

FOR IMMEDIATE RELEASE

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First Central Savings Bank Reports Second Quarter 2024 Net Income of \$1.2 million (\$0.11 EPS), Net Interest Income Growth, and Stable Asset Quality

Performance Highlights

- **Net Income:** Net income for the quarter ended June 30, 2024, was \$1.2 million or \$0.11 per share, compared to \$1.2 million or \$0.12 per share recorded in the prior linked quarter and \$2 million or \$0.18 per share in the comparable 2023 quarter.
- **Net Interest Income:** The Bank recorded net interest income of \$6.8 million for the quarter ended June 30, 2024, an increase of \$263 thousand on a linked quarter basis due to loan growth and margin expansion.
- **Net Interest Margin and Spread:** The Bank's net interest margin increased during the quarter ended June 30, 2024, to 2.84% from 2.79% in the quarter ended March 31, 2024.
- **Stable Asset Quality:** At June 30, 2024, the Bank's asset quality was strong with 0.58% non-performing loans to total loans compared to 0.59% in the prior quarter.
- **Financial Performance Metrics:** Return on average assets and average stockholders' equity were 0.47% and 5.48%, respectively, for the quarter ended June 30, 2024, compared 0.51% and 5.89% on linked quarter basis.
- **Regulatory Capital:** The Bank's Tier 1 capital ratio was 9.16% and the Total Risk based capital ratio was 13.35% at June 30, 2024, each above the regulatory minimum for a well-capitalized institution.
- **Loan Growth:** At June 30, 2024, total loans outstanding were \$858.6 million representing 87.1% of total assets, up \$21.7 million, or 2.6% from March 31, 2024, and up \$24.2 million, or 2.9%, from June 30, 2023.
- **Deposit Activity:** Core deposits increased by \$45.6 million or 5.8% compared to the prior quarter and total deposits increased by \$23.7 million or 2.8%.
- **Strong and Stable Liquidity:** Uninsured deposits base remains stable at 18.6% of total deposits. The Bank has significant available funding capacity to provide 206% coverage of our uninsured deposits.

Glen Cove, N.Y. – July 26, 2024 – Joseph Pistilli, Chairman of the Board, of First Central Savings Bank ("FCSB", "the Bank") today reported continued performance achievements for the quarter ended June 30, 2024.

Cash and GAAP Basis Earnings

The Bank's cash earnings were \$1.5 million, or \$0.14 per share, for the quarter ended June 30, 2024, which represents a decrease of \$141 thousand, or 8.44% on a linked quarter basis and a decrease of \$895 thousand, or 36.9% from the quarter ended June 30, 2023. On a GAAP basis, net income for the quarter ended June 30, 2024, was \$1.2 million, or \$0.11 per share, compared with net income of \$1.2 million, or \$0.12 on a linked quarter basis compared with net income of \$2.0 million, or \$0.18 per share, for the quarter ended June 30, 2023. The reduction in earnings was mostly due to lower non-interest income on a linked quarter basis and lower net interest income compared to the prior year quarter.

Joseph Pistilli, Chairman of the Board noted, “In the second quarter of 2024, First Central continued to build shareholder value by generating positive earnings despite the continued higher interest rate environment. We continue to enhance shareholder value with an increase in our book value of \$0.52 or 6.9% from \$7.57 per share at June 30, 2023, to \$8.09 at June 30, 2024. A continued concern for FCSB and other banks is the current level of inflation, elevated interest rates, and credit quality. We are optimistic about the credit quality of our loan portfolio, as it continues to perform 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 will continue to subside, and we will return to a more normal and predictable economic condition in the near future. We believe that any future interest rate increases have been tempered due to current monetary tightening in the US economy. We believe that any future interest rate reductions from the Federal Reserve will 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 June 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 net interest margin. In addition, we were able to increase our net interest income from the prior quarter and achieve positive financial performance by maintaining our loan sale income throughout the second quarter of 2024. Management remains committed to managing non-interest expenses and non-interest income to maintain earnings during this higher interest rate environment and an extremely competitive deposit rate market. We are cautiously optimistic that the challenging higher interest rate environment will soon decline as evidenced by the decline in yields on both the 2-year and 10-year US Treasury securities which will improve profitability going forward.”

Balance Sheet

Total assets as of June 30, 2024, were \$986 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 \$82.4 million. Total assets for the quarter ended June 30, 2024, increased by \$23.6 million to \$986.0 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 June 30, 2024, the Bank has been able to generate a non-conforming loan pipeline of \$80.6 million and commercial loan pipeline of \$11.1 million with weighted average interest rates of 7.68% and 9.57%, respectively.

Compared to December 31, 2023, total deposits grew by \$52.5 million, or 6.4%, 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, 2024, total non-interest-bearing deposits were \$113.2 million or 13.0% of total deposits. With the growth of the deposit base, total borrowings as of June 30, 2024, decreased by \$30.5 million or 67.8% to \$14.5 million when compared to December 31, 2023.

