Lincoln Park Bancorp

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LINCOLN PARK BANCORP ANNOUNCES SECOND QUARTER 2018 RESULTS

Lincoln Park, New Jersey, July 31, 2018 – Lincoln Park Bancorp (OTC Bulletin Board: LPBC) (the "Company"), the holding company of Lincoln 1st Bank, announced net income of $242 thousand or $0.14 per share and , for the three months ended June 30, 2018, compared to net income of $141 thousand or $0.08 per share for the three months ended June 30, 2017.

For the six months ended June 30, 2018, net income totaled $666 thousand, or $0.38 per share, compared to $398 thousand, or $0.23 per share, for the six months ended June 30, 2017. The increase in net income for both periods can be attributed to management's re-structuring of the Company's assets and focus on higher yielding loan products.

Company Highlights:

- During the 2nd quarter the Company hired a new Chief Executive Officer and a new Chief Financial Officer.
- The company reorganized the corporate structure to support commercial and small business growth.
- At the same time the Company enhanced its business development and sales capabilities by hiring new sales staff trained to focus on core deposit growth.
- While overall deposits decreased with the roll-off of interest bearing deposits, non-interest bearing DDA accounts increased 35% between December 31, 2017 and June 30, 2018.

Stephen Dormer, CEO commented: "As we focus on growing our core deposit and commercial and consumer lending businesses, we are pleased to report earnings that begin to reflect these efforts. Our recent organizational restructuring and key additions to staff are evidence of our commitment to a traditional community bank strategy to serve the financial needs of local businesses and consumers. I am extremely pleased to be chosen to lead the Bank at this exciting time in its development."

Financial Performance Overview:

QTD 2018 v. QTD 2017
For the second quarter 2018, net income totaled $242 thousand an increase of $101 thousand, or 72%, as compared to the net income of $141 thousand for second quarter 2017.

Net interest income for the three months ended June 30, 2018 was $1.52 million or 10% less than the $1.68 million for the same period in 2017. The most significant changes within interest income and expense categories included a $755 thousand or 59% increase in loan interest income. Interest expense for the 3 months ended June 30, 2018 compared to the 3-month ended period June 30, 2017 increased 20% or $254 thousand which is mainly attributed to the Company's higher costing deposit products.

Loan credit quality remained a strong suit for the company, with a net $4 thousand credit for loan losses for the 3-month period ending June 30, 2018. The credit for loan losses was due to improved collateral values associated with one of the seven non-accrual loans. For the same period 2017 the company recorded a $3 thousand provision.

Non-interest income increased $156 thousand, or 533%, for the second quarter of 2018, juxtaposed with a loss of $29 thousand for the same period last year. Much of the increase for the second quarter of 2018 can be attributed to the mark to market gain associated with the interest rate cap, which was entered into during the fourth quarter 2017. The purchase of the interest rate cap was part of the previously mentioned asset restructuring, together with better management of the company's interest rate risk. The mark-to-market effects on our income statement are considered volatile and may increase or decrease our income in future periods.

The Company's non-interest expenses decreased $171 thousand, or 11%, to $1.34 million for the second quarter of 2018, as compared to$1.51 million the same period last year. This decrease of expenses can be attributed to disciplined expense control, as the bank continues to revisit all aspects of the financial statement during the re-structuring.

YTD 2018 v. YTD 2017
For the six months ended June 30, 2018, net income totaled $666 thousand, an increase of $267 thousand, or 67%, as compared to the net income of $398 thousand for second quarter 2017. The net interest margin decreased 28 basis points to 1.97% as compared to 2.25% for the six months ended June 30, 2017. The decrease in the margin is associated with increased deposit costs.

Net interest income for the six months ended June 30, 2018 was $3.23 million or 6% less than the $3.42 million for the same period in 2017. Changes within interest income and expense categories included a $1.70 million or 68% increase in interest income associated with our loan portfolio. The increase in loan interest income can be attributed to the $60 million growth within the lending portfolio since June 30, 2017, combined with two rate hikes in 2018. During the same period interest expense increased 25% or $593 thousand due to the Company's higher costing deposits and borrowings.

