

FOR IMMEDIATE RELEASE

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**First Central Savings Bank Reports Calendar Second Quarter 2021
Results Highlighted by excellent Operating and Cash Earnings, Solid
Loan Growth, and Exceptional Asset Quality**

Performance Highlights

- **Operating and Cash Earnings:** Net income for the quarter ended June 30, 2021 was \$1.9 million or \$0.18 per share, compared to \$467 thousand or \$0.05 per share recorded in the prior year quarter ended June 30, 2020, representing a 299.1% increase in net income year-over-year. Cash earnings for the quarter ended June 30, 2021 were a record \$2.8 million, or \$0.26 per share, an increase of \$1.8 million, or 177.1%, from \$1.0 million, or \$0.10 per share, for the prior year quarter.
- **Balance Sheet Growth:** Assets totaled \$677.8 million at June 30, 2021, down \$1.5 million, or (0.23%), from March 31, 2021 and up \$29.3 million, or 4.5%, from June 30, 2020 primarily due to loan growth.
- **Continued Capital Strength:** The Bank's Tier 1 capital ratio was 9.21% and the Total Risk based capital ratio was 13.35% at June 30, 2021, each above the regulatory minimum for a well-capitalized institution.
- **Year-over-Year Loan Growth:** At June 30, 2021, total loans outstanding was \$576.8 million or 85.1% of total assets, up \$27.7 million, or 5.0%, from June 30, 2020.
- **Net Interest Income Growth:** The Bank recorded record net interest income of \$6.4 million for the quarter ended June 30, 2021, an increase of \$1.8 million, or 38.7%, from the quarter ended June 30, 2020 and an increase of \$510 thousand, or 8.7%, on a linked quarter basis.
- **Growth of Mortgage Banking Division:** Since November 2019, the newly formed mortgage banking division has originated \$289.1 million in non-conforming residential loans and sold \$118.1 million.
- **Gain on sale of loans:** The Bank recorded gain on sales of loans of \$781 thousand for the quarter ended June 30, 2021, an increase of \$667 thousand, or 585.1%, from the quarter ended June 30, 2020 and an increase of \$228 thousand, or 41.2%, on a linked quarter basis.
- **Excellent Asset Quality:** At June 30, 2021, the Bank's asset quality was pristine and ranked at the top of its peer group with 0.19% non-performing loans to total loans.
- **Strong Net Interest Margin and Spread:** The Bank's net interest margin and spread for the current quarter was strong at 3.91% and 3.86%, respectively.

Glen Cove, N.Y. – July 21, 2021 – Joseph Pistilli, Chairman of the Board, of First Central Savings Bank (“FCSB”, “the Bank”) today reported significant performance achievements for the quarter ended June 30, 2021, highlighted by the Bank’s excellent operating and cash earnings, continued momentum in year-over-year loan growth, excellent asset quality, and excellent net income.

Strong Operating Earnings Momentum on both Cash and GAAP Basis

The Bank’s cash earnings were strong at \$2.8 million, or \$0.26 per share, for the quarter ended June 30, 2021, which represents an increase of \$1.7 million, or 177.1% from the quarter ended June 30, 2020. On a GAAP basis, net income for the quarter ended June 30, 2021 was \$1.9 million, or \$0.18 per share, compared with net income of \$467 thousand, or \$0.05 per share, for the quarter ended June 30, 2020. Due to the significant deferred tax asset recognized, the Bank is not required to pay federal income taxes until the Bank fully utilizes the remaining net operating loss carryforward. As such, significantly all of the federal income tax expense on the income statement is considered a non-cash expense.

Joseph Pistilli, Chairman of the Board noted, “First Central continues to build shareholder value in calendar 2021 by delivering continued earnings momentum and solid loan growth. In the past year, we have achieved net income growth of 299.1%, loan growth of 5.1% and deposit growth of 5.3% growth. We continue to enhance shareholder value with an increase in our book value from \$5.99 per share at June 30, 2020 to \$6.30 per share at June 30, 2021, an increase of \$0.31 or 5.2%. The Board of Directors is committed to exploring new opportunities to build upon our growing banking franchise.”

