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BANCORP RHODE ISLAND INC  
Form DEF 14A  
April 18, 2003

SCHEDULE 14A  
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934

(Amendment No. )

Filed by the Registrant [X]  
Filed by a party other than the Registrant [ ]

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

BANCORP RHODE ISLAND, INC.

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing party:

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(4) Date Filed:

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[BANCORP RHODE ISLAND, INC. LOGO]

April 18, 2003

Dear Shareholder:

You are cordially invited to attend the 2003 Annual Meeting of Shareholders of Bancorp Rhode Island, Inc. to be held at the Courtyard by Marriott, 32 Exchange Terrace, Providence, Rhode Island 02903, on Wednesday, May 21, 2003 at 10:00 a.m.

The official Notice of Annual Meeting, Proxy Statement and Proxy are included with this letter. The matters listed in the Notice of Annual Meeting are more fully described in the Proxy Statement. I encourage you to take the time to review the Proxy Statement.

It is important that your shares be represented and voted at the Annual Meeting. Accordingly, regardless of whether or not you plan to attend the meeting, please sign and date the enclosed proxy form and return it in the enclosed postage paid envelope, so that your shares may be represented at the meeting. If you decide to attend the meeting you may revoke your proxy and vote your shares yourself.

Thank you for your consideration. I look forward to seeing you.

Very truly yours,

/s/ Malcolm G. Chace

Malcolm G. Chace  
Chairman

BANCORP RHODE ISLAND, INC.  
One Turks Head Place  
Providence, Rhode Island 02903

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

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To Be Held Wednesday, May 21, 2003

To the Shareholders of Bancorp Rhode Island, Inc.:

The Annual Meeting of Shareholders of Bancorp Rhode Island, Inc. (the "Meeting"), a Rhode Island corporation (the "Company"), will be held at the Courtyard by Marriott, 32 Exchange Terrace, Providence, Rhode Island on Wednesday, May 21, 2003, at 10:00 a.m. local time, for the following purposes:

1. To elect five Class I Directors to serve until 2006 and to elect Pablo Rodriguez, M.D. as a Class II Director to serve until 2004;
2. To consider and act upon a proposal to ratify the appointment of KPMG LLP as independent public accountants for the Company; and
3. To transact such other business as may properly come before the Meeting or any adjournments thereof.

The Board of Directors of the Company has fixed the close of business on April 4, 2003 as the record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting or any adjournment thereof. The stock transfer books will not be closed.

All Shareholders are cordially invited and urged to attend the Meeting. PLEASE SIGN, DATE AND RETURN THE PROXY EVEN THOUGH YOU PLAN TO ATTEND THE MEETING. Upon your arrival your proxy will be returned to you if you desire to revoke it or vote in person. Your attendance in person is encouraged, but should anything prevent your attendance in person, your presence by proxy will still allow your shares to be voted.

By Order of the Board of Directors

/s/ Margaret D. Farrell

Margaret D. Farrell, Secretary

April 18, 2003

BANCORP RHODE ISLAND, INC.  
One Turks Head Place  
Providence, Rhode Island 02903

## PROXY STATEMENT

This Proxy Statement is being furnished to the holders of Common Stock (the "Shareholders") of Bancorp Rhode Island, Inc., a Rhode Island corporation ("Bancorp"), in connection with the solicitation of proxies by the Board of Directors of Bancorp for the Annual Meeting of Shareholders of Bancorp (the "Meeting") to be held at the Courtyard by Marriott, 32 Exchange Terrace, Providence, Rhode Island on Wednesday, May 21, 2003 at 10:00 a.m. local time, and at any adjournments and postponements thereof. This Proxy Statement and the related proxy form are being mailed on or

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about April 18, 2003 to holders of record of Bancorp's Common Stock on April 4, 2003. As used herein, the "Company" means both Bancorp and Bank Rhode Island, a Rhode Island financial institution (the "Bank"), the only significant operating subsidiary of Bancorp.

### ACTION TO BE TAKEN UNDER THE PROXY

A proxy for use at the Meeting is enclosed. Subject to such revocation or suspension, the proxy holders will vote all shares represented by a properly executed proxy received in time for the Meeting in accordance with the instructions on the proxy. If no instructions are specified with regard to the matters to be acted upon, the proxy holders will vote FOR approval of the proposals set forth in the Notice of Meeting. Any proxy may be revoked by any Shareholder who attends the Meeting and gives oral notice of his or her intention to vote in person, without compliance with any other formalities. In addition, any proxy given pursuant to this solicitation may be revoked prior to the Meeting by delivering an instrument revoking it or a duly executed proxy bearing a later date to the Secretary of Bancorp. The Secretary of Bancorp is Margaret D. Farrell, and any revocation should be filed with her c/o Hinckley, Allen & Snyder LLP, 1500 Fleet Center, Providence, Rhode Island 02903.

A proxy may confer discretionary authority to vote with respect to any matter to be presented at the Meeting which management does not know of a reasonable time before the date hereof. Management does not know of any such matter which may come before the Meeting and which would be required to be set forth in this Proxy Statement or the related proxy form. If any other matter is properly presented to the Meeting for action, it is intended that the persons named in the enclosed form of proxy and acting thereunder will vote in accordance with their best judgment on such matter.

### PERSONS MAKING THE SOLICITATION

The Board of Directors of Bancorp is soliciting these proxies. Bancorp will bear the expense of preparing, assembling, printing and mailing this Proxy Statement and the material used in the solicitation of proxies for the Meeting. Bancorp contemplates that proxies will be solicited principally through the use of the mail, but officers, directors and employees of the Company may solicit proxies personally or by telephone, without receiving special compensation therefor. Although there is no formal agreement to do so, Bancorp may reimburse banks, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding these proxy materials to their principals. In addition, Bancorp may utilize the services of individuals or companies not regularly employed by the Company in connection with the solicitation of proxies, if management of Bancorp determines that this is advisable.

### VOTING SECURITIES

Holders of record of Bancorp's Common Stock, par value \$.01 per share (the "Common Stock"), at the close of business on April 4, 2003, the record date for the Meeting, are entitled to notice of and to vote at the Meeting. As of the close of business on April 4, 2003, Bancorp had outstanding 3,790,850 shares of Common Stock entitled to vote. Holders of the Common Stock are entitled to one vote for each share held on the matters properly presented at the Meeting.

