Atlas Technology Group, Inc.
Form SC 13G
September 20, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

ATLAS TECHNOLOGY GROUP, INC.

Common Stock, par value $0.004

CUSIP # 049432107

September 20, 2012

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

¨ Rule 13d-1(b)

x Rule 13d-1(c)

¨ Rule 13d-1(d)

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1.	Name of Reporting Person Levin Consulting Group, LLC		
	I.R.S. Identification No. of Above Person (entities only) 26-1710438		
2.	Check the Appropriate Box if a Member of a Group	**(a)** ¨ **(b) x**	
3.	SEC Use Only		
4.	Citizenship or Place of Organization	New York	

Number of Shares Owned by Each Reporting Person With	5.	Sole Voting Power	74,344,428
	6.	Shared Voting Power	74,344,428
	7.	Sole Dispositive Power	74,344,428
	8.	Shared Dispositive Power	74,344,428

9.	Aggregate Amount Beneficially Owned by Each Reporting Person	
10.	Check if the Aggregate Amount in Row 9 Excludes	¨

	Certain Shares	
11.	**Percent of Class Represented by Amount in Row 9**	9.76%
12.	**Type of Reporting Person**	PN

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ITEM 1 (a) NAME OF ISSUER: Atlas Technology Group, Inc.

(b) ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES: PO Box 487 Dover, NH 03821

ITEM 2 (a) NAME OF PERSON FILING Levin Consulting Group, LLC

(b) ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE

881 Eastern Parkway #2 Brooklyn, NY 11213

(c) CITIZENSHIP

United States of America

(d) TITLE OF CLASS OF SECURITIES

Common Stock, Par Value $0.004

(e) CUSIP NUMBER 049432107

ITEM 3 If This Statement is Filed Pursuant to Rule 13d-1(b), or 13d-2(b) or (c), Check Whether the Person Filing is a:

(a) ¨ **Broker or dealer registered under section 15 of the Act**
(b) ¨ **Bank as defined in section 3(a)(6) of the Act**
(c) ¨ **Insurance company as defined in section 3(a)(19) of the Act**
(d) ¨ **Investment company registered under section 8 of the Investment Company Act of 1940**
(e) ¨ **An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E)**
(f) ¨ **An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F)**
(g) ¨ **A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G)**

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(h) ¨ **A savings association as defined in section 3(b) of the Federal Deposit Insurance Act**

(i) ¨ **A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940**

(j) ¨ **Group, in accordance with Rule 13d-1(b)(1)(ii)(J)**

If this statement is filed pursuant to Rule 13d-1(c), check this box ¨

ITEM 4 OWNERSHIP

(a) Amount beneficially owned: Reporting Person is the beneficial owner of 74,344,428 shares of common stock. In addition, Reporting Person holds Issuer's convertible notes in the aggregate principal amount of $4000.00. The Notes may not be converted into common stock such that the Reporting Person would beneficially own more the 9.99% of the Issuer's common stock at any given time. Reporting Person disclaims beneficial ownership of the Issuer's securities held by any other person or entity.

(b) Percent of class: 9.76%

(c) Number of shares as to which the person has:
(i) Sole power to vote or to direct the vote: 74,344,428

(ii) Shared power to vote or to direct the vote: 74,344,428

(iii) Sole power to dispose or to direct the disposition of: 74,344,428

(iv) Shared power to dispose or to direct the disposition of: 74,344,428

ITEM 5 OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following ¨

ITEM 6 OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON

N/A

ITEM 7 IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY

N/A

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ITEM 8 IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP

N/A

ITEM 9 NOTICE OF DISSOLUTION OF GROUP

N/A

ITEM 10 CERTIFICATION

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired are not being held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Levin Consulting Group, LLC

/s/ Benjamin Levin

By: Benjamin Levin

Its: Manager

Date: September 20, 2012

ize:10pt;">Commercial real estate loans:

Commercial real estate
$
871,552

4.62
%

$
429,681

4.69
%

$
1,301,233

4.64
%
Multi-family mortgage
506,017

4.50
%

100,516

4.99
%

606,533

4.58
%
Construction
80,913

4.20
%

17,284

4.73
%

98,197

4.29
%
Total commercial real estate loans
1,458,482

4.56
%

547,481

4.75
%

2,005,963

4.61
%
Commercial loans and leases:

Commercial
230,892

3.89
%

151,385

4.72
%

382,277

4.22
%
Equipment financing
366,297

7.69
%

54,694

6.91
%

420,991

7.59
%
Condominium association
44,187

5.02
%

—

—

44,187

5.02
%
Total commercial loans and leases
641,376

6.14
%

206,079

5.30
%

847,455

5.93
%
Indirect automobile loans
542,344

5.31
%

—

—

542,344

5.31
%
Consumer loans:

Residential mortgage
368,095

3.87
%

143,014

4.18
%

511,109

3.93
%
Home equity
99,683

3.45
%

161,879

4.07
%

261,562

3.83
%
Other consumer
6,122

5.35
%

1,157

12.97
%

7,279

6.56
%
Total consumer loans
473,900

3.78
%

306,050

4.15
%

779,950

3.92
%
Total loans and leases
$
3,116,102

4.89
%

$
1,059,610

4.67
%

$
4,175,712

4.83
%

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
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The Company's lending is primarily in eastern Massachusetts, southern New Hampshire and Rhode Island, with the exception of equipment financing, 38.2% of which is in the greater New York/New Jersey metropolitan area and 61.8% of which is in other areas in the United States of America.

For the year ended December 31, 2012, the Company sold $19.6 million of loans and leases, which resulted in a $1.9 million gain on sale recorded in non-interest income.

Accretable Yield for the Acquired Loan Portfolio

The following table summarizes activity in the accretable yield for the acquired loan portfolio for the periods indicated:

	Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Balance at beginning of year	$57,812	$(1,369)	$—
Acquisitions	—	81,503	(2,504)
Reclassification from nonaccretable difference for loans with improved cash flows	8,477	1,550	—
Accretion	(20,500)	(23,872)	1,135
Balance at end of year	$45,789	$57,812	$(1,369)

Subsequent to acquisition, on a quarterly basis, Management reforecasts the expected cash flows for acquired ASC 310-30 loans, taking into account prepayment speeds, probability of default and loss given defaults. Management then compares this reforecast to the original estimates to evaluate the need for a loan loss provision and/or prospective yield adjustments. During the years ended December 31, 2013 and 2012, accretable yield adjustments totaling $8.5 million and $1.6 million, respectively were made for certain loan pools. These accretable yield adjustments, which are subject to continued re-assessment, will be recognized over the remaining lives of those pools. No provision for loans losses were recorded in 2012; however, a provision of $0.9 million was recorded during the year ended December 31, 2013 as a result of our reforecasts primarily due to decreases in expected cash flows.

The aggregate remaining nonaccretable difference (representing both principal and interest) applicable to acquired loans totaled $4.5 million and $13.0 million at December 31, 2013 and 2012, respectively.

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 each 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 at December 31, 2013.

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	Year Ended December 31, 2013	2012	2011
	(In Thousands)		
Balance at beginning of year	$4,083	$16,428	$16,399
Acquired loans	—	2,848	222
New loans granted during the year	365	314	288
Advances on lines of credit	1,370	109	—
Repayments	(1,035)	(15,281)	(481)
Loan no longer classified as an insider loan	—	(335)	—
Loans reclassified as insider loans	11,327	—	—
Balance at end of year	$16,110	$4,083	$16,428

Unfunded commitments on extensions of credit to insiders totaled $11.7 million and $6.9 million at December 31, 2013 and 2012, respectively.

Loans and Leases Pledged as Collateral

At December 31, 2013 and 2012, there were $1.2 billion and $1.5 billion, respectively, of loans and leases pledged as collateral for repurchase agreements; municipal deposits; treasury, tax and loan deposits; swap agreements; and FHLBB and FRB discount window borrowings.

(7) Allowance for Loan and Lease 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, 2013					
	Commercial Real Estate	Commercial	Indirect Automobile	Consumer	Unallocated	Total
	(In Thousands)					
Balance at December 31, 2012	$20,018	$10,655	$5,304	$2,545	$2,630	$41,152
Charge-offs	(88)	(2,077)	(1,714)	(909)	—	(4,788)
Recoveries	13	657	501	263	—	1,434
Provision (credit) for loan and lease losses	3,079	5,985	(167)	1,476	302	10,675
Balance at December 31, 2013	$23,022	$15,220	$3,924	$3,375	$2,932	$48,473

	Year Ended December 31, 2012					
	Commercial Real Estate	Commercial	Indirect Automobile	Consumer	Unallocated	Total
	(In Thousands)					
Balance at December 31, 2011	$15,477	$5,997	$5,604	$1,577	$3,048	$31,703
Charge-offs	—	(5,347)	(2,153)	(592)	—	(8,092)
Recoveries	118	417	969	26	—	1,530
Provision (credit) for loan and lease losses	4,423	9,588	884	1,534	(418)	16,011
Balance at December 31, 2012	$20,018	$10,655	$5,304	$2,545	$2,630	$41,152

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	Year Ended December 31, 2011					
	Commercial Real Estate	Commercial	Indirect Automobile	Consumer	Unallocated	Total
	(In Thousands)					
Balance at December 31, 2010	$12,398	$5,293	$6,952	$1,638	$3,414	$29,695
Charge-offs	(30)	(773)	(2,076)	(12)	—	(2,891)
Recoveries	—	330	605	8	—	943
Provision (credit) for loan and lease losses	3,109	1,147	123	(57)	(366)	3,956
Balance at December 31, 2011	$15,477	$5,997	$5,604	$1,577	$3,048	$31,703

The liability for unfunded credit commitments, which is included in other liabilities, was $1.0 million, $0.7 million and$0.8 million at December 31, 2013, 2012 and 2011, respectively. The changes in the liability for unfunded credit commitments reflect changes in the estimate of loss exposure associated with certain unfunded credit commitments. No credit commitments were charged off against the liability account in the years ended December 31, 2013, 2012 and 2011.

Provision for Credit Losses

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

	Originated			Acquired			Total		
	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
	(In Thousands)								
Provision for loan and lease losses:									
Commercial real estate	$2,563	$4,348	$3,109	$516	$75	$—	$3,079	$4,423	$3,109
Commercial	4,917	9,513	1,147	1,068	75	—	5,985	9,588	1,147
Indirect automobile	(167)	884	123	—	—	—	(167)	884	123
Consumer	286	1,534	(57)	1,190	—	—	1,476	1,534	(57)
Unallocated	302	(418)	(366)	—	—	—	302	(418)	(366)
Total provision for loan and lease losses	7,901	15,861	3,956	2,774	150	—	10,675	16,011	3,956
Unfunded credit commitments	254	(123)	(325)	—	—	—	254	(123)	(325)
Total provision for credit losses	$8,155	$15,738	$3,631	$2,774	$150	$—	$10,929	$15,888	$3,631

Allowance for Loan and Lease Losses Methodology

Management has established a methodology to determine the adequacy of the allowance for loan and lease losses that assesses the risks and losses inherent in the loan and lease portfolio. For purposes of determining the allowance for loan and lease losses, the Company has segmented certain loans and leases in the portfolio by product type into the following pools: (1) commercial real estate loans, (2) commercial loans and leases, (3) indirect automobile loans and (4) consumer loans. Portfolio segments are further disaggregated into classes based on the associated risks within the segments. Commercial real estate loans are divided into three classes: commercial real estate mortgage loans, multi-family mortgage loans and construction loans. Commercial loans and leases are divided into three classes: commercial loans, equipment financing, and loans to condominium associations. The indirect automobile loan segment is not divided into classes. Consumer loans are divided into three classes: residential mortgage loans, home equity loans and other consumer loans. For each class of loan, management makes significant judgments in selecting the estimation method that fits the credit characteristics of its class and portfolio segment as set forth below. (Refer to

Note 1, "Basis of Presentation," in the consolidated financial statements for more information on the Company's allowance of loan and lease losses methodology.)

