

FOR IMMEDIATE RELEASE

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**First Central Savings Bank Reports Third Quarter 2024 Cash earnings of \$1.9 million (\$0.18 EPS),
Significant Non-Interest Income Growth Quarter over Quarter, and Strong and Stable Liquidity**

Performance Highlights

- **Net Income:** Net income for the quarter ended September 30, 2024, was \$919 thousand or \$0.09 per share, compared to \$1.2 million or \$0.11 per share, recorded in the prior linked quarter and \$2.1 million or \$0.20 per share, in the comparable 2023 quarter. The reduction in earnings was the result of an isolated charge-off on a C&I loan in the amount of \$776 thousand.
- **Cash Net Income:** Cash net income for the quarter ended September 30, 2024, was \$1.9 million or \$0.18 per share, compared to \$1.5 million or \$0.14 per share, recorded in the prior quarter.
- **Net Interest Income:** The Bank recorded net interest income of \$6.8 million for the quarter ended September 30, 2024, compared to \$6.8 million in the prior linked quarter.
- **Non-Interest Income Growth:** Due to an increase in loan sale volume, loan sale premiums received and securities gains for the quarter ended September 30, 2024, non-interest income increased by \$708 thousand or 60.0% from the prior linked quarter and were up \$137 thousand or 7.8% from the prior year quarter.
- **Net Interest Margin:** The Bank's net interest margin for the current quarter was stable at 2.80%. Excluding prepayment penalties, the margin increased to 2.75% from 2.71% from the prior linked quarter.
- **Balance Sheet Growth:** Assets totaled \$987.9 million at September 30, 2024, up \$34.3 million, or 3.6%, from September 30, 2023, primarily due to loan growth.
- **Stable Asset Quality:** At September 30, 2024, the Bank's asset quality was strong with 0.61% non-performing loans to total loans compared to 0.58% in the prior quarter.
- **Financial Performance Metrics:** Return on average assets and average stockholders' equity were 0.37% and 4.22%, respectively, for the quarter ended September 30, 2024, compared to 0.47% and 5.48% on linked quarter basis.
- **Regulatory Capital:** The Bank's Tier 1 capital ratio was 9.26% and the Total Risk based capital ratio was 13.20% at September 30, 2024, each above the regulatory minimum for a well-capitalized institution.
- **Loan Growth:** At September 30, 2024, total loans outstanding were \$882.7 million representing 89.3% of total assets, up \$24.0 million, or 2.8% from June 30, 2024, and up \$60.2 million, or 7.3%, from September 30, 2023.
- **Strong and Stable Liquidity:** The Uninsured deposits base remains stable at 17.4% of total deposits. The Bank has significant available funding capacity to provide 221.1% coverage of our uninsured deposits.

Glen Cove, N.Y. – October 24, 2024 – Joseph Pistilli, Chairman of the Board, of First Central Savings Bank ("FCSB", "the Bank") today reported continued performance achievements for the quarter ended September 30, 2024.

Cash and GAAP Basis Earnings

The Bank's cash earnings were \$1.9 million, or \$0.18 per share, for the quarter ended September 30, 2024, which represents an increase of \$436 thousand, or 30.0%, on a linked quarter basis and a decrease of \$311 thousand, or 14.1%, from the prior year quarter ended September 30, 2023.

On a GAAP basis, net income for the quarter ended September 30, 2024, was \$919 thousand, or \$0.09 per share, compared with net income of \$1.2 million, or \$0.11, from the prior linked quarter basis and net income of \$2.1 million, or \$0.20 per share, for the quarter ended September 30, 2023. The reduction in earnings from the prior linked quarter was mostly due to a higher provision for credit losses due to a \$776 thousand charge-off of a C&I loan. The reduction in earnings from the prior year quarter is due to the higher provision for credit losses as well as lower net interest income.

Excluding the provision related to the \$776 thousand isolated charge-off, the Bank would have recorded net income of about \$1.5 million, or \$0.14 per share for the quarter ended September 30, 2024. Return on average asset and equity would have been 0.61% and 6.92%, respectively.

