



ES BANCSHARES, INC. REPORTS \$0.13 EPS FOR THE QUARTER ENDED DECEMBER 31, 2022 AND EPS OF \$0.79 FOR THE YEAR ENDED 2022; IMPROVES TANGIBLE BOOK VALUE TO \$6.47; MAINTAINS STRONG ASSET QUALITY.

STATEN ISLAND, N.Y., January 31, 2023 (GLOBE NEWSWIRE) – ES Bancshares, Inc. (OTCQX: ESBS) (the “Company”) the holding company for Empire State Bank, (the “Bank”) today announced net income of \$843 thousand, or \$0.13 per share for the quarter ended December 31, 2022.

Key Financial Data				4Q22 Highlights
Profitability Metrics	4Q22	3Q22	4Q21	
Return on average assets (%)	0.60%	0.65%	1.05%	<ul style="list-style-type: none"> •Net Revenues of \$4.8 million including \$4.4 million of net interest income and \$357 thousand of non-interest income •Net Income of \$843 thousand and earnings per common share of \$0.13
Return on average common equity (%)	7.71%	8.12%	13.85%	
Return on tangible common equity (%)	7.82%	8.23%	14.06%	
Net interest margin (%)	3.26%	3.27%	3.83%	
Income Statement (a)	4Q22	3Q22	4Q21	<ul style="list-style-type: none"> •Average loans increased 8.5% quarter-over-quarter with average total deposits increasing by 2.9% since prior quarter. •During the quarter ended December 31, 2022, Empire State Bank recorded a provision for loan losses of \$100 thousand compared to prior quarter which no provision or benefit was recorded. The increase was driven by the increase in total loans period over period. •Total assets grew to \$588 million the largest since inception of the Company in 2006.
Net interest income	\$ 4,404	\$ 4,242	\$ 5,259	
Non-interest income	\$ 357	\$ 266	\$ 409	
Net income	\$ 843	\$ 872	\$ 1,340	
Earnings per share- Basic	\$ 0.13	\$ 0.13	\$ 0.20	
Earnings per share- Diluted	\$ 0.12	\$ 0.13	\$ 0.19	
Balance Sheet (a)	4Q22	3Q22	4Q21	
Average total loans	\$ 494,728	\$ 456,085	\$ 429,896	
Average total deposits	\$ 443,988	\$ 431,600	\$ 424,228	
Book value per share	\$ 6.55	\$ 6.47	\$ 5.90	
Tangible book value per share	\$ 6.47	\$ 6.39	\$ 5.82	

(a) In thousands except for per share amounts

Phil Guarnieri, Chief Executive Officer and Director of ES Bancshares, Inc. commented on the quarter stating, “We close out 2022 with healthy asset growth over the quarter and 20% loan growth year over year. This loan growth has exceeded the levels we saw at the height of the PPP program and will generate future value for years to come. Like most in the industry the Company saw pressure on the cost of funding, derived from the rapidly increasing interest rate environment, but the Company was able to maintain its net interest margin. With that said we are confident in our ability to execute our strategic plan in 2023.” Mr. Guarnieri went on to further state, “2022 was a record year for ESBS as we benefited from organic core business development which led to disciplined asset growth.”

Tom Sperzel, President, Chief Operating Officer and Director of ES Bancshares, Inc. added, “I am optimistic that with our strong underwriting standards, the local deposit market and our capital position, the balance sheet is set up to accommodate anticipated interest rate scenarios.”



Selected Balance Sheet Information

As of December 31, 2022, total assets were \$587.9 million, an increase of \$72.5 million, or 14.1%, as compared to total assets of \$515.3 million on December 31, 2021. Loans receivable, net of allowance totaled \$506.7 million, an increase of \$84.5 million or 20% from December 31, 2021. The increase in loans receivable, net was attributable to higher loan originations fueled by the Bank's investor residential product.

Asset quality remains strong with the allowance for loan loss representing 1.14% of the total loan portfolio at December 31, 2022, compared to 1.37% at December 31, 2021. Nonperforming assets, which includes nonaccrual loans and repossessed assets were \$1.3 million or 0.25% of total assets, as of December 31, 2022, improving from \$1.9 million or 0.38% of total assets of December 31, 2021. The ratio of nonaccrual loans to loans receivable was 0.28% and 0.45%, as of December 31, 2022, and 2021, respectively.

