

Oneida Financial Corp. Reports 2013 Third Quarter Operating Results (unaudited)

Written by Australian Business

ONEIDA, N.Y., Oct. 25, 2013 /PRNewswire/ -- Oneida Financial Corp. (NASDAQ Global: ONFC), the parent company of The Oneida Savings Bank, has announced third quarter operating results. Net income for the three months ended September 30, 2013 was \$1.0 million, or \$0.15 diluted earnings per share, compared to \$65,000, or \$0.01 diluted earnings per share, for the three months ended

September 30, 2012

. The increase in net income during the respective third quarter periods is primarily the result of an increase in non-interest income, an increase in net interest income, an increase in the fair value of equity investments, an increase in net investment gains and the absence of any impairment charges during the current period. These increases were partially offset by an increase in non-interest expense and an increase in income tax provision.

Net income for the nine months ended September 30, 2013 was \$4.5 million or \$0.64 diluted earnings per share, as compared with

\$4.0 million

or

\$0.58

diluted earnings per share for the same period in 2012. Net income from operations for the nine months ended

September 30, 2013

, excluding non-cash gains and losses, as referenced in the table below, was

\$3.5 million

or

\$0.52

diluted earnings per share. This compares to net income from operations for the nine months ended

September 30, 2012

of

\$5.0 million

or

\$0.73

diluted earnings per share. The decrease in operating earnings during the nine months ended September 30, 2013

as compared with the same period last year was primarily the result of an increase in non-interest expense supporting the continued investment in and growth of the Company's insurance and other non-banking subsidiaries. Partially offsetting the increase in non-interest expense is an increase in non-interest income, an increase in net investment gains, a decrease in provision for loan losses and a decrease in income taxes on a non-GAAP presentation basis.

Key Balance Sheet changes at September 30, 2013

- The Bank is categorized as well capitalized at September 30, 2013 with a Tier 1 leverage ratio of 9.88% and a total risk-based capital ratio of 16.30%. The Company's average equity ratio as a percent of average assets was 13.11% at September 30, 2013

compared to 13.56% at
September 30, 2012

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- Deposit accounts were \$608.6 million at September 30, 2013, an increase of \$40.3 million from December 31, 2012. Total deposits increased \$38.6 million from September 30, 2012, representing an increase of \$31.9 million in retail deposits and further supported by an increase of \$6.7 million in municipal deposits over the past twelve months.

- Net loans receivable totaled \$334.1 million at September 30, 2013 compared to \$311.7 million at December 31, 2012 and \$301.1 million at September 30, 2012. The increase in net loan balances over the past twelve months reflect the Company's continued loan origination efforts partially offset by loan sales activity. The Company has sold \$14.8 million in fixed rate residential loans, which represents the majority of the Company's fixed-rate residential loan origination volume with terms exceeding 15 years, during the trailing twelve months ended September 30, 2013

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- Investment and mortgage-backed securities totaled \$251.3 million at September 30, 2013, a decrease of \$6.1 million from December 31, 2012, and a decrease of \$1.5 million from September 30, 2012. The decrease in investment and mortgage-backed securities is primarily supporting the growth in net loans receivable.

- The Company continued to repay maturing Federal Home Loan Bank advances with proceeds from investment securities maturities, calls and other cash flows. Borrowings outstanding were \$1.0 million at September 30, 2013; a decrease of \$5.0 million from September 30, 2012

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- Total equity at September 30, 2013 was \$89.6 million, a decrease of \$3.4 million from December 31, 2012 and a decrease of \$963,000 from September 30, 2012. The change in total equity is the result of the contribution of net earnings, partially offset by the declaration of cash dividends during the trailing twelve month period combined with valuation adjustments made for the Company's available for sale investment and mortgage-backed securities given the recent increase in market interest rates.

