

March 22, 2005

**CERTIFIED-RETURN RECEIPT REQUESTED**

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

Dear Members of the Board:

The Board of Directors ("Board") of the Federal Deposit Insurance Corporation ("FDIC") on March 18, 2005, approved Bank of Newport, Newport, Rhode Island's ("Bank") application, filed pursuant to the FDIC's regulations at 12 C.F.R. Section 303.162, for a waiver of the FDIC's depositor voting requirements for mutual-to-stock conversions described at 12 C.F.R. Section 333.4(c)(2). The Board considered the Bank's depositor vote waiver request for "good cause" pursuant to 12 C.F.R. Section 303.162(a) and has fully reviewed all available facts related to the application.

Based on the Bank's good faith efforts to encourage depositor participation, the nature of the transaction, and the post-conversion protections available to depositors in this instance, the FDIC believes that the Bank has demonstrated "good cause" for its depositor vote waiver request. After careful evaluation of all available facts and information, the Board concluded that the application should be granted for the reasons set forth in the attached Statement.

Should you have any questions regarding this matter, please contact Regional Director Christopher J. Spoth in our New York Regional Office at (917) 320-2500.

Sincerely,

/s/

Robert E. Feldman  
Executive Secretary

Enclosure: Statement

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

# FEDERAL DEPOSIT INSURANCE CORPORATION

**RE: Bank of Newport**  
Newport, Newport County, Rhode Island

Request for Limited Waiver of Federal Deposit Insurance Corporation's  
Depositor Voting Requirements in 12 C.F.R. Section 333.4(c)(2)

## STATEMENT

Pursuant to the regulations of the Federal Deposit Insurance Corporation ("FDIC") at 12 C.F.R. Section 303.162, Bank of Newport, Newport, Rhode Island (the "Bank"), a Rhode Island-chartered mutual savings bank, has filed an application with the FDIC for a waiver of the FDIC's depositor voting requirements for mutual-to-stock conversions described at 12 C.F.R. Section 333.4(c)(2). The Board of Directors of the FDIC ("Board") has fully considered all available facts related to the application and has concluded that the application should be granted for the reasons discussed below.

In addition to the requirements imposed by state law, the FDIC's regulations at 12 C.F.R. Section 333.4(c)(2) require that:

The proposed conversion shall be approved by a vote of at least a majority of the bank's depositors and, as reasonably determined by the bank's directors or trustees, other stakeholders of the bank who are entitled to vote on the conversion, unless applicable state law requires a higher percentage, in which case the higher percentage shall be used. Voting may be in person or by proxy.

Rhode Island law requires approval of mutual-to-stock conversion plans by a majority vote of the depositors of the mutual savings bank present in person or by proxy at a meeting called by the bank's board of trustees.

The Bank held its special meeting on October 27, 2004. Of the Bank's 28,998 eligible depositors, 4,970, or approximately 17.1 percent, voted in person or by proxy. A total of 4,482 votes, or 90.2 percent of the votes cast, were cast in favor of the Bank's Agreement and Plan of Mutual Holding Company Reorganization and Merger ("Reorganization"). The FDIC has determined that the vote approving the Reorganization complied with Rhode Island law; however, the Bank was unable to meet the FDIC's requirement of approval by a vote of at least a majority of the Bank's depositors.

The FDIC believes that the Bank made a good faith effort to inform depositors of and encourage participation in the special meeting held to consider the proposed Reorganization. On September 28, 2004, 29 days before the special meeting, proxy materials were mailed to all of the Bank's depositors. In addition, the Bank included voting information with statement mailings; hung poster-sized notices in each Bank branch; issued press releases to the local media; set-up an employee call center to respond to questions regarding the Reorganization; maintained extra copies of proxy materials at

each branch; and had Bank employees remind customers of the special meeting and encourage them to participate by attending or sending in their proxies.

The FDIC recognizes that the 4,482 depositors, who voted in favor of the Reorganization, do not represent a majority of the Bank's depositors. However, at this time, the Reorganization primarily represents a change in corporate structure and will have no immediate effect on the mutual ownership that the depositors have in the organization. The resulting stock bank, BankNewport, will be a wholly-owned subsidiary of OceanPoint Financial Partners, LLC ("Company"), and the Company will be a wholly-owned subsidiary of OceanPoint Financial Partners, MHC ("OceanPoint"), a mutual holding company.

The FDIC has determined that following the conversion the depositors' interests are protected by their retention of the right to vote on certain transactions. According to the Rhode Island banking authority's interpretation of state law, if OceanPoint offers ownership interest in the Company or if the Company offers shares of BankNewport stock through a minority public offering at a later date, the depositors would be given a second opportunity to vote. In both instances, applicable state law would require approval of the transaction by a majority vote of depositors present in person or by proxy at a special meeting. According to federal guidelines, the conversion of OceanPoint from mutual to stock form would also require approval by a majority vote of depositors and the establishment of any future management stock benefit plans would require approval by a separate shareholder vote.

The FDIC has considered the Bank's depositor vote waiver request for "good cause" pursuant to 12 C.F.R Section 303.162(a). Based on the Bank's good faith efforts to encourage depositor participation, the nature of the transaction, and the post-conversion protections available to depositors in this instance, the FDIC believes that the Bank has demonstrated "good cause" for its depositor vote waiver request.

Based on careful evaluation of all available facts and information, the Board of Director's of the FDIC has concluded that the approval of the application is appropriate.

Dated at Washington, D.C., this 18th day of March, 2005.

**THE BOARD OF DIRECTORS  
FEDERAL DEPOSIT INSURANCE CORPORATION**