



ES BANCSHARES, INC. REPORTS LOAN GROWTH OF 13% FUNDED BY DEPOSIT GROWTH OF 14%, FOR THE QUARTER ENDED SEPTEMBER 30, 2022. POSTS \$0.13 QUARTERLY EPS INCREASING YEAR-TO-DATE EPS TO \$0.66.

STATEN ISLAND, N.Y., October 31, 2022 (GLOBE NEWSWIRE) – ES Bancshares, Inc. (OTCQX: ESBS) (the “Company”) the holding company for Empire State Bank, (the “Bank”) today announced net income of \$872 thousand, or \$0.13 per diluted common share for the quarter ended September 30, 2022.

| Key Financial Data | | | | 3Q22 Highlights |
|--------------------------------------|------------|------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | 3Q22 | 2Q22 | 3Q21 | |
| Profitability Metrics | | | | <ul style="list-style-type: none"> • Net Revenues of \$4.5 million including \$4.2 million of net interest income and \$266 thousand of non-interest income • Net Income of \$872 thousand and diluted earnings per common share of \$0.13 |
| Return on average assets (%) | 0.65% | 1.73% | 0.95% | |
| Return on average common equity (%) | 8.12% | 22.83% | 12.98% | |
| Return on tangible common equity (%) | 8.23% | 23.15% | 13.18% | |
| Net interest margin (%) | 3.27% | 3.34% | 3.63% | |
| Income Statement (a) | | | | <ul style="list-style-type: none"> • Average loans increased 8% quarter-over-quarter with average total deposits decreasing of 6% since prior quarter. The decrease can be attributed to the sale of the Newburgh branch location that completed late during 2Q. |
| Net interest income | \$ 4,242 | \$ 4,371 | \$ 4,532 | |
| Non-interest income | \$ 266 | \$ 2,043 | \$ 478 | |
| Net income | \$ 872 | \$ 2,354 | \$ 1,217 | |
| Diluted earnings per common share | \$ 0.13 | \$ 0.35 | \$ 0.18 | |
| Balance Sheet (a) | | | | <ul style="list-style-type: none"> • ES Bancshares reports 11.3% asset growth during the quarter. • Core conversion was successfully completed during the 3Q. |
| Average total loans | \$ 456,085 | \$ 423,431 | \$ 439,967 | |
| Average total deposits | \$ 431,600 | \$ 460,624 | \$ 425,553 | |
| Book value per common share | \$ 6.47 | \$ 6.37 | \$ 5.71 | |

(a) In thousands except for per share amounts

Phil Guarnieri, Chief Executive Officer and Director of ES Bancshares, Inc. commented on the quarter stating, “The organic growth we have demonstrated continues, producing another quarter of solid financial performance for ES Bancshares. The Company saw strong loan growth during the quarter while increasing the non-interest-bearing deposit relationships by 15% comparably. Further, I am proud of the results seen in our Brooklyn locations as we continue to enhance our franchise in an extremely competitive market. In addition, our commitment to the local marketplace and relationships with small businesses was supported by 27% quarter over quarter growth, within our attorney escrow deposit products.

With the rapidly changing environment we remain encouraged by our strong asset quality and our consistent underwriting principles. Both of which have been pillars of the Company driving solid performance the past years. These same principals will allow the organization to weather the uncertain economic times and any change in the business cycle.”

Tom Sperzel, President, Chief Operating Officer and Director of ES Bancshares, Inc. added, “We are pleased to be able to grow the balance sheet while preserving NIM and controlling overhead, thus maintaining a strong level of core earnings.”

Phil Guarnieri further stated, “We are excited for the strong momentum across our Company as we look to close out 2022 with record earnings and core growth.”



Selected Balance sheet Information

As of September 30, 2022, total assets were \$561.8 million, an increase of \$46.1 million, or 8.9%, as compared to total assets of \$515.7 million on December 31, 2021. Loans receivable totaled \$478.9 million, an increase of \$50.8 from December 31, 2021. The increase in loans receivable was attributable to higher loan originations fueled by organic deposit growth.

