



Clarkston State Bank

CLARKSTON, Mich, April 26, 2017 (GLOBE NEWSWIRE) -- Clarkston Financial Corporation ("Corporation") (OTCBB:CKFC) - (News), the holding company for Clarkston State Bank ("Bank"), today reported a net income of \$369,000 or \$0.11 per share for the three months ended March 31, 2017, compared to net income of \$195,000 or \$0.06 per share for the three months ended March 31, 2016. The increase in income is related to an increase in loan interest income and decrease in operating expenses.

J. Grant Smith, CEO, said, "Our first quarter was very good with prudent loan growth, operating expense control and modest deposit growth. We are right on target with our performance metrics and goals for the first quarter. As we move forward into the second quarter we expect our operating performance to be even better. Our team is working to increase our yield on our loan portfolio as interest rates rise in an effort to maintain the excellent net interest margin which was 4.07% for the first quarter. The efficiency ratio at the Bank for the first quarter was 64.7% and we expect the ratio to improve as we move forward through the second and third quarters."

Operating Results

The Corporation's net interest income increased to \$1,666,000 for the quarter ended March 31, 2017 compared to \$1,551,000 for the same period ended March 31, 2016, an increase of \$115,000 or 7.41%. The increase is directly attributable to the growth within the loan portfolio. The net interest margin of the Bank continues to hold steady at 4.07%. However, the net interest margin is lower than the first quarter of 2016 where the net interest margin was 4.29%. Noninterest income increased in the first quarter of 2017. The quarter ended at \$170,000 compared to \$139,000 for the quarter ended March 31, 2016, an increase of \$31,000 or 22.30%. This increase was largely driven by gains associated with the sale of SBA loans and deposit account fees. Noninterest expense decreased, ending the first quarter 2017 at \$1,232,000 compared to \$1,368,000 for the same period ended March 31, 2016, a decrease of \$136,000 or 9.94%.

Balance Sheet

Total assets at March 31, 2017 were \$185,894,000 compared to \$182,148,000 at March 31, 2016, an increase of \$3,746,000 or 2.06%. Gross loans increased \$25,058,000 from \$137,276,000 at March 31, 2016 to \$162,334,000 at March 31, 2017, an increase of 18.25%. Total deposits increased \$2,435,000 or 1.50%, ending at \$164,603,000 for March 31, 2017 up from \$162,168,000 for March 31, 2016. Total stockholders' equity increased from \$14,114,000 at March 31, 2016, to \$15,597,000 for March 31, 2017, an increase of \$1,483,000 or 10.51%.

Asset Quality

The Bank's asset quality remains extremely good. Non-performing assets has been reduced from \$1,581,000 or 0.87% at March 31, 2016 to \$721,000 or 0.39% at March 31, 2017. The allowance for loan loss decreased slightly to 1.12% in 2017 compared to 1.13% of total loans as of March 31, 2016, which included booking a provision in 2017 compared to no provision booked in 2016. Management continually monitors the allowance for loan loss to determine its adequacy.

Clarkston State Bank opened in January 1999 and operates two branches in Clarkston and Waterford, Michigan.

Safe Harbor. This news release contains comments or information that constitute forward-looking statements within the context of the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve significant risks and uncertainties. Actual results may differ materially from the results discussed in the forward-looking statements. Factors that may cause such a difference include: changes in interest rates and interest-rate relationships; demand for products and services; the degree of competition by traditional and non-traditional competitors; changes in banking regulations; changes in tax laws; changes in prices, levies, and assessments; the impact of technological advances; governmental and regulatory policy changes; the outcomes of contingencies; trends in customer behavior and their ability to repay loans; and changes in the national and local economy. The Corporation assumes no responsibility to update forward-looking statements.

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CLARKSTON FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEET

(Dollars, in thousands)

	(unaudited) 3/31/2017	12/31/2016	(unaudited) 3/31/2016
Assets			
Cash and due from banks	\$ 6,587	\$ 9,004	\$ 24,502
Securities – Available for sale	8,130	8,481	9,319
Federal Home Loan Bank stock, at cost	232	232	232
Loans	162,334	151,887	137,276
Allowance for possible loan losses	(1,817)	(1,767)	(1,544)
Net loans	<u>160,517</u>	<u>150,119</u>	<u>135,732</u>
Banking premises and equipment	3,647	3,682	3,873
Deferred tax asset	5,402	5,595	6,177
Other real estate owned	721	1,221	1,581
Accrued interest receivable and other assets	657	674	731
Total assets	<u>\$ 185,894</u>	<u>\$ 179,007</u>	<u>\$ 182,148</u>
Liabilities and Stockholders' Equity			
Liabilities			
Deposits			
Noninterest-bearing demand deposits	82,643	80,217	85,781
Interest-bearing	81,960	77,625	76,387
Total deposits	<u>164,603</u>	<u>157,842</u>	<u>162,168</u>
Other Liabilities			
Other borrowings	5,365	5,416	5,570
Accrued interest payable and other liabilities	329	560	296
Total liabilities	<u>170,297</u>	<u>163,818</u>	<u>168,033</u>
Stockholders' Equity			
Common stock	11,923	11,923	11,945
Paid-in capital	11,804	11,804	11,826
Restricted stock - Unearned compensation	0	0	(42)
Accumulated deficit	(8,027)	(8,396)	(9,594)
Accumulated other comprehensive income (loss)	(103)	(141)	(21)
Total stockholders' equity	<u>15,597</u>	<u>15,189</u>	<u>14,114</u>
Total liabilities and stockholders' equity	<u>\$ 185,894</u>	<u>\$ 179,007</u>	<u>\$ 182,148</u>

