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First Central Savings Bank Reports Calendar Fourth 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 December 31, 2022, was \$2.1 million or \$0.20 per share, compared to \$3.2 million or \$0.30 per share recorded in the prior year quarter ended December 31, 2021. Cash earnings for the quarter ended December 31, 2022, were \$2.4 million, or \$0.23 per share, a decrease of \$2.4 million, or 49.8%, from \$4.8 million, or \$0.46 per share, for the prior year quarter. Net income of \$9.2 million for the twelve months ended December 31, 2022, or \$0.87 per share, compared to \$8.7 million or \$0.82 per share recorded in the prior year twelve months ended December 31, 2021, representing a 5.5% increase in net income year-over-year.
- **Financial Performance Metrics:** Return on average assets and average stockholders' equity were 0.97% and 11.21%, respectively, for the quarter ended December 31, 2022, compared to 1.77% and 18.16%, respectively, for the prior year quarter.
- **Balance Sheet Growth:** Assets totaled \$904.0 million at December 31, 2022, up \$14.3 million, or 1.6%, from September 30, 2022, and up \$140.2 million, or 18.4%, from December 31, 2021 primarily due to loan growth.
- **Continued Capital Strength:** The Bank's Tier 1 capital ratio was 9.24% and the Total Risk based capital ratio was 14.20% at December 31, 2022, each above the regulatory minimum for a well-capitalized institution.
- **Loan Growth:** At December 31, 2022, total loans outstanding were \$747.1 million representing 84.8% of total assets, up \$101.6 million, or 15.7%, from December 31, 2021 and slightly down \$7.3 million, or 1.0%, from September 30, 2022.
- **Net Interest Income Growth:** The Bank recorded net interest income of \$8.2 million for the quarter ended December 31, 2022, an increase of \$789 thousand, or 10.6%, from the quarter ended December 31, 2021, and a decrease of \$153 thousand, or 1.8%, on a linked quarter basis.
- **Excellent Asset Quality:** At December 31, 2022, the Bank's asset quality was strong with 0.42% 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 3.82% and 3.40%, respectively.
- **New Huntington NY Branch Location:** The Bank successfully opened up its tenth retail banking location in Huntington, NY. and has successfully raised over \$22 million in new deposit accounts since its opening in December 2022.

Glen Cove, N.Y. – January 26, 2023 – 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, 2022, highlighted by the Bank's operating and cash earnings, continued momentum in year-over-year loan growth, excellent asset quality, and record year to date net income.

Strong Operating Earnings Momentum on both Cash and GAAP Basis

The Bank's cash earnings were \$2.4 million, or \$0.23 per share, for the quarter ended December 31, 2022, which represents a decrease of \$2.4 million, or 49.8% from the quarter ended December 31, 2021. On a GAAP basis, net income for the quarter ended December 31, 2022, was \$2.1 million, or \$0.20 per share, compared with net income of \$3.2 million, or \$0.30 per share, for the quarter ended December 31, 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 calendar year 2022, First Central continued to build shareholder value by delivering record net income of \$9.2 million. The Bank also had record loan and deposit growth of \$101.6 million and \$154.1 million, respectively. Our loan portfolio grew by \$101.6 million, or 15.7% as we added more loans to our portfolio which contributed to the increase of \$5.9 million in net interest income year over year. We continue to enhance shareholder value with an increase in our book value from \$6.80 per share at December 31, 2021 to \$7.27 at December 31, 2022, an increase of \$0.47 or 6.9%. The Bank successfully opened its tenth retail banking location in Huntington, NY which has exceeded expectations by raising over \$22 million in new deposit accounts since its opening in December 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 December 31, 2022, was another quarter for strong operating results. Management continues to execute its growth strategy that continues to provide strong earnings quarter over quarter. In the latter part of 2022, we saw significant increases in interest rates that put pressure on our net interest spread and margin. We expect calendar year 2023 to be a challenging year relating to interest expense increases, however, we believe our record profitability will improve once rate hikes from the Federal Reserve abate and begin to decline. Management remains committed to managing non-interest expenses to maintain strong earnings during the current rising interest rate environment and a very competitive deposit rate market."

