



News Announcement
For immediate release
Grand Island, Nebraska

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Second Quarter Highlights

- Equitable Financial Corp, parent company of Equitable Bank, reported profits of \$975,000 for the second quarter of fiscal year ending June 30, 2023, or \$0.36 per share, compared to \$732,000 or \$0.26 per share for the second quarter of fiscal year June 2022.
- Net interest income increased \$686,000 to \$4.036 million for the quarter ending December 31, 2022, compared to \$3.350 million for the prior quarter ending December 31, 2021.
- Net loans increased \$69 million, or 19% to \$431 million for the quarter ending December 31, 2022, compared to \$362 million on December 31, 2021. The increase in net loans was due to strong economic growth in our markets.
- Provision for loan losses for the second quarter of fiscal year ending June 30, 2023, was \$175,000 compared to \$149,000 for the December 31, 2021, quarter end.
- Noninterest income decreased \$231,000 to \$1,183,000 for the second quarter of fiscal year ending June 30, 2023, compared to \$1,584,000 for the second quarter of fiscal year ending June 30, 2022. Noninterest income, as in the prior quarter, was affected primarily by a decrease in mortgage banking activity, loan originations and sales.
- Noninterest expense was \$3.774 million for the second quarter of fiscal year ending June 30, 2023, compared to \$3.818 million for the second quarter of fiscal year ending June 2022. The Bank has gained some operational efficiencies during the prior quarter.
- Total assets were \$494 million as of December 31, 2022, second quarter, compared to \$435 million in the second quarter ending June 30, 2022.
- During the quarter, the company repurchased 15,600 shares of stock for \$214,344, at an average price per share of \$13.74.

President and CEO, Tom Gdowski, stated, "While our local economies continue to be strong, we anticipate the Federal Reserve's interest rate hikes to control inflation will begin to impact retail and commercial borrowers over the next 3 to 6 months. Our mortgage banking has seen a significant slowdown with 30-year rates around 7% versus 3% a year ago. With the Prime interest rate at 7.75% and signs of additional rate increases coming, servicing existing or new debt will also be more difficult and could slow down the rate of loan growth. In addition, as deposit rates were near zero for a significant period, depositors have been moving money to certificates of deposits as opposed to keeping funds in money markets and savings accounts. This will significantly increase interest expense and the cost of borrowing. Our focus will continue to be on asset quality and managing expenses.

We continue to believe investing in our own shares via our stock repurchase program at the current prices is an effective use of capital. Our ability to do so is contingent on the overall performance of the Bank. If interested parties wish to sell their stock, please contact us."

About Equitable Financial Corp.

Equitable Financial Corp. is the holding company for Equitable Bank, which is a Nebraska-based community bank headquartered in Grand Island. Equitable Bank has been in operation since 1882. A full-service bank with five branches in Grand Island, North Platte and Omaha, Equitable offers consumer, commercial and Ag loans, home loans, checking and savings accounts, financial planning, and retirement services.

Forward-Looking Statements

When used in this Press Release, the words, or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” or similar expressions are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties including, but not limited to, changes in economic conditions in the Company’s market area, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in the Bank’s market area, competition that could cause actual results to differ materially from historical earnings and those presently anticipated or projected, and other risks described in the Company’s filings with the Securities and Exchange Commission. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company advises readers that the factors listed above could affect the Company’s financial performance and could cause the Company’s actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. The Company does not undertake, and specifically disclaims any obligation, to publicly release the result of any revision which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Equitable Financial Corp.**Balance Sheet****Unaudited**