Key operating items for third quarter 2013 include:

- Net interest income was \$5.0 million for the three months ended September 30, 2013 compared to \$4.9 million for the three months ended September 30, 2012. Net interest margin was 3.28% for the third quarter of 2013 compared to 3.41% for the third quarter of 2012.
- Non-interest income was \$7.1 million for the three months ended September 30, 2013 compared to \$6.1 million for the three months ended September 30, 2012. This increase is primarily the result of an increase in revenue derived from the Company's insurance and other non-banking operations of \$1.1 million to \$5.9 million in the third quarter of 2013 compared to \$4.8 million in the comparable 2012 period.
- An increase in the fair value recognized on trading (equity) securities of \$127,000 was recognized for the three months ended September 30, 2013 compared to a decrease in fair value of \$147,000 for the three months ended September 30, 2012.
- Noninterest expense increased to \$10.9 million for the three months ended September 30, 2013

compared to

\$9.0 million

for the comparable period in 2012. This increase was primarily the result of an increase in compensation and employee benefits expense combined with the financial impact of the previously announced acquisition of a

Schenectady, New York

based insurance agency which was merged into the Company's insurance subsidiary effective December 31, 2012

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Michael R. Kallet, President and Chief Executive Officer of Oneida Financial Corp., said, "Oneida Financial Corp. continues to demonstrate a consistent record of success in Central New York

and beyond through the execution of a diversified banking, insurance and financial services strategy. Net income through nine months of this year demonstrate an earnings increase of 12.6% on an annualized basis while the Company continues to invest and build its businesses for future success." Kallet continued, "Oneida Savings Bank completed the acquisition of the Schenectady Insuring Agency located in

Schenectady, New York

on

December 31, 2012

representing the eighth insurance agency acquisition since entering the business in October 2000

." Kallet stated, "Our insurance and financial services subsidiaries continue to post impressive results with revenue growth of 13.6%." Kallet concluded, "Oneida Financial Corp. has continued its strong record of cash dividend payments to shareholders while we define the distinction between Wall Street banking and Main Street banking. This distinction will be further reinforced later this year with our investment advisory, trust and pension services units operating cohesively as Oneida Wealth. The result is a strong and vital financial institution, fully prepared to meet the economic challenges of the future."

Net Interest Income and Margin

Third quarter 2013 compared with third quarter 2012

Net interest income was \$5.0 million for the three months ended September 30, 2013, an increase of \$73,000

from the third quarter of 2012. The net interest margin was 3.28% for the third quarter of 2013, compared to 3.41% for the third quarter of 2012. The decrease in net interest margin is primarily the result of a decrease in the yield on interest-earning assets of 25 basis points to 3.71% partially offset by a decrease in the cost of interest-bearing liabilities of 14 basis points to 0.49%. The average balance of interest-bearing assets increased \$30.6 million partially offset by an increase in average interest-bearing liabilities of \$21.5 million.

- . The average cost of interest-bearing deposits decreased 7 basis points to 0.48% for the third quarter of 2013 as compared to 0.55% for the third quarter of 2012.

Third quarter 2013 compared with linked quarter ended June 30, 2013

Net interest income for the three month ended September 30, 2013 increased \$64,000 from the three months ended June 30, 2013.

- . The increase in net interest income reflects an increase of 7 basis points in net interest margin from 3.21% partially offset by a decrease of \$6.0 million in average interest earning assets for the quarter ended June 30, 2013.
- . The yield on average interest-earning assets increased 7 basis points from 3.64% for the quarter ended June 30, 2013 while the cost of interest-bearing liabilities decreased 1 basis point from 0.50% during the second quarter of 2013 to 0.49% during the third quarter of 2013.

Year-to-date comparison 2013 to 2012

On a full year-to-date basis, net interest income increased \$23,000 for the nine months ended September 30, 2013, as compared to the same period in 2012. The increase in net interest income is the result of an increase in average interest-earning assets of \$19.4 million partially offset by a decrease in net interest margin of 11 basis points to 3.26% for nine months ended September 30, 2013 from 3.37% for the same period in 2012.