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The holders of a majority of the shares entitled to vote, present in person or represented by proxy, will constitute a quorum for the transaction of business at the Meeting. A plurality of votes cast is required to elect the directors. All other proposals to be voted upon at the Meeting will require the affirmative vote of holders of a majority of the Common Stock present in person or represented by proxy at the Meeting. Abstentions are treated as present and entitled to vote and therefore have the effect of a vote against a matter. A broker non-vote on a matter is considered not entitled to vote on the matter and thus is not counted in determining whether a matter requiring approval of a majority of the shares present and entitled to vote has been approved.

### PROPOSAL NO. 1 ELECTION OF DIRECTORS

Bancorp's Articles of Incorporation provide that the Board of Directors shall be divided into three classes, designated as Class I, Class II and Class III, and as nearly equal as possible. The Board of Directors, effective October 15, 2002, increased the number of directors from fourteen to fifteen, of which five are designated as Class I Directors, five as Class II Directors and five as Class III Directors. On October 15, 2002, the Board of Directors elected Meredith A. Curren and Bogdan Nowak as Class I Directors to fill the vacancies created by the resignations of F. James Hodges and Donald J. Reaves, and elected Pablo Rodriguez, M.D. as a Class II Director to fill the vacancy created by the increase in the number of directors. Under Bancorp's Articles of Incorporation, any vacancies on the Board of Directors may be filled by the Board of Directors for a term of office continuing only until the next election of directors by the Shareholders. The current Class I Directors serve until the Meeting, Class II Directors (other than Pablo Rodriguez, M.D.) serve until the 2004 annual meeting and Class III directors serve until the 2005 annual meeting. Directors serve three year terms and until their successors are duly elected and qualified or until the director's earlier resignation or removal, provided that a director's term will automatically terminate on the date of the next annual meeting of Shareholders following such director attaining age 72. At the Meeting, five Class I Directors are to be elected to serve until the 2006 annual meeting and until their successors are duly elected and qualified. In addition to the nominees for Class I Directors set forth below, Pablo Rodriguez, M.D. is nominated as a Class II Director to serve until the 2004 annual meeting and his successor is duly elected and qualified. The Directors of Bancorp also serve as directors of the Bank. All nominees are currently directors of both Bancorp and the Bank.

Unless authority to do so has been withheld or limited in a proxy, it is the intention of the persons named as proxies to vote the shares to which the proxy relates FOR the election of the five nominees named below to the Board of Directors as Class I Directors and FOR the election of Pablo Rodriguez, M.D. to the Board of Directors as a Class II Director. If any nominee named below is not available for election to the Board of Directors at the time of the Meeting, it is the intention of the persons named as proxies to act to fill that office by voting the shares to which a proxy relates FOR the election of such person or persons as may be designated by the Board of Directors or, in the absence of such designation, in such other manner as the proxies may in their discretion determine, unless authority to do so has been withheld or limited in the proxy. The Board of Directors anticipates that each of the nominees will be available to serve if elected.

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The Board of Directors recommends a vote "FOR" the election of the nominees for election as directors.

The following table sets forth certain information for both the five nominees for election as Class I Directors and Pablo Rodriguez, M.D., a nominee for election as a Class II Director (the "Nominees"), and for those Class II (other than Pablo Rodriguez, M.D.) and Class III Directors whose terms expire at the annual meetings of Bancorp's Shareholders in 2004 and 2005, respectively.

Name	Age	Business Experience During Past 5 Years	Year First Became Director
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NOMINEES FOR CLASS I DIRECTORS (Term to Expire 2006)			
Cheryl W. Snead	44	President and Chief Executive Officer of Banneker Industries, Inc. (manufacturing, assembly and packaging and logistics management) since 1991.	1996
John A. Yena	62	President of Johnson & Wales University.	1996
Karen Adams	47	Television news anchor for WPRI-TV (Sunrise Television Corp.) since 1989.	2002
Meredith A. Curren	43	Chief Financial Officer and Principal of Pease & Curren, Inc. (precious metals) since 1990. Also, a Trustee of Ocean State Tax Exempt Fund.	2002
Bogdan Nowak	39	President of Rhode Island Novelty, Inc. since 1986 and President of Chemical Light Technologies, Inc. since 1995.	2002
NOMINEE FOR CLASS II DIRECTOR (Term to Expire 2004)			
Pablo Rodriguez, M.D.	47	President of Women's Care, Inc. (medical services) since 1987.	2003
CLASS II DIRECTORS (Term to Expire 2004)			
John R. Berger	59	Business consultant since 1994. Prior thereto, Executive Vice President and Director of Mergers and Acquisitions (1993-94) and Executive Vice President and Chief Investment Officer (1985-93) for Shawmut National Corporation.	1997
Karl F. Ericson	69	Business consultant and certified public accountant. From 1970 through 1990, a partner of KPMG LLP.	1996
Margaret D. Farrell	53	Partner of Hinckley, Allen & Snyder LLP (law firm) since 1981.	1996

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Name	Age	Business Experience During Past 5 Years	Year First Became Director
Mark R. Feinstein	47	President of Northeast Management, Inc. (video store franchisee) since 1991.	1996
CLASS III DIRECTORS (Term to Expire 2005)			
Anthony F. Andrade	55	President of A&H Composition and Printing and former President of Universal Press Graphics, Inc. until his retirement in April 1997.	1996
Malcolm G. Chace	68	Chairman of the Board of Bancorp since its formation and Chairman of the Board of the Bank since 1996. Vice President of Gammon Corp. Financial Services since 1986. Also, a director of Berkshire Hathaway, Inc.	1996
Ernest J. Chorneyei, Jr.	60	Business consultant since February 2000. Prior thereto, Chairman of the Board of Bradford Dyeing Association, Inc. (textiles) in Westerly, Rhode Island.	1996
Edward J. Mack II	44	President and owner of Tri-Mack Plastics Manufacturing Company (engineering, design and manufacture of custom high performance plastic parts) since 1990.	2002
Merrill W. Sherman	54	President and Chief Executive Officer of each of Bancorp and the Bank since each commenced operation. Also, a director of Providence and Worcester Railroad Company and the Providence Journal Co., a subsidiary of Belo Corp. From 1995 through 1996 she was the President of EFC, Inc. (the Bank's agent in connection with its formation).	1996

