LINCOLN PARK BANCORP ANNOUNCES SECOND QUARTER 2019 RESULTS

Lincoln Park, New Jersey, July 31, 2019 – Lincoln Park Bancorp (OTC Bulletin Board: LPBC) (the "Company"), the holding company of Lincoln 1st Bank, announced a net loss of $810 thousand or $0.47 per basic share, for the six months ended June 30, 2019 compared to net income of $666 thousand or $0.38 per basic share for the six months ended June 30, 2018. The net loss for the quarter reflects certain expenses incurred in management's continuing efforts to implement its strategic plan to increase core deposits and high-quality commercial loans.

Company Highlights:

- The Company brought in an experienced banker to revitalize residential mortgage sales and loan operations along with re-launching new products in the 20, 15, 7 and 5 year categories.
- Transaction account average balances continue to trend upward, increasing 7% at June 30, 2019 as compared to December 31, 2018; this reflects the Company's continued efforts to reduce the Bank's cost of funds.
- The Company's commercial loan growth increased by $9 million, or 25%, at June 30, 2019 as compared to December 31, 2018.
- The year-to-date 2019 mark-to-market adjustment on the derivative required a valuation adjustment resulting in a loss of $399 thousand.

Stephen Dormer, CEO commented: "The refocusing of the Bank's business and the transitioning of its balance sheet continued in the second quarter. New leadership, hired in April, has re-energized our mortgage and consumer lending business. Our commercial lending business grew ahead of plan in the quarter and we introduced enhanced underwriting and portfolio analytical processes to manage efficiently this growing business line. Core deposit growth continues on pace and this quarter's increase in non-interest income reflects the overall growth in business activity in the Bank. Declining interest rates and the market valuation of the interest rate cap affected our overall returns as did increased spending on talent acquisition. Nonetheless we are confident that our investment in new talent will be evident in enhanced returns over the long run."

<u>Financial Performance Overview:</u>

<u>QTD 2019 v. QTD 2018</u>

For the three months ended June 30, 2019, net losses totaled $330 thousand which reflects an increased loss of $572 thousand, in comparison to net income of $242 thousand for the three months ended June 30, 2018.

Net interest income for the three months ended June 30, 2019 decreased $137 thousand, or 9.0%, to $1.4 million as compared to $1.5 million for the three months ended June 30, 2018. The decrease can be attributed to the ongoing restructuring of the balance sheet better positioning the bank for sustainable future growth. While average interest-bearing assets have decreased from period to period the Company has shown an improved Net Interest Margin refocusing the strategy to higher yielding assets.

Allowance for loan losses for the three months ended June 30, 2019 increased $47 thousand, to $43 thousand as compared to a credit for loan losses of $4 thousand for the three months ended June 30, 2018. The provision for loan losses was derived from a normal assessment of the Company's environmental factors as part of the ASC-450 general reserve and ASC-310 specific reserve calculations. The increase is attributed to the continued emphasis on growth of the commercial loan portfolio.

Non-interest income increased $90 thousand, or 301.6%, to $120 thousand for the three months ended June 30, 2019, compared with non-interest income of $30 thousand for the three months ended June 30, 2018. This increase is primarily attributed to increased fee income related to commercial loans and deposits.

The valuation of the interest rate cap decreased $172 thousand, or 176.9%, to a loss of $75 thousand for the three months ended June 30, 2019, as compared to income of $97 thousand for the three months ended June 30, 2018. The loss for the second quarter of 2019 can be attributed to the decreasing rate environment. The purchase of the interest rate cap, in the fourth quarter of 2017, 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 resulting from the interest rate cap are by their nature volatile and may increase or decrease our income in future periods.

The Company's non-interest expenses increased by $582 thousand, or 43.5%, to $1.9 million for the three months ended June 30, 2019, compared to $1.3 million the three months ended June 30, 2018. This increase in expense is additional salary and marketing expense necessary to build out and support the revenue generating business lines of the Company.

YTD 2019 v. YTD 2018
For the six months ended June 30, 2019, net losses totaled $810 thousand which reflects an increased loss of $1.5 million, in comparison to net income of $666 thousand for the six months ended June 30, 2018.