The Bank’s overall average cost of funds was 3.69% for the quarter ended June 30, 2024, an increase of 11 basis points from 3.58% 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 certificates of deposit in the current interest rate environment to better position the interest-rate-risk profile of the Bank in anticipation of rate reductions in the months to come. The strategy has been effective as the increase in the Bank’s average cost of funds of 11 basis points significantly declined when compared to the prior three-quarter increases of 30, 28, and 29 basis points, respectively. Management believes this strategy will better protect and enhance future earnings when rates begin to decline, and our deposits repriced downward in the latter half of 2024.

Loan Portfolio and Asset Quality

For the twelve-month period ended June 30, 2024, the Bank's loan portfolio grew by \$24.2 million, or 2.9%, 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 \$235.2 million. At June 30, 2024, the entire non-conforming loan portfolio amounted to \$464.7 million, with an average loan balance of \$558 thousand and a weighted average loan-to-value ratio of 63.3%.

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 six months ended June 30, 2024, the Bank earned \$2.3 million in premiums on loans sold, net of FASB 91 fees and costs.

The Bank's asset quality ratios remained strong. At June 30, 2024, the loan portfolio had non-performing loans of \$4.9 million or 0.58% of total loans and 0.50% of total assets. The total allowance for credit losses at June 30, 2024, was \$8.7 million, or 1.04% of total loans.

About First Central Savings Bank

With assets of \$986.0 million at June 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>6/30/2024</u>	<u>3/31/2024</u>	<u>6/30/2023</u>
Assets			
Cash and cash equivalents	\$ 48,140	\$ 50,589	\$ 57,241
Certificates of deposit	2,000	2,000	2,000
Investments available-for-sale	46,314	41,791	43,643
Investments held-to-maturity	1,000	1,000	2,008
Loans held-for-sale	17,310	4,343	4,741
Loans receivable	841,331	832,644	829,702
Less: allowance for credit losses	<u>(8,721)</u>	<u>(8,538)</u>	<u>(8,364)</u>
Loans, net	832,610	824,106	821,338
Other assets	38,592	38,508	41,263
Total assets	<u>\$ 985,966</u>	<u>\$ 962,337</u>	<u>\$ 972,234</u>
Liabilities and stockholders' equity			
Deposits	\$ 868,797	\$ 845,142	\$ 837,338
FHLB advances and other borrowings	14,500	14,500	37,000
Other liabilities	<u>16,547</u>	<u>18,009</u>	<u>17,293</u>
Total liabilities	899,844	877,651	891,631
Total stockholders' equity	<u>86,122</u>	<u>84,686</u>	<u>80,603</u>
Total liabilities and stockholders' equity	<u>\$ 985,966</u>	<u>\$ 962,337</u>	<u>\$ 972,234</u>

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

	<u>Quarter Ended</u> <u>6/30/2024</u>	<u>Quarter Ended</u> <u>6/30/2023</u>	<u>6 Months</u> <u>Ended</u> <u>6/30/2024</u>	<u>6 Months</u> <u>Ended</u> <u>6/30/2023</u>
Total Interest income	\$ 14,854	\$ 13,547	\$ 29,039	\$ 25,909
Total interest expense	8,064	5,572	15,722	10,048
Net interest income	<u>6,790</u>	<u>7,975</u>	<u>13,317</u>	<u>15,861</u>
Provision for credit losses	117	215	307	550
Net interest income after provision for credit loss	<u>6,673</u>	<u>7,760</u>	<u>13,010</u>	<u>15,311</u>
Net gain on loans sold	843	883	2,264	1,343
Other non-interest income	337	326	577	604
Total non-interest income	<u>1,180</u>	<u>1,209</u>	<u>2,841</u>	<u>1,947</u>
Compensation and benefits	3,596	3,323	7,343	6,567
Occupancy and equipment	918	967	1,824	1,974
Data processing	452	458	896	841
Federal insurance premium	166	175	331	335
Professional fees	368	689	697	1,096
Other	907	892	1,776	1,725
Total non-interest expense	<u>6,407</u>	<u>6,504</u>	<u>12,867</u>	<u>12,538</u>
Income before income taxes	1,446	2,465	2,984	4,720
Income tax expense	290	509	600	973
Net income	<u>\$ 1,156</u>	<u>\$ 1,956</u>	<u>\$ 2,384</u>	<u>\$ 3,747</u>
Basic earnings per share-GAAP basis	\$ 0.11	\$ 0.18	\$ 0.22	\$ 0.35
Diluted earnings per share-GAAP basis	\$ 0.11	\$ 0.18	\$ 0.22	\$ 0.35
Supplementary information:				
Net income	\$ 1,156	\$ 1,956	\$ 2,384	\$ 3,747
Add back non-cash charges				
Provision for loan losses	117	215	307	550
Depreciation expense	257	254	510	511
Cash net income	<u>\$ 1,530</u>	<u>\$ 2,425</u>	<u>\$ 3,201</u>	<u>\$ 4,808</u>
Basic earnings per share-GAAP basis	\$ 0.14	\$ 0.23	\$ 0.30	\$ 0.45
Diluted earnings per share-GAAP basis	\$ 0.14	\$ 0.23	\$ 0.30	\$ 0.45

