



December 13, 2004

VIA FACSIMILE AND BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Board of Trustees
Abington Savings Bank
180 Old York Road
Jenkintown, Pennsylvania 19046

Dear Members of the Board:

The notice of intent to convert from mutual to stock form filed on behalf of Abington Savings Bank, Jenkintown, Pennsylvania, 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 provided and representations made, the FDIC poses no objection to the proposed conversion transaction.

Please notify our New York Regional Office in writing when the proposed transaction has been consummated.

Sincerely,

/s/

John M. Lane
Deputy Director

cc: John P. Soukenik, Esquire
Elias, Matz, Tiernan & Herrick L.L.P.
12th Floor
734 15th Street, N.W.
Washington, D.C. 20005

FEDERAL DEPOSIT INSURANCE CORPORATION

Abington Savings Bank
Jenkintown, Pennsylvania

Application for Consent to Merge
to facilitate a conversion from a
Mutual Savings Bank to a Stock Savings Bank

ORDER AND BASIS FOR CORPORATION APPROVAL

Pursuant to Section 18(c) and other provisions of the Federal Deposit Insurance Act (FDI Act), an application has been filed on behalf of the Abington Savings Bank, Jenkintown, Pennsylvania (Mutual Institution), currently a Pennsylvania-chartered mutual savings bank and Savings Insurance Fund (SAIF) member with total resources of \$634,208,000 and total deposits of \$388,482,000 as of June 30, 2004, for the FDIC's consent to merge with Interim Two, Jenkintown, Pennsylvania, a proposed new Pennsylvania-chartered stock savings bank.

The transaction is the result of Mutual Institution's plan of reorganization, which, solely to facilitate such undertaking, provides for:

- Mutual Institution will organize an interim Pennsylvania-chartered stock savings bank as a wholly-owned subsidiary (Interim One);
- Interim One will organize an interim state stock savings bank as a wholly-owned subsidiary (Interim Two);
- Interim One will organize a state stock corporation Abington Community Bancorp, Inc., Jenkintown, Pennsylvania as a wholly-owned subsidiary;
- Mutual Institution will amend and restate its articles of incorporation to Pennsylvania stock form (the Stock Bank) and Interim One will convert to a Pennsylvania mutual holding company charter to become Abington Mutual Holding Company;
- Simultaneously with the above step, Interim Two will merge with and into the Stock Bank, with the Stock Bank as the surviving entity (Abington Bank). All of the initially issued stock of the Resultant Bank will be transferred to Abington Mutual Holding Company.
- Abington Mutual Holding Company will contribute the capital stock of Abington Bank to Abington Community Bancorp, Inc. and Abington Bank will become a wholly-owned subsidiary of Abington Community Bancorp, Inc.; and

- Contemporaneously with the reorganization, Abington Community Bancorp, Inc. will sell a minority interest of its shares of common stock in a public offering. Abington Mutual Holding Company will retain a majority of Abington Community Bancorp, Inc.'s common stock.

At the conclusion of the reorganization, the deposits of Abington Bank will continue to be insured under the SAIF. Following consummation of the merger, Abington Bank will operate the same banking business, with the same management, and at the same locations as the Mutual Institution. The proposed transaction will not alter the competitive structure of banking in the market served by Mutual Institution. Abington Bank's principal office will continue to be located at 180 Old York Road, Jenkintown, Pennsylvania.

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 Mutual Institution, discloses no inconsistencies with the purposes of the CRA. The Resultant Bank is expected to continue to meet the credit needs of its entire community, consistent with the safe and sound operation of the institution.

In connection with the applications, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent bank and the resultant bank, the convenience and needs of the community to be served, and the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money laundering activities. Having found favorably on all statutory factors and having considered other relevant information, including reports on the competitive factors furnished by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Office of Thrift Supervision, and the Attorney General of the United States, it is the FDIC's judgment that the applications should be and hereby are approved, subject to the following conditions:

1. That the transaction may not be consummated unless the Plan of Reorganization from Mutual Savings Bank to Mutual Holding Company receives prior approval by an affirmative vote of at least a majority of the total votes eligible to be cast by Mutual Institution's depositors;
2. That the proposed transaction may not be consummated unless and until Abington Bank has the authority to conduct banking business, and that its establishment and operation as a stock savings bank have been fully approved by appropriate Commonwealth of Pennsylvania officials, and its holding companies, Abington Community Bancorp, Inc. and Abington Mutual Holding Company, are granted approval by the Board of Governors of the Federal Reserve System to become holding companies for Abington Bank;
3. That, except for the proposed transfer of stock to Abington Community Bancorp, Inc., no shares of the stock Abington 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;

4. That, prior to the sale, transfer, or other disposition of any shares of Abington Community Bancorp, Inc. by Abington Mutual Holding Company to any person (including any Employee Stock Ownership Plan), or a conversion of the mutual holding company to stock form, Abington Bank will provide written notification to the FDIC and provide the FDIC with copies of all documents filed with state and federal banking and/or securities regulators in connection with such sale, transfer, disposition, or conversion;
5. That should any shares of the stock of Abington Bank or Abington Community Bancorp, Inc. be issued to persons other than Abington Mutual Holding Company any dividends waived by Abington Mutual Holding Company, must be retained by Abington Community Bancorp, Inc. or Abington Bank and segregated, earmarked, or otherwise identified on the books and records of Abington Community Bancorp, Inc. or Abington Bank; 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 Abington Mutual Holding Company 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;
6. That any change in proposed management, including the board of directors or proposed ownership (10 percent or more of the stock and new acquisitions of or subscriptions to 10 percent or more of the stock), will render this approval null and void unless such proposal is approved by the FDIC prior to the consummation of the proposed transaction;
7. That the transaction shall not be consummated within less than fifteen days after the date of this Order, or later than six months after the date of this Order, unless such period is extended for good cause by the FDIC; and
8. 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 delegated authority.

Dated at Washington, D.C., this 21st day of October, 2004

By: */s/*

John M. Lane
Deputy Director
Division of Supervision and Consumer Protection