

**FOR IMMEDIATE RELEASE**

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**First Central Savings Bank Reports Calendar Second 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 June 30, 2022, was \$2.0 million or \$0.19 per share, compared to \$1.9 million or \$0.18 per share recorded in the prior year quarter ended June 30, 2021. Cash earnings for the quarter ended June 30, 2022, were \$2.6 million, or \$0.24 per share, a decrease of \$93 thousand, or 3.5%, from \$2.7 million, or \$0.25 per share, for the prior year quarter. Net income of \$5.7 million for the first six months ended June 30, 2022, or \$0.54 per share, compared to \$3.0 million or \$0.28 per share recorded in the prior year six months ended June 30, 2021, representing a 92.9% increase in net income year-over-year.
- **Financial Performance Metrics:** Return on average assets and average stockholders' equity were 1.00% and 10.95%, respectively, for the quarter ended June 30, 2022, compared to 1.10% and 11.34%, respectively, for the prior year quarter.
- **Balance Sheet Growth:** Assets totaled \$852.6 million at June 30, 2022, up \$46.6 million, or 5.8%, from March 31, 2022, and up \$174.8 million, or 25.8%, from June 30, 2021 primarily due to loan growth.
- **Continued Capital Strength:** The Bank's Tier 1 capital ratio was 9.48% and the Total Risk based capital ratio was 14.01% at June 30, 2022, each above the regulatory minimum for a well-capitalized institution.
- **Loan Growth:** At June 30, 2022, total loans outstanding was \$715.7 million or 83.9% of total assets, up \$36.7 million, or 5.4%, from March 31, 2022.
- **Net Interest Income Growth:** The Bank recorded net interest income of \$7.8 million for the quarter ended June 30, 2022, an increase of \$1.4 million, or 22.4%, from the quarter ended June 30, 2021, and an increase of \$142 thousand, or 1.8%, on a linked quarter basis.
- **Excellent Asset Quality:** At June 30, 2022, the Bank's asset quality was strong with 0.82% 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 4.00% and 3.95%, respectively.
- **New Lynbrook NY Branch Location:** The Bank successfully opened up its ninth retail banking location in Lynbrook, NY. The Bank has successfully raised over \$25 million in new deposit accounts since its opening.

Glen Cove, N.Y. – July 29, 2022 – Joseph Pistilli, Chairman of the Board, of First Central Savings Bank ("FCSB", "the Bank") today reported significant performance achievements for the quarter ended June 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.

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

The Bank's cash earnings were \$2.6 million, or \$0.24 per share, for the quarter ended June 30, 2022, which represents a decrease of \$93 thousand, or 3.5% from the quarter ended June 30, 2021. On a GAAP basis, net income for the quarter ended June 30, 2022, was \$2.0 million, or \$0.19 per share, compared with net income of \$1.9 million, or \$0.18 per share, for the quarter ended June 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 second quarter of 2022, First Central continued to build shareholder value by delivering continued earnings momentum and solid loan growth. Our loan portfolio grew by \$36.7 million, or 5.4% as we added more loans to portfolio. However, due to unsettled pricing in the secondary market for loan sales, gains on sales of loans declined during the second quarter. We will continue to evaluate opportunities to sell loans to the secondary market, however, presently it is more advantageous for the Bank to add loans to portfolio and grow net interest income than selling loans. 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 June 30, 2022, was another quarter for strong operating results which was met with record loans receivable and total assets. Management continues to execute its growth strategy that brought record net interest income. However, the current economic environment with rising interest rates, inflation, and world turmoil poses challenges to the Bank going forward. Management will continue to generate commercial real estate loans and residential real estate loans in concert with current growth strategy while exploring alternative loan trade opportunities to improve returns on loans sold to the secondary market. Loan trade alternatives are paramount as pricing in the secondary market for loan sales continues to be depressed due to rising interest rates. Management remains committed in its primary mission to evaluate opportunities to increase shareholder value."