Joseph Pistilli, Chairman of the Board noted, "In the third quarter of 2024, First Central continued to build shareholder value by generating positive earnings despite the continued higher interest rate environment and the charge-off of a C&I loan. We continue to enhance shareholder value with an increase in our book value of \$0.58 or 7.6%, from \$7.67 per share at September 30, 2023, to \$8.25 at September 30, 2024. We are optimistic about the credit quality of our loan portfolio, as it continues to perform well during these uncertain economic times. Our credit exposure to commercial real estate, specifically to office space and multi-family lending, is limited. We expect that the current inflationary environment to continue to subside, and we will return to a more normal and predictable economic condition in the near future. We believe that the September 2024 interest rate reduction and expected future interest rate reductions from the Federal Reserve to be a benefit to both the balance sheet and income statement of the Bank. I am extremely proud of the management team and the Board of Directors that we have assembled at the Bank and the expertise they have in managing net interest income during the current market conditions."

Paul Hagan, President and Chief Operating Officer, reflected on the Bank's results, "During the quarter ended September 30, 2024, we continued to see elevated interest rates, however, we were pleased to see that we were able to maintain our net interest spread and slightly increase our core net interest margin. In addition, we were able to stabilize our net interest income from the prior linked quarter and achieve positive financial performance by maintaining our loan sale income throughout the third quarter of 2024 and by effectively managing non-interest expenses. With the recent Federal Reserve rate cut of 50 bps, we are cautiously optimistic that our balance sheet is well positioned to benefit in a declining interest rate environment. We expect profitability to improve in the fourth quarter of 2024 due to net interest margin expansion and increased loan sale income."

Balance Sheet

Total assets as of September 30, 2024, were \$987.9 million compared to \$963.5 million as of December 31, 2023. The increase in total assets was primarily driven by the Bank's loan originations offset by non-conforming loan sales of \$130.0 million. Total assets for the quarter ended September 30, 2024, increased by \$2.0 million to \$987.9 million as the Bank continued to originate commercial and non-conforming loans while continuing to actively sell a portion of the non-conforming loans to the secondary market. As of September 30, 2024, the Bank has been able to generate a non-conforming loan pipeline of \$109.1 million and a commercial loan pipeline of \$7.6 million with weighted average interest rates of 7.39% and 9.23%, respectively.

Total deposits were \$851.7 million as of September 30, 2024, an increase of \$35.3 million, or 4.3%, from December 31, 2023. The Bank has been successful in growing non-interest-bearing deposits from non-conforming loan originations as well as from our retail branches. As of September 30, 2024, total non-interest-bearing deposits were \$125.4 million or 14.7% of total deposits. With the growth of the deposit base, total borrowings as of September 30, 2024, decreased by \$15.5 million or 33.3% to \$30.0 million when compared to December 31, 2023.

The Bank's overall average cost of funds was 3.72% for the quarter ended September 30, 2024, an increase of 3 basis points from 3.69% from the prior linked quarter. The current interest rate environment continues to negatively impact the Bank's cost of funds in the short term; however, management continues to be pro-active in securing lower rate certificates of deposit in the current interest rate environment to better position the interest-rate-risk profile of the Bank in anticipation of further interest rate reductions in the months to come. The strategy has been effective as the increase in the Bank's average cost of funds of 3 basis points during the September 30, 2024, quarter represented a significant decline in rate increases when compared to the prior three-quarters rate increases of 11, 30, and 28 basis points, respectively. Management believes this strategy will better protect and enhance future earnings as interest rates continue to decline, and our deposits reprice downward in the future.

In addition to deposits, the Bank utilizes borrowings from FHLB-NY to fund growth. During the quarter, the Bank borrowed \$10 million from FHLB-NY for three years at a rate of 3.72%. This strategic FHLB borrowing will contribute to the reduction in the Bank's cost of funds as well as improve the Bank's interest rate sensitivity by lengthening the Bank's interest-bearing liabilities.

Loan Portfolio and Asset Quality

For the twelve-month period ended September 30, 2024, the Bank's loan portfolio grew by \$60.2 million, or 7.3%, 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 \$262.0 million. At September 30, 2024, the entire non-conforming loan portfolio amounted to \$423.0 million, with an average loan balance of \$571 thousand and a weighted average loan-to-value ratio of 60.6%.

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 sales of loans. For the nine months ended September 30, 2024, the Bank earned \$3.8 million in premiums on loans sold, net of FASB 91 fees and costs.

Despite a \$776 thousand isolated charge-off on a C&I loan during the quarter ended September 30, 2024, the Bank's asset quality ratios remained strong. At September 30, 2024, the loan portfolio had non-performing loans of \$4.9 million or 0.61% of total loans and 0.49% of total assets. The total allowance for credit losses at September 30, 2024, was \$8.9 million, or 1.11% of total loans held for investment.