General Information About Board of Directors

The Bancorp Board of Directors held seven meetings and the Bank's Board of Directors held ten meetings during 2002. Karen Adams was the only Director not to attend 75% of the Bancorp Board meetings; however, Ms. Adams did attend 75% of both Bancorp and Bank Board meetings in the aggregate. Both the Bancorp Board and the Bank Board have three standing committees: the Executive Committee, the Audit Committee and the Compensation Committee. The Bank also has a Directors' Loan Committee. Meredith A. Curren, Bogdan Nowak and Pablo Rodriguez, M.D. were elected to the Board of Directors in October 2002 and, accordingly, attended only one Board meeting in 2002.

The Executive Committee of Bancorp met once and the Executive Committee of the Bank acted once by written consent during 2002. The members of the Executive Committees during 2002 were Malcolm G. Chace

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(Chairman), Merrill W. Sherman, Karl F. Ericson, Margaret D. Farrell and John A. Yena. The Executive Committees conduct the affairs and business of Bancorp or the Bank, as the case may be, between meetings of the respective Board of Directors, subject to certain limitations set forth in Bancorp's Articles of Incorporation and the Bank's Agreement to Form.

The Bancorp Compensation Committee met five times and the Bank's Compensation Committee met six times in 2002. The members of both Compensation Committees during 2002 were John R. Berger (Chairman), Anthony F. Andrade, Edward J. Mack II and Pablo Rodriguez, M.D. The Compensation Committee is responsible for the review and recommendation of the compensation arrangements for directors and officers and the award of options under the Company's Incentive and Nonqualified Stock Option Plans.

The Bancorp Audit Committee met five times and the Bank Audit Committee met five times in 2002. The members of both Audit Committees, all of whom are independent as defined by the NASDAQ listing standards, are Karl F. Ericson (Chairman), Ernest J. Chorney, Jr., Cheryl W. Snead and Meredith A. Curren. The Audit Committee is responsible for, among other things, recommending to the Board the selection of independent auditors to conduct the annual audit of the Company's financial statements, reviewing the scope of the audit plans of the independent auditor and the Company's internal auditor, reviewing the scope of the non-audit services provided by the independent auditor and reviewing the results of the independent and internal auditors' work to ensure compliance with Company policies, all of which is set forth in greater detail in the "Report of the Audit Committee," included in this Proxy Statement. The Bancorp Audit Committee is governed by a written charter approved by the Board of Directors on October 17, 2000 and last amended on July 17, 2001.

### Compensation of Directors

Directors of the Company (other than Ms. Sherman) receive a combined annual retainer of \$7,500, \$5,000 for service as a Bancorp director and \$2,500 for service as a Bank director. Directors of the Company receive \$100 for each Bancorp Board meeting attended, as well as \$50 for each Bancorp Committee meeting attended. In addition, directors of the Company receive \$500 for each meeting of the Bank's Board of Directors, Executive Committee, Audit Committee or Compensation Committee attended, and \$550 for each Directors' Loan Committee meeting attended.

Under the Amended and Restated Non-Employee Director Stock Plan (the "Director Plan") approved by the Bank's shareholders at the 1998 annual meeting and assumed by Bancorp in connection with the reorganization of the Bank into a holding company structure on September 1, 2000 (the "Reorganization"), each non-employee director elected at the 1998 meeting received an option to purchase 1,500 shares of Common Stock, and each new non-employee director elected thereafter receives an option to purchase 1,000 shares of Common Stock as of the date of election to the Board. In addition, annual grants of options are made as of the date of each annual meeting of Shareholders to each non-employee director (other than a director who is first elected at or within six months of the meeting) to purchase 500 shares of Common Stock. All options have a ten-year term and an exercise price equal to the fair market value on the date of grant. Options may be exercised with cash, Common Stock, or both. Options vest six months after the grant date, unless automatically accelerated in the event of death, disability or a change in control.

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### COMMON STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

#### Security Ownership of 5% Beneficial Owners

The following table sets forth information as of April 4, 2003, regarding the beneficial owners of more than 5% of Bancorp's Common Stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (a)	Percent of Class
Malcolm G. Chace (b) c/o Point Gammon Corporation One Providence Washington Plaza Providence, RI 02903	481,288	12.7%
Richard A. Grills P.O. Box 539 Westerly, RI 02891	249,995	6.6%
Greenwood Partners L.P. (c) 1601 Forum Place, Suite 905 W. Palm Beach, FL 33401	205,684	5.4%
Merrill W. Sherman (d) c/o Bancorp Rhode Island, Inc. One Turks Head Place Providence, RI 02903	241,100	6.1%
Friedman, Billings, Ramsey Group, Inc. 1001 19th Street North Arlington, VA 22209-1710	366,300	9.7%

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#### Security Ownership of Directors and Officers

The following table sets forth certain information regarding the beneficial ownership of Bancorp's Common Stock as of April 4, 2003 by each director, each executive officer named in the Summary Compensation Table appearing on page 10 and all directors and executive officers as a group. Unless otherwise indicated, each person has sole voting and dispositive power over the shares indicated as owned by such person.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (a)	Perce of CL
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Karen Adams (b) (c)	1,775	*
Anthony F. Andrade (d)	53,500	1.
John R. Berger (d)	5,500	*
Malcolm G. Chace (e)	481,288	12.
Ernest J. Chorneyei, Jr. (d) (f)	111,500	2.
Meredith A. Curren (b)	1,000	*
Karl F. Ericson (d)	12,500	*
Margaret D. Farrell (d) (g)	6,000	*
Mark R. Feinstein (d)	17,000	*
Edward J. Mack II (b)	1,675	*
Bogdan Nowak (b)	12,300	*
Pablo Rodriguez, M.D. (b)	1,000	*
Merrill W. Sherman (h)	241,100	6.
Cheryl W. Snead (d)	4,010	*
John A. Yena (i)	8,500	*
James V. DeRentis (j)	23,700	*
Donald C. McQueen (k)	65,375	1.
Albert R. Rietheimer (l)	55,225	1.
Directors and executive officers as a group (19 persons) (m)	1,107,298	26.