## **Balance Sheet Growth**

Total assets for the quarter ended June 30, 2022, increased by \$46.6 million to \$852.6 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 \$174.8 million, or 25.8%, driven by the Bank's robust loan originations offset by non-conforming loan sales. As of June 30, 2022, the Bank has been able to generate a non-conforming loan pipeline of \$105.3 million and commercial loan pipeline of \$23.4 million. Total loan portfolio growth at June 30, 2022, increased by \$138.9 million, or 25.0%, from the loan balance as of June 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 \$134.6 million, or 22.2%, as the Bank continues to grow deposits through their retail branches. The Bank has had incredible success in growing and maintaining the non-interest-bearing deposits through non-conforming loan originations and the retail branches. As of June 30, 2022, total non-interest-bearing deposits were \$130.8 million or 17.7% of total deposits compared to \$105.6 million or 17.3% of total deposits as of June 30, 2021.

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 June 30, 2022, increased to \$20 million. This has

been an effective lower cost funding strategy for the Bank. This allows the Bank to continually fund loans at lower costs while growing the retail deposit base to support our asset growth.

The Bank's overall average cost of funds was 0.60% for the quarter ended June 30, 2022, an increase of seven basis points from 0.53% 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 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 current rising interest rate cycle that is expected to continue in the years ahead.

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

For the twelve-month period ended June 30, 2022, the Bank's loan portfolio grew by \$138.9 million, or 25.0%, 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 \$410.5 million. At June 30, 2022, the entire non-conforming loan portfolio amounted to \$343.2 million, with an average loan balance of \$635 thousand and a weighted average loan-to-value ratio of 59.50%.

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 June 30, 2022, the Bank has \$105.4 million within the non-conforming pipeline with a weighted average interest rate of 6.05%. 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 six months ended June 30, 2022, the Bank earned \$3.2 million in premiums on loans sold net of FASB 91 fees and costs.

The Bank's asset quality ratios remained strong. At June 30, 2022, the loan portfolio had non-performing loans of \$5.9 million or 0.82% of total loans and 0.69% of total assets. During the quarter ended June 30, 2022, the Bank recorded a provision of \$400 thousand to account for the \$36.7 million increase in loans receivable. The total allowance for loan losses at June 30, 2022, was \$7.5 million and as a percent of loan receivable was 1.05% for the most recent quarter end.

### **Strong Net Interest Margin**

The Bank's net interest margin remained strong for the quarter ended June 30, 2022, at 4.00% due to the continued origination of non-conforming loans at above market rates, prepayment penalties and loan fees of \$329 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 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 will has enhanced our customer experience.

### **About First Central Savings Bank**

With assets of \$852.6 million at June 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>6/30/2022</u>	<u>3/31/2022</u>	<u>6/30/2021</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 54,431	\$ 46,706	\$ 46,238
Investments Available for Sale	47,756	46,264	32,325
Investments Held to Maturity	1,000	1,000	-
Loans held for sale	-	14,852	22,356
Loans receivable	715,728	664,139	554,489
Less: allowance for loan losses	(7,503)	(7,102)	(6,015)
Loans, net	<u>708,225</u>	<u>657,037</u>	<u>548,474</u>
Other assets	41,212	40,126	28,415
<b>Total Assets</b>	<u><u>\$ 852,624</u></u>	<u><u>\$ 805,985</u></u>	<u><u>\$ 677,808</u></u>
<b>Liabilities and Shareholders Equity</b>			
Total Deposits	\$ 740,487	\$ 698,129	\$ 605,869
FHLB Advances	20,000	15,000	-
Other Liabilities	17,831	18,817	4,861
<b>Total Liabilities</b>	<u>778,318</u>	<u>731,946</u>	<u>610,730</u>
Total Shareholders' Equity	<u>74,306</u>	<u>74,039</u>	<u>67,078</u>
<b>Total Liabilities and Shareholders' Equity</b>	<u><u>\$ 852,624</u></u>	<u><u>\$ 805,985</u></u>	<u><u>\$ 677,808</u></u>

