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PERPETUAL FEDERAL SAVINGS BANK OF URBANA, OHIO ANNOUNCES SECOND QUARTER OPERATING RESULTS

April 30, 2014, Perpetual Federal Savings Bank of Urbana, Ohio (OTCQB: "PFOH") today reported fiscal second quarter net loss of \$1.0 million, or basic and diluted negative earnings per share of \$0.42, for the quarter ended March 31, 2014, compared to net income of \$1.2 million, or basic and diluted earnings per share of \$0.47, for the quarter ended March 31, 2013. For the six months ended March 31, 2014, the Savings Bank reported \$116,000 of net income, or \$0.05 per share of basic and diluted earnings, compared to \$2.1 million of net income, or \$0.86 per share of basic and diluted earnings for the six months ended March 31, 2013. The factor primarily responsible for the changes in net income for the comparative three and six month periods is the provision for loan losses.

Net interest income decreased for the three and six months ended March 31, 2014 compared to the prior comparable periods. Declines in market interest rates were primarily responsible for decreased interest expense during the three and six month periods ended March 31, 2014 as compared to the same periods in 2013. Similarly, lower rates paid on the Savings Bank's interest-bearing deposits in other financial institutions and loans resulted in decreased interest income for the three and six months ended March 31, 2014 compared to the same periods in 2013.

The Savings Bank recorded a provision for loan losses of \$3.5 million and \$3.8 million for the three and six months ended March 31, 2014, compared to \$167,000 and \$441,000 for the three and six months ended March 31, 2013. These entries were recorded as a result of management's analysis of the loan portfolio during the three and six month periods, and charge-off activity during these same periods, and reflect the amounts management believed necessary to maintain the adequacy of the allowance for loan losses. **Specifically, during the fiscal second quarter, management reevaluated a relationship with a single, nonresidential borrower which resulted in a larger provision for loan losses in the period compared to prior periods.** Net interest income after provision for loan losses decreased \$3.4 million from \$2.7 million for the three months ended March 31, 2014 compared to the three months ended March 31, 2013. Net interest income after provision for loan losses decreased \$3.4 million from \$5.4 million for the six months ended March 31, 2013 to \$1.9 million for the six months ended March 31, 2014.

Operating expenses decreased \$80,000 from \$955,000 to \$875,000 for the three months ended March 31, 2014, and decreased \$400,000 from \$2.2 million for the six months ended March 31, 2014. The decrease for the three month period was primarily due to decreased state franchise taxes and federal insurance premiums. In addition to decreased state franchise taxes and federal insurance premiums, the decrease for the six month period was also due to prepayment penalties on the early payment of borrowings from the Federal Home Loan Bank of Cincinnati in the 2013 period. Noninterest income decreased from \$9,000 to \$8,000 and

decreased from \$32,000 to \$15,000 for the three and six months ended March 31, 2014, compared to the prior comparable periods. Income tax expense decreased by \$2.2 million and \$1.0 million for the three and six months ended March 31, 2014 compared to the prior comparable periods, principally due to changes in taxable income.

Total assets decreased \$4.9 million, or 1.4%, to \$346.7 million at March 31, 2014 from \$351.6 million at September 30, 2013, the Savings Bank's fiscal year end. Total shareholders' equity decreased \$773,000, or 1.3%, from \$60.2 million at September 30, 2013 to \$59.4 million at March 31, 2014 due to net income less dividends paid. The Savings Bank's ratio of allowance for loan losses to total assets increased from 1.3% on September 30, 2013 to 1.4% on March 31, 2014. The Savings Bank's capital ratios remain in excess of those required to be considered well-capitalized under U.S. banking regulations.

Perpetual Federal Savings Bank
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SELECTED CONSOLIDATED FINANCIAL INFORMATION

(In Thousands, except per share data)

Selected Financial Condition Data:	(unaudited)	
	<u>03/31/14</u>	<u>09/30/13</u>
Total assets	\$346,711	\$351,608
Loans receivable, net	289,312	285,274
Allowance for loan losses	4,718	4,598
Interest bearing deposits in other financial institutions	50,493	57,634
Deposits	277,994	282,581
Shareholders' equity	59,435	60,208

Selected Operations Data:	Three Months Ended (unaudited)		Six Months Ended (unaudited)	
	03/31/14	03/31/13	03/31/14	03/31/13
Total interest income	\$ 3,790	\$ 4,060	\$ 7,700	\$ 8,256
Total interest expense	<u>979</u>	<u>1,178</u>	<u>2,006</u>	<u>2,455</u>
Net interest income	2,811	2,882	5,694	5,801
Provision for loan losses	<u>3,516</u>	<u>167</u>	<u>3,774</u>	<u>441</u>
Net interest income/loss after provision for loan losses	(705)	2,715	1,920	5,360
Other non-interest income	8	9	15	32
Operating expenses	<u>875</u>	<u>955</u>	<u>1,770</u>	<u>2,170</u>
Income/Loss before income taxes	(1,572)	1,769	165	3,222
Income tax expense	<u>(538)</u>	<u>598</u>	<u>49</u>	<u>1,089</u>
Net Income/Loss	<u>\$ (1,034)</u>	<u>\$ 1,171</u>	<u>\$ 116</u>	<u>\$ 2,133</u>
Earnings per share/Basic and Diluted	<u>\$ (0.42)</u>	<u>\$ 0.47</u>	<u>\$ 0.05</u>	<u>\$ 0.86</u>