



NEW CENTURY BANK REPORTS PRELIMINARY 2009 RESULTS *(unaudited)*

Deposits grew at 119% annualized growth rate while non-performing assets decreased.

Phoenixville, PA, January 11, 2010 — New Century Bank today announced its financial results for the 4th quarter of 2009. The Bank posted a net loss of \$0.8 million in the Fourth Quarter of 2009 versus a loss of \$1.8 million in the previous quarter. The improvement was primarily a result of lower provision for loan loss expense due to moderating asset quality trends and a reduction in income taxes. Earnings improvement was partially offset by higher operating expenses as the Bank built infrastructure for the future. Earnings were also negatively impacted by a contraction in the net interest margin as deposit growth outpaced loan growth by about \$60 million during the quarter causing the Bank to build cash which earns only about 0.10%.

Highlights of the fourth quarter of 2009:

- New management team fully assembled
- Strong deposit growth in the quarter with falling deposit cost of funds
- Non-performing assets decreased during the quarter
- Poised for growth in 2010

“We are very excited by our progress in building the management team during the quarter. Our team started building the infrastructure for the future and began executing on our organic growth strategies”, said President and Chief Operating Officer, Richard Ehst. “The bank is very well positioned to take advantage of organic growth opportunities, FDIC assisted transactions and disciplined acquisition opportunities in our market,” said Chairman and Chief Executive Officer, Jay Sidhu. He added, “The Bank continues to aggressively manage our non-performing loans and enhance our deposit franchise. The economy remains weak so we remain cautious with lending.”

During the quarter, deposits grew by \$72 million, a 119% annualized growth rate, while the average cost of deposits dropped by 19 basis points. Low cost core deposits grew by \$44 million or at an annualized growth rate of 255% while CDs grew by 65% or \$28 million. “We are very pleased with our deposit growth and we look forward to serving our new customers in 2010 and beyond,” added Warren Taylor, President of Community Banking at New Century Bank.

The net interest margin compressed during the quarter as the Bank’s very strong deposit growth outpaced loan growth. At the end of the quarter, the Bank had over \$60 million of cash on the balance sheet. “We anticipate that we will prudently deploy this liquidity into earning assets in the first half of 2010 which should, under normal conditions, return the Bank to positive net income by the second half of the year,” said Executive Vice President and Chief Financial Officer, Thomas Brugger (1).

Expenses increased by \$330,000 from the 3rd quarter as the company added management and systems to support its future growth. Expense growth should moderate in future quarters as the infrastructure and management team are now in place to execute on its strategies.

The Bank added \$500,000 to its Allowance for Loan Loss during the 4th quarter. This is down from \$1 million in the third quarter of 2009 and \$8 million in the second quarter of 2009. “The management and resolution of the Bank’s legacy lending issues has been and will be a continuing priority and focus of the lending and credit administration teams at New Century,” said Ehst.

Non-performing assets consisting of non-accrual loans and other real estate owned has decreased from 4.39% of total assets in the 3rd quarter of 2009 to 3.28% in the 4th quarter. “Although we anticipate that above average levels of delinquency and non-performing assets will continue for the next two quarters, we are hopeful that these two key performance indicators will begin to trend downward beginning in the 3rd quarter of 2010,” stated Ehst (2).

“While we manage the legacy lending issues, we are also pleased to report a pipeline of new commercial and industrial activity of \$39.7 million which we hope will begin to positively impact our income statement beginning in early Q2 2010,” Ehst continued (3).

During the quarter, the Bank successfully launched our warehouse lending business led by Glenn Hedde. Outstandings grew to \$16 million in this low risk lending segment. The commercial and consumer loan portfolios shrank by 5.5% as the Bank remains cautious about the economy and the Bank is absolutely focused on managing the non-performing loans.

New Century Bank is a \$352 million financial services company operating five banking and commercial lending offices in Chester and Delaware Counties, Pennsylvania.

