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BANCORPRI[®]
BANCORP RHODE ISLAND, INC.



2007 Annual Report

Filings Services
April 10, 2008
SNL Financial, LC
1-800-969-4121

An aerial photograph of a city, likely Providence, Rhode Island, showing a dense urban grid, a river, and a highway interchange. A large teal rectangular box is overlaid on the center of the image, containing white text.

Our Mission

Bank Rhode Island will be the premier bank in the communities we serve. We will provide excellent service and a broad range of competitive financial products to our customers through a team of well-trained professional employees. We will be a civic leader through direct involvement in local organizations and activities.

All of these endeavors will result in a strong performance for our shareholders, a rewarding work environment for our employees, and a valuable resource for our customers and community.



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This report contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the Company's Form 10-K for the year ended December 31, 2007. The Company has no significant operating entities other than Bank Rhode Island, therefore substantially all of the discussion in this document relates to the operations of the Bank.

On the Cover

Turks Head Building, BancorpRI headquarters, Providence

Left

Satellite image of Rhode Island

Above

McCoy Stadium, Pawtucket



To Our Shareholders



Merrill W. Sherman, President & CEO
Malcolm G. Chace, Chairman

Above
Washington Street Bridge, Providence

Above right
Gondolier on Woonasquatucket River,
Providence

2007 marked another year of success and progress for Bancorp Rhode Island. As we began our second decade in business, we achieved solid net income and earnings per share growth. Given the challenging environment, many of our national and regional competitors sustained earnings shortfalls and even losses, while we were able to grow our net income to \$9 million, up 17 percent from 2006. Diluted earnings per share for 2007 also rose 17 percent to \$1.84. Our 2007 earnings included \$165 thousand of securities gains (net of tax) while 2006 earnings were negatively impacted by a \$558 thousand after-tax charge attributable to an investment portfolio restructuring. Even after adjusting for these items, diluted earnings per share increased on a pro forma basis by 8 percent.

The strength of our earnings, the quality of our franchise and our future prospects were factors in the Board of Directors' decision, in October 2007, to increase the quarterly dividend from \$0.15 to \$0.16 per share.

These accomplishments are the result of our consistent, steady implementation of straightforward, understandable core strategies.

First and foremost, we continued the growth of our higher yielding, high quality commercial assets. We continue our penetration in the marketplace, despite strong competition from two large national players. Our commercial loan and lease portfolio grew by 10 percent in 2007 to \$573.7 million. We have accomplished double-digit commercial loan growth in virtually every year of our existence.



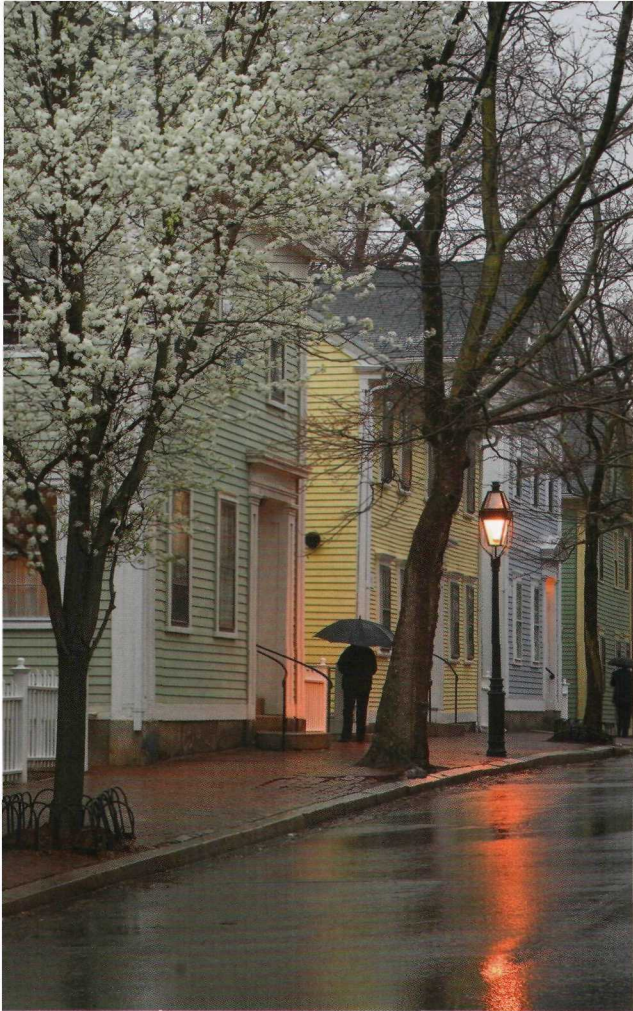
The softening of the housing market resulted in a slowing of consumer loan production. Our consumer loan portfolio, which is almost entirely comprised of home equity loans and lines of credit, totaled \$215.7 million at year-end 2007, a decrease of \$4.8 million or 2 percent from year-end 2006.

Over the past 5 years, on a combined basis, our commercial and consumer loan portfolios have increased to \$789 million at December 31, 2007 from \$373 million at December 31, 2002, or 112 percent. This strong growth has been accomplished without sacrificing credit quality.

Our credit culture is prudent and proactive. We have not engaged in subprime lending, have no credit card portfolio and do not hold any indirect auto paper. We lend to individuals and businesses we understand, and as a local bank know our customers and marketplace exceptionally well. We believe the patient and disciplined approach we take yields the best result over time. At year-end 2007, non-performing assets remained at a low level, 0.28 percent of total assets. Net charge-offs for 2007 were nominal at \$458 thousand or 0.03 percent of total assets.

Core deposits are also a cornerstone strategy, as we seek to grow our checking and savings accounts. In the current environment, demand deposit balances are harder to attract and, in fact, those balances declined last year for the first time in our history. Our customers are





managing their funds more carefully than ever and have a great number of tools to do so. However, we were successful in growing our savings balances by \$40 million during 2007. As a result, our checking and savings account balances remained relatively unchanged at 63 percent of our total deposit balances. The bank also was able to price some customer deposits opportunistically and retire \$10 million in brokered certificates of deposit, enabling us to end the year with total deposits relatively flat at \$1.01 billion.

The shape of the yield curve, combined with competitive pressure on spreads, caused a decline in the margin to 2.96 percent for 2007 from 3.06 percent in 2006. Dramatic decreases by the Fed in early 2008 cause us to continue to focus almost daily on deposit pricing and strategies.

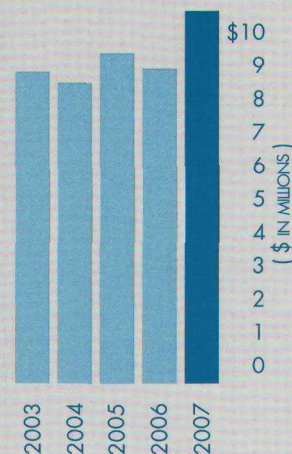
While we remain a margin dependent institution, we are encouraged by the 2007 increase in our fee income. In addition to generating quality assets for our portfolio, Macrolease, our equipment leasing subsidiary, also originates leases for sale to others. Income from this activity increased to \$1 million in 2007 from \$407 thousand in 2006. We also were able to implement additional service charges on deposit accounts, increasing the same to over \$5.6 million in 2007 from \$5.1 million in 2006.

