

Perpetual Federal

SAVINGS BANK of URBANA

AUTOMATIC
DIVIDEND
REINVESTMENT PLAN
WITH CASH
CONTRIBUTION
FEATURES FOR
SHAREHOLDERS OF
COMMON STOCK

**Dividend Reinvestment
and
Stock Purchase Plan**

THIS PLAN OFFERS YOU A CONVENIENT METHOD OF INVESTING YOUR QUARTERLY DIVIDENDS IN SHARES OF COMMON STOCK OF PERPETUAL FEDERAL SAVINGS BANK WITHOUT INCURRING ADMINISTRATIVE COSTS.



SAVINGS BANK of URBANA

120 North Main Street • Urbana, Ohio 43078

Dear Shareholder:

We are pleased to announce the availability of the Perpetual Federal Savings Bank Dividend Reinvestment and Stock Purchase Plan. This Plan enables you to apply your dividends on our common stock toward the purchase of additional shares of Perpetual Federal Savings Bank stock.

The Plan is a convenient and economical way for you to increase your ownership of Perpetual Federal Savings Bank stock. Participation in the Plan is entirely voluntary, and you may enroll or withdraw at any time. If you do not enroll in the Plan, you will continue to receive your regular dividend checks in the mail.

Perpetual Federal Savings Bank will pay all brokerage commissions and administrative fees connected with your participation in the Plan. This will ensure that the full amount of your reinvested dividends will be applied to the purchase of additional shares. However, if a Participant directs the Plan administrator to sell his or her shares, Participant will be charged an administrative fee (plus any applicable brokerage charge or other cost) incurred in connection with the sale of such shares by the Plan administrator.

This brochure includes important details about your Dividend Reinvestment and Stock Purchase Plan. Please read this information carefully to see if the Plan is right for you.

The Plan is administered by Registrar and Transfer Company, the Corporation's stock transfer agent. You may enroll in the Plan by having all registered owners sign the enclosed Authorization Card and mailing it to Registrar and Transfer Company in the enclosed prepaid envelope.

Sincerely,

Michael R. Melvin
President and Chief Executive Officer

THE PLAN

Automatic Dividend Reinvestment — Your cash dividends can automatically be invested in additional shares of Perpetual Federal Savings Bank common stock. These shares earn additional dividends which further increase your investment in Perpetual Federal Savings Bank common stock.

COST TO YOU

Your cost is limited to the price of the shares of common stock purchased for you. This price is the average price of all shares purchased in connection with a given dividend. There are no brokerage commissions nor any service charges connected with stock purchases. The only cost to you will be a fee of \$5.00 for each stock certificate requested, a fee of \$7.50 for each deposit of shares held directly by you into your Plan account and, if you direct the Administrator to sell your shares held in the Plan, an administrative charge (plus any applicable brokerage commission or other costs) incurred upon the sale of the shares in the Plan by the Administrator.

PARTICIPATION

In order to participate, common stock must be held in your own name. Shareowners of record may join the Plan at any time by completing an authorization form and returning it to Registrar and Transfer Company. Authorization forms must be received by Registrar and Transfer Company on or before the dividend record date for you to be eligible for participation on the corresponding dividend payment date. Dividend record dates are publicly announced by Perpetual Federal Savings Bank.

DOLLAR-COST AVERAGING

Purchase of shares of common stock through this Plan can also provide the advantage of dollar-cost averaging over a period of time.

ACCOUNT STATEMENT

A statement is sent to you from Registrar and Transfer Company each time your dividends and cash contributions are invested.

CERTIFICATES

Shares purchased for your account under the Plan will normally be held by Registrar and Transfer Company without charge. If you wish, however, a certificate or certificates for whole shares credited to your account will be delivered to you upon your written request to Registrar and Transfer Company.

VOTING OF SHARES

You will be given the right to direct Registrar and Transfer Company regarding the voting of any whole shares (but no fractional shares) held for you under the Plan on the record date for a vote. Shares for which no voting directions are received will not be voted.

