



**ES BANCSHARES, INC ANNOUNCES FIRST QUARTER RESULTS REPORTING \$37 MILLION IN ORGANIC DEPOSIT GROWTH AND OVERALL ESTIMATED UNINSURED DEPOSITS OF 22%**

STATEN ISLAND, N.Y., May 01, 2023 (GLOBE NEWSWIRE) – ES Bancshares, Inc. (OTCQX: ESBS) (the “Company”) the holding company for Empire State Bank, (the “Bank”) today announced financial results for the first quarter of 2023. The Company’s net income was \$599 thousand or \$0.09 per diluted share for the first quarter of 2023, compared to net income of \$843 thousand or \$0.12 per diluted share for the fourth quarter of 2022.

Key Financial Data				1Q23 Highlights
<b>Profitability Metrics</b>	<b>1Q23</b>	<b>4Q22</b>	<b>1Q22</b>	
Return on average assets (%)	0.40%	0.60%	0.90%	<ul style="list-style-type: none"> <li>•Net Revenues of \$4.3 million including \$4.2 million of net interest income and \$174 thousand of non-interest income</li> <li>•Net Income of \$599 thousand and earnings per common share of \$0.09</li> <li>•Average loans increased 6.9% quarter-over-quarter with average total deposits increasing by 4.9% since prior quarter.</li> <li>•Uninsured deposits were \$108 million, or 22% of total deposits, at the end of the first quarter. As of March 31, 2023, the Company had \$70 million of borrowing capacity.</li> <li>•Total assets grew to \$639 million an increase of \$51 million.</li> </ul>
Return on average common equity (%)	5.40%	7.64%	11.78%	
Return on tangible common equity (%)	5.47%	7.74%	11.96%	
Net interest margin (%)	2.89%	3.26%	3.47%	
<b>Income Statement (a)</b>	<b>1Q23</b>	<b>4Q22</b>	<b>1Q22</b>	
Net interest income	\$ 4,159	\$ 4,404	\$ 4,361	
Non-interest income	\$ 174	\$ 357	\$ 504	
Net income	\$ 599	\$ 843	\$ 1,180	
Earnings per share- Basic	\$ 0.09	\$ 0.13	\$ 0.18	
Earnings per share- Diluted	\$ 0.09	\$ 0.12	\$ 0.17	
<b>Balance Sheet (a)</b>	<b>1Q23</b>	<b>4Q22</b>	<b>1Q22</b>	
Average total loans	\$ 529,041	\$ 494,728	\$ 414,336	
Average total deposits	\$ 465,809	\$ 443,988	\$ 449,034	
Book value per share	\$ 6.67	\$ 6.55	\$ 6.04	
Tangible book value per share	\$ 6.59	\$ 6.47	\$ 5.96	

(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 first quarter of 2023 was a challenging environment for the financial sector with rates continuing to increase and market fears of a banking crisis. At the same time ESBS continued to demonstrate its strength as a Community Bank leaning on its relationship-oriented business model with loan growth of 6% and deposit inflows of 8%. Continuing strong results should allow for us to compound book value and build for long term success.

While we saw improved asset quality ratios and controlled expenses during the quarter, the strong core organic results were offset by higher-than-expected funding costs resulting in a net revenue decrease. As we progress through the year, we will look to continue to reduce high-cost funding only improving the positioning of the institution for uncertain headwinds.

Tom Sperzel, President, Chief Operating Officer and Director of ES Bancshares, Inc. added, “The conservative balance sheet and prudent risk management processes of the Company have allowed for continued execution of the Company’s strategic plan.”



### **Selected Balance Sheet Information:**

As of March 31, 2023, total assets were \$639.4 million, an increase of \$51.5 million, or 9%, as compared to total assets of \$587.9 million on December 31, 2022. The increase can be attributed to growth of the loan portfolio and an increased cash position which stemmed from deposit inflows and increased Federal Home Loan Bank (FHLB) borrowings.

