



**Federal Deposit Insurance Corporation**

550 17<sup>th</sup> Street NW, Washington, D.C. 20429-9990

Division of Risk Management Supervision

December 26, 2012

**CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Board of Directors  
Roselle Savings Bank  
235 Chestnut Street  
Roselle, New Jersey 07203

Dear Members of the Board:

The notice of intent to effect a mutual holding company reorganization with the organization of interim institutions and a merger to facilitate a conversion from a mutual-to-stock form filed on behalf of Roselle Savings Bank (Bank) 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 transactions.

Enclosed is our Order and Basis (Order) approving the notice and application filed on behalf of the Bank in conjunction with the mutual-to-stock conversion, 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 New York Regional 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, and the reasons for the extension, should be submitted to Regional Director John F. Vogel at (917) 320-2500, 350 Fifth Avenue, Suite 1200, New York, New York.

Sincerely,

/s/

Doreen R. Eberley  
Senior Deputy Director

Enclosure: Order

cc: Gary A. Lax, Esq.  
Luse Gorman Pomerenk & Schick, P.C.  
5335 Wisconsin Avenue, N.W., Suite 400  
Washington, D.C. 20015-2035

Megan McKinney, Esq.  
Luse Gorman Pomerenk & Schick, P.C.  
5335 Wisconsin Avenue, N.W., Suite 400  
Washington, D.C. 20015-2035

Richard A. Poliner  
Chief Examiner, Applications and Corporate Filings  
New Jersey Department of Banking and Insurance  
20 West State Street  
P.O. Box 040  
Trenton, New Jersey 08625-0040

Jeanelle A. Bovell  
Senior Bank Applications Specialist  
Legal Group- Bank Applications Function  
33 Liberty Street  
New York, New York 10045

## **FEDERAL DEPOSIT INSURANCE CORPORATION**

Roselle Savings Bank  
Roselle, New Jersey

Application for 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 (FDI) Act, an application has been filed on behalf of Roselle Savings Bank, Roselle, New Jersey (Mutual Institution). The Mutual Institution is currently a state-chartered, mutually owned Deposit Insurance Fund (DIF) member with total resources of \$421,398,000 and total deposits of \$333,168,000 as of September 30, 2012. The application is for the FDIC's consent to merge with Roselle Interim Bank Two, Roselle, New Jersey, a proposed New Jersey interim savings bank. In addition, applications have been filed with the Federal Reserve Bank of New York for the establishment of RSB Bancorp, Inc., a Delaware Corporation (a *de novo* stock holding company) and RSB Bancorp, MHC, (a *de novo* New Jersey mutual holding company).

The transaction is to effect the Mutual Institution's plan of reorganization, which provides for:

- Mutual Institution will organize a Roselle Interim Bank One (Interim One) as an interim stock savings bank and a wholly owned subsidiary;
- Interim One will organize Roselle Interim Bank Two (Interim Two) as a wholly owned subsidiary;
- Interim One will organize a RSB Bancorp, Inc., a Delaware stock holding company;
- Mutual Institution will convert to a stock form and exchange its certificate of incorporation for a certificate of incorporation as a New Jersey stock savings bank, Roselle Savings Bank;
- The shares of Interim One will be cancelled and Interim One will exchange its certificate of incorporation for a New Jersey mutual holding company certificate of incorporation, RSB Bancorp, MHC;
- Simultaneously, Interim Two will merge with and into Interim One, and become a stock bank, and its initially issued stock will be transferred to RSB Bancorp, MHC; and
- RSB Bancorp, MHC will contribute the capital stock of Roselle Savings Bank to RSB Bancorp, Inc., and Roselle Savings Bank will become a wholly owned subsidiary of RSB Bancorp, Inc.

Upon consummation of the reorganization, the deposits of the Resultant Bank (Roselle Savings Bank) will continue to be insured under the DIF. On the effective date of the reorganization, Roselle Savings Bank will be a stock bank that is wholly owned by RSB Bancorp, Inc., Roselle, New Jersey.

On December 17, 2012, the New Jersey Department of Banking and Insurance granted Roselle Savings Bank the authority to conduct a banking business, and establish operations as a stock bank. Further, on October 3, 2012, the Federal Reserve Bank of New York approved RSB Bancorp, Inc., and RSB Bancorp, MHC to become holding companies for Roselle Savings Bank.

Following consummation of the merger, Roselle Savings Bank will operate the same banking business, with the same management, at the same locations now being served by the Mutual Institution. The proposed transaction will not alter the competitive structure of banking in the market served by the Mutual Institution. Roselle Savings Bank's main office will continue to be located at 235 Chestnut Street, Roselle, New Jersey.

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 the proponent, disclosed no inconsistencies with the purposes of the CRA. Roselle Savings Bank is expected to continue to meet the credit needs of its community, consistent with the safe and sound operation of the institution.

In connection with the merger application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent banks and the Resultant Bank, the convenience and needs of the community to be served, and the effect of the proposed transaction on competition. The FDIC has also taken into consideration the effectiveness of the insured depository institutions involved in the proposed merger transaction in combating money-laundering activities, and the risk posed by the transaction to the stability of the U.S. banking or financial system.

Having found favorably on all statutory factors, it is the FDIC's judgment that the application for Consent to Merge is hereby approved, subject to the following conditions, some of which are continuing in nature:

1. That, except for the proposed transfer of stock to RSB Bancorp, MHC and the contribution of that stock by RSB Bancorp, MHC to RSB Bancorp, Inc., no shares of the stock of Roselle Savings Bank 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 a sale, transfer or other disposition of any shares of RSB Bancorp, Inc., by RSB Bancorp, MHC, to any person (including any Employee Stock Ownership Plan) or a conversion of RSB Bancorp, MHC, to stock form, Roselle Savings Bank will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with the state and federal banking and/or securities regulators in connection with any sale, transfer, disposition or conversion;

3. That, should any shares of stock of Roselle Savings Bank or RSB Bancorp, Inc., be issued to persons other than RSB Bancorp, Inc., and RSB Bancorp, MHC, any dividends waived by RSB Bancorp, MHC must be retained by RSB Bancorp, Inc., or Roselle Savings Bank and segregated, earmarked or otherwise identified on its books and records. 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 RSB Bancorp, 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;
4. That, any change in proposed senior executive officers, including the board of directors, prior to the consummation of the proposed transaction, will render this approval null and void unless such proposal is approved by the FDIC prior to the consummation of the proposed transaction;
5. That, for a period of three (3) years after the close of the proposed transaction, any material deviation from the business plan, will require prior approval of the FDIC New York Regional Director prior to implementation of such material deviation from the business plan;
6. That the proposed transaction may not be consummated later than six months after the date of this Order unless such period is extended for good cause by the FDIC; and
7. 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 the delegated authority of the FDIC Board of Directors.

Dated at Washington, D.C. this 26<sup>th</sup> day of December, 2012.

/s/

Doreen R. Eberley  
Senior Deputy Director  
Division of Risk Management Supervision