General Allowance

The general allowance for loan and lease losses was $44.1 million at December 31, 2013, compared to $36.8 million at December 31, 2012. The general portion of the allowance for loan and lease losses increased by $7.3 million during the year ended December 31, 2013, as a result of growth in the commercial real estate and equipment financing portfolios partially offset by the decrease in the indirect auto portfolios.

Specific Allowance

The specific allowance for loan and lease losses was $1.5 million at December 31, 2013, compared to $1.7 million at December 31, 2012. The specific allowance decreased by $0.2 million during the year ended December 31, 2013, largely as a result of a large commercial real estate loan payoff, offset by an increase in specific reserves on the equipment financing portfolio.

Unallocated Allowance

The unallocated allowance for loan and lease losses was $2.9 million at December 31, 2013, compared to $2.6 million at December 31, 2012. The unallocated portion of the allowance for loan and lease losses increased by $0.3 million during the year ended December 31, 2013, largely as a result of a change in the mix of the loan portfolio and loan growth.

Credit Quality Assessment

At the time of loan origination, a rating is assigned based on the financial strength of the borrower and the value of assets pledged as collateral. The Company continually monitors the asset 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, impaired, 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 troubled debt restructuring.

The Company reviews numerous credit quality indicators when assessing the risk in its loan portfolio. For the commercial real estate mortgage, multi-family mortgage, construction, commercial, equipment financing, condominium association and other consumer loan and lease classes, 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 of the commercial real estate and commercial loan portfolios. The results of these reviews are reported to the Audit Committee of the Board of Directors. For the indirect automobile portfolio, the Company primarily relies on payment status for monitoring credit risk while for residential mortgage and home equity portfolios loan-to-value ratios are used as the primary credit quality indicator.

The ratings categories used for assessing credit risk in the commercial real estate mortgage, 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 Asset 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

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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.

Credit Quality Information

The following tables present the recorded investment in total loans in each class (unpaid balance of loans and leases outstanding excluding deferred loan origination costs) at December 31, 2013 by credit quality indicator.

	At December 31, 2013						
	Commercial Real Estate Mortgage	Multi-Family Mortgage	Construction	Commercial	Equipment Financing	Condominium Association	Other Consumer
	(In Thousands)						
Originated:							
Loan rating:							
Pass	$1,099,108	$554,183	$102,927	$295,057	$479,811	$44,793	$5,528
OAEM	11,555	372	—	49	625	—	—
Substandard	1,087	—	—	1,078	4,817	1	4
Doubtful	—	—	—	1,500	77	—	—
Total originated	1,111,750	554,555	102,927	297,684	485,330	44,794	5,532
Acquired:							
Loan rating:							
Pass	332,145	69,310	10,090	96,779	27,535	—	1,509
OAEM	7,556	463	688	4,617	61	—	—
Substandard	8,645	3,605	—	8,518	98	—	14
Doubtful	1,889	—	—	194	—	—	—
Total acquired	350,235	73,378	10,778	110,108	27,694	—	1,523
Total loans by class	$1,461,985	$627,933	$113,705	$407,792	$513,024	$44,794	$7,055

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	At December 31, 2013	
	Indirect Automobile	
	Dollars In Thousands	Percent
Originated:		
Credit score:		
Over 700	$332,140	82.9 %
661-700	54,038	13.5 %
660 and below	12,793	3.2 %
Data not available	1,560	0.4 %
	$400,531	100.0 %

	At December 31, 2013			
	Residential Mortgage		Home Equity	
	Dollars In Thousands	Percent	Dollars In Thousands	Percent
Originated:				
Loan-to-value ratio:				
Less than 50%	$94,500	17.9 %	$75,372	29.3 %
50% - 69%	149,969	28.4 %	31,504	12.2 %
70% - 79%	139,960	26.5 %	21,161	8.2 %
80% and over	22,772	4.3 %	3,240	1.3 %
Data not available	4,353	0.8 %	1,119	0.4 %
Total originated	411,554	77.9 %	132,396	51.4 %
Acquired:				
Loan-to-value ratio:				
Less than 50%	$23,101	4.4 %	$84,272	32.7 %
50%—69%	39,298	7.4 %	25,964	10.1 %
70%—79%	31,932	6.0 %	13,390	5.2 %
80% and over	19,870	3.8 %	1,208	0.5 %
Data not available	2,430	0.5 %	231	0.1 %
Total acquired	116,631	22.1 %	125,065	48.6 %
Total loans	$528,185	100.0 %	$257,461	100.0 %

The following tables present the recorded investment in loans in each class (unpaid balance of loans and leases outstanding excluding deferred loan origination costs) at December 31, 2012 by credit quality indicator.

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	At December 31, 2012						
	Commercial Real Estate Mortgage	Multi-Family Mortgage	Construction	Commercial	Equipment Financing	Condominium Association	Other Consumer
	(In Thousands)						
Originated:							
Loan rating:							
Pass	$863,901	$504,883	$80,913	$227,201	$359,064	$44,179	$6,093
OAEM	5,686	146	—	1,196	2,979	—	—
Substandard	1,965	988	—	502	4,213	8	29
Doubtful	—	—	—	1,993	41	—	—
Total originated	871,552	506,017	80,913	230,892	366,297	44,187	6,122
Acquired:							
Loan rating:							
Pass	409,725	93,058	17,186	140,589	54,175	—	1,157
OAEM	2,740	2,439	—	1,344	286	—	—
Substandard	17,216	5,019	98	8,635	233	—	—
Doubtful	—	—	—	817	—	—	—
Total acquired	429,681	100,516	17,284	151,385	54,694	—	1,157
Total loans by class	$1,301,233	$606,533	$98,197	$382,277	$420,991	$44,187	$7,279

	At December 31, 2012		
	Indirect Automobile		
	Dollars In Thousands	Percent	
Originated:			
Credit score:			
Over 700	$454,056	83.7	%
661-700	69,319	12.8	%
660 and below	16,934	3.1	%
Data not available	2,035	0.4	%
	$542,344	100.0	%

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	At December 31, 2012		
	Residential Mortgage		Home Equity	
	Dollars In Thousands	Percent	Dollars In Thousands	Percent
Originated:				
Loan-to-value ratio:				
Less than 50%	$86,659	17.0 %	$50,398	19.3 %
50%—69%	142,172	27.8 %	25,284	9.7 %
70%—79%	111,234	21.8 %	16,523	6.3 %
80% and over	27,858	5.4 %	6,042	2.3 %
Data not available	172	— %	1,436	0.5 %
	368,095	72.0 %	99,683	38.1 %
Acquired:				
Loan-to-value ratio:				
Less than 50%	23,398	4.6 %	28,401	10.9 %
50%—69%	42,214	8.2 %	39,385	15.1 %
70%—79%	42,748	8.4 %	33,044	12.6 %
80% and over	31,614	6.2 %	34,267	13.1 %
Data not available	3,040	0.6 %	26,782	10.2 %
	143,014	28.0 %	161,879	61.9 %
Total loans	$511,109	100.0 %	$261,562	100.0 %

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Age Analysis of Past Due Loans and Leases
The following tables present an age analysis of the recorded investment in total loans and leases (unpaid balance of loans and leases outstanding excluding deferred loan origination costs) at December 31, 2013 and 2012.

	At December 31, 2013							
	Past Due							
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Loans and Leases Past Due Greater Than 90 Days and Accruing	Nonaccrual Loans and Leases
	(In Thousands)							
Originated:								
Commercial real estate loans:								
Commercial real estate mortgage	$4,896	$1,393	$169	$6,458	$1,105,292	$1,111,750	$—	$169
Multi-family mortgage	14,400	—	—	14,400	540,155	554,555	—	—
Construction	—	—	—	—	102,927	102,927	—	—
Total commercial real estate loans	19,296	1,393	169	20,858	1,748,374	1,769,232	—	169
Commercial loans and leases:								
Commercial	2,288	75	842	3,205	294,479	297,684	—	1,551
Equipment financing	867	1,558	2,031	4,456	480,874	485,330	—	4,086
Condominium association	—	—	—	—	44,794	44,794	—	1
Total commercial loans and leases	3,155	1,633	2,873	7,661	820,147	827,808	—	5,638
Indirect automobile	5,407	857	229	6,493	394,038	400,531	10	259
Consumer loans:								
Residential mortgage	201	—	415	616	410,938	411,554	—	1,713
Home equity	218	—	—	218	132,178	132,396	—	462
Other consumer	11	1	4	16	5,516	5,532	—	4
Total consumer loans	430	1	419	850	548,632	549,482	—	2,179
Total originated loans and leases	$28,288	$3,884	$3,690	$35,862	$3,511,191	$3,547,053	$10	$8,245

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	At December 31, 2013							
	Past Due							
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Loans and Leases Past Due Greater Than 90 Days and Accruing	Nonaccrual Loans and Leases
	(In Thousands)							
Acquired:								
Commercial real estate loans:								
Commercial real estate mortgage	$1,221	$87	$4,887	$6,195	$344,040	$350,235	$3,958	$929
Multi-family mortgage	327	—	1,052	1,379	71,999	73,378	1,052	—
Construction	—	409	—	409	10,369	10,778	—	—
Total commercial real estate loans	1,548	496	5,939	7,983	426,408	434,391	5,010	929
Commercial loans and leases:								
Commercial	2,707	121	1,931	4,759	105,349	110,108	1,235	4,597
Equipment financing	46	41	73	160	27,534	27,694	73	29
Total commercial loans and leases	2,753	162	2,004	4,919	132,883	137,802	1,308	4,626
Consumer loans:								
Residential mortgage	271	777	5,329	6,377	110,254	116,631	4,468	1,162
Home equity	1,259	552	895	2,706	122,359	125,065	117	1,525
Other consumer	6	11	4	21	1,502	1,523	—	14
Total consumer loans	1,536	1,340	6,228	9,104	234,115	243,219	4,585	2,701
Total acquired loans and leases	$5,837	$1,998	$14,171	$22,006	$793,406	$815,412	$10,903	$8,256

