

**FOR IMMEDIATE RELEASE**

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**First Central Savings Bank Reports Calendar Third Quarter 2022 Results Highlighted by Strong Net Income and Cash Earnings, Excellent Balance Sheet Growth, Outstanding Net Interest Margin, and Exceptional Asset Quality**

**Performance Highlights**

- **Net Income and Cash Earnings:** Net income for the quarter ended September 30, 2022, was \$1.4 million or \$0.13 per share, compared to \$2.5 million or \$0.24 per share recorded in the prior year quarter ended September 30, 2021. Cash earnings for the quarter ended September 30, 2022, were \$3.1 million, or \$0.29 per share, a decrease of \$243 thousand, or 7.4%, from \$3.3 million, or \$0.31 per share, for the prior year quarter. Net income of \$7.1 million for the first nine months ended September 30, 2022, or \$0.67 per share, compared to \$5.5 million or \$0.52 per share recorded in the prior year nine months ended September 30, 2021, representing a 29.0% increase in net income year-over-year.
- **Financial Performance Metrics:** Return on average assets and average stockholders' equity were 0.70% and 7.25%, respectively, for the quarter ended September 30, 2022, compared to 1.46% and 14.72%, respectively, for the prior year quarter.
- **Balance Sheet Growth:** Assets totaled \$889.7 million at September 30, 2022, up \$37.1 million, or 4.4%, from June 30, 2022, and up \$182.3 million, or 25.8%, from September 30, 2021 primarily due to loan growth.
- **Continued Capital Strength:** The Bank's Tier 1 capital ratio was 9.08% and the Total Risk based capital ratio was 13.67% at September 30, 2022, each above the regulatory minimum for a well-capitalized institution.
- **Loan Growth:** At September 30, 2022, total loans outstanding was \$754.5 million representing 84.8% of total assets, up \$38.7 million, or 5.4%, from June 30, 2022.
- **Net Interest Income Growth:** The Bank recorded net interest income of \$8.4 million for the quarter ended September 30, 2022, an increase of \$1.9 million, or 28.8%, from the quarter ended September 30, 2021, and an increase of \$519 thousand, or 6.6%, on a linked quarter basis.
- **Excellent Asset Quality:** At September 30, 2022, the Bank's asset quality was strong with 0.61% 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 3.95% and 3.67%, respectively.
- **New Lynbrook NY Branch Location:** The Bank successfully opened up its ninth retail banking location in Lynbrook, NY. and has successfully raised over \$35 million in new deposit accounts since its opening in June 2022.
- **New Huntington NY Branch Location:** The Bank has been approved to open its tenth retail banking location in Huntington NY. The branch is located in the heart of the Village of Huntington and is expected to open during the fourth quarter of 2022.

Glen Cove, N.Y. – October 28, 2022 – Joseph Pistilli, Chairman of the Board, of First Central Savings Bank ("FCSB", "the Bank") today reported significant performance achievements for the quarter ended September 30, 2022, highlighted by the Bank's operating and cash earnings, continued momentum in year-over-year loan growth, excellent asset quality, and net income.



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## **Strong Operating Earnings Momentum on both Cash and GAAP Basis**

The Bank's cash earnings were \$3.1 million, or \$0.29 per share, for the quarter ended September 30, 2022, which represents a decrease of \$243 thousand, or 7.4% from the quarter ended September 30, 2021. On a GAAP basis, net income for the quarter ended September 30, 2022, was \$1.4 million, or \$0.13 per share, compared with net income of \$2.5 million, or \$0.24 per share, for the quarter ended September 30, 2021. In prior quarters, due to the significant deferred tax asset recognized, the Bank was not required to pay federal income taxes until the Bank fully utilized 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. As of the quarter ended June 30, 2022, the Bank has utilized the remaining net operating loss carryforward, thus is required to pay federal income taxes. As such, the federal income tax expense is now a cash expense.