Our deposit and loan growth was made possible by the investments we have made in our branch network. Three of our newer branches – East Greenwich, North Kingstown and Lincoln – have made considerable

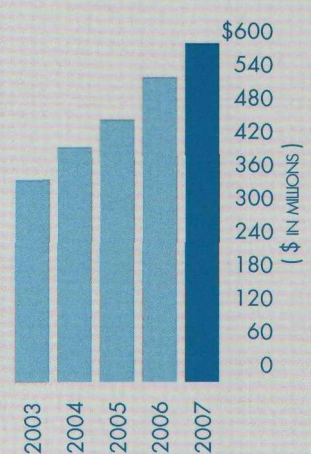
Above
Historic Benefit Street, Providence

Above right
Slater Mill, Pawtucket

NONINTEREST INCOME



COMMERCIAL LOANS





progress. In 2007, the latter two reached breakeven before general overhead allocation. North Kingstown, opened in April 2004, had footings of \$44 million at December 31, 2007. Lincoln, opened in April 2005, has grown rapidly to \$31 million in deposits as of December 31, 2007. Given the challenges presented by the yield curve as well as a market with slow deposit growth, we are pleased with these results.

Our positive performance enabled us to fine tune our system and open our Pawtucket branch in October 2007. We now have branches in Rhode Island's six largest cities and towns. However, given the increased time for new branches to reach breakeven, we transferred our rights to a site we had secured in Narragansett for a new branch location.

The Narragansett site decision was one of a number we made to improve our profitability through improved expense control. In 2007 we continued implementing initiatives to better manage our overhead.





Noninterest expense for 2007 was \$38.0 million, down from \$38.8 million in 2006. The 2 percent year-over-year reduction is a strong indication that our efforts are effective.

We also proactively managed our capital position.

We took advantage of market conditions in the fourth quarter to increase our stock repurchases and in November 2007 announced an expansion of our existing stock repurchase program from 245,000 shares to 345,000 shares. By year-end 2007, we had repurchased a total of 305,200 shares, or 6 percent, of our common stock. Additionally, in September, we redeemed \$5 million of trust preferred securities we had issued in June 2002 at an interest rate of almost 9 percent. Even with the repurchases and redemption, at year end, our total risk-based capital remained very strong at 12.3 percent.

In May of last year, Karl Ericson retired from the Board of Directors. We would like to thank Karl for his many years of service, and the advice and counsel he provided. We welcome our new director Richard Bready, chairman and chief executive officer of Nortek, Inc.

The board and management are grateful for our shareholders' support. Our goal is to continue to create superior shareholder value. It is a vision shared by our dedicated, talented employees. They remain focused on our customers, and we appreciate their efforts and the exceptional results they produce.

In the pages that follow, we will outline in more detail our efforts to capitalize on our market position, to leverage our strengths and to grow our business profitably in identified niches.

Thank you again for your continued support.

Malcolm G. Chace

Malcolm G. Chace,
Chairman

Merrill W. Sherman

Merrill W. Sherman,
President & CEO

Above

The Independent Man, State House,
Providence

Right

The Lincoln Dam at Barney Pond, Lincoln





Twelve years ago, the greater Providence banking landscape was characterized by extremes. At one end of the spectrum, there were three large national and super-regional banks holding nearly 85% of area deposits. At the other end, there were small banks and niche players. In the middle, a major void existed, filled with customers seeking big bank capabilities with small bank intimacy. Bank Rhode Island was formed to fill this void. Today our high-touch customer service model, local roots and sophisticated services continue to set us apart, delivering steady growth and creating new opportunities on the commercial and retail banking fronts.

Minding Our Business

Fully meeting the deposit and credit needs of our business customers in a timely manner requires detailed knowledge of their operations and aspirations. It also requires complete understanding of the nuances of the local market. BankRI's commercial bankers have this knowledge. Armed with a broad array of products and services, our bankers carefully weigh options and explore scenarios to determine which ones best meet customer needs.

In 2007, we continued to refine our team approach and more proactively market our full suite of credit and deposit products to business customers. Banking relationships often begin or expand because of a credit need. Seasoned lenders understand how to address that need, and each of our lenders has at least 10 years of lending experience. This enables them to serve as a valued advisor to the customer, whether helping to size or structure a business loan package or to evaluate market conditions for a real estate project. They invest the time necessary not only to understand customers' needs but also to tailor credit proposals specifically for them, rather than forcing customers into off-the-shelf products. Furthermore, because all credit policies are set here and all credit decisions are made here – with members of our lending team often participating – the lenders understand what will work for a customer and what the bank can deliver.

The proof of the success of our approach is in the numbers. Last year our business lending group generated over \$85 million in new loan

Above
The Turks Head, Providence

commitments. Our new customers come from myriad sectors. They include an asphalt plant, a nationally recognized law firm and a leading business mail services and program management company. The new businesses join a portfolio of satisfied customers representing a wide range of for-profit enterprises and nonprofit institutions, including a plastics manufacturer, a national title company, and a regional provider of group home health services.

Further proof of the success of our strategies can be found in our ability to make hay even when the sun doesn't shine. Consider that in a slowing real estate market, our commercial real estate group was able to generate \$72 million in new real estate loan commitments. Key to this success is a group of solid clients, developers and owners whose expertise and judgment fosters careful project selection. Our 2007 projects include a major office building, a light industrial building and several apartment complexes.

In order to work effectively with our customers and solicit new business, lenders need to spend less time in the office on administrative matters and more time out in the marketplace. Our lending services unit (LSU) allows our bankers to do just that. Created in late 2006, the LSU handles the underwriting, monitoring and servicing needs of many of our business relationships under \$1 million. Almost one thousand relationships were handled in this unit as of year-end 2007. Included in that number are over one hundred relationships formerly handled by our business lending group. Even though our senior business lenders

B e l o w

Prospect Park on Providence's East Side





A b o v e

Warwick Lighthouse, Warwick

R i g h t

DePasquale Square, Federal Hill,
Providence

remain a contact point for many of these customers, the LSU allows us to reduce the cost of underwriting and managing these loans without affecting the quality of the service customers receive. The result: over a 2 year period, we were able to increase our outstanding loans in the business lending group from \$187 million to \$289 million, without adding lenders or administrative overhead.

