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LifeStore Financial Group Reports Earnings

LifeStore Financial Group recently reported earnings of \$ 1,811,402 for the nine months ended March 31, 2017 and \$ 798,898 for the quarter compared to \$1,498,248 and \$768,026 for the same period a year ago. This represents a 20.9% increase over net income for the nine months ended March 31, 2016. Continued growth in non-operating income as well as increase in core deposits and steady loan growth are all contributing factors to this increase.

LifeStore President and CEO Bob Washburn said, "We're proud to report these earnings. Our increase in net income shows we are on track for another year of strong earnings growth. The bank remains very well capitalized with Leveraged Capital at 10.56%, Tier 1 Capital at 16.98% and Total Risk Capital at 18.23%." During this quarter LifeStore completed the purchase of Greystone Insurance. This purchase will significantly strengthen our customer base in the North Carolina High Country particularly in commercial and resort properties.

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, Warrensville and West Jefferson. LifeStore Insurance is an independent agency that serves these markets along with Elkin, Lenoir, North Wilkesboro and Sparta.

Certain statements in this press release may be "forward-looking statements." Forward-looking statements are statements that include projections, predictions, expectations or beliefs about future events or results that are not statements of historical fact and that involve significant risks and uncertainties. Although the Company believes that its expectations with regard to forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual results will not differ materially from any future results implied by the forward-looking statements. Actual results may be materially different from past or anticipated results because of many factors, some of which may include changes in economic conditions, the interest rate environment, legislative and regulatory requirements, new products, and competition, changes in the stock and bond markets and technology. The Company does not update any forward-looking statements that it may make.

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LifeStore Financial Group and Subsidiaries

	As of			
	March 31, 2017	March 31, 2016		
	(Dollars in thousands)			
Selected Financial Condition Data:				
Total assets	\$ 275,343	\$ 267,146		
Loans receivable, net ¹	170,959	164,175		
Investment Securities ²	51,226	44,546		
Cash and cash equivalents	25,880	34,002		
Deposits	196,113	190,884		
Borrowings	51,590	51,640		
Equity	22,076	20,611		
Book value per share	\$ 21.66	\$ 20.23		
Return on assets	0.88%	0.75%		
Return on equity	10.94%	9.69%		
Efficiency ratio ³	78.58%	80.41%		
	Three Months Ended		Nine Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Dollars in thousands)			
Selected Operating Data:				
Interest income and dividends	\$ 2,381	\$ 2,328	\$ 7,111	\$ 7,070
Interest expense	542	554	1,614	1,650
Net interest income	1,839	1,774	5,497	5,420
Provision for loan losses	16	10	51	142
Net interest income after provision for loan losses	1,823	1,764	5,446	5,278
Insurance commissions	1,549	1,501	3,379	3,316
Other non-interest income	669	816	2,322	2,225
Non-interest expense	2,954	3,027	8,799	8,814
Income before income tax expense	1,087	1,054	2,348	2,005
Income tax expense	288	286	537	507
Net Income	799	768	1,811	1,498
Basic earnings per share of common stock	\$ 0.78	\$ 0.75	\$ 1.78	\$ 1.47

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

² Includes FHLB stock and investment securities

³ The efficiency ratio represents non-interest expense as a percentage of the sum of net interest income and non-interest income