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First Central Savings Bank Reports Record Calendar Fourth Quarter 2021 Results Highlighted by Record Operating and Cash Earnings, Excellent Balance Sheet Growth, Strong Net Interest Margin, and Exceptional Asset Quality

Performance Highlights

- **Operating and Cash Earnings:** Net income for the quarter ended December 31, 2021 was a record \$3.2 million or \$0.30 per share, compared to a net loss of \$568 thousand or (\$0.05) per share recorded in the prior year quarter ended December 31, 2020. Cash earnings for the quarter ended December 31, 2021 were a record \$4.8 million, or \$0.46 per share, an increase of \$3.3 million, or 219.0%, from \$1.5 million, or \$0.15 per share, for the prior year quarter. Net income for the twelve months ended December 31, 2021 was \$8.7 million or \$0.82 per share, compared to \$1.5 million or \$0.14 per share recorded in the prior year twelve months ended December 31, 2020, representing a 501.4% increase in year to date net income year-over-year.
- **Record Financial Performance Metrics:** Return on average assets and average stockholders' equity were 1.77% and 18.16% for the quarter ended December 31, 2021.
- **Balance Sheet Growth:** Assets totaled \$763.8 million at December 31, 2021, up \$56.3 million, or 8.0%, from September 30, 2021 and up \$77.1 million, or 11.2%, from December 31, 2020 primarily due to loan growth.
- **Continued Capital Strength:** The Bank's Tier 1 capital ratio was 9.53% and the Total Risk based capital ratio was 14.05% at December 31, 2021, each above the regulatory minimum for a well-capitalized institution.
- **Loan Growth:** At December 31, 2021, total loans outstanding was \$645.6 million or 84.5% of total assets, up \$62.6 million, or 10.74%, from September 30, 2021.
- **Net Interest Income Growth:** The Bank recorded net interest income of \$7.4 million for the quarter ended December 31, 2021, an increase of \$1.7 million, or 28.9%, from the quarter ended December 31, 2020 and an increase of \$928 thousand, or 14.3%, on a linked quarter basis.
- **Growth of Mortgage Banking Division:** During 2021, the mortgage banking division has originated \$310.1 million in non-conforming residential loans which are held in portfolio or sold to the secondary market.
- **Gain on sale of loans:** The Bank recorded gain on sales of loans of \$2.7 million for the quarter ended December 31, 2021, an increase of \$2.6 million, or 3,267.1%, from the quarter ended December 31, 2020 and an increase of \$1.2 million, or 87.5%, on a linked quarter basis.
- **Excellent Asset Quality:** At December 31, 2021, the Bank's asset quality was pristine and ranked at the top of its peer group with 0.10% 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 4.14% and 4.10%, respectively.

Glen Cove, N.Y. – January 18, 2022 – Joseph Pistilli, Chairman of the Board, of First Central Savings Bank (“FCSB”, “the Bank”) today reported significant performance achievements for the quarter ended December 31, 2021, highlighted by the Bank’s record operating and cash earnings, continued momentum in year-over-year loan growth, excellent asset quality, and record net income.

Strong Operating Earnings Momentum on both Cash and GAAP Basis

The Bank’s cash earnings were strong at \$4.8 million, or \$0.46 per share, for the quarter ended December 31, 2021, which represents an increase of \$3.3 million, or 219.0% from the quarter ended December 31, 2020. On a GAAP basis, net income for the quarter ended December 31, 2021 was \$3.2 million, or \$0.30 per share, compared with a net loss of \$568 thousand, or (\$0.05) per share, for the quarter ended December 31, 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 the federal income tax expense on the income statement is considered a non-cash expense.

Joseph Pistilli, Chairman of the Board noted, “In calendar year 2021, First Central continued to build shareholder value by delivering continued earnings momentum and solid loan growth. In the past year, we have increased net income by \$7.3 million to a record \$8.7 million. We achieved loan growth of 9.7% and deposit growth of 7.6%. We continue to enhance shareholder value with an increase in our book value from \$6.02 per share at December 31, 2020 to \$6.80 per share at December 31, 2021, an increase of \$0.78 or 13.0%. I am extremely proud of the management team and Board of Directors that we have assembled at the Bank and the expertise they bring in growing the franchise value for our shareholders.”