CASH CONTRIBUTION

Although not currently available, the Plan has a cash contribution feature which, if activated by Perpetual Federal, will allow shareholders to make optional cash payments to purchase shares. See Section 8 of the Plan.

FRACTIONAL SHARES

While you are a participant in the Plan, the entire amount of your dividend will be used to purchase shares of common stock. If the amount is not equal to an exact number of whole shares, your account will be credited with a fractional share (calculated to four decimal places). A fractional share will earn dividends for you, in proportion to the size of the fraction, just as full shares do.

TERMINATION AT ANY TIME

The Plan is entirely voluntary and you may terminate your participation at any time as outlined in the agreement printed in this brochure.

INCOME TAX INFORMATION

Even though your dividends will be reinvested, they are subject to income taxes as if they were paid to you in cash.

In addition, the Internal Revenue Service has ruled that the brokerage commissions and service charges paid by Perpetual Federal Savings Bank on your behalf are to be treated as dividend income to you. The amount paid to cover service charges may be deductible if you itemize deductions on your Federal income tax return and if the amounts paid for brokerage commissions are includable in your cost basis of shares purchased.

While the amount paid for brokerage commissions, if any, will vary in proportion to the amount invested, we estimate that the total additional income reportable for most participants will be less than \$10 a year. The information return sent to you and the Internal Revenue Service at year end will show each of the amounts paid on your behalf.

QUESTIONS AND CORRESPONDENCE

Please direct all questions and correspondence regarding the Plan to:

Registrar and Transfer Company
Dividend Reinvestment Plans
10 Commerce Drive
Cranford, NJ 07016
1-800-368-5948

Be sure to include a reference to Perpetual Federal Savings Bank or enclose the top portion of your account statement with all correspondence.

**PERPETUAL FEDERAL SAVINGS BANK
DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN**

Section 1. Plan Adopted

Perpetual Federal Savings Bank (the "Company") hereby adopts a Dividend Reinvestment and Stock Purchase Plan (the "Plan"), pursuant to which holders of record of the Company's Common Stock will be provided an opportunity to invest cash dividends and optional cash payments in shares of Company Common Stock at market value.

Section 2. Purpose of the Plan

The purpose of the Plan is to provide holders of record of the Company's Common Stock with a simple and convenient method of investment of cash dividends and optional cash payments in shares of Common Stock at regular intervals. Because the additional shares may be purchased from the Company, the Company may receive additional funds to finance the continuing operations of the Company and its subsidiaries.

Section 3. Eligibility

All holders of record of the Company's Common Stock are eligible to participate in the Plan (the "Participants").

Section 4. Administrator

Registrar and Transfer Company (the "Administrator") shall administer the Plan as agent for Participants, keep records, send statements of account to Participants, and perform for Participants other duties relating to the Plan. Additional shares purchased under the Plan shall be registered in the name of the Administrator or its nominee as agent for Participants in the Plan. The Company may, without the prior consent of the Participants, appoint a different Administrator at any time.

Section 5. Participation

(a) Any holder of record of the Company's Common Stock may join the Plan by signing an Authorization Form and returning it to the Administrator. Authorization Forms will be provided from time to time by mail to all shareholders and will be furnished at any time upon request made to the Administrator.

(b) A holder of record of Common Stock may enroll in the Plan at any time. If an Authorization Form is received by the Administrator on or before the record date for the next dividend payment, then that dividend will, as authorized, be used to purchase additional shares for the shareholder on, or within ten calendar days of, the dividend payment date (an "Investment Date"). If the Authorization Form is received by the Administrator after such record date, that dividend will be paid in cash and the investment of dividends in additional shares will not start until payment of the following dividend. Any optional cash payment received by the Administrator with, or subsequent to the Administrator's receipt of, the Authorization Form, and at least five calendar days prior to the next dividend payment date, will be invested on the Investment Date relating to such dividend payment date. The Common Stock dividend payment dates, and any other dates on which optional cash payments are to be invested, are hereinafter collectively referred to as the "Investment Dates."

