

LINCOLN PARK BANCORP ANNOUNCES FOURTH QUARTER AND 2020 ANNUAL RESULTS

Pine Brook, New Jersey, February 24, 2021 – Lincoln Park Bancorp (OTC Bulletin Board: LPBC) (the “Company”), the holding company of Lincoln 1st Bank (the “Bank” or “Lincoln”), announced a net loss of \$762 thousand or \$0.44 per diluted share for the year ended December 31, 2020 compared to a net loss of \$2.5 million or \$1.45 per diluted share for the year ended December 31, 2019.

The Company reported a net loss of \$278 thousand or \$0.16 per diluted share for the three months ended December 31, 2020 compared to a net loss of \$1.3 million or \$0.77 per diluted share for the three months ended December 31, 2019.

Erik Terpstra, Co-President & Chief Financial Officer of Lincoln 1st Bank, commented: “Reflecting back on 2020, the turnaround story for Lincoln Park Bancorp continued. Through the black swan event of COVID-19 we continued to grow our principal business lines. The shift in our asset mix along with the reduction in our cost of funds is evidenced in the improvement in the Company’s net interest margin. During the year Lincoln consolidated multiple locations, added leadership positions within the Bank and adapted our operating procedures to continue to service the local community in these unprecedented times. I am proud of the hard work of our employees here at Lincoln and look forward to 2021.”

Financial Performance Overview:

4Q 2020 v. 4Q 2019

For the three months ended December 31, 2020, the net loss totaled \$278 thousand which reflects a decreased loss of \$1.1 million in comparison to a net loss of \$1.3 million for the three months ended December 31, 2019.

Net interest income for the three months ended December 31, 2020 remained flat at \$1.3 million as compared to the three months ended December 31, 2019, while net interest margin decreased 5 basis points over the same periods. The decrease in the net interest margin was mostly due to a decline in the average rate earned on interest earning assets. This decline was partially offset by a reduction in the average rate paid on total interest-bearing liabilities.

“We continue to make progress towards reducing our legacy high-cost funding, which was a primary goal for 2020. This quarter we have reduced our cost of funds by 53 basis points as compared to the same period last year. With the fourth quarter increase in core deposits we are hopeful this momentum will continue into 2021”, said Philip Vaz, Co-President and Chief Operating Officer of Lincoln 1st Bank.

The provision for loan losses for the three months ended December 31, 2020 decreased \$1.2 million, to \$65 thousand as compared to \$1.2 million for the three months ended December 31, 2019. The net provision entry during the quarter was the result of net charge-offs totaling \$374 thousand in the Company’s CRE loan portfolio, partially offset by a decline in loans receivable.

Non-interest income remained flat at \$117 thousand for the three months ended December 31, 2020, compared to the three months ended December 31, 2019.

Non-interest expenses decreased \$300 thousand for the three months ended December 31, 2020 months to \$1.8 million as compared to \$2.1 million for the three months ended December 31, 2019. This decrease in expense is attributed to rightsizing of the organization seen through reduced salary expense with a decrease in auditing expense.

2020 v. 2019

For the year ended December 31, 2020, the net loss totaled \$762 thousand which reflects a decreased loss of \$1.8 million, in comparison to a net loss of \$2.5 million for the year ended December 31, 2019.

Net interest income for the year ended December 31, 2020 decreased to \$5.3 million, as compared to \$5.5 million for the year ended December 31, 2019. During 2020 average interest earning assets decreased \$22 million from December 31, 2019 while its net interest margin improved 6 basis points. The improvement in net interest margin was driven by decreased cost of funds of 37 basis points.

The provision for loan losses for the year ended December 31, 2020 decreased \$301 thousand, to \$1.1 million as compared to \$1.4 million for the year ended December 31, 2019. The decrease in the provision derives from a reduced loans portfolio netted against charge-offs totaling \$623 thousand in the Company's C&I and CRE loan portfolios.

Non-interest income increased \$574 thousand, or 100.2%, to \$1.1 million for the year ended December 31, 2020, compared with non-interest income of \$573 thousand for the year ended December 31, 2019. This increase is primarily attributable to realized gains on the sales of securities and increased fee income related to commercial loans and deposits.

The mark-to-market valuation of the interest rate cap resulted in an expense of \$48 thousand for the year ended December 31, 2020. The expense is \$400 thousand less than the \$448 thousand write-down for the year ended December 31, 2019. The remaining fair value associated with the interest rate cap is less than \$1 thousand.

Non-interest expenses decreased \$800 thousand for the year ended December 31, 2020 to \$7.1 million as compared to \$7.9 million for the year ended December 31, 2019. This decrease in expense is mainly attributable to a reduction in salary expense arising from the consolidation of corporate headquarters allowing for greater efficiencies and streamlined reporting.

Year over year the Company's tax benefit increased 76% as the Company benefited from a one-time tax recovery of \$372 thousand associated with the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). This benefit is not expected to recur and was derived from changes made, allowing the Company to carry-back some of its net-operating losses.

Financial Condition:

As of December 31, 2020, the Company's total assets were \$314.4 million, an increase of \$6.7 million, or 2.2%, as compared to total assets of \$307.7 million at December 31, 2019. The increase in total assets stemmed from an increase in cash & due from banks to \$52.1 million, which was partially offset by a decline in the securities portfolio and the loan portfolio.