Joseph Pistilli, Chairman of the Board noted, "In the third quarter of 2022, First Central continued to build shareholder value by delivering continued earnings momentum and solid loan growth and deposit growth. Our loan portfolio grew by \$38.7 million, or 5.4% as we added more loans to portfolio. Year over year, our loan portfolio has grown by \$171.5 million. As previously discussed during the prior quarter, Bank management is retaining more loans on the balance sheet to improve interest income while recognizing fee income over the expected life of the loan. This was required during a period where minimal premiums on the sale of 1-4 family residential loans could be achieved as a result of stressed market conditions. However, management has successfully altered its trading platform during this quarter, effectively mitigating loan pricing risk, thereby resuming secondary market sales in September 2022. This will result in significant contributions to earnings during the fourth quarter as we return to recognizing non-interest income on loan sales. The Bank successfully opened its ninth retail banking location in Lynbrook, NY which has exceeded expectations by raising over \$35 million in new deposit accounts since its opening in June 2022. Furthermore, the Bank has been approved to open its tenth retail banking Location in Huntington NY and is expected to open during the fourth quarter of 2022. 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, "The quarter ended September 30, 2022, was another quarter for strong operating results which resulted in record loans receivable and total assets. Management continues to execute its growth strategy that brought record net interest income. In addition, for the nine months ended September 30, 2022, the Bank has recorded record net income of \$7.1 million despite a challenging current economic environment with rising interest rates. Bank management has also been able to maintain a strong net interest rate spread and net interest margin. During the quarter ended September 30, 2022, the Bank increased its provision for loan loss due to an isolated charge-off and sale of a leveraged finance commercial loan. Management does not expect any future charge-offs in this leveraged loan business sector as it has exited this line of business while simultaneously significantly reducing the overall exposure to leveraged loans. Management remains committed in its primary mission to evaluate opportunities to increase shareholder value."

## **Balance Sheet Growth**

Total assets for the quarter ended September 30, 2022, increased by \$37.1 million to \$889.7 million as the Bank continued to originate commercial and non-conforming loans while continuing to sell a portion of the non-conforming loans to the secondary market. On a year-over-year basis, total assets grew by \$182.3 million, or 25.8%, driven by the Bank's robust loan originations offset by non-conforming loan sales. As of September 30, 2022, the Bank has been able to generate a non-conforming loan pipeline of \$75.0 million and commercial loan pipeline of \$38.1 million with weighted average interest rates of 7.47% and 6.42%. Total loan portfolio growth at September 30, 2022, increased by \$171.5 million, or 30.7%, from the loan balance as of September 30, 2021.

Funding for asset growth during the quarter was primarily derived from retail and wholesale deposits and borrowings from the Federal Home Loan Bank, (“FHLB”). On a year-over-year basis, total deposits grew by \$127.0 million, or 20.1%, as the Bank continues to grow deposits through its retail branches. The new Lynbrook branch has been an incredible success in raising deposits since opening in June of 2022. As of the quarter ended September 30, 2022, the Branch has raised over \$35 million in retail deposits. The Bank has also been successful in maintaining the non-interest-bearing deposits through non-conforming loan originations and the retail branches. As of September 30, 2022, total non-interest-bearing deposits were \$112.6 million or 14.8% of total deposits. In addition to deposit growth, the Bank has used short term borrowings from the FHLB to fund loan growth during the quarter. Total borrowings for the quarter ended September 30, 2022, increased to \$38 million.

The Bank’s overall average cost of funds was 1.06% for the quarter ended September 30, 2022, an increase of forty-six basis points from 0.60% from the prior linked quarter. 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 even higher rates in the months to come. Management believes this strategy will better protect and enhance future earnings during the current rising interest rate cycle.