Balance Sheet Growth

Total assets for the quarter ended December 31, 2022, increased by \$14.3 million to \$904.0 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 \$140.2 million, or 18.4%, driven by the Bank's robust loan originations offset by non-conforming loan sales. As of December 31, 2022, the Bank has been able to generate a non-conforming loan pipeline of \$71.6 million and commercial loan pipeline of \$53.2 million with weighted average interest rates of 7.81% and 6.91%.

Funding for asset growth during the quarter was primarily derived from retail deposits and borrowings from the Federal Home Loan Bank, ("FHLB"). On a year-over-year basis, total deposits grew by \$154.1 million, or 24.1%, as the Bank continues to grow deposits through its retail branches. The Bank has also been successful in maintaining the non-interest-bearing deposits through non-conforming loan originations and the retail branches. As of December 31, 2022, total non-interest-bearing deposits were \$110.7 million or 13.9% 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 December 31, 2022, were \$15 million.

The Bank's overall average cost of funds was 1.69% for the quarter ended December 31, 2022, an increase of sixty-three basis points from 1.06% from the prior linked quarter. Management continues to be pro-active in securing 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 December 31, 2022, the Bank's loan portfolio grew by \$101.6 million, or 15.7%, 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 \$350.2 million. At December 31, 2022, the entire non-conforming loan portfolio amounted to \$373.8 million, with an average loan balance of \$571 thousand and a weighted average loan-to-value ratio of 61.7%.

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 December 31, 2022, the Bank has a \$71.6 million non-conforming pipeline with a weighted average interest rate of 7.81%. 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 December 31, 2022, the Bank earned \$5.4 million in premiums on loans sold net of FASB 91 fees and costs.

The Bank's asset quality ratios remained strong. At December 31, 2022, the loan portfolio had non-performing loans of \$3.1 million or 0.42% of total loans and 0.35% of total assets. During the quarter ended December 31, 2022, the Bank recorded a provision of \$50 thousand. The total allowance for loan losses at December 31, 2022, was \$7.6 million, or 1.02% of total loans.

Strong Net Interest Margin

The Bank's net interest margin remained strong for the quarter ended December 31, 2022, at 3.82% due to the continued origination of non-conforming loans at above market rates, prepayment penalties and loan fees of \$527 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 tenth branch in Huntington New York on December 8, 2022, which will contribute to the Bank's growth strategy. 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 \$904.0 million at December 31, 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.

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>12/31/2022</u>	<u>9/30/2022</u>	<u>12/31/2021</u>
Assets			
Cash and cash equivalents	\$ 76,351	\$ 53,735	\$ 48,714
Investments Available for Sale	45,319	45,130	45,920
Investments Held to Maturity	2,008	2,008	1,000
Loans held for sale	3,120	6,175	43,167
Loans receivable	744,016	748,281	602,415
Less: allowance for loan losses	(7,626)	(7,587)	(6,501)
Loans, net	<u>736,390</u>	<u>740,694</u>	<u>595,914</u>
Other assets	40,801	41,973	29,040
Total Assets	<u>\$ 903,989</u>	<u>\$ 889,715</u>	<u>\$ 763,755</u>
Liabilities and Shareholders Equity			
Total Deposits	\$ 794,180	\$ 758,183	\$ 640,049
FHLB Advances	15,000	38,000	45,000
Other Liabilities	17,408	19,082	6,300
Total Liabilities	<u>826,588</u>	<u>815,265</u>	<u>691,349</u>
Total Shareholders' Equity	<u>77,401</u>	<u>74,450</u>	<u>72,406</u>
Total Liabilities and Shareholders' Equity	<u>\$ 903,989</u>	<u>\$ 889,715</u>	<u>\$ 763,755</u>

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

	Quarter Ended 12/31/2022	Quarter Ended 12/31/2021	12 Months Ended 12/31/2022	12 Months Ended 12/31/2021
Total Interest income	\$ 11,539	\$ 8,285	\$ 39,481	\$ 30,519
Total interest expense	3,334	869	7,383	4,311
Net interest income	8,205	7,416	32,098	26,208
Provision for loan losses	50	600	2,564	1,550
Net interest income after provision for loan loss	8,155	6,816	29,534	24,658
Net gain on loans sold	882	2,660	4,407	5,413
Other non-interest income	225	317	1,042	900
Total non-interest income	1,107	2,977	5,449	6,313
Compensation and benefits	3,758	3,317	12,830	11,190
Occupancy and Equipment	1,053	806	3,687	3,018
Data processing	375	382	1,587	1,475
Federal insurance premium	150	80	470	454
Professional fees	342	360	1,423	1,360
Other	887	767	3,340	2,472
Total non-interest expense	6,565	5,712	23,337	19,969
Income before income taxes	2,697	4,081	11,646	11,002
Income tax expense	560	851	2,416	2,276
Net income	\$ 2,137	\$ 3,230	\$ 9,230	\$ 8,726
Basic Earnings per Share-GAAP basis	\$ 0.20	\$ 0.30	\$ 0.87	\$ 0.82
Diluted Earnings per Share-GAAP basis	\$ 0.20	\$ 0.30	\$ 0.87	\$ 0.82
Supplementary Information:				
Net Income	\$ 2,137	\$ 3,230	\$ 9,230	\$ 8,726
Add Back non-cash charges				
Provision for loan losses	50	600	2,564	1,550
Depreciation expense	247	173	786	493
Provision for federal income taxes	-	843	974	2,254
Cash Net income	\$ 2,434	\$ 4,846	\$ 13,554	\$ 13,023
Basic Earnings per Share-GAAP basis	\$ 0.23	\$ 0.46	\$ 1.27	\$ 1.22
Diluted Earnings per Share-GAAP basis	\$ 0.23	\$ 0.46	\$ 1.27	\$ 1.22

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

	<u>Quarter Ended</u> <u>12/31/2022</u>	<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>
Total Interest income	\$ 11,539	\$ 10,420	\$ 8,922	\$ 8,600
Total interest expense	3,334	2,062	1,084	903
Net interest income	<u>8,205</u>	<u>8,358</u>	<u>7,838</u>	<u>7,697</u>
Provision for loan losses	50	1,514	400	600
Net interest income after provision for loan loss	<u>8,155</u>	<u>6,844</u>	<u>7,438</u>	<u>7,097</u>
Net gain on loans sold	882	369	300	2,856
Other non-interest income	225	416	190	211
Total non-interest income	<u>1,107</u>	<u>785</u>	<u>490</u>	<u>3,067</u>
Compensation and benefits	3,758	3,407	2,807	2,858
Occupancy and Equipment	1,053	883	882	869
Data processing	375	372	415	425
Federal insurance premium	150	135	95	90
Professional fees	342	324	368	389
Other	887	801	820	832
Total non-interest expense	<u>6,565</u>	<u>5,922</u>	<u>5,387</u>	<u>5,463</u>
Income before income taxes	<u>2,697</u>	<u>1,707</u>	<u>2,541</u>	<u>4,701</u>
Income tax expense	560	348	525	983
Net income	<u>\$ 2,137</u>	<u>\$ 1,359</u>	<u>\$ 2,016</u>	<u>\$ 3,718</u>
Basic Earnings per Share-GAAP basis	\$ 0.20	\$ 0.13	\$ 0.19	\$ 0.35
Diluted Earnings per Share-GAAP basis	\$ 0.20	\$ 0.13	\$ 0.19	\$ 0.35
Supplementary Information:				
Net Income	\$ 2,137	\$ 1,359	\$ 2,016	\$ 3,718
Add Back non-cash charges				
Provision for loan losses	50	1,514	400	600
Depreciation expense	247	182	184	173
Provision for federal income taxes	-	-	-	974
Cash Net income	<u>\$ 2,434</u>	<u>\$ 3,055</u>	<u>\$ 2,600</u>	<u>\$ 5,465</u>
Basic Earnings per Share-GAAP basis	\$ 0.23	\$ 0.29	\$ 0.24	\$ 0.51
Diluted Earnings per Share-GAAP basis	\$ 0.23	\$ 0.29	\$ 0.24	\$ 0.51

