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DELANCO BANCORP ANNOUNCES SECOND QUARTER 2010 RESULTS

OCTOBER 28, 2010

DELANCO, NEW JERSEY

Delanco Bancorp, Inc. (Delanco) (NADASQ: DLNO.OB), the parent company of Delanco Federal Savings Bank (the Bank), today announced its financial results for the three months and six months ended September 30, 2010.

For the three months ended September 30, 2010, Delanco recorded net earnings of \$102 thousand as compared to a loss of \$357 thousand for the three months September 30, 2009. For the six months ended September 30, 2010 the Bank had net earnings of \$234 thousand as compared to a loss of \$311 thousand for the six months ended September 30, 2009. Earnings per share for the quarter ending September 30, 2010 was \$0.06, compared to a loss of \$(0.23) per share for the quarter ending September 30, 2009. Earnings per share for the six months ending September 30, 2010 was \$0.15, compared to a loss of \$(0.20) per share for the six months ending September 30, 2009.

“This quarter’s earnings are a result of our continuing efforts to workout and resolve our problem assets,” said James E. Igo, Chairman and President of Delanco. “We have seen stabilization in our commercial loan portfolio and continue to work with our customers to get us through these trying times. We also continue to look at all aspects of our business and allowed some of our higher costing deposits to flow from the bank while increasing our core deposits. This has allowed us to improve our net interest margin even as our yields earned on our assets continue to decrease. This has caused our total assets to decrease but has allowed us to strengthen our capital ratios.”

Balance Sheet

Total assets decreased \$2.8 million, or 2.0 % from March 31, 2010 to \$137.1 million. The decrease in assets was due primarily to decreases in loans of \$1.4 million and in investment securities of \$1.9 million offset by an increase in cash and cash equivalents of \$478 thousand and Real Estate Owned by \$592 thousand.

Total deposits decreased by \$2.9 million or 2.3% to \$124.2 million as of September 30, 2010 compared to \$127.2 million as of March 31, 2010. Core deposits grew \$1.0 million and time deposits decreased by \$4.0 million.

At September 30, 2010 shareholders equity equaled \$12 million, or 8.73% of total assets, compared to \$11.7 million or 8.39% at March 31, 2010. The increase in stockholders’ equity was primarily due to the year to date profit.

Asset Quality

Non-performing loans totaled \$5.3 million, or 3.85% of total assets at September 30, 2010, compared to \$6.1 million, or 4.34% at March 31, 2010. At September 30, 2010 non-performing loans consisted of \$2.6 million in commercial loans, \$1.8 million in residential mortgages and \$919 thousand in consumer loans. Net charge-offs during the six month period ended September 30, 2010 were \$147 thousand, compared to \$996 thousand during the six month period ending September 30, 2009. The allowance for loan losses at September 30, 2010 totaled \$1.1 million, or 1.1% of total loans outstanding, compared to \$1.4 million or 1.2% of loans outstanding at September 30, 2009.

The bank recorded a provision for loan losses of \$273 thousand during the six months ended September

30, 2010, compared to a provision of \$805 thousand for the six months ended September 30, 2009.

Net Interest Income

Delanco's net interest income increased by \$163 thousand or 16.1% to \$1.2 million for the quarter ended September 30, 2010 as compared to \$1.0 million for the quarter ended September 30, 2009 and increased by \$246 thousand or 11.8% for the six months ended September 30, 2010 to \$2.3 million as compared to the net interest income for the six months ended September 30, 2009 of \$2.1 million.

The net interest margin increased to 3.66% for the period ended September 30, 2010, an increase of 32 basis points from the period ended September 30, 2009, reflecting a steady return on interest earning assets and a decline in the interest cost on interest bearing liabilities. For the period ended September 30, 2009, the net interest margin was 3.34%.

Non-Interest Income

Non-interest income decreased by \$15 thousand for the six months ended September 30, 2010 as compared to the six month period ended September 30, 2009. Other income decreased by \$13,000 as a result of the conversion of our ATM processor. Our new processor now nets the fees earned on ATM transactions against charges.

Non-Interest Expenses

Non-interest expenses decreased by \$94 thousand for the six month period ended September 30, 2010 as compared to the six month period ending September 30, 2009 due to reduced salaries and employee benefits cost of \$153 thousand dollars offset by increases in Federal Deposit Insurance costs and costs associated with the workout of our problem assets, which includes REO expenses and legal costs.

Subsequent Event

On October 1, 2010 Delanco received a payment of \$104 thousand dollars from one relationship that represented all the back interest due on the \$912 thousand loan relationship as well as late charges due. As a result of these loans being brought current, they are no longer classified as non-performing.

About Delanco Bancorp, Inc.

Delanco Bancorp, Inc. is the holding company for Delanco Federal Savings Bank. Delanco Federal Savings Bank operates from two offices in Burlington County, New Jersey. Delanco Federal Savings Bank is engaged primarily in the business of attracting deposits from the general public and using such funds to originate a variety of consumer and business loans.

