



3441 Route Nine North, Freehold, New Jersey 07728
(732) 431-2265 Fax (732) 303-1831
www.njcbk.com

FOR IMMEDIATE RELEASE

New Jersey Community Bank Reports Fourth Quarter and Full Year Results for 2011

FREEHOLD, NJ, January 26, 2012 – New Jersey Community Bank (OTCBB: NJCB) (the “Bank”) reported net income of \$138 thousand, or \$0.08 per common share and \$552 thousand, or \$0.32 per common share for the three months and year ended December 31, 2011, respectively, compared with a net income of \$1.3 million, or \$0.77 per common share for the three months and year ended December 31, 2010. Included in the net income for year 2010 was a one-time non-recurring income tax benefit resulting from the reversal of a \$1.2 million valuation allowance on the Bank’s deferred income tax assets. Excluding this one-time accounting adjustment, net income for the fourth quarter and year 2010 was \$147 thousand, or \$0.08 per common share.

Robert D. O’Donnell, Chairman and CEO commented that, “Given the current operating environment, our performance for the year was solid. However, with the low level of consumer sentiment, poor job market and distressed real estate values in our market area, we remain cautious in the near term. Our asset quality continues to remain stable compared to our peers and our balance sheet grew 17% year over year, however, we had to combat softened loan demand that impacted loan growth. We continue to monitor our operating costs and expect to remain profitable as we navigate through the sluggish economic cycle into 2012.”

Balance Sheet Summary

At December 31, 2011, total assets were \$132.1 million, an increase of \$19.5 million, or 17.3%, over \$112.6 million reported at December 31, 2010, primarily as a result of increases in total cash and cash equivalents, due from banks time deposits, investment securities and loans receivable. Cash and cash equivalents increased \$7.2 million, or 99.8%, to \$14.4 million and due from banks time deposits increased \$2.0 million, or 43.2%, to \$6.7 million at December 31, 2011 compared to levels reported at December 31, 2010. The increases were related to an increase in total deposits.

Investment securities increased \$7.6 million, or 60.2%, to \$20.2 million at December 31, 2011, from \$12.6 million at December 31, 2010. Total loans receivable increased moderately to \$87.9 million, or a 3.7% increase, from \$84.7 million reported at December 31, 2010. The increases in both the investment securities and the loans receivable were funded utilizing the liquidity arising from the growth in deposits.

Total deposits grew by \$18.5 million, or 19.0%, to \$116.4 million during 2011. Of the total increase, core deposits, consisting of savings, NOW, money market and demand deposit accounts increased \$7.1 million and time deposits increased \$11.4 million. Growth in deposits was in part due to the grand opening deposit promotions at the newly established branch location in Cranbury, New Jersey. Shareholders' equity totaled \$15.3 million as of December 31, 2011. The Bank’s capital ratios exceed the regulatory requirements of a well capitalized financial institution.

Results of Operations

Fourth Quarter 2011

For the quarter ended December 31, 2011, net interest income totaled \$1.1 million, increasing moderately over the same period in the prior year. Average interest earning assets increased \$19.8 million while the average yield on interest earning assets declined 56 basis points as a result of the low interest rate environment. Average interest bearing liabilities increased \$18.1 million; while the yield on the interest bearing liabilities declined 16 basis points. Interest income for the quarter ended December 31, 2011 totaled \$1.5 million while interest expense totaled \$380 thousand. Net interest margin declined to 3.42% for the quarter ended December 31, 2011, a decrease of 46 basis points over the comparable quarter in 2010.

The provision for loan loss was \$35 thousand for the fourth quarter 2011, a decrease of \$106 thousand compared to the year-ago quarter. The allowance for loan loss at period-end was \$1.1 million, or 1.25% of total loans.

Non-interest income was almost unchanged for the three-month period ended December 31, 2011 when compared to the same period in the prior year. Non-interest expense totaled \$964 thousand for the quarter ended December 31, 2011, an increase of \$100 thousand from year-ago quarter, primarily due to the growth of the bank. Of the total increase, professional and other fees increased \$65 thousand, salaries and employee benefits increased \$33 thousand and other operating expenses increased \$31 thousand while occupancy and equipment expense and federal insurance assessment declined \$26 thousand and \$14 thousand, respectively.

