



**Division of Banking**

**State of Rhode Island and Providence Plantations  
DEPARTMENT OF BUSINESS REGULATION  
1511 Pontiac Avenue, Bldg. 68-1  
Cranston, Rhode Island 02920**

**DECISION AND ORDER**

**IN RE:**

**APPLICATION OF BANKNEWPORT  
TO ESTABLISH BRANCH OFFICES AT 5 SOUTH ANGELL STREET, PROVIDENCE,  
RHODE ISLAND 02906 AND 55 DORRANCE STREET, PROVIDENCE, RHODE  
ISLAND 02903**

**I. JURISDICTIONAL STATEMENT AND TRAVEL OF THE CASE**

This matter came before the Department of Business Regulation ("Department"), Division of Banking ("Division") upon the application of BankNewport, a regulated institution with a principal office at 10 Washington Square, Newport, Rhode Island 02840 (the "Applicant"), for approval to establish full service branch offices to be located at 5 South Angell Street, Providence, Rhode Island 02906 and 55 Dorrance Street, Providence, Rhode Island 02903 (the "Application"), pursuant to R. I. Gen. Laws §§ 19-1-3 and 19-2-11 and for the issuance of a certificates of public convenience and advantage in connection therewith.

The Application was filed on October 18, 2017. The Division published a notice of the filing of the Application on its website on November 7, 2017. The Application was available for public inspection and comment in the office of the Division from November 7, 2017 to November 28, 2017. The Division did not receive any written comments or objections regarding the Application during the comment period.

Evidence was submitted to the Division in support of the Application, which included responses to questions contained in the Application and various documents attached as exhibits to the Application.

Specifically, information was provided on the Applicant and the proposed branches. The Applicant provided a statement, which described the means by which the proposed branches would promote the public convenience and advantage of the communities to be served as well as information on the benefits of the proposed branches to the communities to be served and the impact on the safety and soundness of the Applicant.

## **II. APPLICABLE LAW**

### **a. Public Convenience and Advantage Standard**

The Director of the Department (the "Director"), or the Director's designee, is expressly authorized by R. I. Gen. Laws §§ 19-2-3 and 19-2-11 to issue a certificate of public convenience and advantage with respect to the establishment of a branch for a Rhode Island regulated institution upon consideration of factors consistent with the creation of a regulated institution and upon compliance with other applicable provisions of R. I. Gen. Laws Title 19. Although R. I. Gen. Laws Title 19 does not expressly delineate the factors that must be considered by the Director with respect to the standard of public convenience and advantage, it is the policy of the Director, and the Division under the supervision of the Director, to consider such factors as (a) the benefits to the community or communities to be served, such as the products and services to be provided by the proposed branch, and (b) the effects of the proposal on the public interest, such as the effect on employment, the economy and the tax base of the State. In addition, the Director considers the safety and soundness of the regulated institution making application and the effect of the proposal on the strength and stability of the financial community as a whole.

Under applicable law, therefore, the Director may issue a certificate upon a finding that the benefits flowing from the applicant's proposed activities will run to the public, that the applicant's proposed activities are fitting or suited to the public and will result in a gain or benefit to the public, that the proposed activity will not materially adversely affect the safety and soundness of the regulated institution, and that the application is in conformance with applicable law.

### **b. Community Reinvestment Act Standard**

It has been the policy of the Director, in reviewing applications from state chartered institutions, to determine whether an applicant will adhere to Community Reinvestment Act ("CRA") standards. The principles inherent in CRA require institutions to address the credit needs

of the communities they serve. Both the federal CRA, 12 U.S.C. § 2901 *et seq*, and the state CRA, R. I. Gen. Laws §19-9-4, are applicable. The Director believes that CRA factors are relevant and important in determining whether a certificate of public convenience and advantage should be issued. The Applicant received a "Satisfactory" CRA performance evaluation rating from the Federal Deposit Insurance Corporation ("FDIC") on November 16, 2012, when the last CRA Performance review was performed.

*c. Insurance of Deposits*

R. I. Gen. Laws § 19-4-10 requires that any regulated institution permitted by law to receive deposits, except a regulated institution prevented from accepting deposits by its by-laws or agreement to form, must maintain federal deposit insurance.

### **III. FINDINGS OF FACT**

Evidence was submitted to the Division in support of the Application that included responses to questions contained in the Application and various documents attached as exhibits to the Application.