Provision for Loan Losses increased by $33 thousand to $48 thousand, in comparison to the six-months ended June 30, 2017 which had a provision of $15 thousand. The required provision was driven by loan growth. The Company’s NPA to total asset ratio improved to 0.35% down from 1.24% of total assets.

Non-interest income increased $547 thousand, or 1251%, to $504 thousand for 2018, as compared to a loss of $44 thousand for the same period last year (2017). A substantial portion of the increase for the second quarter of 2018 can be attributed to the potentially volatile mark to market gain associated with the derivative instrument, while the remainder may be attributed to the losses taken in 2017, and associated with the sale of securities, which has not occurred in 2018.

The Company's non-interest expenses remained stable with a 2% or a $60 thousand decrease year over year.

Financial Condition:

As of June 30, 2018, the Company's total assets were $353.7 million, a decrease of $29.0 million, or 8%, as compared to total assets of $382.7 million at December 31, 2017. The decrease in total assets was associated with a $37 million reduction in cash and cash equivalents held as of December 31, 2017. The cash was utilized to fund loan growth and repay volatile interest-bearing deposits the Company chose to let run-off.

Net loans receivable increased $15.2 million, or 8%, to $195.2 million as of June 30, 2018, compared to $180.0 million on December 31, 2017. The increase in loans was primarily in the residential real estate portfolio, while the Company’s business variable term loans showed growth of $3.68 million, or 85%.

The Company's total deposits decreased $27.9 million, or 10% to $257.9 million as of June 30, 2018, from $285.8 million on December 31, 2017. The decrease in deposits reflected an outflow of higher rate interest bearing deposit accounts, which allowed for better interest rate risk management.

As of June 30, 2018, the Company's total stockholders' equity was $15.5 million, a decrease of $1.6 million when compared to December 31, 2017. The decrease was associated with an increase of $2.2 million, to $4.2 million, in the company’s accumulated comprehensive loss related to the investment portfolio as of June 30, 2018; compared to an unrealized loss on the portfolio of $1.9 million on December 31, 2017. The Bank will continue to monitor and adjust its position accordingly. As of June 30, 2018, Tier I capital leverage ratio, common equity tier 1 capital ratio, Tier 1 capital ratio and total capital ratios for the Bank continue to show adequate capitalization of 6.61%, 15.51%, 15.51% and 16.00%, respectively, all in excess of the ratios required to be deemed "well-capitalized."

About Lincoln Park Bancorp

Established in 1923 and headquartered in Lincoln Park, N.J., Lincoln Park Bancorp (OTC Bulletin Board: LPBC) through its wholly owned subsidiary Lincoln 1st Bank operates 2 branch banking locations in Lincoln Park and Montville, New Jersey. The Bank provides businesses and individuals a wide range of loans, deposit products, along with retail and commercial banking services. For more information, please visit www.mylincoln1st.com.

Forward-Looking Statements

The foregoing material may contain forward-looking statements concerning the unaudited financial condition, results of operations and business of the Company. We caution that such statements are subject to a number of uncertainties and actual results could differ materially, and, therefore, readers should not place undue reliance on any forward-looking statements. The Company does not undertake, and specifically disclaims, any obligation to publicly release the results of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements

LINCOLN PARK BANCORP
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In thousands)
(Unaudited)