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	At December 31, 2012							
	Past Due							
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Loans and Leases Past Due Greater Than 90 Days and Accruing	Nonaccrual Loans and Leases
	(In Thousands)							
Originated:								
Commercial real estate loans:								
Commercial real estate mortgage	$1,530	$—	$435	$1,965	$869,587	$871,552	$434	$1,539
Multi-family mortgage	2,410	60	988	3,458	502,559	506,017	—	1,932
Construction	2,354	816	—	3,170	77,743	80,913	—	—
Total commercial real estate loans	6,294	876	1,423	8,593	1,449,889	1,458,482	434	3,471
Commercial loans and leases:								
Commercial	26	75	26	127	230,765	230,892	26	1,993
Equipment financing	2,595	1,439	1,618	5,652	360,645	366,297	—	3,817
Condominium association	—	—	—	—	44,187	44,187	—	8
Total commercial loans and leases	2,621	1,514	1,644	5,779	635,597	641,376	26	5,818
Indirect automobile	5,592	923	99	6,614	535,730	542,344	1	99
Consumer loans:								
Residential mortgage	—	—	1,059	1,059	367,036	368,095	27	2,008
Home equity	—	—	33	33	99,650	99,683	—	58
Other consumer	—	2	5	7	6,115	6,122	5	29
Total consumer loans	—	2	1,097	1,099	472,801	473,900	32	2,095
Total originated loans and leases	$14,507	$3,315	$4,263	$22,085	$3,094,017	$3,116,102	$493	$11,483

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	At December 31, 2012							
	Past Due							
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Loans and Leases Past Due Greater Than 90 Days and Accruing	Nonaccrual Loans and Leases
	(In Thousands)							
Acquired:								
Commercial real estate loans:								
Commercial real estate mortgage	$2,911	$—	$7,289	$10,200	$419,481	$429,681	$6,616	$2,475
Multi-family mortgage	2,738	395	2,178	5,311	95,205	100,516	1,857	2,301
Construction	—	—	—	—	17,284	17,284	—	—
Total commercial real estate loans	5,649	395	9,467	15,511	531,970	547,481	8,473	4,776
Commercial loans and leases:								
Commercial	866	177	4,353	5,396	145,989	151,385	3,503	3,461
Equipment financing	133	21	194	348	54,346	54,694	197	56
Total commercial loans and leases	999	198	4,547	5,744	200,335	206,079	3,700	3,517
Consumer loans:								
Residential mortgage	247	121	5,266	5,634	137,380	143,014	3,650	1,796
Home equity	1,582	507	607	2,696	159,183	161,879	321	658
Other consumer	7	—	—	7	1,150	1,157	—	16
Total consumer loans	1,836	628	5,873	8,337	297,713	306,050	3,971	2,470
Total acquired loans and leases	$8,484	$1,221	$19,887	$29,592	$1,030,018	$1,059,610	$16,144	$10,763

Commercial Real Estate Loans—At December 31, 2013, loans outstanding in the three classes within this category expressed as a percentage of total loans and leases outstanding were as follows: commercial real estate mortgage loans 33.5%; multi-family mortgage loans 14.4%; and construction loans 2.6%.

Loans in this portfolio that are on nonaccrual status and/or risk-rated "substandard" or worse are evaluated on an individual loan basis for impairment. For non-impaired commercial real estate loans, loss factors are applied to outstanding loans by risk rating for each of the three classes in the portfolio. The factors applied are based primarily on historic loan loss experience and an assessment of internal and external factors and other relevant information.

Commercial Loans and Leases—At December 31, 2013, loans and leases outstanding in the three classes within this portfolio expressed as a percent of total loans and leases outstanding were as follows: commercial loans and leases 9.3%; equipment financing loans 11.8%; and loans to condominium associations 1.0%.

Loans and leases in this portfolio that are on nonaccrual status and/or risk-rated "substandard" or worse are evaluated on an individual basis for impairment. For non-impaired commercial loans and leases, loss factors are applied to

outstanding loans by risk rating for each of the three classes in the portfolio.
Indirect Automobile Loans—At December 31, 2013, indirect automobile loans represented 9.2% of the Company's total loan and lease portfolio. Determination of the allowance for loan and lease losses for this portfolio is based primarily on borrowers' credit scores (generally considered to be a good indicator of capacity to pay a loan, with the risk of loan loss increasing as credit scores decrease), and on an assessment of trends in loan underwriting, loan loss experience, and the economy and industry conditions. Data are gathered on loan originations by year broken down into the following ranges of borrower credit scores: over 700, between 661 and 700, and 660 and below. The Company's loan policy specifies underwriting guidelines based in part on the score of the borrower and includes ceilings on the percent of loans originated that can be to

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borrowers with credit scores of 660 and below. The breakdown of the amounts shown in "Credit Quality Information" above is based on borrower credit scores at the time of loan origination. It is possible that the credit scores of certain borrowers may have deteriorated since the time the loan was originated. Additionally, migrations of loan charge-offs and recoveries are analyzed by year of origination. Based on that data and taking into consideration other factors such as loan delinquencies and economic conditions, projections are made as to the amount of expected losses inherent in the portfolio. The percentage of loans made to borrowers with credit scores of 660 and below was 3.2% and 3.1% at December 31, 2013 and 2012, respectively.

Consumer Loans—At December 31, 2013, loans outstanding within the three classes within this portfolio expressed as a percent of total loans and leases outstanding (including deferred loan origination costs) were as follows: residential mortgage loans 12.1%, home equity loans 5.9% and other consumer loans 0.2%.

Significant risk characteristics related to the residential mortgage and home equity loan portfolios are the geographic concentration of the properties financed within selected communities in the greater Boston and Providence metropolitan areas and the economic conditions in those areas. The loan-to-value ratio is the primary credit quality indicator used for residential mortgage loans and home equity loans. 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. Consumer loans that become 90 days or more past due, or are placed on nonaccrual regardless of past due status, are reviewed on an individual basis for impairment by assessing the net realizable value of underlying collateral and the economic condition of the borrower.

Impaired Loans and Leases

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 following tables include the recorded investment and unpaid principal balances of impaired loans and leases with the related allowance amount, if applicable, for the originated and acquired loan and lease portfolios at the dates and for the periods indicated. Also presented are the average recorded investments in the impaired loans and leases and the related amount of interest recognized during the period that the impaired loans were impaired.

	At December 31, 2013			Year Ended December 31, 2013	
	Recorded Investment [1]	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(In Thousands)				
Originated:					
With no related allowance recorded:					
Commercial real estate	$2,009	$2,009	$—	$2,184	$92
Commercial	4,410	4,399	—	4,257	144
Consumer	989	987	—	1,077	30
	7,408	7,395	—	7,518	266
With an allowance recorded:					
Commercial real estate	1,466	1,466	184	1,464	43
Commercial	2,393	2,383	675	1,781	29
Consumer	2,448	2,440	323	3,210	97
	6,307	6,289	1,182	6,455	169
Total	$13,715	$13,684	$1,182	$13,973	$435

[1] Includes nonaccrual loans of $5.8 million

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	At December 31, 2013			Year Ended December 31, 2013	
	Recorded Investment (1)	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(In Thousands)				
Acquired:					
With no related allowance recorded:					
Commercial real estate	$9,176	$10,082	$—	$9,639	$251
Commercial	6,988	7,248	—	5,205	129
Consumer	1,033	1,037	—	1,333	20
	17,197	18,367	—	16,177	400
With an allowance recorded:					
Commercial real estate	1,274	1,291	122	2,765	42
Commercial	1,020	1,067	169	577	5
Consumer	—	—	—	—	—
	2,294	2,358	291	3,342	47
Total	$19,491	$20,725	$291	$19,519	$447

(1) Includes nonaccrual loans of $10.9 million

	At December 31, 2012			Year Ended December 31, 2012	
	Recorded Investment (1)	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(In Thousands)				
Originated:					
With no related allowance recorded:					
Commercial real estate	$2,051	$2,051	$—	$2,547	$243
Commercial	3,032	3,059	—	3,159	181
Consumer	1,191	1,187	—	2,123	130
	6,274	6,297	—	7,829	554
With an allowance recorded:					
Commercial real estate	2,517	2,516	241	1,142	79
Commercial	3,422	3,559	703	3,393	305
Consumer	3,648	3,636	596	2,918	100
	9,587	9,711	1,540	7,453	484
Total	$15,861	$16,008	$1,540	$15,282	$1,038

(1) Includes nonaccrual loans of $8.8 million

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	At December 31, 2012			Year Ended December 31, 2012	
	Recorded Investment [(1)]	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(In Thousands)				
Acquired:					
With no related allowance recorded:					
Commercial real estate	17,918	19,129	—	9,071	—
Commercial	7,329	7,782	—	3,801	—
Consumer	3,266	3,379	—	2,319	—
	28,513	30,290	—	15,191	—
With an allowance recorded:					
Commercial real estate	673	684	75	366	—
Commercial	113	121	75	109	—
Consumer	—	—	—	—	—
	786	805	150	475	—
Total	$29,299	$31,095	$150	$15,666	$—

[(1)] Includes nonaccrual loans of $21.5 million

	At December 31, 2011			Year Ended December 31, 2011	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
	(In Thousands)				
Originated:					
With no related allowance recorded:					
Commercial real estate	$2,902	$3,140	$—	$2,834	$119
Commercial	3,341	4,063	—	2,938	94
Indirect automobile	111	111	—	100	—
Consumer	3,126	3,126	—	3,753	159
	9,480	10,440	—	9,625	372
With an allowance recorded:					
Commercial	604	619	190	774	58
Consumer	339	339	35	343	7
	943	958	225	1,117	65
Total	$10,423	$11,398	$225	$10,742	$437

There were no changes in the allowance for loan and lease losses associated with acquired loans in 2011.
The following tables present information regarding impaired and non-impaired loans and leases at the dates indicated:

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	At December 31, 2013							
	Loans and Leases Individually Evaluated for Impairment		Loans and Leases Collectively Evaluated for Impairment		Acquired Loans (ASC 310-30)		Total	
	Portfolio	Allowance	Portfolio	Allowance	Portfolio	Allowance	Portfolio	Allowance
	(In Thousands)							
Commercial real estate	$6,269	$184	$1,910,645	$22,282	$286,709	$556	$2,203,623	$23,022
Commercial	11,512	675	914,739	14,293	39,359	252	965,610	15,220
Indirect automobile	—	—	400,531	3,924	—	—	400,531	3,924
Consumer	4,309	323	708,640	2,618	79,752	434	792,701	3,375
Unallocated	—	—	—	2,932	—	—	—	2,932
Total	$22,090	$1,182	$3,934,555	$46,049	$405,820	$1,242	$4,362,465	$48,473

	At December 31, 2012							
	Loans and Leases Individually Evaluated for Impairment		Loans and Leases Collectively Evaluated for Impairment		Acquired Loans (ASC 310-30)		Total	
	Portfolio	Allowance	Portfolio	Allowance	Portfolio	Allowance	Portfolio	Allowance
	(In Thousands)							
Commercial real estate	$5,576	$316	$1,652,231	$19,702	$348,156	$—	$2,005,963	$20,018
Commercial	8,046	778	774,366	9,877	65,043	—	847,455	10,655
Indirect automobile	—	—	542,344	5,304	—	—	542,344	5,304
Consumer	5,237	596	672,051	1,949	102,662	—	779,950	2,545
Unallocated	—	—	—	2,630	—	—	—	2,630
Total	$18,859	$1,690	$3,640,992	$39,462	$515,861	$—	$4,175,712	$41,152

Troubled Debt Restructured Loans and Leases

The recorded investment in troubled debt restructurings, and the associated specific allowances for loan and lease losses, in the originated and acquired loan and lease portfolios are as follows for the periods indicated:

	Year Ended December 31, 2013							
		Recorded Investment					Defaulted	
	Number of Loans/ Leases	At Modification	At End of Period	Specific Allowance for Loan and Lease Losses	Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Originated:								
Commercial real estate mortgage	1	$1,039	$—	$—	$—	$—	—	$—
Commercial	2	926	918	—	—	—	—	—
	5	1,557	1,415	77	861	—	2	371