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

	Quarter Ended 6/30/2022	Quarter Ended 6/30/2021	6 Months Ended 6/30/2022	6 Months Ended 6/30/2021
Total Interest income	\$ 8,923	\$ 7,527	\$ 17,522	\$ 14,769
Total interest expense	1,084	1,121	1,987	2,465
<b>Net interest income</b>	<b>7,839</b>	<b>6,406</b>	<b>15,535</b>	<b>12,304</b>
Provision for loan losses	400	250	1,000	950
<b>Net interest income after provision for loan loss</b>	<b>7,439</b>	<b>6,156</b>	<b>14,535</b>	<b>11,354</b>
Net gain on loans sold	299	781	3,156	1,334
Other non-interest income	190	153	401	315
<b>Total non-interest income</b>	<b>489</b>	<b>934</b>	<b>3,557</b>	<b>1,649</b>
Compensation and benefits	2,807	2,654	5,665	5,136
Occupancy and Equipment	882	714	1,751	1,480
Data processing	415	370	840	692
Federal insurance premium	95	130	185	284
Professional fees	368	307	757	586
Other	820	569	1,652	1,089
<b>Total non-interest income</b>	<b>5,387</b>	<b>4,744</b>	<b>10,850</b>	<b>9,267</b>
<b>Income before income taxes</b>	<b>2,541</b>	<b>2,346</b>	<b>7,242</b>	<b>3,736</b>
Income tax expense	525	483	1,508	764
<b>Net income</b>	<b>\$ 2,016</b>	<b>\$ 1,863</b>	<b>\$ 5,734</b>	<b>\$ 2,972</b>
Basic Earnings per Share-GAAP basis	\$ 0.19	\$ 0.18	\$ 0.54	\$ 0.28
Diluted Earnings per Share-GAAP basis	\$ 0.19	\$ 0.18	\$ 0.54	\$ 0.28
<b>Supplementary Information:</b>				
Net Income	\$ 2,016	\$ 1,863	\$ 5,734	\$ 2,972
<b>Add Back non-cash charges</b>				
Provision for loan losses	400	250	1,000	950
Depreciation expense	184	102	357	202
Provision for federal income taxes	-	478	974	756
<b>Cash Net income</b>	<b>\$ 2,600</b>	<b>\$ 2,693</b>	<b>\$ 8,065</b>	<b>\$ 4,880</b>
Basic Earnings per Share-GAAP basis	\$ 0.24	\$ 0.25	\$ 0.76	\$ 0.46
Diluted Earnings per Share-GAAP basis	\$ 0.24	\$ 0.25	\$ 0.76	\$ 0.46

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

	Quarter Ended 6/30/2022	Quarter Ended 3/31/2022	Quarter Ended 12/31/2021	Quarter Ended 9/30/2021
Total Interest income	\$ 8,923	\$ 8,600	\$ 8,285	\$ 7,464
Total interest expense	1,084	903	869	976
<b>Net interest income</b>	<b>7,839</b>	<b>7,697</b>	<b>7,416</b>	<b>6,488</b>
Provision for loan losses	400	600	600	-
<b>Net interest income after provision for loan loss</b>	<b>7,439</b>	<b>7,097</b>	<b>6,816</b>	<b>6,488</b>
Net gain on loans sold	299	2,856	2,660	1,419
Other non-interest income	190	211	317	270
<b>Total non-interest income</b>	<b>489</b>	<b>3,067</b>	<b>2,977</b>	<b>1,689</b>
Compensation and benefits	2,807	2,858	3,317	2,738
Occupancy and Equipment	882	869	806	732
Data processing	415	425	382	401
Federal insurance premium	95	90	80	90
Professional fees	368	389	360	414
Other	820	832	767	615
<b>Total non-interest income</b>	<b>5,387</b>	<b>5,463</b>	<b>5,712</b>	<b>4,990</b>
<b>Income before income taxes</b>	<b>2,541</b>	<b>4,701</b>	<b>4,081</b>	<b>3,187</b>
Income tax expense	525	983	851	662
<b>Net income</b>	<b>\$ 2,016</b>	<b>\$ 3,718</b>	<b>\$ 3,230</b>	<b>\$ 2,525</b>
Basic Earnings per Share-GAAP basis	\$ 0.19	\$ 0.35	\$ 0.30	\$ 0.24
Diluted Earnings per Share-GAAP basis	\$ 0.19	\$ 0.35	\$ 0.30	\$ 0.24
<b>Supplementary Information:</b>				
Net Income	\$ 2,016	\$ 3,718	\$ 3,230	\$ 2,525
<b>Add Back non-cash charges</b>				
Provision for loan losses	400	600	600	-
Depreciation expense	184	173	173	118
Provision income taxes	-	974	843	655
<b>Cash Net income</b>	<b>\$ 2,600</b>	<b>\$ 5,465</b>	<b>\$ 4,846</b>	<b>\$ 3,298</b>
Basic Earnings per Share-GAAP basis	\$ 0.24	\$ 0.51	\$ 0.46	\$ 0.31
Diluted Earnings per Share-GAAP basis	\$ 0.24	\$ 0.51	\$ 0.46	\$ 0.31

