

**COMPENSATION COMMITTEE CHARTER
OF
COASTWAY BANCORP, INC.
COASTWAY COMMUNITY BANK**

I. Compensation Committee Charter

The Boards of Directors (the “Board”) of Coastway Bancorp, Inc. and Coastway Community Bank (collectively, the “Company”) have established a Compensation Committee (the “Committee”) and have adopted this Compensation Committee Charter to govern the Committee’s operation.

II. Purpose

The Compensation Committee is established by the Boards of Directors of the Company and Coastway Community Bank to assist the Board in fulfilling its responsibilities relating to the compensation and benefits provided to the Company’s executive management (for the purposes of this Charter, “executive management” means each individual qualifying as an “officer” of the Company as defined by SEC Rule 16a-1(f) and Board of Directors. The Committee is authorized to review, evaluate and recommend various benefit plans and overall compensation for the Company and its wholly owned subsidiaries.

III. Committee Membership

The Committee shall be composed of a minimum of three directors, each of whom shall satisfy the applicable Nasdaq Stock Market listing standards for independence. If deemed necessary or appropriate, the Committee may appoint a subcommittee consisting of those members who qualify as an “outside director” under Section 162(m) of the Internal Revenue Code and/or as a “non-employee director” under SEC Rule 16b-3, which subcommittee shall be authorized to take all actions permitted to the Committee under this Charter.

The members of the Committee shall be appointed by the Board and shall serve until their successors are duly appointed and qualified. Unless a Chair is appointed by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. The Board of Directors shall appoint a new member or members in the event that there is a vacancy on the Committee that reduces the number of members below three, or in the event that the Board of Directors determines that the number of members on the Committee should be increased. The entire Committee or any individual Committee member may be removed without cause by the affirmative vote of a majority of the Board of Directors. Any Committee member may resign effective upon giving written notice to the Chairman of the Board, the Secretary or the Board of Directors. The Board shall appoint a successor when a resignation becomes effective.

IV. Meetings

The Committee shall meet at least annually, and may hold additional meetings as needed or appropriate. The Committee may ask members of management or others, including legal counsel, to attend meetings or to provide relevant information. A majority of the entire Committee membership shall constitute a quorum, and all actions taken by the Committee shall require the affirmative vote of a majority of the membership of the Committee.

V. Authority and Responsibilities

The specific authority and responsibilities of the Committee shall include, but are not limited to, the following:

1. Establish, review, and modify from time to time as appropriate the overall compensation philosophy of the Company.
2. Review, evaluate and recommend Company objectives relevant to the Chief Executive Officer's ("CEO") compensation; evaluate CEO performance relative to established goals; and review, evaluate and establish CEO compensation; provided, that the CEO shall not be present during voting or deliberations by the Committee regarding the CEO's compensation.
3. Review, evaluate and recommend objectives relevant to the compensation of the Company's other executive management with the input of the CEO; and review such officers' performance in light of these goals and determine (or recommend to the full Board of Directors for determination) such officers' cash and equity compensation based on this evaluation; and review, evaluate and recommend to the Board of Directors the compensation of such officers.
4. Review and approve all major incentive plans annually, including the annual terms, performance measures, and target payout levels. Major incentive plans include any plan that provides a payment to an Executive Officer or Senior Manager, as well as any plan that provides sales commissions or makes payments that in aggregate exceed \$20,000 annually. The Committee may amend, suspend, modify or terminate any incentive plan at any time, subject to the applicable laws, regulations and listing requirements.
5. Review, evaluate and determine, in consultation with the Nominating and Corporate Governance Committee, the compensation to be paid to directors of the Company and of affiliates of the Company for their service on the Board and any Committees.
6. Administer the Company's retirement, benefit and equity plans, consistent with the terms of the plans. The Committee has delegated the responsibility for daily administration of these plans to the Human Resources Department, except that the Committee will authorize the commencement of all payments under the defined benefit supplemental retirement plans.

7. Review, evaluate and recommend to the full Board, the terms of employment and severance agreements/arrangements for executive officers, including any change of control and indemnification provisions, as well as other compensatory arrangements for executive management.
8. Administer any stock benefit or equity incentive plans adopted by the Company.
9. To the extent required, prepare and publish an annual executive compensation report for inclusion in the Company's proxy statement.
10. Appoint any compensation and benefits consultant, legal counsel or other advisor used to assist the Committee in fulfilling its responsibilities.
11. Report to the full Board of Directors any actions taken for ratification by the Board, as necessary.
12. Annually, perform a self-assessment relative to the Committee's purpose, duties and responsibilities set forth herein
13. Annually review this Charter and recommend changes to the Board as needed.

Approved by the Board as of October 24, 2013