Asset quality remains strong with the allowance for loan loss remaining relatively unchanged from prior quarter. The allowance for loan losses represented 1.20%, 1.37%, and 1.33% of loans receivable as of September 30, 2022, December 31, 2021, and September 30, 2021, respectively.

Nonperforming assets, which includes nonaccrual loans and repossessed assets were \$1.7 million as of September 30, 2022, \$1.9 million as of December 31, 2021, and \$2.0 million as of September 30, 2021. Nonperforming assets as a percentage of total assets were 0.31% as of September 30, 2022, 0.38% as of December 31, 2021, and 0.39% as of September 30, 2021. The ratio of nonaccrual loans to loans receivable was 0.34%, 0.38% and 0.43%, as of September 30, 2022, December 31, 2021, and September 30, 2021, respectively.

Total deposits increased \$54.9 million, or 13.8% to \$452.9 million as of September 30, 2022, from \$398.0 million on June 30, 2022, and \$19.3 million or 4.4% from December 31, 2021. The increase quarter over quarter reflects strong adherence to management's strategic plan seeing growth in deposits from the Bank's retail locations supplemented, in part, by brokered deposits.

As of September 30, 2022, the Bank's Tier 1 capital leverage ratio, common equity tier 1 capital ratio, Tier 1 capital ratio and total capital ratios were 10.33%, 14.71%, 14.71% and 15.96%, respectively, all in excess of the ratios required to be deemed "well-capitalized." As of September 30, 2022, ES Bancshares, return on average equity and return on tangible equity was 8.12% and 8.23% respectively. Goodwill was \$581 thousand as of September 30, 2022, and December 31, 2021.

Financial Performance Overview:

For the three months ended September 30, 2022, net income totaled \$872 thousand, which reflects a decrease of \$1.5 million, in comparison to \$2.4 million for the three months ended June 30, 2022. During the second quarter on June 24, 2022, the Bank sold its Newburgh branch location resulting in one-time income of \$1,782.

Net interest income for the three months ended September 30, 2022, decreased by \$129 thousand to \$4.24 million from \$4.37 million at June 30, 2022. The Company's net interest margin tightened by seven basis points, decreasing to 3.27% for the three months ended September 30, 2022, as compared to 3.34% for the three months ended June 30, 2022. The decrease can be attributed to increased cost of funds and less Paycheck Protection Program income earned. During the third quarter, PPP income was \$83 thousand, a decrease of \$156 thousand from \$239 thousand collected in the second quarter of 2022.

There was a \$4 thousand provision for loan losses for the three months ended September 30, 2022, compared to a benefit for loan losses of \$65 thousand for the three months ended June 30, 2022. Net recoveries for the three months ended September 30, 2022 totaled \$4 thousand.



Non-interest income decreased \$1.8 million, to \$266 thousand for the three months ended September 30, 2022, compared with non-interest income of \$2.0 million for the three months ended June 30, 2022. The decrease is a result from the gain on sale associated with the abovementioned branch sale.

Non-interest expense totaled \$3.38 million for the three months ended September 30, 2022, compared to \$3.49 million for the three months ended June 30, 2022, or a decrease of 3%. The decrease in non-interest expense can be attributed to reduced operating costs and improved NYS Banking & FDIC assessment costs.

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 administrative headquarters in Staten Island, New York, and other administrative offices throughout the state along with business derived from our five Banking Center locations and two loan production offices. 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 report 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 report are made only as of the date of this report. We have no intention, and do not assume any obligation, to update these forward-looking statements.

