



NEWS RELEASE
June 5, 2019

FOR IMMEDIATE RELEASE

Contact: Michael R. Miller
(419) 720-3901

**WATERFORD BANCORP, INC. ANNOUNCES AGREEMENT
TO ACQUIRE CLARKSTON FINANCIAL CORPORATION**

TOLEDO, Ohio and CLARKSTON, Mich., June 5, 2019 -- Waterford Bancorp, Inc., Toledo, Ohio ("Waterford"), the bank holding company for Waterford Bank, and Clarkston Financial Corporation, Clarkston, Michigan ("Clarkston"), the bank holding company for Clarkston State Bank, jointly announce the signing of a definitive agreement and plan of reorganization and merger. Under the terms of the agreement, Clarkston will merge with and into Waterford and Clarkston State Bank will merge with and into Waterford Bank.

The agreement provides upon closing of the transaction, each share of Clarkston common stock will be exchanged for either 0.1196 shares of Waterford common stock or at least \$10.52 per share in cash. The per share cash consideration is subject to possible upward adjustment based on the appraised value of Waterford common stock as of June 30, 2019. Shareholders of Clarkston owning less than 50,000 shares will receive cash consideration, subject to no more than 25% of Clarkston shares being acquired for cash. All other Clarkston shareholders will receive stock consideration. Based on 3,309,156 Clarkston shares outstanding, the aggregate transaction value is estimated at approximately \$34.8 million.

Waterford Bank opened as a de novo institution in 2007, serving privately-held businesses, owners and executives of those companies and local-area professionals. Waterford also operates a residential mortgage lending division. Waterford is privately-owned with 479 shareholders of record, assets of \$748 million and tangible common equity of \$81.3 million as of March 31, 2019.

Clarkston, established in 1998, has total assets of \$219 million and tangible common equity of \$18.4 million as of March 31, 2019. Clarkston State Bank operates from two banking offices in prestigious Oakland County, Michigan. Oakland County is one of the most prosperous and wealthiest counties in the nation among counties with population exceeding one million.

"We are proud to combine with Clarkston State Bank," stated Mike Miller, Waterford's Chairman and CEO. "This is a unique opportunity consistent with our Strategic Plan to expand to larger, metro markets. Clarkston State Bank operates with a very similar business model and culture, and we expect to make significant investments to pursue future growth. Clarkston and Waterford share a strong focus

and commitment to community development and customers, further signifying they are the right partner for us. We are thrilled that Grant Smith and his team will be leading this effort.”

Grant Smith, President and CEO of Clarkston, commented, “Waterford’s business model emphasizing the delivery of exceptional service and value fits perfectly with our approach to community banking. I am very proud of what we have accomplished at Clarkston State Bank and the deep customer relationships we have built in our community. We believe combining with Waterford Bank will enable us to further enhance the banking experience and capabilities we can provide to our customers.”

The boards of directors of Waterford and Clarkston unanimously approved the agreement. Two of Clarkston’s directors will join the Waterford board of directors. The merger is subject to regulatory and shareholder approval, among other customary conditions to closing.

Waterford was advised by ProBank Austin as financial advisor and Shumaker Loop & Kendrick, LLP, as legal counsel. Clarkston was advised by Donnelly Penman & Partners as financial advisor and Varnum LLP as legal counsel.

Forward-Looking Statements

This news release includes forward-looking statements which describe management’s expectations regarding future events and developments such as the benefits of the business combination transaction involving Waterford and Clarkston, continued success of Waterford’s style of banking and the strength of the local economies in which Waterford and Clarkston operate. Completion of the transaction is dependent on, among other things, receipt of regulatory and shareholder approvals, the timing of which cannot be predicted at this point and may not be received at all. Future events are difficult to predict, and the expectations described above are necessarily subject to risk and uncertainty that may cause actual results to differ materially and adversely. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following possibilities: (1) local, national and international economic conditions are less favorable than expected or have a more direct and pronounced effect on Waterford than expected and adversely affect Waterford’s ability to continue its internal growth at historical rates and maintain the quality of its earning assets; (2) projected business increases following strategic expansion or opening or acquiring new banks and/or branches are lower than expected; (3) costs or difficulties related to the integration of acquisitions are greater than expected; or (4) legislation or regulatory requirements or changes adversely affect the businesses in which Waterford is engaged.