



ES BANCSHARES, INC. REPORTS A RETURN ON AVERAGE ASSETS AND EQUITY OF 1.73% AND 22.83%, RESPECTIVELY, FOR THE QUARTER ENDED JUNE 30, 2022. TANGIBLE BOOK VALUE PER SHARE INCREASES 5%; CONTINUES UPWARD TREND

STATEN ISLAND, N.Y., August 01, 2022 (GLOBE NEWSWIRE) – ES Bancshares, Inc. (OTCQX: ESBS) (the “Company”) the holding company for Empire State Bank, (the “Bank”) today announced net income of \$2.3 million, or \$0.35 per diluted common share for the quarter ended June 30, 2022.

Key Financial Data				2Q22 Highlights
Profitability Metrics	2Q22	1Q22	2Q21	
Return on average assets (%)	1.73%	0.90%	0.82%	<ul style="list-style-type: none"> • Net Revenues of \$6.4 million including \$4.4 million of net interest income and \$2.0 million of non-interest income • Net Income of \$2.3 million and diluted earnings per common share of \$0.35 • Return on average assets of 1.73% and return on average equity of 22.83%. Excluding Newburgh, NY branch sale, gain on sale of \$1.8 million and tax effected, return on average assets of 0.94% and average equity of 12.92% • Average loans decreased 5% year-over-year but increased 4% since prior quarter. Average loans, net of PPP, grew 10% year-over-year and grew 6% since prior quarter. • Average total deposits growth of 12% year-over-year and 1% quarter over quarter. Adjusting for the Newburgh NY location average total deposits increased 17% year over year and 2% quarter over quarter. • Newburgh branch transaction included \$68 million in deposits and \$9.8 million in loans.
Return on average common equity (%)	22.83%	11.78%	11.61%	
Return on tangible common equity (%)	23.15%	11.96%	11.80%	
Net interest margin (%)	3.51%	3.67%	3.60%	
Income Statement (a)	2Q22	1Q22	2Q21	
Net interest income	\$4,371	\$4,361	\$4,588	
Non-interest income	\$2,043	\$504	\$209	
Net income	\$2,354	\$1,180	\$1,232	
Diluted earnings per common share	\$0.35	\$0.18	\$0.16	
Balance Sheet (a)	2Q22	1Q22	2Q21	
Average total loans	\$429,730	\$414,336	\$452,184	
Average total deposits	\$453,644	\$449,034	\$405,920	
Book value per common share	\$6.37	\$6.04	\$5.52	

(a) In thousands except for per share amounts

Phil Guarnieri, Chief Executive Officer and Director of ES Bancshares, Inc. commented on the quarter stating, “In the second quarter, we attained record net revenue, supported by strong growth in loans and a gain-on-sale related to our Newburgh, NY branch sale. We posted diluted earnings per share of \$0.35. Loan growth was robust with locally sourced deals which when annualized equate to more than 10% loan growth, displaying execution of our strategic plan. This quarter our return on tangible common equity was 13.11% excluding the gain-on-sale. Credit quality remains strong, and the Company continues to feel well positioned for the range of possible outcomes given our centralized footprint, capital ratios and our tactful lending strategy.”

Tom Sperzel, President, Chief Operating Officer and Director of ES Bancshares, Inc. added, “The Bank continues to focus its resources and expand its footprint in local markets through its full range of products. The locally sourced relationships and traditional loan growth have replaced income earned from the Paycheck Protection Program (“PPP”). Additionally, we are enthusiastic to announce that the Bank will be undergoing a core conversion in the third quarter which will bring further value to both customers and shareholders.”

Further Phil Guarnieri stated, “We remain focused on long-term shareholder value in the Company’s 18th year of business and are looking forward to the Company’s future.”



Financial Condition

As of June 30, 2022, total assets were \$505 million, a decrease of \$11 million, or 2.1%, as compared to total assets of \$516 million on December 31, 2021. The decrease in assets resulted primarily from the sale of our Newburgh office, which consummated on June 24, 2022, and which included the sale of approximately \$68 million of deposits and \$9.8 million of loans.

Net loans receivable decreased \$4.0 million, or 0.93%, to \$418.2 million as of June 30, 2022, as compared to \$422.2 million as of December 31, 2021. The decrease in net loans receivable was driven by PPP loan forgiveness and repayment of \$21.9 million, \$9.8 million in loan sales associated with the branch sale, non-PPP loan repayments and payoffs totaling \$29.9 million offset by strong non-PPP loan growth of \$57.6 million. The allowance for loan losses was \$5.8 million on June 30, 2022, and March 31, 2022, or 1.37% and 1.38% of total loans, respectively.