Equipment financing								
Residential mortgage	1	415	353	—	353	—	—	—
Total	9	$3,937	$2,686	$77	$1,214	$—	2	$371

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	Year Ended December 31, 2013							
		Recorded Investment					Defaulted	
	Number of Loans/ Leases	At Modification	At End of Period	Specific Allowance for Loan and Lease Losses	Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Acquired:								
Commercial real estate mortgage	1	$737	$727	$—	$—	$—	—	$—
Commercial	6	3,209	3,135	—	1,335	—	1	1,335
Equipment financing	—	—	—	—	—	—	—	—
Residential mortgage	—	—	—	—	—	—	—	—
Total	7	$3,946	$3,862	$—	$1,335	$—	1	$1,335

	Year Ended December 31, 2012							
		Recorded Investment					Defaulted	
	Number of Loans/ Leases	At Modification	At End of Period	Specific Allowance for Loan and Lease Losses	Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Originated:								
Commercial real estate mortgage	2	$867	$854	$33	$513	$—	2	$1,288
Commercial	3	3,942	2,086	316	1,993	—	1	44
Equipment financing	8	2,138	2,038	110	793	—	6	1,240
Residential mortgage	6	2,422	1,724	315	294	—	3	763
Total	19	$9,369	$6,702	$774	$3,593	$—	12	$3,335

	Year Ended December 31, 2012							
		Recorded Investment					Defaulted	
	Number of Loans/ Leases	At Modification	At End of Period	Specific Allowance for Loan and Lease Losses	Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Acquired:								
Commercial real estate mortgage	1	$3,145	$3,208	$—	$—	$—	—	$—
Commercial	2	1,229	1,163	—	478	—	—	—

Equipment financing	—	—	—	—	—	—	—	—
Residential mortgage	—	—	—	—	—	—	—	—
Total	3	$4,374	$4,371	$—	$478	$—	—	$—

	Year Ended December 31, 2011							
		Recorded Investment		Specific Allowance for Loan and Lease Losses			Defaulted	
	Number of Loans/ Leases	At Modification	At End of Period		Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Originated:								
Commercial real estate mortgage	2	$1,171	$1,170	$28	$—	$—	—	$—
Multi-family mortgage	1	29	29	—	29	—	1	29
Commercial	1	66	66	—	—	—	—	—
Equipment financing	16	1,819	1,710	173	524	—	3	365
Residential mortgage	10	1,942	1,937	190	243	—	2	491
Total	30	$5,027	$4,912	$391	$796	$—	6	$885

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	Year Ended December 31, 2011							
		Recorded Investment		Specific Allowance for Loan and Lease Losses			Defaulted	
	Number of Loans/ Leases	At Modification	At End of Period		Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Acquired:								
Commercial real estate mortgage	1	$1,725	$1,609	$—	$1,608	$—	—	$—
Multi-family mortgage	—	—	—	—	—	—	—	—
Commercial	—	—	—	—	—	—	—	—
Equipment financing	—	—	—	—	—	—	—	—
Residential mortgage	1	677	652	—	—	—	—	—
Total	2	$2,402	$2,261	$—	$1,608	$—	—	$—

The financial impact of the modification of performing and nonperforming loans and leases for the year ending December 31, 2013 was $0.8 million. There was no financial impact of the modification of performing and nonperforming loans and leases for the year ending December 31, 2012 or 2011.
The following table sets forth the Company's end-of-period balances for troubled debt restructurings that were modified during the periods indicated, by type of modification.

	Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Loans modified once:			
Extended maturity	$3,841	$1,478	$1,136
Adjusted principal	908	2,185	1,456
Adjusted interest rate	755	1,715	—
Combination maturity, principal, interest rate	554	1,838	1,928
Total loans modified once	$6,058	$7,216	$4,520
Loans modified more than once:			
Extended maturity	$490	$—	$78
Adjusted principal	—	3,857	1,471
Adjusted interest rate	—	—	353
Combination maturity, principal, interest rate	—	—	751
Total loans modified more than once	$490	$3,857	$2,653

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(8) Premises and Equipment

Premises and equipment consist of the following:

	At December 31,		Estimated
	2013	2012	Useful Life
	(In Thousands)		(In Years)
Land	$7,481	$7,553	NA
Office building and improvements	75,271	67,672	10 to 40
Furniture, fixtures and equipment	25,633	22,537	3 to 10
Software	5,018	5,063	3 to 7
Core processing system	11,522	6,951	7.5
Total	124,925	109,776	
Accumulated depreciation and amortization	44,420	38,985	
Total premises and equipment	$80,505	$70,791	

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, 2013, 2012 and 2011, depreciation and amortization expense related to premises and equipment totaled $6.5 million, $4.0 million and $2.1 million, respectively.

(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,		
	2013	2012	2011
	(In Thousands)		
Balance at beginning of year	$137,890	$45,799	$43,241
Additions	—	93,145	2,558
Adjustments to original goodwill	—	(1,054)	—
Balance at end of year	$137,890	$137,890	$45,799

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

	At December 31, 2013			At December 31, 2012		
	Gross Amount	Accumulated Amortization	Carrying Amount	Gross Amount	Accumulated Amortization	Carrying Amount
	(In Thousands)					
Other intangible assets:						
Core deposits	$36,172	$20,395	$15,777	$36,172	$16,399	$19,773
Trade name	1,600	511	1,089	1,600	267	1,333
Trust relationship	1,568	1,547	21	1,568	1,164	404
Other intangible	442	442	—	442	442	—
Total other intangible assets	$39,782	$22,895	$16,887	$39,782	$18,272	$21,510

As of December 31, 2013, the Company has concluded that the BankRI name will 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 core deposit intangible and trust relationships is 11.0 and 1.0 years, respectively. There were no impairment losses relating to other acquisition-related intangible assets recorded during the years ended December 31, 2013, 2012 and 2011.

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)
2014	$3,124
2015	2,868
2016	2,457
2017	1,858
2018	1,836
Thereafter	3,655
Total	$15,798

(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. At December 31, 2013 and 2012, BankRI owned nine policies with a net cash surrender value of $34.7 million and $33.7 million, respectively. At both December 31, 2013 and 2012, First Ipswich owned two policies with a net cash surrender value of $0.7 million.

Affordable Housing Investments

The Company began investing in affordable housing projects that benefit low- and moderate-income individuals in 2011 and currently has investments in seven projects. During 2013, the Company invested in two new affordable housing projects for a total of $3.3 million. The Company is a limited partner in these projects given that its investments do not exceed 50% of the outstanding equity interest in any single project and project management is controlled by the general partner or project sponsor. Further information regarding the Company's investments in affordable housing projects follows:

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	As of and for the Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Investments in affordable housing projects included in other assets	$10,301	$9,167	$6,712
Unfunded commitments related to affordable housing projects included in other liabilities	2,904	4,291	2,864
Loss from investments in affordable housing projects	1,812	694	671
Reduction in tax expense due to affordable housing tax credits	1,058	806	464

(11) Deposits

A summary of deposits follows:

	December 31, 2013			December 31, 2012		
	Amount	Weighted Average Rate		Amount	Weighted Average Rate	
	(Dollars in Thousands)					
Demand checking accounts	$707,023	—		$623,274	—	
NOW accounts	210,602	0.07	%	212,858	0.09	%
Savings accounts	494,734	0.25	%	515,367	0.39	%
Money market accounts	1,487,979	0.54	%	1,253,819	0.63	%
Total core deposit accounts	2,900,338	0.32	%	2,605,318	0.39	%
Certificate of deposit accounts maturing:						
Within six months	381,986	0.72	%	392,138	0.91	%
After six months but within 1 year	312,005	0.82	%	359,510	0.95	%
After 1 year but within 2 years	141,518	1.09	%	159,747	1.09	%
After 2 years but within 3 years	45,965	1.91	%	34,392	2.05	%
After 3 years but within 4 years	26,046	1.65	%	37,813	2.08	%
After 4 years but within 5 years	26,810	1.33	%	27,341	1.65	%
5+ Years	338	1.15	%	—	—	%
Total certificate of deposit accounts	934,668	0.91	%	1,010,941	1.06	%
Total deposits	$3,835,006	0.47	%	$3,616,259	0.58	%

Certificate of deposit accounts issued in amounts of $100,000 or more totaled $424.7 million and $437.9 million at December 31, 2013 and 2012, respectively.

Interest expense on deposit balances is summarized as follows:

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	Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Interest-bearing deposits:			
NOW accounts	$173	$209	$216
Savings accounts	1,288	1,726	942
Money market accounts	8,220	8,773	7,626
Certificate of deposit accounts	9,092	10,724	10,973
Total interest-bearing deposits	$18,773	$21,432	$19,757

Collateral Pledged to Deposits
At December 31, 2013 and 2012, $62.4 million and $86.5 million, respectively, of collateral was pledged for municipal deposits; treasury; tax and loan deposits.
(12) Borrowed Funds
Borrowed funds are comprised of the following:

	At December 31,	
	2013	2012
	(In Thousands)	
Advances from the FHLBB	$768,773	$790,865
Repurchase agreements	34,619	51,013
Subordinated debentures	9,163	12,091
Total borrowed funds	$812,555	$853,969

Interest expense on borrowed funds for the periods indicated is as follows:

	Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Advances from the FHLBB	$10,886	$13,685	$10,454
Repurchase agreements	68	137	125
Subordinated debentures	439	578	—
Total interest expense on borrowed funds	$11,393	$14,400	$10,579

Investment Securities and Loans Pledged as Collateral
At December 31, 2013 and 2012, $1.6 billion and $1.8 billion, respectively, of investment securities available-for-sale and loans and leases, were pledged as collateral for repurchase agreements; municipal deposits; treasury; tax and loan deposits; swap agreements; current and future FHLBB borrowings; and future Federal Reserve "discount window" borrowings.
FHLBB Advances and Federal Reserve Borrowings
FHLBB advances mature as follows:

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	At December 31,							
	2013				2012			
	Amount	Callable Amount	Weighted Average Rate		Amount	Callable Amount	Weighted Average Rate	
	(Dollars in Thousands)							
Within 1 year	$186,035	$—	0.71	%	$363,485	$17,000	1.32	%
Over 1 year to 2 years	283,000	—	0.79	%	46,178	—	2.14	%
Over 2 years to 3 years	92,971	32,094	2.45	%	108,000	—	1.00	%
Over 3 years to 4 years	147,198	118,698	3.86	%	64,330	30,000	3.24	%
Over 4 years to 5 years	36,625	10,071	2.51	%	149,032	112,000	3.86	%
Over 5 years	22,944	—	3.70	%	59,840	10,000	3.00	%
	$768,773	$160,863	1.71	%	$790,865	$169,000	2.06	%

Actual maturities of the advances may differ from those presented above since the FHLBB has the right to call certain advances prior to the scheduled maturity.

The advances are secured by blanket pledge agreements which require the Banks to maintain as collateral certain qualifying assets, principally the Banks' FHLBB stock, mortgage loans and securities in an aggregate amount equal to outstanding advances. Based on the $1.6 billion in qualifying collateral available for these borrowings, at December 31, 2013 the total available borrowing capacity for advances from the FHLBB and FRB was $1.0 billion.

