ES Bancshares, Inc. Reports an 11.6% Increase in Net Interest Margin to 3.08% for the Quarter Ended December 31, 2020 Compared to 2.76% for the Quarter Ended December 31, 2019.

NEWBURGH, N.Y., Feb. 02, 2021 (GLOBE NEWSWIRE) -- ES Bancshares, Inc. (OTC: ESBS) (the "Company") the holding company for Empire State Bank, (the "Bank") today announced net income of $312 thousand, or $0.05 per basic common share and $0.04 per diluted common share on 6.6 million shares outstanding for the quarter ended December 31, 2020, as compared to net income of $387 thousand, or $0.06 per basic common share on 6.2 million shares outstanding for the quarter ended December 31, 2019. The decrease was largely driven by a $560 thousand increase in the provision for loan loss to $600 thousand for the quarter ended December 31, 2020 compared to $40 thousand for the comparable 2019 period, in addition to a $439 thousand increase in operating expenses. These increased loan loss provision and operating expenses were largely offset by a $1.0 million increase in net interest income to $3.8 million for the quarter ended December 31, 2020 compared to $2.8 million for the comparable period in 2019. This increase was primarily due to a $286 thousand, or 6.4% increase in interest income coupled with a $763 thousand, or 45.9% decrease in interest expense as the Company's net interest margin expanded to 3.08% for the three months ended December 31, 2020 from 2.76% for the comparable period in 2019.

President and Chief Operating Officer Thomas Sperzel stated, "We are pleased with the Bank's ability to build reserves through strong operating results during 2020. The growth in net interest income withstood the reserves needed for the potential pandemic related credit issues that may have developed. Fortunately, the Bank's loan portfolio has performed well during these challenging times, while reserves are at target levels. We are encouraged by the continued strong performance of the portfolio."

Net income for the twelve months ended December 31, 2020 was $1.2 million, or $0.18 per basic share, and $0.17 per diluted share compared to $1.6 million, or $0.36 per basic share, and $0.33 per diluted share for the twelve months ended December 31, 2019. The decrease was largely driven by a $2.8 million provision for loan losses for the twelve-month period ended December 31, 2020 compared to $325 thousand for the comparable 2019 period, in addition to a $823 thousand increase in operating expenses. The increased provision for loan loss was related to a Pandemic Stress Testing initiative of the loan portfolio under several stress scenarios to build reserves pending the credit impact of the COVID-19 pandemic. These increased loan loss provision and operating expenses were largely offset by a $3.0 million increase in net interest income to $14.4 million primarily due to a $882 thousand, or 4.9% increase in interest income coupled with a $2.1 million, or 31.9% decrease in interest expense as the Company's net interest margin expanded to 3.04% for the twelve months ended December 31, 2020 from 2.88% for the comparable period in 2019.

Chief Executive Officer Philip Guarnieri stated, "2020 was a year that brought challenges and opportunities to the Bank. We successfully implemented the SBA PPP program granting nearly 700 loans for over $62 million. We are very pleased with the effective development of over 200 new core business relationships through the program which has contributed to the $55.4 million increase in demand deposits now representing over 36% of total deposits."

Mr. Guarnieri continued by stating, "In addition, we were presented with an opportunity to further build new relationships through the consolidation of two local institutions. This has created more growth prospects for the Bank, and we now stand ready to provide additional customer service through the addition of a new Staten Island banking center and the relocation of our New Dorp banking center to a larger facility in 2021."

