



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 BERKSHIRE BANK
TO ESTABLISH FIVE (5) INTERSTATE BRANCH OFFICES
IN RHODE ISLAND**

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 Berkshire Bank (the "Applicant"), a non-member savings bank and trust company chartered by the State of Massachusetts with a principal office located at 24 North Street, Pittsfield, Massachusetts 01201, for approval to establish five (5) full service branch offices pursuant to R. I. Gen. Laws §§ 19-2-11 and 19-7-9 and for the issuance of a certificate of public convenience and advantage in connection therewith. The branch offices will be at the following locations in Rhode Island:

165 East Main Road, Middletown 02842

100 Bellevue Avenue, Newport 02840

1430 East Main Road, Portsmouth 02871

121 Old Tower Hill Road, Wakefield 02879

18 Post Road, Westerly 02891

The Application was filed on February 18, 2019. The Division published a notice of the filing of the Application on its website on March 2, 2019. The Application was available for public inspection and comment in the office of the Division from March 12, 2019 to March 27,

2019. 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 Superintendent of the Division (the "Superintendent"), or the Superintendent's designee, is expressly authorized by R. I. Gen. Laws §§ 19-2-3, 19-2-11 and 19-7-9 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 Superintendent with respect to the standard of public convenience and advantage, it is the policy of the Superintendent, and the Division under the supervision of the Superintendent, 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 Superintendent 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 Superintendent 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 Superintendent, 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 Superintendent 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 January 20, 2015, 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.

d. Reciprocity with Home State

R. I. Gen. Laws §19-7-9 expressly authorizes the Superintendent to approve an application for a branch within Rhode Island by an out-of-state bank if the law of the state in which the out-of-state bank is principally located authorizes a Rhode Island financial institution to establish a branch in the state under conditions not substantially more restrictive than those imposed by the laws of Rhode Island, as determined by the Superintendent.

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 proposed branches are currently branches of Savings Institute Bank and Trust, a Connecticut stock

savings bank (“Savings Institute”). Savings Institute is being acquired by the Applicant in connection with a Merger Agreement (“Merger”), dated December 11, 2018, by and between the Applicant and Savings Institute. As of March 31, 2019, the Applicant, offering a full ranch of personal and business deposit and loan products and services, had total assets and liabilities of approximately \$12.1 and \$9.2 billion, respectively. In addition to its main office in Pittsfield, Massachusetts, the Applicant operates one hundred thirteen (113) full-service branch locations in Massachusetts, Connecticut, New Jersey, New York, Pennsylvania and Vermont. As of March 31, 2019, Savings Institute, who also offers a range of personal and business deposit and loan products, had total assets and liabilities of approximately \$1.7 and \$1.3 billion, respectively. In addition to its main office in Willimantic, Connecticut, Savings Institute operates seventeen (17) full-service branch locations in Connecticut and the five (5) full-service branch locations in Rhode Island that are the subject of this Decision. The Applicant provided a statement that describes 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. Based upon the documentary evidence filed with the Division, the Superintendent hereby makes the following findings of fact:

1. The Division received from Berkshire Bank the Application pursuant to R. I. Gen. Laws § 19-2-11 and 19-7-9 on February 15, 2019.
2. The Notice of Application Filed was posted on the Department’s website from March 12, 2019 through March 27, 2019 in accordance with R. I. Gen. Laws § 19-1-3.
3. The public inspection and comment period for the Application extended from March 12, 2019 through March 27, 2019 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 an out-of-state bank, as defined in R.I. Gen. Laws §19-7-1, chartered by the State of Massachusetts and a regulated institution as defined in R. I. Gen. Laws § 19-1-1.
5. The service area for the Applicant's proposed branch locations will be the communities located in southern Rhode Island that are currently being served by Savings Institute.

6. Approval of the Application will offer to existing Savings Institute customers access to an extensive branch network spanning Massachusetts, New York, Connecticut, Vermont, New Jersey and Pennsylvania. and prospective new customers an array of retail banking services in the proposed service area.

7. The Applicant has provided a copy of its latest CRA Plan which evidences its intent to comply with CRA and non-discrimination laws and regulations and to address the communities' credit needs in which it is expanding, consistent with its past performance, which was last rated jointly by the FDIC and the Massachusetts Division of Banking on January 20, 2015 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. Applicant filed applications with the Federal Deposit Insurance Corporation ("FDIC"), the State of Connecticut and the Commonwealth of Massachusetts. By letter dated April 5, 2019, the FDIC notified the Applicant of its approval of the Applicant's application to merge with Savings Institute.

IV. CONCLUSIONS OF LAW

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

1. R. I. Gen. Laws §§19-2-3, 19-2-11 and 19-7-9 authorize the Superintendent 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 Rhode Island law and the standard for issuing the certificates sought by the Applicant.

4. The Application complies with the spirit and intent of 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.

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 Berkshire Bank to establish branch offices to be located at:

165 East Main Road, Middletown 02842

100 Bellevue Avenue, Newport 02840

1430 East Main Road, Portsmouth 02871

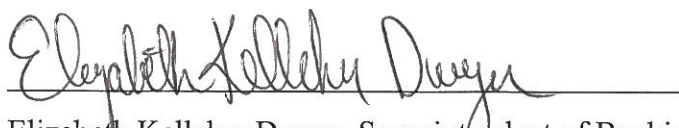
121 Old Tower Hill Road, Wakefield 02879

18 Post Road, Westerly 02891

and for the issuance of certificates 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, and 19-7-9 subject to the following conditions:

1. Applicant receives all necessary and final approvals from relevant federal and state regulatory authorities.
2. 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 19BK010 BY THE SUPERINTENDENT OF THE DIVISION OF BANKING AS OF THIS 15th DAY OF MAY 2019.



Elizabeth Kelleher Dwyer, Superintendent of Banking
Rhode Island Department of Business Regulation