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### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires executive officers and directors and persons who beneficially own more than ten percent of Bancorp's Common Stock to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission (the "SEC") and any national securities exchange on which Bancorp's securities are registered. Based solely on a review of the copies of such forms furnished to Bancorp and written representations from the executive officers and directors, Bancorp believes that during 2002 its executive officers, directors and greater than ten percent beneficial owners complied with all applicable Section 16(a) filing requirements, except that one of Bancorp's directors, Karen Adams failed to file a timely Form 4 in connection with shares acquired by her spouse.

### Audit Committee Report

Management is responsible for the Company's internal controls and financial reporting process. The independent accountants are responsible for performing an audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

The Audit Committee's responsibilities focus on two primary areas: (1) the adequacy of the Company's internal controls and financial reporting process and the reliability of the Company's financial statements; and (2) the independence and performance of the Company's internal auditors and independent auditors. The Audit Committee meets at least quarterly to, as appropriate, review, evaluate, and discuss with the Company's management and internal and external auditors the scope of their audit plans, the results of their work, the Company's financial statements (including quarterly earnings releases), quarterly reports issued by the Company's internal auditor, the adequacy and effectiveness of the Company's internal controls and changes in accounting principles. The Audit Committee

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regularly meets privately with both the internal and external auditors, each of whom has unrestricted access to the Audit Committee.

In connection with these responsibilities, the Audit Committee reviewed and discussed the Company's audited financial statements for the fiscal year ended December 31, 2002 with management and the Company's independent accountants, KPMG LLP. The Audit Committee also discussed with KPMG LLP the matters required by Statement on Auditing Standards No. 61. The Audit Committee received from KPMG LLP written disclosures regarding the firm's independence as required by Independence Standards Board Standard No. 1, wherein KPMG LLP confirms their independence within the meaning of the SEC and Independence Standards Board Rules and disclosed the fees charged for professional services in the fiscal year ended December 31, 2002. The Audit Committee discussed this information with KPMG LLP and also considered the compatibility of non-audit services provided by KPMG LLP with maintaining its independence. The Audit Committee also reviewed KPMG LLP's proposal to act as the Company's external auditor for the year ending December 31, 2003.

Based on the review of the audited financial statements and these various discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K, to be filed with the SEC. The Audit Committee further recommended to the Board of Directors the appointment of KPMG LLP as the Company's independent

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auditors for the fiscal year ended December 31, 2003, subject to ratification by the Shareholders at the 2003 Annual Meeting of Shareholders.

### Audit Committee

KARL F. ERICSON-Chairman

ERNEST J. CHORNYEI, JR.

MEREDITH A. CURREN

CHERYL W. SNEAD

### Audit Fees

Aggregate fees billed by KPMG LLP for professional services rendered for the audit of the Company's annual financial statements for the fiscal year ended December 31, 2002 and the reviews of interim financial statements included in the Company's Quarterly Reports on Form 10-Q for such year were \$146,500.

### Financial Information Systems Design and Implementation Fees

No fees were billed by KPMG LLP for financial information systems design and implementation services during 2002.

### All Other Fees

The aggregate fees billed by KPMG LLP for services rendered during 2002, other than the services described above, were \$212,936. These services were for tax returns and other tax related work (\$19,350), information risk management services related to internet security (\$94,336), and information system vendor selection related to the Company's data processing conversion (\$99,250). The Audit Committee has determined that the provision of such services is compatible with maintaining KPMG LLP's independence.

## EXECUTIVE COMPENSATION

The following table summarizes the compensation paid or accrued by the Company to its Chief Executive Officer and each of its four most highly compensated executive officers who earned more than \$100,000 in salary and bonus in 2002 (together, the "Named Executive Officers"), for the calendar years ending December 31, 2002, 2001 and 2000:

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation (a)		Long Term Compensation	All Other Compensation
		Salary (b)	Bonus	Securities Underlying Options/SARs	
Merrill W. Sherman (President and CEO of both Bancorp and the Bank)	2002	\$374,037	\$215,500	22,750	\$13,314 (c)
	2001	320,944	157,000	25,200	10,500 (d)
	2000	260,204	158,250	29,500	10,408 (d)
Donald C. McQueen (Vice President and Assistant Secretary of Bancorp and Executive Vice President and Chief Credit and Administrative Officer of the Bank)	2002	186,766	89,500	7,725	7,901 (c)
	2001	145,873	52,000	7,800	5,884 (d)
	2000	132,517	55,000	10,300	5,589 (d)
Albert R. Rietheimer (Chief Financial Officer and Treasurer of both Bancorp and the Bank)	2002	164,054	60,000	6,625	6,192 (c)
	2001	149,205	52,000	7,800	5,840 (d)
	2000	135,733	55,000	10,300	5,429 (d)
James V. DeRentis (Executive Vice President-Retail Banking & Marketing of the Bank)	2002	143,382	60,000	5,850	5,868 (c)
	2001	120,820	52,000	6,350	4,833 (d)
	2000	102,615	41,500	5,200	4,105 (d)

## Option/SAR Grants in Last Fiscal Year

The following table provides information on option grants in 2002 to the Named Executive Officers. The Company does not issue stock appreciation rights.