FINANCIAL HIGHLIGHTS

- Net margin of 3.08% for the quarter ended December 31, 2020 compared to 2.76% for the comparable period in 2019, representing an increase of 32 bps, or 11.6%.
- Net margin of 3.04% for the year ended December 31, 2020 compared to 2.88% for the comparable period in 2019, representing an increase of 16 bps, or 5.6%.
- Net interest income of $3.88 million for the quarter ended December 31, 2020 compared to $2.83 million for the comparable period in 2019, representing an increase of $1.05 million, or 37.0%.
- Net interest income of $14.36 million for the year to date ended December 31, 2020 compared to $11.40 million for the comparable period in 2019, representing an increase of $2.96 million, or 25.9%.
- Origination of over $62 million of SBA Paycheck Protection Program loans generating over $2.4 million in fees.
- Capital ratios of 9.7%, 15.5% and 16.7% for each of the Tier 1 Leverage ratio, Tier 1 Risk Based Capital ratio and Total risk Based Capital ratio, respectively.
- Net income before taxes of $406 thousand for the quarter ended December 31, 2020 compared to $511 thousand for the comparable period in 2019, representing an decrease of $105 thousand, or 20.5%.
- Net income before taxes of $1.57 million for the year to date ended December 31, 2020 compared to $2.11 million for the comparable period in 2019, representing a decrease of $533 thousand, or 25.3%.
- Net income of $312 thousand for the quarter ended December 31, 2020 compared to $387 thousand for the comparable period in 2019, representing a decrease of $75 thousand, or 19.4%.
- Net income of $1.21 million for the year to date ended December 31, 2020 compared to $1.60 million for the comparable period in 2019, representing a decrease of $390 thousand, or 24.4%.
- Additional provision for loan loss in conjunction with a Pandemic Stress Testing initiative of the loan portfolio under several stress scenarios to build reserves pending the credit impact of the COVID-19 pandemic:
  - Provision for loan losses of $600 thousand for the quarter ended December 31, 2020, compared to $40 thousand for the comparable period in 2019.
  - Provision for loan losses of $2.8 million for the year to date ended December 31, 2020, compared to $325 thousand for the comparable period in 2019.

Comparison of Financial Condition at December 31, 2020 and December 31, 2019

Total assets at December 31, 2020, amounted to $515.8 million, representing an increase of $95.0 million, or 22.6%, from $420.8 million at December 31, 2019. This increase partially resulted from net increases in loans receivable of $63.3 million and cash and cash equivalents of $37.3 million partially offset by a decrease in securities of $9.1 million.

Loans receivable, net, increased $63.3 million, or 17.3%, to $429.0 million at December 31, 2020 from $365.7 million at December 31, 2019. Commercial loans and commercial lines of credit increased $51.7 million, or 248.3%, from $20.8 million to $72.5 million. This increase was largely due to the Bank's participation in the SBA PPP loan program. The Bank originated over $62 million of these loans during 2020, and $58.1 million are included in loans receivable at December 31, 2020. Residential real estate mortgage loans increased $8.2 million, or 5.0%, from $166.1 million to $174.3 million. Commercial and multifamily real estate loans increased $7.2 million, or 4.1%, from $176.6 million to $183.8 million. Home equity and consumer loans decreased $929 thousand to $2.2 million at December 31, 2020. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by $47.2 million to $375.0 million at December 31, 2020 from $327.8 million at December 31, 2020. Non-interest bearing deposits increased $43.9 million, or 66.8%, and interest bearing deposits increased $3.2 million, or 1.2%. Over this twelve month period the net deposit activity consisted mainly of increases in DDA and NOW accounts of $55.4 million, savings accounts of $20.0 million, money market accounts of $751 thousand, partially offset by decrease in certificates of deposit of $29.0 million.

Borrowings increased by $39.2 million to $90.7 million at December 31, 2020 from $51.5 million at December 31, 2019. Federal Home Loan Bank Advances decreased $14.0 million to $30.0 million at December 31, 2020 from $44.0 million at December 31, 2019. In addition, Federal Reserve Advances from the Paycheck Protection Program Liquidity Facility increased to $46.7 million at December 31, 2020. There were no such advances at December 31, 2019.

Further the Company also issued $14.0 million of subordinated debt securities during the quarter ended December 31, 2020. The proceeds of this issuance were partially utilized to pay off its $ 7.5 million line of credit with Kearny Bank (formerly Millington Bank). In addition, the Company invested $4.0 million into the Bank to build Tier 1 Capital and retained approximately $2.0 million to provide an interest reserve to service the new debt. The debt carries a term and interest rate of 10 years and 6.0%, respectively, and is fixed for the first five years and then becomes floating at the three month term Secured Overnight Financing Rate ("SOFR") plus 579 basis points. The debt is callable at par on October 30, 2025.

Stockholders' equity increased by $1.5 million to $34.7 million at December 31, 2020, from $33.2 million at December 31, 2019. The increase was primarily attributable to $1.2 million increase in retained earnings. The ratio of stockholders' equity to total assets decreased to 6.7% at December 31, 2020 from 7.9% at December 31, 2019. Book value per share increased to $5.22 at December 31, 2020, from $5.00 at December 31, 2019.