Paul Hagan, President and Chief Operating Officer, reflected on the Bank’s results, “Our core earnings momentum continues as evidenced by our growth in net interest income and loan sale income for the June 2021 quarter. Net interest income increased 38.6% year over year for June quarter and loan sale income increased 585% during the same quarterly period. Further, as we remain steadfastly selective in our loan underwriting, our growth story continues to be highlighted by industry leading asset quality. As we have grown the balance sheet, we have maintained strong expense control as indicated by our efficiency ratio of 64.64%. Our ability to prudently control expenses while continuing to deliver robust growth is indicative of management’s commitment to creating shareholder value.”

Balance Sheet Growth

Total assets for the quarter ended June 30, 2021 decreased by \$1.5 million to \$677.8 million as the Bank continued to originate non-conforming loans and sell them on the secondary market. On a year-over-year basis, total assets grew by \$29.3 million, or 4.5%, driven by the Bank’s robust loan originations offset by non-conforming loan sales. As of June 30, 2021, the Bank has been able to generate a non-conforming loan pipeline of \$107.5 million. Total loan portfolio growth at June 30, 2021 increased by \$27.7 million, or 5.1%, from the loan balance June 30, 2020.

Funding for asset growth during the quarter was primarily derived from deposits. On a year-over-year basis, total deposits grew by \$30.9 million, or 5.4%, as the Bank continues to grow deposits internally through its retail branches.

In addition to deposit growth, the Bank has used short term borrowings from the FHLB to fund loan growth. The Bank has been successful in increasing its borrowing capacity from the Federal Home Loan Bank of New York (“FHLB”) which is strategically utilized to enhance the Bank’s liquidity position and interest-rate-risk profile by allowing it the flexibility to strategically borrow from the FHLB. The Bank will be pro-active in securing longer-term advances from the FHLB at current favorable rates as management

believes it will better protect and enhance future earnings during the anticipated rising interest rate cycle in the years ahead. At June 30, 2021, the Bank has \$58.2 million additional borrowing capacity from the FHLB.

The Bank's overall average cost of interest-bearing liabilities decreased to 0.74% for the quarter ended June 30, 2021, from 1.49% for the quarter ended June 30, 2020. On a linked quarter basis, the Bank's overall average cost of interest-bearing liabilities decreased fourteen basis points from 0.88% for the quarter ended March 31, 2021.

Management continues to be pro-active in securing longer-term certificates of deposit in the current low interest rate environment to better position the interest-rate-risk profile of the Bank in anticipation of higher rates in the upcoming years. While this strategy of securing current longer-term funding at current rates is more costly than shorter-term funding, management believes it will better protect and enhance future earnings during the anticipated rising interest rate cycle in the years ahead.

Loan Portfolio and Asset Quality

For the twelve-month period ended June 30, 2021, the Bank's loan portfolio grew by \$27.6 million, or 5.1%, with the growth concentrated primarily in adjustable non-conforming residential loans. Management continues to employ a strategy of concentrating its loan growth in these products with short durations, which provides the Bank with traditionally safe credit quality at acceptable credit spreads, greater liquidity and an enhanced interest-rate-risk profile. Over the past twelve months, originations of the adjustable-rate specialty residential product amounted to \$202.3 million. At June 30, 2021, the entire non-conforming loan portfolio amounted to \$155.98 million, with an average loan balance of \$631 thousand and a weighted average loan-to-value ratio of 58.5%.

As a result of the Bank's robust non-conforming loan generation capabilities, the Bank has been able to generate additional income by strategically originating and selling its non-conforming loans to other financial institutions at premiums. As of June 30, 2021, the Bank has \$107.4 million within the non-conforming pipeline with a weighted average interest rate of 5.14%. Due to the strong pipeline, the Bank expects that it will continue to originate, for its own portfolio and others, which will result in a continued increase in interest income while also realizing gains on sale of loans. For the six months ended June 30, 2021, the Bank earned \$1.5 million in premiums on loans sold.