Repurchase Agreements

Information concerning repurchase agreements is as follows for the periods indicated below:

	Year Ended December 31,			
	2013		2012	
	(Dollars In Thousands)			
Outstanding at end of year	$34,619		$51,013	
Average outstanding for the year	38,784		46,623	
Maximum outstanding at any month-end	48,544		51,013	
Weighted average rate at end of year	0.17	%	0.15	%
Weighted average rate paid for the year	0.17	%	0.13	%

Securities sold under agreements to repurchase are funds borrowed from customers on an overnight basis that are secured by GSEs in the same amount. The obligations to repurchase the identical securities that were sold are reflected as liabilities and the securities remain in the asset accounts.

Subordinated Debentures

In the acquisition of Bancorp Rhode Island, Inc., the Company assumed three subordinated debentures issued by a subsidiary of Bancorp Rhode Island, Inc. One subordinated debenture in the amount of $3.0 million was called in the first quarter of 2013 million due to its high fixed rate. The two remaining subordinated debentures are summarized below:

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At December 31, 2013:

Issue Date	Rate	Fair Market Rate at BankRI Acquisition		Maturity Date	Next Call Date	Carrying Amount
	(Dollars in Thousands)					
June 26, 2003	Variable; 3-month LIBOR + 3.10%	6.45	%	June 26, 2033	March 26, 2014	$4,666
March 17, 2004	Variable; 3-month LIBOR + 2.79%	6.45	%	March 17, 2034	March 17, 2014	$4,497

At December 31, 2012:

Issue Date	Rate	Fair Market Rate at BankRI Acquisition		Maturity Date	Next Call Date	Carrying Amount
	(Dollars in Thousands)					
February 22, 2001	Fixed; 10.2%	3.00	%	February 22, 2031	February 22, 2013	$3,000
June 26, 2003	Variable; 3-month LIBOR + 3.10%	6.45	%	June 26, 2033	March 26, 2013	$4,641
March 17, 2004	Variable; 3-month LIBOR + 2.79%	6.45	%	March 17, 2034	March 17, 2013	$4,450

(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 interest rate swaps. 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 contractual amount of the instruments. The Company uses the same policies in making commitments and conditional obligations as it does for on-balance sheet instruments.
Financial instruments with off-balance-sheet risk at the dates indicated follow:

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	At December 31,	
	2013	2012
	(In Thousands)	
Financial instruments whose contract amounts represent credit risk:		
Commitments to originate loans and leases:		
Commercial real estate	$48,973	$158,768
Commercial	143,252	116,235
Residential mortgage	8,027	8,926
Unadvanced portion of loans and leases	592,782	299,523
Unused lines of credit:		
Home equity	205,665	165,936
Other consumer	1,035	4,017
Other commercial	—	965
Unused letters of credit:		
Financial standby letters of credit	20,410	19,887
Performance standby letters of credit	2,989	2,916
Commercial and similar letters of credit	440	112
Back-to-back interest rate swaps	22,418	33,221

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 liability for unfunded credit commitments, which is included in other liabilities, was $1.0 million at December 31, 2013 and $0.7 million at December 31, 2012.

From time to time the Company enters into back-to-back interest rate swaps with commercial customers and third-party financial institutions. These swaps allow the Company to offer long-term fixed-rate commercial loans while mitigating the interest-rate risk of holding those loans. In a back-to-back interest rate swap transaction, the Company lends to a commercial customer on a floating-rate basis and then enters into an interest rate swap with that customer. Concurrently, the Company enters into offsetting swaps with a third-party financial institution, effectively minimizing its net interest-rate risk exposure resulting from such transactions.

The fair value of interest rate swap assets and liabilities is $0.8 million and $0.9 million, respectively, at December 31, 2013. The fair value of interest rate swap assets and liabilities is $1.3 million and $1.4 million, respectively, at December 31, 2012.

Lease Commitments

The Company leases certain office space under various noncancellable operating leases. A summary of future minimum rental payments under such leases at the dates indicated follows:

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Year ended December 31,	Minimum Rental Payments (In Thousands)
2014	$4,936
2015	4,740
2016	4,500
2017	4,030
2018	3,392
Thereafter	12,431
Total	$34,029

The leases contain escalation clauses for real estate taxes and other expenditures, which are not included above. Total rental expense was $5.2 million in 2013, $4.5 million in 2012 and$2.7 million in 2011.
A portion of the Company's new headquarters was rented to third-party tenants in 2013 with rental income of $0.3 million reported in non-interest income.
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
The following table is a reconciliation of basic EPS and diluted EPS:

	2013		2012		2011	
	Basic	Fully Diluted	Basic	Fully Diluted	Basic	Fully Diluted
	(Dollars in Thousands, Except Per Share Amounts)					
Net income	$35,386	$35,386	$37,142	$37,142	$27,600	$27,600
Weighted average shares outstanding	69,808,164	69,808,164	69,702,417	69,702,417	58,633,627	58,633,627
Effect of dilutive securities	—	75,760	—	43,839	—	2,804
Adjusted weighted average shares outstanding	69,808,164	69,883,924	69,702,417	69,746,256	58,633,627	58,636,431
Earnings per share	$0.51	$0.51	$0.53	$0.53	$0.47	$0.47

On January 3, 2012, the Company issued approximately 11 million shares of common stock as partial consideration to acquire Bancorp Rhode Island, Inc. (Refer to Note 2, "Acquisitions,")
(15) Comprehensive Income
Comprehensive income represents the sum of net income (loss) and other comprehensive income (loss). For the years ended December 31, 2013, 2012 and 2011, the Company’s other comprehensive income include the following two components: (i) unrealized holding gains (losses) on investment securities available-for-sale; and (ii) adjustment of accumulated obligation for postretirement benefits.

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Changes in accumulated other comprehensive (loss) income by component, net of tax, were as follows for the periods indicated:

	Year Ended December 31, 2013		
	Investment Securities Available-for-Sale	Postretirement Benefits	Accumulated Other Comprehensive Income
	(In Thousands)		
Balance at December 31, 2012	$3,358	$125	$3,483
Other comprehensive (loss) income	(11,690)	292	(11,398)
Balance at December 31, 2013	$(8,332)	$417	$(7,915)

	Year Ended December 31, 2012		
	Investment Securities Available-for-Sale	Postretirement Benefits	Accumulated Other Comprehensive Income
	(In Thousands)		
Balance at December 31, 2011	$1,834	$129	$1,963
Other comprehensive income (loss)	1,524	(4)	1,520
Balance at December 31, 2012	$3,358	$125	$3,483

	Year Ended December 31, 2011		
	Investment Securities Available-for-Sale	Postretirement Benefits	Accumulated Other Comprehensive Income
	(In Thousands)		
Balance at December 31, 2010	$2,185	$163	$2,348
Other comprehensive loss	(351)	(34)	(385)
Balance at December 31, 2011	$1,834	$129	$1,963

The following is a summary of the amounts reclassified from accumulated other comprehensive income (loss) for the years ended December 31, 2013, 2012, and 2011.

	Year Ended December 31,			Income Statement Line Affected by Reclassification
	2013	2012	2011	
	(In Thousands)			
Other Comprehensive Income (Loss) Component				
Unrealized gains on investment securities available-for-sale:				
	$397	$926	$80	Gain on sales of securities,net
	(142)	(328)	(29)	Provision for income taxes
Total reclassifications for the period	$255	$598	$51	Net income

(16) Derivatives and Hedging Activities

The Company may use interest-rate contracts (swaps, caps and floors) as part of interest-rate risk management strategy. Interest-rate swap, cap and floor agreements are entered into as hedges against future interest-rate fluctuations on specifically identified assets or liabilities. The Company did not have derivative fair value hedges or derivative cash flow hedges at December 31, 2013 and 2012.

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Derivatives not designated as hedges are not speculative but rather, result from a service the Company provides to certain customers for a fee. The Company executes interest-rate swaps 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 swaps associated with this program do not meet hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. The Company had 8 interest-rate swaps with an aggregate notional amount of $22.4 million and 10 interest-rate swaps with an aggregate notional amount of $33.2 million related to this program at December 31, 2013 and 2012, respectively.

The table below presents the fair value and classification of the Company's derivative financial instruments on the consolidated balance sheets as of December 31, 2013 and 2012, and the effect of the Company's derivative financial instruments on the consolidated income statements for the year ended December 31, 2013 and 2012:

	At December 31, 2013		Year Ended December 31, 2013
	Asset Derivatives	Liability Derivatives	Loss Recognized in Income on Derivatives(1)
	(In Thousands)		
Total derivatives (interest-rate products) not designated as hedging instruments	$825	$856	$32

	At December 31, 2012		Year Ended December 31, 2012
	Asset Derivatives	Liability Derivatives	Loss Recognized in Income on Derivatives(1)
	(In Thousands)		
Total derivatives (interest-rate products) not designated as hedging instruments	$1,317	$1,380	$24

(1) The amount of loss recognized in income represents changes related to the fair value of the interest rate products.

By using derivative financial instruments, the Company exposes itself to credit risk. Credit risk 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. The Company had limited exposure relating to interest rate swaps with institutional counterparties at December 31, 2012 or 2011, as all such swaps were in a net liability position and subject to master netting agreements.

The estimated net credit risk exposure for derivative financial instruments was $31.2 thousand and $0.1 million at December 31, 2013, and 2012, respectively.

Certain of the derivative agreements contain provisions that require the Company to post collateral if the derivative exposure exceeds a threshold amount. The Company posted collateral in the normal course of business totaling $2.8 million and $0.5 million as of December 31, 2013 and 2012, respectively.

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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, 2013					
	Gross Amounts of Recognized Assets /Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position		Net Amount
				Financial Instruments	Cash Collateral (Received)/ Posted	
	(In Thousands)					
Asset Derivatives	$825	$ —	$ 825	$—	$ —	$825
Liability Derivatives	$856	$ —	$ 856	$—	$ 2,811	$3,667

	At December 31, 2012					
	Gross Amounts of Recognized Assets /Liabilities	Gross Amounts Offset in the Statement of Financial Position	Net Amounts of Assets Presented in the Statement of Financial Position	Gross Amounts Not Offset in the Statement of Financial Position		Net Amount
				Financial Instruments	Cash Collateral (Received) / Posted	
	(In Thousands)					
Asset Derivatives	$1,317	$ —	$ 1,317	$—	$ —	$1,317
Liability Derivatives	$1,380	$ —	$ 1,380	$—	$ 548	$1,928

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.

