

## Brookline Bancorp Announces 2007 First Quarter Earnings, Dividend Declaration and Approval for Additional Stock Repurchases

Brookline Bancorp, Inc. (the "Company") (NASDAQ:BRKL) announced today its earnings for the 2007 first quarter and approval by its Board of Directors of a regular quarterly dividend of \$0.085 per share payable May 15, 2007 to stockholders of record on April 30, 2007 and a program to repurchase an additional 2,500,000 shares of the Company's common stock.

The Company earned \$4,941,000, or \$0.08 per share on a basic and diluted basis, for the quarter ended March 31, 2007 compared to \$5,397,000, or \$0.09 per share on a basic and diluted basis, for the quarter ended March 31, 2006. The 2006 quarter included gains on the sale of marketable equity securities of \$558,000 (\$358,000 on an after-tax basis); no securities were sold in the 2007 quarter. Excluding securities gains, 2006 first quarter net income was 1.9% higher than 2007 first quarter net income.

In the past, we have commented on unfavorable interest rate market conditions that caused the Company's interest rate spread and net interest margin to erode. Interest rate spread declined from 2.17% in the 2006 first quarter to 2.11% in the 2007 first quarter. Of note, however, is the improvement in interest rate spread in the 2007 first quarter from the 2.06% rate in the 2006 fourth quarter and the improvement in net interest margin from 3.11% in the 2006 first quarter to 3.12% in the 2006 fourth quarter and to 3.20% in the 2007 first quarter. The improvement is attributable primarily to a significant increase in the average yield on the indirect automobile loan portfolio, inclusion of the high yielding \$127 million loan portfolio of Eastern Funding LLC ("Eastern") and a slow down in the rate of increase in the cost of funds. The inverted yield curve environment which has existed for some time remains an obstacle to achievement of meaningful improvement in interest rate spread and net interest margin.

Interest income was 22% higher in the 2007 first quarter than in the 2006 first quarter. Net interest income, however, increased only 9% as interest expense rose 40% between the two quarterly periods. High rates continue to be offered in the market place for deposits with shorter maturities. This has caused a significant shift of funds from lower rate transaction deposit accounts to higher rate certificates of deposit with maturities of one year or less. Certificates of deposit comprised 62% of total retail deposits at March 31, 2007

compared to 61% at December 31, 2006 and 56% at March 31, 2006.

The average rate earned on mortgage loans, the Company's largest asset category, increased modestly from 6.29% in the 2006 first quarter to 6.45% in the 2007 first quarter, but declined from the 6.46% average rate earned in the 2006 fourth quarter. Competition for mortgage loans has made it increasingly difficult to incorporate the rise in funding costs into the pricing of loan originations. Further, commercial mortgage borrowers are demanding and obtaining rates of interest that are not subject to adjustment during the first several years of the loan term. Due in part to these market conditions, the Company has refrained from aggressively seeking new mortgage loans. As a result, the average balance of mortgage loans outstanding in the 2007 first quarter was \$9 million less than in the 2006 fourth quarter and \$66 million less than in the 2006 first quarter.

Offsetting part of the decline in mortgage loan income was interest income derived from the indirect automobile and Eastern loan portfolios. The average balance of indirect automobile loans outstanding was \$80 million higher in the 2007 first quarter than in the 2006 first quarter. The portfolio grew \$20 million in the 2007 first quarter to \$560 million at March 31, 2007. Of greater importance was the increase in the average yield on the portfolio from 4.65% in the 2006 first quarter to 5.83% in the 2007 first quarter. Eastern loans outstanding were \$127 million at March 31, 2007 and the average rate earned on the loans was 11.03% in the 2007 first quarter. In April 2006, the Company increased its ownership interest in Eastern from approximately 28% to 87%. From that date, Eastern's operating results are included in the consolidated financial statements of the Company. Prior to that date, the Company accounted for its investment in Eastern under the equity method and included its share of Eastern's earnings in other income. Eastern specializes in the financing of coin-operated laundromats, dry cleaning stores and convenience stores in the greater metropolitan New York area and selected other locations throughout the United States.

The provision for loan losses was \$1,249,000 in the 2007 first quarter compared to \$748,000 in the 2006 first quarter. The provision for loan losses is comprised of amounts relating to the indirect automobile loan portfolio, the Eastern loan

portfolio and the remainder of the Company's loan portfolio.

