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### **LifeStore Financial Group Reports Earnings**

West Jefferson, NC – LifeStore Financial Group (LSFG), the holding company for LifeStore Bank and LifeStore Insurance Services, Inc., recently reported net income of \$471,207 for the six months ended December 31, 2014. This represented a 23.97% increase over net income for the six months ended December 31, 2013. The company has also seen asset growth in the past year of \$5 million with the majority being in our loan portfolio as it increased \$4.3 million.

LifeStore President and CEO Bob Washburn said, “I am happy to report not only an improvement in net income, but also continued success in the reduction of problem assets and increased reserves while seeing ongoing improvement in our local economies. Real estate activity in the High Country is at a six-year high and we expect this to have a positive impact on our operations. LifeStore Bank and Insurance have once again been named as the Best of the Best in Ashe County. It is always satisfying when the public appreciates what our employees do to make this a better place to live and work.”

LifeStore Insurance has followed up on last year’s success by continuing to enroll and re-enroll individuals and families for health coverage through the Affordable Care Act. We have been able to help over 1,000 people obtain health insurance since the introduction of the Affordable Care Act last year. The Insurance group expects an ongoing push from now until the 2015 enrollment deadline on February 15.

*LifeStore Financial Group, headquartered in West Jefferson, provides banking, investment and insurance services. It is a federally chartered thrift holding company that owns 100% of the common stock of LifeStore Bank (Member FDIC and Equal Housing Lender) and operates branches in Boone, Jefferson, Warrentonville and West Jefferson. LifeStore Insurance is an independent insurance agency that serves these markets along with Elkin, Lenoir, North Wilkesboro and Sparta.*

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## Financial Highlights

(In thousands)		
<b>Six Months Ended December 31,</b>	<b>2014</b>	<b>2013</b>
Selected Financial Condition Data:		
Total assets	\$260,076	\$258,823
Loans receivable, net <sup>1</sup>	184,735	189,401
Investment securities <sup>2</sup>	27,358	30,926
Cash and cash equivalents	18,723	16,938
Deposits	181,044	181,368
Borrowings	57,698	57,742
Equity	18,317	17,166
Selected Operating Data:		
Interest income and dividends	\$5,123	\$5,461
Interest expense	1,189	1,247
Net interest income	3,935	4,214
Provision for loan losses	225	353
Net interest income after provision for loan losses	3,710	3,861
Non-interest income	2,986	2,430
Non-interest expense	6,044	5,846
Income (loss) before income tax expense	652	446
Income tax expense (benefit)	181	65
Net income (loss)	\$471	\$380

<sup>1</sup>Loans receivable, net is comprised of total loans less allowance for loan losses, loans sold, undisbursed loan funds and deferred loan fees.

<sup>2</sup>Includes FHLB stock and investment securities.