



**ES Bancshares reports a 47% increase in earnings to \$986 thousand, or \$0.29 per common share for the year ended December 31, 2017, as compared to \$672 thousand or \$0.21 per common share for the year ended December 31, 2016**

**ES Bancshares reports a 47% increase in earnings to \$986 thousand, or \$0.29 per common share for the year ended December 31, 2017, as compared to \$672 thousand or \$0.21 per common share for the year ended December 31, 2016.**

**The Company recorded a loss for the quarter ended December 31, 2017 of \$116 thousand, or \$0.04 per share, compared to net income of \$333 thousand, or \$0.10 per share for the comparable period in 2016.**

**Tangible book value per share increases to \$4.94 representing a 6% increase from the comparable period in 2016.**

NEWBURGH, N.Y., April 02, 2018 (GLOBE NEWSWIRE) -- ES Bancshares, Inc. (OTC:ESBS) (the "Company") the holding company for Empire State Bank, (the "Bank") today announced a \$314 thousand increase in net income to \$986 thousand, or \$0.29 per common share for the year ended December 31, 2017, as compared to \$672 thousand, or \$0.21 per common share for the quarter ended December 31, 2016. The improvement was largely driven by a \$1.3 million, or 17.4% increase in net interest income, and the \$1.7 million gain on the sale of the New Paltz branch. These increases were offset largely by a \$1.4 million increase in the provision for loan losses. The increase in net interest income was largely due to a \$54.8 million or 27.1% increase in loans receivable to \$256.8 million as of December 31, 2017 compared to \$202.0 million as of December 31, 2016.

A net loss of \$116 thousand, or \$0.04 per share for the quarter ended December 31, was recorded compared to net income of 333 thousand, or \$0.10 per share for the period ended December 31, 2016. The primary drivers for the decrease were a \$521 thousand provision for income taxes largely driven by the \$383 thousand write down of the Bank's Deferred Tax Asset. This resulted from the enactment of the Tax Cuts and Jobs Act of 2017 in addition to a \$320 thousand increase in the Provision for Loan Loss resulting from the further write-down of the Bank's Tax Medallion Loan portfolio.

Chief Executive Officer Philip Guarnieri stated that "the Bank continues to improve core earnings through net interest income from loan growth and continued strong asset quality. He further stated that "2017 was a pivotal year for the Bank with the successful sale of the New Paltz branch, and a successful common stock offering, both improving the capital position of the Bank. We are pleased with the growth of the loan portfolio as we focus on our core products of traditional real estate lending and expand our small business lending, including SBA loans. We will continue to move forward and focus on improving asset quality, and further improving the capital position of the Bank to support future growth."

President and Chief Operating Officer Thomas Sperzel commented that "the Bank has received approval from the New York State Department of Financial Services and the Federal Reserve to expand the branch network in Brooklyn and Staten Island, NY." He further stated that "Management is working hard to have these branches open and operational by mid-year 2018, and expects significant contributions to deposits and loans from these locations."

#### FINANCIAL HIGHLIGHTS

- Net income of \$986 thousand for the year to date ended December 31, 2017 compared to \$672 thousand for the comparable period in 2016, representing an increase of \$314 thousand, or 46.7%.

- Net loss of \$116 thousand for the quarter ended December 31, 2017 compared to net income of \$333 thousand for the comparable period in 2016.
- Net income before taxes of \$2.27 million for the year to date ended December 31, 2017 compared to \$1.14 million for the comparable period in 2016, representing an increase of \$1.13 million, or 99%.
- Net income before taxes of \$405 thousand for the quarter ended December 31, 2017 remained the same for the comparable period in 2016.
- Net interest income of \$2.25 million for the quarter ended December 31, 2017 compared to \$1.95 million for the comparable period in 2016, representing an increase of \$300 thousand, or 15%.
- Net margin of 3.32% for the quarter ended December 31, 2017 compared to 3.31% for the comparable period in 2016, representing an increase of 1 bps, or 0.02%.
- Capital ratios of 9.5%, 11.9% and 13.2% for each of the Tier 1 Leverage ratio, Tier 1 Risk Based Capital ratio and Total risk Based Capital ratio, respectively.