Net interest income for the six months ended June 30, 2019 decreased $306 thousand, or 9.5%, to $2.9 million, as compared to $3.2 million for the six months ended June 30, 2018. The decrease can be attributed to a $48 million reduction in average interest-bearing assets. This reduction is partially offset by an increased adjusted net interest margin of 26 basis points year over year.

Allowance for loan losses for the six months ended June 30, 2019 increased $71 thousand, or 147.1%, to $119 thousand as compared to $48 thousand for the six months ended June 30, 2018. The provision for loan losses was derived from a normal assessment of the Company's environmental factors as non-performing assets improved and remain well below industry averages. The increase is attributed to the continued emphasis on growth of the organic loan portfolio.

Non-interest income increased $151 thousand, or 315.6%, to $199 thousand for the six months ended June 30, 2019, compared with income of $48 thousand for the six months ended June 30, 2018. This increase is primarily attributed to increased fee income related to commercial loans and deposits.

The valuation of the interest rate cap decreased $855 thousand, or 187.4%, to a loss of $399 thousand for the six months ended June 30, 2019, compared with income of $456 thousand for the six months ended June 30, 2018. Remaining fair value associated with the interest rate cap is $97 thousand.

The Company's non-interest expenses increased by $981 thousand, or 35.0%, to $3.8 million for the six months ended June 30, 2019, as compared to $2.8 million for the six months ended June 30, 2018. This increase in expense is attributed to the expansion of the commercial loan and business development departments. The hiring costs are not expected to occur at the same level going forward.

Financial Condition:
As of June 30, 2019, the Company's total assets were $331.3 million, a decrease of $8.3 million, or 2.5%, as compared to total assets of $339.6 million at December 31, 2018. The decrease in total assets was associated with a $7.0 million reduction in investments and $3.2 million reduction in loans receivable held as of December 31, 2018.

Net loans receivable decreased $3.7 million, or 1.9%, to $189.2 million as of June 30, 2019, compared to $192.9 million at December 31, 2018. The decrease in net loans receivable was primarily in the residential loan portfolio, which was netted against continued growth in the commercial loan portfolio.

The Company's total deposits decreased $9.2 million, or 3.7% to $236.5 million at June 30, 2019, from $245.7 million at December 31, 2018. The decrease in deposits reflected an intentional outflow of deposits that the Bank chose not to retain given their above market rates and associated volatility. Average organic deposits continued the positive trend growing 8% year to date or $12 million. Demand Deposit Accounts (DDA) and NOW Accounts continue to trend upward growing $4.2 million or 17.3% from December 31, 2018.

As of June 30, 2019, the Company's total stockholders' equity was $18.9 million, which is an increase of $2.4 million when compared to December 31, 2018. The improvement was associated with the Company's accumulated comprehensive position transitioning from a loss at December 31, 2018 to a positive position at quarter end. Driving the change in position was the investment portfolio which stood at a $621 thousand unrealized gain at June 30, 2019, compared to an unrealized loss of $3.4 million at December 31, 2018. The Bank will continue to monitor and adjust its investment portfolio position. As of June 30, 2019, 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 6.74%, 14.38%, 14.38% and 14.98%, 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 locations in Lincoln Park and Montville, New Jersey. The Bank provides businesses and individuals a wide range of loans and 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

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LINCOLN PARK BANCORP
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands)
(unaudited)