### **Loan Portfolio and Asset Quality**

For the twelve-month period ended September 30, 2022, the Bank’s loan portfolio grew by \$171.5 million, or 30.7%, 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 \$415.5 million. At September 30, 2022, the entire non-conforming loan portfolio amounted to \$367.2 million, with an average loan balance of \$620 thousand and a weighted average loan-to-value ratio of 60.1%.

As a result of the Bank’s robust non-conforming loan generation capabilities, the Bank had been able to generate additional income by strategically originating and selling its non-conforming loans to other financial institutions at premiums. As of September 30, 2022, the Bank has a \$75.0 million non-conforming pipeline with a weighted average interest rate of 7.47%. 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 nine months ended September 30, 2022, the Bank earned \$3.5 million in premiums on loans sold net of FASB 91 fees and costs.

The Bank’s asset quality ratios remained strong. At September 30, 2022, the loan portfolio had non-performing loans of \$4.6 million or 0.61% of total loans and 0.52% of total assets. During the quarter ended September 30, 2022, the Bank recorded a provision of \$1.5 million to account for the \$38.7 million increase in loans receivable as well as to cover a \$1.4 million leverage finance loan charge-off. The total allowance for loan losses at September 30, 2022, was \$7.6 million, or 1.01% of total loans for the quarter ended September 30, 2022.

### **Strong Net Interest Margin**

The Bank’s net interest margin remained strong for the quarter ended September 30, 2022, at 3.95% due to the continued origination of non-conforming loans at above market rates, prepayment penalties and loan fees of \$398 thousand, and effective cost of funds management.

## 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 successfully opened its ninth branch in Lynbrook New York on June 21, 2022, which will contribute to the Bank's growth strategy. The Bank was approved to open its tenth branch location in Huntington New York. Management expects the Huntington branch to open in the fourth quarter of 2022. The Bank is continuing to evaluate new retail branch locations to fund its deposit and loan growth.

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 completed an upgrade of our core banking system in April 2022 which has enhanced our customer experience.

## About First Central Savings Bank

With assets of \$889.7 million at September 30, 2022, 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 nine 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](http://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>9/30/2022</u>	<u>6/30/2022</u>	<u>9/30/2021</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 53,735	\$ 54,431	\$ 67,047
Investments Available for Sale	45,130	47,756	34,471
Investments Held to Maturity	2,008	1,000	1,000
Loans held for sale	6,175	-	24,735
Loans receivable	748,281	715,728	558,238
Less: allowance for loan losses	<u>(7,587)</u>	<u>(7,503)</u>	<u>(6,145)</u>
Loans, net	740,694	708,225	552,093
Other assets	41,973	41,212	28,090
<b>Total Assets</b>	<u>\$ 889,715</u>	<u>\$ 852,624</u>	<u>\$ 707,436</u>
<b>Liabilities and Shareholders Equity</b>			
Total Deposits	\$ 758,183	\$ 740,487	\$ 631,142
FHLB Advances	38,000	20,000	-
Other Liabilities	<u>19,082</u>	<u>17,831</u>	<u>6,734</u>
<b>Total Liabilities</b>	815,265	778,318	637,876
Total Shareholders' Equity	74,450	74,306	69,560
<b>Total Liabilities and Shareholders' Equity</b>	<u>\$ 889,715</u>	<u>\$ 852,624</u>	<u>\$ 707,436</u>

