

**Press Release**

**FOR IMMEDIATE RELEASE**

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**DATE: October 29, 2013**

**the little bank releases third quarter earnings, announces 5% stock dividend and increase in semi-annual cash dividend**

Kinston, NC – (Business Wire) – October 29, 2013 - the little bank (OTCBB: LTLB) reports earnings results for the quarter and nine months ended September 30, 2013, and announces stock and cash dividends.

The little bank (the "Company"), today announced a 16% increase in unaudited net income for the quarter ended September 30, 2013. Net income was \$714,000 or \$.25 per basic share compared to earnings of \$613,000 or \$.22 per basic share for the quarter ended September 30, 2012. After adjusting for dividends and the accretion of discount on preferred stock outstanding, net income available to common shareholders increased 45% to \$714,000, or \$.25 per basic share for the quarter ended September 30, 2013, compared to \$491,000 or \$.17 per basic share for the comparable period in 2012. The little bank repurchased and retired all remaining shares of its preferred stock outstanding during June 2013, as was previously reported.

Unaudited net income for the first nine months of 2013 increased 10% to \$2,100,000, or \$.75 per basic share compared to earnings of \$1,914,000, or \$.68 per basic share for the first nine months of 2012. After adjusting for dividends and the accretion of discount on preferred stock, net income available for common shareholders for the nine month period ended September 30, 2013 increased 28% to \$1,984,000, or \$.71 per basic share, compared to \$1,548,000, or \$.55 per basic share for the comparable nine month period during 2012. The Bank recorded no provision for loan losses during the nine month period ended September 30, 2013. The Bank recorded a provision of \$640,000 for the nine month period ended September 30, 2012.

Total assets as of September 30, 2013 were \$309.3 million, compared to total assets of \$305.9 million as of December 31, 2012, and \$312.2 million as of September 30, 2012. Total loans, net of reserves, were \$212.5 million and deposits were \$261.5 million, representing increases of 0.9% and 4.6%, respectively, over the December 31, 2012 levels. Currently, 2,810,565 shares of common stock are issued and outstanding.

Rob Jones, President and Chief Executive Officer stated, "We are pleased to announce such a positive earnings report for the quarter and for the nine month period." Jones continued, "The combination of excellent asset quality and the liquidation of preferred stock have continued to produce significant benefits for our common shareholders."

The little bank's common stock had tangible book value per share of approximately \$10.50 at September 30, 2013. On March 14, 2013 the Company announced a share repurchase plan whereby the Company could repurchase up to 2% of the Company's outstanding shares in the open market and retire such shares. The Company continues to make open market purchases of its shares and will continue such a policy, within certain regulatory thresholds, until the Board of Directors feels that the shares' market price are reflective of the value of the shares outstanding. As of September 30, 2013, the Company had repurchased approximately 20,625 shares.

The Company's Board of Directors has authorized the issuance of a 5% stock dividend to shareholders. The 5% stock dividend will be payable November 29, 2013 to shareholders of record as of November 15, 2013. Cash-in-lieu will be paid on fractional shares based on the stock's market value at the close of business on November 15, 2013.

The Board has also approved an increase in the semi-annual cash dividend, payable December 31, 2013 to shareholders of record as of the close of business on December 16, 2013. The amount payable is at the rate of \$0.0750 per common share.

The little bank is headquartered in Kinston, North Carolina and currently serves the Lenoir, Wayne, Onslow, Pitt, and Craven county markets. The Company has recently announced the opening of a Loan Production Office in Wilmington, N.C. by year-end. The Bank prides itself on the special care with which it serves its customers. The Bank's website is [www.thelittlebank.com](http://www.thelittlebank.com). The little bank stock can be found on the Over-the-Counter Electronic Bulletin Board trading under the symbol LTLB.

This press release includes certain forward-looking statements in reliance on the "safe-harbor" provisions of The Private Securities Litigation Reform Act of 1995. Any such forward-looking statements are subject to a number of risks and uncertainties. Actual results may differ materially from those anticipated in any such forward-looking statements. The Company undertakes no obligation to update or revise any such forward-looking statements.

**the little bank**  
**Summary of Operations (un-audited)**  
(000's omitted except per share data)

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Interest Income	\$ 2,980	\$ 3,097	\$ 8,837	\$ 9,511
Interest Expense	<u>411</u>	<u>503</u>	<u>1,263</u>	<u>1,653</u>
Net interest income	2,569	2,594	7,574	7,858
Provision for loan losses	<u>0</u>	<u>220</u>	<u>0</u>	<u>640</u>
Net interest income after Provision for losses	<u>2,569</u>	<u>2,374</u>	<u>7,574</u>	<u>7,218</u>
Non-interest income	337	374	1,109	1,087
Non-interest expense	<u>1,840</u>	<u>1,801</u>	<u>5,521</u>	<u>5,354</u>
Income before taxes	1,066	947	3,162	2,951
Income taxes	<u>352</u>	<u>334</u>	<u>1,062</u>	<u>1,037</u>
Net Income	714	613	2,100	1,914
Preferred Stock Dividends	-0-	(102)	(78)	(307)
Accretion of Discount, net	<u>-0-</u>	<u>(20)</u>	<u>(38)</u>	<u>(59)</u>
Net Income available for common shareholders	<u>\$ 714</u>	<u>\$ 491</u>	<u>\$ 1,984</u>	<u>\$ 1,548</u>
Net Income available per basic common share	<u>\$ 0.25</u>	<u>\$ 0.17</u>	<u>\$ 0.71</u>	<u>\$ 0.55</u>

**the little bank**  
**Balance Sheets**  
(000's omitted except per share data)

	September 30, 2013 (un-audited)	December 31, 2012 * (un-audited)	September 30, 2012 (un-audited)
<b>Assets</b>			
Cash and due from banks	\$ 3,817	\$ 6,267	\$ 5,973
Overnight investments	10,322	6,160	13,432
Investment securities AFS	69,662	69,820	76,290

Loans	216,513	214,728	207,079
Less Allowance for loan losses	<u>(3,999)</u>	<u>(4,073)</u>	<u>(4,040)</u>
Net Loans	212,514	210,655	203,039
Other Real Estate Owned	520	537	804
Other Assets	<u>12,415</u>	<u>12,444</u>	<u>12,682</u>
Total Assets	<u>\$ 309,250</u>	<u>\$ 305,883</u>	<u>\$ 312,220</u>

**Liabilities & Stockholders' Equity**

**Liabilities**

Deposits	\$ 261,513	\$ 250,098	\$ 250,986
FHLB Advances	17,500	23,500	23,000
Other liabilities	<u>730</u>	<u>559</u>	<u>1,535</u>
Total liabilities	279,743	274,157	275,521

**Stockholders' Equity**

Preferred stock, Series A & B	\$ 0	\$ 2,763	\$ 7,769
Common stock, no par value	25,434	25,573	24,409
Retained earnings	4,431	2,658	3,574
Accumulated other comprehensive income (loss)	<u>(358)</u>	<u>732</u>	<u>947</u>
Total stockholders' equity	<u>\$ 29,507</u>	<u>\$ 31,726</u>	<u>\$ 36,699</u>

**Total liabilities and stockholders' equity**

	<u>\$ 309,250</u>	<u>\$ 305,883</u>	<u>\$ 312,220</u>
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\* Derived from audited financial statements