



March 31, 2005

VIA FACSIMILE AND BY CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Board of Trustees
Bank of Newport
10 Washington Square
Newport, Rhode Island 02840

Dear Members of the Board:

The notice of intent to effect a mutual holding company reorganization with the organization of an interim institution and a merger to facilitate a conversion from a mutual to stock form filed on behalf of Bank of Newport (Bank), Newport, Rhode Island, was reviewed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC's regulations at 12 C.F.R. Sections 303.160 – 303.163 and other pertinent FDIC regulations. Based on the information presented and the representations made, the FDIC poses no objection to the proposed conversion transaction.

Enclosed is our Order and Basis for Corporation Approval (Order) for the applications filed on behalf of the Bank in conjunction with the conversion transaction, including considerations of deposit insurance and the proposed merger. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis.

Please notify the Boston Area Office in writing when the proposed transaction has been consummated. If an extension of the time limit included in the Order is required, a letter requesting a specific extension of the limitation, including reasons therefore, should be submitted to the Boston Area Office.

Sincerely,

/s/

John M. Lane
Deputy Director

Enclosure: Order and Basis for Corporation Approval

cc: Kevin J. Handly, Esquire
Gallagher, Callahan & Gartrell, PA
112 South Street, 2nd Floor
Boston, Massachusetts 02111

FEDERAL DEPOSIT INSURANCE CORPORATION

Bank of Newport
Newport, Newport County, Rhode Island

Application for Federal Deposit Insurance and Consent to Merge

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 5 and Section 18(c) and other provisions of the Federal Deposit Insurance Act (FDI Act), an application has been filed on behalf of Bank of Newport, Newport, Rhode Island (Mutual Institution), currently a Rhode Island-chartered mutual savings bank and Bank Insurance Fund (BIF) member with total resources of \$970,979,000 and total deposits of \$695,652,000 as of December 31, 2004, for the FDIC's consent to merge with BankNewport, Newport, Rhode Island, a proposed new Rhode Island-chartered stock savings bank. In addition, an application has been filed for Federal deposit insurance for BankNewport.

The transaction is the result of the Mutual Institution's plan of reorganization, which, solely to facilitate such undertaking, provides for:

- The Mutual Institution to establish a Rhode Island-chartered mutual holding company to be known as OceanPoint Financial Partners, MHC and to capitalize it with \$3,250,000;
- OceanPoint Financial Partners, MHC to establish a limited liability company as a wholly-owned subsidiary to be known as OceanPoint Financial Partners, LLC and to capitalize it with \$3,000,000;
- OceanPoint Financial Partners, LLC to establish an interim stock bank as a wholly-owned subsidiary to be known as BankNewport and contribute all of its \$3,000,000 initial capitalization in exchange for all of the bank's capital stock; and
- The Mutual Institution to immediately merge with and into BankNewport, under the name and with the charter of BankNewport (Resultant Bank). As a result of the merger, the Resultant Bank will automatically succeed to all the assets, liabilities, capital, customer accounts, and contractual commitments of the Mutual Institution without any need for further documents of transfer, conveyance, or assignment.
- Upon consummation, OceanPoint Financial Partners, MHC will have the sole membership interest in OceanPoint Financial Partners, LLC, which will, in turn, own 100% of the issued and outstanding stock of the Resultant Bank.

At the conclusion of the reorganization, the deposits of the Resultant Bank will continue to be insured under the BIF. Following consummation of the merger, the Resultant Bank will operate the same banking business, with the same management, and at the same locations as the Mutual Institution. The proposed transaction will not alter the competitive structure of banking in the market served by the Mutual Institution. The Resultant Bank's principal office will continue to be located at 10 Washington Square, Newport, Rhode Island.

Applications for reorganization of the Mutual Institution and the subsequent merger of the Mutual Institution into BankNewport were approved by the Division of Banking of the Rhode Island Department of Business Regulation. Applications for the establishment of OceanPoint Financial Partners, MHC and OceanPoint Financial Partners, LLC, were approved by the Federal Reserve Bank of Boston.

Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act. A review of available information, including the Community Reinvestment Act (CRA) Statement of Mutual Institution, discloses no inconsistencies with the purposes of the CRA. The Resultant Bank is expected to continue to meet the credit needs of its entire community, consistent with the safe and sound operation of the institution.

In connection with the applications, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent bank and the Resultant Bank, the convenience and needs of the community to be served, and the effectiveness of proponent bank in combating money laundering activities. In connection with the application for deposit insurance, the FDIC has taken into consideration the financial history and condition; adequacy of the capital structure; earnings prospects; general character and fitness of management; risk to the insurance fund; convenience and needs of the community; and consistency of corporate powers. Having found favorably on all statutory factors and having considered other relevant information, including reports on the competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, and the Attorney General of the United States, it is the FDIC's judgment that the applications should be and hereby are approved, subject to the following conditions:

1. That, except for the proposed transfer of stock to OceanPoint Financial Partners, LLC, no shares of the stock of BankNewport shall be sold, transferred, or otherwise disposed of, to any person (including any Employee Stock Ownership Plan) unless prior notice is provided to, and non-objection is received from, the FDIC;
2. That, prior to the sale, transfer, or other disposition of any ownership interest of OceanPoint Financial Partners, LLC by OceanPoint Financial Partners, MHC to any person (including any Employee Stock Ownership Plan), or a conversion of OceanPoint Financial Partners, MHC to stock form, BankNewport will provide written notification to the FDIC and provide the

FDIC with copies of all documents filed with state and federal banking and/or securities regulators in connection with such sale, transfer, disposition, or conversion;

3. That, prior to sale, transfer, or other disposition of ownership interest of OceanPoint Financial Partners, LLC by OceanPoint Financial Partners, MHC to any person (including any Employee Stock Ownership Plan), BankNewport shall submit to the FDIC a copy of the executed Operating Agreement;
4. That, prior to the sale, transfer, or other disposition of any shares of the stock of BankNewport by OceanPoint Financial Partners, LLC or any ownership interest of OceanPoint Financial Partners, LLC by OceanPoint Financial Partners, MHC to any persons (including any Employee Stock Ownership Plan) through a public offering, BankNewport's eligible depositors shall have the opportunity to vote to approve such transaction in accordance with Rhode Island law.
5. That, should any shares of the stock of BankNewport or ownership interest of OceanPoint Financial Partners, LLC be issued to persons other than OceanPoint Financial Partners, MHC, any dividends waived by OceanPoint Financial Partners, MHC must be retained by OceanPoint Financial Partners, LLC or BankNewport and segregated, earmarked, or otherwise identified on the books and records of OceanPoint Financial Partners, LLC or BankNewport; such amounts must be taken into account in any valuation of the institution, and factored into the calculation used in establishing a fair and reasonable basis for exchanging shares in any subsequent conversion of OceanPoint Financial Partners, MHC to stock form; such amounts shall not be available for payment to, or the value thereof transferred to, minority shareholders, by any means, including through dividend payments or at liquidation;
6. That, any change in proposed management, including the board of directors, will render this approval null and void unless such proposal is approved by the FDIC prior to the consummation of the proposed transaction;
7. That, the transaction shall not be consummated within less than fifteen days after the date of this Order, or later than six months after the date of this Order, unless such period is extended for good cause by the FDIC; and
8. That, until the proposed transaction is consummated, the FDIC shall have the right to alter, suspend, or withdraw its approval should any interim development be deemed to warrant such action.

Pursuant to delegated authority.

Dated at Washington, D.C., this 31st day of March, 2005

By: _____ *ISI*

John M. Lane
Deputy Director
Division of Supervision and Consumer Protection