Loans receivable, net of allowance for credit losses totaled \$538.4 million, an increase of \$31.7 million or 6% from December 31, 2022, due to loan originations. The Company adopted the CECL methodology for calculating credit losses effective January 1, 2023. The adoption resulted in an increase of \$137 thousand to retained earnings. As of March 31, 2023, the Allowance for Credit Losses as a percentage of gross loans was 0.90%.

Nonperforming assets, which includes nonaccrual loans and repossessed assets were \$1.2 million or 0.19% of total assets, as of March 31, 2023, improving from \$1.3 million or 0.25% of total assets at December 31, 2022. The ratio of nonaccrual loans to loans receivable was 0.17% and 0.28%, as of March 31, 2023, and December 31, 2022, respectively.

Total liabilities increased \$50.7 million to \$594.6 from \$543.9 million, due to an increase in funding across deposits and FHLB advances. Deposits increased \$37.2 million, or 8% to \$487.0 million as of March 31, 2023, when compared to December 31, 2022. The increase in deposits aided in reducing the loans-to-deposit ratio to 111.6%, down from 114.0%. FHLB advances increased \$13.1 million to increase cash liquidity.

As of March 31, 2023, the Bank's Tier 1 capital leverage ratio, common equity tier 1 capital ratio, Tier 1 capital ratio and total capital ratios were 9.65%, 13.87%, 13.87% and 15.12%, respectively, all in excess of the ratios required to be deemed "well-capitalized." As of March 31, 2023, ES Bancshares return on average equity and return on tangible equity was 5.40% and 5.47% respectively compared to 7.71% and 7.82% for the quarter ending December 31, 2022. Goodwill was \$581 thousand as of March 31, 2023, and December 31, 2022.

### **Financial Performance Overview:**

For the three months ended March 31, 2023, net income totaled \$599 thousand, which reflects a decrease of \$244 thousand, in comparison to \$843 thousand for the three months ended December 31, 2022. The decrease can be attributed to increased cost of funding.

Net interest income for the three months ended March 31, 2023, decreased \$245 thousand, to \$4.2 million from \$4.4 million at December 31, 2022. The Company's net interest margin decreased by 37 basis points to 2.89% for the three months ended March 31, 2023, as compared to 3.26% for the three months ended December 31, 2022. The decrease can be attributed to increased cost of funds as a result of higher levels of FHLB advances and interest-bearing deposits, in a rising rate environment.

There was a \$17 thousand benefit for loan credit losses entry for the three months ended March 31, 2023, compared to \$99 thousand provision entry for the three months ended December 31, 2022. Net charge offs for the three months ended March 31, 2023, totaled \$239 thousand.

Non-interest income decreased \$183 thousand, to \$174 thousand for the three months ended March 31, 2023, compared with non-interest income of \$357 thousand for the three months ended December 31, 2022. The decrease can be attributed to less loan fees collected and a fourth quarter 2022 sale of a repossessed asset which did not reoccur in the first quarter of 2023.



Non-interest expense totaled \$3.6 million for the three months ended March 31, 2023, compared to \$3.5 million for the three months ended December 31, 2022, or an increase of 2.3%. The increase in non-interest expense can be attributed to increased occupancy and equipment expenses and increased professional fees offset by decreased data processing service fees.

#### **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](http://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.