**First Central Savings Bank**

**Selected Financial Data - (unaudited)**

(dollars in thousands, except per share data)

	Quarter Ended 6/30/2022	Quarter Ended 3/31/2022	Quarter Ended 12/31/2021	Quarter Ended 6/30/2021
<b>Asset Quality:</b>				
Allowance for Loan Losses (1)	\$ 7,503	\$ 7,102	\$ 6,501	\$ 6,015
Allowance for Loan Losses to Total Loans (1)	1.05%	1.07%	1.08%	1.04%
Non-Performing Loans	\$ 5,894	\$ 3,163	\$ 577	\$ 1,076
Non-Performing Loans/Total Loans	0.82%	0.48%	0.10%	0.18%
Non-Performing Loans/Total Assets	0.69%	0.39%	0.08%	0.16%
Allowance for Loan Losses/Non-Performing Loans	127.30%	224.57%	1126.75%	559.18%
<b>Capital: (dollars in thousands)</b>				
Tier 1 Capital	\$ 77,231	\$ 73,997	\$ 69,292	\$ 62,012
Tier 1 Leverage Ratio	9.48%	9.51%	9.53%	9.21%
Common Equity Tier 1 Capital Ratio	12.76%	13.21%	12.82%	12.16%
Tier 1 Risk Based Capital Ratio	12.76%	13.21%	12.82%	12.16%
Total Risk Based Capital Ratio	14.01%	14.46%	14.05%	13.36%
<b>Equity Data</b>				
Common shares outstanding	10,648,345	10,648,345	10,648,345	10,648,345
Stockholders' equity	\$ 74,306	\$ 74,039	\$ 72,406	\$ 67,078
Book value per common share	6.98	6.95	6.80	6.30
Tangible common equity	74,306	74,039	72,406	67,078
Tangible book value per common share	6.98	6.95	6.80	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>6/30/2022</u>	<u>Quarter Ended</u> <u>3/31/2022</u>	<u>Quarter Ended</u> <u>12/31/2021</u>	<u>Quarter Ended</u> <u>6/30/2021</u>
<b>Other: (in thousands)</b>				
Average Interest-Earning Assets	785,977	753,211	710,495	655,871
Average Interest-Bearing Liabilities	601,128	570,814	520,419	503,699
Average Deposits and Borrowings	719,416	689,788	665,965	610,560
<b>Profitability:</b>				
Return on Average Assets	1.00%	1.91%	1.77%	1.10%
Return on Average Equity	10.95%	20.35%	18.16%	11.34%
Yield on Average Interest Earning Assets	4.55%	4.63%	4.63%	4.60%
Cost of Average Interest Bearing Liabilities	0.74%	0.65%	0.66%	0.89%
Cost of Funds	0.60%	0.53%	0.53%	0.74%
Net Interest Rate Spread (1)	3.95%	4.10%	4.10%	3.86%
Net Interest Margin (2)	4.00%	4.14%	4.14%	3.91%
Non-Interest Expense to Average Assets	0.66%	0.69%	0.77%	0.70%
Efficiency Ratio	55.89%	50.75%	54.97%	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