Investor Contact:

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

| | September 30, 2022 <u>(unaudited)</u> | June 30, 2022 <u>(unaudited)</u> | December 31, 2021 <u>(audited)</u> |
|-----------------------------------------------|---------------------------------------------|----------------------------------------|------------------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 30,481 | 27,221 | 59,078 |
| Securities | 32,622 | 33,258 | 11,192 |
| Loans receivable, net: | | | |
| Real estate mortgage loans | 459,916 | 400,502 | 378,126 |
| Commercial and Lines of Credit | 14,484 | 16,725 | 41,879 |
| Construction Loans | - | 600 | 560 |
| Home Equity and Consumer Loans | 668 | 2,983 | 5,187 |
| Deferred costs | 3,828 | 3,269 | 2,353 |
| Allowance for loan losses | (5,760) | (5,756) | (5,869) |
| Total loans receivable, net | <u>473,136</u> | <u>418,323</u> | <u>422,236</u> |
| Investment in restricted stock, at cost | 3,432 | 3,433 | 2,502 |
| Bank premises and equipment, net | 5,776 | 5,628 | 6,427 |
| Accrued interest receivable | 1,975 | 1,685 | 1,827 |
| Goodwill | 581 | 581 | 581 |
| Reposessed assets | 117 | 235 | - |
| Bank Owned Life Insurance | 5,168 | 5,134 | 5,067 |
| Other Assets | 8,474 | 9,219 | 6,781 |
| Total Assets | <u>\$ 561,762</u> | <u>504,717</u> | <u>515,691</u> |
| Liabilities & Stockholders' Equity | | | |
| Non-Interest-Bearing Deposits | 150,677 | 131,481 | 149,769 |
| Interest-Bearing Deposits | 263,217 | 246,827 | 273,876 |
| Brokered Deposits | 39,051 | 19,727 | 10,040 |
| Total Deposits | <u>452,945</u> | <u>398,035</u> | <u>433,685</u> |
| Bond Issue | 14,000 | 14,000 | 14,000 |
| Borrowed Money | 35,000 | 35,000 | 15,169 |
| Other Liabilities | 16,665 | 15,229 | 13,590 |
| Total Liabilities | <u>518,610</u> | <u>462,264</u> | <u>476,444</u> |
| Stockholders' equity | <u>43,152</u> | <u>42,453</u> | <u>39,247</u> |
| Total liabilities and stockholders' equity | <u>\$ 561,762</u> | <u>504,717</u> | <u>515,691</u> |



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

| | Three Months Ended | | | Nine Months Ended | |
|---------------------------------------------------------------------|-----------------------|------------------|-------------------|-----------------------|-----------------------|
| | September 30, 2022 | June 30, 2022 | March 31, 2022 | September 30, 2022 | September 30, 2021 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| Interest income | | | | | |
| Loans | \$ 4,943 | 4,672 | 4,771 | \$ 14,386 | 15,012 |
| Securities | 172 | 163 | 91 | 426 | 88 |
| Other interest-earning assets | 164 | 157 | 64 | 385 | 202 |
| Total Interest Income | 5,279 | 4,992 | 4,926 | 15,197 | 15,302 |
| Interest expense | | | | | |
| Deposits | 643 | 347 | 294 | 1,284 | 1,072 |
| Borrowings | 394 | 274 | 271 | 939 | 1,041 |
| Total Interest Expense | 1,037 | 621 | 565 | 2,223 | 2,113 |
| Net Interest Income | 4,242 | 4,371 | 4,361 | 12,974 | 13,189 |
| (Benefit)/Prov for Loan Losses | - | (65) | (113) | (178) | 590 |
| Net Interest Income after (Benefit)/Prov for Loan Losses | 4,242 | 4,436 | 4,474 | 13,152 | 12,599 |
| Non-interest income | | | | | |
| Deposit service charges | 84 | 88 | 84 | 256 | 338 |
| Loan fee income | 83 | 76 | 141 | 300 | 221 |
| Gain on Loan Sales | - | - | 241 | 241 | 248 |
| Gain on Branch Sale | - | 1,782 | - | 1,782 | - |
| Other | 99 | 97 | 38 | 234 | 48 |
| Total non-interest income | 266 | 2,043 | 504 | 2,813 | 855 |
| Non-interest expenses | | | | | |
| Compensation and benefits | 1,826 | 1,839 | 1,721 | 5,386 | 4,838 |
| Occupancy and equipment | 722 | 666 | 689 | 2,077 | 1,807 |
| Data processing service fees | 345 | 262 | 260 | 867 | 625 |
| Marketing | (35) | 100 | 108 | 173 | 205 |
| Professional fees | 194 | 205 | 255 | 654 | 498 |
| NYS & FDIC Assessments | 14 | 73 | 82 | 169 | 227 |
| Printing & Office Supplies | 45 | 29 | 44 | 118 | 112 |
| Insurance | 53 | 32 | 38 | 123 | 100 |
| Other | 217 | 280 | 275 | 772 | 844 |
| Total non-interest expense | 3,381 | 3,486 | 3,472 | 10,339 | 9,256 |
| Income prior to tax expense | 1,127 | 2,993 | 1,506 | 5,626 | 4,198 |
| Income taxes | 255 | 639 | 326 | 1,220 | 912 |
| Net Income | \$ 872 | 2,354 | 1,180 | \$ 4,406 | 3,286 |