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

	Quarter Ended 9/30/2022	Quarter Ended 9/30/2021	9 Months Ended 9/30/2022	9 Months Ended 9/30/2021
Total Interest income	\$ 10,420	\$ 7,463	\$ 27,942	\$ 22,233
Total interest expense	2,062	976	4,049	3,442
<b>Net interest income</b>	<b>8,358</b>	<b>6,487</b>	<b>23,893</b>	<b>18,791</b>
Provision for loan losses	1,514	-	2,514	950
<b>Net interest income after provision for loan loss</b>	<b>6,844</b>	<b>6,487</b>	<b>21,379</b>	<b>17,841</b>
Net gain on loans sold	369	1,419	3,525	2,753
Other non-interest income	416	270	817	585
<b>Total non-interest income</b>	<b>785</b>	<b>1,689</b>	<b>4,342</b>	<b>3,338</b>
Compensation and benefits	3,408	2,739	9,072	7,874
Occupancy and Equipment	883	732	2,634	2,212
Data processing	372	401	1,212	1,092
Federal insurance premium	135	90	320	374
Professional fees	324	414	1,081	1,000
Other	801	616	2,453	1,704
<b>Total non-interest income</b>	<b>5,923</b>	<b>4,992</b>	<b>16,772</b>	<b>14,256</b>
<b>Income before income taxes</b>	<b>1,706</b>	<b>3,184</b>	<b>8,949</b>	<b>6,923</b>
Income tax expense	348	661	1,856	1,424
<b>Net income</b>	<b>\$ 1,358</b>	<b>\$ 2,523</b>	<b>\$ 7,093</b>	<b>\$ 5,499</b>
Basic Earnings per Share-GAAP basis	\$ 0.13	\$ 0.24	\$ 0.67	\$ 0.52
Diluted Earnings per Share-GAAP basis	\$ 0.13	\$ 0.24	\$ 0.67	\$ 0.52
<b>Supplementary Information:</b>				
Net Income	\$ 1,358	\$ 2,523	\$ 7,093	\$ 5,499
<b>Add Back non-cash charges</b>				
Provision for loan losses	1,514	-	2,514	950
Depreciation expense	181	118	539	320
Provision for federal income taxes	-	655	974	1,411
<b>Cash Net income</b>	<b>\$ 3,053</b>	<b>\$ 3,296</b>	<b>\$ 11,120</b>	<b>\$ 8,180</b>
Basic Earnings per Share-GAAP basis	\$ 0.29	\$ 0.31	\$ 1.04	\$ 0.77
Diluted Earnings per Share-GAAP basis	\$ 0.29	\$ 0.31	\$ 1.04	\$ 0.77

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

	Quarter Ended 9/30/2022	Quarter Ended 6/30/2022	Quarter Ended 3/31/2022	Quarter Ended 12/31/2021
Total Interest income	\$ 10,420	\$ 8,923	\$ 8,600	\$ 8,285
Total interest expense	2,062	1,084	903	869
<b>Net interest income</b>	<b>8,358</b>	<b>7,839</b>	<b>7,697</b>	<b>7,416</b>
Provision for loan losses	1,514	400	600	600
<b>Net interest income after provision for loan loss</b>	<b>6,844</b>	<b>7,439</b>	<b>7,097</b>	<b>6,816</b>
Net gain on loans sold	369	299	2,856	2,660
Other non-interest income	416	190	211	317
<b>Total non-interest income</b>	<b>785</b>	<b>489</b>	<b>3,067</b>	<b>2,977</b>
Compensation and benefits	3,408	2,807	2,858	3,317
Occupancy and Equipment	883	882	869	806
Data processing	372	415	425	382
Federal insurance premium	135	95	90	80
Professional fees	324	368	389	360
Other	801	820	832	767
<b>Total non-interest income</b>	<b>5,923</b>	<b>5,387</b>	<b>5,463</b>	<b>5,712</b>
<b>Income before income taxes</b>	<b>1,706</b>	<b>2,541</b>	<b>4,701</b>	<b>4,081</b>
Income tax expense	348	525	983	851
<b>Net income</b>	<b>\$ 1,358</b>	<b>\$ 2,016</b>	<b>\$ 3,718</b>	<b>\$ 3,230</b>
Basic Earnings per Share-GAAP basis	\$ 0.13	\$ 0.19	\$ 0.35	\$ 0.30
Diluted Earnings per Share-GAAP basis	\$ 0.13	\$ 0.19	\$ 0.35	\$ 0.30
<b>Supplementary Information:</b>				
Net Income	\$ 1,358	\$ 2,016	\$ 3,718	\$ 3,230
<b>Add Back non-cash charges</b>				
Provision for loan losses	1,514	400	600	600
Depreciation expense	181	184	173	173
Provision income taxes	-	-	974	843
<b>Cash Net income</b>	<b>\$ 3,053</b>	<b>\$ 2,600</b>	<b>\$ 5,465</b>	<b>\$ 4,846</b>
Basic Earnings per Share-GAAP basis	\$ 0.29	\$ 0.24	\$ 0.51	\$ 0.46
Diluted Earnings per Share-GAAP basis	\$ 0.29	\$ 0.24	\$ 0.51	\$ 0.46