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

	March 31, 2023	December 31, 2022	March 31, 2022
	(unaudited)	(unaudited)	(Audited)
<b>Assets</b>			
Cash and cash equivalents	\$ 57,827	38,115	87,394
Securities	15,629	16,042	17,064
Loans receivable, net:			
Real estate mortgage loans	521,696	494,064	382,333
Commercial and Lines of Credit	17,018	14,110	28,701
Construction Loans	-	-	600
Home Equity and Consumer Loans	358	465	3,600
Deferred costs	4,213	3,953	2,811
Allowance for Loan Credit Losses	(4,882)	(5,860)	(5,758)
Total loans receivable, net	538,403	506,732	412,287
Investment in restricted stock, at cost	5,368	4,779	2,505
Bank premises and equipment, net	6,037	6,209	6,763
Accrued interest receivable	2,338	2,020	1,755
Goodwill	581	581	581
Repossessed assets	164	-	352
Bank Owned Life Insurance	5,236	5,202	5,101
Other Assets	7,844	8,175	8,286
Total Assets	\$ 639,427	587,855	542,088
<b>Liabilities &amp; Stockholders' Equity</b>			
Non-Interest-Bearing Deposits	135,680	132,997	143,004
Interest-Bearing Deposits	311,800	276,174	294,074
Brokered Deposits	39,504	40,627	19,749
Total Deposits	486,984	449,798	456,827
Bond Issue, net of costs	13,678	13,666	13,637
Borrowed Money	78,000	64,900	15,000
Other Liabilities	15,954	15,490	16,346
Total Liabilities	594,616	543,854	501,810
Stockholders' equity	44,811	44,001	40,278
Total liabilities and stockholders' equity	\$ 639,427	587,855	542,088



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

	Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
	(unaudited)	(unaudited)	(unaudited)
<b>Interest income</b>			
Loans	\$ 6,064	\$ 5,652	\$ 4,771
Securities	113	137	91
Other interest-earning assets	367	228	64
Total Interest Income	6,544	6,017	4,926
<b>Interest expense</b>			
Deposits	1,616	1,068	294
Borrowings	768	545	271
Total Interest Expense	2,384	1,613	565
<b>Net Interest Income</b>	4,160	4,404	4,361
(Benefit)/Provision for Loan Credit Losses	(17)	99	(113)
<b>Net Interest Income after (Benefit)/Pro for Loan Losses</b>	4,177	4,305	4,474
<b>Non-interest income</b>			
Deposit service charges	80	91	84
Loan fee income	57	146	141
Gain on Loan Sales	-	-	241
Other	37	120	38
Total non-interest income	174	357	504
<b>Non-interest expenses</b>			
Compensation and benefits	1,855	1,881	1,721
Occupancy and equipment	641	554	689
Data processing service fees	302	386	260
Marketing	99	77	108
Professional fees	219	179	255
NYS Banking & FDIC Assessments	55	56	82
Printing & Office Supplies	57	68	44
Insurance	45	53	38
Other	299	238	275
Total non-interest expense	3,572	3,492	3,472
<b>Income prior to tax expense</b>	778	1,170	1,506
Income taxes	179	327	326
<b>Net Income</b>	\$ 599	\$ 843	\$ 1,180