BANCSHARES, INC.

| For the Three Months Ended (dollars in thousands) | | | | | | | | | |
|----------------------------------------------------------------------------------|------------------------------|-------------------------------|------------------------|------------------------------|-------------------------------|-----------------------|------------------------------|-------------------------------|-----------------------|
| | September 30, 2022 | | | June 30, 2022 | | | September 30, 2021 | | |
| | Avg Bal Rolling 3 Mos. | Interest Rolling 3 Mos. | Average Yield/ Cost | Avg Bal Rolling 3 Mos. | Interest Rolling 3 Mos. | Average Yield/Cost | Avg Bal Rolling 3 Mos. | Interest Rolling 3 Mos. | Average Yield/Cost |
| Assets | | | | | | | | | |
| Interest-earning assets: | | | | | | | | | |
| Loans receivable | \$456,085 | \$4,943 | 4.33% | \$ 423,431 | \$ 4,672 | 4.41% | \$ 439,967 | \$5,034 | 4.58% |
| Investment securities | 33,194 | 172 | 2.07% | 30,733 | 163 | 2.12% | 4,688 | 31 | 2.64% |
| FF sold & interest-bearing deposits | 27,240 | 114 | 1.68% | 66,337 | 122 | 0.73% | 47,495 | 29 | 0.24% |
| Restricted investment in bank stock | 1,691 | 50 | 11.78% | 2,512 | 35 | 5.61% | 2,676 | 35 | 5.22% |
| Total interest-earning assets | 518,209 | 5,279 | 4.07% | 523,014 | 4,992 | 3.82% | 494,826 | 5,129 | 4.15% |
| Non-interest earning assets | 19,798 | | | 22,566 | | | 17,595 | | |
| Total assets | <u>\$ 538,007</u> | | | <u>\$ 545,580</u> | | | <u>\$ 512,421</u> | | |
| Liabilities and Stockholders' Equity | | | | | | | | | |
| Interest-bearing liabilities: | | | | | | | | | |
| Interest-bearing checking | \$ 32,736 | \$ 34 | 0.41% | \$ 33,728 | \$ 34 | 0.40% | \$ 27,577 | \$ 30 | 0.43% |
| Money market accounts | 6,589 | 3 | 0.20% | 8,539 | 4 | 0.19% | 10,226 | 5 | 0.19% |
| Savings accounts | 134,132 | 180 | 0.53% | 171,387 | 133 | 0.31% | 179,428 | 143 | 0.32% |
| Certificates of deposit | 117,679 | 426 | 1.44% | 98,101 | 176 | 0.72% | 71,674 | 117 | 0.65% |
| Total interest-bearing deposits | 291,136 | 643 | 0.88% | 311,755 | 347 | 0.45% | 288,905 | 295 | 0.41% |
| Borrowings | 35,000 | 173 | 1.96% | 15,667 | 53 | 1.38% | 24,624 | 81 | 1.31% |
| Subordinated debenture | 13,655 | 221 | 6.42% | 13,644 | 221 | 6.41% | 13,613 | 221 | 6.43% |
| Total interest-bearing liabilities | 339,791 | 1,037 | 1.21% | 341,066 | 621 | 0.73% | 327,142 | 597 | 0.72% |
| Non-interest-bearing demand deposits | 140,464 | | | 148,869 | | | 136,648 | | |
| Other liabilities | 14,803 | | | 14,395 | | | 11,127 | | |
| Total non-interest-bearing liabilities | 155,267 | | | 163,264 | | | 147,775 | | |
| Stockholders' equity | 42,950 | | | 41,250 | | | 37,504 | | |
| Total liabilities and stockholders' equity | <u>\$538,007</u> | | | <u>\$ 545,580</u> | | | <u>\$ 512,421</u> | | |
| Net interest income | | <u>\$ 4,242</u> | | | <u>\$ 4,371</u> | | | <u>\$ 4,532</u> | |
| Average interest rate spread | | | 2.86% | | | 3.09% | | | 3.43% |
| Net interest margin | | | 3.27% | | | 3.34% | | | 3.63% |
| Ratio of average interest-earning assets to average interest-bearing liabilities | | | 152.51% | | | 153.35% | | | 151.26% |