The Bank's asset quality ratios are pristine and class leading among its peer group of community banks. At June 30, 2021, the loan portfolio had non-performing loans of \$1.0 million or 0.19% of total loans and 0.16% of total assets. During the quarter ended June 30, 2021, the Bank's provision for loan losses was \$250,000 and its total allowance for loan losses at June 30, 2021 was \$6.0 million. The Bank increased its provision for loan losses mostly due to continued economic uncertainty caused by the COVID-19 Pandemic. The allowance for loan losses as a percent of gross loans was 1.08% for the most recent quarter end.

Strong Net Interest Margin

The Bank's net interest margin remained strong for the quarter ended June 30, 2021 at 3.91%. The margin increased from the prior quarter margin of 3.43% due the continued origination of non-conforming loans at above market rates and prepayment penalties of \$215 thousand.

Opportunities for First Central Savings Bank

The Bank's executive team and Board remain focused on enhancing shareholder value through prudent growth, tight expense control and further business opportunities. The Bank's Board of Directors continues to make significant investments of their own capital into First Central Savings Bank which represents approximately 85% of shares outstanding. The Bank concluded its most recent capital raise in June 2021 which allowed the Bank to continue its growth strategy and, pending regulatory approval, open additional branch locations.

Our mobile banking product allows customers to perform various banking functions including remote check deposits, "Zelle" money transfers, obtaining deposit account balances and transferring funds between accounts using their mobile phones. The continued implementation of application based mobile banking software products enables the Bank to better compete with much larger financial institutions in the marketplace by offering the latest banking technology solutions. The Bank also expects to upgrade our core banking system in early 2022 which will enhance our customer experience.

About First Central Savings Bank

With assets of \$677.8 million at June 30, 2021, First Central Savings Bank is a locally owned and operated community savings bank, focusing on highly personalized and efficient services and products responsive to local needs. Management and the Board of Directors are comprised of a select group of successful local businessmen who are committed to the success of the Bank by knowing and understanding the metro-New York area's financial needs and opportunities. Backed by state-of-the-art technology, First Central offers a full range of modern financial services. First Central employs a complete suite of consumer and commercial banking products and services, including multi-family and commercial mortgages, ADC and bridge loans, residential loans, middle market business loans and lines of credit. First Central also offers customers 24-hour ATM service with no fees attached, free checking with interest, mobile banking, the most advanced technologies in internet banking for our consumer and business customers, safe deposit boxes and much more. The Bank continues to roll out its mobile banking software products and more recently introduced the "Zelle" money transfer product to our customers. First Central Savings Bank maintains its corporate offices in Glen Cove, New York with an additional eight branches throughout Queens New York.

First Central Savings Bank is a member of the Federal Deposit Insurance Corporation and is an Equal Housing/Equal Opportunity Lender. For further information, call 516-399-6010 or visit the Bank's state-of-the-art website at www.myfcsb.com.

Forward-Looking Statements

This release may contain certain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and may be identified by the use of such words as "may," "believe," "expect," "anticipate," "should," "plan," "estimate," "predict," "continue," and "potential" or the negative of these terms or other comparable terminology. Examples of forward-looking statements

include, but are not limited to, estimates with respect to the financial condition, results of operations and business of First Central Savings Bank. Any or all of the forward-looking statements in this release and in any other public statements made by First Central Savings Bank may turn out to be incorrect. They can be affected by inaccurate assumptions First Central Savings Bank might make or by known or unknown risks and uncertainties. Consequently, no forward-looking statement can be guaranteed. First Central Savings Bank does not intend to update any of the forward-looking statements after the date of this release or to conform these statements to actual events.

