2018 ANNUAL REPORT

WE’RE ALL IN.
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A Message from the President

On behalf of our Board of Directors, leadership team and all of the employees at BankNewport and OceanPoint Insurance, I am pleased to share this report of our continued growth and success.

This year, BankNewport’s 200th Anniversary is top of mind, having served Rhode Island communities since 1819. As a mutual savings bank we answer to our customers, not stockholders. For two centuries we have been working in our communities to make a positive impact on the lives and businesses of our neighbors. And it’s two centuries of embracing change in order to meet current needs in our fast-paced digital world. BankNewport offers more than just a place to deposit your money. We help you purchase a home, secure a dream retirement or embark on a business venture. We help you plan for the future while managing your money for today. And OceanPoint Insurance offers ways to protect all of those things that matter most.

2018 was another year of growth and outstanding financial results. The Bank opened its first Providence branches at 55 Dorrance Street and 5 South Angell Street, bringing our branch total to 17 statewide. OceanPoint Insurance expanded into Tiverton and now has four full service locations as well as offices at our Providence locations.

BankNewport’s 200th Anniversary is an incredible milestone, one that is celebrated by our entire BankNewport family. Our celebration is to thank YOU, the people who made it possible. We couldn’t have done it without you and we look forward to another hundred years ahead.

—

Sandra J. Pattie
President & CEO of BankNewport
In the Community

8,500+ Volunteer Hours in 2018!

BankNewport and OceanPoint Insurance are proud of our community outreach efforts. We care about the people we serve and the communities that make Rhode Island such a wonderful place to live.

In 2018, BankNewport awarded over $1 million in grants, sponsorships and donations to a wide range of nonprofits serving various sectors of our state: basic human needs, children and families, healthy lives, education success, environment, arts and cultural, housing and economic security. Financial education and community involvement by employees totaled 8,500+ hours.

“Community commitment has been integral to our mission since our founding”, states Sandra J. Pattie, BankNewport President and Chief Executive Officer. “Through our charitable giving program, our organization annually invests in the tireless and impactful work of so many nonprofits, helping them transform the lives of our neighbors and local communities of which we are all a part of.”

The photo gallery provides a glimpse into the ongoing support and caring of BankNewport and OceanPoint Insurance - whatever the cause, our team is there to lend a hand!
We funded over 400 nonprofits last year!
BNWise, BankNewport’s Financial Education Program, was launched in 2018 to further elevate our existing financial education outreach. BankNewport and OceanPoint Insurance facilitators commit to sharing their financial expertise, with a goal to help youth and families throughout Rhode Island strengthen their financial wellness skills and successfully manage a bright financial future. Our program provides engaging learning experiences through a series of interactive courses. All content is customizable for different audiences and is available in English and Spanish.
The Giving Program

In honor of BankNewport’s 200th anniversary, and our dedication to the community, we launched a special We’re All In Giving Program in November 2018 making $200,000 in charitable grants available to nonprofits and community groups across the state. The community response to the special giving program was truly beyond our expectations! Within just one month, the Bank was able to extend 200 hyper-local donations, each in the amount of $1,000, in support of community projects geared toward making a positive impact in the lives of Rhode Island residents.

The donations were awarded to groups from 29 of the 39 cities/towns in Rhode Island, and we were humbled to learn more about all the ways local nonprofits and community groups are strengthening and impacting our neighbors with their award, such as community gardens from across state; accessibility, equipment and programs for youth and adults with disabilities; supplemental food programs and equipment for soup kitchens and pantries; supportive and emergency housing for homeless; STEAM projects/supplies, senior services; basic human needs for youth and families; environmental conservation, education, recycling and beautification projects; health and wellness programs; arts, theater and cultural programming for youth and communities; historic preservation and education; digital/technology support for programming; animal shelters/protection; defibrillators; mentoring, literacy and work readiness initiatives.

BankNewport’s We’re All In Giving Program truly reflects the Power of Community! We are thankful for the tireless work of these nonprofit and community groups. They helped us make our 200th Anniversary very special through their commitment to so many of our neighbors.
Financial Comments

2018 was another remarkable year for OceanPoint Financial Partners, MHC (“OceanPoint”). We delivered strong growth and financial performance while making great progress modernizing and evolving our customer experience, operations, brand and culture.

Assets grew to $1.67 billion, led by strong growth in lending which increased by $118.9 million to $1.34 billion. All loan categories - residential, commercial and consumer - experienced increases aided by originations of $433.8 million. In an effort to provide more lending solutions BankNewport acquired Offshore Financial located in Bay Head, NJ. Offshore Financial is a marine service company specializing in boat lending along the entire Atlantic seaboard.

Critical to the success of any bank’s lending is the loan underwriting process and credit risk management. This is especially true during periods of significant portfolio growth or when economic conditions become less than optimal. Our loan quality remains excellent based upon a number of industry measurements.

The growth in loans was primarily funded by deposits which increased by $84.8 million to $1.34 billion. Most of the growth occurred in our higher yielding money market and certificate accounts.

OceanPoint Insurance (“OPI”) continues to develop into one of the leading insurance agencies in Rhode Island. In 2018, commissions reached $8.7 million. Part of OPI’s success is their ability to identify and acquire other agencies composed of very talented teams. As part of this strategy, OPI acquired Paquin Insurance Agency of Tiverton in April 2019. We welcome their team to our growing family and look forward to working alongside them.

OceanPoint’s capital grew to $174.9 million due to earnings of $16.8 million. We are considered “well capitalized” by the FDIC. This is the highest designation a financial institution can receive with regards to regulatory capital. Strong capital means OceanPoint has the resources to ensure we have new and innovative products, services and technological solutions that will lead to your financial well-being.

OceanPoint’s position today reflects in large part on initiatives created over the past several years. The Organization is thriving because it has been able to adapt and adjust its business plan to an ever-changing environment without sacrificing the core values and mission that it has stood for since 1819; which is helping residents and businesses meet their financial goals and promote community reinvestment.
### Year End Results

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>$1.667 B</td>
<td>$1.546 B</td>
<td>7.8%</td>
</tr>
<tr>
<td>Deposits</td>
<td>$1.342 B</td>
<td>$1.258 B</td>
<td>6.7%</td>
</tr>
<tr>
<td>Loans</td>
<td>$1.342 B</td>
<td>$1.223 B</td>
<td>9.7%</td>
</tr>
<tr>
<td>Loan Originations</td>
<td>$433.8 MM</td>
<td>$402.0 MM</td>
<td>7.9%</td>
</tr>
<tr>
<td>Bank Revenue</td>
<td>$78.0 MM</td>
<td>$67.0 MM</td>
<td>16.4%</td>
</tr>
<tr>
<td>Insurance Agency Revenue (2)</td>
<td>$7.6 MM</td>
<td>$7.0 MM</td>
<td>8.6%</td>
</tr>
<tr>
<td>Adjusted Net Income</td>
<td>$16.8 MM</td>
<td>$13.0 MM (1)</td>
<td>29.3%</td>
</tr>
<tr>
<td>Return on Capital</td>
<td>$10.09%</td>
<td>8.30% (1)</td>
<td>21.6%</td>
</tr>
</tbody>
</table>

(1) Adjusted before impact of Tax Cuts & Job Act  
(2) Excludes contingency commissions
Board of Directors

Peter Capodilupo
Chairman of the Board

Sandra J. Pattie
President & CEO

David G. Bazarksy

Timothy P. Burns

MaryJo Carr

Neil P. Galvin

Colin P. Kane

Roger T. Nolant

Cynthia S. Reed

Janet L. Robinson

James L. Wright