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Liberty Bell Bank Reports Consecutive Profitable Quarters

MARLTON, N.J.--([BUSINESS WIRE](#))--Liberty Bell Bank (OTC:LBBB) today announced earnings of \$66,242 for the first quarter 2010 as compared to an \$11,797 profit for the first quarter of last year. Liberty Bell Bank had a \$62,000 profit for the fourth quarter 2009.

Highlights for the first quarter 2010 include:

- Net interest income for the first quarter 2010 increased by \$197,642 or 17% from the first quarter 2009.
- Net interest margin increased to 3.56% for the first quarter 2010 as compared to 3.16% for the first quarter 2009.
- Deposits for the Mount Laurel branch that opened in late February 2009 have grown to \$12,334,000.
- Non-interest income of \$144,980 for the first quarter 2010 increased \$78,646 or 119% from first quarter 2009 largely due to a \$72,028 gain on the sale of investment securities.
- Non-interest expense of \$1,313,992 increased \$181,843 or 16% over the same period last year due in part to the expenses related to a full operating quarter for Mount Laurel in 2010 versus 2009 and the additions to our new business development staffing, increased FDIC insurance expense and the timing of some expenses related to professional services.

“Indeed we have had some problem loans arise and have increased our reserves accordingly”

“While this has been a difficult year for the economy and for banking in general, we are most pleased to have consecutive profitable quarters fulfilling last quarter’s comment that we perhaps initiated a trend toward favorable earnings in 2010,” said President and CEO Kevin Kutcher. He added, “In the face of industry wide loan challenges to which we have not been immune, our net interest income, what we see as a measure of our core business, is solidly up and our net interest margin has increased 13% as compared to the first quarter last year.”

“Indeed we have had some problem loans arise and have increased our reserves accordingly,” said SVP and senior loan officer John Herring, adding “fortunately our relatively conservative lending profile has minimized any material loss exposures and we’ve had comparatively little impairment as we go through our required loan loss reserve adequacy analysis. When you look beyond the raw numbers for our non-accruing loans, we have not needed material reserves like some others, presumably because our analysis shows and supports that we presently have no material loan impairment necessitating excessive loan loss provisions and reserves.”

“We continue to closely monitor and manage our funding costs and deposit mix and our overall loan portfolio,” concluded CEO Kutcher. “Any recent growth we may have sacrificed seems well rewarded with net interest margin improvement,” he said.

All disclosure contained in this press release is qualified in its entirety by the more complete information to be contained in the Bank’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, which will be filed with the FDIC on or before May 15, 2010. The Bank will furnish a copy of the 10-Q to any person requesting same upon written request made to Mr. Kevin L. Kutcher, Chief Executive Officer, at the Bank’s offices located at 145 North Maple Ave., Marlton, New Jersey 08053.

The 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: unexpected loan losses, 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, 2010 and its Statement of Operations for the three months ended March 31, 2010 are set forth on the following pages.

Liberty Bell Bank

Balance Sheets

March 31, 2010 and December 31, 2009

(Unaudited)

	2010	2009
Assets		
Cash and cash due from banks	\$ 1,607,166	\$ 1,538,947
Interest-bearing deposits with other banks	1,959,254	7,948,017
Federal funds sold	11,510,000	5,025,000
Cash and cash equivalents	15,076,420	14,511,964
Certificates of deposit with other banks	1,328,000	980,000
Investment securities available for sale, at fair value	13,468,826	15,830,241
Loans (net of allowance for loan losses of \$1,537,538 and \$1,420,000 as of March 31, 2010 and December 31, 2009, respectively)	129,468,482	131,565,224
Bank premises and equipment, net	4,522,673	4,461,772
Federal Home Loan Bank stock, at cost	534,100	534,100
Accrued interest receivable and other assets	1,942,346	1,940,956
	\$166,340,847	\$169,824,257
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Noninterest-bearing	\$ 8,472,898	\$ 8,123,787
Interest-bearing	136,587,295	140,478,336
Total deposits	145,060,193	148,602,123
Borrowings	7,500,000	7,500,000
Accrued interest payable and other accrued liabilities	427,628	486,011
	152,987,821	156,588,134
Shareholders' Equity		
Common stock, \$5 par value, 5,000,000 shares authorized; Issued and outstanding, 2,808,551 and 2,771,414 shares at March 31, 2010 and December 31, 2009	14,042,755	13,857,070
Additional paid-in capital	6,768,527	6,847,071
Accumulated deficit	(7,773,347)	(7,839,590)
Accumulated other comprehensive income	315,091	371,572
Total shareholders' equity	13,353,026	13,236,123

Total liabilities and shareholders' equity

\$166,340,847 \$169,824,257**Liberty Bell Bank****Statements of Operations
(Unaudited)**

	Three Months ended, March 31,	
	2010	2009
Interest Income		
Interest and fees on loans	\$ 1,900,901	\$ 1,929,667
Interest on securities available for sale	138,997	201,191
Interest on deposits with banks	14,390	9
Dividends on FHLB stock	4,539	5,923
Interest on federal funds sold	4,714	2,671
Total interest income	<u>2,063,541</u>	<u>2,139,461</u>
Interest Expense		
Interest on deposits	634,349	906,177
Interest on borrowings	73,938	75,672
Total interest expense	<u>708,287</u>	<u>981,849</u>
Net interest income	1,355,254	1,157,612
Provision for Loan Losses	120,000	80,000
Net interest income after provision for loan losses	<u>1,235,254</u>	<u>1,077,612</u>
Noninterest Income		
Service charges on deposit accounts	34,335	27,268
Other income	38,617	39,066
Gain on sale of investment securities available for sale	72,028	-
Total noninterest income	<u>144,980</u>	<u>66,334</u>
Noninterest Expenses		
Compensation and benefits	673,430	596,490
Occupancy	196,584	196,660
Equipment and data processing	107,195	91,355
Marketing and business development	25,851	16,375
Professional services	118,916	70,297
Other operating expenses	192,016	160,972
Total noninterest expenses	<u>1,313,992</u>	<u>1,132,149</u>
Income before income Taxes	66,242	11,797
Income Tax Expense	-	-
Net Income	<u>\$ 66,242</u>	<u>\$ 11,797</u>
Net Income Per Common Share, Basic and Diluted	<u>\$ 0.02</u>	<u>\$ 0.00</u>
Weighted Average Shares Outstanding, Basic and Diluted	<u>2,771,877</u>	<u>2,690,593</u>

Contacts

Liberty Bell Bank

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