	December 31, 2022	June 30, 2022
Assets		
Cash and due from financial institutions	\$ 6,305,755	\$ 2,509,013
Interest-earning deposits	<u>1,494,300</u>	<u>8,551,995</u>
	7,800,055	11,061,008
Securities available-for-sale	31,255,058	31,984,463
Securities held-to-maturity	10,044	12,963
Federal Home Loan Bank stock, at cost	2,072,500	1,498,600
Federal Reserve Bank stock, at cost	473,000	472,550
Loans, net of allowance for loan losses of \$6,155,000 and \$5,782,000, respectively	431,295,767	389,756,710
Premises and equipment, net	8,520,057	8,727,274
Foreclosed assets, net	—	—
Accrued interest receivable	3,028,711	2,310,189
Deferred taxes, net	808,093	719,454
Customer list intangible	1,360,734	1,447,077
Bank-owned life insurance	3,888,126	3,834,391
Other assets	<u>3,757,410</u>	<u>3,003,100</u>
Total assets	<u><u>\$ 494,269,555</u></u>	<u><u>\$ 454,827,779</u></u>
Liabilities and Stockholders' Equity		
Liabilities:		
Noninterest-bearing deposits	\$ 70,589,842	\$ 70,265,526
Interest-bearing deposits	<u>348,028,213</u>	<u>325,892,477</u>
	418,618,056	396,158,003
Lines of credit	4,189,000	5,352,817
Federal Home Loan Bank Borrowings	22,889,300	6,000,000
Advance payments from borrowers for taxes and insurance	868,067	722,446
Accrued interest payable and other liabilities	<u>2,574,762</u>	<u>2,537,016</u>
Total liabilities	<u>449,139,185</u>	<u>410,770,282</u>
Common stock in ESOP subject to contingent repurchase obligation	1,642,473	1,647,542
Stockholders' equity:		
Common stock, \$0.01 par value, 25,000,000 shares authorized 2,698,838 and 2,753,047 shares issued and outstanding at December 31, 2022 and June 30, 2022, respectively	26,988	27,530
Additional paid-in capital	17,971,921	18,666,553
Retained earnings	28,962,856	26,947,373
Unearned ESOP shares	(618,904)	(642,712)
Shares reserved for stock compensation	(28,231)	(38,389)
Accumulated other comprehensive loss, net of tax	(1,184,260)	(902,860)
Reclassification of ESOP shares	<u>(1,642,473)</u>	<u>(1,647,542)</u>
Total stockholders' equity	<u>43,487,898</u>	<u>42,409,955</u>
Total liabilities and stockholders' equity	<u><u>\$ 494,269,555</u></u>	<u><u>\$ 454,827,779</u></u>

Equitable Financial Corp.

Income Statement

Unaudited

	For the six months ended	
	December 31, 2022	December 31, 2021
Interest income:		
Loans	\$ 9,853,665	\$ 8,670,762
Securities	204,748	102,852
Other	118,740	77,328
Total interest income	10,177,152	8,850,942
Interest expense:		
Deposits	1,747,285	766,058
Federal Home Loan Bank borrowings	217,756	42,807
Other	102,237	38,599
Total interest expense	2,067,278	847,464
Net interest income	8,109,874	8,003,478
Provision for loan losses	375,081	262,849
Net interest income after provision for loan losses	7,734,793	7,740,629
Noninterest income:		
Service charges on deposit accounts	679,493	518,330
Brokerage fee income	1,015,749	1,179,840
Gain on sale of loans	83,210	599,098
Other loan fees	374,299	404,327
Other income	250,743	235,395
Total noninterest income	2,403,494	2,936,990
Noninterest expense:		
Salaries and employee benefits	4,147,906	4,132,855
Director and committee fees	77,735	87,600
Data processing fees	531,113	509,128
Occupancy and equipment	672,772	736,250
Regulatory fees and deposit insurance premium	98,308	106,401
Advertising and public relations	242,986	362,147
Professional fees	234,431	146,054
Supplies, telephone and postage	54,242	68,320
Other expenses	1,454,411	1,408,718
Total noninterest expense	7,513,904	7,557,473
Income before income taxes	2,624,384	3,120,146
Income tax expense	(608,901)	(750,038)
Net income	\$ 2,015,483	\$ 2,370,108

Equitable Financial Corp.