For the Three Months Ended (dollars in thousands)									
	March 31, 2023			December 31, 2022			March 31, 2022		
	<u>Avg Bal</u> <u>Rolling</u> <u>3 Mos.</u>	<u>Interest</u> <u>Rolling</u> <u>3 Mos.</u>	<u>Average</u> <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>	<u>Average</u> <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>	<u>Average</u> <u>Yield/Cost</u>
<b>Assets</b>									
Interest-earning assets:									
Loans receivable	\$ 529,041	\$ 6,064	4.58%	\$ 494,728	\$ 5,652	4.57%	\$ 417,386	\$ 4,771	4.57%
Investment securities	15,979	113	2.83%	22,678	137	2.42%	12,574	91	2.90%
Interest-bearing deposits	27,170	287	4.23%	19,536	162	3.32%	66,837	32	0.19%
Restricted investment in bank stock	4,290	80	7.46%	3,652	66	7.20%	2,452	32	5.26%
Total interest-earning assets	576,480	6,544	4.54%	540,594	6,017	4.45%	499,250	4,926	3.95%
Non-interest earning assets	17,355			17,871			19,334		
Total assets	<u>\$ 593,835</u>			<u>\$ 558,465</u>			<u>\$ 518,584</u>		
<b>Liabilities and Stockholders' Equity</b>									
Interest-bearing liabilities:									
Interest-bearing checking	\$ 30,193	\$ 34	0.46%	\$ 32,065	\$ 35	0.44%	\$ 31,583	\$ 30	0.39%
Money market accounts	5,794	3	0.21%	7,201	4	0.25%	9,415	4	0.19%
Savings accounts	110,995	320	1.17%	108,170	221	0.81%	167,118	118	0.29%
Certificates of deposit	190,984	1,259	2.67%	155,086	808	2.07%	88,816	142	0.65%
Total interest-bearing deposits	337,966	1,616	1.94%	302,522	1,068	1.40%	296,932	294	0.40%
Borrowings	55,415	547	4.00%	40,980	324	3.14%	15,116	50	1.35%
Subordinated debenture	13,672	221	6.56%	13,663	221	6.42%	13,632	221	6.56%
Total interest-bearing liabilities	407,053	2,384	2.38%	357,165	1,613	1.79%	325,680	565	0.70%
Non-interest-bearing demand deposits	127,843			141,466			139,583		
Other liabilities	14,617			16,121			15,235		
Total non-interest-bearing liabilities	142,460			157,587			154,818		
Stockholders' equity	44,322			43,713			38,086		
Total liabilities and stockholders' equity	<u>\$ 593,835</u>			<u>\$ 558,465</u>			<u>\$ 518,584</u>		
Net interest income		<u>\$ 4,160</u>			<u>\$ 4,404</u>			<u>\$ 4,361</u>	
Average interest rate spread			2.17%			2.66%			3.24%
Net interest margin			2.89%			3.26%			3.49%



Five Quarter Performance Ratio Highlights	Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
<b>Income Statement</b>					
Return on Average Assets	0.40%	0.60%	0.65%	1.73%	0.90%
Return on Average Equity	5.40%	7.71%	8.12%	22.83%	11.78%
Return on Average Tangible Equity	5.47%	7.82%	8.23%	23.15%	11.96%
Efficiency Ratio	53.18%	54.78%	60.97%	52.56%	68.27%
<b>Yields / Costs</b>					
Average Yield - Interest Earning Assets	4.54%	4.45%	4.07%	3.82%	3.95%
Cost of Funds	2.38%	1.79%	1.21%	0.73%	0.69%
Net Interest Margin	2.89%	3.26%	3.27%	3.34%	3.47%
<b>Capital Ratios</b>					
Equity / Assets	7.01%	7.48%	7.68%	7.85%	7.43%
Tangible Equity / Assets	6.92%	7.39%	7.59%	7.75%	7.33%
Tier 1 leverage ratio (a)	9.65%	10.11%	10.3%	9.9%	10.0%
Common equity Tier I capital ratio (a)	13.87%	14.26%	14.7%	15.8%	15.5%
Tier 1 Risk-based capital ratio (a)	13.87%	14.26%	14.7%	15.8%	15.5%
Total Risk-based capital ratio (a)	15.12%	15.51%	16.0%	17.0%	16.8%
<b>Stock Valuation</b>					
Book Value	\$ 6.67	\$ 6.55	\$ 6.47	\$ 6.37	\$ 6.04
Tangible Book Value	\$ 6.59	\$ 6.47	\$ 6.39	\$ 6.28	\$ 5.96
Shares Outstanding (b)	6,714	6,714	6,666	6,663	6,663
<b>Asset Quality</b>					
ALLL / Total Loans	0.90%	1.14%	1.20%	1.37%	1.38%
Non-Performing Loans / Total Loans	0.17%	0.28%	0.34%	0.38%	0.42%
Non-Performing Assets / Total Assets	0.19%	0.25%	0.31%	0.37%	0.39%

(a) Ratios at Bank level

(b) Shares outstanding presented in thousands