	June 30, 2019	(audited) December 31, 2018
ASSETS		
CASH AND CASH EQUIVALENTS	12,376	7,566
INVESTMENTS	113,859	120,829
INTEREST RATE CAP	97	495
NET LOANS RECEIVABLE	189,235	192,941
PREMISES AND EQUIPMENT	2,677	2,750
FHLB/ACBB STOCK	3,502	3,589
INTEREST RECEIVABLE	1,259	1,249
BOLI	6,055	5,960
OTHER ASSETS	2,223	4,237
TOTAL ASSETS	$ 331,283	$ 339,617
LIABILITIES		
DEPOSITS	166,404	151,158
BROKERED AND LISTING DEPOSITS	70,139	94,578
BOND ISSUE	4,849	4,838
BORROWED MONEY	68,527	69,898
OTHER LIABILITIES	2,417	2,601
TOTAL LIABILITIES	$ 312,336	$ 323,073
STOCKHOLDERS' EQUITY		
COMMON STOCK	19	19
PAID-IN CAPITAL	8,043	8,034
RETAINED EARNINGS	11,381	12,123
UNEARNED ESOP	(105)	(115)
TREASURY STOCK	(814)	(814)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	423	(2,703)
TOTAL EQUITY	$ 18,947	$ 16,544
TOTAL LIABILITIES AND EQUITY	$ 331,283	$ 339,617

LINCOLN PARK BANCORP
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(in thousands)
(unaudited)

	for the six months ended June 30		for the three months ended June 30	
	2019	**2018**	**2019**	**2018**
INTEREST INCOME				
LOANS RECEIVABLE	4,248	4,192	2,163	2,035
SECURITIES	1,594	1,925	769	943
OTHER	191	107	62	51
TOTAL INTEREST INCOME	$ 6,033	$ 6,224	$ 2,993	$ 3,029
INTEREST EXPENSE				
DEPOSITS	2,014	1,869	1,059	938
BOND ISSUANCE	207	207	102	104
BORROWINGS	888	919	444	461
TOTAL INTEREST EXPENSE	$ 3,110	$ 2,995	$ 1,605	$ 1,503
NET INTEREST INCOME	2,923	3,229	1,389	1,526
PROVISION (CREDIT) FOR LOAN LOSSES	119	48	43	(4)
NET INTEREST INCOME AFTER PROVISION (CREDIT) FOR LOAN LOSSES	$ 2,805	$ 3,181	$ 1,346	$ 1,530
NON-INTEREST INCOME	199	48	120	30
NON-INTEREST EXPENSE	3,782	2,801	1,921	1,339
INTEREST RATE CAP (LOSS) GAIN	(399)	456	(75)	97
INCOME BEFORE INCOME TAXES	(1,177)	884	(529)	318
INCOME TAX (BENEFIT) EXPENSE	$ (367)	$ 218	$ (200)	$ 76
NET (LOSS) INCOME	$ (810)	$ 666	$ (330)	$ 242

LINCOLN PARK BANCORP
FINANCIAL RATIOS
(in thousands, except per share amounts)
(unaudited)

	for the six months ended June 30		for the three months ended June 30	
	2019	2018	2019	2018
EARNINGS PER SHARE:				
BASIC	$ (0.47)	$ 0.38	$ (0.19)	$ 0.14
DILUTED	-	0.38	-	0.14
NET INTEREST MARGIN (NIM):				
(INTEREST INCOME - INTEREST EXPENSE)	2,923	3,229	1,389	1,526
AVERAGE INTEREST-BEARING ASSETS	308,836	356,618	308,836	356,618
	1.89%	1.81%	1.80%	1.71%
ADJUSTED[1] NET INTEREST MARGIN (NIM):				
(INTEREST INCOME - INTEREST EXPENSE)		2,911		
AVERAGE INTEREST-BEARING ASSETS		356,618		
		1.63%		
RETURN ON ASSETS (ROA):				
NET INCOME	(810)	666	(330)	242
AVERAGE TOTAL ASSETS	337,600	361,798	337,600	361,798
	-0.48%	0.37%	-0.39%	0.27%
RETURN ON EQUITY (ROE):				
NET INCOME	(810)	666	(330)	242
BOOK VALUE OF EQUITY	18,894	16,491	18,894	16,491
	-8.58%	8.08%	-6.98%	5.87%
NON-PERFORMING ASSETS (NPA):				
NET NON-PERFORMING ASSETS	401	1,240		
OUTSTANDING LOANS	189,235	195,293		
	0.21%	0.64%		

[1]The ratio presented is a Non GAAP measure; the net interest income numerator does not include a one-time income adjustment relating to a change in the accounting method associated with premiums on participated loans in March 2018.