Provision for loan losses

Third quarter 2013 compared with third quarter 2012

During the third quarter of 2013, the Company made a provision for loan losses of \$180,000 as compared with a

\$180,000

provision for loan losses during the third quarter of 2012. Net charge-offs during the current quarter were

\$51,000

are compared with net charge-offs of

\$45,000

in the same period last year. The Company continues to monitor the adequacy of the allowance for loan losses given the risk assessment of the loan portfolio and current economic conditions.

Net loan charge-offs as a percentage of average loans were 0.02% for the third quarter of 2013 compared with 0.02% for the same period in 2012. Non-performing loans as a percentage of total loans was 0.25% at

September 30, 2013

as compared with 0.25% at

September 30

, 2012. The ratio of the allowance for loan losses to loans receivable was 0.92% at

September 30, 2013

compared to 0.88% at

September 30, 2012

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Third quarter 2013 compared with linked quarter ended June 30, 2013

The provision for loan losses totaled \$180,000 during the third quarter of 2013 as compared with

\$100,000 in provision for loan losses

incurred in the linked prior quarter. The increased provision for loan losses made in the third quarter of 2013 is primarily the result of the continued increase in net loans receivable.

Non-performing loans to total loans were 0.25% at

September 30, 2013

as compared with 0.23% at

June 30

, 2013. The ratio of the allowance for loan losses to loans receivable was 0.92% at September 30, 2013 compared to 0.91% at June 30, 2013

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Year-to-date comparison 2013 to 2012

Provision for loan losses totaled \$380,000 for the nine months ended September 30, 2013 as compared with \$480,000 in the same period of 2012.

Non-interest Income

Third quarter 2013 compared with third quarter 2012

Non-interest income totaled \$7.1 million for the third quarter of 2013, an increase of \$981,000 from \$6.1 million in the third quarter of 2012. The increase was primarily due to an increase of \$1.1 million or 23.1% in commissions and fees on the sales of non-bank products through the Bank's insurance and financial service subsidiaries. The increase in non-interest income was also supported by an increase in service charges on deposit accounts of \$61,000 to \$707,000 for the three months ended September 30, 2013 as compared with the same period in 2012. Other revenue from operations decreased to \$542,000 for the third quarter of 2013 from \$723,000 for the same period in 2012 primarily the result of a decrease in loan sale and servicing income.

Third quarter 2013 compared with linked quarter ended June 30, 2013

Non-interest income decreased \$129,000 from \$7.2 million on a linked-quarter basis, reflecting a decrease in commissions and fees on the sales of non-bank products of \$132,000 in the third quarter of 2013 as compared with the linked prior quarter.

Year-to-date comparison 2013 to 2012

Non-interest income totaled \$21.6 million for the nine months ended September 30, 2013 as compared with \$19.5 million in the same period of 2012, an increase of 10.7%. For the nine months ended September 30, 2013 commissions and fees on the sales of non-bank products increased \$2.1 million from the same period in 2012. Loan sale and servicing income decreased \$236,000 in the nine months ended September 30, 2013 as compared with same period in 2012. The Bank sells substantially all of its fixed-rate residential mortgage loan originations with maturities exceeding 15 years on a servicing retained basis in the secondary market. These loan sales help the Bank to control interest rate risk. Loan sales volume has decreased in the current period as compared with the prior year. Service charges on deposit accounts increased \$170,000 to \$2.1 million for the nine months ended September 30, 2013 as compared with the same period in 2012.

Net Investment Gains

Third quarter 2013 compared with third quarter 2012

Net investment gains of \$275,000 were recorded in the third quarter of 2013 compared with net investment gains of \$265,000 in the third quarter of 2012.