The provision for loan losses related to the indirect automobile loan portfolio was \$844,000 in the 2007 first quarter and \$748,000 in the 2006 first quarter. These amounts exceeded net charge-offs of \$767,000 and \$479,000 in those respective periods, resulting in annualized rates of net charge-offs of 0.55% and 0.40%, respectively. The rise in net charge-offs is believed to be due in part to added liquidity pressures on consumers in general and the decision in 2006 to moderately expand loan originations to borrowers with lower credit scores. The Company left unchanged its policy of limiting the amount of loans to borrowers with credit scores below 660 to no more than 15% of the total portfolio. Loans to borrowers with credit scores below 660 represented 11.5% of the portfolio at March 31, 2007 compared to 8.9% at March 31, 2006. Loans delinquent 30 days and over declined from \$7,092,000, or 1.31% of loans outstanding at December 31, 2006, to \$5,594,000, or 1.00% of loans outstanding at March 31, 2007.

The provision for loan losses related to the Eastern portfolio was \$380,000 in the 2007 first quarter. Net charge-offs were \$391,000, an annualized rate of 1.22% based on the average balance of loans outstanding during that period. Total loans delinquent more than 30 days increased from \$1,436,000 (1.13% of total loans) at December 31, 2006 to \$2,221,000 (1.75% of total loans) at March 31, 2007. Loans on non-accrual at those respective dates increased from \$657,000 (0.52% of total loans) to \$2,154,000 (1.70% of total loans). Of the increase in non-accrual loans, \$885,000 related to loans made to one borrower. That amount is net of a \$100,000 charge-off taken on one of the loans in the 2007 first quarter. The total amount of the loans as of their varying dates of origination was \$1,200,000. The total allowance for loan losses for Eastern loans was \$2,285,000 at March 31, 2007, an amount equal to 1.80% of the portfolio. Historically, due to the nature of its portfolio, Eastern has maintained its allowance for loan losses around that percent despite a rate of net charge-offs considerably below that percent. Eastern's typical customer is a small business owner with limited capital resources. The higher risk exposure associated with these loans is the reason why the rates earned on the loans significantly exceed the rates earned on the Company's other types of loans.

Regarding the remainder of the Company's loan portfolio, which is comprised primarily of mortgage loans, \$25,000 was provided for loan losses in the 2007 first quarter compared to none in the 2006 first quarter. No mortgage loans were charged off in either of those periods. Only one mortgage loan

with a balance of \$72,000 was delinquent at March 31, 2007.

Excluding securities gains, non-interest income increased from \$642,000 in the 2006 first quarter to \$1,049,000. The increase was due primarily to higher mortgage loan prepayment fees and higher fees from indirect automobile lending and Eastern's activities.

Non-interest expenses were \$1,575,000, or 19%, higher in the 2007 first quarter than in the 2006 first quarter due primarily to (a) inclusion of Eastern Funding (\$1,190,000), (b) higher expenses related to indirect automobile lending due to greater loan volume and repossession expenses, (c) expenses related to a new branch opened in April 2006 and (d) higher professional fees, offset in part by lower marketing expenses.

In addition to approving the regular quarterly dividend of \$0.085 per share, the Board of Directors approved a program to repurchase an additional 2,500,000 shares of the Company's common stock. The new program will become effective upon completion of the buy back of 1,437,532 shares remaining under an existing approved repurchase program. Under both the existing and new repurchase programs, the Board of Directors has delegated to the discretion of the Company's senior management the authority to determine the timing of the repurchases and the prices at which the repurchases will be made. During the 2007 first quarter, 335,000 shares of the Company's common stock were repurchased at an average cost of \$12.35, exclusive of transaction costs.

*The above text contains statements about future events that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Projections about future events are subject to risks and uncertainties that could cause actual results to differ. Factors that could cause such differences include, but are not limited to, general economic conditions, changes in interest rates, regulatory considerations and competition.*

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
(In thousands except share data)