	June 30, 2018	(audited) December 31, 2017
ASSETS		
CASH AND DUE FROM BANKS	$ 804	$ 507
INTEREST-BEARING DEPOSITS	$ 2,697	$ 39,791
INVESTMENTS	$ 136,760	$ 146,925
INTEREST RATE CAP	$ 862	$ 407
LOANS RECEIVABLE	$ 195,293	$ 180,093
PREMISES AND EQUIPMENT	$ 2,854	$ 2,947
FHLB/ACBB STOCK	$ 3,651	$ 3,662
INTEREST RECEIVABLE	$ 1,314	$ 1,128
BOLI	$ 5,861	$ 4,676
OTHER ASSETS	$ 3,606	$ 2,595
TOTAL ASSETS	**$ 353,703**	**$ 382,731**
LIABILITIES		
DEPOSITS	$ 188,553	$ 210,537
BROKERED DEPOSITS	$ 69,349	$ 75,299
BONDE ISSUE	$ 4,827	$ 4,816
BORROWED MONEY	$ 72,993	$ 72,597
ESCROW	$ 618	$ 542
OTHER LIABILITIES	$ 1,874	$ 1,887
TOTAL LIABILITIES	**$ 338,213**	**$ 365,678**
STOCKHOLDERS' EQUITY		
COMMON STOCK	$ 19	$ 19
PAID-IN CAPITAL	$ 8,107	$ 8,097
TREASURY STOCK	$ (814)	$ (814)
RETAINED EARNINGS	$ 12,650	$ 11,984
UNEARNED ESOP	$ (125)	$ (134)
UNEARNED RESTRICTED STOCK	$ (107)	$ (108)
OCI (LOSS)-DRP	$ (203)	$ (190)
OCI (LOSS)-FAS 115 COMPONENT	$ (4,038)	$ (1,800)
TOTAL EQUITY	**$ 15,489**	**$ 17,053**
TOTAL LIABILITIES & EQUITY	**$ 353,703**	**$ 382,731**

LINCOLN PARK BANCORP
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except for per share amounts)
(unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
INTEREST INCOME				
LOANS RECEIVABLE	$ 4,192	$ 2,495	$ 2,035	$ 1,281
SECURITIES	$ 1,925	$ 3,239	$ 943	$ 1,608
OTHER	$ 107	$ 85	$ 51	$ 43
TOTAL INTEREST INCOME	**$ 6,224**	**$ 5,819**	**$ 3,030**	**$ 2,932**
INTEREST EXPENSE				
DEPOSITS	$ 1,869	$ 1,370	$ 938	$ 732
BOND ISSUANCE	$ 207	$ 210	$ 104	$ 104
BORROWINGS	$ 919	$ 823	$ 461	$ 413
TOTAL INTEREST EXPENSE	**$ 2,996**	**$ 2,403**	**$ 1,504**	**$ 1,250**
NET INTEREST INCOME	$ 3,228	$ 3,416	$ 1,526	$ 1,682
PROVISION (CREDIT) FOR LOANS LOSSES	$ 48	$ 15	$ (4)	$ 3
NET INTEREST INCOME AFTER PROVISION (CREDIT) FOR LOAN LOSSES	**$ 3,180**	**$ 3,401**	**$ 1,530**	**$ 1,679**
NON INTEREST INCOME				
INTEREST RATE CAP GAINS	$ 456	$ -	$ 97	$ -
SECURITIES GAINS/(LOSSES)	$ -	$ (109)	$ -	$ (61)
OTHER	$ 48	$ 66	$ 29	$ 32
TOTAL NON-INTEREST INCOME	**$ 504**	**$ (44)**	**$ 127**	**$ (29)**
NON INTEREST EXPENSE	**$ 2,801**	**$ 2,861**	**$ 1,339**	**$ 1,509**
INCOME BEFORE INCOME TAXES	$ 883	$ 497	$ 318	$ 141
INCOME TAX EXPENSE	$ 218	$ 98	$ 76	$ (0)
NET INCOME	**$ 666**	**$ 398**	**$ 242**	**$ 141**
EARNINGS PER SHARE				
BASIC	$ 0.38	$ 0.23	$ 0.14	$ 0.08
DILUTED	$ 0.38	$ 0.23	$ 0.14	$ 0.08

NIM	1.97%	2.25%	1.87%	2.22%
ROA	0.37%	0.22%	0.27%	0.16%
ROE	8.59%	4.12%	6.25%	2.91%
NPA	0.35%	1.24%	0.35%	1.24%