ES BANCSHARES, INC.
STATEMENTS OF CONDITION
(In Thousands)
(Unaudited)

	12/31/2020	9/30/2020	6/30/2020	3/31/2020
ASSETS				
Cash and cash equivalents:	$ 62,533	$ 47,246	$ 60,147	$ 38,043
Securities - Available For Sale	6,464	7,156	7,776	8,386
Securities - Held To Maturity	-	-	-	-
Total Securities	6,464	7,156	7,776	8,386
Loans	434,417	431,770	434,556	373,411
Less: allowance for loan losses	(5,453)	(5,168)	(5,069)	(4,491)
Loans, net	428,964	426,602	429,487	368,920
Premises and equipment, net	4,432	4,426	4,437	4,488
Other assets	13,427	9,874	9,903	9,453
Total Assets	$ 515,820	$ 495,304	$ 511,750	$ 429,290
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits:				
Demand and NOW deposit accounts	$ 136,227	$ 123,567	$ 134,623	$ 95,358
Money market accounts	10,375	10,068	10,706	9,697
Savings accounts	137,964	128,447	124,473	122,386
Certificates of deposit	90,453	91,480	101,736	112,031
Total Deposits	375,019	353,562	371,538	339,472
Borrowings	90,659	98,042	98,042	49,500
Other Liabilities	15,437	9,298	8,369	6,939

Total Liabilities	481,115	460,902	477,949	395,911
Total Shareholders' Equity	34,705	34,402	33,801	33,379
Total Liabilities and Shareholders' Equity	$ 515,820	$ 495,304	$ 511,750	$ 429,290

Results of Operations for the Quarters Ended December 31, 2020 and December 31, 2019

General. For the quarter ended December 31, 2020, the Company recognized net income of $312 thousand, or $0.05 per basic share and $0.04 per diluted share, as compared to net income of $387 thousand, or $0.06 per basic and diluted share, for the quarter ended December 31, 2019.

Interest Income. Interest income increased to $4.78 million for the quarter ended December 31, 2020 compared to $4.50 million for the quarter ended December 31, 2019.

The average balance of the loan portfolio increased to $432.4 million for the quarter ended December 31, 2020 from $367.3 million for the quarter ended December 31, 2019 while the average yield decreased to 4.31% for the quarter ended December 31, 2020 from 4.63% for the quarter ended December 31, 2019. The average balance and yield of the Bank’s investment securities for the quarter ended December 31, 2020 was $6.5 million and 2.63%, respectively, as compared to an average balance of $15.3 million and a yield of 2.80% for the comparable quarter ended one-year earlier.

Interest Expense. Total interest expense for the quarter ended December 31, 2020, decreased by $763 thousand to $901 thousand from $1.7 million for the prior year period**.** Average balances of total interest-bearing liabilities increased $45.1 million to $361.4 million for the quarter ended December 31, 2020, from $316.3 million for the quarter ended December 31, 2019. The average cost for those liabilities decreased to 0.99% from 2.09% for the same respective period one year earlier.

The average balances of the Bank’s certificates of deposit portfolio decreased to $90.4 million at an average cost of 1.36% over the quarter ended December 31, 2020, from $123.4 million at an average cost of 2.27% over the same quarter ended one-year earlier. Regular savings account average balances increased to $136.1 million, from $117.4 million for the quarter ended December 31, 2020. These had an average cost of 0.48% for the quarter ended December 31, 2020 compared to an average cost of 1.97% for the quarter ended December 31, 2019.

Average money market account balances increased $1.5 million to $10.4 million at an average cost of 0.19% for the quarter ended December 31, 2020, from $8.9 million at an average cost of 0.63% for the quarter ended December 31, 2019.

For the quarter ended December 31, 2020, the average balance of the Company’s borrowed funds was $99.4 million with an average cost of 1.56%, as compared to $51.5 million and an average cost of 2.65% for the quarter ended December 31, 2019**.**

Net Interest Income. Net interest income increased $1.05 million from $2.83 million for the quarter ended December 31, 2019, to $3.88 million for the quarter ended December 31, 2020**.** The average interest rate spread increased to 2.81% for the quarter ended December 31, 2020, from 2.30% for the quarter ended December 31, 2019, while our net interest margin increased to 3.08% from 2.76%, over the same respective periods.