	<b>March 31, 2007</b>	<b>December 31, 2006</b>	<b>March 31, 2006</b>
<b><u>ASSETS</u></b>			
Cash and due from banks .....	\$ 16,314	\$ 18,237	\$ 15,307
Short-term investments .....	140,320	134,417	108,954
Securities available for sale.....	298,776	335,246	359,879
Securities held to maturity (market value of \$234, \$242 and \$406, respectively) .....	224	233	395
Restricted equity securities .....	26,563	28,567	24,608
Loans .....	1,807,053	1,792,062	1,673,313
Allowance for loan losses .....	(23,097)	(23,024)	(22,478)
Net loans .....	1,783,956	1,769,038	1,650,835
Other investment .....	-	-	4,723
Accrued interest receivable.....	9,584	10,310	9,268
Bank premises and equipment, net.....	9,192	9,335	9,755
Deferred tax asset.....	10,362	11,036	11,246
Prepaid income taxes .....	1,314	1,801	-
Goodwill .....	42,545	42,545	35,615
Identified intangible assets, net of accumulated amortization of \$5,108, \$4,604 and \$2,897, respectively.....	7,844	8,348	8,945
Other assets .....	4,500	3,927	3,550
Total assets.....	\$ 2,351,494	\$ 2,373,040	\$ 2,243,080
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>			
Retail deposits.....	\$ 1,235,274	\$ 1,210,206	\$ 1,161,555
Brokered deposits .....	77,990	78,060	-
Borrowed funds.....	430,591	463,806	459,512
Subordinated debt .....	12,060	12,092	12,187
Mortgagors' escrow accounts .....	5,427	5,114	5,894
Income taxes payable .....	-	-	327
Accrued expenses and other liabilities .....	21,139	19,494	13,065
Total liabilities .....	1,782,481	1,788,772	1,652,540
Minority interest in subsidiary .....	1,419	1,375	-
Stockholders' equity:			
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; none issued.....	-	-	-
Common stock, \$0.01 par value; 200,000,000 shares authorized; 63,054,715 shares, 62,989,384 shares and 62,989,384 shares issued, respectively .....	631	630	630
Additional paid-in capital.....	509,428	508,248	505,267
Retained earnings, partially restricted.....	83,388	96,229	108,845
Accumulated other comprehensive loss .....	(200)	(640)	(2,399)
Treasury stock, at cost - 1,740,611 shares, 1,405,611 shares and 1,405,611 shares, respectively.....	(22,297)	(18,144)	(18,144)
Unallocated common stock held by ESOP – 615,554 shares, 629,081 shares and 671,142 shares, respectively...	(3,356)	(3,430)	(3,659)
Total stockholders' equity.....	567,594	582,893	590,540
Total liabilities and stockholders' equity .....	\$ 2,351,494	\$ 2,373,040	\$ 2,243,080

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

	<b>Three months ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
Interest income:		
Loans .....	\$ 29,594	\$ 24,050
Debt securities.....	3,780	3,620
Short-term investments .....	1,684	1,112
Restricted equity securities .....	481	309
Marketable equity securities .....	28	33
Total interest income.....	35,567	29,124
Interest expense:		
Retail deposits.....	10,718	7,446
Brokered deposits .....	1,027	-
Borrowed funds.....	5,456	4,843
Subordinated debt .....	233	207
Total interest expense .....	17,434	12,496
Net interest income .....	18,133	16,628
Provision for loan losses .....	1,249	748
Net interest income after provision for loan losses .....	16,884	15,880
Non-interest income:		
Fees and charges .....	1,019	573
Gains on securities, net .....	-	558
Other income.....	30	69
Total non-interest income .....	1,049	1,200
Non-interest expense:		
Compensation and employee benefits.....	5,239	4,346
Occupancy.....	855	793
Equipment and data processing.....	1,520	1,417
Professional services .....	479	311
Advertising and marketing .....	141	187
Amortization of identified intangible assets .....	503	526
Other .....	1,093	675
Total non-interest expense .....	9,830	8,255
Income before income taxes and minority interest.....	8,103	8,825
Provision for income taxes .....	3,118	3,428
Net income before minority interest.....	4,985	5,397
Minority interest in earnings of subsidiary.....	44	-
Net income .....	\$ 4,941	\$ 5,397
Earnings per common share:		
Basic .....	\$ 0.08	\$ 0.09
Diluted .....	0.08	0.09
Weighted average common shares outstanding during the period:		
Basic .....	60,534,234	60,309,532
Diluted .....	61,182,972	61,051,157