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Name	Number of Securities Underlying Options/SARs Granted	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh)	Expiration Date	Grant Date Value (a)
Merrill W. Sherman	5,300 (b) 2,200 (c) 15,250 (c)	30.76%	\$19.80 \$19.80 \$23.15	2/11/12 2/11/12 5/30/12	\$116,575
Donald C. McQueen	2,500 (d) 5,225 (e)	10.45%	\$19.80 \$23.15	2/11/12 5/30/12	39,638
Albert R. Rietheimer	2,150 (d) 4,475 (e)	8.96%	\$19.80 \$23.15	2/11/12 5/30/12	33,987
James V. DeRentis	1,850 (d) 4,000 (d)	7.91%	\$19.80 \$23.15	2/11/12 5/30/12	30,066

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Aggregated Option/SAR Exercises in Last Fiscal Year and Year-End Option/SAR Values

The following table sets forth certain information regarding stock options exercised during 2002 and currently outstanding options held by the Named Executive Officer as of December 31, 2002:

Name	Shares Acquired on Exercise	Value Realized(\$)	Number of Securities Underlying Unexercised Options/SARs at Fiscal Year End 2002 Exercisable/Unexercisable	Value of Unexercised In-the-Money Options Exercisable
Merrill W. Sherman	10,000	\$91,200	135,363/37,037	\$1,545,000
Donald C. McQueen	0	0	41,735/16,640	481,000
Albert R. Rietheimer	0	0	42,465/15,760	491,000
James V. DeRentis	0	0	11,990/11,610	12,000

Employment Agreements. The Company entered into employment agreements with Ms. Sherman and Messrs. McQueen, Rietheimer and DeRentis in December 2000, which provide that during the term of the contract, their base salary will not be reduced and they will remain eligible for participation in the Company's executive compensation and benefit programs.

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Ms. Sherman's agreement provides for an initial three-year term expiring December 18, 2003, which automatically renews for successive three-year terms on each successive one-year anniversary unless either party has given the other party written notice of election not to extend the term at least 90 days prior to any anniversary date. In the event Ms. Sherman's employment is terminated by the Company without cause or Ms. Sherman terminates her employment for "Good Reason," the Company must pay her a lump sum severance payment equal to 2.99 times the sum of (i) her annual base salary as in effect at the time of termination and (ii) an amount equal to the average executive cash bonus earned by Ms. Sherman in the two full fiscal years immediately preceding the year in which termination occurs, and continue to pay for all medical and life insurance coverage for 36 months. Ms. Sherman is also allowed continued use of the automobile provided to her in her agreement (with an option to purchase). In addition, any options which are exercisable on the date of termination shall not terminate until the earlier of their expiration or three years after the date of termination. "Good Reason" is defined in Ms. Sherman's agreement as (i) a significant reduction in the nature or scope of her duties, responsibilities, authority and powers; (ii) any requirement that she perform her duties at a location more than 50 miles from where she currently performs her duties; or (iii) failure of the Company either to renew the agreement or enter into a new agreement on terms not less favorable than those existing immediately prior to such nonrenewal (other than a reduction of fringe benefits required by law or applicable to all employees generally).

In the event of a "Terminating Event" within one year of a "Change in Control," Ms. Sherman is entitled to receive as severance an amount equal to 2.99 times the sum of (i) her annual base salary in effect at the time of the Change in Control plus (ii) the amount of the largest annual bonus paid to Ms. Sherman in the three years preceding the Change in Control, payable in a lump sum. In addition, Ms. Sherman is entitled to receive continuing medical and life insurance benefits and use of the automobile provided to her in the agreement (with an option to purchase), for three years. All options vest upon a Change in Control and remain exercisable for such three-year period. A "Terminating Event" for this purpose means either (a) termination of employment for any reason other than for cause or (b) resigna-

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tion, death or disability following (i) a Takeover Transaction or (ii) a Change in Control resulting from a new Board supermajority, in either case, prior to the first anniversary of the Takeover Transaction or Change in Control.

The agreements with Messrs. McQueen, Rietheimer and DeRentis were automatically renewed for another two-year term on December 18, 2002, such agreements automatically renew for successive two-year terms on each successive two year anniversary unless either party has given the other party written notice of election not to renew at least 90 days prior to any anniversary date. If the Company terminates the employment relationship without cause or the executive terminates his employment for "Good Reason", the executive would be entitled to continuance of his base salary and all medical and life insurance coverage for 18 months following the date of termination.

Messrs. DeRentis and McQueen forfeit their severance payments in the event that within one year of the date of termination they accept certain types of positions as specified in their agreements. "Good Reason" is

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defined in the agreements of Messrs. Rietheimer, McQueen and DeRentis as the Company's failure to renew the agreement on any anniversary date or enter into a new employment agreement on substantially similar terms.

The agreements with Messrs. McQueen, Rietheimer and DeRentis provide that in the event of a "Terminating Event" within one year of a Change in Control, the executive is entitled to receive a severance benefit equal to two times the sum of (i) his annual base salary in effect at the time of the Change in Control, and (ii) an amount equal to the average executive cash bonus earned by the executive in the two full fiscal years preceding the Change in Control, payable in a lump sum. In addition, each executive shall continue to receive medical and life insurance coverage for the 24 months commencing on the date of the Terminating Event. A "Terminating Event" means for this purpose either (a) termination of employment for any reason other than death, disability or for cause or (b) resignation following (i) a significant reduction in the nature or scope of the executive's duties, responsibilities, authority and powers from those exercised prior to the Change in Control, (ii) a greater than 10% reduction in the executive's annual base salary or fringe benefits (other than across-the-board salary reductions or changes in fringe benefit plans), (iii) a requirement that the executive perform duties at a location more than 50 miles from the location where such duties were performed prior to the Change in Control, or (iv) failure of any successor of the Company to continue the executive's employment on substantially similar employment terms. If payments under the employment agreements following a Change in Control are subject to the "golden parachute" excise tax, the Company will make a "gross-up" payment sufficient to ensure that the net after-tax amount retained by the executive (taking into account all taxes, including those on the gross-up payment) is the same as if such excise tax had not applied.

For purposes of all of the agreements, a "Change in Control" will be deemed to have occurred if: (1) the Company effectuates a Takeover Transaction; or (2) the Company commences substantive negotiations with a third party with respect to a Takeover Transaction, if within 12 months of the commencement of such negotiations, the Company enters into a definitive agreement with respect to a Takeover Transaction with any party with which negotiations were originally commenced; or (3) any election of directors of the Company (whether by the directors then in office or by the shareholders at a meeting or by written consent) where a majority of the directors in office following such election are individuals who were not nominated by a vote of two-thirds of the members of the Board of Directors immediately preceding such election; or (4) the Company effectuates a complete liquidation of Bancorp or the Bank.