Total deposits increased \$16.1 million, or 3.7% to \$449.8 million as of December 31, 2022, when compared to December 31, 2021. This annual deposit growth is inclusive of the June 2022 sale of \$67 million in deposits in conjunction with the sale of our Newburgh office, consistent with our business plan to centralize the Company's retail market to Staten Island and the Brooklyn markets.

As of December 31, 2022, the Bank's Tier 1 capital leverage ratio, common equity tier 1 capital ratio, Tier 1 capital ratio and total capital ratios were 10.11%, 14.26%, 14.26% and 15.51%, respectively, all in excess of the ratios required to be deemed "well-capitalized." As of December 31, 2022, ES Bancshares return on average equity and return on tangible equity was 7.71% and 7.82% respectively. Goodwill was \$581 thousand as of December 31, 2022, and December 31, 2021.

Financial Performance Overview:

For the three months ended December 31, 2022, net income totaled \$843 thousand, which reflects a decrease of \$29 thousand, in comparison to \$872 thousand for the three months ended September 30, 2022. The decrease resulted primarily from a provision for loan loss entry.

Net interest income for the three months ended December 31, 2022, increased \$162 thousand to \$4.40 million from \$4.24 million at September 30, 2022. The Company's net interest margin remained relatively unchanged, decreasing by one basis point to 3.26% for the three months ended December 31, 2022, as compared to 3.27% for the three months ended September 30, 2022. The decrease can be attributed to increased cost of funds.

There was a \$100 thousand provision for loan losses entry for the three months ended December 31, 2022, compared to no entry for the three months ended September 30, 2022. Net recoveries for the three months ended December 31, 2022, totaled \$1 thousand. The increase was driven by the increase in total loans period over period.

Non-interest income increased \$91 thousand, to \$357 thousand for the three months ended December 31, 2022, compared with non-interest income of \$266 thousand for the three months ended September 30, 2022. The increase is a result from increased loan fees received.

Non-interest expense totaled \$3.49 million for the three months ended December 31, 2022, compared to \$3.38 million for the three months ended September 30, 2022, or an increase of 3.3%. The increase in non-interest expense can be attributed to normalized Marketing and NYS Banking & FDIC assessment fees offset by against improved Occupancy and equipment expense.



About ES Bancshares Inc.

ES Bancshares, Inc. (the “Company”) is incorporated under Maryland law and serves as the holding company for Empire State Bank (the “Bank”). The Company is subject to regulation by the Board of Governors of the Federal Reserve System (the “FRB”) while the Bank is primarily subject to regulation and supervision by the New York State Department of Financial Services. Currently, the Company does not transact any material business other than through the Bank, its subsidiary.

The Bank was organized under federal law in 2004 as a national bank regulated by the Office of the Comptroller of the Currency (OCC). The Bank's deposits are insured up to legal limits by the FDIC. In March 2009, the Bank converted its charter to a New York State commercial bank charter. The Bank’s principal business is attracting commercial and retail deposits in New York and investing those deposits primarily in loans, consisting of commercial real estate loans, and other commercial loans including SBA and mortgage loans secured by one-to-four-family residences. In addition, the Bank invests in mortgage-backed securities (“MBS”), securities issued by the U.S. Government and agencies thereof, corporate securities and other investments permitted by applicable law and regulations.

We operate from our five Banking Center locations, two Loan Production offices and our Corporate Headquarters located in Staten Island, New York. The Company’s website address is www.esbna.com. The Company’s annual report, quarterly earnings releases and all press releases are available free of charge through its website, as soon as reasonably practicable.

Forward-Looking Statements

This release may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this release that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as “may”, “will”, “expect”, “believe”, “anticipate”, “estimate” or “continue” or comparable terminology, are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within ES Bancshares, Inc.’s control. The forward-looking statements included in this release are made only as of the date of this release. We have no intention, and do not assume any obligation, to update these forward-looking statements.

