

## **Community Shores Bank Corp. Posts Third Consecutive Quarter of Profitability**

Assets Top \$138 Million  
Loans Surpass \$102 Million  
Deposits Exceed \$105 Million  
Q2 EPS: \$0.03

MUSKEGON, Mich., July 23 /PRNewswire/ -- Community Shores Bank Corporation (OTC Bulletin Board: CSHB) posted its third consecutive quarter of profitability and solid results for the second quarter and first half, Jose' A. Infante, President and CEO, reported today.

### **Second-quarter results**

The second quarter ended June 30, 2001 was the Corporation's best this year. Net income was \$31,858, or \$0.03 per share, a 150% turnaround from a net loss of \$65,711, or \$0.06 loss per share, for the second quarter of 2000.

The improvement came from strong gains in both net interest income and noninterest income. Net interest income was \$1,022,345, up 34% over net interest income of \$763,979 for Q2 2000. The jump reflects good loan demand and admirable interest-spread management, despite volatile interest rates over the first half of the year. Noninterest income rose 74% to \$186,376, from \$106,945 for the year-earlier quarter. The positive movement came from higher mortgage activity and growing service charge income from a larger deposit base.

The Corporation recorded substantial growth in total assets, deposits and loans. At quarter's close, assets stood at \$138,562,980, up 27% from assets of \$109,477,283 at the end of Q2 2000. Deposits were \$105,449,728, up 20% from deposits of \$88,048,982 for the year-earlier quarter. Loans increased 28.1% to \$104,178,058, from \$81,680,763 at the end of the 2000's Q2.

### **Six-month results**

Mid-year operating results were positive as well. Net income was \$35,654, or \$0.03 per share, sharply improved over the same six-month period in 2000 where the net loss was \$320,492, or \$0.27 per share. Despite numerous interest rate cuts by the Fed, net interest income reached \$1,974,987, up 41% over net interest income of \$1,404,663 for 2000's first half. Noninterest income jumped 90% to \$353,197, from \$185,804 for the first six months of 2000. The favorable change reflects growing fee contributions from mortgages and service charge income reflective of the increased number of accounts.

For the first half of 2001, total assets increased 11%, gross loans grew by 9% and total deposits rose 8%. The credit quality of the loan portfolio remains strong. The loan loss provision was \$91,220 for the second quarter and \$192,720 for the half.

Mr. Infante said, "We're pleased with our performance and growth -- especially given some softness in loan demand and numerous Fed interest-rate cuts. Overall loan growth is on target, aided by especially strong consumer

demand including mortgage refinancing. Both new branches are performing well. We expect to benefit from a recently announced acquisition of a Michigan bank by an out-of-state bank holding company. We are quite optimistic about continued growth and profitability for the third quarter and second half."

Community Shores Bank Corporation is the holding company for Community Shores Bank which opened January 18, 1999. The Bank provides a full range of commercial and consumer financial services across Muskegon and northern Ottawa counties.

Principle marketmakers are Robert W. Baird & Co., Hilliard Lyons and Raymond James Financial.

(financial schedules follow)

Community Shores Bank Corporation  
Condensed Consolidated Balance Sheets

	June 30, 2001 (Unaudited)	December 31, 2000 (Unaudited)	June 30, 2000 (Unaudited)
<b>Assets</b>			
Cash and due from financial institutions	\$7,766,440	\$3,533,107	\$1,542,583
Interest-bearing deposits in other financial institutions	27,971	29,219	71,034
Federal funds sold	3,500,000	2,700,000	4,500,000
Total cash and cash equivalents	11,294,411	6,262,326	6,113,617
Securities	19,823,057	19,858,021	18,458,138
Total loans	104,178,058	95,650,524	81,680,763
Allowance for loan losses	1,382,199	1,269,050	1,167,989
Net loans	102,795,859	94,381,474	80,512,774
Federal Home Loan Bank stock	425,000	300,000	210,000
Premises and equipment-net	3,352,216	3,367,996	3,363,719
Accrued interest receivable	694,575	817,405	655,754
Other assets	177,862	163,214	163,281
Total assets	\$138,562,980	\$125,150,436	\$109,477,283
<b>Liabilities and Shareholders' Equity</b>			
<b>Deposits</b>			
Non interest-bearing	\$11,994,210	\$7,000,732	\$6,702,890
Interest-bearing	93,455,518	90,886,408	81,346,092
Total	105,449,728	97,887,140	88,048,982
FFP & Secured Borrowings	12,497,646	9,986,742	10,301,633

