

## **FOR IMMEDIATE RELEASE**

Contact: Michael R. Melvin

Telephone: (937) 653-1700

### **PERPETUAL FEDERAL SAVINGS BANK OF URBANA, OHIO ANNOUNCES FIRST QUARTER OPERATING RESULTS**

January 21, 2014, Perpetual Federal Savings Bank of Urbana, Ohio (OTCBB: "PFOH") today reported fiscal first quarter net income of \$1.2 million, or basic and diluted earnings per share of \$0.47, for the quarter ended December 31, 2013, compared to net income of \$962,000, or basic and diluted earnings per share of \$0.39, for the quarter ended December 31, 2012. The factor primarily responsible for the changes in net income for the comparative three month period is decreased operating expenses during the quarter ended December 31, 2013.

Net interest income decreased for the three months ended December 31, 2013 compared to the prior comparable period. Declines in market interest rates were primarily responsible for decreased interest expense during the three month period ended December 31, 2013 as compared to the same period in 2012. 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 months ended December 31, 2013 compared to the same period in 2012.

The Savings Bank recorded a provision for loan losses of \$257,000 for the three months ended December 31, 2013, compared to \$274,000 for the three months ended December 31, 2012. These entries were recorded as a result of management's analysis of the loan portfolio during the three 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 decreased \$20,000 for the three months ended December 31, 2013 compared to the three months ended December 31, 2012.

Operating expenses decreased \$320,000 from \$1.2 million to \$895,000 for the three months ended December 31, 2013. This was primarily due to prepayment penalties on the early payment of borrowings from the Federal Home Loan Bank of Cincinnati in the 2012 period. Noninterest income decreased from \$23,000 to \$7,000 for the three months ended December 31, 2013, compared to the prior comparable period. Income tax expense increased by \$96,000 for the three months ended December 31, 2013 compared to the prior comparable periods, principally due to changes in taxable income.

Total assets decreased \$4.8 million, or 1.4%, to \$346.8 million at December 31, 2013 from \$351.6 million at September 30, 2013, the Savings Bank's fiscal year end. Total shareholders' equity increased \$706,000, or 1.2%, from \$60.2 million at September 30, 2013 to \$60.9 million at December 31, 2013 due to net income less dividends paid. The Savings Bank's ratio of allowance for loan losses to total assets remained relatively unchanged at 1.3% on September 30, 2013 and December 31, 2013. 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  
 120 North Main Street  
 P.O. Box 71  
 Urbana, OH 43078-1659

**SELECTED CONSOLIDATED FINANCIAL INFORMATION**

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(In Thousands, except per share data)

Selected Financial Condition Data:	(unaudited) <u>12/31/13</u>	<u>09/30/13</u>
Total assets	\$346,785	\$351,608
Loans receivable, net	285,185	285,274
Allowance for loan losses	4,598	4,598
Interest bearing deposits in other financial institutions	53,295	57,634
Deposits	276,566	282,581
Shareholders' equity	60,914	60,208

Selected Operations Data:	Three Months Ended (unaudited)	
	12/31/13	12/31/12
Total interest income	\$ 3,910	\$ 4,196
Total interest expense	<u>1,027</u>	<u>1,277</u>
Net interest income	2,883	2,919
Provision for loan losses	<u>257</u>	<u>274</u>
Net interest income/loss after provision for loan losses	2,625	2,645
Other non-interest income	7	23
Operating expenses	<u>895</u>	<u>1,215</u>
Income before income taxes	1,737	1,453
Income tax expense	<u>587</u>	<u>491</u>
Net Income	<u>\$ 1,150</u>	<u>\$ 962</u>
Earnings per share/Basic and Diluted	<u>\$ 0.47</u>	<u>\$ 0.39</u>