Investor Contact:
Peggy Edwards, Corporate Secretary
(845) 451-7825



ES Bancshares, Inc.
Consolidated Statement of Financial Condition
(in thousands)

	December 31, 2022	September 30, 2022	December 31, 2021
	(unaudited)	(unaudited)	(Audited)
Assets			
Cash and cash equivalents	\$ 38,115	30,481	59,078
Securities	16,042	32,622	11,192
Loans receivable, net:			
Real estate mortgage loans	494,064	459,916	378,126
Commercial and Lines of Credit	14,110	14,484	41,879
Construction Loans	-	-	560
Home Equity and Consumer Loans	466	668	5,187
Deferred costs	3,953	3,828	2,353
Allowance for loan losses	(5,860)	(5,760)	(5,869)
Total loans receivable, net	506,732	473,136	422,236
Investment in restricted stock, at cost	4,779	3,432	2,502
Bank premises and equipment, net	6,209	5,776	6,427
Accrued interest receivable	2,020	1,975	1,827
Goodwill	581	581	581
Reposessed assets	-	117	-
Bank Owned Life Insurance	5,202	5,168	5,067
Other Assets	8,175	8,132	6,408
Total Assets	\$ 587,855	561,420	515,318
Liabilities & Stockholders' Equity			
Non-Interest-Bearing Deposits	132,997	150,677	149,769
Interest-Bearing Deposits	276,174	263,217	273,876
Brokered Deposits	40,627	39,051	10,040
Total Deposits	449,798	452,945	433,685
Bond Issue, net of costs	13,666	13,658	13,627
Borrowed Money	64,900	35,000	15,169
Other Liabilities	15,490	16,665	13,590
Total Liabilities	543,854	518,268	476,071
Stockholders' equity	44,001	43,152	39,247
Total liabilities and stockholders' equity	\$ 587,855	561,420	515,318



ES Bancshares, Inc.
Consolidated Statement of Income
(in thousands)

	Three Months Ended				Years Ended	
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2022	December 31, 2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(Audited)
Interest income						
Loans	\$ 5,652	\$ 4,943	\$ 4,672	\$ 4,771	\$ 20,038	\$ 20,148
Securities	137	172	163	91	563	151
Other interest-earning assets	228	164	157	64	613	262
Total Interest Income	6,017	5,279	4,992	4,926	21,214	20,561
Interest expense						
Deposits	1,068	643	347	294	2,352	1,342
Borrowings	545	394	274	271	1,484	1,338
Total Interest Expense	1,613	1,037	621	565	3,836	2,680
Net Interest Income	4,404	4,242	4,371	4,361	17,378	17,881
Provision/(Benefit) for Loan Losses	99	-	(65)	(113)	(79)	670
Net Interest Income after Pro/(Benefit) for Loan Losses	4,305	4,242	4,436	4,474	17,457	17,211
Non-interest income						
Deposit service charges	91	84	88	84	347	464
Loan fee income	146	83	76	141	446	372
Gain on Loan Sales	-	-	-	241	241	343
Gain on Branch Sale	-	-	1,782	-	1,782	-
Other	120	99	97	38	354	85
Total non-interest income	357	266	2,043	504	3,170	1,264
Non-interest expenses						
Compensation and benefits	1,881	1,826	1,839	1,721	7,267	6,570
Occupancy and equipment	554	722	666	689	2,631	2,448
Data processing service fees	386	345	262	260	1,253	913
Marketing	77	(35)	100	108	250	228
Professional fees	179	194	205	255	833	672
NYS Banking & FDIC Assess	56	14	73	82	225	306
Printing & Office Supplies	68	45	29	44	186	156
Insurance	53	53	32	38	176	138
Other	238	217	280	275	1,010	1,133
Total non-interest expense	3,492	3,381	3,486	3,472	13,831	12,564
Income prior to tax expense	1,170	1,127	2,993	1,506	6,796	5,911
Income taxes	327	255	639	326	1,547	1,285
Net Income	\$ 843	\$ 872	\$ 2,354	\$ 1,180	\$ 5,249	\$ 4,626