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

	<u>Quarter Ended</u> <u>9/30/2022</u>	<u>Quarter Ended</u> <u>6/30/2022</u>	<u>Quarter Ended</u> <u>3/31/2022</u>	<u>Quarter Ended</u> <u>9/30/2021</u>
<b>Asset Quality:</b>				
Allowance for Loan Losses (1)	\$ 7,587	\$ 7,503	\$ 7,102	\$ 6,145
Allowance for Loan Losses to Total Loans (1)	1.01%	1.05%	1.07%	1.10%
Non-Performing Loans	\$ 4,583	\$ 5,894	\$ 3,163	\$ 969
Non-Performing Loans/Total Loans	0.61%	0.82%	0.48%	0.17%
Non-Performing Loans/Total Assets	0.52%	0.69%	0.39%	0.14%
Allowance for Loan Losses/Non-Performing Loans	165.54%	127.30%	224.57%	634.15%
<b>Capital: (dollars in thousands)</b>				
Tier 1 Capital	\$ 78,948	\$ 77,231	\$ 73,997	\$ 65,207
Tier 1 Leverage Ratio	9.08%	9.48%	9.51%	9.51%
Common Equity Tier 1 Capital Ratio	12.45%	12.76%	13.21%	12.94%
Tier 1 Risk Based Capital Ratio	12.45%	12.76%	13.21%	12.94%
Total Risk Based Capital Ratio	13.67%	14.01%	14.46%	14.18%
<b>Equity Data</b>				
Common shares outstanding	10,648,345	10,648,345	10,648,345	10,648,345
Stockholders' equity	\$ 74,450	\$ 74,306	\$ 74,039	\$ 69,560
Book value per common share	6.99	6.98	6.95	6.53
Tangible common equity	74,450	74,306	74,039	69,560
Tangible book value per common share	6.99	6.98	6.95	6.53

(1) Calculation excludes loans held for sale

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

	<u>Quarter Ended</u> <u>9/30/2022</u>	<u>Quarter Ended</u> <u>6/30/2022</u>	<u>Quarter Ended</u> <u>3/31/2022</u>	<u>Quarter Ended</u> <u>9/30/2021</u>
<b>Other: (in thousands)</b>				
Average Interest-Earning Assets	838,838	785,977	753,211	669,578
Average Interest-Bearing Liabilities	658,365	601,128	570,814	493,731
Average Deposits and Borrowings	771,344	719,416	689,788	622,018
<b>Profitability:</b>				
Return on Average Assets	0.70%	1.00%	1.91%	1.46%
Return on Average Equity	7.25%	10.95%	20.35%	14.72%
Yield on Average Interest Earning Assets	4.93%	4.55%	4.63%	4.42%
Cost of Average Interest Bearing Liabilities	1.26%	0.74%	0.65%	0.79%
Cost of Funds	1.06%	0.60%	0.53%	0.63%
Net Interest Rate Spread (1)	3.67%	3.81%	3.98%	3.63%
Net Interest Margin (2)	3.95%	4.00%	4.14%	3.84%
Non-Interest Expense to Average Assets	2.72%	2.64%	2.80%	2.83%
Efficiency Ratio	64.77%	55.89%	50.75%	61.03%

(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