

FEDERAL DEPOSIT INSURANCE CORPORATION

RE: **Heritage Bank, N.A.**
(In Organization)
New York, New York

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 Deposit Insurance Fund for Heritage Bank, N.A. to be located at 623 Fifth Avenue, New York, NY 10022, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED that the application submitted by Heritage Bank, N.A. 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 \$60 million be provided;
2. That the Tier 1 capital to assets leverage ratio (as defined in the Office of the Comptroller of the Currency 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 deposit insurance shall 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 Office of the Comptroller of the Currency;
6. 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

7. 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 2nd day of July 2008.

/s/

Doreen R. Eberley
Regional Director