For the Three Months Ended (dollars in thousands)									
December 31, 2022			September 30, 2022			December 31, 2021			
	<u>Avg Bal</u> <u>Rolling</u> <u>3 Mos.</u>	<u>Interest</u> <u>Rolling</u> <u>3 Mos.</u>	Average <u>Yield/Cost</u>	<u>Avg Bal</u> <u>Rolling</u> <u>3 Mos.</u>	<u>Interest</u> <u>Rolling</u> <u>3 Mos.</u>	Average <u>Yield/Cost</u>	<u>Avg Bal</u> <u>Rolling</u> <u>3 Mos.</u>	<u>Interest</u> <u>Rolling</u> <u>3 Mos.</u>	Average <u>Yield/Cost</u>
Assets									
Interest-earning assets:									
Loans receivable	\$ 494,728	\$ 5,652	4.57%	\$ 456,085	\$ 4,943	4.33%	\$ 429,896	\$ 5,135	4.78%
Investment securities	22,678	137	2.42%	33,194	172	2.07%	8,568	63	2.93%
Interest-bearing deposits	19,536	162	3.32%	27,240	114	1.68%	48,757	27	0.22%
Restricted investment in bank stock	3,652	66	7.20%	1,691	50	11.78%	2,664	34	5.11%
Total interest-earning assets	540,594	6,017	4.45%	518,210	5,279	4.07%	489,885	5,259	4.29%
Non-interest earning assets	17,871			19,798			19,123		
Total assets	<u>\$ 558,465</u>			<u>\$ 538,008</u>			<u>\$ 509,008</u>		
Liabilities and Stockholders' Equity									
Interest-bearing liabilities:									
Interest-bearing checking	\$ 32,065	\$ 35	0.44%	\$ 32,736	\$ 34	0.41%	\$ 35,051	\$ 33	0.38%
Money market accounts	7,201	4	0.25%	6,589	3	0.20%	10,579	5	0.19%
Savings accounts	108,170	221	0.81%	134,132	180	0.53%	164,896	122	0.29%
Certificates of deposit	155,086	808	2.07%	117,679	426	1.44%	73,457	110	0.60%
Total interest-bearing deposits	302,522	1,068	1.40%	291,136	643	0.88%	283,983	270	0.38%
Borrowings	40,980	324	3.14%	35,000	173	1.96%	19,988	76	1.51%
Subordinated debenture	13,663	221	6.42%	13,655	221	6.42%	13,627	221	6.43%
Total interest-bearing liabilities	357,165	1,613	1.79%	339,791	1,037	1.21%	317,598	567	0.71%
Non-interest-bearing demand deposits	141,466			140,464			140,244		
Other liabilities	16,121			14,803			12,469		
Total non-interest-bearing liabilities	157,587			155,267			152,713		
Stockholders' equity	43,713			42,950			38,697		
Total liabilities and stockholders' equity	<u>\$ 558,465</u>			<u>\$ 538,008</u>			<u>\$ 509,008</u>		
Net interest income		<u>\$ 4,404</u>			<u>\$ 4,242</u>			<u>\$ 4,691</u>	
Average interest rate spread			2.66%			2.86%			3.58%
Net interest margin			3.26%			3.27%			3.83%



Five Quarter Performance Ratio Highlights	Three Months Ended				
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Income Statement					
Return on Average Assets	0.60%	0.65%	1.73%	0.90%	1.04%
Return on Average Equity	7.71%	8.12%	22.83%	11.78%	13.82%
Return on Average Tangible Equity	7.82%	8.23%	23.15%	11.96%	14.03%
Efficiency Ratio	54.79%	60.97%	52.56%	68.27%	62.17%
Yields / Costs					
Average Yield - Interest Earning Assets	4.45%	4.07%	3.82%	3.95%	4.29%
Cost of Funds	1.79%	1.21%	0.73%	0.69%	0.71%
Net Interest Margin	3.26%	3.27%	3.34%	3.47%	3.83%
Capital Ratios					
Equity / Assets	7.48%	7.68%	7.85%	7.43%	7.62%
Tangible Equity / Assets	7.39%	7.59%	7.75%	7.33%	7.50%
Tier 1 leverage ratio (a)	10.1%	10.3%	9.9%	10.0%	9.9%
Common equity Tier I capital ratio (a)	14.3%	14.7%	15.8%	15.5%	15.5%
Tier 1 Risk-based capital ratio (a)	14.3%	14.7%	15.8%	15.5%	15.5%
Total Risk-based capital ratio (a)	15.5%	16.0%	17.0%	16.8%	16.7%
Stock Valuation					
Book Value	\$ 6.55	\$ 6.47	\$ 6.37	\$ 6.04	\$ 5.90
Tangible Book Value	\$ 6.47	\$ 6.39	\$ 6.28	\$ 5.96	\$ 5.82
Shares Outstanding (b)	6,714	6,666	6,663	6,663	6,648
Asset Quality					
ALLL / Total Loans	1.14%	1.20%	1.37%	1.38%	1.37%
Non-Performing Loans / Total Loans	0.28%	0.34%	0.38%	0.42%	0.45%
Non-Performing Assets / Total Assets	0.25%	0.31%	0.37%	0.39%	0.38%

(a) Ratios at Bank level

(b) Shares outstanding presented in thousands