About First Central Savings Bank

With assets of \$987.9 million at September 30, 2024, 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>9/30/2024</u>	<u>6/30/2024</u>	<u>9/30/2023</u>
Assets			
Cash and cash equivalents	\$ 40,701	\$ 48,140	\$ 55,156
Certificates of deposit	2,000	2,000	1,000
Investments available-for-sale	31,679	46,314	41,978
Investments held-to-maturity	1,000	1,000	2,008
Loans held-for-sale	83,613	17,310	9,648
Loans receivable	799,076	841,331	812,826
Less: allowance for credit losses	(8,895)	(8,721)	(8,193)
Loans, net	<u>790,181</u>	<u>832,610</u>	<u>804,633</u>
Other assets	<u>38,745</u>	<u>38,592</u>	<u>39,194</u>
Total assets	<u><u>\$ 987,919</u></u>	<u><u>\$ 985,966</u></u>	<u><u>\$ 953,617</u></u>
Liabilities and stockholders' equity			
Deposits	\$ 851,646	\$ 868,797	\$ 832,629
FHLB advances and other borrowings	30,000	14,500	20,000
Other liabilities	<u>18,421</u>	<u>16,547</u>	<u>19,262</u>
Total liabilities	<u>900,067</u>	<u>899,844</u>	<u>871,891</u>
Total stockholders' equity	<u>87,852</u>	<u>86,122</u>	<u>81,726</u>
Total liabilities and stockholders' equity	<u><u>\$ 987,919</u></u>	<u><u>\$ 985,966</u></u>	<u><u>\$ 953,617</u></u>

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

	Quarter Ended 9/30/2024	Quarter Ended 9/30/2023	9 Months Ended 9/30/2024	9 Months Ended 9/30/2023
Total Interest income	\$ 14,972	\$ 13,789	\$ 44,011	\$ 39,698
Total interest expense	8,210	6,427	23,932	16,475
Net interest income	6,762	7,362	20,079	23,223
Provision (recovery) for credit losses	950	(173)	1,257	377
Net interest income after provision for credit loss	5,812	7,535	18,822	22,846
Net gain on loans sold	1,536	1,372	3,800	2,715
Net gains on sale of securities	142	-	142	-
Other non-interest income	210	379	787	983
Total non-interest income	1,888	1,751	4,729	3,698
Compensation and benefits	3,663	3,659	11,006	10,226
Occupancy and equipment	936	943	2,760	2,917
Data processing	448	401	1,344	1,242
Federal insurance premium	174	198	505	533
Professional fees	360	314	1,057	1,410
Other	975	1,080	2,751	2,805
Total non-interest expense	6,556	6,595	19,423	19,133
Income before income taxes	1,144	2,691	4,128	7,411
Income tax expense	225	556	825	1,529
Net income	\$ 919	\$ 2,135	\$ 3,303	\$ 5,882
Basic earnings per share-GAAP basis	\$ 0.09	\$ 0.20	\$ 0.31	\$ 0.55
Diluted earnings per share-GAAP basis	\$ 0.09	\$ 0.20	\$ 0.31	\$ 0.55
Supplementary information:				
Net income	\$ 919	\$ 2,135	\$ 3,303	\$ 5,882
Add back non-cash charges				
Provision (recovery) for loan losses	950	(173)	1,257	377
Depreciation expense	260	258	770	769
Tax on add back of non-cash charges	(238)	(18)	(405)	(236)
Cash net income	\$ 1,891	\$ 2,202	\$ 4,925	\$ 6,792
Basic earnings per share-GAAP basis	\$ 0.18	\$ 0.21	\$ 0.46	\$ 0.64
Diluted earnings per share-GAAP basis	\$ 0.18	\$ 0.21	\$ 0.46	\$ 0.64