Third quarter 2013 compared with linked quarter ended June 30, 2013

During the linked quarter ended June 30, 2013, the Company realized net investment gains of \$263,000 as compared with \$275,000 in realized investment gains in the three months ended September 30, 2013. The Company has not recorded any other-than-temporary investment impairment charges during 2013. One trust preferred security was sold during the second quarter of 2013 resulting in an investment gain of \$208,000 representing a recapture of impairment charges recognized in prior periods relating to that specific investment.

Year-to-date comparison 2013 to 2012

For the nine months ended September 30, 2013 the Company has recorded net investment gains of \$542,000 as compared with net investment gains of \$422,000 during the nine months ended September 30, 2012.

Change in the Fair Value of Investments

Third quarter 2013 compared with third quarter 2012

The Company has identified the preferred and common equity securities it holds in the investment portfolio as trading securities and as such the change in fair value of these securities is reflected as a non-cash adjustment through the income statement. For the three months ended September 30, 2013, the market value of the Company's trading securities increased \$127,000 as compared with a decrease of \$147,000 in the third quarter of 2012.

Third quarter 2013 compared with linked quarter ended June 30, 2013

During the linked quarter ended June 30, 2013, the Company recorded a positive non-cash adjustment of \$305,000 reflecting an increase in market value of the Company's trading securities at the end of the second quarter of 2013.

Year-to-date comparison 2013 to 2012

For the nine months ended September 30, 2013 a positive net fair value adjustment of \$1.3 million reflects the increase in market value of the Bank's trading securities at September 30, 2013. This compares with a net increase in the fair value for the same 2012 period of \$531,000. The increase in market value of the Company's trading securities in the nine months ending September 30, 2013 includes \$239,000 in gains received upon the sale of \$2.5 million in certain trading assets during the period which is reflective of the increase in broader equity markets during the period.

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The table below summarizes the Company's operating results excluding these cumulative non-cash adjustments related to the change in fair value of trading securities and any non-cash impairment charges.

Reported Results and Operating Results/Non-GAAP

(excluding non-cash gains and losses recognized under the fair value option)
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(All amounts in thousands except net income per basic share)
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Three Months

Three Months

Ending

Ending

Sep 30	,
--------	---

Sep 30,

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2013

2012

Net Income attributable to Oneida Financial Corp.

\$ 1,021

\$ 65

Less:

Impairment losses

-

1,886

Change in fair value of investments

(127)

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147

Income tax effect

33

(360)

Operating results attributable to Oneida Financial Corp.

\$ 927

\$ 1,748

Reported net income per diluted share

\$ 0.15

\$ 0.01

Operating net income per diluted share

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\$ 0.13

\$ 0.26

Nine Months

Nine Months

Ending

Ending

Sep 30,

Sep 30,

2013

2012

Net Income attributable to Oneida Financial Corp.

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\$ 4,464

\$ 3,965

Less:

Impairment losses

-

1,886

Change in fair value of investments

(1,251)

(531)

Income tax effect

324

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(350)

Operating results attributable to Oneida Financial Corp.

\$ 3,537

\$ 4,970

Reported net income per diluted share

\$ 0.64

\$ 0.58

Operating net income per diluted share

\$ 0.52

\$ 0.73

The Company believes these non-GAAP financial measures provide a meaningful comparison of the underlying operational performance of the Company, and facilitate investors' assessments of business and performance trends in comparison to others in the financial services industry. In addition, the Company believes this alternate presentation of these items enables management to perform a more effective evaluation and comparison of the Company's results and to assess the overall performance of our business in relation to the Company's ongoing operations.

Non-interest Expense

Third quarter 2013 compared with third quarter 2012

Non-interest expense was \$10.9 million for the three months ended September 30, 2013 as compared with \$9.0 million during the third quarter of 2012. The increase in noninterest expense was primarily due to an increase in compensation and employee benefits combined with selling and operating expenses associated with the increase in sales of insurance and other non-banking products through our subsidiaries. The increase in non-interest expense derived from our insurance and financial service subsidiaries is primarily the result of the acquisition on December 31, 2012 of a Schenectady, New York based insurance agency and organizational expenses incurred in the third quarter of 2013 for the creation of a broker-dealer subsidiary expected to be operational in early 2014.

