,588) | | | | (1,588) |