Total deposits decreased \$35.7 million, or 8.2% to \$398.0 million as of June 30, 2022, from \$433.7 million at December 31, 2021. The decrease in deposits reflects \$68 million of deposits sold in the branch sale offset, in part, by brokered deposits increases of \$9.7 million and organic deposit growth of \$22.3 million.

As of June 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 9.94%, 15.77%, 15.77% and 17.03%, respectively, all in excess of the ratios required to be deemed "well-capitalized." As of June 30, 2022, the return on average common equity and return on tangible common equity was 22.83% and 23.15% respectively. Goodwill was \$581 thousand as of June 30, 2022, and December 31, 2021.

Financial Performance Overview:

Comparison of Financial Results for the Quarter Ended June 30, 2022, and March 31, 2022

For the three months ended June 30, 2022, net income totaled \$2.3 million, which reflects an increase of \$1.1 million, in comparison to \$1.2 million for the three months ended March 31, 2022. The increase quarter over quarter resulted primarily from the branch sale which resulted in \$1.8 million income, net of costs and fees of the transaction.

Net interest income for the three months ended June 30, 2022, was relatively unchanged at \$4.37 million compared to \$4.36 million for March 31, 2022. For the three months ending June 30, 2022, PPP income was \$239 thousand, a decrease of \$198 thousand from \$437 thousand collected in the first quarter of 2022.

There was no provision for loan losses for the three months ended June 30, 2022, compared to a benefit for loan losses of \$113 thousand for the three months ended March 31, 2022. Net recoveries for the three months ended June 30, 2022, totaled \$65 thousand. The benefit for the first quarter was attributed to improved asset quality, which resulted in a lower reserve required.

Non-interest income increased \$1.5 million, to \$2.0 million for the three months ended June 30, 2022, compared with non-interest income of \$504 thousand for the three months ended March 31, 2022. This increase resulted primarily from net gain on sale associated with the abovementioned branch sale.



Non-interest expense totaled \$3.49 million for the three months ended June 30, 2022, compared to \$3.47 million the three months ended March 31, 2022, or an increase of 0.40%. The increase can be attributed to compensation expense netted against reduced professional fees and occupancy and equipment costs.

Comparison of Results of Operations for the Six Months Ended June 30, 2022, and June 30, 2021

For the six months ended June 30, 2022, the Company recorded net income of \$3.5 million, which reflects an increase of \$1.4 million, in comparison to net income of \$2.1 million for the six months ended June 30, 2021.

Net interest income for the six months ended June 30, 2022, increased \$75 thousand to \$8.73 million, as compared to \$8.66 million for the six months ended June 30, 2021. For six months ending June 30, 2022, PPP income was \$676 thousand, a decrease of \$478 thousand, from \$1.15 million in the same period in 2021.

For the six months ended June 30, 2022, the Company recorded a benefit for loan loss in the amount of \$178 thousand, as compared to a provision for loan loss of \$510 thousand for the six months ended June 30, 2021. The benefit for the first six months of 2022 was attributed to improved asset quality, which resulted in a lower reserve required along with the Bank being in a net recovery position.

Non-interest income increased \$2.2 million, to \$2.5 million for the six months ended June 30, 2022, compared with non-interest income of \$377 thousand for the six months ended June 30, 2021. This increase is attributed to a net gain on sale on the branch of \$1.8 million and loan sales that totaled \$241 thousand.

Non-interest expense increased by \$1.1 million, or 18%, to \$7.0 million for the six months ended June 30, 2022, as compared to \$5.9 million for the six months ended June 30, 2021. The increased expense is attributed to increased compensation and benefits expense, professional fees and 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 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.

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

	June 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	\$ 27,221	\$ 59,078
Securities	33,258	11,192
Loans receivable, net:		
Real estate mortgage loans	400,502	378,126
Commercial and Lines of Credit	16,725	41,879
Construction Loans	600	560
Home Equity and Consumer Loans	2,983	5,187
Deferred fee (income) cost	3,269	2,353
Allowance for loan losses	(5,756)	(5,869)
Total loans receivable, net	418,323	422,236
Investment in restricted stock, at cost	3,433	2,502
Bank premises and equipment, net	5,628	6,427
Accrued interest receivable	1,685	1,827
Goodwill	581	581
Repossessed assets	235	-
Bank Owned Life Insurance	5,134	5,067
Other Assets	9,219	6,781
Total Assets	\$ 504,717	\$ 515,691
Liabilities & Stockholders' Equity		
Non-Interest-Bearing Deposits	131,481	149,769
Interest-Bearing Deposits	246,827	273,876
Brokered Deposits	19,727	10,040
Total Deposits	398,035	433,685
Bond Issue	14,104	12,136
Borrowed Money	49,000	29,169
Other Liabilities	1,125	1,454
Total Liabilities	462,264	476,444
Stockholders' equity	42,453	39,247
Total liabilities and stockholders' equity	\$ 504,717	\$ 515,691