First Central Savings Bank
Statements of Condition - (unaudited)
(dollars in thousands)

	<u>6/30/2021</u>	<u>3/31/2021</u>	<u>6/30/2020</u>
Assets			
Cash and cash equivalents	\$ 46,238	\$ 37,872	\$ 42,304
Investments Available for Sale	32,325	34,974	34,373
Loans held for sale	22,356	-	-
Loans receivable	554,489	583,909	549,168
Less: allowance for loan losses	(6,015)	(5,801)	(5,143)
Loans, net	<u>548,474</u>	<u>578,108</u>	<u>544,025</u>
Other assets	28,415	28,407	27,791
Total Assets	<u><u>\$ 677,808</u></u>	<u><u>\$ 679,361</u></u>	<u><u>\$ 648,493</u></u>
Liabilities and Shareholders Equity			
Total Deposits	\$ 605,869	\$ 608,432	\$ 574,941
FHLB Advances	-	2,000	10,000
Other Liabilities	4,861	5,784	3,486
Total Liabilities	<u>610,730</u>	<u>616,216</u>	<u>588,427</u>
Total Shareholders' Equity	<u>67,078</u>	<u>63,145</u>	<u>60,066</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 677,808</u></u>	<u><u>\$ 679,361</u></u>	<u><u>\$ 648,493</u></u>

First Central Savings Bank
Statements of Income - (unaudited)
(dollars in thousands, except per share data)

	Quarter Ended 6/30/2021	Quarter Ended 6/30/2020	6 Months Ended 6/30/2021	6 Months Ended 6/30/2020
Total Interest income	\$ 7,528	\$ 6,725	\$ 14,769	\$ 13,855
Total interest expense	1,121	2,104	2,465	4,571
Net interest income	6,407	4,621	12,304	9,284
Provision for loan losses	250	225	950	475
Net interest income after provision for loan loss	6,157	4,396	11,354	8,809
Net gain on loans sold	781	114	1,334	365
Other non-interest income	153	185	314	518
Total non-interest income	934	299	1,648	883
Compensation and benefits	2,653	2,232	5,136	4,394
Occupancy and Equipment	714	753	1,480	1,429
Data processing	370	204	692	402
Federal insurance premium	130	170	284	322
Professional fees	307	325	586	755
Other	570	437	1,089	927
Total non-interest income	4,744	4,121	9,267	8,229
Income before income taxes	2,347	574	3,735	1,463
Income tax expense	483	107	764	283
Net income	\$ 1,864	\$ 467	\$ 2,971	\$ 1,180
Basic Earnings per Share-GAAP basis	\$ 0.18	\$ 0.05	\$ 0.28	\$ 0.12
Diluted Earnings per Share-GAAP basis	\$ 0.18	\$ 0.05	\$ 0.28	\$ 0.12
Supplementary Information:				
Net Income	\$ 1,864	\$ 467	\$ 2,971	\$ 1,180
Add Back non-cash charges				
Provision for loan losses	250	225	950	475
Depreciation expense	102	120	202	234
Provision income taxes	567	193	1,026	456
Cash Net income	\$ 2,782	\$ 1,004	\$ 5,148	\$ 2,344
Basic Earnings per Share-GAAP basis	\$ 0.26	\$ 0.10	\$ 0.50	\$ 0.23
Diluted Earnings per Share-GAAP basis	\$ 0.26	\$ 0.10	\$ 0.50	\$ 0.23

First Central Savings Bank
Statements of Income - (unaudited)
(dollars in thousands, except per share data)

