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## **LifeStore Financial Group Reports Solid Second Quarter**

West Jefferson, NC - LifeStore Financial Group reported net income for the quarter ending December 31, 2017, of \$685,000, as compared to \$422,000 for the same period in 2016. Basic earnings per share were \$0.67, as compared to \$0.41 for the same period in 2016. The reduction in corporate tax rates from the legislation passed in December caused the bank to adjust its tax deferred assets and liabilities. The net impact was a write down of \$107,632 during the quarter ended December 31, 2017.

Bob Washburn, President and CEO noted, "The second quarter was solid for us, continued growth of our loan portfolio and an improving business environment contributed to our earnings increase. Through mid-year both loans and deposits are on budget and we have had positive market growth in our insurance division." Washburn adds, "We appreciate the continued support of our customers as LifeStore Bank and our mortgage department were recently recognized in the Ashe County market by the Post Times "Best of the Best" awards.

LifeStore is planning on adding a number of new products and services to make banking more convenient for its customers during 2018. These products will include Mobile Wallet, which uses the technology found in most new smart phones and in some smart watches to make secure mobile payments. LifeStore is adding ways to assist debit card holders to monitor the usage of their card and will be making some improvements at the bank branches too. "Technology is advancing the way we all do business," commented Judy Current, Marketing and Public Relations Director. We have a lot of exciting things planned for our customers. Protection of customer's information is the first consideration in everything we evaluate. I believe customers will be excited with our new offerings."

*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.*

*Except for historical information, all of the statements, expectations, and assumptions contained in this press release are forward-looking statements. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause*

*actual results to differ materially include, without limitation: the effects of future economic conditions; governmental fiscal and monetary policies; legislative and regulatory changes; the risks of changes in interest rates; management of growth; fluctuations in our financial results; reliance on key personnel; our ability to compete effectively; privacy, security and other risks associated with our business.*

## LifeStore Financial Group and Subsidiaries

	As of			
	December 31, 2017	December 31, 2016		
	(Dollars in thousands)			
<b>Selected Financial Condition Data:</b>				
Total assets	\$ 284,153	\$ 271,409		
Loans receivable, net <sup>1</sup>	181,299	167,677		
Investment Securities <sup>2</sup>	49,845	50,792		
Cash and cash equivalents	27,853	25,010		
Deposits	208,532	195,122		
Borrowings	47,490	51,602		
Equity	24,950	21,108		
Book value per share	\$ 24.48	\$ 20.71		
Return on assets	1.01%	0.76%		
Return on equity	11.79%	9.35%		
Efficiency ratio <sup>3</sup>	75.46%	81.84%		
	Three Months Ended		Six Months Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Dollars in thousands)			
<b>Selected Operating Data:</b>				
Interest income and dividends	\$ 2,655	\$ 2,356	\$ 5,261	\$ 4,730
Interest expense	591	536	1,155	1,072
Net interest income	2,064	1,820	4,106	3,658
Provision for loan losses	23	22	135	35
Net interest income after provision for loan losses	2,041	1,798	3,971	3,623
Insurance commissions	1,042	866	2,229	1,831
Other non-interest income	771	720	1,641	1,653

Non-interest expense	2,965	2,903	6,019	5,845
Income before income tax expense	889	481	1,822	1,262
Income tax expense	204	59	412	249
Net Income	685	422	1,410	1,013
Basic earnings per share of common stock	\$ 0.67	\$ 0.41	\$ 1.38	\$ 0.99

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 other investments, at cost 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