(c) The Authorization Forms shall appoint the Administrator as agent for the participating shareholder and direct the Company to pay to the Administrator each participating shareholder's cash dividends on all of the shares of Common Stock registered in the shareholder's own name as well as whole and fractional shares of Common Stock certified to his account under the Plan. The Form shall direct the Administrator or its agent to purchase additional shares. Authorization Forms will be provided from time to time by mail to all shareholders and will be furnished at any time upon request made to the Administrator.

Section 6. Costs

There shall be no brokerage commissions for purchases of shares or service charges to Participants under the Plan. All costs of administration of the Plan shall be paid by the Company, except for (1) a \$5.00 charge for each withdrawal of full-share certificates from continuing Plan accounts, (2) an Administrator's charge plus any applicable brokerage commission or other costs upon sale of shares by the Administrator and (3) a \$7.50 charge for each deposit of a Participant's directly held shares to his or her Plan account.

Section 7. Operation

(a) *Shares issued under the Plan.* The Company shall advise the Administrator if it is making newly issued or treasury shares of its Common Stock available to the Plan for purchase. The Company may, in its sole discretion, cease making newly issued or treasury shares of Common Stock available for purchase by the Plan or resume making newly issued or treasury shares of Common Stock available for purchase by the Plan, at any time, and from time to time.

(b) *Newly issued and treasury shares.* If the Company is making newly issued or treasury shares available to the Plan for purchase, then the Company shall sell as many additional shares of its Common Stock as the dividends and optional cash payments of participating shareholders will purchase. The additional shares shall be registered under applicable securities laws for issuance and sale under the Plan. The Company will from time to time as it deems necessary or appropriate, register additional shares with the Office of Thrift Supervision (or other appropriate agency) and make them available for purchase under the Plan.

(c) *Shares purchased in the open market.* If the Company is not making newly issued or treasury shares available to the Plan for purchase, then the Administrator shall, directly or through an agent of its choice (the "Agent"), who may be an affiliate of the Administrator, purchase shares in the open market.

(d) *Price of additional shares.* The price per share to Participants of shares of Common Stock purchased under the Plan as newly issued or treasury shares shall be the average of the high and low sales prices of the Common Stock on the trading day immediately preceding the Investment Date, as reported on the exchange on which the shares of common stock are traded. The price per share to Participants of shares of Common Stock purchased under the Plan in the open market shall be the average purchase price per share of the shares acquired on the Investment Date.

(e) *Purchase of additional shares.* Subject to Section 7(d) hereof, the number of additional shares to be purchased for each Participant's account shall be determined by the amount of the dividends being reinvested and optional cash payments, if any, and the price of

the Common Stock to Participants. The entire amount of the dividends being reinvested will be used to purchase additional shares, except in the case of shareholders subject to United States income tax withholding. Each Participant's account will be credited with that number of shares, including fractional shares computed to four decimal places, equal to the total amount to be invested divided by the purchase price per share to Participants. The Company shall pay to the Administrator cash dividends on all of the shares of Common Stock registered in each Participant's name, in accordance with such Participant's directions on the Authorization Form(s), as well as cash dividends on shares of Common Stock credited to his or her account under the Plan. The Administrator shall apply such dividends to the purchase of additional shares for the account of such Participant.

Section 8. Optional Cash Payments

The Company shall advise the Administrator if a Participant in the Plan may make optional cash payments in any quarter. The Company may, in its sole discretion, allow, or cease to allow, the making of optional cash payments, at any time and from time to time. If allowed, optional cash payments must be at least \$100 per quarterly payment and, except with the Company's prior approval, not more than \$2,500 per quarter. The same amount of money need not be sent each quarter and there is no obligation to make optional cash payments. Optional cash payments received prior to 20 calendar days before, or after five calendar days before, the applicable dividend payment date will be returned to the investor. No interest shall be paid by the Company or the Administrator on optional cash payments held pending investment.