Another success integral to our commercial lending groups' efforts is the cash management area. With customers monitoring their balances more closely than ever, our cash management products and services have continued to grow. An increasing number of our customers are electing to use our cash management services to sweep their balances into overnight repurchase agreements. These repos have grown from \$34 million at year-end 2006 to \$46 million at year-end 2007. Though technically not a deposit, these retail repos are an important source of funds for us. Additionally, the fees rendered from our cash management services have grown from \$301 thousand to \$326 thousand during that same time period. In 2007, we also launched Express Deposit, BankRI's remote deposit capture product. With this service, customers can now make check deposits electronically right at their desktops, saving time and expediting access to funds. Express Deposit also enables us to better attract and serve customers who are not located near our branches.

Macrolease, our leasing subsidiary, enjoyed a banner year in 2007, bolstering our commercial loan and lease balances substantially. Customer understanding, excellent service and smart equipment lease solutions all contributed to the company's best results yet. Macrolease originated more than \$34 million in lease balances that we retained on our books, and also generated fees in excess of \$1 million through other leases it originated and sold. Outstanding credit quality has always been a hallmark of Macrolease. After a year and a half with

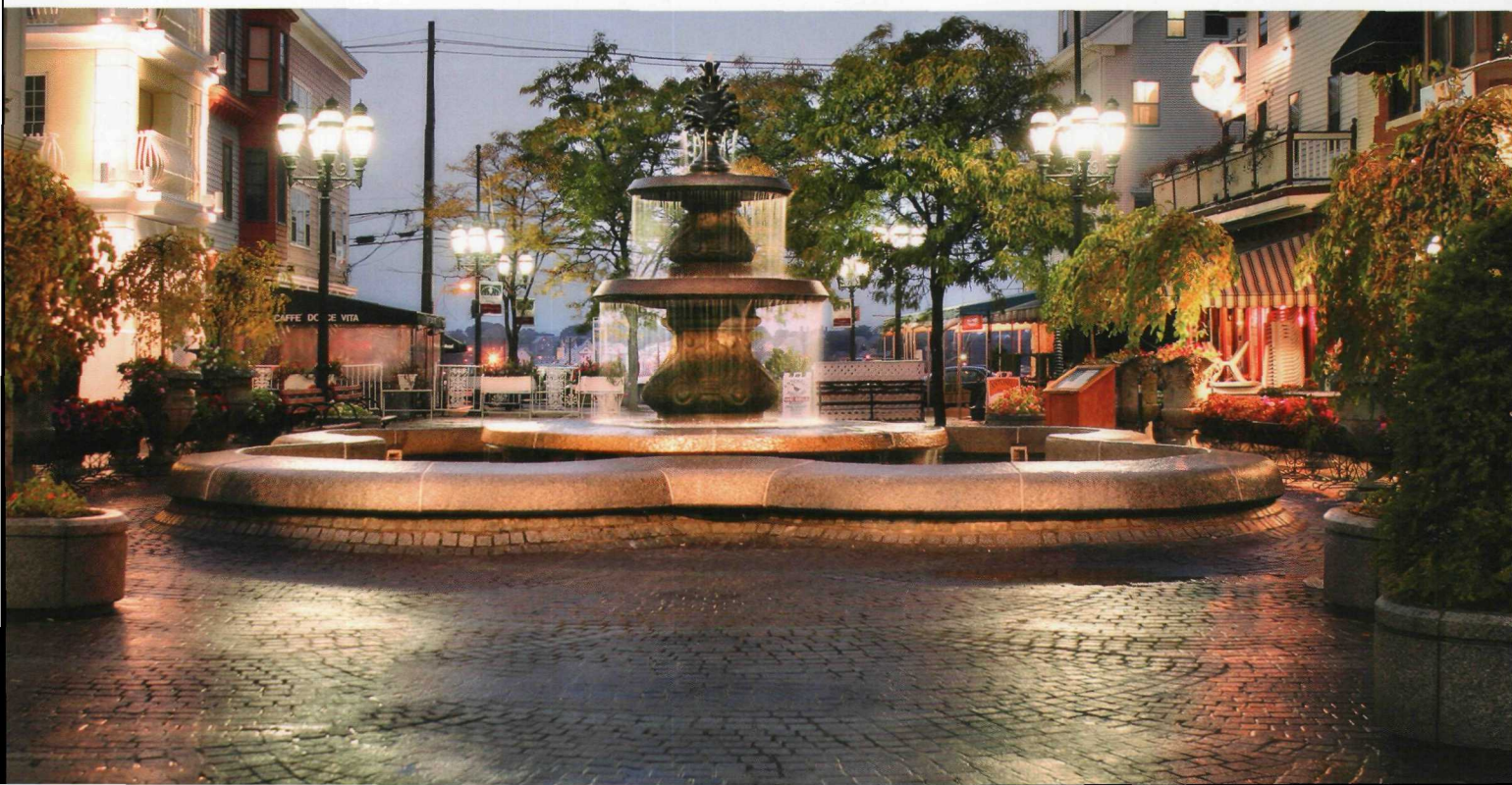
us, Macrolease has exceptionally low total net charge-offs of \$32 thousand through year-end 2007.

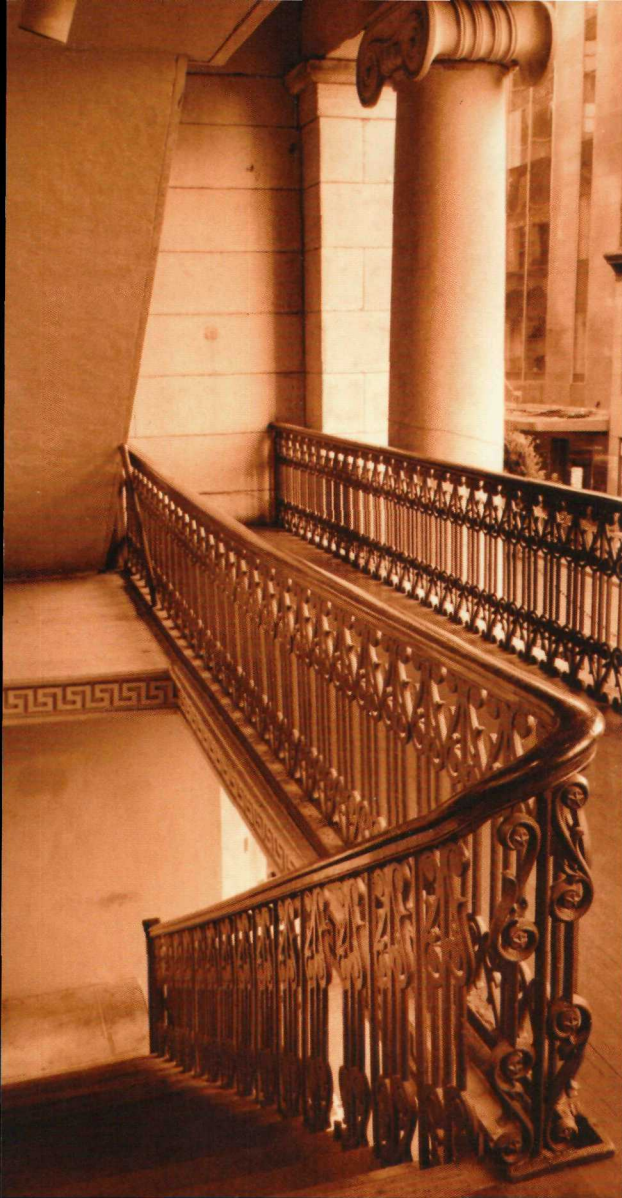
The final element in our commercial division is our private banking group. The private banking group went through a transition year in 2007 and held its own. We will be directing the unit's efforts on professional services over the coming months while continuing to court and serve high net worth individuals.