CLARKSTON FINANCIAL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars, in thousands)

	(unaudited)	
	Three Months Ended	
	<u>3/31/2017</u>	<u>3/31/2016</u>
Interest Income		
Interest and fees on loans	\$1,752	\$1,602
Interest on investment securities:	44	57
Interest on federal funds sold	6	8
Total interest income	<u>1,802</u>	<u>1,667</u>
Interest Expense		
Deposits	73	45
Borrowings	63	71
Total interest expense	<u>135</u>	<u>116</u>
Net Interest Income	1,666	1,551
Provision for Possible Loan Losses	<u>45</u>	<u>0</u>
Net Interest Income after provision for possible loan losses	1,621	1,551
Noninterest Income		
Service fees on loan and deposit accounts	122	116
Gain on sale of securities	-	0
Loss on sale of other real estate owned	4	0
Other	45	23
Total noninterest income	<u>170</u>	<u>139</u>
Noninterest Expense		
Salaries and employee benefits	747	847
Occupancy	121	127
Advertising	35	35
Outside processing	119	122
Professional fees	44	44
FDIC insurance	23	27
Defaulted loan expense	9	34
Other	134	133
Total noninterest expense	<u>1,232</u>	<u>1,368</u>
Income/(Loss) before income taxes	560	322
Income Tax Expense	<u>190</u>	<u>127</u>
Net Income/(Loss)	<u>\$369</u>	<u>\$195</u>

CLARKSTON FINANCIAL CORPORATION
CONSOLIDATED FINANCIAL HIGHLIGHTS

(Dollars in thousands,
except share and per share
data)

Quarter Ended

	03/31/17	12/31/16	09/30/16	06/30/16	03/31/16
MARKET DATA					
Book value per share	\$ 4.80	\$ 4.67	\$ 4.55	\$ 4.44	\$ 4.33
Market value per share	\$ 6.60	\$ 5.25	\$ 3.95	\$ 3.85	\$ 4.00
Earnings per share - basic & diluted	\$ 0.11	\$ 0.16	\$ 0.11	\$ 0.11	\$ 0.06
Period end common shares	3,249,156	3,249,156	3,261,156	3,261,156	3,261,156
PERFORMANCE RATIOS					
Return on average assets	0.79%	1.14%	0.84%	0.71%	0.46%
Return on average equity	7.56%	10.66%	10.17%	8.88%	5.64%
Net interest margin - CSB	4.07%	4.12%	4.13%	4.15%	4.29%
Efficiency ratio	67.08%	57.12%	65.89%	71.65%	80.97%
Texas Ratio	3.60%	6.32%	7.32%	7.57%	10.15%
CAPITAL & LIQUIDITY					
Tier 1 Leverage - CSB	9.09%	9.04%	8.76%	8.38%	8.40%
Common Equity Tier 1 Capital - CSB	9.71%	10.01%	9.50%	9.67%	9.57%
Tier 1 Risk Based Capital - CSB	9.71%	10.01%	9.50%	9.67%	9.57%
Total Risk Based Capital - CSB	10.78%	11.12%	10.50%	10.70%	10.62%
Loan to deposit ratio	98.62%	96.23%	97.10%	89.11%	84.65%
ASSET QUALITY					
Gross loan charge-offs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14
Net loan charge-offs (recoveries)	\$ (4)	\$ (170)	\$ (5)	\$ (14)	\$ (16)
Allowance for loan and lease losses to total loans	1.12%	1.16%	1.07%	1.12%	1.12%
Nonperforming loans to total loans	0.00%	0.00%	0.00%	0.00%	0.00%
Nonperforming assets to total assets	0.39%	0.68%	0.69%	0.69%	0.87%

CLARKSTON FINANCIAL CORPORATION
 LOAN INFORMATION

CATEGORY	(unaudited) 3/31/2017	(unaudited) 12/31/2016	(unaudited) 3/31/2016
Commercial Loans	\$20,100	\$18,781	\$16,552
Real Estate Mortgage Loans:			
Commercial	124,641	118,838	110,616
1-4 Residential	2,919	3,036	3,797
Construction and other	632	2,468	760
Total mortgage loans on real estate	128,192	124,341	115,173
Consumer	14,043	8,765	5,551
Total Loans	162,334	151,887	137,276
Less: Allowance for loan losses	(1,817)	(1,767)	(1,544)
Net Loans	\$160,517	\$150,119	\$135,732

ASSET QUALITY	(unaudited) 3/31/2017	(unaudited) 12/31/2016	(unaudited) 3/31/2016
Total nonaccrual loans	\$0	\$0	\$0
Total loans past due 90 days or more and still accruing	0	0	0
Total nonperforming loans	0	0	0
Other real estate owned	721	1,221	1,581
Total nonperforming assets	\$721	\$1,221	\$1,581

Branch Locations:

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