Section 9. Reports to Participants

Each Participant in the Plan shall receive a statement of his or her account following each purchase of additional shares. In addition, each Participant shall receive copies of the same communications sent to every other holder of Common Stock, including any quarterly and annual reports, notices of annual meeting and proxy statements, and information returns reporting dividend income received for tax purposes.

Section 10. Certificates for Shares of Common Stock

(a) Certificates for additional shares purchased and credited to a Participant's account under the Plan will be issued to the Administrator or its nominee, as agent for the Participant. The number of shares credited to an account under the Plan will be shown on the Participant's statement of account.

(b) Certificates for any number of whole shares credited to an account under the Plan will be issued upon the written request of a Participant and the shares represented by such certificate will thereupon be withdrawn from the Participant's account resulting in termination of the Plan. See Section 11, Termination of Participation.

(c) Certificates for fractions of shares will not be issued under any circumstances.

(d) Shares credited to the account of a Participant under the Plan may not be pledged.

(e) Accounts under the Plan shall be maintained in the names in which certificates of the Participants were registered at the time they entered the Plan and certificates for whole shares shall be similarly registered when issued to the Participants.

Section 11. Termination of Participation

(a) A Participant may at any time terminate his or her participation in the Plan, with respect to dividends on all of his or her Common Stock, by notifying the Administrator in writing, or by completing and delivering to the Administrator the termination form provided by the Administrator.

(b) If the notice of termination is received by the Administrator at least five business days prior to the record date for the next dividend payable on the stock to which such notice relates, such dividend and all subsequent dividends on such stock will be paid to the Participant in cash and, if the Participant has elected to terminate his or her entire participation in the Plan, any optional cash payment which would otherwise have been invested on the next Investment Date will be returned to the Participant by the Administrator.

(c) If the notice of termination is received by the Administrator fewer than five days before the record date for the next dividend payable on any stock to which such notice relates, such dividend will be invested for the Participant's account. All subsequent cash dividends on such stock will be paid to the terminating Participant in cash. If the Participant has elected to terminate his or her entire participation in the Plan, any optional cash payment received by the Administrator prior to the notice of termination will be invested for the Participant's account unless return of the payment is specifically requested.

(d) If a Participant terminates his or her entire participation in the Plan or if the Company terminates the Plan, certificates for whole shares credited to his or her account under the Plan will be issued and a cash payment will be made for a fraction of a share. Such cash payment will be based on the Closing Price of the Company's Common Stock on the next business day on which trading occurs following the day the notice of termination is received by the Administrator.

(e) If a Participant terminates his or her entire participation in the Plan, he or she may request the Administrator to sell for his or her account all shares, both whole and fractional, credited to his or her account under the Plan. Such a sale shall be made as soon as possible after receipt by the Administrator of such request. The terminating Participant shall receive the proceeds of such sale, less any related brokerage commission, Administrator's charges and transfer tax.

Section 12. Disposition of Less Than All Shares Registered in Participant's Name

(a) If a Participant who has authorized the reinvestment of dividends on all of the Common Stock registered in his or her name disposes of a portion of his or her shares, the Administrator will continue to reinvest the dividends on the remaining shares.

Section 13. Effect of Rights Offering

(a)) Subject to Section 13(b) hereof, any rights issued on shares held by the Plan will be sold by the Administrator. The proceeds will be credited to each Participant's account, based upon the Participant's share balance, and applied as an optional cash investment on the next purchase date.

(b) Notwithstanding Section 13(a) hereof, any rights designated by resolution of the Company's Board of Directors as being subject to this Section 13(b) ("Section 13(b) Rights") shall, so long as such Section 13(b) Rights are evidenced by and transferable only with the

certificates representing such shares, be retained by the Administrator on behalf of the Participants and credited to each Participant's account based on such Participant's share balance. If any such Section 13(b) Rights separate from the shares on which they were issued and become evidenced by separate rights certificates, the Administrator shall, as soon as practicable after receiving such rights certificates, mail such rights certificates to each Participant based on such Participant's share balance at the close of business on the date such Section 13(b) Rights so separate.

