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First Central Savings Bank Reports Second Quarter 2023 Results Highlighted by Net Income of \$2.0 million, Strong Asset Quality, and Net Interest Income and Non-Interest Income growth quarter over quarter.

Performance Highlights

- **Net Income and Cash Earnings:** Net income for the quarter ended June 30, 2023, was \$2.0 million or \$0.18 per share, compared to \$2.0 million or \$0.19 per share recorded in the prior year quarter ended June 30, 2022. Cash earnings for the quarter ended June 30, 2023, were \$2.4 million, or \$0.23 per share, a decrease of \$175 thousand, or 6.7%, from \$2.6 million, or \$0.24 per share, for the prior year quarter. Net income of \$3.7 million for the first six months ended June 30, 2023, or \$0.35 per share, compared to \$5.7 million or \$0.54 per share recorded in the prior year six months ended June 30, 2022, representing a 34.7% decrease in net income year-over-year.
- **Non-Interest Income Growth:** Due to an increase in loans sold for the quarter ended June 30, 2023, non-interest income increased by \$471 thousand or 63.8% quarter over quarter.
- **Financial Performance Metrics:** Return on average assets and average stockholders' equity were 0.82% and 9.82%, respectively, for the quarter ended June 30, 2023, compared to 1.00% and 10.95%, respectively, for the prior year quarter.
- **Balance Sheet Growth:** Assets totaled \$972.2 million at June 30, 2023, up \$15.9 million, or 1.7%, from March 31, 2023, and up \$119.6 million, or 14.0%, from June 30, 2022, primarily due to loan growth.
- **Regulatory Capital:** The Bank's Tier 1 capital ratio was 8.94% and the Total Risk based capital ratio was 13.73% at June 30, 2023, each above the regulatory minimum for a well-capitalized institution.
- **Loan Growth:** At June 30, 2023, total loans outstanding were \$834.4 million representing 85.8% of total assets, up \$118.7 million, or 16.6%, from June 30, 2022, and up \$25.8 million, or 3.2%, from March 31, 2023.
- **Net Interest Income Growth:** The Bank recorded net interest income of \$8.0 million for the quarter ended June 30, 2023, an increase of \$137 thousand, or 1.7%, from the quarter ended June 30, 2022, and an increase of \$89 thousand, or 1.1%, on a linked quarter basis.
- **Strong Asset Quality:** At June 30, 2023, the Bank's asset quality was strong with 0.45% non-performing loans to total loans.
- **Net Interest Margin and Spread:** The Bank's net interest margin and spread for the current quarter was 3.43% and 2.75%, respectively.

Glen Cove, N.Y. – July 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 June 30, 2023, highlighted by the Bank's strong loan growth, continued operating and cash earnings, and excellent assets quality.

Cash and GAAP Basis Earnings

The Bank's cash earnings were \$2.4 million, or \$0.23 per share, for the quarter ended June 30, 2023, which represents a decrease of \$175 thousand, or 6.7% from the quarter ended June 30, 2022. On a GAAP basis, net income for the quarter ended June 30, 2023, was \$2.0 million, or \$0.18 per share, compared with net

income of \$2.0 million, or \$0.19 per share, for the quarter ended June 30, 2022. Joseph Pistilli, Chairman of the Board noted, "In the second quarter of 2023, First Central continued to build shareholder value by delivering strong loan growth and continued positive earnings. We continue to enhance shareholder value with an increase in our book value from \$6.98 per share at June 30, 2022, to \$7.57 at June 30, 2023, an increase of \$0.59 or 8.5%. 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, "Management continues to execute its growth strategy that continues to build equity to support loan growth. During the quarter ended June 30, 2023, we continued to see an increase in interest rates that put pressure on our net interest margin and spread. Despite this challenge, we have been able to maintain our year-over-year net interest income levels. We expect the remainder of calendar year 2023 to continue to be challenging with expected interest expense increases, 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 Growth

Total assets for the quarter ended June 30, 2023, increased by \$15.9 million to \$972.2 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 \$119.6 million, or 14.0%, driven by the Bank's robust loan originations offset by non-conforming loan sales. As of June 30, 2023, the Bank has been able to generate a non-conforming loan pipeline of \$50.8 million and commercial loan pipeline of \$5.4 million with weighted average interest rates of 8.00% and 7.53%, respectively.

Funding for asset growth during the quarter was primarily derived from retail deposits and borrowings from the Federal Home Loan Bank-NY, ("FHLB-NY"). On a year-over-year basis, total deposits grew by \$96.9 million, or 13.1%, 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 June 30, 2023, total non-interest-bearing deposits were \$135.1 million or 16.1% of total deposits. In addition to deposit growth, the Bank has used short-term borrowings from FHLB-NY to fund loan growth during the quarter. Total borrowings for the quarter ended June 30, 2023, were \$37 million.

