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Liberty Bell Bank Reports Continuing Profit and Deposit Growth

MARLTON, N.J.--(BUSINESS WIRE)--Liberty Bell Bank (OTC: LBBB) today announced earnings of \$36 thousand for the first quarter 2011 and growth in assets of \$4.7 million from year-end 2010 to \$178.4 million at March 31, 2011. Earnings decreased \$30 thousand or 45% as compared to \$66 thousand for the first quarter 2010. This decrease was due to the fact that there were no securities gains or losses realized in the first quarter of 2011 as compared to a \$72 thousand securities gain realized in the first quarter of 2010.

Highlights for the first quarter of 2011 include:

- Net interest income, our core revenue, for the first quarter 2011 increased by \$122 thousand or 9% from the first quarter 2010. Net interest income has been trending upward every quarter since 2008.
- Net interest margin increased to 3.77% for the first quarter 2011 as compared to 3.56% for the first quarter 2010.
- Total non-interest income of \$94 thousand for the first quarter 2011 increased \$21 thousand or 29% from the first quarter of 2010, exclusive of a \$72 thousand securities gain realized in 2010, largely due to increased service fee revenue from deposit accounts. There were no securities gains realized in the first quarter 2011.
- Non-interest expense of \$1.4 million increased \$101 thousand or 8% over the same period last year due principally to FDIC insurance premium expense that increased \$38 thousand, increased other operating expenses (up \$30 thousand), increased legal/loan related expenses (up \$15 thousand) and greater marketing and business development expense (up \$12 thousand),
- Non-accrual loans at March 31, 2011 were \$10.8 million as compared to \$9.4 million at December 31, 2010, largely due to the addition of one loan relationship previously identified among our troubled loan relationships, which relationship remains adequately addressed in our loan loss reserve adequacy analysis.
- Total deposits increased \$4 million or 3% as compared to December 31, 2010.

“Following a fully profitable 2010, the positive results of this first quarter of 2011 continues a profitability trend that began in the fourth quarter 2009”

“Following a fully profitable 2010, the positive results of this first quarter of 2011 continues a profitability trend that began in the fourth quarter 2009,” said President and CEO Kevin Kutcher, adding, “Our core revenue and earnings continue to trend favorably and profitably despite the impact of the economy that increased our non-accrual loan levels. Net interest income that we view as our core revenue has increased every quarter since 2008 notwithstanding the effects of the non-accrual loans borne of the current economy. Our margins have steadily improved, and with a recovery that seems to be taking hold, our non-accrual loans should subside, adding further earnings improvement as the economy strengthens.”

“Our problem loans remain limited to a relatively small minority of a dozen relationships, all adequately secured and appropriately reserved for in our loan loss reserves and, for the most part, are the same problem loans since mid 2010,” noted SVP and senior loan officer John Herring. He added, “With current appraisals and re-appraisals, our troubled loan relationships effect comparatively little impairment in our comprehensive quarterly loan loss reserve adequacy analysis, and we remain

generally well collateralized as we continue to manage through the protracted legal process of foreclosure. We are beginning to see sufficient progress that we can now reasonably project and anticipate resolution to several of these problem loans during 2011. This, coupled with a growing pipeline of new lending opportunities we are enjoying as the recession subsides, furthers our optimism.”

All disclosure contained in this press release is qualified in its entirety by the more complete information contained in the Bank’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, which will be filed with the FDIC on or before May 15, 2011. The Bank will furnish a copy of the 10-Q to any person requesting same upon written request made to Mr. Dennis Costa, Vice President/Finance, at the Bank’s offices located at 145 North Maple Ave., Marlton, New Jersey 08053.

Liberty Bell Bank is a New Jersey chartered commercial bank that maintains offices in Cherry Hill, Marlton, Moorestown, and Mt. Laurel, New Jersey. Some discussions in this press release may contain forward-looking statements. These forward-looking statements, include statements of the Bank’s plans, objectives, expectations, estimates and intentions, involve risks and uncertainties and are subject to change based on various important factors (some of which are beyond the Bank’s control). The following factors, among others, could cause the Bank’s financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements: the strength of the United States economy in general and the strength of the local economies in which the Bank conducts operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System, inflation, interest rate, market and monetary fluctuations; the perceived overall value of the Bank’s products and services by users, including the features, pricing and service compared to competitors’ products and services; the impact of changes in financial services’ laws and regulations; increased deposit insurance assessments; increased shareholder activism; technological changes; acquisitions; changes in consumer spending and saving habits; and the success of the Bank at managing the risks involved in the foregoing.