Staying Our Course

As the institution has grown, so has our reputation for our customer-focused, high-touch business model. These qualities continue to distinguish BankRI and drive our success in both the commercial and retail markets. In 2007, we were pleased to grow the bank's customer deposits in a year when many local competitors struggled.

Our people remain our greatest asset. In 2007, the bank retail teams focused on acquiring new accounts while deepening relationships with existing clients. In recent customer surveys, "personal relationships" and "excellent service" were frequently cited as reasons customers chose BankRI, validating the importance of our high-touch business model and the quality of our retail team.





We continued to streamline our internal retail banking processes, both to expedite decisions for our customers and to alleviate our bankers' administrative duties. In May, we adopted an Internet-based consumer loan underwriting system that will automate the approval process for qualified customers. By accelerating the decision process – while ensuring accuracy and prudent credit parameters – we can better serve our customers and improve our efficiency.

Retail service also benefited from the rollout of Universal Banker. Initiated in 2006, this model provides customers a single point of contact in the branches, as one banker is trained to handle all aspects of a customer's banking relationship. Training is complete, and the bank has embraced the new model. Our bankers are now empowered with necessary tools for sales and service, making the employee experience more rewarding and the customer experience more efficient.

We expect our positive momentum to carry us far in 2008. The year ahead will be challenging for all financial institutions. We will face a difficult economic environment, a deposit market with little growth, and competition in many forms. Our exceptional customer service, our well-trained teams, and our unique knowledge of the local market should continue to distinguish BankRI.

Building and Leveraging Our Relationships

As a community bank with local roots and local expertise, BankRI's customer relationships are grounded in trust. It is no surprise, therefore, that our customers frequently turn to us when new business opportunities arise. They look to us not only for a full range of financial options to meet their specific needs, but also for help in making sound business decisions. Existing customers are an important source of business as their needs grow and change. They are also great sources of referral business. It is not unusual for BankRI customers to refer us other business relationships and for one relationship to multiply into several.

Working with our clients, our bankers also build strong relationships with client centers of influence – accountants, lawyers and other business people. These relationships are additional important referral

sources and provide a vital network for other new business opportunities. We have found that our message rings true with these groups as they are willing to make referrals based on their confidence that BankRI will meet the needs of their clients and deliver the service their clients expect.

Reconfiguring Our Branch Network

In 2004 we laid out a plan to expand our branch footprint by opening a number of new locations. In 2005 we successfully opened our East Greenwich and Lincoln branches and in 2006 planned to open our Pawtucket branch and break ground on a branch in Narragansett.

Circumstances have changed significantly since our 2004 plan. Customer deposit preferences and margin compression lengthened the time to breakeven for new branches; therefore, we postponed the opening of our Pawtucket branch until late 2007. After in-depth analysis of our branch network and customer usage patterns, we made several changes that allow us to better serve our customers, drive new overall growth and operate cost effectively.

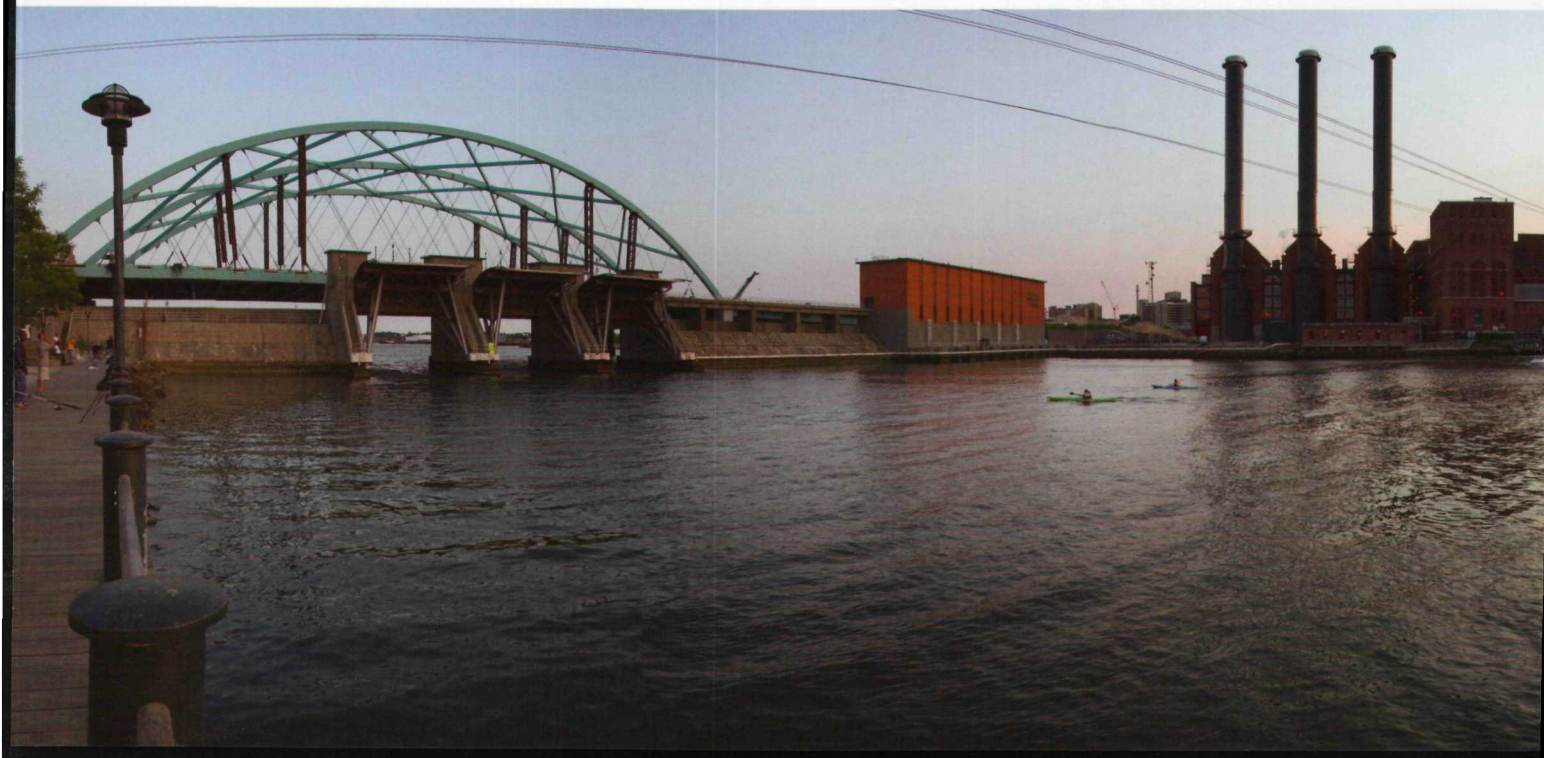
We transformed our Express branch on Plainfield Pike into a fully automated facility.