The Bank's overall average cost of funds was 2.61% for the quarter ended June 30, 2023, an increase of 38 basis points from 2.23% 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 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 June 30, 2023, the Bank's loan portfolio grew by \$118.7 million, or 16.6%, 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 \$244.2 million. At June 30, 2023, the entire non-conforming loan portfolio amounted to \$440.2 million, with an average loan balance of \$581 thousand and a weighted average loan-to-value ratio of 62.2%.

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 six months ended June 30, 2023, the Bank earned \$1.34 million in premiums on loans sold net of FASB 91 fees and costs.

The Bank's asset quality ratios remained strong. At June 30, 2023, the loan portfolio had non-performing loans of \$3.8 million or 0.45% of total loans and 0.39% of total assets. During the quarter ended June 30, 2023, the Bank recorded a provision of \$215 thousand. The total allowance for loan losses at June 30, 2023, was \$8.4 million, or 1.01% of total loans.

About First Central Savings Bank

With assets of \$972.2 million at June 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>6/30/2023</u>	<u>3/31/2023</u>	<u>6/30/2022</u>
Assets			
Cash and cash equivalents	\$ 59,241	\$ 67,130	\$ 54,431
Investments Available for Sale	43,643	44,905	47,756
Investments Held to Maturity	2,008	2,008	1,000
Loans held for sale	4,741	675	-
Loans receivable	829,702	807,966	715,728
Less: allowance for loan losses	(8,364)	(8,148)	(7,503)
Loans, net	<u>821,338</u>	<u>799,818</u>	<u>708,225</u>
Other assets	41,263	41,834	41,212
Total Assets	<u><u>\$ 972,234</u></u>	<u><u>\$ 956,370</u></u>	<u><u>\$ 852,624</u></u>
Liabilities and Shareholders Equity			
Total Deposits	\$ 837,338	\$ 809,268	\$ 740,487
FHLB Advances	37,000	50,000	20,000
Other Liabilities	17,293	17,844	17,831
Total Liabilities	<u>891,631</u>	<u>877,112</u>	<u>778,318</u>
Total Shareholders' Equity	<u>80,603</u>	<u>79,258</u>	<u>74,306</u>
Total Liabilities and Shareholders' Equity	<u><u>\$ 972,234</u></u>	<u><u>\$ 956,370</u></u>	<u><u>\$ 852,624</u></u>

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

	Quarter Ended 6/30/2023	Quarter Ended 6/30/2022	6 Months Ended 6/30/2023	6 Months Ended 6/30/2022
Total Interest income	\$ 13,547	\$ 8,922	\$ 25,909	\$ 17,522
Total interest expense	<u>5,572</u>	<u>1,084</u>	<u>10,048</u>	<u>1,987</u>
Net interest income	7,975	7,838	15,861	15,535
Provision for loan losses	<u>215</u>	<u>400</u>	<u>550</u>	<u>1,000</u>
Net interest income after provision for loan loss	7,760	7,438	15,311	14,535
Net gain on loans sold	883	300	1,343	3,156
Other non-interest income	<u>326</u>	<u>190</u>	<u>604</u>	<u>401</u>
Total non-interest income	1,209	490	1,947	3,557
Compensation and benefits	3,323	2,807	6,567	5,665
Occupancy and Equipment	967	882	1,974	1,751
Data processing	458	415	841	840
Federal insurance premium	175	95	335	185
Professional fees	689	368	1,096	757
Other	<u>892</u>	<u>820</u>	<u>1,725</u>	<u>1,652</u>
Total non-interest expense	6,504	5,387	12,538	10,850
Income before income taxes	2,465	2,541	4,720	7,242
Income tax expense	<u>509</u>	<u>525</u>	<u>973</u>	<u>1,508</u>
Net income	<u>\$ 1,956</u>	<u>\$ 2,016</u>	<u>\$ 3,747</u>	<u>\$ 5,734</u>
Basic Earnings per Share-GAAP basis	\$ 0.18	\$ 0.19	\$ 0.35	\$ 0.54
Diluted Earnings per Share-GAAP basis	\$ 0.18	\$ 0.19	\$ 0.35	\$ 0.54
Supplementary Information:				
Net Income	\$ 1,956	\$ 2,016	\$ 3,747	\$ 5,734
Add Back non-cash charges				
Provision for loan losses	215	400	550	1,000
Depreciation expense	254	184	511	357
Provision for federal income taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>974</u>
Cash Net income	<u>\$ 2,425</u>	<u>\$ 2,600</u>	<u>\$ 4,808</u>	<u>\$ 8,065</u>
Basic Earnings per Share-GAAP basis	\$ 0.23	\$ 0.24	\$ 0.45	\$ 0.76
Diluted Earnings per Share-GAAP basis	\$ 0.23	\$ 0.24	\$ 0.45	\$ 0.76