Balance Sheet (unaudited)*(dollars in millions)*

	<u>Dec-08</u>	<u>Mar-09</u>	<u>Jun-09</u>	<u>Sep-09</u>	<u>Dec-09</u>
ASSETS					
Cash & Due From Banks	\$2.5	\$1.8	\$1.9	\$3.0	\$4.2
Interest Earning Deposits / Fed Funds	3.8	3.5	13.4	17.1	64.6
Investments	34.3	24.3	23.0	39.0	46.6
Commercial	188.6	190.6	188.1	183.5	179.9
Consumer	26.6	27.5	28.1	26.9	27.2
Real estate	8.6	8.2	8.0	6.6	6.7
Warehouse Loans	0.0	0.0	0.0	0.0	16.4
TOTAL Gross Loans	223.8	226.3	224.3	216.9	230.3
Less : Allowance for Loan Loss	-2.9	-3.0	-9.9	-8.5	-7.9
TOTAL Net Loans	220.9	223.3	214.3	208.4	222.4
Other Assets	12.6	12.3	14.0	12.7	14.1
TOTAL Assets	\$274.0	\$265.1	\$266.5	\$280.3	\$352.0
LIABILITIES AND SHAREHOLDERS' EQUITY					
DDA - Non-Interest	\$20.6	\$18.5	\$18.1	\$17.1	\$18.5
Interest Checking	11.1	10.0	9.5	8.6	10.9
Money Market	42.5	29.2	27.7	32.4	74.4
Savings	9.0	10.0	11.4	10.6	8.7
TOTAL Core Deposits	83.1	67.7	66.7	68.7	112.5
CD's	154.7	161.6	163.2	173.1	201.4
Total Deposits	237.8	229.2	229.9	241.8	313.9
FHLB Borrowings	15.0	15.0	11.0	11.0	11.0
Subordinated Debt	3.0	3.0	3.0	2.0	2.0
Other Liabilities	1.3	1.2	1.6	1.5	1.4
TOTAL Liabilities	257.2	248.4	245.5	256.4	328.3
Shareholders' Equity	16.8	16.7	21.1	23.9	23.7
TOTAL Liabilities & Equity	\$274.0	\$265.1	\$266.5	\$280.3	\$352.0

Earnings (unaudited)

(dollars in thousands)

	Q1	Q2	Q3	Q4	2009
Interest Income:					
Loans	\$2,928	\$2,952	\$3,116	\$3,146	\$12,142
Investments	294	236	371	429	1,331
Other	1	2	2	7	13
TOTAL Interest Income	3,223	3,190	3,490	3,583	13,486
Interest Expense:					
CDs	1,336	1,249	1,225	1,272	5,081
Other Interest-Bearing Deposits	178	122	115	233	648
Borrowings	195	177	128	108	608
TOTAL Interest Expense	1,709	1,547	1,468	1,613	6,336
Net Interest Income	1,514	1,643	2,022	1,970	7,150
Provision for Loan Loss	-130	-8,000	-1,000	-500	-9,630
Net Interest Income (Loss) After Provision	1,384	-6,357	1,022	1,470	-2,480
Fee Income (Expense), Net	400	-131	151	274	694
TOTAL Expenses	1,816	2,003	2,576	2,906	9,301
Pretax Income (Loss)	-32	-8,490	-1,403	-1,162	-11,087
Income Tax (Benefit)	0	0	388	-388	0
Net Income (Loss)	-\$32	-\$8,490	-\$1,791	-\$774	-\$11,087

In addition to historical information, this information may contain "forward-looking statements" which are made in good faith by New Century Bank ("the Bank"), pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements with respect to the Bank's strategies, goals, beliefs, expectations, estimates, intentions, financial condition, results of operations, future performance and business. Statements preceded by, followed by or that include the words "may," "could," "should," "pro forma," "looking forward," "would," "believe," "expect," "anticipate," "estimate," "intend," "plan," or similar expressions generally indicate a forward-looking statement. These forward-looking statements involve risks and uncertainties that are subject to change based on various important factors (some of which, in whole or in part, are beyond the Bank's control). Numerous competitive, economic, regulatory, legal and technological factors, among others, could cause the Bank's financial performance to differ materially from the goals, plans, objectives, intentions and expectations expressed in such forward-looking statements. The Bank cautions that the foregoing factors are not exclusive, and neither such factors nor any such forward-looking statement takes into account the impact that any future acquisition may have on the Bank and any such forward-looking statement. The Bank does not undertake to update any forward-looking statement whether written or oral, that may be made from time to time by or on behalf of the Bank.

Footnotes:

- (1) How quickly we can successfully deploy funds into earning assets will depend heavily upon the performance of the local economy and the availability of loan and other credit business that meet the bank's underwriting guidelines. In turn, how soon this returns the Bank to positive net income will depend on how well the economy performs and how quickly the Bank finds prudent lending opportunities, as well as a variety of other factors beyond the Bank's control such as interest rates or other factors which impact the margin and profitability of the bank.
- (2) A favorable downward trend in delinquencies and NPA's will depend upon a continued economic recovery, favorable trends in the business outlook for customers in the Bank's loan portfolio, and continued successful workout efforts by management for loans that have problems or risks of delinquency.
- (3) How soon this favorable pipeline position impacts our income statement will depend on how quickly we can convert favorable loan proposals into earning loan assets, and other factors such as the general economic environment and our ability to successfully manage ongoing risks of loan delinquencies and non-performing assets.