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

	Three Months Ended		Six Months Ended	
	6/30/2022	3/31/2022	6/30/2022	6/30/2021
Interest income				
Loans	\$ 4,672	\$ 4,771	\$ 9,443	\$ 9,978
Securities	163	91	254	57
Other interest-earning assets	157	64	221	137
Total Interest Income	<u>4,992</u>	<u>4,926</u>	<u>9,918</u>	<u>10,172</u>
Interest expense				
Deposits	347	294	641	776
Borrowings	274	271	545	739
Total Interest Expense	<u>621</u>	<u>565</u>	<u>1,186</u>	<u>1,515</u>
Net Interest Income	4,371	4,361	8,732	8,657
(Benefit)/Prov for Loan Losses	<u>(65)</u>	<u>(113)</u>	<u>(178)</u>	<u>510</u>
Net Interest Income after (Benefit)/Prov for Loan Losses	<u>4,436</u>	<u>4,474</u>	<u>8,910</u>	<u>8,147</u>
Non-interest income				
Deposit account service charges	88	84	172	222
Loan fee income	76	141	217	145
Gain on Loan Sales	-	241	241	-
Gain on Branch Sale	1,782	-	1,782	-
Other	97	38	135	10
Total non-interest income	<u>2,043</u>	<u>504</u>	<u>2,547</u>	<u>377</u>
Non-interest expenses				
Compensation and benefits	1,839	1,721	3,560	3,033
Occupancy and equipment	666	689	1,355	1,187
Data processing service fees	262	260	522	459
Marketing	100	108	208	131
Professional fees	205	255	460	269
NYS Banking & FDIC Assessments	73	82	155	154
Printing & Office Supplies	29	44	73	75
Insurance	32	38	70	63
Other	280	275	555	510
Total non-interest expense	<u>3,486</u>	<u>3,472</u>	<u>6,958</u>	<u>5,881</u>
Income prior to tax expense	<u>2,993</u>	<u>1,506</u>	<u>4,499</u>	<u>2,643</u>
Income taxes	639	326	965	574
Net Income	<u>\$ 2,354</u>	<u>\$ 1,180</u>	<u>\$ 3,534</u>	<u>\$ 2,069</u>

Five Quarter Performance Ratio Highlights	Three Months Ended				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30 2021
Income Statement					
Return on Average Assets	1.73%	0.90%	1.04%	0.95%	0.82%
Return on Average Equity	22.83%	11.78%	13.82%	12.98%	11.61%
Efficiency Ratio	52.56%	68.27%	62.17%	64.53%	63.84%
Yields / Costs					
Average Yield - Interest Earning Assets	3.82%	3.95%	4.29%	4.15%	3.99%
Average Cost of Funds	0.34%	0.31%	0.31%	0.33%	0.44%
Net Interest Margin	3.51%	3.67%	4.01%	3.84%	3.60%
Capital Ratios					
Equity / Assets	7.85%	7.43%	7.61%	7.52%	7.11%
Tangible Equity / Assets	7.75%	7.33%	7.51%	7.42%	7.00%
Tier I leverage ratio ^(a)	9.9%	10.0%	9.9%	9.6%	9.6%
Common equity Tier I capital ratio ^(a)	15.8%	15.5%	15.5%	15.6%	15.7%
Tier 1 Risk-based capital ratio ^(a)	15.8%	15.5%	15.5%	15.6%	15.7%
Total Risk-based capital ratio ^(a)	17.0%	16.8%	16.7%	16.9%	16.9%
Stock Valuation					
Book Value	\$ 6.37	\$ 6.04	\$ 5.90	\$ 5.71	\$ 5.52
Tangible Book Value	\$ 6.28	\$ 5.96	\$ 5.82	\$ 5.62	\$ 5.44
Diluted EPS	\$ 0.35	\$ 0.18	\$ 0.20	\$ 0.18	\$ 0.16
Shares Outstanding ^(b)	6,663	6,663	6,648	6,648	6,648
Asset Quality					
ALLL / Total Loans	1.37%	1.38%	1.37%	1.33%	1.27%
Non-Performing Loans / Total Loans	0.38%	0.42%	0.45%	0.43%	0.39%
Non-Performing Assets / Total Assets	0.37%	0.39%	0.38%	0.39%	0.36%

(a) Ratios at the Bank level (b) Shares outstanding presented in thousands