

Community Shores Bank Corp. 2001 Net Income Jumps 213%

Assets, Loans, Deposits Post Double-Digit Growth

MUSKEGON, Mich., Jan. 17 /PRNewswire-FirstCall/ -- Community Shores Bank Corporation (OTC Bulletin Board: CSHB) posted strong growth and a hefty jump in net income for the fourth quarter of 2001, Jose' A. Infante, President and CEO, announced today.

Fourth Quarter Results

Net income for the fourth quarter rose 378% to \$227,403, or \$0.19 per share, on a fully taxable basis, from \$47,546, or \$0.04 per share for 2000's fourth quarter. Results for the fourth quarter of 2001 include a state tax expense of \$60,000, equivalent to \$0.05 per share. There were not comparable expenses for the same quarter of 2000. On a pretax basis, income rose 504% between the periods.

Both net interest income and noninterest income made strong advances. Net interest income rose 45% to \$1,274,089, from the \$876,981 reported the year before. The improvement came from a combination of higher loans outstanding and improved margins in an economy marked by volatile interest rates. In spite of the 125-basis point reduction in prime experienced during the quarter, the Corporation was able to increase its margin to 3.61% -- up eight basis points over the figure reported last quarter. Noninterest income rose 26% to \$158,876, from \$125,983 a year ago. The positive change reflects noticeably higher fee income from mortgage-origination activities.

Year to Date Results

Full-year results were equally positive. Net income rose 213% to \$428,368, or \$0.37 per share, on a fully taxable basis, up from a net loss of \$378,965, or \$0.32 loss per share, reported in 2000. As noted, 2001 results included a state tax expense, while 2000 results did not. Income rose 229% between the years on a pretax basis.

Net interest income jumped 43% to \$4,420,254 from \$3,094,333 in 2000, reflecting higher loans outstanding and aggressive margin management. On a year-to-date basis, the Corporation was able to improve net interest margin by 22 basis points over last year's figure of 3.13%. Noninterest income rose 55% to \$646,005 from \$417,068 the year before from increased income from mortgage originations and service fees.

The Corporation closed the year with noteworthy balance-sheet growth. Year-over-year, assets rose 18% to \$148,036,981 from \$125,150,436 at the close of 2000. Loans outstanding rose 23% to \$118,151,580 from \$95,650,524 a year ago. Deposits increased 13% to \$110,148,334 from \$97,887,140 the year before.

Mr. Infante said, "By any measurement, 2001 was an exceptional year for our Company. We posted four consecutive quarters of growth and profitability, despite 11 interest-rate cuts by the Fed, a recession, and considerable competition for both commercial and consumer lending. The results clearly attest to the talent of the Community Shores team and growing acceptance of and support for our unique brand of hometown banking. We're looking forward to 2002 and some stability in interest rates, along with an upswing in economic and business activity in Muskegon and Ottawa County."

Community Shores Bank Corporation completed an initial public offering in January 1999 and Community Shores Bank opened January 18, 1999. The Bank provides a full range of commercial and consumer services, including deposit, checking, lending and mortgages for businesses and individuals. Principal marketmakers are Robert W. Baird & Co., Hilliard Lyons, Howe Barnes Investments, Inc., Raymond James Financial and Wedbush Morgan Securities.

Safe Harbor Provision. This news release contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the financial services industry, the economy, and about the Corporation and the Bank. These forward-looking statements are intended to be covered by the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Actual results and outcomes may differ materially from what may be expressed or forecasted in the forward-looking statements. Future factors 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 regulation; 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 as well as their ability to repay loans; changes in the national and local economy; and other factors, including risk factors, referred to from time to time in filings made by the Corporation with the Securities and Exchange Commission, available via EDGAR. These are representative of the future factors that could cause a difference between an ultimate actual outcome and a preceding forward-looking statement. The Corporation undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise.

