

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



DEPARTMENT OF BUSINESS REGULATION
DIVISION OF BANKING
1511 PONTAIC AVENUE
CRANSTON, RI 02920

DECISION AND ORDER

IN RE:

APPLICATION OF BANK RHODE ISLAND
TO ESTABLISH A BRANCH OFFICE AT
2104 PLAINFIELD PIKE
CRANSTON, RHODE ISLAND 02921

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 Bank Rhode Island, a regulated institution located at One Turks Head Place, Providence, RI 02903 (the "Applicant"), for approval to establish a branch office to be located at 2104 Plainfield Pike, Cranston, Rhode Island 02921 (the "Application"), pursuant to R. I. Gen. Laws § 19-2-11 and for the issuance of a certificate of public convenience and advantage in connection therewith.

The Application was filed with the Division on August 17, 2010. Applicant published notice of the filing of the Application during three consecutive weeks, specifically on August 30, 2010, September 7, 2010 and September 15, 2010 in The Providence Journal, a newspaper of general circulation in the State of Rhode Island. The Application was available for public inspection and comment in the office of the Division from August 31, 2010 through September 17, 2010. No letters of comment or objection were received by the Division in connection with the Application during the comment period.

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 an "Satisfactory" CRA performance evaluation rating from the Federal Deposit Insurance Corporation ("FDIC") on May 7, 2007, 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 branch. The Applicant provided a statement that described the means by which the proposed branch would promote the public convenience and advantage of the community to be served as well as information on the benefits of the proposed branch to the community 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 Bank Rhode Island the Application pursuant to R. I. Gen. Laws § 19-2-11 on August 19, 2010.

2. The Applicant published a Notice of Application Filed during three consecutive weeks, specifically on August 30, 2010, September 7, 2010 and September 15, 2010 in The Providence Journal in accordance with R. I. Gen. Laws § 19-1-3.

3. The public inspection and comment period for the Application extended from August 31, 2010 through September 17, 2010 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 branch will be the town of East Providence, Rhode Island.

6. Approval of the Application will offer to existing and prospective customers an array of retail banking services including depository services, consumer loans and non-depository investment products, as well as expanded space for the bank's growing 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 May 7, 2007 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 branch.

9. The Federal Deposit Insurance Corporation ("FDIC") was notified of the filing of the Application. By letter dated September 7, 2010, the FDIC notified the Applicant of its approval of the establishment of the proposed branch.

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 certificate 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 branch.

3. The proposed branch is in the public interest; will promote the convenience and advantage of the communities to be served by the proposed branch; will have a beneficial effect on the economy and on the citizens of the communities to be served by the proposed branch; all consistent with safe and sound banking practices and with the requirements of Rhode Island law and the standard for issuing the certificate 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 branch will have federal deposit insurance.

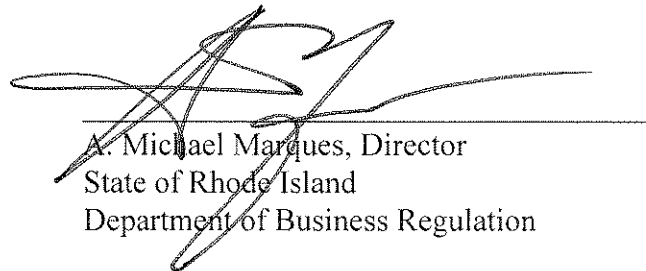
V. DECISION AND ORDER

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

That the application of Bank Rhode Island to establish a branch office at 2104 Plainfield Pike, Cranston, Rhode Island 02921, 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 following condition:

That the Applicant opens the proposed branch on or before October 30, 2011; if it has not opened the branch on or before October 30, 2011, it must promptly return the certificate of public convenience and advantage to the Division for cancellation unless good cause is demonstrated for an extension.

ENTERED AS ADMINISTRATIVE ORDER NUMBER 10-126 OF THE DIRECTOR OF THE DEPARTMENT OF BUSINESS REGULATION AS OF THIS 13th DAY OF OCTOBER 2010.



A. Michael Marques, Director
State of Rhode Island
Department of Business Regulation