(17) Income Taxes

Income tax expense is comprised of the following amounts:

	Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Current provision:			
Federal	$12,799	$15,558	$14,115
State	4,238	5,120	4,987
Total current provision	17,037	20,678	19,102
Deferred provision (benefit):			
Federal	2,572	389	811
State	(128)	274	(27)
Total deferred provision	2,444	663	784
Total provision for income taxes	$19,481	$21,341	$19,886

Total provision for income taxes differed from the amounts computed by applying the statutory U.S. federal income tax rate (35.0%) to income before tax expense as a result of the following:

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	Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Expected income tax expense at statutory federal tax rate	$19,830	$20,899	$17,047
State taxes, net of federal income tax benefit	2,673	3,506	3,224
Bank-owned life insurance	(383)	(409)	—
Tax-exempt interest income	(310)	(216)	(157)
Non-deductible acquisition and other expenses	—	617	613
Income attributable to noncontrolling interest in subsidiary	(768)	(560)	(427)
Tax credit—premises and equipment	(453)	(1,593)	—
Tax credits from investments in affordable housing projects	(1,058)	(806)	(464)
Other, net	(50)	(97)	50
Total provision for income taxes	$19,481	$21,341	$19,886
Effective income tax rate	34.4%	35.7%	40.8%

The Company's effective tax rate was 34.4% at December 31, 2013 compared to 35.7% at December 31, 2012. The decrease in the Company's effective tax rate in 2013 was primarily attributable to non deductible professional fees in 2012 related to the BankRI acquisition and lower state income tax expense. Additional state income tax expense was recognized in 2012 as the projected state tax savings from the acquisition of BankRI reduced the value of the deferred tax asset by $0.5 million, increasing the income tax expense in 2012. These reductions were partially offset by a $1.1 million reduction in the rehabilitation tax credits received for the refurbishment of the corporate headquarters at 131 Clarendon Street in Boston, Massachusetts as renovations were completed early in 2013.
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:

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	At December 31,	
	2013	2012
	(In Thousands)	
Deferred tax assets:		
Allowance for credit losses	$19,754	$16,667
Acquisition fair value adjustments	7,430	10,013
Unrealized loss on securities available for sale	5,119	—
Retirement and postretirement benefits	4,159	4,822
Deferred compensation	1,989	2,254
Net operating loss and contribution carryovers	1,922	2,229
Non-accrual interest	878	948
Restricted stock and stock option plans	726	803
Write-downs of investment securities	442	795
Depreciation	—	235
Accrued expenses	375	200
Alternative minimum tax credits	31	31
Other	33	198
Total gross deferred tax assets	42,858	39,195
Deferred tax liabilities:		
Identified intangible assets and goodwill	7,322	8,893
Depreciation	2,619	—
Unrealized gain on securities available for sale	—	2,015
Deferred loan origination costs, net	734	736
Investments in affordable housing projects	205	246
Unrecognized gain relating to postretirement obligation	268	92
Other	—	16
Total gross deferred tax liabilities	11,148	11,998
Net deferred tax asset	$31,710	$27,197

At December 31, 2013, the Company had net operating loss carryforwards for federal income tax purposes of $5.5 million which are available to offset future federal taxable income, if any, through 2020. In addition, the Company has alternative minimum tax credit carryforwards of $31,000, which are available to reduce future federal income taxes, if any, over an indefinite period. According to Section 382 of the Internal Revenue Code, the net operating loss carryforwards and credit are subject to an annual limitation of $881,000.

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.

For federal income tax purposes, the Company has a $1.8 million reserve for credit losses which remains subject to recapture. If any portion of the reserve is used for purposes other than to absorb the losses for which it was established, approximately 150% of the amount actually used (limited to the amount of the reserve) would be subject to taxation in the year in which used. As the Company intends to use the reserve only to absorb credit losses, no provision has been made for the $750,000 liability that would result if 100% of the reserve were recaptured.

The Company did not have any unrecognized tax benefits accrued as income tax receivables or as deferred tax items at December 31, 2013.

The Company is subject to federal and state examinations for tax years after December 31, 2009.

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(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, 2013, there were no shares of preferred stock issued.

Capital Distributions and Restrictions Thereon

The Company is a legal entity separate and distinct from each of the Banks and Brookline Securities Corp. The Company's primary source of revenue dividends paid to it by the Banks and Brookline Securities Corp.

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 their parent 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. Payment of dividends by a bank is also restricted pursuant to various state regulatory limitations, including the Massachusetts Division of Banks in the case of Brookline Bank and First Ipswich, and the Banking Division of the Rhode Island Department of Business Regulation in the case of BankRI.

Common Stock Repurchases

In 2013, 2012 and 2011, no shares of the Company's common stock were repurchased by the Company. As of December 31, 2013, the Company was not authorized to repurchase any additional shares of its common stock.

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 $20.6 million (unaudited), $22.3 million (unaudited) and $24.4 million (unaudited) at December 31, 2013, 2012 and 2011, respectively.

(19) Regulatory Capital Requirements

The Company's primary source of cash is dividends from the Banks and Brookline Securities Corp. 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.

The Company is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the "BHCA") and as such, must comply with the capital requirements of the Federal Reserve Bank (the "FRB") at the consolidated level. As member banks of the FRB, Brookline Bank, BankRI and First Ipswich are also required to comply with the regulatory capital requirement of the FRB.

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While the FRB is the primary regulator, the Banks are also subject to FDIC regulations and capital adequacy requirements since they are also FDIC-insured banks. The FDIC has promulgated corresponding regulations to implement the system of prompt corrective action established by Section 38 of the Federal Deposit Insurance Act, as amended (the "FDIA"). Under the regulations, 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 6.0% or greater; (3) a Tier 1 leverage ratio of 5.0% or greater; and (4) 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 and the regulatory framework for prompt corrective action, the Company and 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. 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. Prompt corrective action provisions are not applicable to bank holding companies.

The following table reconciles stockholders' equity under GAAP with regulatory capital for the Company and its subsidiaries at the dates indicated.

	The Company		Brookline Bank		BankRI		First Ipswich	
	Dec. 31,		Dec. 31,		Dec. 31,		Dec. 31,	
	2013	2012	2013	2012	2013	2012	2013	2012
	(In Thousands)							
Stockholders' equity	$613,867	$612,097	$301,291	$288,859	$236,579	$247,606	$34,641	$35,515
Add: Minority interest	4,304	3,712	4,304	3,712	—	—	—	—
Add: Subordinated debenture	9,163	12,091	—	—	—	—	—	—
Less: Disallowed goodwill and intangible assets	154,777	159,400	7,647	7,991	106,593	110,203	5,271	5,940
Less: Unrealized loss on available-for-sale equity securities	—	—	—	—	—	—	10	—
Less: Net unrealized (losses) gains on available-for-sale securities	(7,915)	3,358	(1,874)	1,874	(4,918)	1,303	(1,075)	366
Tier 1 capital	480,472	465,142	299,822	282,706	134,904	136,100	30,435	29,209
Allowance for credit losses not to exceed 1.25% of risk-weighted assets	49,510	41,935	35,905	35,923	10,936	5,053	1,854	959
Unrealized gains on available-for-sale equity securities	—	—	—	—	7	18	—	—
Total risk-based capital	$529,982	$507,077	$335,727	$318,629	$145,847	$141,171	$32,289	$30,168

As of December 31, 2013, the Company, Brookline Bank, BankRI and First Ipswich met all applicable minimum capital requirements and were considered "well-capitalized" by their respective regulators. The Company's and the

Banks' actual and required capital amounts and ratios are as follows:

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	Actual		Minimum Required for Capital Adequacy Purposes		Minimum Required To Be Considered "Well-Capitalized"	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
At December 31, 2013:						
Brookline Bancorp, Inc.						
Tier 1 leverage capital ratio (1)	$480,472	9.4 %	$205,946	4.0 %	N/A	N/A
Tier 1 risk-based capital ratio (2)	480,472	11.0 %	174,512	4.0 %	N/A	N/A
Total risk-based capital ratio (3)	529,982	12.2 %	349,159	8.0 %	N/A	N/A
Brookline Bank						
Tier 1 leverage capital ratio (1)	$299,822	9.4 %	$127,992	4.0 %	$159,990	5.0 %
Tier 1 risk-based capital ratio (2)	299,822	10.4 %	114,874	4.0 %	172,311	6.0 %
Total risk-based capital ratio (3)	335,727	11.7 %	229,753	8.0 %	287,192	10.0 %
BankRI						
Tier 1 leverage capital ratio (1)	$134,904	8.1 %	$66,784	4.0 %	$83,480	5.0 %
Tier 1 risk-based capital ratio (2)	134,904	10.6 %	52,904	4.0 %	79,355	6.0 %
Total risk-based capital ratio (3)	145,847	11.4 %	105,782	8.0 %	132,228	10.0 %
First Ipswich						
Tier 1 leverage capital ratio (1)	$30,435	9.8 %	$12,461	4.0 %	$15,576	5.0 %
Tier 1 risk-based capital ratio (2)	30,435	13.6 %	8,971	4.0 %	13,457	6.0 %
Total risk-based capital ratio (3)	32,289	14.4 %	17,938	8.0 %	22,423	10.0 %
At December 31, 2012:						
Brookline Bancorp, Inc.						
Tier 1 leverage capital ratio (1)	$465,142	9.4 %	$197,094	4.0 %	N/A	N/A
Tier 1 risk-based capital ratio (2)	465,142	10.9 %	171,481	4.0 %	N/A	N/A
Total risk-based capital ratio (3)	507,077	11.8 %	342,909	8.0 %	N/A	N/A
Brookline Bank						
Tier 1 leverage capital ratio (1)	$282,706	9.3 %	$121,725	4.0 %	$152,156	5.0 %
Tier 1 risk-based capital ratio (2)	282,706	9.8 %	115,626	4.0 %	173,439	6.0 %
Total risk-based capital ratio (3)	318,629	11.0 %	231,310	8.0 %	289,137	10.0 %
BankRI						
Tier 1 leverage capital ratio (1)	$136,100	8.5 %	$64,047	4.0 %	$80,059	5.0 %
Tier 1 risk-based capital ratio (2)	136,100	11.5 %	47,175	4.0 %	70,763	6.0 %
Total risk-based capital ratio (3)	141,171	12.0 %	94,350	8.0 %	117,937	10.0 %
First Ipswich						
Tier 1 leverage capital ratio (1)	$29,209	9.7 %	$12,020	4.0 %	$15,025	5.0 %
Tier 1 risk-based capital ratio (2)	29,209	13.2 %	8,824	4.0 %	13,237	6.0 %
Total risk-based capital ratio (3)	30,168	13.7 %	17,642	8.0 %	22,053	10.0 %

(1) Tier 1 leverage capital ratio is calculated by dividing Tier 1 capital by average assets.
(2) Tier 1 risk-based capital ratio is calculated by dividing Tier 1 capital by risk-weighted assets.
(3) Total risk-based capital ratio is calculated by dividing total capital by risk-weighted assets.

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(20) Employee Benefit Plans
Postretirement Benefits
Postretirement benefits are provided for part of the annual expense of health insurance premiums for 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 components of net periodic postretirement benefit cost and other amounts recognized in other comprehensive income:

	Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Net periodic benefit expense:			
Service cost	$61	$74	$74
Interest cost	47	55	61
Prior service credit	(21)	(21)	(21)
Actuarial gain	(16)	(3)	(4)
Net periodic benefit expense	$71	$105	$110
Changes in postretirement benefit obligation recognized in other comprehensive income:			
Net actuarial loss (gain)	$489	$11	$(36)
Prior service credit	(21)	(21)	(21)
Total pre-tax changes in postretirement benefit obligation recognized in other comprehensive income	$468	$(10)	$(57)

The discount rate used to determine the actuarial present value of projected postretirement benefit obligations was 4.90% in 2013, 3.95% in 2012 and 5.25% in 2011. The estimated prior service credit that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2014 is $21,000. The liability for the postretirement benefits included in accrued expenses and other liabilities was $1.1 million at December 31, 2013 and $1.5 million at December 31, 2012.
The actual health care trend used to measure the accumulated postretirement benefit obligation in 2013 for plan participants below age 65 and for plan participants over age 65 was 2.7% and -14.5%, respectively. In 2012, the rate for plan participants below age 65 and for plan participants over age 65 was 3.0% and -14.7%, respectively. The rates to be used in 2014 through 2018 are expected to be in the range of 7.3% to 6.5% and to decline gradually thereafter to 5.3%. 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:

	1% Increase	1% Decrease
	(In Thousands)	
Effect on total service and interest cost components of net periodic postretirement benefit costs	$26	$(20)
Effect on the accumulated postretirement benefit obligation	215	(171)

401(k) Plans
The Company administers two 401(k) plans, both of which are qualified, tax-exempt profit-sharing plans with a salary deferral feature under Section 401(k) of the Internal Revenue Code. Each employee reaching the age of 21 and having completed 1,000 hours of service in a plan year is eligible to participate in a plan by making voluntary contributions, subject to certain limits based on federal tax laws. In one plan, the Company contributes an amount equal to 5% of the compensation of eligible employees, but does not match employee contributions to the plan. Participants are vested in employer contributions after three years of service.