(c) The Administrator will have the power to take such other actions as shall be necessary so that the purposes of subsection (a) (that rights under subsection (a) are reduced to cash and credited appropriately) and subsection (b) (that rights under subsection (b) are, under the circumstances stated therein, made available to the beneficial owners so that they may individually decide the disposition thereof) are realized

Section 14. Effect of Stock Dividend or Stock Split

Any stock dividends or split shares distributed by the Company on shares of Common Stock credited to the account of a Participant under the Plan shall be added to the Participant's account. Stock dividends or split shares distributed on shares of Common Stock registered in the name of the Participant shall be mailed directly to the Participant in the same manner as to shareholders who are not participating in the Plan and subsequent dividends on such shares shall be reinvested pursuant to the Plan unless the Participant instructs the Administrator otherwise

Section 15. Voting of Shares Held Under the Plan

(a) Participants will receive a proxy card covering both his or her directly held shares and shares held in his or her Plan account. All of a Participant's shares will be voted in accordance with his or her proper instructions.

(b) If a proxy is returned properly signed and marked for voting, all the shares covered by the proxy--those registered in the Participant's name and the whole shares credited to his or her account under the Plan--will be voted as marked.

(c) If a proxy is returned properly signed but without indicated instructions as to the manner in which shares are to be voted with respect to any item thereon, all of the Participant's shares--those registered in his or her name and the whole shares credited to his or her account under the Plan--will be voted in accordance with the recommendations of the management of the Company, unless applicable laws require otherwise. If the proxy is not returned, or if it is returned unexecuted or improperly executed, shares registered in a Participant's name may be voted only by the Participant in person at the shareholder meeting.

Section 16. Income Tax Information.

Even though a Participant's dividends will be reinvested, they are subject to income taxes as if they were paid to the Participant in cash. In addition, the Internal Revenue Service has ruled that the brokerage commissions and service charges paid by the Bank on a Participant's behalf are to be treated as dividend income to such Participant. The amount paid to cover service charges may be deductible if a Participant itemizes deductions on his or her Federal income tax return and if the amounts paid for brokerage commissions are includable in the cost basis of shares purchased. While the amount paid for brokerage commissions will vary in proportion to the amount invested, the Company estimates that the total additional income

reportable for most Participants will be less than \$10 a year. The information return sent to a Participant and the Internal Revenue Service at year end will show each of the amounts paid on a Participant's behalf. However, Participants should consult with their tax advisor to determine the tax considerations related to the receipt of dividends and the purchase of shares of Common Stock under the Plan.

Section 17. Interpretation and Regulation of the Plan

- (a) The Company shall interpret the terms of the Plan.
- (b) The Company may amend, modify, suspend or terminate the Plan at any time, pursuant to Section 18(a) or (b).
- (c) The Company shall regulate the Plan as it deems necessary or desirable in connection with its operation.

Section 18. Modification or Termination of the Plan

- (a) The Board of Directors of the Company may suspend or modify the Plan at any time by a majority vote of those present.
- (b) The Board of Directors may terminate the Plan at any time by a majority vote of those present.
- (c) Notice of any suspension, modification or termination of the Plan shall be mailed to all Participants.

Section 19. Responsibility of Company and Administrator

The Company and the Administrator (and any agent of the Company and the Administrator), in administering the Plan, will not be liable for any act done in good faith or for any good faith omission to act, including without limitation any claim of liability arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death.

Section 20. Adoption

This Plan was adopted by the Board of Directors of the Company on May 8, 2001.

The Plan was revised by the Board of Directors of the Company on December 14, 2010 to discontinue partial participation effective December 31, 2010.