A "Takeover Transaction" for this purpose means a (i) reorganization, merger, acquisition or consolidation of Bancorp or the Bank with, or an acquisition of Bancorp or the Bank or all or substantially

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all of Bancorp's or the Bank's assets by, any other bank or corporation, in which the individuals and entities who were the "beneficial owners" (as defined in Rule 13d-3 under the Exchange Act) immediately prior to such reorganization, merger, acquisition or consolidation, do not, following such reorganization, merger, acquisition or consolidation, beneficially own more than 50% of the voting power of the corporation resulting from the reorganization, merger, acquisition or consolidation, (ii) the issuance of additional shares of Bancorp or the Bank if the individuals or entities who were the beneficial owners of the outstanding voting securities of Bancorp

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or the Bank immediately prior to such issuance do not, following such issuance, beneficially own securities representing more than 50% of the voting power of Bancorp or the Bank or (iii) when any person or entity or group of persons or entities (other than Bancorp or any trustee or other fiduciary holding securities under an employee benefit plan of Bancorp) either related or acting in concert becomes the beneficial owner of securities of Bancorp representing more than 30% of the voting power of all outstanding shares of voting securities of Bancorp, other than a person who was already a 30% beneficial owner as of the date on which the executive's employment with the Company commenced.

401(k) Retirement Plan. The Company maintains a 401(k) Plan which qualifies as a tax-exempt plan and trust under sections 401 and 501 of the Internal Revenue Code of 1986, as amended. Generally, Company employees who are at least 21 years of age and have completed at least one year of service with the Company, are eligible to participate in the 401(k) Plan. Under the 401(k) Plan the Company will make matching contributions of up to 4% of an employee's compensation, subject to qualified plan limitations. These contributions are vested monthly.

Nonqualified Deferred Compensation Plan. The Company maintains a nonqualified deferred compensation plan under which certain participants may contribute the amounts they are precluded from contributing to the Company's 401(k) Plan because of the qualified plan limitations, and additional compensation deferrals which may be advantageous for personal income tax or other planning reasons. In addition, under the deferred compensation plan participants receive an amount of employer matching contributions that they have lost under the Company's 401(k) Plan as a result of the nondiscrimination rules applicable to qualified plans. All amounts contributed by the participant and by the Company under the plan are immediately vested. Any excess contributions which cannot be contributed under the 401(k) Plan and which would otherwise be returned to the participant at the end of the year, plus the amount of any supplemental deferrals the participant may choose to make, and any matching contributions provided for under the plan are credited to a deferred compensation account (a bookkeeping account) which is credited with interest at a rate equal to the greater of the Baal 30-year corporate bond index, or the Company's projected rate of return on average earning assets as reflected in its budget for such year.

Participants are entitled to receive a distribution of their account upon retirement, death, disability or termination of employment except that any amounts attributable to employer contributions under the nonqualified plan are subject to forfeiture if the participant is terminated for fraud, dishonesty or willful violation of any law that is committed in connection with the participant's employment. A participant is eligible to withdraw amounts credited to the deferred compensation account in the event of unforeseeable financial hardship.

The amount deferred under the plan is not includible in the income of the participant until paid and, correspondingly, the Company is not entitled to a deduction for any liabilities established under the plan until the amount credited to the participant's deferred compensation account is paid to him or her.

The amount credited to the deferred compensation account is not funded or otherwise set aside or secure from the creditors of the Company and the participant is subject to the risk that deferred compen-

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sation may not be paid in the event of the Company's insolvency or the Company is otherwise unable to satisfy the obligation. The plan permits (but does not require) the Company to establish a grantor trust for the purpose of funding the plan. If such a trust were created, the corpus of the trust would, under current federal income tax regulations, have to be available to creditors of the Company in the event of insolvency or bankruptcy in order to prevent adverse income tax consequences to the participant.

Supplemental Executive Retirement Plans. The Company has adopted two Supplemental Executive Retirement Plans (each a "SERP") for certain of its senior executives under which participants designated by the Board are entitled to an annual retirement benefit. Currently, Ms. Sherman and Messrs. Rietheimer, McQueen and DeRentis (collectively, the "2000 SERP Participants") are the only participants in the 2000 SERP. The annual retirement benefit under the 2000 SERP is \$250,000 for Ms. Sherman, \$50,000 for Messrs. Rietheimer and McQueen and \$35,000 for Mr. DeRentis and is payable upon the later of the executive attaining age 65 or the executive's retirement. Under the 2002 SERP, effective November 1, 2002, the 2000 SERP Participants are entitled to a supplemental retirement benefit which, when added to the annual retirement benefit provided under the 2000 SERP, would provide an aggregate annual retirement benefit equal to 70% of compensation, reduced by the employer contribution under the 401(k) plan and any social security offset. In addition, under the 2002 SERP, the Company will provide a supplemental annual retirement benefit of \$25,000 for six additional senior officers. Under the SERPs, the Company will also provide a pre-retirement death benefit equal to the projected age 65 accrual balance and a post-retirement death benefit for the participant equal to the accrual balance at the date of the SERP participant's death, provided that Ms. Sherman's additional pre-retirement death benefit under the 2002 SERP is limited to her accrual balance at date of death under the 2002 SERP. The pre-retirement and post-retirement death benefits (other than Ms. Sherman's additional death benefit under the 2002 SERP) are funded through life insurance policies on the lives of the SERP participants purchased and owned by the Bank, which contain a split dollar endorsement in favor of the SERP participants.

The benefit for each current 2000 SERP Participant is fully vested. The benefits under the 2002 SERP vest beginning on November 1, 2008 (November 1, 2005 in the case of Ms. Sherman) in 20% increments such that the accrual balance would be fully vested on November 1, 2012 (November 1, 2008 in the case of Ms. Sherman). Thus, if an executive left at end of the vesting period, he or she would be 100% vested in their 2002 SERP accrual balance (i.e., the amount the Company has accrued to reflect the liability), but not the full benefit, resulting in a reduced retirement benefit in the event of early retirement. The executive is required to remain employed at the Company until age 65 to get the full 2002 SERP benefit. The full benefit will vest immediately upon death or in the event of a Change in Control. The SERPs are unfunded but provide that upon a Change in Control, the Company must deposit funds in a trust equal to the present value of all accrued benefits provided under both SERPs and thereafter make annual additional deposits to reflect any increases in the accrued benefits. All benefits are forfeited in the event that the participant's employment is terminated on account of a criminal act of fraud, misappropriation, embezzlement or a felony that involves property of the Company.