Community Shores Bank Corporation
Condensed Consolidated Income Statements

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2000 (Unaudited)	Twelve Months Ended December 31, 2001 (Unaudited)	Twelve Months Ended December 31, 2000 (Unaudited)
Interest Income				
Loans, including fees	\$2,254,115	\$2,137,198	\$8,969,575	\$7,153,778
Securities	322,727	324,294	1,270,609	1,171,175
Federal Funds Sold and FHLB int and other	11,344	31,921	212,740	159,023
Total interest income	2,588,186	2,493,413	10,452,924	8,483,976
Interest expense				
Deposits	1,071,828	1,376,203	5,007,884	4,631,222
Repurchase agreements, FFP & other debt	242,269	240,229	1,024,786	758,421
Total interest expense	1,314,097	1,616,432	6,032,670	5,389,643
Net interest Income	1,274,089	876,981	4,420,254	3,094,333
Provision for loan losses	101,000	95,500	395,020	504,000
Net interest income after provision for loan losses	1,173,089	781,481	4,025,234	2,590,333

Noninterest income				
Service charges on deposit accounts	60,527	73,849	323,958	232,741
Mortgage Loan Referral Fees	60,889	22,380	188,243	83,133
Gain on disposition of securities	0	0	5,036	(618)
Other	37,460	29,754	128,768	101,812
Total noninterest income	158,876	125,983	646,005	417,068
Noninterest expense				
Salaries and benefits	584,045	451,744	2,249,405	1,854,747
Occupancy	68,422	56,362	260,118	210,492
Furniture&equipment	121,955	103,686	466,402	395,689
Advertising	3,282	21,834	45,195	67,398
Data processing	58,147	36,056	197,757	119,301
Professional services	49,739	64,261	275,631	250,989
Telephone	10,460	9,196	44,229	36,892
Supplies	22,154	17,597	79,796	66,421
Directors and officers insurance	3,012	3,012	12,048	11,982
Other	123,346	96,170	552,290	372,455
Total noninterest expense	1,044,562	859,918	4,182,871	3,386,366
Income (loss) before income tax	287,403	47,546	488,368	(378,965)
State income tax expense	60,000	0	60,000	0
Federal income tax expense	0	0	0	0
Net Income (loss)	\$227,403	\$47,546	\$428,368	\$(378,965)
Basic earnings (loss) per share	\$0.19	\$0.04	\$0.37	\$(0.32)
Weighted average shares outstanding	1,170,000	1,170,000	1,170,000	1,170,000

Community Shores Bank Corporation
Condensed Consolidated Balance Sheets

	December 31, 2001 (Unaudited)	December 31, 2000
Assets		
Cash and due from financial institutions	\$2,191,280	\$3,533,107
Interest-bearing deposits in other financial institutions	79,641	29,219
Federal funds sold	0	2,700,000
Total cash and cash equivalents	2,270,921	6,262,326
Securities	24,731,925	19,858,021

Total loans	118,115,580	95,650,524
Allowance for loan losses	1,535,543	1,269,050
Net loans	116,580,037	94,381,474
Federal Home Loan Bank stock	425,000	300,000
Premises and equipment-net	3,173,724	3,367,996
Accrued interest receivable	703,433	817,405
Other assets	151,941	163,214
Total assets	\$148,036,981	\$125,150,436
Liabilities and Shareholders' Equity		
Deposits		
Non interest-bearing	\$9,217,298	\$7,000,732
Interest-bearing	100,931,036	90,886,408
Total	110,148,334	97,887,140
FFP & Secured Borrowings	18,964,598	9,986,742
FHLB borrowings	6,000,000	6,000,000
Notes Payable	3,400,000	2,005,000
Accrued expenses and other liabilities	544,256	778,308
Total liabilities	139,057,188	116,657,190
Shareholders' Equity		
Preferred Stock, no par value:		
no shares	0	0
authorized and none issued		
Common Stock, no par value:		
9,000,000 shares authorized	10,871,211	10,871,211
and 1,170,000 shares outstanding		
Accumulated other comprehensive		
income (loss)	299,513	241,334
Retained Deficit	(2,190,931)	(2,619,299)
Total shareholders' equity	8,979,793	8,493,246
Total liabilities and		
shareholders' equity	\$148,036,981	\$125,150,436

SOURCE Community Shores Bank Corporation

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