### Comparison of Financial Condition at December 31, 2017 and December 31, 2016

Total assets at December 31, 2017, amounted to \$288.6 million, representing an increase of \$51.7 million, or 21.9%, from \$236.9 million at December 31, 2016. This increase partially resulted from net increase in loans receivable of \$54.4 million and cash and cash equivalents of \$5.0, partially offset by a net decrease in loans held for sale of \$6.6 million.

Loans receivable, net, increased \$54.4 million, or 27.3%, to \$253.8 million at December 31, 2017 from \$199.4 million at December 31, 2016. Commercial loans and commercial lines of credit decreased \$8.8 million, or 23.7%, from \$37.1 million to \$28.3 million. Commercial and multifamily real estate loans increased \$41.6 million, or 35.3%, from \$118.1 million to \$159.7 million. Home equity and consumer loans decreased \$1.4 million to \$4.2 million at December 31, 2017. Residential real estate mortgage loans increased \$23.4 million, or 60.5%, from \$38.8 million to \$62.2 million. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by \$11.5 million to \$217.2 million at December 31, 2017 from \$205.7 million at December 31, 2016. This increase is net of the sale of the New Paltz Branch in which \$31.3 million of deposits were sold. Non-interest bearing deposits increased \$7.5 million and interest bearing deposits increased \$4.0 million. Over this twelve month period the net deposit activity consisted mainly of increases in savings accounts of \$19.8 million, DDA and NOW accounts of \$5.8 million offset by decreases in money market accounts of \$12.7 million and certificates of deposit of \$1.3 million.

Borrowings increased by \$36.2 million to \$48.5 million at December 31, 2017 from \$12.3 million at December 31, 2016.

Stockholders' equity increased by \$3.7 million to \$19.7 million at December 31, 2017, from \$16.0 million at December 31, 2016. The increase was primarily attributable to \$2.7 million capital raise and \$988 thousand increase in retained earnings. The ratio of stockholders' equity to total assets increased to 6.8% at December 31, 2017 from 6.7% at December 31, 2016. Book value per share increased to \$5.94 at December 31, 2017, from \$4.82 at December 31, 2016.

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

	12/31/2017	9/30/2017	6/30/2017	3/31/2017
<b>ASSETS</b>				
Cash and cash equivalents:	\$ 15,745	\$ 11,353	\$ 14,042	\$ 12,773
Securities - Available For Sale	4,397	4,469	4,530	5,052
Securities - Held To Maturity	5,146	5,440	5,762	6,069
Total Securities	9,543	9,909	10,292	11,121

Loans held for sale	-	-	-	6,659
Loans	256,819	241,252	228,302	217,177
Less: allowance for loan losses	<u>(2,982)</u>	<u>(3,449)</u>	<u>(3,335)</u>	<u>(2,881)</u>
Loans, net	253,837	237,803	224,967	214,296
Premises and equipment, net	2,963	2,973	3,035	3,084
Other assets	<u>6,532</u>	<u>7,388</u>	<u>6,587</u>	<u>6,051</u>
Total Assets	<u>\$ 288,620</u>	<u>\$ 269,426</u>	<u>\$ 258,923</u>	<u>\$ 253,984</u>

#### LIABILITIES AND SHAREHOLDERS' EQUITY

##### Deposits:

Demand and NOW deposit accounts	\$ 80,725	\$ 76,328	\$ 77,988	\$ 82,137
Money market accounts	16,446	19,736	18,572	28,774
Savings accounts	65,625	56,149	53,757	47,877
Certificates of deposit	<u>54,422</u>	<u>54,440</u>	<u>53,935</u>	<u>55,535</u>
Total Deposits	217,218	206,653	204,252	214,323
Borrowings	48,500	41,500	31,500	20,250
Other Liabilities	<u>3,210</u>	<u>4,139</u>	<u>6,289</u>	<u>3,313</u>
Total Liabilities	268,928	252,292	242,041	237,886
Total Shareholders' Equity	<u>19,692</u>	<u>17,134</u>	<u>16,882</u>	<u>16,098</u>
Total Liabilities and Shareholders' Equity	<u>\$ 288,620</u>	<u>\$ 269,426</u>	<u>\$ 258,923</u>	<u>\$ 253,984</u>

#### Results of Operations for the Quarters Ended December 31, 2017 and December 31, 2016

**General.** For the quarter ended December 31, 2017, the Company recognized a net loss of \$116 thousand, or (\$0.03) per basic and diluted share, as compared to net income of \$333 thousand, or \$0.10 per basic and diluted share, for the quarter ended December 31, 2016.