### Compensation Committee Report on Executive Compensation

The Compensation Committee of the Board (the "Compensation Committee") is composed entirely of non-employee directors. From time to

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time Ms. Sherman meets with the Compensation Committee to review the compensation program and make recommendations for executives reporting to her. The Compensation Committee is charged with the broad responsibility of seeing that officers and key management personnel are effectively compensated in a manner which is internally equitable and externally competitive. The Compensation Committee utilizes a consultant to assist it in its review and evaluation of the Company's compensation program for executives and other senior management.

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**Executive Compensation Philosophy.** The Company's executive compensation philosophy seeks to link executive compensation with the value, objectives, business strategy, management initiatives and financial performance of the Company. The overall objectives of the program are to attract and retain highly qualified individuals in key executive positions, to motivate executives to achieve goals inherent in the Company's business strategy, and to link executives' and Shareholders' interests. The Company also seeks to achieve a balance of the compensation paid to a particular individual and the compensation paid to other executives both inside the Company and at comparable corporations.

**Base Salary.** Base salaries for executive officers are substantially dependent upon the base salaries paid for comparable positions at similar corporations, the responsibilities of the position held, and the experience level of the particular executive officer. The Compensation Committee sets the base salary for executives by reviewing compensation for competitive positions in the market and the historical compensation levels of the executives. In 2001, as part of the overall review of the Company's executive compensation program, salaries of the Company's executives were increased, effective January 1, 2002, in light of market data, as well as to reflect promotions and increased responsibilities. The Compensation Committee generally sought, through these increases, to place such salaries at the median of the survey group.

**Cash Bonus Policy.** In keeping with the Company's philosophy to pay for performance, cash bonuses tied to performance measures represent a substantial portion of an executive's total compensation opportunity. Under the cash bonus policy, executive officers of the Company are eligible to receive bonuses of up to 40% (60% in the case of the Chief Executive Officer) of their base salaries. All bonuses for executive officers are determined at the discretion of the Compensation Committee, which annually establishes specific financial goals and performance criteria for each executive officer. The Compensation Committee generally seeks to award bonuses for superior performance that bring total cash compensation to the 75th percentile of the survey group.

**Stock Options.** Total compensation at the senior executive level also includes long-term incentives afforded by stock options granted under the Amended and Restated 1996 Incentive and Nonqualified Stock Option Plan and the 2002 Incentive and Nonqualified Stock Option Plan. The objectives of the programs are to align executive and Shareholder long-term interests by creating a strong and direct link between executive pay and total Shareholder return, and to enable executives to develop and maintain a significant, long-term stock ownership position in Bancorp's Common Stock. Annual grants of stock options reflect the executive's position with the Company and his or her contributions to the Company and are awarded at a level of 85% to 115% of the executive's annual salary, which the Company believes to be competitive with other comparable companies. Options are granted at fair market value and have three to four year vesting schedules

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to encourage key employees to continue in the employ of the Company.

Compensation of Chief Executive Officer. In December 2000, the Company entered into a three-year employment agreement with Ms. Sherman. In 2001, the Committee set Ms. Sherman's annual base salary at \$371,250 effective as of January 1, 2002, subject to annual adjustment thereafter. Ms. Sherman's base salary was established based upon comparisons with comparable corporations after review of market data provided by the Committee's compensation consultant. The substantial increase in Ms. Sherman's base salary effective January 1, 2002 was intended to bring her salary in line with the median for chief executives of comparable institutions. The Committee subsequently increased Ms. Sherman's base salary to \$386,100, effective May 1, 2002, representing a 4% increase as part of its annual review of executive compensation. Under her employment agreement, Ms. Sherman is also entitled to a cash bonus under the Company's cash bonus policy described above. The Committee awarded a bonus of \$215,500 for 2002, representing 93% of Ms. Sherman's maximum bonus opportunity, in

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recognition of the strong financial performance of the Company during 2002 and Ms. Sherman's contribution to the Company's growth and profitability. The Committee also recommended, and the Board approved, increasing the annual retirement benefit payable to Ms. Sherman under the SERP from \$250,000 to 70% of total compensation (reduced by the employer contribution under the 401(k) plan and any social security offset) to bring her retirement benefit in line with retirement benefits provided by comparable corporations. The increased SERP benefit will vest over five years beginning on November 1, 2004. Ms. Sherman also received options to acquire 22,750 shares of Common Stock.

Compliance with Internal Revenue Code Section 162(m). Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over \$1 million paid to a company's chief executive officer and the four other most highly compensated executive officers at year end. Qualifying performance-based compensation will not be subject to the deduction limit if certain requirements are met. The Committee's policy is to preserve corporate tax deductions by qualifying compensation paid over \$1 million to Named Executive Officers as performance-based compensation. Nevertheless, maintaining tax deductibility is but one consideration among many (and is not the most important consideration) in the design of the compensation program for senior executives. The Committee may, from time to time, conclude that compensation arrangements are in the best interest of the Company and its shareholders despite the fact that such arrangements might not, in whole or in part, qualify for tax deductibility.

Conclusion. The Committee believes that the compensation program for executives is competitive and that the program effectively ties executive compensation to the Company's performance and Bancorp's resultant stock price performance.

Compensation Committee

JOHN R. BERGER-Chairman

ANTHONY F. ANDRADE

EDWARD J. MACK II

PABLO RODRIGUEZ, M.D.

Notwithstanding anything to the contrary set forth in any of Bancorp's previous filings under the Exchange Act that might incorporate

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future filings, including this Proxy Statement, in whole or in part, the foregoing Compensation Committee Report on Executive Compensation and the following Performance Graph shall not be deemed incorporated by reference into any such filing.