	June 30, 2001 (Unaudited)	December 31, 2000 (Unaudited)	June 30, 2000 (Unaudited)
FHLB borrowings	8,500,000	6,000,000	1,500,000
Notes Payable	3,000,000	2,005,000	1,085,000
Accrued expenses and other liabilities	419,955	778,308	377,074
Total liabilities	129,867,329	116,657,190	101,312,689
Shareholders' Equity			
Preferred Stock, no par value: no shares authorized and none issued	0	0	0
Common Stock, no par value 9,000,000 shares authorized and 1,170,000 shares outstanding	10,871,211	10,871,211	10,871,211
Accumulated other comprehensive income (loss)	408,085	241,334	(145,792)
Retained Deficit	(2,583,645)	(2,619,299)	(2,560,825)
Total shareholders' equity	8,695,651	8,493,246	8,164,594
Total liabilities and shareholders' equity	\$138,562,980	\$125,150,436	\$109,477,283

Community Shores Bank Corporation  
Condensed Consolidated Income Statements

	Three Months Ended June 30, 2001 (Unaudited)	Three Months Ended June 30, 2000 (Unaudited)	Six Months Ended June 30, 2001 (Unaudited)	Six Months Ended June 30, 2000 (Unaudited)
Interest Income				
Loans, including fees	\$2,222,153	\$1,690,895	\$4,440,675	\$3,053,930
Securities	318,690	313,034	643,925	542,970
Federal Funds Sold and FHLB int and other	55,763	13,743	150,044	37,830
Total interest income	2,596,606	2,017,672	5,234,644	3,634,730
Interest expense				
Deposits	1,308,151	1,059,513	2,748,650	1,901,388
Repurchase agreements, FFP & other debt	266,110	194,180	511,007	328,679
Total interest expense	1,574,261	1,253,693	3,259,657	2,230,067

	Three Months Ended June 30, 2001 (Unaudited)	Three Months Ended June 30, 2000 (Unaudited)	Six Months Ended June 30, 2001 (Unaudited)	Six Months Ended June 30, 2000 (Unaudited)
Net interest Income	1,022,345	763,979	1,974,987	1,404,663
Provision for loan losses	91,220	151,000	192,720	323,000
Net interest income after provision for loan losses	931,125	612,979	1,782,267	1,081,663
Noninterest income				
Service charges on deposit accounts	111,463	51,922	209,202	96,886
Mortgage Loan Referral Fees	46,780	22,946	82,333	38,762
Gain on disposition of securities	0	0	5,036	0
Other	28,133	32,077	56,626	50,156
Total noninterest income	186,376	106,945	353,197	185,804
Noninterest expense				
Salaries and benefits	547,716	430,584	1,105,281	898,019
Occupancy	63,912	46,686	124,060	98,140
Furniture and equipment	113,440	102,059	226,380	194,286
Advertising	14,614	25,189	36,634	41,801
Data processing	51,490	25,112	92,458	54,126
Professional services	95,325	108,000	150,999	150,481
Telephone	9,699	8,287	23,071	18,926
Supplies	18,941	13,517	38,861	32,750
Directors and officers insurance	3,012	2,897	6,024	5,958
Other	167,494	23,304	296,042	93,472
Total noninterest expense	1,085,643	785,635	2,099,810	1,587,959
Income (loss) before federal income tax	31,858	(65,711)	35,654	(320,492)
Federal income tax expense	0	0	0	0
Net Income (loss)	\$31,858	\$(65,711)	\$35,654	\$(320,492)
Basic earnings (loss) per share	\$0.03	\$(0.06)	\$0.03	\$(0.27)
Weighted average shares outstanding	1,170,000	1,170,000	1,170,000	1,170,000

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SOURCE Community Shores Bank Corporation

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