***Provision for Loan Losses*.** For the quarter ended December 31, 2020, management recorded a $600 thousand provision for loan losses. Comparatively, there was $40 thousand provision for loan loss for the quarter ended December 31, 2019. The Bank has taken an additional provision for loan loss in conjunction with a Pandemic Stress Testing initiative of the loan portfolio under several stress scenarios to build reserves pending the credit impact of the COVID-19 pandemic. Further, the Bank took an additional write-down of its taxi medallion loan portfolio resulting in a charge-off of $299 thousand in the quarter ended December 31, 2020.

In accordance with the CARES Act, during the quarter ended June 30, 2020, the Bank granted loan deferments for as much as $123.4 million. As of December 31, 2020, this amount has been reduced to $4.2 million. $1.9 million of these deferments are to commercial real estate loans, $1.4 million to taxi medallion loans, $535 thousand to owner occupied residential loans and $409 thousand to commercial loans. The Bank continues to accrue interest on these loans while on deferral, and in accordance with Interagency Guidance has not needed to apply troubled debt restructuring accounting.

With loan to value ratios on the commercial real estate portfolio in the 50-55% range, sound underwriting criteria, and the strong creditworthiness of the borrowers, the Bank is encouraged as loans have begun to resume making payments.

Management records loan loss provision to reflect the overall growth in the portfolio as well as the evaluated risk in the portfolio. The provision recorded during the period was done so in conjunction with the Bank’s allowance for loan loss methodology. It is calculated using a historical charge-off basis as well as other qualitative factors which reflect management’s overall perceived risk in the portfolio.

Non-Interest Income. Non-interest income for the quarter ended December 31, 2020 decreased $155 thousand to $159 thousand as compared to $314 thousand for the quarter ended December 31, 2019. This net decrease was primary attributable to net decreases in loan fee income of $82 thousand and in deposit account service charges of $56 thousand.

Non-Interest Expense. Non-interest expense for the quarter ended December 31, 2020 increased $439 thousand when compared to the same quarter in 2019, primarily resulting from net increase in other operating expense of $142 thousand, compensation and benefits of $102 thousand, occupancy and equipment of $94 thousand, professional fees of $54 thousand and data processing of $36 thousand. The increase in other operating expenses was largely related to expenses associated with the abovementioned issuance of subordinated debt and the write-down of a repossessed taxi medallion. Increases in compensation expenses were largely due to increased staffing, while increases in occupancy and equipment expenses are partially due to pandemic related expenditures and increases in professional fees were associated pandemic loan stress testing and compliance related matters.

Income Tax Expense. Income tax expense was $94 thousand for the quarter ended December 31, 2020 as compared to $124 thousand for the quarter ended December 31, 2019.

Results of Operations for the Twelve Months Ended December 31, 2020 and December 31, 2019

General. For the twelve months ended December 31, 2020, the Company recognized net income of $1.21 million, or $0.18 per basic and $0.17 per diluted share, as compared to net income of $1.60 million, or $0.34 per basic and diluted share, for the twelve months ended December 31, 2019.

Interest Income. Interest income increased by $882 thousand, from $17.91 million to $18.79 million, for the twelve months ended December 31, 2020 compared to the twelve months ended December 31, 2019. This increase was primarily attributable to a net increase in interest income on loans of $1.2 million partially offset be a net decrease in interest income on securities of $271 thousand.

The average balance of the loan portfolio increased to $413.8 million for the twelve months ended December 31, 2020 from $364.6 million for the twelve months ended December 31, 2019, while the average yield decreased to 4.39% from 4.66% for the twelve months ended December 31, 2020 and December 31, 2019. The average balance and yield of the Bank's investment securities for the twelve months ended December 31, 2020, was $8.9 million and 2.70%, respectively, as compared to an average balance of $17.3 million and a yield of 2.96% for the comparable twelve month period one-year earlier.