Forward-Looking Statements

This quarterly report contains forward-looking statements that are based on assumptions and may describe our future plans, strategies and expectations. These forward-looking statements are generally identified by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project" or similar expressions.

Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on our operations include, but are not limited to, changes in interest rates, national and regional economic conditions, legislative and regulatory changes, monetary and fiscal policies of the U.S. government, including policies of the U.S. Treasury and the Federal Reserve Board, the quality and composition of our loan or investment portfolios, demand for loan products, deposit flows, competition, demand for financial services in our market area, changes in real estate market values in our area, and changes in relevant accounting principles and guidelines.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Except as required by applicable law or regulation, we do not undertake, and specifically disclaim any obligation, to release publicly the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of the statements or to reflect the occurrence of anticipated or unanticipated events.

FOR FURTHER INFORMATION CONTACT:

James E. Igo, Chairman and President
856-461-0611
www.delancofsb.com

SELECTED FINANCIAL CONDITION DATA

	<u>September 30,</u> <u>2010</u>	<u>March 31,</u> <u>2010</u>	<u>% Change</u>
	(Dollars in thousands)		
Total assets	137,136	139,922	(2.0)%
Cash and cash equivalents	5,362	4,884	9.8
Investment securities	14,682	16,618	(11.7)
Loans receivable, net	105,784	107,204	(1.3)
Deposits	124,219	127,164	(2.3)
FHLB advances	0	0	0.0
Subordinated debt	0	0	0.0
Stockholder's equity	11,973	11,735	2.0

SELECTED OPERATING DATA

	<u>Three Months Ended</u> <u>September 30,</u>			<u>Six Months Ended</u> <u>September 30,</u>		<u>%</u>
	<u>2010</u>	<u>2009</u>	<u>% Change</u>	<u>2010</u>	<u>2009</u>	<u>Change</u>
	(In thousands, except per share amounts)					
Interest and dividend income	1,677	1,696	(1.1)%	3,374	3,461	(2.5)%
Interest expense	<u>495</u>	<u>678</u>	(27.0)	<u>1,045</u>	<u>1,378</u>	(24.2)
Net interest income	1,182	1,018	16.1	2,329	2,083	11.8
Provision for loan losses	<u>123</u>	<u>705</u>	(82.6)	<u>273</u>	<u>805</u>	(66.1)
Net interest income after provision for loan losses	1,059	313	238.3	2,055	1,278	60.8
Other income	36	48	(25.0)	80	95	(15.8)
Impairment on investment securities	<u>0</u>	<u>0</u>	0.0	<u>0</u>	<u>0</u>	0.0
Other expense	<u>926</u>	<u>928</u>	(0.2)	<u>1,783</u>	<u>1,877</u>	(5.0)
Income before taxes	169	(567)	129.8	353	(504)	170.0
Provision for income taxes	<u>67</u>	<u>(210)</u>	131.9	<u>119</u>	<u>(193)</u>	161.7
Net Income	<u>102</u>	<u>(357)</u>	128.6	<u>234</u>	<u>(311)</u>	175.2
Earnings per share basic	\$0.06	(\$0.23)	126.1	\$0.15	(\$0.20)	175.0
Earnings per share diluted	\$0.06	(\$0.23)	126.1	\$0.15	(\$0.20)	175.0
Average shares outstanding basic	1,580,256	1,577,052		1,580,256	1,577,052	
Average shares outstanding diluted	1,580,256	1,577,052		1,580,256	1,577,052	

ASSET QUALITY DATA

	Six Months Ended September 30, 2010	Year Ended March 31, 2010
	(Dollars in thousands)	
Allowance for Loan Losses:		
Allowance at beginning of period	999	1,547
Provision for loan losses.....	273	1,140
Charge-offs.....	<u>(148)</u>	<u>(1,737)</u>
Recoveries	1	49
Net charge-offs	<u>(147)</u>	<u>(1,688)</u>
Allowance at end of period.....	1,125	999
Allowance for loan losses as a percent of total loans ...	1.1%	0.92%
Allowance for loan losses as a percent of nonperforming loans.....	21.3%	16.47%

	Six Months Ended September 30, 2010	Year Ended March 31, 2010
	(Dollars in thousands)	
Nonperforming Assets:		
Nonaccrual loans:		
Real estate mortgage - residential.....	2,687	2,053
Real estate mortgage - commercial.....	2,584	3,789
Commercial	-	225
Consumer	<u>14</u>	-
Total	5,285	6,067
Real estate owned.....	1,005	413
Other nonperforming assets.....	-	-
Total nonperforming assets	6,290	6,480
Nonperforming loans as a percent of total loans	4.94%	5.60%
Nonperforming assets as a percent of total assets.....	4.59%	4.63%

SELECTED FINANCIAL RATIOS

	Six Months Ended September 30,	
	2010	2009
Selected Performance Ratios:		
Return on average assets (1).....	0.34%	(0.46)%
Return on average equity (1)	4.03%	(5.36)%
Interest rate spread (1).....	3.59%	3.27%
Net interest margin (1).....	3.66%	3.34%
Efficiency ratio	74.0%	86.2%

(1) Annualized.