Paul Hagan, President and Chief Operating Officer, reflected on the Bank’s results, “Calendar year 2021 was a spectacular year as evidenced by our core earnings momentum. Management executed on its growth strategy that brought record net interest income, record loan sale income and record net income for the December 2021 quarter. Additionally, the growth of our non-interest-bearing deposits has contributed to the increase in net interest income. As of December 2021, our non-interest-bearing deposit accounts represent 21.2% of the Bank’s deposit base compared to 13.4% as of December 2020. 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 54.97%. 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 December 31, 2021 increased by \$56.3 million to \$763.8 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 \$77.1 million, or 11.2%, driven by the Bank’s robust loan originations offset by non-conforming loan sales. As of December 31, 2021, the Bank has been able to generate a non-conforming loan pipeline of \$155.8 million. Total loan portfolio growth at December 31, 2021 increased by \$56.9 million, or 9.7%, from the loan balance as of December 31, 2020.

Funding for asset growth during the quarter was primarily derived from deposits and borrowings from the Federal Home Loan Bank, (“FHLB”). On a year-over-year basis, total deposits grew by \$44.9 million, or 7.5%, as the Bank continues to grow deposits through their retail branches. The Bank has had incredible success in growing the non-interest-bearing deposits through non-conforming loan originations and the retail branches. As of December 31, 2021, total non-interest-bearing deposits were \$136.3 million or 21.2% of total deposits compared to \$80.4 million or 13.4% of total deposits as of December 31, 2020.

In addition to deposit growth, the Bank has used short term borrowings from the FHLB to fund loan growth during the quarter. This has been an effective low-cost funding strategy for the Bank. Due to the increase in loan sale volume, during the second half of 2021, the Bank has used proceeds from the loan sales to repay the short-term borrowings. This allows the Bank to continually fund loans at low costs while growing the retail deposit base to support our asset growth. Total borrowings for the quarter ended December 31, 2021 increased to \$45 million.

The Bank's overall average cost of funds was 0.53% for the quarter ended December 31, 2021, a decrease of ten basis points from 0.63% for the quarter ended September 30, 2021. Management expects that further cost of funds decreases will be limited in the future due to expected increases in short term interest rates.

Management continues to be pro-active in securing longer-term certificates of deposit in the current rising 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 December 31, 2021, the Bank's loan portfolio grew by \$56.9 million, or 9.7%, with the growth concentrated primarily in non-conforming residential loans. Management continues to employ a strategy of concentrating its loan growth in these products, 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 non-conforming product amounted to \$310.1 million. At December 31, 2021, the entire non-conforming loan portfolio amounted to \$266.6 million, with an average loan balance of \$620 thousand and a weighted average loan-to-value ratio of 57.2%.

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 December 31, 2021, the Bank has \$155.7 million within the non-conforming pipeline with a weighted average interest rate of 4.78%. 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 three months ended December 31, 2021, the Bank earned \$2.7 million in premiums on loans sold net of FASB 91 fees and costs.

The Bank's asset quality ratios are pristine and class leading among its peer group of community banks. At December 31, 2021, the loan portfolio had non-performing loans of \$577 thousand or 0.10% of total loans and 0.08% of total assets. During the quarter ended December 31, 2021, the Bank recorded a provision of \$600 thousand to account for the \$44.1 million increase of loans receivable. The total allowance for loan losses at December 31, 2021 was \$6.5 million and as a percent of loan receivable 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 December 31, 2021 at 4.14% due to the continued origination of non-conforming loans at above market rates, prepayment penalties and loan fees of \$234 thousand, and continued decrease in the Bank's cost of funds.

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 September 2021 which allowed the Bank to continue its growth strategy. In addition, the Bank was granted regulatory approval to open a new branch location in Lynbrook New York. Management expects the Lynbrook branch to open in the second quarter of 2022.