Above Left

The Arcade, America's first indoor shopping mall, Providence

Below

IWAY and hurricane barrier, Providence





Following the Plainfield Pike automation, we expanded the hours at our Atwood Avenue branch – including new Saturday hours – to accommodate customers with more complex transactions. In East Providence, we reduced the Taunton Avenue branch hours to a core midday schedule and extended evening hours at our South Broadway location.

All of these adjustments allowed us to open our Pawtucket branch in October without increasing overall branch operating costs. This branch is an important link between our markets in central and northern Rhode Island. Our goal here is to serve existing customers while attracting new ones, particularly Pawtucket's many small businesses. We have already donated our money and time to a long list of Pawtucket nonprofit organizations. These commitments will expand in 2008.

As for our proposed Narragansett branch, we decided to sell our rights to the branch site. Though South County remains an attractive market for BankRI, we determined that it was not financially sound to hold the property until a branch could be built cost effectively and run profitably.

As economic conditions and customer demographics shift, we will continue to review our branch network and make changes to optimize its productivity and reach.

Involved in Our Communities

Recognizing that our success as a community bank depends largely upon the well being of our neighbors, philanthropic giving and civic leadership are a high priority at BankRI. Part of our mission is to be a responsible and thoughtful citizen. Therefore, it is with equal parts pride and gratitude that we donate our money, time and talent to a diverse array of Rhode Island organizations.

In 2007, the bank awarded grants to over 180 organizations in the health and human services, arts, diversity, education, civic, and economic development sectors. We support organizations with a strong Rhode Island heritage, such as the Capital City Community Centers. Founded in 1945, the Centers offer programming for all Rhode Islanders, from early childhood learning to health services for senior citizens. Their before- and after-school programs provide

supervised, structured learning for more than 100 local children.

We support institutions that are growing and expanding in our state, like the Rhode Island Free Clinic. The Clinic offers high-quality medical care and preventive health services to individuals without health care coverage. When the organization moved to a larger, more advanced facility, it reached out to RI institutions for assistance. The bank was proud to answer their call for help with a significant donation in December.

L e f t

Sequoia tree at Blithewold Arboretum,
Bristol

B e l o w

Providence Sound Session 2007

We support deserving startup and young community organizations in Rhode Island, such as Skate for Joy. Providing free ice-skating lessons to disadvantaged children, Skate for Joy is a fun and healthy way for the children to gain new skills and confidence. We are pleased to serve as one of their first corporate sponsors.



Donations of time and talent are often just as important as the donation of dollars. In 2007, our employees demonstrated their commitment to our community by serving as directors and trustees for numerous nonprofits including:

AIDS Care Ocean State
Arts & Business Council of Rhode Island
Beacon Charter School for the Arts
Boys & Girls Clubs of Rhode Island
Business Development Company of RI
Capital City Community Centers
Community Preparatory School
Connecting for Children and Families
Crossroads Rhode Island
FirstWorks Providence
Fund for Community Progress
Girl Scouts of Rhode Island
Greater Providence Chamber of Commerce
Grow Smart Rhode Island
Hope High School – School Improvement Team
Institute for the Study & Practice of Nonviolence
International Institute of Rhode Island
Junior Achievement of Rhode Island
Local Initiatives Support Corporation
Mixed Magic Theatre
Museum of Art, Rhode Island School of Design
Northern Rhode Island Council for the Arts
Providence Foundation
Providence Police Advisory Board
Providence Preservation Society
Rhode Island Coalition for Minority Investment
Rhode Island Donation Exchange Program
Rhode Island Hospital
Rhode Island Public Expenditure Council
Salvation Army of Rhode Island
State of RI Housing Resource Commission
Thundermist Foundation
Trinity Repertory Company
United Way of Rhode Island

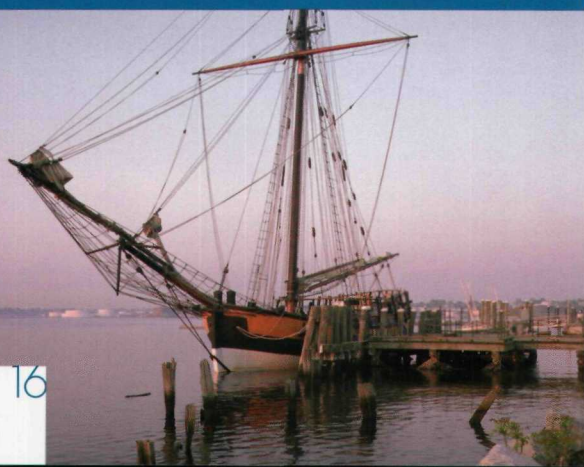
We support organizations throughout our retail footprint. In northern Rhode Island, BankRI was the presenting sponsor of the Sandra Feinstein-Gamm Theatre's fall production. In southern Rhode Island, we played a major role in the South County Arthritis Walk; in addition to our donation, a bank employee chaired the event and we had a dozen volunteers onsite to help with logistics. In central Rhode Island, the bank was able to assist a young Iraq war veteran purchase his first home with a forgivable \$15,000 grant through our participation in the Federal Home Loan Bank of Boston's Equity Builder Program.

In addition to BankRI's financial support, bank employees donate thousands of hours to a full range of organizations. In 2007, for example, bank volunteer teams staffed the annual Providence Sound Session music festival, Gallery Night Providence, the AIDS Care Ocean State Art Beat benefit, the Volunteers in Providence Schools half-marathon, and many more events.

Beyond money and time, our Rhode Island Community Food Bank drive generated over 2,600 pounds of food. Our outerwear drive for the RI Donation Exchange Program provided more than 700 coats to those in need. Our campaigns for the United Way and the Fund for Community Progress yielded generous donations from all corners of our organization.

The philanthropic spirit is contagious. Our volunteer teams swell with the family and friends of employees. Our donations of time and dollars are bolstered by less tangible donations of creativity and enthusiasm. The sum of our efforts makes BankRI a vital resource for the communities we serve. We take great pride in our mission and look forward to continuing all of our philanthropic endeavors in 2008.

