

# FEDERAL DEPOSIT INSURANCE CORPORATION

RE: Royal Bank  
(In Organization)  
Livingston, New Jersey

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 with membership in the Bank Insurance Fund for Royal Bank to be located at 570 West Mount Pleasant Avenue, Livingston, New Jersey 07039, with a second branch location to be located at 504 South Livingston Avenue, Livingston, New Jersey, 07039, and has concluded that the application should be approved.

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

1. That beginning paid-in capital funds of not less than \$15,000,000 be provided;
2. That the Tier 1 capital to assets leverage ratio (as defined in the Federal Deposit Insurance Corporation's capital regulations) be maintained at not less than eight percent throughout the first three years of operation and that an adequate allowance for loan and lease losses be provided from the date insurance is effective;
3. That any changes in the proposed management or proposed ownership of ten percent or more of stock, including new acquisitions of or subscriptions to ten percent or more of the stock be approved by the FDIC prior to opening;
4. That prior to the effective date of deposit insurance, adequate fidelity coverage be obtained;
5. That the institution will obtain an audit of its 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 letters) to the appropriate FDIC regional office within 15 days after their receipt by the depository institution and notify the appropriate FDIC regional office within 15 days when a change in its independent auditor occurs;
6. 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 Regional Director of any proposed major deviation or material change from the submitted plan 60 days before consummation of the change;

7. That the proposed addition of any individual to the board of directors or the employment of any individual as a senior executive officer (as defined in Section 303.101 of the FDIC Rules and Regulations) shall require prior notification to the FDIC at least 30 days before such addition or employment becomes effective during the first three years of operation from the date of this approval. The institution may not add any individual to the board of directors or employ any individual as a senior executive officer if the FDIC issues a notice of disapproval before the end of the 30-day period beginning on the date the FDIC receives the notice of the proposed action;
8. That in the event a stock option plan for officers, directors, and employees is proposed during the first three years of operation, the bank shall notify the Regional Director 60 days prior to adoption of such plan(s) and that such plan(s) shall conform to the FDIC's Statement of Policy on Applications for Deposit Insurance;
9. That within 60 days of this ORDER, unless opening is imminent, the institution will submit to the FDIC appropriate applications and/or notifications for the appointment of individuals to fill the two remaining vacant director positions, bringing the total number of directors to seven. The final two directors must be deemed outside and independent by the FDIC and must be acceptable to the FDIC;
10. That, at the time of opening and on an ongoing basis, the majority of the board of directors will be independent of Charles Kushner by business association or affiliation;
11. That deposit insurance will not become effective until the applicant has been granted a charter, has authority to conduct a banking business, and its establishment and operation as a depository institution has been fully approved by the appropriate state supervisory authority;
12. That until the conditional commitment of the FDIC becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment should any interim development be deemed to warrant such action; and
13. That if Federal deposit insurance has not become effective within one year from the date of this ORDER, or unless, in the meantime, a request for an extension of time has been approved by the FDIC, the consent granted shall expire at the end of the said time period.

Dated at New York, New York, this 5th day of November, 2007.

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/s/  
Gail E. Butler  
Acting Deputy Regional Director