

Press Release

FOR IMMEDIATE RELEASE

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the little bank releases second quarter earnings today

Kinston, NC – (Business Wire) – July 23, 2013 - the little bank (OTCBB: LTLB) reports earnings results for the quarter and six months ended June 30, 2013.

The little bank (the "Company"), today announced a 14% increase in unaudited net income for the quarter ended June 30, 2013. Net income was \$745,000 or \$.27 per basic share compared to earnings of \$653,000 or \$.23 per basic share for the quarter ended June 30, 2012. After adjusting for dividends and the accretion of discount on preferred stock outstanding, net income available to common shareholders was \$673,000, or \$.24 per basic share for the quarter ended June 30, 2013, compared to \$531,000 or \$.19 per basic share for the comparable period in 2012.

Unaudited net income for the first six months of 2013 increased 7% to \$1,387,000, or \$.49 per basic share compared to earnings of \$1,301,000, or \$.46 per basic share for the first six months of 2012. After adjusting for dividends and the accretion of discount on preferred stock, net income available for common shareholders for the six month period ended June 30, 2013 was \$1,271,000, or \$.45 per basic share, compared to \$1,058,000, or \$.38 per basic share for the comparable six month period during 2012. The Bank recorded no provision for loan losses during the six month period ended June 30, 2013, and realized net recoveries of \$8,000 for the six month period. The Bank recorded a provision of \$420,000 for the six month period ended June 30, 2012.

Total assets as of June 30, 2013 were \$303.0 million, compared to total assets of \$305.9 million as of December 31, 2012, and \$307.6 million as of June 30, 2012. Total loans, net of reserves, were \$205.2 million and deposits were \$253.9 million, representing a decrease of 2.6% and an increase of 1.5%, respectively, over the December 31, 2012 levels. On June 5, 2013 the little bank repurchased and retired the remaining \$2.8 million of its preferred stock outstanding. This transaction is accretive to earnings since the Company will no longer have to pay a 5% dividend on the retired preferred stock. The little bank will remain "Well Capitalized" despite this preferred equity retirement. Currently, 2,810,996 shares of common stock are issued and outstanding.

Vincent R. Jones, President and Chief Executive Officer stated, "We were pleased to finalize our exit from preferred stock during the second quarter. As a result the Bank will retain an approximate \$408,000 in capital per year for common shareholders, previously paid in preferred stock dividends." Jones added, "Weak loan demand has driven industry wide loan pricing down to marginally profitable levels. We are optimistic that recent increases in U.S. Treasury bond yields and mortgage rates will create a lift in overall loan pricing and future net interest margins. We are particularly pleased with the Company's loan quality as evidenced by the fact that our loan charge-off activity has actually resulted in a small net recovery."

The little bank is headquartered in Kinston, North Carolina and currently serves the Lenoir, Wayne, Onslow, Pitt, and Craven 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 June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Interest Income	\$ 2,920	\$ 3,167	\$ 5,857	\$ 6,414
Interest Expense	<u>427</u>	<u>547</u>	<u>852</u>	<u>1,151</u>
Net interest income	2,493	2,620	5,005	5,263
Provision for loan losses	<u>0</u>	<u>170</u>	<u>0</u>	<u>420</u>
Net interest income after Provision for losses	<u>2,493</u>	<u>2,450</u>	<u>5,005</u>	<u>4,843</u>
Non-interest income	359	388	772	714
Non-interest expense	<u>1,731</u>	<u>1,828</u>	<u>3,680</u>	<u>3,553</u>
Income before taxes	1,121	1,010	2,097	2,004
Income taxes	<u>376</u>	<u>357</u>	<u>710</u>	<u>703</u>
Net Income	745	653	1,387	1,301
Preferred Stock Dividends	(43)	(102)	(78)	(204)
Accretion of Discount, net	<u>(29)</u>	<u>(20)</u>	<u>(38)</u>	<u>(39)</u>
Net Income available for common shareholders	<u>\$ 673</u>	<u>\$ 531</u>	<u>\$ 1,271</u>	<u>\$ 1,058</u>
Net Income available per basic common share	<u>\$ 0.24</u>	<u>\$ 0.19</u>	<u>\$ 0.45</u>	<u>\$ 0.38</u>

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

	June 30, 2013 (un-audited)	December 31, 2012 * (un-audited)	June 30, 2012 (un-audited)
Assets			
Cash and due from banks	\$ 4,468	\$ 6,267	\$ 3,336
Overnight investments	11,106	6,160	5,311
Investment securities AFS	69,610	69,820	87,109
Loans	209,270	214,728	202,576
Less Allowance for loan losses	<u>(4,081)</u>	<u>(4,073)</u>	<u>(3,973)</u>

Net Loans	205,189	210,655	198,603
Other Real Estate Owned	520	537	887
Other Assets	<u>12,155</u>	<u>12,444</u>	<u>12,318</u>
Total Assets	<u>\$ 303,048</u>	<u>\$ 305,883</u>	<u>\$ 307,564</u>

Liabilities & Stockholders' Equity

Liabilities

Deposits	\$ 253,854	\$ 250,098	\$ 251,115
FHLB Advances	19,500	23,500	20,000
Other liabilities	<u>703</u>	<u>559</u>	<u>421</u>
Total liabilities	274,057	274,157	271,536

Stockholders' Equity

Preferred stock, Series A & B	\$ 0	\$ 2,763	\$ 7,749
Common stock, no par value	25,447	25,573	24,404
Retained earnings	3,718	2,658	3,083
Accumulated other comprehensive income (loss)	<u>(174)</u>	<u>732</u>	<u>792</u>
Total stockholders' equity	<u>\$ 28,991</u>	<u>\$ 31,726</u>	<u>\$ 36,028</u>

Total liabilities and stockholders' equity

\$ 303,048	\$ 305,883	\$ 307,564
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* Derived from audited financial statements