L e f t
The Sloop Providence at India Point,
Providence





BOARD OF DIRECTORS

Back (L to R)

Meredith A. Curren
Principal
Edgewood Holdings, LLC
Providence, RI

Edward J. Mack, II
President & Owner
Tri-Mack Plastics Manufacturing Co.
Bristol, RI

Ernest J. Chorney, Jr.
Consultant
Watch Hill, RI

John R. Berger (rear)
Consultant
West Hartford, CT

Mark R. Feinstein
President
Northeast Management Inc.
Lincoln, RI

Cheryl W. Snead
President & CEO
Banneker Industries, Inc.
Lincoln, RI

Anthony F. Andrade
President
A&H Composition and Printing, Inc.
East Providence, RI

Center (L to R)

Karen Adams
News Anchor
WPRITV
East Providence, RI

Pablo Rodriguez, M.D.
President & CEO
Women's Care, Inc.
Providence, RI

Malcolm G. Chace
Chairman
Bancorp Rhode Island, Inc.
Chairman
Bank Rhode Island
Providence, RI
Vice President
Point Gammon Corporation
Providence, RI

John A. Yena
Chairman of the Board
Johnson & Wales University
Providence, RI

Bogdan Nowak
President
Rhode Island Novelty, Inc.
Johnston, RI

Front (L to R)

Richard Bready
Chairman & CEO
Nortek, Inc.
Providence, RI

Merrill W. Sherman
President & CEO
Bancorp Rhode Island, Inc.
President & CEO
Bank Rhode Island
Providence, RI

Not pictured
Michael E. McMahon
Partner
Pine Brook Road Partners LLC
New York, NY

BANCORP RHODE ISLAND, INC. CONSOLIDATED BALANCE SHEETS

ASSETS	December 31,	
	2007	2006
	(In thousands)	
Cash and due from banks	\$ 20,465	\$ 24,469
Overnight investments	17,097	37,295
Total cash and cash equivalents	37,562	61,764
Investment securities available for sale (amortized cost of \$77,193 and \$104,266, respectively)	76,986	103,425
Mortgage-backed securities available for sale (amortized cost of \$258,094 and \$244,258, respectively)	258,195	240,462
Total available for sale securities	335,181	343,887
Stock in the Federal Home Loan Bank of Boston	15,671	16,530
Loans and leases receivable:		
Commercial loans and leases	573,668	519,790
Residential mortgage loans	248,728	263,945
Consumer and other loans	215,736	220,557
Total loans and leases receivable	1,038,132	1,004,292
Allowance for loan and lease losses	(12,619)	(12,377)
Net loans and leases receivable	1,025,513	991,915
Premises and equipment, net	13,721	13,736
Goodwill, net	11,772	11,317
Accrued interest receivable	6,557	6,755
Investment in bank-owned life insurance	24,186	23,148
Prepaid expenses and other assets	6,956	10,047
Total assets	\$ 1,477,119	\$ 1,479,099

LIABILITIES AND SHAREHOLDERS' EQUITY

LIABILITIES:		
Deposits:		
Demand deposit accounts	\$ 172,634	\$ 200,282
NOW accounts	65,191	70,736
Money market accounts	6,054	6,991
Savings accounts	396,838	356,707
Certificate of deposit accounts	374,063	381,707
Total deposits	1,014,780	1,016,423
Overnight and short-term borrowings	66,795	56,341
Wholesale repurchase agreements	10,000	20,000
Federal Home Loan Bank of Boston borrowings	241,505	242,198
Subordinated deferrable interest debentures	13,403	18,558
Other liabilities	17,528	13,494
Total liabilities	1,364,011	1,367,014

SHAREHOLDERS' EQUITY:

Preferred stock, par value \$0.01 per share, authorized 1,000,000 shares: Issued and outstanding: none		
Common stock, par value \$0.01 per share, authorized 11,000,000 shares: Issued: 4,867,121 and 4,792,380 shares, respectively	49	48
Additional paid-in capital	70,123	67,960
Treasury stock, at cost (305,200 shares at December 31, 2007)	(10,189)	
Retained earnings	53,194	47,091
Accumulated other comprehensive loss, net	(69)	(3,014)
Total shareholders' equity	113,108	112,085
Total liabilities and shareholders' equity	\$ 1,477,119	\$ 1,479,099

BANCORP RHODE ISLAND, INC. CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2007	2006	2005
	(In thousands, except per share data)		
INTEREST AND DIVIDEND INCOME:			
Loans and leases	\$ 67,038	\$ 62,992	\$ 53,822
Mortgage-backed securities	11,166	10,542	9,313
Investment securities	5,707	6,245	5,537
Overnight investments	1,103	517	201
Federal Home Loan Bank of Boston stock dividends	1,056	906	647
Total interest and dividend income	86,070	81,202	69,520
INTEREST EXPENSE:			
Deposits	29,230	22,476	14,521
Overnight and short-term borrowings	2,717	2,124	652
Wholesale repurchase agreements	602	870	276
Federal Home Loan Bank of Boston borrowings	10,768	12,044	9,898
Subordinated deferrable interest debentures	1,509	1,460	1,272
Total interest expense	44,826	38,974	26,619
Net interest income	41,244	42,228	42,901
Provision for loan and lease losses	700	1,202	1,423
Net interest income after provision for loan and lease losses	40,544	41,026	41,478
NONINTEREST INCOME:			
Service charges on deposit accounts	5,578	5,055	4,561
Net gains on lease sales and commissions on loans originated for others	1,216	566	429
Income from bank-owned life insurance	1,038	785	691
Loan related fees	649	694	1,024
Commissions on nondeposit investment products	575	872	849
Net gain (loss) on available for sale securities	254	(859)	181
Other income	1,475	1,875	1,539
Total noninterest income	10,785	8,988	9,274
NONINTEREST EXPENSE:			
Salaries and employee benefits	20,859	20,636	19,476
Occupancy	3,527	3,564	3,126
Data processing	2,850	2,880	2,759
Professional services	2,212	2,186	2,017
Marketing	1,562	1,880	1,584
Equipment	1,345	1,407	1,569
Loan servicing	767	917	968
Loan workout and other real estate owned	190	188	217
Other expenses	4,713	5,069	4,627
Total noninterest expense	38,025	38,727	36,343
Income before income taxes	13,304	11,287	14,409
Income tax expense	4,259	3,576	4,840
Net income	\$ 9,045	\$ 7,711	\$ 9,569
Weighted average shares outstanding - Basic	4,791,625	4,766,854	4,478,081
Weighted average shares outstanding - Diluted	4,918,763	4,920,569	4,697,134
PER SHARE DATA:			
Basic earnings per common share	\$ 1.89	\$ 1.62	\$ 2.14
Diluted earnings per common share	\$ 1.84	\$ 1.57	\$ 2.04
Cash dividends declared per common share	\$ 0.62	\$ 0.60	\$ 0.60