Interest Expense. Total interest expense for the twelve months ended December 31, 2020, decreased by $2.1 million, from $6.5 million to $4.4 million, when compared to the prior year period. Average balances of total interest-bearing liabilities increased $29.8 million to $340.9 million for the twelve months ended December 31, 2020, from $311.1 million for the twelve months ended December 31, 2019. The average cost for those liabilities decreased to 1.30% from 2.09% for the same respective period one year earlier reflecting.

The average balances of the Bank's certificates of deposit portfolio decreased to $102.4 million at an average cost of 1.82% over the twelve months ended December 31, 2020, from $131.2 million at an average cost of 2.27% over the same period one-year earlier. Regular savings account average balances increased by $28.7 million to $127.7 million. These had an average cost of 0.88% for the twelve months ended December 31, 2020 compared to an average cost of 1.87% for the twelve months ended December 31, 2019.

Average money market account balances increased $274 thousand to $10.1 million at an average cost of 0.32% for the quarter ended December 31, 2020, from $9.8 million at an average cost of 0.59% for the quarter ended December 31, 2019.

For the twelve months ended December 31, 2020, the average balance of the Company's borrowed funds was $82.4 million, and its average cost was 1.62%, as compared to $56.8 million and an average cost of 2.73% for the twelve months ended December 31, 2019.

Net Interest Income. Net interest income was approximately $14.4 million for the twelve months ended December 31, 2020, as compared to $11.4 million for the same period in the prior year. Our interest rate spread increased to 2.68% for the twelve months ended December 31, 2020, from 2.43% for the twelve months ended December 31, 2019, while our net interest margin increased to 3.04% from 2.88%, over the same respective periods.

Provision for Loan Losses**.** For the twelve months ended December 31, 2020, management recorded a $2.8 million provision for loan losses. Comparatively, the provision was $325 thousand for the twelve months ended December 31, 2019. The Bank has taken an additional provision for loan loss in conjunction with a Pandemic Stress Testing initiative of the loan portfolio under several stress scenarios to build reserves pending the credit impact of the COVID-19 pandemic. Further, the Bank took an additional write-down of its taxi medallion loan portfolio resulting in a charge-off of $680 thousand in the year ended December 31, 2020.

In accordance with the CARES Act, during the quarter ended June 30, 2020, the Bank granted loan deferments for as much as $123.4 million. As of December 31, 2020, this amount has been reduced to $4.2 million. $1.9 million of these deferments are to commercial real estate loans, $1.4 million to taxi medallion loans, $535 thousand to owner occupied residential loans and $409 thousand to commercial loans. The Bank continues to accrue interest on these loans while under deferment, and in accordance with Interagency Guidance has not needed to apply troubled debt restructuring accounting.

With loan to value ratios on the commercial real estate portfolio in the 50-55% range, sound underwriting criteria, and the strong creditworthiness of the borrowers, the Bank is encouraged as loans have begun to resume making payments.

Management records loan loss provision to reflect the overall growth in the portfolio as well as the evaluated risk in the portfolio. The provision recorded during the period was done so in conjunction with the Bank's allowance for loan loss methodology. It is calculated using a historical charge-off basis as well as other qualitative factors which reflect management's overall perceived risk in the portfolio.

Non-Interest Income. Non-interest income for the twelve months ended December 31, 2020 decreased $210 thousand to approximately $785 thousand as compared to $995 thousand for the twelve months ended December 31, 2019. This decrease was primarily the result of a net decreases in loan fee income of $234 thousand and deposit account service charges of $219 thousand partially offset by net increases in other income of $194 thousand and gain on sale of loans of $80 thousand.

Non-Interest Expense. Non-interest expense for the twelve months ended December 31, 2020 increased $823 thousand when compared to the same period in 2019. This net increase was primarily attributable to net increases other expenses of $373 thousand, occupancy and equipment of $183 thousand and professional fees of $125 thousand. The increase in other operating expenses was largely related to expenses associated with the abovementioned issuance of subordinated debt and the write-down of a repossessed taxi medallion. Increases in compensation expenses were largely due to increased staffing, while increases in occupancy and equipment expenses are partially due to pandemic related expenditures and increases in professional fees were associated with pandemic loan stress testing and compliance related matters.

Income Tax Expense. Income tax expense was $369 thousand for the twelve months ended December 31, 2020 as compared to $512 thousand for the twelve months ended December 31, 2019.