Full Year 2011

For the full year ended December 31, 2011, net interest income totaled \$4.5 million, increasing \$1.0 million over the full prior year. The increase in net interest income was primarily due to a combination of both a \$21.0 million increase in average interest earning assets coupled with an increase of \$18.7 million in average interest bearing liabilities, while the cost of interest bearing liabilities declined 31 basis points. Total interest income for the year 2011 was \$5.9 million while the interest expense totaled \$1.5 million. Net interest margin improved to 3.72% for the year 2011, an increase of 27 basis points over the full year 2010.

The provision for loan loss was \$244 thousand for the year, a decrease of \$228 thousand compared to prior year, primarily due to stable level of non-performing loans during the year.

Non-interest income totaled \$420 thousand for the year 2011 reflecting a moderate increase over the full year 2010. Non-interest expense totaled \$3.7 million for the full year 2011, an increase of \$478 thousand over prior full year. Of the total increase, salaries and employee benefits, the largest component of non-interest expense, increased \$276 thousand primarily due to addition of personnel and increased health benefit costs. Professional fees, occupancy and equipment expense and other operating expense increased \$109 thousand, \$40 thousand and \$47 thousand, respectively, primarily due to the overall growth of the bank, non-employee directors' fees and the expenses associated with the addition of Cranbury branch office.

About the Bank

New Jersey Community Bank is a state-chartered commercial bank headquartered in Freehold, New Jersey. The Bank opened for business in July 2008 and operates three full-service banking offices in the central New Jersey counties of Monmouth and Middlesex. The Bank provides traditional commercial and retail banking services to small businesses and consumers. For additional information about New Jersey Community Bank, please visit www.njcbk.com or call 732-431-2265.

Forward-Looking Statements

This release contains forward-looking statements relating to present or future trends or factors affecting the banking industry, and specifically the financial condition and results of operations, including without limitation, statements relating to the earnings outlook of the Bank, as well as its operations, markets and products. Actual results could differ materially from those indicated. Among the important factors that could cause results to differ materially are interest rate changes, change in economic climate, which could materially impact credit quality trends and the ability to generate loans, changes in the mix of the Bank's business, competitive pressures, changes in accounting, tax or regulatory practices or requirements, resolution of tax reviews, and those risk factors detailed in the Bank's periodic reports. The Bank undertakes no obligation to release revisions to these forward-looking statements or reflect events or circumstances after the date of this release.

Contacts at New Jersey Community Bank:

Robert D. O'Donnell
Chairman and CEO
rodonnell@njcbk.com

Naqi A. Naqvi
SVP & CFO
nnaqvi@njcbk.com

Source: New Jersey Community Bank

New Jersey Community Bank

Selected Financial Highlights

(unaudited)

As of or for the Quarters Ended

(in thousands, except per share and percentage data)

	12/31/2011	9/30/2011	6/30/2011	3/31/2011	12/31/2010
Summary of Operations:					
Interest income	\$ 1,464	\$ 1,509	\$ 1,516	\$ 1,438	\$ 1,383
Interest expense	380	382	362	335	355
Net interest income	1,084	1,127	1,154	1,103	1,027
Provision for loan loss	35	30	84	95	141
Net interest income after provision for loan loss	1,049	1,097	1,070	1,008	886
Non-interest income	127	99	99	95	124
Non-interest expense	964	989	884	849	864
Income before income tax expense (benefit)	212	207	285	254	147
Income tax expense (benefit)	74	94	126	112	(1,190)
Net income	\$ 138	\$ 113	\$ 159	\$ 142	\$ 1,337
Earnings per share:					
Basic	\$ 0.08	\$ 0.07	\$ 0.09	\$ 0.08	\$ 0.77
Diluted	0.08	0.07	0.09	0.08	0.77
Book value per share	8.83	8.80	8.68	8.51	8.83
Average shares outstanding	1,731	1,731	1,731	1,731	1,731
Average diluted shares outstanding	1,731	1,731	1,731	1,731	1,731
Selected Financial Ratios:					
Return on average assets	0.43%	0.35%	0.52%	0.49%	4.89%
Return on average common equity	3.62%	3.00%	4.29%	3.86%	39.99%
Average equity to average assets	11.73%	11.70%	12.03%	12.74%	12.23%
Risk-based capital:					
Total risk-based capital ratio	16.39%	16.35%	15.58%	15.80%	15.65%
Tier 1 risk-based capital ratio	15.25%	15.16%	14.43%	14.68%	14.61%
Tier 1 leverage capital ratio	11.41%	11.17%	11.50%	12.19%	12.69%
Financial Condition:					
Total assets	\$ 132,050	\$ 129,402	\$ 125,826	\$ 122,898	\$ 112,565
Loans, net of unearned income	87,857	86,938	89,678	87,713	84,693
Deposits	116,394	113,821	110,518	107,984	97,855
Shareholder's equity	15,293	15,231	15,024	14,738	14,554