	Quarter Ended 6/30/2021	Quarter Ended 3/31/2021	Quarter Ended 12/31/2020	Quarter Ended 9/30/2020
Total Interest income	\$ 7,528	\$ 7,241	\$ 7,397	\$ 7,291
Total interest expense	1,121	1,344	1,646	1,955
Net interest income	6,407	5,897	5,751	5,336
Provision for loan losses	250	700	2,153	300
Net interest income after provision for loan loss	6,157	5,197	3,598	5,036
Net gain on loans sold	781	553	79	57
Other non-interest income	153	161	452	210
Total non-interest income	934	714	531	267
Compensation and benefits	2,653	2,483	2,641	2,288
Occupancy and Equipment	714	766	646	674
Data processing	370	321	305	280
Federal insurance premium	130	154	151	163
Professional fees	307	278	512	373
Other	570	520	613	477
Total non-interest income	4,744	4,522	4,868	4,255
Income before income taxes	2,347	1,389	(739)	1,048
Income tax expense	483	281	(172)	207
Net income	\$ 1,864	\$ 1,108	\$ (567)	\$ 841
Basic Earnings per Share-GAAP basis	\$ 0.18	\$ 0.11	\$ (0.05)	\$ 0.08
Diluted Earnings per Share-GAAP basis	\$ 0.18	\$ 0.11	\$ (0.05)	\$ 0.08
Supplementary Information:				
Net Income	\$ 1,864	\$ 1,108	\$ (567)	\$ 841
Add Back non-cash charges				
Provision for loan losses	250	700	2,153	300
Depreciation expense	102	100	86	104
Provision income taxes	567	460	315	305
Cash Net income	\$ 2,782	\$ 2,367	\$ 1,986	\$ 1,549
Basic Earnings per Share-GAAP basis	\$ 0.26	\$ 0.23	\$ 0.19	\$ 0.15
Diluted Earnings per Share-GAAP basis	\$ 0.26	\$ 0.23	\$ 0.19	\$ 0.15

First Central Savings Bank
Selected Financial Data - (unaudited)
(dollars in thousands, except per share data)

	<u>Quarter Ended</u> <u>6/30/2021</u>	<u>Quarter Ended</u> <u>3/31/2021</u>	<u>Quarter Ended</u> <u>12/31/2020</u>
Asset Quality:			
Allowance for Loan Losses (1)	\$ 6,015	\$ 5,801	\$ 5,346
Allowance for Loan Losses to Total Loans (1)	1.08%	0.99%	0.91%
Non-Performing Loans	\$ 1,076	\$ 1,091	\$ 1,751
Non-Performing Loans/Total Loans	0.19%	0.19%	0.32%
Non-Performing Loans/Total Assets	0.16%	0.16%	0.27%
Allowance for Loan Losses/Non-Performing Loans	559.18%	531.96%	305.33%
Capital: (dollars in thousands)			
Tier 1 Capital	\$ 62,012	\$ 57,926	\$ 56,457
Tier 1 Leverage Ratio	9.21%	8.50%	8.27%
Common Equity Tier 1 Capital Ratio	12.16%	11.05%	10.52%
Tier 1 Risk Based Capital Ratio	12.16%	11.05%	10.52%
Total Risk Based Capital Ratio	13.35%	12.18%	11.55%
Equity Data			
Common shares outstanding	10,648,345	10,359,959	10,359,959
Stockholders' equity	\$ 67,078	\$ 63,145	\$ 62,406
Book value per common share	6.30	6.10	6.02
Tangible common equity	67,078	63,145	62,406
Tangible book value per common share	6.30	6.10	6.02

(1) Calculation excludes loans held for sale

First Central Savings Bank
Selected Financial Data - (unaudited)
(dollars in thousands, except per share data)

	<u>Quarter Ended</u> <u>6/30/2021</u>	<u>Quarter Ended</u> <u>3/31/2021</u>	<u>Quarter Ended</u> <u>12/31/2020</u>
Other: (in thousands)			
Average Interest-Earning Assets	655,871	662,022	667,467
Average Interest-Bearing Liabilities	507,734	533,353	545,878
Average Deposits and Borrowings	606,525	616,045	621,293
Profitability:			
Return on Average Assets	1.10%	0.65%	-0.33%
Return on Average Equity	11.34%	7.00%	-3.61%
Yield on Average Interest Earning Assets	4.60%	4.43%	4.40%
Cost of Average Interest Bearing Liabilities	0.74%	0.88%	1.05%
Cost of Funds	0.74%	0.88%	1.05%
Net Interest Rate Spread (1)	3.86%	3.35%	3.34%
Net Interest Margin (2)	3.91%	3.43%	3.43%
Non-Interest Expense to Average Assets	0.70%	0.66%	0.60%
Efficiency Ratio	64.63%	68.39%	77.50%

(1) Net interest rate spread represents the difference between the average yield on average interest-earning assets and the average cost of average interest-bearing liabilities

(2) Net interest margin represents net interest income divided by average interest bearing liabilities