



Federal Deposit Insurance Corporation

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

Division of Risk Management Supervision

May 6, 2021

BY ELECTRONIC DELIVERY

Board of Directors
Prosper Bank
185 East Lincoln Highway
Coatesville, Pennsylvania 19320
Email: jamin@prosperbank.com

RE: Notice of Intent to Convert

Dear Members of the Board:

The Federal Deposit Insurance Corporation (FDIC) reviewed the Notice of Intent to Convert (Notice), filed on behalf of Prosper Bank, Coatesville, Pennsylvania (Bank), pursuant to the FDIC's regulations at 12 C.F.R. sections 303.160 – 303.163 and 333.4, and other pertinent regulations. The Notice was filed in connection with Bank's Plan of Conversion (Plan), whereby Bank proposes to convert from a Pennsylvania-chartered mutual savings bank to a Pennsylvania-chartered stock savings bank (Conversion). In connection with the Conversion, Bank has formed PB Bankshares, Inc. (Bankshares), a Maryland corporation, which upon completion of the Conversion will own 100 percent of Bank's common stock.

Concurrently with the Conversion, Bankshares intends to issue and offer for sale common stock on a priority basis to (i) eligible account holders (depositors who had accounts at the Bank with aggregate balances of at least \$50 on December 31, 2019; (ii) the Bank's tax-qualified employee benefit plans (including the employee stock ownership plan); (iii) supplemental eligible account holders (depositors who had accounts at the Bank with aggregate balances of at least \$50 on the supplemental eligibility record date as defined in the Plan); (iv) other depositors as of the voting record date; and (v) to the extent applicable, the local community (with a purchase preference given to persons residing in Chester, Cumberland, Dauphin, Lancaster and Lebanon counties in Pennsylvania) in a community offering and anyone in a syndicated offering.

The FDIC has relied on information provided in the Bank's Notice, the accompanying materials, and subsequent responses to information requests in reaching its decision. Based on the information provided and representations made, the FDIC poses no objection to the Notice, subject to the conditions (certain of which must be met on an ongoing basis):

1. The Bank shall provide written evidence to the FDIC New York Regional Director that the proposed transaction was approved by a vote of at least a majority of the depositors who are entitled to vote on the transaction.

2. Any change in proposed senior executive officers or the Bank's board of directors prior to the consummation of the proposed transaction will render this approval null and void, unless the Bank submits prior written notice to, and receives written non-objection from, the FDIC New York Regional Director prior to consummation of the proposed transaction.
3. During the three-year period after the close of the proposed transaction, the Bank shall operate within the parameters set forth in the Business Plan submitted with the Notice and must provide at least 60 days' prior written notice to, and receive written non-objection from the FDIC New York Regional Director prior to implementing any proposed material deviation or material change from the Business Plan (including, but not limited to, any merger, acquisition, or business combination) involving the Bank.
4. The Bank will provide 60 days' prior written notice to and obtain written non-objection from the FDIC New York Regional Director prior to implementing any policy or executing any agreement relating to the allocation and sharing of costs with the Bank.
5. The Bank shall submit copies of all final disclosure materials to the FDIC's New York Regional Office mailroom at NYMailroom@fdic.gov.
6. The Bank shall advise the FDIC of the results of the conversion offering (and the community offering and syndicated offering, as applicable), and deliver an updated appraisal that takes the results of the conversion offering into account, discusses any material events or changes during the subscription period, and explains any securities purchase orders that have been rejected (including the reason(s) for rejection).
7. During the one-year period after the close of the conversion offering, the Bank shall provide at least 60 days' prior written notice to the FDIC New York Regional Director of any repurchase of shares and include copies of all documents filed with other regulators.
8. During the three-year period after the close of the conversion offering, the Bank must not make any distributions of capital to PB Bankshares, Inc., including cash dividends or any other retirement or return of capital, except in accordance with applicable FDIC laws and regulations, and as provided for in the Business Plan, without the prior approval of the FDIC Regional Director, unless 30 days' prior written notice is provided to, and non-objection is received from, the FDIC New York Regional Director.
9. During the one-year period after the close of the conversion offering, shares issued to directors and executive officers (insiders) in the conversion offering are restricted from resale without the prior written approval of the FDIC New York Regional Director, except for the following, which shall not require such prior approval: (1) in the event of the death of an insider, the successor in interest may sell the shares; (2) if the insider is no longer employed by or is no longer a trustee or director of the Bank and PB Bankshares, Inc., he or she may sell the shares; and (3) the insider may transfer the shares to his or her lineal descendant(s) or spouse, or into a trust or retirement vehicle for the benefit of the insider or such descendants or spouse.

10. During the one-year period after the close of the conversion offering, the Bank shall provide at least 60 days' prior written notice to, and receive written non-objection from the FDIC New York Regional Director prior to implementation of a stock-based benefit plan.
11. The Bank shall provide written evidence that all necessary final approvals regarding the proposed transactions have been obtained from the appropriate Federal and state authorities.
12. The conversion shall not be consummated later than six months after the date of the FDIC's non-objection unless such period is extended for good cause by the FDIC.
13. The Bank shall notify the FDIC New York Regional Director as soon as it becomes aware of any material change in the facts and circumstances prior to the consummation of the proposed transaction.
14. 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.

Please provide documentation to support satisfaction of the conditions to the FDIC's New York Regional Office (NYRO). Also, please notify the NYRO in writing when the proposed transaction has been consummated. Should you have any questions, contact Case Manager Kevin Grice at (917) 320-2509.

Sincerely,

PATRICIA
COLOHAN

Digitally signed by
PATRICIA COLOHAN
Date: 2021.05.06 13:24:25
-04'00'

Patricia A. Colohan
Associate Director

Enclosure

cc: Benjamin Azoff, Partner
Luse Gorman, PC
Email: bazoff@luselaw.com

Meghan E. Middleton, Enforcement Administrator
Pennsylvania Department of Banking and Securities
Email: memiddleto@pa.gov

Eddy Hsiao, Mergers & Acquisitions
Federal Reserve Bank of Philadelphia
Email: eddy.hsiao@phil.frb.org