The Bank cautions that the foregoing list of important factors is not exclusive. The Bank also cautions readers not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date on which they are given.

The Bank’s Balance Sheet as of March 31, 2011 and its Statements of Operations for the three months ended March 31, 2011 follow.

Liberty Bell Bank

Balance Sheets

March 31, 2011 and December 31, 2010

(Unaudited)

	2011	2010
	(Unaudited)	
Assets		
Cash and cash due from banks	\$ 1,550,580	\$ 1,385,434
Interest-bearing deposits with other banks	490,000	838,000
Federal funds sold	15,580,000	11,375,000
Cash and cash equivalents	17,620,580	13,598,434
Certificates of deposit with other banks	245,000	735,000
Investment securities available for sale, at fair value	19,054,698	17,445,492
Loans (net of allowance for loan losses of \$1,407,148 and \$1,778,661 at March 31, 2011 and December 31, 2010, respectively)	134,829,522	135,336,647
Bank premises and equipment, net	4,359,299	4,435,221
Federal Home Loan Bank stock, at cost	549,700	549,700

Prepaid FDIC assessment	537,249	632,145
Accrued interest receivable and other assets	1,164,152	908,412
Total assets	\$178,360,200	\$173,641,051
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing	\$ 11,422,597	11,173,685
Interest-bearing	145,198,821	141,468,194
Total deposits	156,621,418	152,641,879
Borrowings	7,500,000	7,500,000
Accrued interest payable and other accrued liabilities	341,118	398,780
Total liabilities	164,462,536	160,540,659
Shareholders' Equity		
Common stock, \$5 par value, 5,000,000 shares authorized; Issued and outstanding 3,014,871 and 2,808,551 shares at March 31, 2011 and December 31, 2010		
	15,074,355	14,042,755
Additional paid-in capital	6,391,782	6,789,077
Accumulated deficit	(7,596,515)	(7,632,711)
Accumulated other comprehensive income	28,042	(98,729)
Total shareholders' equity	13,897,664	13,100,392
Total liabilities and shareholders' equity	\$178,360,200	\$173,641,051

Liberty Bell Bank**Statements of Operations****(Unaudited)**

	Three Months ended,	
	March 31,	
	2011	2010
Interest and Dividend Income		
Interest and fees on loans	\$1,849,369	\$1,900,901
Interest on securities available for sale	135,175	138,997
Interest on deposits with banks	2,866	14,390
Dividends on FHLB stock	8,311	4,539
Interest on federal funds sold	5,057	4,714
Total interest income	2,000,778	2,063,541

Interest Expense

Interest on deposits	449,852	634,349
Interest on borrowings	74,008	73,938
Total interest expense	523,860	708,287
Net interest income	1,476,918	1,355,254

Provision for loan losses	120,000	120,000
Net interest income after provision for loan losses	1,356,918	1,235,254

Noninterest Income

Service charges on deposit accounts	50,527	34,335
Other income	43,656	38,617
Gain on sale of investment securities available for sale	-	72,028
Total noninterest income	94,183	144,980

Noninterest Expenses

Compensation and benefits	678,638	673,430
Occupancy	198,458	196,584
Equipment and data processing	116,631	107,195
Marketing and business development	37,489	25,851
Professional services	124,298	118,916
FDIC assessments	102,364	64,686
Other operating expenses	157,027	127,330
Total noninterest expenses	1,414,905	1,313,992

Income Before Income Tax Expense	36,196	66,242
Income Tax Expense	-	-
Net income	\$ 36,196	\$ 66,242

Net income Per Share, Basic and Diluted	\$ 0.01	\$ 0.02
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Weighted Average Shares Outstanding, Basic and Diluted	2,872,739	2,771,877
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Contacts

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