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 \$763.8 million at December 31, 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 mobile banking software products as well as our "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>12/31/2021</u>	<u>9/30/2021</u>	<u>12/31/2020</u>
Assets			
Cash and cash equivalents	\$ 48,714	\$ 67,047	\$ 34,447
Investments Available for Sale	45,920	34,472	39,175
Investments Held to Maturity	1,000	1,000	-
Loans held for sale	43,167	24,735	-
Loans receivable	602,415	558,238	588,723
Less: allowance for loan losses	<u>(6,501)</u>	<u>(6,145)</u>	<u>(5,346)</u>
Loans, net	595,914	552,093	583,377
Other assets	<u>29,040</u>	<u>28,089</u>	<u>29,613</u>
Total Assets	<u>\$ 763,755</u>	<u>\$ 707,436</u>	<u>\$ 686,612</u>
Liabilities and Shareholders Equity			
Total Deposits	\$ 640,049	\$ 631,141	\$ 595,136
FHLB Advances	45,000	-	25,000
Other Liabilities	<u>6,300</u>	<u>6,735</u>	<u>4,070</u>
Total Liabilities	691,349	637,876	624,206
Total Shareholders' Equity	<u>72,406</u>	<u>69,560</u>	<u>62,406</u>
Total Liabilities and Shareholders' Equity	<u>\$ 763,755</u>	<u>\$ 707,436</u>	<u>\$ 686,612</u>

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

	Quarter Ended 12/31/2021	Quarter Ended 12/31/2020	12 Months Ended 12/31/2021	12 Months Ended 12/31/2020
Total Interest income	\$ 8,285	\$ 7,397	\$ 30,519	\$ 28,543
Total interest expense	869	1,646	4,311	8,172
Net interest income	7,416	5,751	26,208	20,371
Provision for loan losses	600	2,153	1,550	2,928
Net interest income after provision for loan loss	6,816	3,598	24,658	17,443
Net gain on loans sold	2,660	79	5,413	502
Other non-interest income	317	452	900	1,180
Total non-interest income	2,977	531	6,313	1,682
Compensation and benefits	3,317	2,642	11,190	9,323
Occupancy and Equipment	806	646	3,018	2,749
Data processing	382	305	1,475	988
Federal insurance premium	80	151	454	636
Professional fees	360	512	1,360	1,641
Other	767	613	2,472	2,018
Total non-interest income	5,712	4,869	19,969	17,355
Income before income taxes	4,081	(740)	11,002	1,770
Income tax expense (benefit)	851	(172)	2,276	319
Net income (loss)	\$ 3,230	\$ (568)	\$ 8,726	\$ 1,451
Basic Earnings per Share-GAAP basis	\$ 0.30	\$ (0.05)	\$ 0.82	\$ 0.14
Diluted Earnings per Share-GAAP basis	\$ 0.30	\$ (0.05)	\$ 0.82	\$ 0.14
Supplementary Information:				
Net Income (loss)	\$ 3,230	\$ (568)	\$ 8,726	\$ 1,451
Add Back non-cash charges				
Provision for loan losses	600	2,153	1,550	2,928
Depreciation expense	173	104	493	338
Provision (Benefit) for federal income taxes	843	(170)	2,254	316
Cash Net income	\$ 4,846	\$ 1,519	\$ 13,023	\$ 5,033
Basic Earnings per Share-GAAP basis	\$ 0.46	\$ 0.15	\$ 1.22	\$ 0.49
Diluted Earnings per Share-GAAP basis	\$ 0.46	\$ 0.15	\$ 1.22	\$ 0.49