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

	<u>Quarter Ended</u> <u>6/30/2024</u>	<u>Quarter Ended</u> <u>3/31/2024</u>	<u>Quarter Ended</u> <u>12/31/2023</u>	<u>Quarter Ended</u> <u>9/30/2023</u>
Total Interest income	\$ 14,854	\$ 14,185	\$ 13,767	\$ 13,789
Total interest expense	8,064	7,658	6,991	6,427
Net interest income	6,790	6,527	6,776	7,362
Provision (recovery) for credit losses	117	190	25	(173)
Net interest income after provision for credit losses	6,673	6,337	6,751	7,535
Net gain on loans sold	843	1,421	1,023	1,372
Other non-interest income	337	240	270	379
Total non-interest income	1,180	1,661	1,402	1,751
Compensation and benefits	3,596	3,747	3,882	3,659
Occupancy and equipment	918	906	894	943
Data processing	452	444	416	401
Federal insurance premium	166	165	139	198
Professional fees	368	329	301	314
Other	907	869	950	1,080
Total non-interest expense	6,407	6,460	6,582	6,595
Income before income taxes	1,446	1,538	1,571	2,691
Income tax expense	290	310	318	556
Net income	\$ 1,156	\$ 1,228	\$ 1,253	\$ 2,135
Basic earnings per share-GAAP basis	\$ 0.11	\$ 0.12	\$ 0.12	\$ 0.20
Diluted earnings per share-GAAP basis	\$ 0.11	\$ 0.12	\$ 0.12	\$ 0.20
Supplementary information:				
Net income	\$ 1,156	\$ 1,228	\$ 1,253	\$ 2,135
Add back non-cash charges				
Provision (recovery) for credit losses	117	190	25	(173)
Depreciation expense	257	253	258	258
Cash net income	\$ 1,530	\$ 1,671	\$ 1,536	\$ 2,220
Basic earnings per share-GAAP basis	\$ 0.14	\$ 0.16	\$ 0.14	\$ 0.21
Diluted earnings per share-GAAP basis	\$ 0.14	\$ 0.16	\$ 0.14	\$ 0.21

First Central Savings Bank

Selected Financial Data - (unaudited)

(dollars in thousands, except per share data)

	Quarter Ended <u>6/30/2024</u>	Quarter Ended <u>3/31/2024</u>	Quarter Ended <u>12/31/2023</u>	Quarter Ended <u>6/30/2023</u>
Asset quality:				
Allowance for credit losses (1)	\$ 8,721	\$ 8,538	\$ 8,347	\$ 8,364
Allowance for credit losses to total loans (1)	1.04%	1.03%	1.01%	1.01%
Non-performing loans	\$ 4,907	\$ 4,917	\$ 4,385	\$ 3,764
Non-performing loans/total loans	0.58%	0.59%	0.53%	0.45%
Non-performing loans/total assets	0.50%	0.51%	0.46%	0.39%
Allowance for credit losses/non-performing loans	177.73%	173.64%	190.35%	222.21%
Capital: (dollars in thousands)				
Tier 1 capital	\$ 90,583	\$ 89,427	\$ 88,236	\$ 85,913
Tier 1 leverage ratio	9.16%	9.23%	9.23%	8.94%
Common equity tier 1 capital ratio	13.35%	13.32%	13.19%	12.49%
Tier 1 risk based capital ratio	13.35%	13.32%	13.19%	12.49%
Total risk based capital ratio	14.60%	14.57%	14.44%	13.73%
Equity data				
Common shares outstanding	10,648,345	10,648,345	10,648,345	10,648,345
Stockholders' equity	\$ 86,122	\$ 84,686	\$ 83,932	\$ 80,603
Book value per common share	8.09	7.95	7.88	7.57
Tangible common equity	86,122	84,686	83,932	80,603
Tangible book value per common share	8.09	7.95	7.88	7.57

(1) Calculation excludes loans held for sale

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

(dollars in thousands)

	<u>Quarter Ended 6/30/2024</u>	<u>Quarter Ended 3/31/2024</u>	<u>Quarter Ended 12/31/2023</u>	<u>Quarter Ended 6/30/2023</u>
Other: (in thousands)				
Average interest-earning assets	961,503	941,314	928,162	932,224
Average interest-bearing liabilities	765,606	754,689	740,574	726,680
Average deposits and borrowings	879,082	860,638	846,091	856,450
Profitability:				
Return on average assets	0.47%	0.51%	0.52%	0.82%
Return on average equity	5.48%	5.89%	6.07%	9.82%
Yield on average interest earning assets	6.21%	6.06%	5.88%	5.83%
Cost of average interest bearing liabilities	4.24%	4.08%	3.75%	3.08%
Cost of funds	3.69%	3.58%	3.28%	2.61%
Net interest rate spread (1)	1.98%	1.98%	2.14%	2.75%
Net interest margin (2)	2.84%	2.79%	2.90%	3.43%
Non-interest expense to average assets	2.62%	2.70%	2.77%	2.73%
Efficiency ratio	80.40%	78.90%	82.02%	70.82%

(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