



Federal Deposit Insurance Corporation

550 17th Street NW, Washington, D.C. 20429-9990

Division of Supervision and Consumer Protection

October 28, 2008

VIA FACSIMILE AND CERTIFIED MAIL RETURN RECEIPT REQUESTED

Board of Trustees
Reliance Savings Bank
1119 Twelfth Street
Altoona, PA 16601

Dear Members of the Board:

The notice of intent to effect a mutual holding company reorganization through the interim merger filed on behalf of Reliance 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 conversion transaction.

Enclosed is our Order and Basis for Corporation Approval (Order) for the applications filed on behalf of the Bank in conjunction with the conversion transaction. Our approvals are 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, including reasons therefore, should be submitted to the New York Regional Office.

Sincerely,

/s/

Christopher J. Spoth
Senior Deputy Director

Enclosure

Board of Trustees
Reliance Savings Bank
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cc: Steve Lanter, Esq.
Luse Gorman Pomerenk & Schick, PC
5335 Wisconsin Ave, NW, Suite 400
Washington, DC 20015-2035

FEDERAL DEPOSIT INSURANCE CORPORATION

Reliance Savings Bank
Altoona, Blair County, Pennsylvania
Application for Consent to Merge

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 Reliance Savings Bank, Altoona, Pennsylvania (Mutual Institution), currently an insured Pennsylvania-chartered mutual savings bank with total resources of \$327,984,000 and total deposits of \$230,953,000 as of June 30, 2008, for the FDIC's consent to merge with Reliance Interim Two Savings Bank (In Organization) (Interim Two), Altoona, Pennsylvania, a proposed new interim stock savings bank. Notice of the proposed transaction, in a form approved by the FDIC, has been published pursuant to the FDI Act.

The transaction is to effect the Mutual Institution's reorganization into the mutual holding company structure, which, solely to facilitate such undertaking, provides for:

- Mutual Institution to organize an interim stock savings bank, Reliance Interim One Savings Bank (Interim One), as a wholly-owned subsidiary;
- Interim One to organize an interim stock savings bank, Reliance Interim Two Savings Bank, (Interim Two), as a wholly-owned subsidiary;
- Interim One to organize Reliance Bancorp, Inc. (Stock HC), as a wholly-owned subsidiary;
- Interim One to cancel the outstanding shares of its stock and exchange its charter for a mutual holding company charter under the name Reliance Bancorp Mutual Holding Company;
- Mutual Institution to convert to stock form and exchange its articles of incorporation and bylaws for those of a Pennsylvania-chartered stock savings bank (Stock Bank); and
- Interim Two to merge with and into Stock Bank, with Stock Bank as the surviving entity (the Resultant Bank) and all of the initially issued stock of Stock Bank to be transferred to Mutual Holding Company in exchange for membership interests in Mutual Holding Company; and
- Mutual Holding Company to contribute the capital stock of Stock Bank to Reliance Bancorp, Inc. whereby Resultant Bank will become a wholly-owned subsidiary of Stock HC, which will in turn be a wholly-owned subsidiary of Reliance Bancorp Mutual Holding Company.

On the effective date of the reorganization, Reliance Savings Bank will be a stock bank that is wholly owned by Reliance Bancorp Mutual Holding Company.

An application for the establishment of Reliance Bancorp, Inc., and Reliance Bancorp Mutual Holding Company has been approved by the Board of Governors of the Federal Reserve System. Also, the Commonwealth of Pennsylvania has granted Reliance Savings Bank the authority to conduct a banking business and approved the establishment and operation of a stock savings bank.

Following consummation of the merger, Reliance Savings Bank will operate the same banking business, with the same management, at the same locations now being served by Mutual Institution. The proposed transaction, per se, will not alter the competitive structure of banking in the market served by the Mutual Institution. Reliance Savings Bank's main office will continue to be located at 1119 Twelfth Street, Altoona, Pennsylvania.

A review of available information, including the Community Reinvestment Act (CRA) Statement of Mutual Institution discloses no inconsistencies with the purposes of the CRA. Resultant Institution 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 application, the FDIC has taken into consideration the financial and managerial resources and future prospects of the proponent banks and the resultant bank, and the convenience and needs of the community to be served. Having found favorably on all statutory factors and having considered other relevant information, it is the FDIC's judgment that the application should be and is hereby 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, except for the proposed transfer of stock to Reliance Bancorp, Inc., no shares of the stock of Reliance 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;
3. That, prior to the sale, transfer, or other disposition of any shares of Reliance Bancorp, Inc. by Reliance Bancorp Mutual Holding Company to any person (including any Employee Stock Ownership Plan), or a conversion of the mutual holding company to stock form, Reliance Savings 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;

4. That should any shares of the stock of Reliance Savings Bank or Reliance Bancorp, Inc. be issued to persons other than Reliance Bancorp Mutual Holding Company, any dividends waived by Reliance Bancorp Mutual Holding Company must be retained by Reliance Bancorp, Inc. or Reliance Savings Bank and segregated, earmarked, or otherwise identified on the books and records of Reliance Bancorp, Inc. or Reliance Savings 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 Reliance Bancorp 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;

5. That any change in proposed management, including the board of directors, will render this approval null and void unless such proposal is approved by the FDIC prior to the consummation of the proposed transaction.

6. That the proposed transaction may not be consummated unless and until the Reliance Savings 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, Reliance Bancorp Mutual Holding Company and Reliance Bancorp, Inc., are granted approval by the FRB to become holding companies for Reliance Savings Bank;

7. That the transaction shall 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

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 ^{28th} day of *Oct*, 2008

By: _____ *ISI*
Christopher J. Spoth
Senior Deputy Director
Division of Supervision and Consumer Protection