



Federal Deposit Insurance Corporation

550 17th St. NW Washington DC, 20429

Division of Supervision and Consumer Protection

VIA FACSIMILE AND CERTIFIED MAIL RETURN RECEIPT REQUESTED

December 4, 2003

Board of Directors
Millington Savings Bank
1902 Long Hill Road
Millington, New Jersey 07946

Dear Members of the Board:

The Notice to effect a mutual holding company reorganization with the organization of an interim institution and a merger to facilitate a conversion from mutual form to stock form filed on behalf of Millington Savings Bank, Millington, New Jersey, has been 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 representations made, we do not object to the proposal.

Enclosed is our Order and Basis for Corporation Approval (Order) for the bank merger application filed on behalf of Millington Savings Bank in conjunction with the conversion transaction. Our approval is subject to the conditions stated in the Order, some of which must be met on an ongoing basis.

Please advise 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/

John M. Lane
Deputy Director

Enclosure

FEDERAL DEPOSIT INSURANCE CORPORATION

Millington Savings Bank
Millington, Morris County, New Jersey

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 Millington Savings Bank, Millington, New Jersey, currently a New Jersey-chartered mutual savings bank and Savings Association Insurance Fund (SAIF) member with total resources of \$203,417,000 and total deposits of \$186,695,000 as of September 30, 2003, for the FDIC's consent to merge with Millington Interim Savings Bank (Interim Bank), Millington, New Jersey, a proposed new interim New Jersey-chartered stock savings bank.

The merger is to put into effect Millington Savings Bank's reorganization from a New Jersey-chartered mutual savings bank to a New Jersey-chartered stock savings bank. The reorganization includes the establishment of a federally-chartered, mid-tier stock holding company and a federally-chartered mutual holding company. Applications for the establishment of the holding companies; for conversion of Millington Savings Bank to a stock savings bank; and for Millington Savings Bank to be deemed a savings association for purposes of Section 10(1) of the Home Owners' Loan Act, as amended, were filed with the Office of Thrift Supervision (OTS). Upon consummation of the reorganization, Millington Savings Bank will merge into an interim stock savings bank and become a wholly-owned subsidiary of the stock holding company, MSB Financial Corp. MSB Financial Corp. will in turn become a wholly-owned subsidiary of the mutual holding company, MSB Financial MHC. The resultant bank will retain the name of Millington Savings Bank, continue to be insured under the SAIF and provide the same banking business with the same management from the same locations as prior to the reorganization. The reorganization will not alter the competitive structure of banking in the bank's marketplace. The resultant bank's main office will remain at 1902 Long Hill Road, Millington, 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 Statement of Millington Savings Bank discloses no inconsistencies with the purposes of the Community Reinvestment Act. The 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. 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. 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 OTS, and the Attorney General of the United States, it is the FDIC's judgement 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 Millington Savings Bank's depositors;
2. That, except for the proposed transfer of stock to MSB Financial Corp., no shares of the stock of Millington 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 a sale, transfer, or other disposition of any shares of MSB Financial Corp., by MSB Financial MHC to any person (including any Employee Stock Ownership Plan), or a conversion of MSB Financial MHC to stock form, Millington 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 such sale, transfer, disposition or conversion;
4. That, should any shares of stock of Millington Savings Bank be issued to persons other than MSB Financial Corp., any dividends waived by MSB Financial MHC must be retained by MSB Financial Corp., or Millington 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 MSB Financial 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;
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 resultant bank has the authority to conduct banking business, and that its establishment and operation as a stock savings bank have been fully approved by the appropriate State of New Jersey officials, and MSB Financial Corp., and MSB Financial MHC, are granted approval by the Office of Thrift Supervision to become holding companies for Millington Savings Bank;
7. That, the transaction shall not be consummated sooner than fifteen calendar days after the date of this Order nor 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.

By Order of the Deputy Director of the Division of Supervision and Consumer Protection
pursuant to the delegated authority of the Board of Directors.

Dated at Washington, D.C., this 4TH day of December 2003.

/S/

John M. Lane
Deputy Director