

## **FOR IMMEDIATE RELEASE**

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### **PERPETUAL FEDERAL SAVINGS BANK OF URBANA, OHIO ANNOUNCES SECOND QUARTER OPERATING RESULTS AND APPOINTMENT OF NEW BOARD CHAIRMAN**

April 27, 2015, Perpetual Federal Savings Bank of Urbana, Ohio (OTCQB: "PFOH") today reported fiscal second quarter net income of \$1.3 million, or basic and diluted earnings per share of \$0.52, for the quarter ended March 31, 2015, compared to net loss of \$1.0 million, or basic and diluted negative earnings per share of \$0.42, for the quarter ended March 31, 2014. For the six months ended March 31, 2015, the Savings Bank reported \$2.5 million of net income, or \$1.01 per share of basic and diluted earnings, compared to \$116,000 of net income, or \$0.05 per share of basic and diluted earnings for the six months ended March 31, 2014. The factor primarily responsible for the changes in net income for the comparative three and six month periods is the provision for loan losses. Specifically, during the fiscal second quarter of 2014, management reevaluated its relationship with Urbana University which resulted in a larger provision for loan losses during that period.

Net interest income increased for the three months ended March 31, 2015, and decreased for the six months ended March 31, 2015, as 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, 2015, as compared to the same periods in 2014. Increased loan volume during the second fiscal quarter resulted in increased interest income for the three months ended March 31, 2015, compared to the same period in 2014.

The Savings Bank recorded a provision for loan losses of \$61,000 and \$157,000 for the three and six months ended March 31, 2015, compared to \$3.5 million and \$3.8 million for the three and six months ended March 31, 2014. 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. Net interest income after provision for loan losses increased \$3.5 million from a net interest loss after provision for loan losses of \$705,000 for the three months ended March 31, 2015, compared to the three months ended March 31, 2014. Net interest income after provision for loan losses increased \$3.6 million from \$1.9 million for the six months ended March 31, 2015.

Operating expenses increased \$9,000 from \$875,000 to \$884,000 for the three months ended March 31, 2015, and decreased \$34,000 from \$1.8 million for the six months ended March 31, 2015. The increase for the three month period was primarily due to increased federal deposit insurance premiums. The decrease for the six month period was primarily due to decreased state franchise taxes. Noninterest income decreased from \$8,000 to \$6,000 and decreased from \$15,000 to \$12,000 for the three and six months ended March 31, 2015, compared to the prior comparable periods. Income tax expense increased by \$1.2 million for the three and six months

ended March 31, 2015, compared to the prior comparable periods, principally due to changes in taxable income.

Total assets increased \$5.5 million, or 1.6%, to \$351.4 million at March 31, 2015, from \$346.0 million at September 30, 2014, the Savings Bank's fiscal year end. Total shareholders' equity increased \$1.6 million, or 2.5%, from \$61.2 million at September 30, 2014, to \$62.7 million at March 31, 2015, due to net income less dividends paid. The Savings Bank's ratio of allowance for loan losses to total assets remained unchanged at 1.4% on September 30, 2014, and March 31, 2015. The Savings Bank's capital ratios remain in excess of those required to be considered well-capitalized under U.S. banking regulations.

Michael R. Melvin, President and CEO of the Savings Bank, also announced the appointment, by the Board of Directors, of Dr. Steven R. Bohl, DDS as Board Chairman to fill the unexpired term of C. Edward Stocksdales, the Savings Bank's Board Chairman for the past twenty-two years, who passed away March 15, 2015.

Dr. Bohl joined the Savings Bank's Board in 2004. Past service within the community includes the Simon Kenton Pathfinders, Champaign Family YMCA, Urbana Board of Education, Ohio Hi-Point Joint Vocational Board, 1976 Bicentennial Committee and the Urbana Country Club. He attended Miami University and graduated from the Ohio State University College of Dentistry.

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**SELECTED CONSOLIDATED FINANCIAL INFORMATION**

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(In Thousands, except per share data)

Selected Financial Condition Data:	(unaudited)	
	<u>03/31/15</u>	<u>09/30/14</u>
Total assets	\$351,442	\$345,974
Loans receivable, net	298,251	286,592
Allowance for loan losses	5,088	4,978
Interest bearing deposits in other financial institutions	42,684	50,807
Deposits	279,931	275,610
Shareholders' equity	62,705	61,153

  

Selected Operations Data:	Three Months Ended (unaudited)		Six Months Ended (unaudited)	
	03/31/15	03/31/14	03/31/15	03/31/14
Total interest income	\$ 3,867	\$ 3,790	\$ 7,607	\$ 7,700
Total interest expense	<u>972</u>	<u>979</u>	<u>1,951</u>	<u>2,006</u>
Net interest income	2,895	2,811	5,656	5,694
Provision for loan losses	<u>61</u>	<u>3,516</u>	<u>157</u>	<u>3,774</u>
Net interest income after provision for loan losses	2,834	(705)	5,499	1,920
Other non-interest income	6	8	12	15
Operating expenses	<u>884</u>	<u>875</u>	<u>1,736</u>	<u>1,770</u>
Income before income taxes	1,956	(1,572)	3,775	165
Income tax expense	<u>665</u>	<u>(538)</u>	<u>1,284</u>	<u>49</u>
Net Income	<u>\$ 1,291</u>	<u>\$ (1,034)</u>	<u>\$ 2,491</u>	<u>\$ 116</u>
Earnings per share/Basic and Diluted	<u>\$ 0.52</u>	<u>\$ (0.42)</u>	<u>\$ 1.01</u>	<u>\$ 0.05</u>