Specifically, information was provided on the Applicant and the proposed branches. The Applicant provided a statement that described the means by which the proposed branches would promote the public convenience and advantage of the community to be served as well as information on the benefits of the proposed branches to the communities to be served and the impact on the safety and soundness of the Applicant. Based upon the documentary evidence filed with the Division, the Director hereby makes the following findings of fact:

1. The Division received from BankNewport the Application pursuant to R. I. Gen. Laws § 19-2-11 on October 18, 2017.
2. The Notice of Application Filed was posted on the Department's website from November 7, 2017 through November 28, 2017 in accordance with R. I. Gen. Laws § 19-1-3.
3. The public inspection and comment period for the Application extended from November 7, 2017 through November 28, 2017 during which time the Application was available for public inspection and comment in the office of the Division. No letters of comment or objection were received by the Division in connection with the Application during the comment period, therefore no public hearing was held.

4. Applicant is both a Rhode Island financial institution and a regulated institution as defined in R. I. Gen. Laws § 19-1-1.

5. The service area for the Applicant's proposed Dorrance Street branch will be residents, businesses, and all customers working within or visiting the Providence Financial District area. The service area for the Applicant's proposed South Angell Street branch will be residents, businesses, and all customers working within or visiting Providence's East Side or Wayland Square neighborhoods.

6. Approval of the Application will offer to existing and prospective customers an array of retail banking services including depository services, consumer loans and mortgage loans, as well as business depository banking services for the bank's commercial and small business lending activity in the proposed service area.

7. The Applicant has provided a copy of its latest CRA Performance Evaluation which evidences its intent to comply with CRA and non-discrimination laws and regulations and to address the communities' credit needs consistent with its past performance, which was last rated by the FDIC on November 6, 2012 as "Satisfactory".

8. Financial information provided by the Applicant adequately demonstrates the financial strength of the Applicant with respect to safety and soundness issues. The Applicant has the management capability required to operate the proposed branches.

9. The Federal Reserve Bank of Boston ("FRBB") was notified of the filing of the Application. By letter dated November 17, 2017, the FRBB notified the Applicant of its approval of the establishment of the proposed branches.

#### **IV. CONCLUSIONS OF LAW**

Based upon the documentary evidence filed with the Division, the Director hereby makes the following conclusions of law:

1. R. I. Gen. Laws §§ 19-2-3 and 19-2-11 authorize the Director to issue the certificates of public convenience and advantage in connection with the Application.

2. The Notice of Application Filed satisfies the requirements of R. I. Gen. Laws § 19-1-3 with respect to the publication of notice for the proposed branches.

3. The proposed branches are in the public interest, will promote the convenience and advantage of the communities to be served by the proposed branches and will have a beneficial effect on the economy and on the citizens of the communities to be served by the branches, all consistent with safe and sound banking practices consistent with the requirements of R.I. Gen. Laws § 19-2-3, 19-2-11, and 19-9-4.

4. The evidence presented in the Application complies with the criteria in R.I. Gen. Laws § 19-9-4 regarding credit needs of local communities.

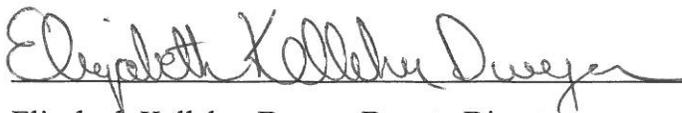
5. The Applicant's deposits at the proposed branches will have federal deposit insurance as required by R.I. Gen. Laws § 19-4-10.

#### **V. DECISION AND ORDER**

Upon review and consideration of the documentary evidence in the record presented in this matter, it is hereby ORDERED:

That the Application of BankNewport to establish full service branch offices to be located at 5 South Angell Street, Providence, Rhode Island 02906 and 55 Dorrance Street, Providence, Rhode Island 02903 and for the issuance of a certificate of public convenience and advantage in connection therewith is hereby approved in accordance with, and with the general effect provided for in R. I. Gen. Laws § 19-2-11, subject to the condition that the Applicant opens the proposed branches within one (1) year of the date of this Decision and Order; if it has not opened the branches within one (1) year, it must promptly return the certificates of public convenience and advantage to the Division for cancellation unless good cause is demonstrated for an extension.

ENTERED AS ADMINISTRATIVE ORDER 17BK012 BY THE DIRECTOR OF THE DEPARTMENT OF BUSINESS REGULATION AS OF THIS 26<sup>TH</sup> DAY OF DECEMBER, 2017.



Elizabeth Kelleher Dwyer, Deputy Director

Rhode Island Department of Business Regulation