Third quarter 2013 compared with linked quarter ended June 30, 2013

Non-interest expense increased \$338,000 in the third quarter of 2013 as compared with the linked prior quarter. The increase in non-interest expense was primarily due to an increase in compensation and employee benefit combined with selling and operating expenses associated with the growth and increase in revenue from our insurance and other non-banking subsidiaries.

Year-to-date comparison 2013 to 2012

Non-interest expense totaled \$31.7 million for the nine months ended September 30, 2013 as compared with \$27.4 million in the same period of 2012. The increase in non-interest expense is primarily the result of an increase in salaries and employee benefit expense of \$2.9 million, an increase of \$415,000 in equipment and occupancy expense, an increase of \$95,000 in the amortization of intangibles and an increase of \$885,000 in other costs of operations as compared with the nine months ended September 30, 2012. These increased non-interest expenses are primarily the result of the previously announced acquisition of a Schenectady, New York based insurance agency which was merged into the Company's insurance subsidiary effective December 31, 2012 combined with the organizational expenses incurred in the first nine months of 2013 for the creation of a broker-dealer subsidiary expected to be operational in early 2014.

Income Taxes

The Company's effective tax rate was 26.6% for the third quarter of 2013 as compared with an effective tax rate of 17.7% for the third quarter of 2012. For the linked quarter ended June 30, 2013, the Company's effective tax rate was 26.9%. The higher effective tax rate for the quarter ended September 30, 2013 was due to changes in the bank's tax exempt and tax preferred investment income and the overall tax rate in effect for the year. For the nine months ended September 30, 2013 the Company's effective tax rate was 25.9% as compared with an effective tax rate was 25.8% during the prior nine months ended September 30, 2012.

About Oneida Financial Corp.

The Company's wholly owned subsidiaries include The Oneida Savings Bank, a New York State chartered FDIC insured stock savings bank; State Bank of Chittenango, a state chartered limited-purpose commercial bank; Bailey Haskell & LaLonde Agency, an insurance and risk management company; Benefit Consulting Group, an employee benefits consulting and retirement plan administration firm; Workplace Health Solutions, a risk management company specializing in workplace injury claims management and Oneida Wealth Management, an investment services firm. Oneida Savings Bank was established in 1866 and operates eleven full-service banking offices in Madison and Oneida counties. For more information, visit the Company's web site at www.oneidafinancial.com.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISK FACTORS

In addition to historical information, this earnings release may contain forward-looking statements for purposes of applicable securities laws. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements are subject to numerous assumptions, risks and uncertainties. There are a number of important factors described in documents previously filed by the Company with the Securities and Exchange Commission, and other factors that could cause the Company's actual results to differ materially from those contemplated by such forward-looking statements. The Company undertakes no obligation to publicly release the results of any revisions to those forward-looking statements which may be made to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

All financial information provided at and for the quarter and nine months ended September 30, 2013 and all quarterly data is unaudited. Selected financial ratios have been annualized where appropriate. Operating data is presented in thousands of dollars, except for per share amounts.

At

At

At

At

At

Selected Financial Condition Data:

Sep 30,

Jun 30,

Mar 31,

Dec 31,

Sep 30,

(in thousands except per share data)

2013

2013

2013

2012

2012

(unaudited)

(unaudited)

(unaudited)

(unaudited)

(unaudited)

Total assets

\$713,533

\$698,473

\$719,687

\$681,391

\$676,574

Cash and cash equivalents

34,247

11,606

53,914

19,803

31,689

Loans receivable, net

334,062

324,659

317,674

311,703

301,075

Mortgage-backed securities

91,854

89,792

91,687

90,907

107,526

Investment securities

159,476

180,156

166,747

166,539

145,270

Trading securities

4,379

4,252

3,947

5,630

7,541

Goodwill and other intangibles

26,683

26,798

26,914

27,017

24,691

Interest bearing deposits

522,034

519,010

536,616

492,455

491,318

Non-interest bearing deposits

86,570

74,678

71,390

75,810

78,680

Borrowings

1,000

1,000

1,000

6,000

6,000

Total equity

89,553

91,174

93,885

93,040

90,516

Book value per share

□□ (end of period)