**Interest Income.** Interest income increased to \$2.88 million for the quarter ended December 31, 2017 compared to \$2.41 million for the quarter ended December 31, 2016.

The average balance of the loan portfolio increased to \$247.6 million for the quarter ended December 31, 2017 from \$206.3 million for the quarter ended December 31, 2016 while the average yield increased to 4.43% for the quarter ended December 31, 2017 from 4.41% for the quarter ended December 31, 2016. The average balance and yield of the Bank's investment securities for the quarter ended December 31, 2017 was \$9.7 million and 3.08%, respectively, as compared to an average balance of \$11.7 million and a yield of 3.18% for the comparable quarter ended one-year earlier.

**Interest Expense.** Total interest expense for the quarter ended December 31, 2017, increased by \$181 thousand to \$639 thousand from \$458 thousand for the prior year period. Average balances of total interest-bearing liabilities increased \$21.5 million to \$186.8 million for the quarter ended December 31, 2017, from \$165.3 million for the quarter ended December 31, 2016. The average cost for those liabilities increased to 1.351% from 1.10% for the same respective period one year earlier.

The average balances of the Bank's certificates of deposit portfolio decreased to \$54.4 million at an average cost of 1.41% over the quarter ended December 31, 2017, from \$57.4 million at an average cost of 1.22% over the same quarter ended one-year earlier. Regular savings account average balances increased to \$61.2 million, from \$48.3 million for the quarter ended December 31, 2016. These had an average cost of 1.08% for the quarter ended December 31, 2017 compared to an average cost of 0.88% for the quarter ended December 31, 2016.

Average money market account balances decreased \$11.0 million to \$18.8 million at an average cost of 0.42% for the quarter ended December 31, 2017, from \$29.8 million at an average cost of 0.45% for the quarter ended December 31, 2016.

For the quarter ended December 31, 2017, the average balance of the Company's borrowed funds was \$40.3 million with an average cost of 2.40%, as compared to \$12.3 million and an average cost of 3.78% for the quarter ended December 31, 2016.

**Net Interest Income.** Net interest income increased \$298 thousand from \$1.95 million for the quarter ended December 31, 2016, to \$2.25 million for the quarter ended December 31, 2017. Our average interest rate spread decreased to 2.91% for the quarter ended December 31, 2017, from 2.98% for the quarter ended December 31, 2016, while our net interest margin increased to 3.32% from 3.31%, over the same respective periods.

**Provision for Loan Losses.** For the quarter ended December 31, 2017, management recorded a \$490 thousand provision for loan losses. Comparatively, there was \$185 thousand provision for loan loss for the quarter ended December 31, 2016. The increase in the provision was largely to accommodate certain restructurings within the Bank's Taxi Medallion loan portfolio.

**Non-Interest Income.** Non-interest income for the quarter ended December 31, 2017 decreased \$112 thousand to \$383 thousand as compared to \$495 thousand for the quarter ended December 31, 2016. This net decrease was primarily attributable to net decreases in gain on loan sales decreased \$61 thousand and loan fee income of \$60 thousand for the quarter ended December 31, 2017.

**Non-Interest Expense.** Non-interest expense for the quarter ended December 31, 2017 decreased \$119 thousand when compared to the same quarter in 2016, primarily resulting from net decreases in compensation and benefits of \$80 thousand and occupancy and equipment of \$22 thousand.

**Income Tax Expense.** Income tax expense was \$521 thousand for the quarter ended December 31, 2017 as compared to \$72 thousand for the quarter ended December 31, 2016.

#### **Results of Operations for the Twelve Months Ended December 31, 2017 and December 31, 2016**

**General.** For the twelve months ended December 31, 2017, the Company recognized net income of \$986 thousand, or \$0.26 per basic and diluted share, as compared to net income of \$672 thousand, or \$0.20 per basic and diluted share, for the twelve months ended December 31, 2016.

**Interest Income.** Interest income increased by \$1.93 million, from \$8.82 million to \$10.75 million, for the twelve months ended December 31, 2017 compared to the twelve months ended December 31, 2016. This increase was primarily attributable to a net increase in loans of \$1.9 million.