Selected Financial Data - Quarterly Trend

Unaudited

(Dollars in thousands, except per share amounts and percentages)

	Quarter Ended Fiscal Year June 30,									
	2023		2022				2021			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31	December 31	September 30
Selected Financial Data										
For the period:										
Interest income	\$ 5,406	\$ 4,771	\$ 4,101	\$ 3,772	\$ 3,748	\$ 5,102	\$ 4,071	\$ 3,823	\$ 4,199	\$ 3,811
Interest expense	\$ 1,370	\$ 697	\$ 428	\$ 389	\$ 398	\$ 449	\$ 511	\$ 639	\$ 797	\$ 816
Net interest income	\$ 4,036	\$ 4,074	\$ 3,673	\$ 3,383	\$ 3,350	\$ 4,653	\$ 3,560	\$ 3,184	\$ 3,402	\$ 2,995
Provision for loan losses	\$ 175	\$ 200	\$ 272	\$ 89	\$ 149	\$ 114	\$ 57	\$ 85	\$ 79	\$ 44
Noninterest income	\$ 1,183	\$ 1,220	\$ 1,669	\$ 1,451	\$ 1,584	\$ 1,353	\$ 1,590	\$ 1,448	\$ 1,929	\$ 2,190
Noninterest expense	\$ 3,774	\$ 3,740	\$ 3,460	\$ 3,522	\$ 3,818	\$ 3,739	\$ 3,821	\$ 3,336	\$ 3,790	\$ 3,726
Income tax expense	\$ 295	\$ 314	\$ 357	\$ 255	\$ 235	\$ 515	\$ 133	\$ 302	\$ 326	\$ 338
Net income	\$ 975	\$ 1,040	\$ 1,253	\$ 968	\$ 732	\$ 1,638	\$ 1,139	\$ 909	\$ 1,136	\$ 1,077
Period-end:										
Loans (net of deferred origination costs and ALLL)	\$ 431,296	\$ 413,951	\$ 389,757	\$ 361,842	\$ 362,120	\$ 339,922	\$ 349,743	\$ 338,825	\$ 338,058	\$ 342,212
Assets	\$ 494,270	\$ 478,270	\$ 454,828	\$ 456,667	\$ 434,842	\$ 431,985	\$ 422,579	\$ 427,968	\$ 412,126	\$ 402,172
Deposits	\$ 418,618	\$ 402,703	\$ 396,158	\$ 396,777	\$ 375,867	\$ 374,098	\$ 365,334	\$ 370,586	\$ 352,740	\$ 340,461
Shareholders' equity	\$ 43,488	\$ 42,592	\$ 42,410	\$ 41,743	\$ 41,387	\$ 40,982	\$ 39,741	\$ 39,524	\$ 38,823	\$ 38,118
Profitability Statistics										
Return on average assets	0.80%	0.87%	1.10%	0.87%	0.68%	1.53%	1.07%	0.87%	1.12%	1.08%
Return on average shareholders' equity	9.06%	9.77%	11.91%	9.32%	7.11%	16.23%	11.50%	9.28%	11.81%	11.43%
Average shareholders' equity to average assets	8.85%	8.91%	9.23%	9.32%	9.50%	9.45%	9.32%	9.33%	9.45%	9.46%
Common Stock Statistics										
Common shares outstanding	2,698,838	2,714,438	2,753,047	2,769,047	2,771,884	2,791,914	2,824,286	2,870,047	2,887,747	2,928,513
Book value per common share	\$ 16.11	\$ 15.69	\$ 15.40	\$ 15.07	\$ 14.93	\$ 14.68	\$ 14.07	\$ 13.77	\$ 13.44	\$ 13.02
Earnings per common share	\$ 0.36	\$ 0.38	\$ 0.46	\$ 0.35	\$ 0.26	\$ 0.59	\$ 0.40	\$ 0.32	\$ 0.39	\$ 0.37
Cash dividends declared per common share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dividend payout ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Regulatory Capital Ratios (Bank)										
Total Capital	11.7%	12.4%	12.3%	12.8%	12.3%	12.6%	12.5%	11.9%	11.7%	11.2%
Common equity Tier 1 capital	10.4%	11.1%	11.1%	11.5%	11.1%	11.3%	11.2%	10.6%	10.5%	10.0%
Tier 1 capital (to risk-weighted assets)	10.4%	11.1%	11.1%	11.5%	11.1%	11.3%	11.2%	10.6%	10.5%	10.0%
Tier 1 capital (to adjusted total assets)	8.8%	9.6%	9.5%	9.2%	9.1%	9.0%	8.7%	8.7%	8.9%	8.7%