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

	Quarter Ended 12/31/2021	Quarter Ended 9/30/2021	Quarter Ended 6/30/2021	Quarter Ended 3/31/2021
Total Interest income	\$ 8,285	\$ 7,464	\$ 7,529	\$ 7,241
Total interest expense	869	976	1,122	1,344
Net interest income	<u>7,416</u>	<u>6,488</u>	<u>6,407</u>	<u>5,897</u>
Provision for loan losses	600	-	250	700
Net interest income after provision for loan loss	<u>6,816</u>	<u>6,488</u>	<u>6,157</u>	<u>5,197</u>
Net gain on loans sold	2,660	1,419	781	553
Other non-interest income	317	270	152	161
Total non-interest income	<u>2,977</u>	<u>1,689</u>	<u>933</u>	<u>714</u>
Compensation and benefits	3,317	2,738	2,652	2,483
Occupancy and Equipment	806	732	714	766
Data processing	382	401	371	321
Federal insurance premium	80	90	130	154
Professional fees	360	414	308	278
Other	767	615	570	520
Total non-interest income	<u>5,712</u>	<u>4,990</u>	<u>4,745</u>	<u>4,522</u>
Income before income taxes	4,081	3,187	2,345	1,389
Income tax expense	851	661	483	281
Net income	<u>\$ 3,230</u>	<u>\$ 2,526</u>	<u>\$ 1,862</u>	<u>\$ 1,108</u>
Basic Earnings per Share-GAAP basis	\$ 0.30	\$ 0.24	\$ 0.17	\$ 0.11
Diluted Earnings per Share-GAAP basis	\$ 0.30	\$ 0.24	\$ 0.17	\$ 0.11
Supplementary Information:				
Net Income	\$ 3,230	\$ 2,526	\$ 1,862	\$ 1,108
Add Back non-cash charges				
Provision for loan losses	600	-	250	700
Depreciation expense	173	118	102	100
Provision income taxes	843	655	478	278
Cash Net income	<u>\$ 4,846</u>	<u>\$ 3,299</u>	<u>\$ 2,692</u>	<u>\$ 2,186</u>
Basic Earnings per Share-GAAP basis	\$ 0.46	\$ 0.31	\$ 0.26	\$ 0.21
Diluted Earnings per Share-GAAP basis	\$ 0.46	\$ 0.31	\$ 0.26	\$ 0.21

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

	<u>Quarter Ended</u> <u>12/31/2021</u>	<u>Quarter Ended</u> <u>9/30/2021</u>	<u>Quarter Ended</u> <u>6/30/2021</u>
Asset Quality:			
Allowance for Loan Losses (1)	\$ 6,501	\$ 6,145	\$ 6,015
Allowance for Loan Losses to Total Loans (1)	1.08%	1.05%	1.04%
Non-Performing Loans	\$ 577	\$ 969	\$ 1,076
Non-Performing Loans/Total Loans	0.10%	0.17%	0.18%
Non-Performing Loans/Total Assets	0.08%	0.14%	0.16%
Allowance for Loan Losses/Non-Performing Loans	1126.75%	634.15%	559.18%
Capital: (dollars in thousands)			
Tier 1 Capital	\$ 69,292	\$ 65,207	\$ 62,012
Tier 1 Leverage Ratio	9.53%	9.51%	9.21%
Common Equity Tier 1 Capital Ratio	12.82%	12.94%	12.16%
Tier 1 Risk Based Capital Ratio	12.82%	12.94%	12.16%
Total Risk Based Capital Ratio	14.05%	14.18%	13.36%
Equity Data			
Common shares outstanding	10,648,345	10,648,345	10,648,345
Stockholders' equity	\$ 72,406	\$ 69,560	\$ 67,078
Book value per common share	6.80	6.53	6.30
Tangible common equity	72,406	69,560	67,078
Tangible book value per common share	6.80	6.53	6.30

(1) Calculation excludes loans held for sale

First Central Savings Bank
Selected Financial Data - (unaudited)
(dollars in thousands)

	<u>Quarter Ended</u> <u>12/31/2021</u>	<u>Quarter Ended</u> <u>9/30/2021</u>	<u>Quarter Ended</u> <u>6/30/2021</u>
Other: (in thousands)			
Average Interest-Earning Assets	710,495	669,578	655,871
Average Interest-Bearing Liabilities	520,419	493,731	503,699
Average Deposits and Borrowings	665,965	622,018	610,560
Profitability:			
Return on Average Assets	1.77%	1.46%	1.10%
Return on Average Equity	18.16%	14.72%	11.34%
Yield on Average Interest Earning Assets	4.63%	4.42%	4.60%
Cost of Average Interest Bearing Liabilities	0.66%	0.79%	0.89%
Cost of Funds	0.53%	0.63%	0.74%
Net Interest Rate Spread (1)	4.10%	3.79%	3.86%
Net Interest Margin (2)	4.14%	3.84%	3.91%
Non-Interest Expense to Average Assets	0.77%	0.72%	0.70%
Efficiency Ratio	54.97%	61.03%	64.63%

(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 earning assets