

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Coastway Community Bank
Cranston, Providence County, Rhode Island
Application for Federal Deposit Insurance

ORDER

The undersigned, acting on behalf of the Board of Directors pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the application for Federal deposit insurance for Coastway Community Bank (the Bank), a proposed nationally chartered institution, to be located at One Coastway Plaza, Cranston, Rhode Island, and have concluded that the application should be approved.

Accordingly, it is hereby ORDERED that the application submitted by Coastway Community Bank, for Federal deposit insurance be approved subject to the following conditions:

- (1) That Tier 1 capital to assets leverage ratio shall be maintained at not less than 8.0 percent throughout the first three years of operation and that an adequate allowance for loan and lease losses be provided;
- (2) That any changes in the proposed management will render this commitment null and void unless such proposal is approved by the Corporation prior to the conversion to a state nonmember bank;
- (3) That sufficient fidelity insurance coverage be obtained;
- (4) That the Bank shall operate within the parameters of the business plan submitted to the FDIC. Furthermore, during the first three years of operations, the bank shall notify the appropriate FDIC Regional Director of any proposed major deviation or material change from the submitted plan 60 days before consummation of the change;
- (5) That the Bank obtain an audit of financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective, furnish a copy of any reports by the independent auditor (including any management letter) to the appropriate FDIC Regional Director within 15 days of their receipt by the bank and notify the appropriate FDIC Regional Director within 15 days when a change in its independent auditor occurs;
- (6) That the Federal deposit insurance shall not become effective unless and until the applicant has been established as a state nonmember bank, that it has authority to conduct a banking business, and that its establishment and operation as a bank has been fully approved by the state authority;
- (7) That until the conditional commitment herein ORDERED becomes effective, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action; and,
- (8) That if deposit insurance has not become effective within one year from the date of the Order, or unless, in the meantime, a request for an extension of time has been approved by the Corporation, the consent granted shall expire on said date.

Dated at Braintree, Massachusetts, this 21st day of April, 2009.

/s/

John M. Lane
Acting Regional Director
Division of Supervision and Consumer Protection

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act (12 U.S.C. §1815), an application for Federal deposit insurance has been filed for Coastway Community Bank, (the Bank), a proposed state chartered institution, to be located at One Coastway Plaza, Cranston, Rhode Island.

The Bank plans to provide a traditional range of financial products and service to meet the deposit and credit needs of small-to-medium sized businesses and consumers in the primary market of Providence and Kent Counties in Rhode Island.

For the purposes of this proposal, capital is adequate, projections for earnings prospects are favorable, management is considered satisfactory, and the investment in fixed assets is reasonable. Corporate powers to be exercised are consistent with the purpose of the Federal Deposit Insurance Act. The convenience and needs of the community were considered and favorably resolved. No formal objections to this proposal have been filed and no undue risk to the insurance fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, the Regional Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**NEW YORK REGIONAL DIRECTOR
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION**