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First Central Savings Bank Reports Third Quarter 2023 Results Highlighted by Net Income of \$2.1 million, Strong Asset Quality, and Non-Interest Income growth quarter over quarter.

Performance Highlights

- **Net Income and Cash Earnings:** Net income for the quarter ended September 30, 2023, was \$2.1 million or \$0.20 per share, compared to \$1.4 million or \$0.13 per share recorded in the prior year quarter ended September 30, 2022. Cash earnings for the quarter ended September 30, 2023, were \$2.2 million, or \$0.21 per share, a decrease of \$835 thousand, or 27.3%, from \$3.1 million, or \$0.29 per share, for the prior year quarter. Net income of \$5.9 million for the first nine months ended September 30, 2023, or \$0.55 per share, compared to \$7.1 million or \$0.67 per share recorded in the prior year nine months ended September 30, 2022, representing a 17.1% decrease in net income year-over-year.
- **Non-Interest Income Growth:** Due to an increase in loan sale volume and premiums received for the quarter ended September 30, 2023, non-interest income increased by \$966 thousand or 123.1% compared to the prior year quarter and increased \$542 thousand or 44.8% quarter over quarter.
- **Financial Performance Metrics:** Return on average assets and average stockholders' equity were 0.89% and 10.40%, respectively, for the quarter ended September 30, 2023, compared to 0.70% and 7.25%, respectively, for the prior year quarter and 0.82% and 9.82% compared to the prior quarter.
- **Balance Sheet Growth:** Assets totaled \$953.6 million at September 30, 2023, up \$63.9 million, or 7.2%, from September 30, 2022, primarily due to loan growth.
- **Regulatory Capital:** The Bank's Tier 1 capital ratio was 9.20% and the Total Risk based capital ratio was 14.39% at September 30, 2023, each above the regulatory minimum for a well-capitalized institution.
- **Loan Growth:** At September 30, 2023, total loans outstanding were \$822.5 million representing 86.2% of total assets, up \$68.0 million, or 9.0%, from September 30, 2022.
- **Net Interest Income:** The Bank recorded net interest income of \$7.4 million for the quarter ended September 30, 2023, a decrease of \$996 thousand, or 11.9%, from the quarter ended September 30, 2022.
- **Strong Asset Quality:** At September 30, 2023, the Bank's asset quality was strong with 0.51% non-performing loans to total loans.
- **Net Interest Margin and Spread:** The Bank's net interest margin and spread for the current quarter was 3.15% and 2.43%, respectively.

Glen Cove, N.Y. – October 25, 2023 – 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, 2023, highlighted by the Bank's increased loan sale income, continued operating and cash earnings, and excellent asset quality.

Cash and GAAP Basis Earnings

The Bank's cash earnings were \$2.2 million, or \$0.21 per share, for the quarter ended September 30, 2023, which represents a decrease of \$835 thousand, or 27.3% from the quarter ended September 30, 2022. On a GAAP basis, net income for the quarter ended September 30, 2023, was \$2.1 million, or \$0.20 per share,

compared with net income of \$1.4 million, or \$0.13 per share, for the quarter ended September 30, 2022. Joseph Pistilli, Chairman of the Board noted, "In the third quarter of 2023, First Central continued to build shareholder value by generating positive earnings despite a rising interest rate environment. We continue to enhance shareholder value with an increase in our book value from \$6.99 per share at September 30, 2022, to \$7.67 at September 30, 2023, an increase of \$0.68 or 9.7%. The September 30, 2023, quarter end was marked by a remarkable achievement of over \$1 billion in non-conforming residential loan originations since bringing on a new residential team in November 2019. This has substantially added to the overall profitability of the Bank as supported by additional interest income and substantial increases to non-interest income from loan sales. I am extremely proud of the management team and Board of Directors that we have assembled 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, "Management continues to execute its growth strategy that continues to build equity to support loan growth. During the quarter ended September 30, 2023, we continued to see an increase in interest rates that put pressure on our net interest margin and spread. We have continued to increase our loan sale income during the year to offset net spread and margin pressure. Despite this challenge, we have been able to increase net income throughout the year from increased loan sale income. We expect the remainder of calendar year 2023 to continue to be challenging with potential future Federal Reserve rate hikes, however we believe our net interest margin and spread will improve once the rate hikes from the Federal Reserve abate and begin to decline. Management remains committed to managing non-interest expenses to maintain earnings during the current rising interest rate environment and a very competitive deposit rate market."

Balance Sheet

On a year-over-year basis, total assets grew by \$63.9 million, or 7.2%, driven by the Bank's loan originations offset by non-conforming loan sales. Total assets for the quarter ended September 30, 2023, decreased by \$18.6 million to \$953.6 million mostly due to increased loan sale volume when compared to the prior quarter. As of September 30, 2023, the Bank has been able to generate a non-conforming loan pipeline of \$60.7 million and commercial loan pipeline of \$5.6 million with weighted average interest rates of 7.87% and 8.53%, respectively.

On a year-over-year basis, total deposits grew by \$74.4 million, or 9.8%, 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 September 30, 2023, total non-interest-bearing deposits were \$105.5 million or 12.7% of total deposits. In addition to deposit growth, the Bank has used short-term borrowings from FHLB-NY to fund growth. Total borrowings for the quarter ended September 30, 2023, were \$20.0 million.

The Bank's overall average cost of funds was 3.00% for the quarter ended September 30, 2023, an increase of 39 basis points from 2.61% from the prior linked quarter. The rising interest rate environment continues negatively impact the Bank's cost of funds in the short term, however, 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 potential 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, 2023, the Bank's loan portfolio grew by \$68.0 million, or 9.0%, 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 \$214.3 million. At September 30, 2023, the entire non-conforming loan portfolio amounted to \$432.8 million, with an average loan balance of \$575 thousand and a weighted average loan-to-value ratio of 62.8%.

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. The Bank expects that it will continue to originate, in the near term, for its own portfolio and, in the long term, for 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, 2023, the Bank earned \$2.7 million in premiums on loans sold net of FASB 91 fees and costs.

The Bank's asset quality ratios remained strong. At September 30, 2023, the loan portfolio had non-performing loans of \$4.2 million or 0.51% of total loans and 0.44% of total assets. The total allowance for loan losses at September 30, 2023, was \$8.2 million, or 1.01% of total loans.

About First Central Savings Bank

With assets of \$953.6 million at September 30, 2023, 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 office in Glen Cove, New York with an additional six branches throughout Queens New York, one branch in Nassau County, New York, and one branch in Suffolk County, 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>9/30/2023</u>	<u>6/30/2023</u>	<u>9/30/2022</u>
Assets			
Cash and cash equivalents	\$ 56,156	\$ 59,241	\$ 53,735
Investments Available for Sale	41,978	43,643	45,130
Investments Held to Maturity	2,008	2,008	2,008
Loans held for sale	9,648	4,741	6,175
Loans receivable	812,826	829,702	748,281
Less: allowance for loan losses	<u>(8,193)</u>	<u>(8,364)</u>	<u>(7,587)</u>
Loans, net	804,633	821,338	740,694
Other assets	39,194	41,263	41,973
Total Assets	<u>\$ 953,617</u>	<u>\$ 972,234</u>	<u>\$ 889,715</u>
Liabilities and Shareholders Equity			
Total Deposits	\$ 832,629	\$ 837,338	\$ 758,183
FHLB Advances	20,000	37,000	38,000
Other Liabilities	<u>19,262</u>	<u>17,293</u>	<u>19,082</u>
Total Liabilities	871,891	891,631	815,265
Total Shareholders' Equity	81,726	80,603	74,450
Total Liabilities and Shareholders' Equity	<u>\$ 953,617</u>	<u>\$ 972,234</u>	<u>\$ 889,715</u>

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

	Quarter Ended 9/30/2023	Quarter Ended 9/30/2022	9 Months Ended 9/30/2023	9 Months Ended 9/30/2022
Total Interest income	\$ 13,789	\$ 10,420	\$ 39,698	\$ 27,942
Total interest expense	6,427	2,062	16,475	4,049
Net interest income	<u>7,362</u>	<u>8,358</u>	<u>23,223</u>	<u>23,893</u>
Provision (recovery) for credit losses	(173)	1,514	377	2,514
Net interest income after provision (recovery) for credit losses	<u>7,535</u>	<u>6,844</u>	<u>22,846</u>	<u>21,379</u>
Net gain on loans sold	1,372	369	2,715	3,525
Other non-interest income	379	416	983	817
Total non-interest income	<u>1,751</u>	<u>785</u>	<u>3,698</u>	<u>4,342</u>
Compensation and benefits	3,659	3,407	10,226	9,072
Occupancy and Equipment	943	883	2,917	2,634
Data processing	401	372	1,242	1,212
Federal insurance premium	198	135	533	320
Professional fees	314	324	1,410	1,081
Other	1,080	801	2,805	2,453
Total non-interest expense	<u>6,595</u>	<u>5,922</u>	<u>19,133</u>	<u>16,772</u>
Income before income taxes	2,691	1,707	7,411	8,949
Income tax expense	556	348	1,529	1,856
Net income	<u>\$ 2,135</u>	<u>\$ 1,359</u>	<u>\$ 5,882</u>	<u>\$ 7,093</u>
Basic Earnings per Share-GAAP basis	\$ 0.20	\$ 0.13	\$ 0.55	\$ 0.67
Diluted Earnings per Share-GAAP basis	\$ 0.20	\$ 0.13	\$ 0.55	\$ 0.67
Supplementary Information:				
Net Income	\$ 2,135	\$ 1,359	\$ 5,882	\$ 7,093
Add Back non-cash charges				
Provision (recovery) for credit losses	(173)	1,514	377	2,514
Depreciation expense	258	182	769	539
Provision for federal income taxes	-	-	-	974
Cash Net income	<u>\$ 2,220</u>	<u>\$ 3,055</u>	<u>\$ 7,028</u>	<u>\$ 11,120</u>
Basic Earnings per Share-GAAP basis	\$ 0.21	\$ 0.29	\$ 0.66	\$ 1.04
Diluted Earnings per Share-GAAP basis	\$ 0.21	\$ 0.29	\$ 0.66	\$ 1.04

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

	Quarter Ended 9/30/2023	Quarter Ended 6/30/2023	Quarter Ended 3/31/2023	Quarter Ended 12/31/2022
Total Interest income	\$ 13,789	\$ 13,547	\$ 12,362	\$ 11,539
Total interest expense	6,427	5,572	4,476	3,334
Net interest income	7,362	7,975	7,886	8,205
Provision (recovery) for credit losses	(173)	215	335	50
Net interest income after provision (recovery) for credit losses	7,535	7,760	7,551	8,155
Net gain on loans sold	1,372	883	460	882
Other non-interest income	379	326	278	225
Total non-interest income	1,751	1,209	738	1,107
Compensation and benefits	3,659	3,323	3,244	3,758
Occupancy and Equipment	943	967	1,007	1,053
Data processing	401	458	383	375
Federal insurance premium	198	175	160	150
Professional fees	314	689	407	342
Other	1,080	892	833	887
Total non-interest expense	6,595	6,504	6,034	6,565
Income before income taxes	2,691	2,465	2,255	2,697
Income tax expense	556	509	464	560
Net income	\$ 2,135	\$ 1,956	\$ 1,791	\$ 2,137
Basic Earnings per Share-GAAP basis	\$ 0.20	\$ 0.18	\$ 0.17	\$ 0.20
Diluted Earnings per Share-GAAP basis	\$ 0.20	\$ 0.18	\$ 0.17	\$ 0.20
Supplementary Information:				
Net Income	\$ 2,135	\$ 1,956	\$ 1,791	\$ 2,137
Add Back non-cash charges				
Provision (recovery) for credit losses	(173)	215	335	50
Depreciation expense	258	254	257	247
Provision for federal income taxes	-	-	-	-
Cash Net income	\$ 2,220	\$ 2,425	\$ 2,383	\$ 2,434
Basic Earnings per Share-GAAP basis	\$ 0.21	\$ 0.23	\$ 0.22	\$ 0.23
Diluted Earnings per Share-GAAP basis	\$ 0.21	\$ 0.23	\$ 0.22	\$ 0.23

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

	<u>Quarter Ended</u> <u>9/30/2023</u>	<u>Quarter Ended</u> <u>6/30/2023</u>	<u>Quarter Ended</u> <u>3/31/2023</u>	<u>Quarter Ended</u> <u>9/30/2022</u>
Asset Quality:				
Allowance for Loan Losses (1)	\$ 8,193	\$ 8,364	\$ 8,148	\$ 7,587
Allowance for Loan Losses to Total Loans (1)	1.01%	1.01%	1.01%	1.01%
Non-Performing Loans	\$ 4,162	\$ 3,764	\$ 3,134	\$ 4,583
Non-Performing Loans/Total Loans	0.51%	0.45%	0.39%	0.61%
Non-Performing Loans/Total Assets	0.44%	0.39%	0.33%	0.52%
Allowance for Loan Losses/Non-Performing Loans	196.85%	222.21%	259.99%	165.54%
Capital: (dollars in thousands)				
Tier 1 Capital	\$ 88,047	\$ 85,913	\$ 83,524	\$ 78,948
Tier 1 Leverage Ratio	9.20%	8.94%	9.14%	9.08%
Common Equity Tier 1 Capital Ratio	13.14%	12.49%	12.40%	12.45%
Tier 1 Risk Based Capital Ratio	13.14%	12.49%	12.40%	12.45%
Total Risk Based Capital Ratio	14.39%	13.73%	13.64%	13.67%
Equity Data				
Common shares outstanding	10,648,345	10,648,345	10,648,345	10,648,345
Stockholders' equity	\$ 81,726	\$ 80,603	\$ 79,258	\$ 74,450
Book value per common share	7.67	7.57	7.44	6.99
Tangible common equity	81,726	80,603	79,258	74,450
Tangible book value per common share	7.67	7.57	7.44	6.99

(1) Calculation excludes loans held for sale

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

	<u>Quarter Ended</u> <u>9/30/2023</u>	<u>Quarter Ended</u> <u>6/30/2023</u>	<u>Quarter Ended</u> <u>3/31/2023</u>	<u>Quarter Ended</u> <u>9/30/2022</u>
Other: (in thousands)				
Average Interest-Earning Assets	927,745	932,224	884,446	838,838
Average Interest-Bearing Liabilities	735,245	726,680	701,425	658,365
Average Deposits and Borrowings	849,379	856,450	812,431	771,344
Profitability:				
Return on Average Assets	0.89%	0.82%	0.80%	0.70%
Return on Average Equity	10.40%	9.82%	9.28%	7.25%
Yield on Average Interest Earning Assets	5.90%	5.83%	5.67%	4.93%
Cost of Average Interest Bearing Liabilities	3.47%	3.08%	2.59%	1.26%
Cost of Funds	3.00%	2.61%	2.23%	1.06%
Net Interest Rate Spread (1)	2.43%	2.75%	3.08%	3.67%
Net Interest Margin (2)	3.15%	3.43%	3.62%	3.95%
Non-Interest Expense to Average Assets	2.68%	2.73%	2.69%	2.72%
Efficiency Ratio	70.48%	70.82%	69.97%	64.77%

(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