ES BANCSHARES, INC.
STATEMENTS OF INCOME
(In Thousands)
(Unaudited)

	Quarter to Date 12/31/2020	Quarter to Date 12/31/2019	Year to Date 12/31/2020	Year to Date 12/31/2019
Total interest income	$ 4,783	$ 4,497	$ 18,788	$ 17,906
Total interest expense	901	1,664	4,430	6,504
Net interest income	3,882	2,833	14,358	11,402
Provision for loan losses	600	40	2,781	325
Net interest income after provision for loan loss	3,282	2,793	11,577	11,077
Total non-interest income	159	314	785	995
Compensation and benefits	1,441	1,339	5,336	5,283
Occupancy and equipment	531	437	1,861	1,678
Professional fees	192	138	660	535
Data processing service fees	189	153	734	616
NYS Banking & FDIC Assessment	72	61	272	301
Other operating expenses	610	468	1,925	1,552
Total non-interest expense	3,035	2,596	10,788	9,965
Net Income Before Taxes	406	511	1,574	2,107
Provision for income taxes	94	124	369	512
Net income	312	387	1,205	1,595

	Quarter Ended 12/31/2020	Quarter Ended 9/30/2020	Quarter Ended 6/30/2020	Quarter Ended 3/31/2020
Total interest income	$ 4,783	$ 4,762	$ 4,736	$ 4,507
Total interest expense	901	965	1,147	1,417
Net interest income	3,882	3,797	3,589	3,090
Provision for loan losses	600	480	750	951
Net interest income after provision for loan loss	3,282	3,317	2,839	2,139
Other non-interest income	159	144	100	382
Compensation and benefits	1,441	1,306	1,237	1,352
Occupancy and equipment	531	459	457	414
Professional fees	192	165	149	154
Data processing service fees	189	189	180	176
NYS Banking & FDIC Assessment	72	73	48	79
Other operating expenses	610	478	385	452
Total non-interest expense	3,035	2,670	2,456	2,627
Net Income Before Taxes	406	791	483	(106)
Provision for income taxes	94	175	111	(11)
Net income	312	616	372	(95)
Basic Earnings per Share	$ 0.05	$ 0.09	$ 0.06	$ (0.01)

Diluted Earnings per Share	$ 0.04	$ 0.09	$ 0.05	$ (0.01)

ES BANCSHARES, INC.
OTHER FINANCIAL MEASURES
(In Thousands)
(Unaudited)

	Quarter Ended 12/31/2020	Quarter Ended 9/30/2020	Quarter Ended 6/30/2020	Quarter Ended 3/31/2020
Asset Quality				
Allowance for Loan Losses	$ 5,453	$ 5,168	$ 5,069	$ 4,491
Nonperforming Loans / Total Loans	0.46%	0.50%	0.42%	0.48%
Nonperforming Assets / Total Assets	0.42%	0.48%	0.40%	0.47%
ALLL / Nonperforming Loans	273.20%	237.06%	279.44%	251.46%
ALLL / Loans, Gross	1.26%	1.20%	1.17%	1.20%
ALLL / Loans, Gross (excl SBA PPP loans)	1.45%	1.40%	1.36%	
Capital				
Shares Issue - Basic	6,648,320	6,648,320	6,648,320	6,648,320
Book Value per Share	$ 5.22	$ 5.17	$ 5.08	$ 5.02
Tangible Book Value per Share	$ 5.13	$ 5.09	$ 5.00	$ 4.93
Tier 1 Capital Ratio	9.70%	9.07%	8.59%	9.28%
Tier 1 Risk Based Capital Ratio	15.47%	14.23%	13.87%	13.73%
Total Risk Based Capital Ratio	16.73%	15.49%	15.12%	14.98%

	Quarter Ended 12/31/2020	Quarter Ended 9/30/2020	Quarter Ended 6/30/2020	Quarter Ended 3/31/2020
Profitability				
Yield on Average Earning Assets	3.80%	3.90%	3.88%	4.40%
Cost of Avg. Interest Bearing Liabilities	0.99%	1.09%	1.34%	1.85%
Net Spread	2.81%	2.80%	2.54%	2.55%
Net Margin	3.08%	3.11%	2.94%	3.02%

This release may contain certain forward-looking statements within the 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 Empire State Bank’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.

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