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

	<u>Quarter Ended</u> <u>12/31/2022</u>	<u>Quarter Ended</u> <u>9/30/2022</u>	<u>Quarter Ended</u> <u>6/30/2022</u>	<u>Quarter Ended</u> <u>12/31/2021</u>
Asset Quality:				
Allowance for Loan Losses (1)	\$ 7,626	\$ 7,587	\$ 7,503	\$ 6,501
Allowance for Loan Losses to Total Loans (1)	1.02%	1.01%	1.05%	1.08%
Non-Performing Loans	\$ 3,134	\$ 4,583	\$ 5,894	\$ 577
Non-Performing Loans/Total Loans	0.42%	0.61%	0.82%	0.10%
Non-Performing Loans/Total Assets	0.35%	0.52%	0.69%	0.08%
Allowance for Loan Losses/Non-Performing Loans	243.33%	165.54%	127.30%	1126.75%
Capital: (dollars in thousands)				
Tier 1 Capital	\$ 81,651	\$ 78,948	\$ 77,231	\$ 69,292
Tier 1 Leverage Ratio	9.24%	9.08%	9.48%	9.53%
Common Equity Tier 1 Capital Ratio	12.96%	12.45%	12.76%	12.82%
Tier 1 Risk Based Capital Ratio	12.96%	12.45%	12.76%	12.82%
Total Risk Based Capital Ratio	14.20%	13.67%	14.01%	14.05%
Equity Data				
Common shares outstanding	10,648,345	10,648,345	10,648,345	10,648,345
Stockholders' equity	\$ 77,401	\$ 74,450	\$ 74,306	\$ 72,406
Book value per common share	7.27	6.99	6.98	6.80
Tangible common equity	77,401	74,450	74,306	72,406
Tangible book value per common share	7.27	6.99	6.98	6.80

(1) Calculation excludes loans held for sale

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

	<u>Quarter Ended</u> <u>12/31/2022</u>	<u>Quarter Ended</u> <u>9/30/2022</u>	<u>Quarter Ended</u> <u>6/30/2022</u>	<u>Quarter Ended</u> <u>12/31/2021</u>
Other: (in thousands)				
Average Interest-Earning Assets	853,239	838,838	785,977	710,495
Average Interest-Bearing Liabilities	672,168	658,365	601,128	520,419
Average Deposits and Borrowings	781,237	771,344	719,416	665,965
Profitability:				
Return on Average Assets	0.97%	0.70%	1.00%	1.77%
Return on Average Equity	11.21%	7.25%	10.95%	18.16%
Yield on Average Interest Earning Assets	5.37%	4.93%	4.55%	4.63%
Cost of Average Interest Bearing Liabilities	1.97%	1.26%	0.74%	0.66%
Cost of Funds	1.69%	1.06%	0.60%	0.53%
Net Interest Rate Spread (1)	3.40%	3.67%	3.81%	3.96%
Net Interest Margin (2)	3.82%	3.95%	4.00%	4.14%
Non-Interest Expense to Average Assets	2.97%	2.72%	2.64%	3.10%
Efficiency Ratio	70.50%	64.77%	64.68%	54.97%

(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