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

	Quarter Ended 9/30/2024	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Quarter Ended 12/31/2023
Total Interest income	\$ 14,972	\$ 14,854	\$ 14,185	\$ 13,767
Total interest expense	8,210	8,064	7,658	6,991
Net interest income	6,762	6,790	6,527	6,776
Provision for credit losses	950	117	190	25
Net interest income after provision for credit losses	5,812	6,673	6,337	6,751
Net gain on loans sold	1,536	843	1,421	1,023
Net gains on sale of securities	142	-	-	109
Other non-interest income	210	337	240	270
Total non-interest income	1,888	1,180	1,661	1,402
Compensation and benefits	3,663	3,596	3,747	3,882
Occupancy and equipment	936	918	906	894
Data processing	448	452	444	416
Federal insurance premium	174	166	165	139
Professional fees	360	368	329	301
Other	975	907	869	950
Total non-interest expense	6,556	6,407	6,460	6,582
Income before income taxes	1,144	1,446	1,538	1,571
Income tax expense	225	290	310	318
Net income	<u>\$ 919</u>	<u>\$ 1,156</u>	<u>\$ 1,228</u>	<u>\$ 1,253</u>
Basic earnings per share-GAAP basis	\$ 0.09	\$ 0.11	\$ 0.12	\$ 0.12
Diluted earnings per share-GAAP basis	\$ 0.09	\$ 0.11	\$ 0.12	\$ 0.12
Supplementary information:				
Net income	\$ 919	\$ 1,156	\$ 1,228	\$ 1,253
Add back non-cash charges				
Provision for credit losses	950	117	190	25
Depreciation expense	260	257	253	258
Tax on add back of non-cash charges	(238)	(75)	(89)	(57)
Cash net income	<u>\$ 1,891</u>	<u>\$ 1,455</u>	<u>\$ 1,582</u>	<u>\$ 1,479</u>
Basic earnings per share-GAAP basis	\$ 0.18	\$ 0.14	\$ 0.15	\$ 0.14
Diluted earnings per share-GAAP basis	\$ 0.18	\$ 0.14	\$ 0.15	\$ 0.14

First Central Savings Bank

Selected Financial Data - (unaudited)

(dollars in thousands, except per share data)

	Quarter Ended 9/30/2024	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Quarter Ended 9/30/2023
Asset quality:				
Allowance for credit losses	\$ 8,895	\$ 8,721	\$ 8,538	\$ 8,193
Allowance for credit losses to total loans (1)	1.11%	1.04%	1.03%	1.01%
Non-performing loans	\$ 4,850	\$ 4,907	\$ 4,917	\$ 4,162
Net Charge-off dollars	776	(66)	(2)	(1)
Non-performing loans/total loans (1)	0.61%	0.58%	0.59%	0.51%
Non-performing loans/total assets	0.49%	0.50%	0.51%	0.44%
Allowance for credit losses/non-performing loans	183.40%	177.73%	173.64%	196.85%
Capital: (dollars in thousands)				
Tier 1 capital	\$ 91,502	\$ 90,583	\$ 89,427	\$ 88,047
Tier 1 leverage ratio	9.26%	9.16%	9.23%	9.20%
Common equity tier 1 capital ratio	13.20%	13.35%	13.32%	13.14%
Tier 1 risk based capital ratio	13.20%	13.35%	13.32%	13.14%
Total risk based capital ratio	14.45%	14.60%	14.57%	14.39%
Equity data				
Common shares outstanding	10,648,345	10,648,345	10,648,345	10,648,345
Stockholders' equity	\$ 87,852	\$ 86,122	\$ 84,686	\$ 81,726
Book value per common share	8.25	8.09	7.95	7.67
Tangible common equity	87,852	86,122	84,686	81,726
Tangible book value per common share	8.25	8.09	7.95	7.67

(1) Calculation excludes loans held-for-sale

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

	Quarter Ended 9/30/2024	Quarter Ended 6/30/2024	Quarter Ended 3/31/2024	Quarter Ended 9/30/2023
Other: (in thousands)				
Average interest-earning assets	\$ 961,624	\$ 961,503	\$ 941,314	\$ 927,745
Average interest-bearing liabilities	759,152	765,606	754,689	735,245
Average deposits and borrowings	877,100	879,082	860,638	849,379
Profitability:				
Return on average assets (3)	0.37%	0.47%	0.51%	0.89%
Return on average equity (3)	4.22%	5.48%	5.89%	10.40%
Yield on average interest earning assets	6.19%	6.21%	6.06%	5.90%
Cost of average interest bearing liabilities	4.30%	4.24%	4.08%	3.47%
Cost of funds	3.72%	3.69%	3.58%	3.00%
Net interest rate spread (1)	1.89%	1.98%	1.98%	2.43%
Net interest margin (2)	2.80%	2.84%	2.79%	3.15%
Non-interest expense to average assets	2.65%	2.62%	2.70%	2.68%
Efficiency ratio	77.05%	80.40%	78.90%	70.48%

(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

(3) Excluding the provision related to the \$776 thousand charge-off of a C&I loan as of September 30, 2024, ROA and ROE would have been 0.61% and 6.92%