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In the other plan, the Company makes a matching contribution of the amount contributed by eligible employees, up to 4% of the employee's yearly compensation. Contributions to both plans are subject to certain limits based on federal tax laws. Expenses associated with the plans were $2.0 million in 2013, $1.8 million in 2012 and $1.0 million in 2011.

Nonqualified Deferred Compensation Plan

The Company also maintains a Nonqualified Deferred Compensation Plan (the "Nonqualified Plan") under which certain participants may contribute the amounts they are precluded from contributing to the Company's 401(k) plans 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 2013, 2012 and 2011 were $0.5 million, $0.5 million and $0 million, respectively. Accrued liabilities associated with the Nonqualified Plan in 2013, 2012 and 2011 were $0.4 million, $0.5 million and $0 million, respectively.

Supplemental Executive Retirement Agreements

The Company acquired two Supplemental Executive Retirement Plans ("the SERPs") as part of its acquisitions of BankRI and First Ipswich. The Company maintains the SERPs for certain senior executives under which participants are entitled to an annual retirement benefit. As of December 31, 2013, there are 13 participants in the SERPs. The Company funded a Rabbi Trust to provide a partial funding source for the Company's liabilities under the SERPs. The Company records annual amounts related to the SERPs based on an actuarial calculation. Actuarial gains and losses are reflected immediately in the statement of imcome.

Total expenses for benefits payable under the SERPs for the years ended December 31, 2013, and 2012 were $0.6 million, $0.4 million, respectively. Aggregate benefits payable included in accrued expenses and other liabilities at December 31, 2013 and 2012 were $10.1 million and $10.7 million, respectively.

The nominal discount rate used to determine the actuarial present value of projected benefits under the agreements was 5% and 4.25% in the year 2013 and 2012, respectively.

Employee Stock Ownership Plan

Brookline Bank established an Employee Stock Ownership Plan ("ESOP") on November 1, 1997. The Company's ESOP loan to Brookline Bank to purchase 546,986 shares of Company common stock is payable in quarterly installments over 30 years, bears interest at 8.50% per annum, matures December 31, 2021 and can be prepaid without penalty. Loans are repaid to the Company in the form of cash contributions from Brookline Bank, subject to federal tax law limits. The outstanding balance of the loan at December 31, 2013 and 2012, which was $2.3 million and $2.6 million, respectively, is eliminated in consolidation.

Shares of common stock used as collateral to secure the loan are released and available for allocation to eligible employees as the principal and interest on the loan is paid. Employees vest in their ESOP account at a rate of 20% annually commencing in the year of completion of three years of credited service or immediately if service is terminated due to death, retirement, disability or change in control.

Dividends on released shares are credited to the participants' ESOP accounts. Dividends on unallocated shares of common stock are generally applied towards payment of the loan. ESOP shares committed to be released are considered outstanding in determining earnings per share.

At December 31, 2013 and 2012, the ESOP held 291,666 and 333,918 unallocated shares, respectively at an aggregate cost of $1.5 million and $1.7 million, respectively. The market value of such shares at December 31, 2013 and 2012 was $2.8 million and $2.8 million, respectively. Compensation and employee benefits expense related to the ESOP was $0.4 million in 2013, $0.4 million in 2012 and $0.4 million in 2011 based on the commitment to release to eligible employees 42,252 shares in 2013, 44,292 shares in 2012 and 46,207 shares in 2011.

Recognition and Retention Plans

On April 20, 2011, the stockholders of the Company approved the 2011 Restricted Stock Award Plan (the "2011 RSA"). The purpose of the 2011 RSA is to promote the long-term financial success of the Company and its subsidiaries by providing a means to attract, retain and reward individuals who contribute to such success and to further align their interests with those of

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the Company's stockholders. The maximum number of shares of the Company's common stock that may be awarded is 500,000.
The Company awarded 138,500 and 166,941 shares of common stock under the 2011 RSA in 2013 and 2012, respectively. Of the awarded shares, 50% vest 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 will 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 comprised of 22 financial institutions. The specific performance measure targets relate to return on assets, return on equity, asset quality and total return to stockholders (share price appreciation from date of award plus dividends paid as a percent of the Company's common stock share price on the date of award). If a participant leaves the Company prior to the third anniversary date of an award, any unvested shares will be forfeited. Dividends declared with respect to shares awarded will be held by the Company and paid to the participant only when the shares vest.
The Company also has an active recognition and retention plan, titled the 2003 Recognition and Retention Plan (the "2003 RRP"), with 1,250,000 authorized shares. A prior plan, the 1999 Recognition and Retention Plan (the "1999 RRP" and collectively with the 2003 RRP, the "RRPs"), with 546,986 authorized shares, was terminated on April 19, 2009. Under both of the RRPs, shares of the Company's common stock were reserved for issuance as restricted stock awards to officers, employees and non-employee directors of the Company. 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 again be available for issuance under the plans. All shares awarded under the 1999 RRP vested on or before April 19, 2009. As of that date, no shares remained available for award under that plan. As of December 31, 2013, 11,599 shares were available for award under the 2003 RRP.
Total expense for the RSA and RRP plans was $1.2 million in 2013, $0.8 million in 2012 and $0.4 million in 2011. The expense to be recognized for unvested shares at December 31, 2013 will be $1.5 million in 2014. Dividends paid on unvested RRP shares, which are recognized as compensation expense, were $30,000 in 2013, $11,000 in 2012 and $12,000 in 2011.
No dividend equivalent rights were paid to holders of unexercised vested options in 2013, 2012, or 2011.
Stock Option Plans
The Company has an active stock option plan, the "2003 Option Plan." A prior plan, the "1999 Option Plan," was terminated on April 19, 2009. Under both stock option plans, shares of the Company's common stock were reserved for issuance to directors, employees and non-employee directors of the Company. Shares issued upon the exercise of a stock option may be either authorized but unissued shares or reacquired shares held by the Company as treasury shares. Any shares subject to an award which expire or are terminated unexercised will again be available for issuance under the plans.
The exercise price of options awarded is the fair market value of the common stock of the Company on the date the award is made. Certain of the options include a reload feature whereby an optionee exercising an option by delivery of shares of common stock would automatically be granted an additional option at the fair market value of stock when such additional option is granted equal to the number of shares so delivered. If an individual to whom a stock option was granted ceases to maintain continuous service by reason of normal retirement, death or disability, or following a change in control, all options and rights granted and not fully exercisable become exercisable in full upon the happening of such an event and shall remain exercisable for a period ranging from three months to five years.
In 2011, 5,000 options were awarded under the 2003 Option Plan, all of which vested throughout 2012.
No options were granted in 2013 or 2012. At December 31, 2013, 2,265,155 options were available for award under the Company's 2003 Option Plan.
Total expense for the stock option plans amounted to $10,000 in 2012 and $47,000 in 2011. In accordance with the terms of the Plans, no dividend equivalent rights were paid to holders of unexercised vested options in 2013, 2012 or 2011.

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Activity under the option plans was as follows:

	Options Outstanding		Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value	Weighted Average Contractual Term (In Years)
	(Dollars in Thousands, Except Per Share Amounts)				
Employee Stock Options:					
Outstanding at December 31, 2010	1,128,345		$14.08		
Granted	5,000		8.29		
Exercised	—		—		
Forfeited / Canceled	(42,500	)	14.67		
Outstanding at December 31, 2011	1,090,845		14.08		
Granted	—		—		
Exercised	—		—		
Forfeited / Canceled	(15,000	)	14.95		
Outstanding at December 31, 2012	1,075,845		14.95		
Granted	—		—		
Exercised	—		—		
Forfeited / Canceled	(841,000	)	14.95		
Outstanding at December 31, 2013	234,845		$10.43	$—	5.7
Exercisable at December 31, 2013	234,845		$10.43	$—	5.7

To calculate the weighted average data presented in this note and the compensation expense presented in the accompanying financial statements, the fair value of each stock option award was estimated on the date of grant using the Black-Scholes option pricing model with the following valuation assumptions:

	Year Ended December 31, 2011	
Dividend yield	4.30	%
Expected volatility	34.38	%
Risk-free interest rate	1.85	%
Expected life of options	7.0	

(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 2013.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis at December 31, 2013 and 2012 are as follows:

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	Carrying Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets:				
Securities available-for-sale:				
GSEs	$—	$12,180	$—	$12,180
Municipal obligations	—	1,086	—	1,086
Auction-rate municipal obligations	—	—	1,775	1,775
Corporate debt obligations	—	28,224	—	28,224
Trust preferred securities and pools	—	1,210	—	1,210
GSE CMOs	—	243,644	—	243,644
GSE MBSs	—	199,401	—	199,401
Private-label CMOs	—	3,355	—	3,355
SBA commercial loan asset-backed securities	—	243	—	243
Marketable equity securities	1,310	—	—	1,310
Total securities available-for-sale	$1,310	$489,343	$1,775	$492,428
Interest-rate swaps	$—	$825	$—	$825
Liabilities:				
Interest-rate swaps	$—	$856	$—	$856

	Carrying Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets:				
Investment securities available-for-sale:				
GSEs	$—	$69,809	$—	$69,809
Municipal obligations	—	1,101	—	1,101
Auction-rate municipal obligations	—	—	1,976	1,976
Corporate debt obligations	—	10,685	—	10,685
Trust preferred securities and pools	—	1,578	941	2,519
GSE CMOs	—	217,001	—	217,001
GSE MBSs	—	169,648	—	169,648
Private-label CMOs	—	6,866	—	6,866
SBA commercial loan asset-backed securities	—	381	—	381
Marketable equity securities	1,337	—	—	1,337
Total investment securities available-for-sale	$1,337	$477,069	$2,917	$481,323
Interest-rate swaps	$—	$1,317	$—	$1,317
Liabilities:				
Interest-rate swaps	$—	$1,380	$—	$1,380

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Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis

Assets and liabilities measured at fair value on a non-recurring basis at December 31, 2013 and 2012 are summarized below:

	Carrying Value as of December 31, 2013			
	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	$—	$—	$12,099	$12,099
Other real estate owned	—	—	577	577
Repossessed assets	—	1,001	—	1,001
	$—	$1,001	$12,676	$13,677

	Carrying Value as of December 31, 2012			
	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	$—	$36,749	$—	$36,749
Other real estate owned	—	903	—	903
Repossessed assets	—	588	—	588
	$—	$38,240	$—	$38,240

Investment Securities Available-for-Sale

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 that 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, and GSE residential MBSs and CMOs, all of which are included in Level 2. Certain fair values are estimated using pricing models (such as trust preferred securities and auction-rate municipal securities) and are included in Level 3.