BANCORP RHODE ISLAND, INC. SELECTED CONSOLIDATED FINANCIAL DATA

AS OF AND FOR THE YEAR ENDED DECEMBER 31,

	2007	2006	2005	2004	2003
STATEMENTS OF OPERATIONS DATA:					
	(Dollars in thousands, except per share data)				
Interest income	\$ 86,070	\$ 81,202	\$ 69,520	\$ 57,719	\$ 51,773
Interest expense	44,826	38,974	26,619	19,625	19,453
Net interest income	41,244	42,228	42,901	38,094	32,320
Provision for loan and lease losses	700	1,202	1,423	836	1,524
Noninterest income	10,785	8,988	9,274	8,581	8,830
Noninterest expense	38,025	38,727	36,343	32,929	28,866
Income before taxes	13,304	11,287	14,409	12,910	10,760
Income taxes	4,259	3,576	4,840	4,296	3,546
Net income	\$ 9,045	\$ 7,711	\$ 9,569	\$ 8,614	\$ 7,214

PER SHARE DATA:

Basic earnings per common share	\$ 1.89	\$ 1.62	\$ 2.14	\$ 2.17	\$ 1.89
Diluted earnings per common share	\$ 1.84	\$ 1.57	\$ 2.04	\$ 2.04	\$ 1.77
Dividends per common share	\$ 0.62	\$ 0.60	\$ 0.60	\$ 0.58	\$ 0.56
Dividend pay-out ratio	33.7%	38.2%	29.4%	28.4%	31.6%
Book value per common share	\$ 24.79	\$ 23.39	\$ 22.21	\$ 19.68	\$ 18.53
Tangible book value per common share	\$ 22.21	\$ 21.03	\$ 19.83	\$ 16.99	\$ 15.76
Average common shares outstanding - Basic	4,791,625	4,766,854	4,478,081	3,975,413	3,819,232
Average common shares outstanding - Diluted	4,918,763	4,920,569	4,697,134	4,222,856	4,085,878

BALANCE SHEET DATA:

Total assets	\$ 1,477,119	\$ 1,479,099	\$ 1,442,782	\$ 1,239,069	\$ 1,093,971
Investment securities	76,986	103,425	150,959	104,600	98,595
Mortgage-backed securities	258,195	240,462	234,858	159,946	106,618
Total loans and leases receivable	1,038,132	1,004,292	950,806	886,301	814,282
Allowance for loan and lease losses	12,619	12,377	11,665	11,454	10,690
Goodwill, net	11,772	11,317	11,234	10,766	10,766
Deposits	1,014,780	1,016,423	980,969	880,674	811,283
Borrowings	331,703	337,097	344,769	271,386	203,622
Total shareholders' equity	113,108	112,085	104,832	78,923	72,107

AVERAGE BALANCE SHEET DATA:

Total assets	\$ 1,469,574	\$ 1,451,959	\$ 1,347,510	\$ 1,168,454	\$ 1,046,741
Investment securities	112,461	144,460	131,711	102,827	91,153
Mortgage-backed securities	229,872	227,973	209,004	132,946	123,524
Total loans and leases receivable	1,014,951	980,598	916,273	848,550	747,174
Allowance for loan and lease losses	12,503	12,002	11,560	11,072	10,739
Goodwill, net	11,318	11,290	11,067	10,766	10,766
Deposits	1,010,162	965,194	928,374	858,739	779,540
Borrowings	326,398	362,721	306,344	227,365	192,068
Total shareholders' equity	114,872	106,874	95,922	74,704	69,010

OPERATING RATIOS:

Interest rate spread	2.29%	2.50%	2.92%	3.07%	2.91%
Net interest margin	2.96%	3.06%	3.35%	3.44%	3.28%
Efficiency ratio (a)	73.08%	75.62%	69.66%	70.55%	70.15%
Return on average assets	0.62%	0.53%	0.71%	0.74%	0.69%
Return on average equity	7.87%	7.22%	9.98%	11.53%	10.45%

ASSET QUALITY RATIOS:

Nonperforming loans to total loans	0.40%	0.14%	0.04%	0.08%	0.30%
Nonperforming assets to total assets	0.28%	0.10%	0.03%	0.06%	0.23%
Allowance for loan and lease losses to nonperforming loans	304.15%	875.94%	2,810.84%	1,562.62%	434.20%
Allowance for loan and lease losses to total loans	1.22%	1.23%	1.23%	1.29%	1.31%
Net loans charged-off to average loans outstanding	0.05%	0.05%	0.13%	0.01%	0.08%

CAPITAL RATIOS:

Average shareholders' equity to average total assets	7.82%	7.36%	7.11%	6.40%	6.59%
Tier I leverage ratio	7.87%	8.37%	8.21%	7.06%	6.76%
Tier I risk-based capital ratio	11.06%	12.05%	12.62%	10.01%	9.71%
Total risk-based capital ratio	12.28%	13.27%	13.87%	11.26%	10.92%

(a) Calculated by dividing total noninterest expenses by net interest income plus noninterest income.

The Board of Directors and Shareholders, Bancorp Rhode Island, Inc.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Bancorp Rhode Island, Inc. and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each year in the three-year period then ended (not presented herein); and in our report dated March 10, 2008, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

KPMG LLP
Providence, RI
March 10, 2008

A comprehensive presentation of the consolidated financial statements, together with the related notes and the report of KPMG LLP independent registered public accounting firm, and Management's presentation of the analysis of financial condition and results of operations can be found in the 2007 Annual Report on Form 10-K filed with the Securities and Exchange Commission, which can be referenced at www.SEC.gov and at www.bankri.com. All shareholders will be provided the 2008 Notice of Annual Meeting, 2008 Proxy Statement and 2007 Annual Report on Form 10-K along with this Summary Annual Report.

MARKET FOR THE COMPANY'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock Prices and Dividends – Our common stock is traded on the Nasdaq Global Select MarketSM under the symbol "BARI". The following table sets forth certain information regarding our common stock for the periods indicated.

	Stock Price		Dividend Paid
	High	Low	
2006:			
First Quarter	\$ 35.65	\$ 32.75	\$ 0.15
Second Quarter	39.94	33.31	0.15
Third Quarter	45.40	38.91	0.15
Fourth Quarter	45.37	42.09	0.15
2007:			
First Quarter	\$ 44.75	\$ 42.10	\$ 0.15
Second Quarter	44.41	36.04	0.15
Third Quarter	39.84	32.07	0.16
Fourth Quarter	36.70	32.61	0.16

As of February 28, 2008 there were approximately 1,500 holders of record of our common stock.