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

	<u>Quarter Ended</u> <u>6/30/2023</u>	<u>Quarter Ended</u> <u>3/31/2023</u>	<u>Quarter Ended</u> <u>12/31/2022</u>	<u>Quarter Ended</u> <u>9/30/2022</u>
Total Interest income	\$ 13,547	\$ 12,362	\$ 11,539	\$ 10,420
Total interest expense	5,572	4,476	3,334	2,062
Net interest income	7,975	7,886	8,205	8,358
Provision for loan losses	215	335	50	1,514
Net interest income after provision for loan loss	7,760	7,551	8,155	6,844
Net gain on loans sold	883	460	882	369
Other non-interest income	326	278	225	416
Total non-interest income	1,209	738	1,107	785
Compensation and benefits	3,323	3,244	3,758	3,407
Occupancy and Equipment	967	1,007	1,053	883
Data processing	458	383	375	372
Federal insurance premium	175	160	150	135
Professional fees	689	407	342	324
Other	892	833	887	801
Total non-interest expense	6,504	6,034	6,565	5,922
Income before income taxes	2,465	2,255	2,697	1,707
Income tax expense	509	464	560	348
Net income	\$ 1,956	\$ 1,791	\$ 2,137	\$ 1,359
Basic Earnings per Share-GAAP basis	\$ 0.18	\$ 0.17	\$ 0.20	\$ 0.13
Diluted Earnings per Share-GAAP basis	\$ 0.18	\$ 0.17	\$ 0.20	\$ 0.13
Supplementary Information:				
Net Income	\$ 1,956	\$ 1,791	\$ 2,137	\$ 1,359
Add Back non-cash charges				
Provision for loan losses	215	335	50	1,514
Depreciation expense	254	257	247	182
Provision for federal income taxes	-	-	-	-
Cash Net income	\$ 2,425	\$ 2,383	\$ 2,434	\$ 3,055
Basic Earnings per Share-GAAP basis	\$ 0.23	\$ 0.22	\$ 0.23	\$ 0.29
Diluted Earnings per Share-GAAP basis	\$ 0.23	\$ 0.22	\$ 0.23	\$ 0.29

First Central Savings Bank

Selected Financial Data - (unaudited)

(dollars in thousands, except per share data)

	<u>Quarter Ended</u> <u>6/30/2023</u>	<u>Quarter Ended</u> <u>3/31/2023</u>	<u>Quarter Ended</u> <u>12/31/2022</u>	<u>Quarter Ended</u> <u>6/30/2022</u>
Asset Quality:				
Allowance for Loan Losses (1)	\$ 8,364	\$ 8,148	\$ 7,626	\$ 7,503
Allowance for Loan Losses to Total Loans (1)	1.01%	1.01%	1.02%	1.05%
Non-Performing Loans	\$ 3,764	\$ 3,134	\$ 3,134	\$ 5,894
Non-Performing Loans/Total Loans	0.45%	0.39%	0.42%	0.82%
Non-Performing Loans/Total Assets	0.39%	0.33%	0.35%	0.69%
Allowance for Loan Losses/Non-Performing Loans	222.21%	259.99%	243.33%	127.30%
Capital: (dollars in thousands)				
Tier 1 Capital	\$ 85,913	\$ 83,524	\$ 81,651	\$ 77,231
Tier 1 Leverage Ratio	8.94%	9.14%	9.24%	9.48%
Common Equity Tier 1 Capital Ratio	12.44%	12.40%	12.96%	12.76%
Tier 1 Risk Based Capital Ratio	12.44%	12.40%	12.96%	12.76%
Total Risk Based Capital Ratio	13.67%	13.64%	14.20%	14.01%
Equity Data				
Common shares outstanding	10,648,345	10,648,345	10,648,345	10,648,345
Stockholders' equity	\$ 80,603	\$ 79,258	\$ 77,401	\$ 74,306
Book value per common share	7.57	7.44	7.27	6.98
Tangible common equity	80,603	79,258	77,401	74,306
Tangible book value per common share	7.57	7.44	7.27	6.98

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

	<u>Quarter Ended 6/30/2023</u>	<u>Quarter Ended 3/31/2023</u>	<u>Quarter Ended 12/31/2022</u>	<u>Quarter Ended 6/30/2022</u>
Other: (in thousands)				
Average Interest-Earning Assets	932,224	884,446	853,239	785,977
Average Interest-Bearing Liabilities	726,680	701,425	672,168	601,128
Average Deposits and Borrowings	856,450	812,431	781,237	719,416
Profitability:				
Return on Average Assets	0.82%	0.80%	0.97%	1.00%
Return on Average Equity	9.82%	9.28%	11.21%	10.95%
Yield on Average Interest Earning Assets	5.83%	5.67%	5.37%	4.55%
Cost of Average Interest Bearing Liabilities	3.08%	2.59%	1.97%	0.74%
Cost of Funds	2.61%	2.23%	1.69%	0.60%
Net Interest Rate Spread (1)	2.75%	3.08%	3.40%	3.81%
Net Interest Margin (2)	3.43%	3.62%	3.82%	4.00%
Non-Interest Expense to Average Assets	2.73%	2.69%	2.97%	2.64%
Efficiency Ratio	70.82%	69.97%	70.50%	64.68%

(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