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### PERFORMANCE GRAPH

The following graph shows changes in the value of \$100 invested on December 31, 1997 through December 31, 2002, in Bancorp's Common Stock, the S&P 500 Stock Index, and the SNL Financial L.C. New England Bank Index. The investment values are based on share price appreciation plus dividends paid in cash, assuming that dividends were reinvested on the date on which they were paid.

#### Total Return Performance

Index	Period Ending					
	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
Bancorp Rhode Island, Inc.	100.00	98.86	90.60	120.79	170.55	229.79
S&P 500	100.00	128.55	155.60	141.42	124.63	96.95
SNL New England Bank Index	100.00	109.43	102.30	134.90	128.57	96.99

The Board of Directors and its Compensation Committee recognize that the market price of stock is influenced by many factors, only one of which is issuer performance. Bancorp's stock price may also be influenced by market perception, Bancorp in particular and the financial services industry in general, economic conditions, fluctuating interest rates, and government regulation and supervision. The stock price performance shown in the graph is not necessarily indicative of future price performance.

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### TRANSACTIONS WITH MANAGEMENT

The Company has extended loans to certain of its officers, directors, and principal shareholders, including their immediate families and affiliated companies ("related parties"). Loans outstanding to related parties aggregated \$6.7 million at December 31, 2002. Loans to related parties are made in the ordinary course of business under normal credit terms, including interest rates and collateral, prevailing at the time of origination for comparable transactions with other persons, and do not represent more than a normal risk of collectibility or other unfavorable features.

The law firm of Hinckley, Allen & Snyder LLP, of which Margaret D. Farrell (a director and Secretary of the Company) is a partner, provides legal services to the Company. In addition, the spouse of director Edward

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J. Mack II is also a partner in Hinckley, Allen & Snyder LLP.

### PROPOSAL NO. 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

Upon recommendation of the Audit Committee of the Board of Directors, the Board has appointed KPMG LLP as independent public accountants for the 2003 fiscal year and hereby requests Shareholders to ratify such appointment.

The Board of Directors recommends a vote "FOR" the ratification of the appointment of KPMG LLP as independent public accountants.

Representatives of KPMG LLP will be present at the Meeting and will have an opportunity to make a statement if they so desire and to respond to appropriate questions from Shareholders.

### OTHER BUSINESS OF THE MEETING

The Board of Directors is not aware of any matters to come before the Meeting other than those stated in the Proxy Statement. In the event that other matters properly come before the Meeting or any adjournment thereof, it is intended that the persons named in the accompanying proxy and acting thereunder will vote in accordance with their best judgment.

### ANNUAL REPORT AND FORM 10-K

The 2002 Annual Report of Bancorp was mailed to Shareholders with this Proxy Statement. Upon request, Bancorp will furnish without charge a copy of Bancorp's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, including financial statements, but without exhibits, a copy of which has been filed with the SEC. It may be obtained by writing to Investor Relations Department, Bancorp Rhode Island, Inc., One Turks Head Place, Providence, Rhode Island 02903.

### SHAREHOLDER PROPOSALS FOR 2004

Bancorp's next annual meeting is scheduled to be held on May 19, 2004. A Shareholder who wants to have a qualified proposal considered for inclusion in the Proxy Statement for the Company's 2004 annual meeting of Shareholders must notify the Secretary of Bancorp not later than December 24, 2003. Shareholder proposals that are to be considered at the 2004 annual meeting but not requested to be included in the Proxy Statement must be submitted no later than March 19, 2004 and no earlier than December 24, 2003.

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[X] PLEASE MARK VOTES  
AS IN THIS EXAMPLE

### REVOCABLE PROXY BANCORP RHODE ISLAND, INC.

Proxy Solicited on Behalf of the Board of Directors  
for Annual Meeting of  
Shareholders to be held May 21, 2003

The undersigned hereby authorizes and appoints Malcolm G. Chace, Merrill W. Sherman, and Albert R. Rietheimer, and each of them, as proxies

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with full power of substitution in each, to vote all shares of Common Stock, par value \$.01 per share, of Bancorp Rhode Island, Inc. (the "Company") held of record on April 4, 2003 by the undersigned at the Annual Meeting of Shareholders to be held at 10:00 a.m. local time, on Wednesday, May 21, 2003, at the Courtyard by Marriott, 32 Exchange Terrace, Providence, Rhode Island, and at any adjournments or postponements thereof, on all matters that may properly come before said meeting.

THE DIRECTORS RECOMMEND A VOTE FOR EACH PROPOSAL.

	For	With- hold	For All Except
PROPOSAL 1 - Election of five Class I Directors with terms expiring in 2006, and election of Pablo Rodriguez, M.D. as a Class II Director with a term expiring in 2004:	[ ]	[ ]	[ ]

Class I Directors -----	Class II Director -----
Karen Adams Meredith A. Curren Bogdan Nowak Cheryl W. Snead John A. Yena	Pablo Rodriguez, M.D.

INSTRUCTION: To withhold authority to vote for any individual nominee, mark "For All Except" and write that nominee's name in the space provided below.

	For	Against	Abstain
PROPOSAL 2 - Ratify the appointment of KPMG LLP as independent public accountants for the Company.	[ ]	[ ]	[ ]

This proxy when properly executed will be voted (i) as directed above, or, in the absence of such direction, this proxy will be voted FOR the specified nominees in Proposal 1 and FOR Proposal 2 and (ii) in accordance with the judgment of the proxies upon other matters that may properly come before said meeting or any adjournments or postponements thereof.

Please be sure to sign and date this Proxy in the box below.	-----  Date 	
-----		
---Shareholder sign above-----Co-holder (if any) sign above---		

Detach above card, sign, date and mail in postage paid envelope provided.

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BANCORP RHODE ISLAND, INC.

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|                   This Proxy must be signed exactly as the name of the                   |  
|                                   Shareholder(s) appears on this card.                   |  
|                   |  
| Executors, administrators, trustees, etc. should give full title as such.           |  
| If the signatory is a corporation, please sign full corporate name by duly           |  
| authorized officer.   |  
|                   |  
|       PLEASE SIGN, DATE AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED           |  
ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED  
BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED.

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