**Bancorp Rhode Island, Inc.
Executive Officers**

Merrill W. Sherman
President & CEO

James V. DeRentis
Vice President

Mark J. Meiklejohn
Vice President

Linda H. Simmons
Chief Financial Officer & Treasurer

**Bank Rhode Island
Executive Officers**

Merrill W. Sherman
President & CEO

James V. DeRentis
Executive Vice President
Chief Business Officer

Mark J. Meiklejohn
Executive Vice President
Chief Lending Officer

Linda H. Simmons
Chief Financial Officer & Treasurer

Accounting

Michael Hebert
Senior Vice President
Controller

Joan Rivelli
Vice President

Donna Caetano
Accounting Officer

James Giudice
Accounting Officer

Audit

Carolyn Warner
Vice President
Chief Auditor

**Commercial Banking
Business Lending**

William Tsonos
Senior Vice President
Head of Business Lending

Emanuel Barrows
Senior Vice President

Peter DiFilippo
Senior Vice President

James Tiernan
Senior Vice President

Donald DiBlasi
Vice President

Donna Beausoleil
Assistant Vice President

David Booth
Assistant Vice President

Jason Carosi
Business Lending Officer

Michelle Marsden
Business Lending Officer

Pamela Mitchell
Business Lending Officer

Janice Rosa
Business Lending Officer

Cash Management

Gail Killian
Vice President

Commercial Real Estate

Stephen Gibbons
Senior Vice President
Commercial Real Estate Director

Kenneth Burnett
Senior Vice President
Head of Commercial Real Estate

Rosa Medeiros
Vice President

Beverly Chappon
Assistant Vice President

Meredith Nowak
Assistant Vice President

Joseph Silva
Commercial Real Estate Officer

Philip Vecchio
Commercial Real Estate Officer

Leasing

Daniel West
Vice President
Macrolease Corporation President

Lending Services

Stephen Russell
Senior Vice President
Lending Services Manager

Maureen Cary
Vice President

George Couto
Vice President

Diane Hagenburg
Assistant Vice President

Gerri Lyons
Lending Services Officer

Pamela DePaul
Lending Services Officer

Private Banking

Eileen Tweedie
Vice President

Corporate Planning

Connie Loveland
Vice President

Credit Administration

Daniel Hagerty
Senior Vice President
Chief Credit Officer

Lori Webber
Senior Vice President

Paul Wielgus
Senior Vice President

Doris Bragger
Vice President

Raymond Grigevich
Vice President

Gregory Kwiatkowski
Vice President

Enterprise Risk Management

Peter Flanagan
Senior Vice President
Chief Risk Officer

Melissa Ogg
Vice President

Administrative Services

Elizabeth Carroll
Senior Vice President

Gisele Golebeski
Vice President

Compliance

Michael Roy
Senior Vice President

Security

Donald Morash
Vice President

Daniel Patenaude
Vice President

Human Resources

Lori Searles
Vice President
Human Resources Director

Debra Regan
Vice President

Doreen Sousa
Vice President

Susan DiCicco
Assistant Vice President

Investment Sales

Melissa Trapp
Senior Vice President
Investment Director

Todd George
Assistant Vice President

Dana Sherman
Assistant Vice President

Lori Reinhardt
Investment Officer

Marketing and Corporate Communications

William DeWitt
Senior Vice President
Marketing and Corporate
Communications Director

Thomas O'Brien
Vice President

Elizabeth Pemmerl
Marketing Officer

Community Relations

Patricia Saracino
Vice President

Customer Support Center

Regina Zwinklis
Assistant Vice President

Operations and Information Technology

Kenneth Senus
Senior Vice President
Operations &
Information Technology Director

Information Technology

Sean Donegan
Senior Vice President

Karen Garvey
Vice President

Christopher Holmes
Information Technology Officer

Operations

Elizabeth Limerick
Vice President

Karen Talbot
Vice President

Tanya Fandino Leung
Vice President

Renay Houle
Assistant Vice President

Renee Blanchette
Operations Officer

Carol Crossland
Operations Officer

Pauline Frechette
Operations Officer

Retail Banking Retail Administration

Diane Goyette
Vice President

Linda Geremia
Vice President

Suzanne Joyal
Vice President

Kathryn Taylor
Vice President

Thomas Quinlan
Vice President

Claudette Bergeron
Assistant Vice President

Nancy Dufresne
Assistant Vice President

Kathleen Morgan
Assistant Vice President

Lori Oliveira
Assistant Vice President

Rhondalee Rodi
Assistant Vice President

Diane Bell
Retail Banking Officer

Kerry Doucette
Retail Banking Officer

Diane Forte
Retail Banking Officer

Melanie Gaspar
Retail Banking Officer

Heather Grogan
Retail Banking Officer

Ida Jobe
Retail Banking Officer

Elizabeth Nehme
Retail Banking Officer

Jonathan Roderick
Retail Banking Officer

Donna Sangermano
Retail Banking Officer

Retail Lending

Peter Walsh
Senior Vice President
Retail Lending Director

Kathleen Marabello
Vice President

Joseph D'Amico
Assistant Vice President

Peter Pagonis
Assistant Vice President

Treasury and Finance

Noreen Gordon
Vice President

Nora Nikola
Vice President

Lisa Guillemette
Treasury and Finance Officer

Atwood Avenue
383 Atwood Avenue
Cranston, RI 02920

Buttonwoods
2975 West Shore Road
Warwick, RI 02886

Centerville Road
1062 Centerville Road
Warwick, RI 02886

East Greenwich
1269 South County Trail
East Greenwich, RI 02818

East Side
137 Pitman Street
Providence, RI 02906

Johnston
1440 Hartford Avenue
Johnston, RI 02919

Lincoln
625B George Washington Hwy
Lincoln, RI 02865

North Kingstown
1140 Ten Rod Road
North Kingstown, RI 02852

Park Avenue
1047 Park Avenue
Cranston, RI 02910

Pawtucket
499 Smithfield Avenue
Pawtucket, RI 02860

Smithfield
445 Putnam Pike
Smithfield, RI 02917

South Broadway
999 South Broadway
East Providence, RI 02914

Taunton Avenue
195 Taunton Avenue
East Providence, RI 02914

Turks Head
One Turks Head Place
Providence, RI 02903

Warwick Avenue
1300 Warwick Avenue
Warwick, RI 02888

Woonsocket
1175 Cumberland Hill Road
Woonsocket, RI 02895

CORPORATE INFORMATION

Stock Transfer Agent:
Registrar and Transfer Company
10 Commerce Drive
Cranford, NJ 07016

Auditors:
KPMG LLP
Providence, RI

Counsel:
Hinckley, Allen & Snyder LLP
Providence, RI

Investor Information:
The Bancorp Rhode Island, Inc.
2007 Annual Meeting will be
held on Wednesday, May 21,
2008 at 10 a.m. at The Hotel
Providence, Providence, RI.

Requests for information, including
copies of Bancorp Rhode Island, Inc.'s
Annual Report, may be obtained at
no charge by writing to:

Investor Relations Department
Bancorp Rhode Island, Inc.
One Turks Head Place
Providence, RI 02903

Right
The State House, Providence





One Turks Head Place
Providence, Rhode Island 02903

401.456.5000

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