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
Average Yields / Costs

	Three months ended March 31,					
	2007			2006		
	Average balance	Interest (1)	Average yield/ cost (Dollars in thousands)	Average balance	Interest (1)	Average yield/ cost
<b>Assets</b>						
Interest-earning assets:						
Short-term investments.....	\$ 130,479	\$ 1,684	5.23 %	\$ 103,473	\$ 1,113	4.36 %
Debt securities (2) .....	314,769	3,865	4.91	365,822	3,701	4.05
Equity securities (2) .....	29,027	519	7.25	27,597	353	5.18
Mortgage loans (3) .....	1,037,923	16,734	6.45	1,104,372	17,379	6.29
Commercial loans -Eastern Funding (3)	128,100	3,483	11.03	-	-	-
Other commercial loans (3) .....	68,949	1,224	7.10	62,786	1,091	6.95
Indirect automobile loans (3) .....	562,721	8,088	5.83	482,534	5,528	4.65
Other consumer loans (3) .....	3,227	65	8.06	2,923	52	7.12
Total interest-earning assets .....	2,275,195	35,662	6.30 %	2,149,507	29,217	5.45 %
Allowance for loan losses .....	(22,975)			(22,307)		
Non-interest earning assets .....	99,354			97,862		
Total assets .....	<u>\$ 2,351,574</u>			<u>\$ 2,225,062</u>		
<b>Liabilities and Stockholders' Equity</b>						
Interest-bearing liabilities:						
Deposits:						
NOW accounts .....	\$ 87,186	71	0.33 %	\$ 91,573	52	0.23 %
Savings accounts .....	97,904	397	1.64	117,860	405	1.39
Money market savings accounts.....	210,090	1,403	2.71	230,463	1,196	2.10
Retail certificates of deposit .....	748,210	8,847	4.80	645,318	5,793	3.64
Total retail deposits.....	1,143,390	10,718	3.80	1,085,214	7,446	2.78
Brokered certificates of deposit.....	77,465	1,027	5.38	-	-	-
Total deposits.....	1,220,855	11,745	3.90	1,085,214	7,446	2.78
Borrowed funds .....	454,703	5,456	4.80	448,922	4,843	4.32
Subordinated debt.....	12,081	233	7.71	12,207	207	6.78
Total interest bearing liabilities ..	1,687,639	17,434	4.19 %	1,546,343	12,496	3.28 %
Non-interest-bearing demand						
checking accounts .....	62,344			62,608		
Other liabilities .....	25,682			19,549		
Total liabilities .....	1,775,665			1,628,500		
Stockholders' equity .....	575,909			596,562		
Total liabilities and stockholders' equity.....	<u>\$ 2,351,574</u>			<u>\$ 2,225,062</u>		
Net interest income (tax equivalent basis)/interest rate spread (4).....						
		18,228	2.11 %		16,721	2.17 %
Less adjustment of tax exempt income ...		95			93	
Net interest income .....		<u>\$ 18,133</u>			<u>\$ 16,628</u>	
Net interest margin (5) .....			3.20 %			3.11 %

- (1) Tax exempt income on equity securities and municipal bonds is included on a tax equivalent basis.
- (2) Average balances include unrealized gains (losses) on securities available for sale. Equity securities include marketable equity securities (preferred and common stocks) and restricted equity securities.
- (3) Loans on non-accrual status are included in average balances.
- (4) Interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.
- (5) Net interest margin represents net interest income (tax equivalent basis) divided by average interest-earning assets.

**BROOKLINE BANCORP, INC. AND SUBSIDIARIES**  
**Selected Financial Ratios and Other Data**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2007</b>	<b>2006</b>
<b>Performance Ratios (annualized):</b>		
Return on average assets .....	0.84 %	0.97 %
Return on average stockholders' equity.....	3.43 %	3.62 %
Interest rate spread .....	2.11 %	2.17 %
Net interest margin .....	3.20 %	3.11 %
<b>Dividends paid per share during period.....</b>	<b>\$ 0.285</b>	<b>\$ 0.285</b>

	<b>At</b>	<b>At</b>	<b>At</b>
	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2007</b>	<b>2006</b>	<b>2006</b>

**(dollars in thousands except per share data)**

<b>Capital Ratio:</b>			
Stockholders' equity to total assets .....	24.14 %	24.56 %	26.33 %
Tangible stockholders' equity to total assets .....	22.48 %	22.91 %	24.83 %
<b>Asset Quality:</b>			
Non-accrual loans.....	\$ 2,458	\$ 900	\$ 911
Non-performing assets.....	3,703	1,959	1,517
Allowance for loan losses.....	23,097 (A)	23,024 (A)	22,478
Allowance for loan losses as a percent of total loans .....	1.28 % (A)	1.28 % (A)	1.34 %
Non-performing assets as a percent of total assets .....	0.16 %	0.08 %	0.07 %

(A) Net of transfers to allowance for unfunded loan commitments of \$1,307 at March 31, 2007 and \$1,286 at December 31, 2006, which are included in other liabilities at those dates. If the transfers had not been made, the allowance for loan losses as a percent of total loans would have been 1.35% at March 31, 2007 and 1.36% at December 31, 2006.

<b>Per Share Data:</b>			
Book value per share .....	\$ 9.26	\$ 9.47	\$ 9.59
Tangible book value per share.....	8.44	8.64	8.87
Market value per share .....	12.67	13.17	15.49