

Press Release

FOR IMMEDIATE RELEASE

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the little bank announces record year of earnings; elects new chairman

Kinston, NC – (Business Wire) – January 24, 2014 - the little bank (OTCBB: LTLB) reports a record year of earnings for the year ended December 31, 2013.

The little bank (the "Company"), is pleased to report record annual net income for fiscal year 2013. Unaudited net income for the year ended December 31, 2013 was \$2,788,000, or \$0.94 per basic share, compared to \$2,468,000, or \$0.83 per basic share, in the prior year. This represents a 13% increase in earnings and a 9.12% return on average equity. After adjusting for dividends and the accretion of discount on preferred stock outstanding, net income available to common shareholders increased 34% to \$2,672,000, or \$0.90 per basic share, for fiscal year 2013 compared to \$2,001,000, or \$0.67 per basic share, for the prior year. The little bank repurchased and retired all remaining shares of its preferred stock outstanding during June 2013, as was previously reported.

The Company's record earnings were driven by decreased loan-loss provision, reflecting continued excellent credit quality within the Bank's loan portfolio.

For the quarter ended December 31, 2013, unaudited net income was \$687,000, or \$0.23 per basic share. This compares favorably to the \$554,000, or \$0.19 per basic share, reported in the quarter ended December 31, 2012.

Total assets as of December 31, 2013 were \$311.9 million, compared to total assets of \$305.9 million as of December 31, 2012. Total loans, net of reserves, were \$219.0 million and deposits were \$261.4 million, representing increases of 3.9% and 4.5%, respectively, over the December 31, 2012 levels. Currently, 2,969,948 shares of common stock are issued and outstanding. The little bank currently pays a semi-annual cash dividend totaling \$0.15 per share annually.

Rob Jones, President and Chief Executive Officer stated, "We are pleased to announce record annual net income for the little bank." Jones continued, "We are very excited to have opened our newest lending office in Wilmington, NC on January 13, 2014. In addition, we are also pleased to have added additional lending personnel in several of our existing markets during the fourth quarter. The continued improvement in the economy has turned our attention in favor of growth. The Company will continue to explore growth opportunities through acquisitions of other banks and/or bank branches. In addition, we continue to consider organic growth into markets that are in reasonable proximity to the Company's current geographic footprint."

The little bank's common stock had a tangible book value per share of approximately \$10.01 at December 31, 2013. On March 14, 2013 the Company announced a share repurchase plan whereby the Company would 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 maintain such a policy, within certain regulatory thresholds, until the Board of Directors feels that the shares' market price is reflective of the value of the shares outstanding. As of December 31, 2013, the Company had repurchased approximately 31,058 shares.

The Bank is also pleased to announce that it has elected Lee Burrows as Chairman of the Board of Directors effective January 16, 2014. He succeeds C. Felix Harvey III who died earlier in the year. Mr. Burrows has been associated with the Bank since its inception, serving as a director for many years including serving as Chairman from July 2004 to December 2011 and most recently as the Chairman of the Bank's Executive Committee. Mr. Burrows is the C.E.O. of Banks Street Partners and he is involved with numerous Lenoir County companies as both a director and co-owner. Rob Jones stated: "We are fortunate to have Lee as our Chairman as he has over thirty years of experience in working with financial institutions across the country, initially as managing director of Raleigh-based Trident Financial Corp. and now as the CEO of Atlanta-based Banks Street Partners. Lee helped co-found the Bank with Mr. Harvey in 1998 and he has been an integral part of our team since inception as an investor, director and most recently as the Chairman of the Executive Committee." Burrows stated, "Felix Harvey was a legendary business leader admired and loved by many people in the communities we serve as a bank, including the little bank's board, management and our

employees. He helped shape the culture of the little bank and we will always do our best as a company to adhere to his highest of standards.”

The little bank is headquartered in Kinston, North Carolina and currently serves the Lenoir, Wayne, Onslow, Pitt, Craven and New Hanover county markets. The Bank prides itself on the special care with which it serves its customers. The Bank’s website is 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.

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Summary of Operations (un-audited)				
(000’s omitted except per share data)				
	Three Months Ended December 31, 2013	Three Months Ended December 31, 2012	Twelve Months Ended December 31, 2013	Twelve Months Ended December 31, 2012 *
Interest Income	\$ 3,025	\$ 3,117	\$ 11,862	\$ 12,628
Interest Expense	<u>374</u>	<u>476</u>	<u>1,637</u>	<u>2,129</u>
Net interest income	2,651	2,641	10,225	10,499
Provision for loan losses	<u>(57)</u>	<u>175</u>	<u>(57)</u>	<u>815</u>
Net interest income after Provision for losses	<u>2,708</u>	<u>2,466</u>	<u>10,282</u>	<u>9,684</u>
Non-interest income	334	403	1,443	1,490
Non-interest expense	<u>2,023</u>	<u>2,001</u>	<u>7,543</u>	<u>7,355</u>
Income before taxes	1,019	868	4,182	3,819
Income taxes	<u>332</u>	<u>314</u>	<u>1,394</u>	<u>1,351</u>
Net Income	687	554	2,788	2,468
Preferred Stock Dividends	-	(92)	(78)	(398)
Accretion of Discount, net	<u>-</u>	<u>(9)</u>	<u>(38)</u>	<u>(69)</u>
Net Income available for common shareholders	<u>\$ 687</u>	<u>\$ 453</u>	<u>\$ 2,672</u>	<u>\$ 2,001</u>
Net Income available per basic common share	<u>\$ 0.23</u>	<u>\$ 0.15</u>	<u>\$ 0.90</u>	<u>\$ 0.67</u>

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Balance Sheets
(000's omitted except per share data)

	December 31, 2013 <u>(un-audited)</u>	September 30, 2013 <u>(un-audited)</u>	December 31, 2012 * <u></u>
Assets			
Cash and due from banks	\$ 5,896	\$ 3,817	\$ 6,267
Overnight investments	3,825	10,322	6,160
Investment securities AFS	68,118	69,662	69,820
Loans	222,830	216,513	214,728
Less Allowance for loan losses	<u>(3,850)</u>	<u>(3,999)</u>	<u>(4,073)</u>
Net Loans	218,980	212,514	210,655
Other Real Estate Owned	520	520	537
Other Assets	<u>14,600</u>	<u>12,415</u>	<u>12,444</u>
Total Assets	<u>\$ 311,939</u>	<u>\$ 309,250</u>	<u>\$ 305,883</u>
Liabilities & Stockholders' Equity			
Liabilities			
Deposits	\$ 261,456	\$ 261,513	\$ 250,098
FHLB Advances	20,000	17,500	23,500
Other liabilities	<u>755</u>	<u>730</u>	<u>559</u>
Total liabilities	282,211	279,743	274,157
Stockholders' Equity			
Preferred stock, Series A & B	\$ -	\$ -	\$ 2,763
Common stock, no par value	27,107	25,434	25,573
Retained earnings	3,198	4,431	2,658
Accumulated other comprehensive income (loss)	<u>(577)</u>	<u>(358)</u>	<u>732</u>
Total stockholders' equity	<u>\$ 29,728</u>	<u>\$ 29,507</u>	<u>\$ 31,726</u>
Total liabilities and stockholders' equity	<u>\$ 311,939</u>	<u>\$ 309,250</u>	<u>\$ 305,883</u>

* Derived from audited financial statements