\$13.08

\$13.36

\$13.79

\$13.71

\$13.40

Tangible value per share

□□ (end of period)

\$9.18

\$9.43

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\$9.84

\$9.73

\$9.74

Quarter Ended

Year to Date

Selected Operating Data:

Sep 30,

Sep 30,

Sep 30,

Sep 30,

(in thousands except per share data)

2013

2012

2013

2012

(unaudited)

(unaudited)

(unaudited)

(unaudited)

Interest income

Interest and fees on loans

\$3,793

\$3,769

\$11,275

\$11,337

Interest and dividends

on investments

1,804

1,903

5,345

5,753

Interest on fed funds

1

2

11

15

□□□□□

Total interest income

5,598

5,674

16,631

17,105

Interest expense

Interest on deposits

609

666

1,851

2,074

Interest on borrowings

27

119

83

357

Total interest expense

636

785

1,934

2,431

Net interest income

4,962

4,889

14,697

14,674

Provision for loan losses

180

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180

380

480

Net interest income after

provision for loan losses

4,782

4,709

14,317

14,194

Net investment gains

275

265

542

422

Change in fair value of investments

127

(147)

1,251

531

Impairment of other asset

-

(1,886)

-

(1,886)

Non-interest income

Service charges on deposit accts

707

646

2,090

1,920

Commissions and fees on sales

of non-banking products

5,866

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4,765

17,834

15,688

Other revenue from operations

542

723

1,657

1,888

Total non-interest income

7,115

6,134

21,581

19,496

Non-interest expense

Salaries and employee benefits

7,075

5,764

20,488

17,628

Equipment and net occupancy

1,296

1,168

3,918

3,503

Intangible amortization

115

83

351

256

Other costs of operations

2,422

1,981

6,908

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6,023

Total non-interest expense

10,908

8,996

31,665

27,410

Income before income taxes

1,391

79

6,026

5,347

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Income tax provision

370

14

1,562

1,382

Net income

\$ 1,021

\$ 65

\$ 4,464

\$ 3,965

Net income per common

share (EPS – Basic)

\$0.15

\$0.01

\$0.64

\$0.58

Net income per common

share (EPS – Diluted)

\$0.15

\$0.01

\$0.64

\$0.58

Cash dividends paid

\$0.12

\$0.12

\$0.36

\$0.36

Third

Second

First

Fourth

Third

Selected Operating Data:

Quarter

Quarter

Quarter

Quarter

Quarter

(in thousands except per share data)

2013

2013

2013

2012

2012

(unaudited)

(unaudited)

(unaudited)

(unaudited)

(unaudited)

Interest income

□ □ Interest and fees on loans

\$3,793

\$3,754

\$3,727

\$3,789

\$3,769

Interest and dividends

on investments

1,804

1,794

1,746

1,865

1,903

Interest on fed funds

1

6

5

7

2

□□□□□

Total interest income

5,598

5,554

5,478

5,661

5,674

Interest expense

Interest on deposits

609

636

606

665

666

Interest on borrowings

27

20

35

77

119

Total interest expense

636

656

641

742

785

Net interest income

4,962

4,898

4,837

4,919

4,889

Provision for loan losses

180

100

100

260

180

Net interest income after

provision for loan losses

4,782

4,798

4,737

4,659

4,709

Net investment gains

275

263

4

374

265

Change in fair value of investments

127

305

819

89

(147)

Impairment of other asset

-

-

-

-

(1,886)