Interest-Rate Swaps

The fair values for the interest-rate swap assets and liabilities represent a Level 2 valuation and are based on settlement values adjusted for credit risks associated with the counterparties and the Company. 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. The change in value of interest-rate swap assets and liabilities attributable to credit risk was not significant during the reported periods. Refer also to Note 16, "Derivatives and Hedging Activities."

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.

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Other Real Estate Owned

The Company records other real estate owned 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.

Repossessed Assets

Repossessed vehicles and equipment 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 December 31, 2013.

	Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average Yields
	(Dollars in Thousands)				
Auction-rate municipal obligations	$1,775	Discounted cash flow	Discount rate	0-5%	4.0 %
Collateral-dependent impaired loans and leases	$12,099	Appraisal of collateral [1]			
Other real estate owned	$577	Appraisal of collateral [1]			

[1] For impaired loans deemed collateral dependent, where impairment is measured using the fair value of the collateral, the Bank 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.

The reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows for the periods indicated:

	Year Ended December 31, 2013	2012
	(In Thousands)	
Investment securities available-for-sale, beginning of year	$2,917	$3,208
Acquired, BankRI	—	184
Principal paydowns and other	(1,150)	(836)
Total unrealized gains included in other comprehensive income	8	361
Investment securities available-for-sale, end of year	$1,775	$2,917

There were no transfers between levels for assets and liabilities recorded at fair value on a recurring basis during 2013 or 2012.

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 as of December 31, 2013 and 2012. 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, FHLBB and FRB stock 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.

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
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	Carrying Value (In Thousands)	Estimated Fair Value	Fair Value Measurements Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
December 31, 2013					
Financial assets:					
Investment securities held-to-maturity	$500	$500	$—	$—	$500
Loans held for sale	13,372	13,372	—	13,372	—
Loans and leases, net	4,313,992	4,552,556	—	—	4,552,556
Financial liabilities:					
Certificates of deposit	934,668	938,703	—	938,703	—
Borrowed funds	812,555	815,910	—	815,910	—
December 31, 2012					
Financial assets:					
Investment securities held-to-maturity	$500	$502	$—	$—	$502
Loans held for sale	3,233	3,233	—	3,233	—
Loans and leases, net	4,134,560	4,193,678	—	—	4,193,678
Financial liabilities:					
Certificates of deposit	1,010,941	1,019,916	—	1,019,916	—
Borrowed funds	853,969	872,046	—	872,046	—

Investment Securities Held-to-Maturity

The fair value of securities held-to-maturity are estimated using pricing models or are based on comparisons to market prices of similar securities and considered to be Level 3.

Loans Held for Sale

Fair value is measured using quoted markets prices when available. These assets are typically categorized as Level 1. If quoted market prices are not available, comparable market values or discounted cash flow analysis may be utilized. These assets are typically categorized as Level 2.

Loans and Leases

The fair value 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, indirect automobile, 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). The Company then discounted 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 estimates of future loan prepayments. This method of estimating fair value does not incorporate the exit price concept of fair value.

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 FHLBB advances and repurchase agreements represents contractual repayments discounted using interest rates currently available for borrowings with

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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.

(22) Condensed Parent Company Financial Statements

Condensed Parent Company Balance Sheets as of December 31, 2013 and 2012 and Statements of Income for the years ended December 31, 2013, 2012 and 2011 follow. 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,	
	2013	2012
	(In Thousands)	
ASSETS		
Cash and due from banks	$12,438	$4,547
Short-term investments	33	33
Total cash and cash equivalents	12,471	4,580
Restricted equity securities	100	100
Loan to Brookline Bank ESOP	2,252	2,502
Premises and equipment, net	11,850	8,202
Deferred tax asset	—	1,879
Investment in subsidiaries, at equity	575,375	592,961
Goodwill	35,267	35,267
Other assets	6,185	1,893
Total assets	$643,500	$647,384
LIABILITIES AND STOCKHOLDERS' EQUITY		
Demand checking accounts	$—	$41
Borrowed funds	9,163	12,091
Deferred tax liability	1,195	—
Accrued expenses and other liabilities	19,275	23,155
Total liabilities	29,633	35,287
Stockholders' equity:		
Common stock	757	757
Additional paid-in capital	617,538	618,426
Retained earnings, partially restricted	64,903	53,358
Accumulated other comprehensive (loss) income	(7,915)	3,483
Treasury stock, at cost; 5,171,985 shares and 5,373,733 shares, respectively	(59,826)	(62,107)
Unallocated common stock held by ESOP; 291,666 shares and 333,918 shares, respectively	(1,590)	(1,820)
Total Brookline Bancorp, Inc. stockholders' equity	613,867	612,097
Total liabilities and stockholders' equity	$643,500	$647,384

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
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Statements of Income

	Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Interest and dividend income:			
Dividend income from subsidiaries	$30,000	$30,000	$167,003
Short-term investments	—	—	1
Loan to Brookline Bank ESOP	205	227	249
Total interest and dividend income	30,205	30,227	167,253
Interest expense:			
Borrowed funds and subordinated debt	442	589	91
Net interest income	29,763	29,638	167,162
Non-interest expense:			
Compensation and employee benefits	2,305	11,302	—
Occupancy	16	—	—
Equipment and data processing	4,263	1,395	—
Directors' fees	590	580	225
Franchise taxes	223	175	180
Professional services	583	2,773	1,758
Advertising and marketing	6	11	—
Other	2,386	2,477	229
Total non-interest expense	10,372	18,713	2,392
Income before income taxes	19,391	10,925	164,770
(Credit) provision for income taxes	(4,035)	(7,050)	285
Income before distributions in excess of net income of subsidiaries	23,426	17,975	164,485
Distributions less than (in excess of) net income of subsidiaries	11,960	19,167	(136,885)
Net income	$35,386	$37,142	$27,600

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
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Statements of Cash Flows

	Year Ended December 31,		
	2013	2012	2011
	(In Thousands)		
Cash flows from operating activities:			
Net income attributable to parent company	$35,386	$37,142	$27,600
Adjustments to reconcile net income to net cash provided from operating activities:			
Distributions in excess (less than) of net income of subsidiaries	(11,960)	(19,167)	137,227
Other operating activities, net	16,555	(5,617)	1,202
Net cash provided from operating activities	39,981	12,358	166,029
Cash flows from investing activities:			
Acquisitions, net of cash and cash equivalents acquired	—	(89,258)	(19,729)
Monies in escrow—Bancorp Rhode Island, Inc. acquisition	—	112,983	(112,983)
Repayment of ESOP loan by Brookline Bank	250	250	250
Purchase of restricted equity securities	—	(100)	—
Purchase of premises and equipment	(5,458)	(8,557)	—
Net cash provided from (used in) investing activities	(5,208)	15,318	(132,462)
Cash flows from financing activities:			
(Decrease) increase in demand deposit, NOW, savings and money market accounts	(41)	41	—
Payment of dividends on common stock	(23,841)	(23,777)	(19,964)
Repayment of subordinated and other debt	(3,000)	—	(13,985)
Income tax benefit from vesting of recognition and retention plan shares, exercise of non-incentive stock options, payment of dividend equivalent rights and dividend distribution on allocated ESOP shares	—	—	79
Net cash used in financing activities	(26,882)	(23,736)	(33,870)
Net increase (decrease) in cash and cash equivalents	7,891	3,940	(303)
Cash and cash equivalents at beginning of year	4,580	640	943
Cash and cash equivalents at end of year	$12,471	$4,580	$640
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest on subordinated debt	$480	$795	$—
Income taxes	19,137	16,981	—
Acquisition of Bancorp Rhode Island:			
Fair value of assets acquired, net of cash and cash equivalents acquired	$—	$1,571,817	$—
Fair value of liabilities assumed	—	1,481,535	—
Acquisition of First Ipswich Bancorp:			
Fair value of assets acquired, net of cash and cash equivalents acquired	$—	$—	$246,186
Fair value of liabilities assumed	—	—	251,978

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
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(23) Quarterly Results of Operations (Unaudited)

	2013 Quarters			
	Fourth	Third	Second	First
	(Dollars in Thousands Except Per Share Data)			
Interest and dividend income	$51,049	$50,823	$52,900	$51,612
Interest expense	7,275	7,411	7,537	7,943
Net interest income	43,774	43,412	45,363	43,669
Provision for credit losses	3,887	2,748	2,439	1,855
Net interest income after provision for credit losses	39,887	40,664	42,924	41,814
Loss on investment in affordable housing projects	(318)	(558)	(624)	(312)
Gain on sales of securities, net	397	—	—	—
Other non-interest income	3,828	4,011	3,762	3,639
Amortization of identified intangible assets	(1,127)	(1,154)	(1,177)	(1,165)
Other non-interest expense	(30,193)	(28,399)	(29,638)	(29,607)
Income before income taxes	12,474	14,564	15,247	14,369
Provision for income taxes	4,325	4,645	5,382	5,129
Net income	8,149	9,919	9,865	9,240
Less net income attributable to noncontrolling interest in subsidiary	495	490	375	427
Net income attributable to Brookline Bancorp, Inc.	$7,654	$9,429	$9,490	$8,813
Earnings per share:				
Basic	$0.11	$0.14	$0.14	$0.13
Diluted	0.11	0.13	0.14	0.13
Average common shares outstanding:				
Basic	69,862,175	69,830,953	69,774,703	69,762,784
Diluted	69,951,683	69,913,765	69,833,541	69,830,630
Common stock price:				
High	$9.58	$10.08	$9.14	$9.39
Low	8.72	8.81	8.23	8.66
Dividends per share	$0.085	$0.085	$0.085	$0.085

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
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	2012 Quarters			
	Fourth	Third	Second	First
	(Dollars in Thousands Except Per Share Data)			
Interest income	$52,976	$55,394	$51,839	$52,991
Interest expense	8,412	8,983	9,080	9,357
Net interest income	44,564	46,411	42,759	43,634
Provision for credit losses	3,101	2,862	6,678	3,247
Net interest income after provision for credit losses	41,463	43,549	36,081	40,387
Gain on sales of securities, net	129	—	797	—
Gain on sales of loans and leases	1,898	—	—	—
Loss from investments in affordable housing projects	(239)	(73)	(244)	(138)
Other non-interest income	4,716	3,858	4,168	3,733
Amortization of identified intangible assets	(1,797)	(1,271)	(1,271)	(1,283)
Other non-interest expense	(27,072)	(29,165)	(27,350)	(31,166)
Income before income taxes	19,098	16,898	12,181	11,533
Provision for income taxes	6,868	5,176	4,398	4,899
Net income	12,230	11,722	7,783	6,634
Less net income attributable to noncontrolling interest in subsidiary	367	321	254	285
Net income attributable to Brookline Bancorp, Inc.	$11,863	$11,401	$7,529	$6,349
Earnings per share:				
Basic	$0.17	$0.16	$0.11	$0.09
Diluted	0.17	0.16	0.11	0.09
Average common shares outstanding:				
Basic	69,742,225	69,716,283	69,677,656	69,664,619
Diluted	69,799,324	69,754,473	69,715,890	69,665,873
Common stock price:				
High	$8.90	$9.25	$9.49	$9.78
Low	7.54	8.13	8.46	8.37
Dividends per share	$0.085	$0.085	$0.085	$0.085