New Jersey Community Bank

Statements of Financial Condition

(dollars in thousands, except per share amounts)

	December 31,	
	2011	2010
	(unaudited)	
Assets		
Cash and due from banks - non-interest bearing	\$ 1,519	\$ 1,341
Federal funds sold and interest-bearing deposits with banks	12,877	5,912
Total Cash and Cash Equivalents	<u>14,396</u>	<u>7,253</u>
Due from banks - time deposits	6,671	4,612
Investment Securities:		
Available-for-sale	18,719	11,381
Held-to-maturity	1,469	1,220
Income before income tax expense (benefit)	<u>20,188</u>	<u>12,601</u>
Income tax expense (benefit)	87,857	84,693
Net income	<u>(1,101)</u>	<u>(975)</u>
Net Loans	86,756	83,718
Earnings per share:	2,610	2,534
Accrued interest receivable	363	304
Deferred tax assets	785	1,232
Other assets	280	311
Total Assets	<u><u>\$ 132,050</u></u>	<u><u>\$ 112,565</u></u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	\$ 6,058	\$ 5,709
Savings, NOW and money market	36,508	29,740
Time deposits \$100M and over	50,483	41,110
Time deposits, other	23,346	21,296
Total Deposits	<u>116,394</u>	<u>97,855</u>
Accrued interest payable	15	12
Other liabilities	348	144
Total Liabilities	<u>116,757</u>	<u>98,011</u>
Shareholders' Equity		
Common stock, \$2 par value; authorized 10,000,000 shares; issued and outstanding 1,731,204 and 1,648,783 shares, respectively	3,462	3,298
Surplus	13,930	13,519
Accumulated Deficit	(2,148)	(2,201)
Accumulated other comprehensive income (loss)	49	(62)
Total Shareholders' Equity	<u>15,293</u>	<u>14,554</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 132,050</u></u>	<u><u>\$ 112,565</u></u>

New Jersey Community Bank

Statements of Income

(in thousands, except per share amounts)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2011	2010	2011	2010
Interest Income	(unaudited)		(unaudited)	
Loans receivable, including fees	\$ 1,351	\$ 1,291	\$ 5,509	\$ 4,574
Investment securities	94	77	356	241
Federal funds sold and interest-bearing deposits with banks	8	3	24	24
Due from banks - interest bearing	11	12	38	37
Total Interest Income	<u>1,464</u>	<u>1,383</u>	<u>5,927</u>	<u>4,876</u>
Interest Expense				
Income before income tax expense (benefit)	380	355	1,459	1,456
Net income	<u>380</u>	<u>355</u>	<u>1,459</u>	<u>1,456</u>
Net Interest Income before Provision for Loan Loss	1,084	1,028	4,468	3,420
Earnings per share:	35	141	244	472
Net Interest Income after Provision for Loan Loss	<u>1,049</u>	<u>887</u>	<u>4,224</u>	<u>2,948</u>
Non-Interest Income				
Fees and service charges on deposit accounts	95	104	343	344
Loan fee income	21	4	41	20
All other income	11	16	36	48
Total Non-Interest Income	<u>127</u>	<u>124</u>	<u>420</u>	<u>412</u>
Non-Interest Expense				
Salaries and employee benefits	489	456	2,107	1,831
Occupancy and equipment	185	211	683	643
Data processing services	40	34	144	120
Professional and other fees	119	54	282	173
Advertising and promotion	9	4	30	18
Federal insurance assessment	27	41	125	154
Other operating expenses	95	64	315	269
Total Non-Interest Expenses	<u>964</u>	<u>864</u>	<u>3,686</u>	<u>3,208</u>
Income Before Income Tax Expense (Benefit)	212	147	958	152
Income tax expense (benefit)	74	(1,190)	406	(1,185)
Net Income	<u>\$ 138</u>	<u>\$ 1,337</u>	<u>\$ 552</u>	<u>\$ 1,337</u>
Income per share:				
Basic and diluted	\$ 0.08	\$ 0.77	\$ 0.32	\$ 0.77
Weighted average number of common shares outstanding				
Basic and diluted	1,731	1,731	1,731	1,731