| Five Quarter Performance Ratio Highlights | Three Months Ended | | | | |
|----------------------------------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|
| | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 | September 30, 2021 |
| Income Statement | | | | | |
| Return on Average Assets | 0.65% | 1.73% | 0.90% | 1.04% | 0.95% |
| Return on Average Equity | 8.12% | 22.83% | 11.78% | 13.82% | 12.98% |
| Return on Average Tangible Equity | 8.23% | 23.15% | 11.96% | 14.03% | 13.18% |
| Efficiency Ratio | 60.97% | 52.56% | 68.27% | 62.17% | 64.53% |
| Yields / Costs | | | | | |
| Average Yield - Interest Earning Assets | 4.07% | 3.82% | 3.95% | 4.29% | 4.15% |
| Cost of Funds | 1.21% | 0.73% | 0.69% | 0.71% | 0.72% |
| Net Interest Margin | 3.27% | 3.34% | 3.47% | 3.80% | 3.63% |
| Capital Ratios | | | | | |
| Equity / Assets | 7.68% | 7.85% | 7.43% | 7.61% | 7.52% |
| Tangible Equity / Assets | 7.59% | 7.75% | 7.33% | 7.51% | 7.42% |
| Tier I leverage ratio (a) | 10.3% | 9.9% | 10.0% | 9.9% | 9.6% |
| Common equity Tier I capital ratio (a) | 14.7% | 15.8% | 15.5% | 15.5% | 15.6% |
| Tier 1 Risk-based capital ratio (a) | 14.7% | 15.8% | 15.5% | 15.5% | 15.6% |
| Total Risk-based capital ratio (a) | 16.0% | 17.0% | 16.8% | 16.7% | 16.9% |
| Stock Valuation | | | | | |
| Book Value | \$ 6.40 | \$ 6.37 | \$ 6.04 | \$ 5.90 | \$ 5.71 |
| Tangible Book Value | \$ 6.32 | \$ 6.28 | \$ 5.96 | \$ 5.82 | \$ 5.62 |
| Diluted EPS | \$ 0.13 | \$ 0.35 | \$ 0.18 | \$ 0.20 | \$ 0.18 |
| Shares Outstanding (b) | 6,666 | 6,663 | 6,663 | 6,648 | 6,648 |
| Key Ratios | | | | | |
| ALLL / Total Loans | 1.20% | 1.37% | 1.38% | 1.37% | 1.33% |
| Non-Performing Loans / Total Loans | 0.34% | 0.38% | 0.42% | 0.45% | 0.43% |
| Non-Performing Assets / Total Assets | 0.31% | 0.37% | 0.39% | 0.38% | 0.39% |

(a) Ratios at Bank level

(b) Shares outstanding presented in thousands