Non-interest income

Service charges on deposit accts

707

704

680

669

646

Commissions and fees on sales

of non-banking products

5,866

5,998

5,970

5,818

4,765

Other revenue from operations

542

542

572

630

723

Total non-interest income

7,115

7,244

7,222

7,117

6,134

Non-interest expense

Salaries and employee benefits

7,075

6,790

6,624

6,402

5,764

Equipment and net occupancy

1,296

1,337

1,285

1,172

1,168

Intangible amortization

115

115

120

83

83

Other costs of operations

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2,422

2,328

2,159

2,073

1,981

Total non-interest expense

10,908

10,570

10,188

9,730

8,996

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Income before income taxes

1,391

2,040

2,594

2,509

79

Income tax provision

370

548

644

714

14

Net income

\$ 1,021

\$ 1,492

\$ 1,950

\$ 1,795

\$ 65

Net income per common

share (EPS – Basic)

\$0.15

\$0.22

\$0.28

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\$0.26

\$0.01

Net income per common

share (EPS – Diluted)

\$0.15

\$0.21

\$0.28

\$0.26

\$0.01

Cash dividends paid

\$0.12

\$0.12

\$0.12

\$0.12

\$0.12

At

At

At

At

At

Selected Financial Ratios (1)

Sep 30,

Jun 30,

Mar 31,

Dec 31,

Sep 30,

□□□ and Other Data

2013

2013

2013

2012

2012

(unaudited)

(unaudited)

(unaudited)

(unaudited)

(unaudited)

Performance Ratios:

Return on average assets

0.58%

0.84%

1.14%

1.06%

0.04%

Return on average equity

4.45%

6.33%

8.32%

7.87%

0.29%

Return on average tangible equity

6.29%

8.85%

11.69%

10.79%

0.39%

Interest rate spread (2)

3.22%

3.14%

3.22%

3.28%

3.33%

Net interest margin (3)

3.28%

3.21%

3.30%

3.36%

3.41%

Efficiency ratio (4)

89.37%

86.11%

83.46%

80.15%

80.74%

Non-interest income to average assets

4.07%

4.10%

4.22%

4.20%

3.66%

Non-interest expense to average assets

6.24%

5.98%

5.96%

5.74%

5.37%

Average interest-earning assets as a ratio

of average interest-bearing liabilities

116.99%

116.14%

115.84%

116.80%

115.88%

Average equity to average total assets

13.11%

13.34%

13.70%

13.45%

13.56%

Equity to total assets (end of period)

12.55%

13.05%

13.05%

13.65%

13.38%

Tangible equity to tangible assets

9.15%

9.58%

9.67%

10.09%

10.10%

Asset Quality Ratios:

Nonperforming assets to

total assets (5)

0.29%

0.27%

0.20%

0.32%

0.27%

Nonperforming loans to

total loans

0.25%

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0.23%

0.21%

0.23%

0.25%

Net charge-offs to average loans

0.02%

0.01%

0.00%

0.04%

0.02%

Allowance for loan losses to

loans receivable

0.92%

0.91%

0.90%

0.89%

0.88%

Allowance for loan losses to

nonperforming loans

370.33%

383.57%

418.89%

382.37%

353.07%

Bank Regulatory Capital Ratios:

Total capital

to risk weighted assets

16.30%

15.83%

15.44%

15.16%

16.81%

Tier 1 capital

to risk weighted assets

15.58%

15.15%

14.77%

14.50%

16.16%

Tier 1 capital

to average assets

9.88%

9.56%

9.59%

9.33%

10.20%

1 - Ratios are annualized where appropriate.

2 - The average interest rate spread represents the difference between the weighted-average yield

interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period

3 - The net interest margin represents net interest income as a percent of average interest-earning

4 - The efficiency ratio represents non-interest expense divided by the sum of net interest income

excluding net impairment losses, net investment gains(losses) and changes in the fair value of

5 - Non-performing assets include non-performing loans and non-accrual trust preferred securities

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