Net loans receivable decreased \$19.4 million, or 9.6%, to \$181.7 million as of December 31, 2020, compared to \$201.1 million at December 31, 2019. The decrease in net loans receivable was due to payoffs in the Bank's participated-in loan portfolio which decreased \$18.3 million.

Non-interest-bearing deposits increased \$15.2 million year-over-year, which reflects the Bank's continued focus on increased relationships with depositors and small businesses within the Company's footprint. Interest bearing deposits remained generally flat, decreasing \$240 thousand, to \$193.9 million at December 31, 2020, while brokered deposits increased \$15 million.

As of December 31, 2020, the Company's total stockholders' equity was \$16.6 million, which was flat when compared to December 31, 2019. The Company's accumulated other comprehensive income relating to securities went from an unrealized loss of \$82 thousand at December 31, 2019 to an unrealized gain of \$607 thousand at

December 31, 2020. This income was netted with the losses the Company realized in 2020. As of December 31, 2020, Tier I capital leverage ratio, common equity tier 1 capital ratio, Tier 1 capital ratio and total capital ratios for the Bank were 6.58%, 12.63%, 12.63% and 13.88%, 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 press release 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. Except as may be required by applicable law or regulations 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)

	(audited)	
	December 31, 2020	December 31, 2019
ASSETS		
CASH AND CASH EQUIVALENTS	54,914	2,751
INVESTMENTS	60,117	86,837
INTEREST RATE CAP	-	48
LOANS RECEIVABLE	133,071	133,740
PARTICIPATION LOANS RECEIVABLE	51,268	69,633
ALLOWANCE FOR LOAN LOSSES	(2,644)	(2,246)
NET LOANS RECEIVABLE	181,695	201,127
PREMISES AND EQUIPMENT	2,915	2,672
RIGHT OF USE ASSETS	1,097	315
FHLB/ACBB STOCK	3,276	3,645
INTEREST RECEIVABLE	993	1,160
BOLI	6,330	6,150
OTHER ASSETS	3,083	2,962
TOTAL ASSETS	314,420	307,667
LIABILITIES		
NON-INTEREST-BEARING DEPOSITS	32,178	16,969
INTEREST BEARING DEPOSITS	137,791	153,243
BROKERED AND LISTING DEPOSITS	56,147	40,986
BOND ISSUE	4,881	4,860
BORROWED MONEY	63,093	71,724
LEASE LIABILITIES	1,141	340
OTHER LIABILITIES	2,589	2,979
TOTAL LIABILITIES	297,821	291,101
EQUITY	16,599	16,566
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	314,420	307,667

LINCOLN PARK BANCORP
CONSOLIDATED STATEMENTS OF INCOME

(in thousands)
(unaudited)

	for the year ended		for the three months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
INTEREST INCOME				
LOANS RECEIVABLE	8,056	8,479	1,945	2,150
SECURITIES	1,722	2,807	348	560
OTHER	168	342	32	58
TOTAL INTEREST INCOME	9,945	11,628	2,325	2,768
INTEREST EXPENSE				
DEPOSITS	2,578	3,918	525	860
BOND ISSUANCE	419	418	105	105
BORROWINGS	1,653	1,796	408	465
TOTAL INTEREST EXPENSE	4,651	6,132	1,039	1,430
NET INTEREST INCOME	5,294	5,496	1,286	1,338
PROVISION FOR LOAN LOSSES	1,113	1,414	65	1,243
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,182	4,082	1,221	95
NON-INTEREST INCOME	1,147	573	117	117
NON-INTEREST EXPENSE	7,097	7,855	1,756	2,113
INTEREST RATE CAP (LOSS) GAIN	(48)	(448)	(0)	1
INCOME BEFORE INCOME TAXES	(1,816)	(3,648)	(418)	(1,900)
INCOME TAX (BENEFIT)	(1,054)	(1,122)	(140)	(552)
NET (LOSS)	(762)	(2,526)	(278)	(1,348)

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

for the year ended	for the three months ended
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December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
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LOSS PER SHARE:

BASIC \$	(0.44) \$	(1.45) \$	(0.16) \$	(0.77)
DILUTED \$	(0.44) \$	(1.45) \$	(0.16) \$	(0.77)

NET INTEREST MARGIN (NIM):

(Interest Income - Interest Expense)\$	5,294 \$	5,496 \$	1,286 \$	1,338
Average Interest Bearing Assets\$	295,823 \$	317,794 \$	300,907 \$	304,651
	1.79%	1.73%	1.71%	1.76%

COST OF FUNDS:

Interest Expense\$	4,651 \$	6,132 \$	1,039 \$	1,430
Average Interest Bearing Liabilities\$	281,305 \$	303,572 \$	286,652 \$	288,642
	1.65%	2.02%	1.45%	1.98%

RETURN ON ASSETS (ROA):

Net Income \$	(762) \$	(2,526) \$	(278) \$	(1,341)
Average Total Assets\$	307,104 \$	328,511 \$	312,090 \$	314,209
	-0.25%	-0.77%	-0.36%	-1.71%

RETURN ON EQUITY (ROE):

Net Income \$	(762) \$	(2,526) \$	(278) \$	(1,341)
Book Value of Equity\$	16,546 \$	16,514 \$	16,546 \$	16,514
	-4.61%	-15.30%	-6.72%	-32.48%

NON-PERFORMING ASSETS

(NPA):

Net Non-Performing Assets\$	3,935 \$	725		
Outstanding Loans\$	184,190 \$	203,289		
	2.14%	0.36%		