The average balance of the loan portfolio increased to \$231.0 million for the twelve months ended December 31, 2017 from \$186.9 million for the twelve months ended December 31, 2016, while the average yield decreased to 4.42% from 4.43% for the twelve months ended December 31, 2017 and December 31, 2016. The average balance and yield of the Bank's investment securities for the twelve months ended December 31, 2017, was \$10.4 million and 3.09%, respectively, as compared to an average balance of \$13.0 million and a yield of 3.20% for the comparable twelve month period one-year earlier.

**Interest Expense.** Total interest expense for the twelve months ended December 31, 2017, increased by \$662 thousand, from \$1.6 million to \$2.2 million, when compared to the prior year period. Average balances of total interest-bearing liabilities increased \$26.0 million to \$175.6 million for the twelve months ended December 31, 2017, from \$149.6 million for the twelve months ended December 31, 2016. The average cost for those liabilities increased to 1.26% from 1.04% for the same respective period one year earlier reflecting.

The average balances of the Bank's certificates of deposit portfolio decreased to \$55.0 million at an average cost of 1.34% over the twelve months ended December 31, 2017, from \$56.0 million at an average cost of 1.25% over the same period one-year earlier. Regular savings account average balances increased by \$17.1 million to \$53.8 million. These had an average cost of 1.03% for the twelve months ended December 31, 2017 compared to an average cost of 0.83% for the twelve months ended December 31, 2016.

Money market account average balances decreased by \$2.9 million to \$23.3 million. These had an average cost of 0.44% for the twelve months ended December 31, 2017 and December 31, 2016.

For the twelve months ended December 31, 2017, the average balance of the Company's borrowed funds was \$28.0 million and its average cost was 2.67%, as compared to \$16.2 million and an average cost of 2.24% for the twelve months ended December 31, 2016.

**Net Interest Income.** Net interest income was approximately \$8.5 million for the twelve months ended December 31, 2017, as compared to \$7.3 million for the same period in the prior year. Our interest rate spread decreased to 2.99% for the twelve months ended December 31, 2017, from 3.03% for the twelve months ended December 31, 2016, while our net interest margin increased to 3.38% from 3.35%, over the same respective periods.

**Provision for Loan Losses.** For the twelve months ended December 31, 2017, management recorded a \$2.0 million provision for loan losses. Comparatively, the provision was \$573 thousand for the twelve months ended December 31, 2016. The increase in the provision was largely to accommodate certain restructurings within the Bank's Taxi Medallion loan portfolio.

Certain Taxi Medallion loans were restructured to avoid any potential future criticism. Further, as the values of the Taxi Medallions have continued to decline, management has established specific reserves of \$1.2 million against this portfolio. Recent medallion transfer prices and a discounted cash flow model valuation output further supported by recent industry valuation trends were weighted to derive an estimated fair value of \$300,000 as of December 31, 2017.

As of December 31, 2017, the Taxi Medallion portfolio equals \$4.6 million representing 1.8% of the Bank's total loan portfolio.

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, 2017 increased \$1.5 million to approximately \$2.9 million as compared to \$1.4 million for the twelve months ended December 31, 2016. This increase was primarily the result of a net increase in gain on branch sale of \$1.8 million, partially offset by net decreases in gain on loan sales of \$122 thousand and gain on sale of securities of \$102 thousand.

**Non-Interest Expense.** Non-interest expense for the twelve months ended December 31, 2017 increased \$247 thousand when compared to the same period in 2016. This net increase was primarily attributable to net increases in other expense of \$100 thousand, professional fees of \$72 thousand and data processing service fees of \$51 thousand.

**Income Tax Expense.** Income tax expense was \$1.3 million for the twelve months ended December 31, 2017 as compared to \$468 thousand for the twelve months ended December 31, 2016.

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

	Quarter to Date 12/31/2017	Quarter to Date 12/31/2016	Year to Date 12/31/2017	Year to Date 12/31/2016
Total interest income	\$ 2,884	\$ 2,405	\$ 10,752	\$ 8,823
Total interest expense	639	458	2,213	1,551
Net interest income	2,245	1,947	8,539	7,272
Provision for loan losses	490	185	1,983	573

Net interest income after provision for loan loss	1,755	1,762	6,556	6,699
Gain on branch sale	0	0	1,764	0
Other non-interest income	383	495	1,174	1,416
	<u>383</u>	<u>495</u>	<u>2,938</u>	<u>1,416</u>
Compensation and benefits	969	1,049	3,937	3,897
Occupancy and equipment	240	262	987	1,025
Professional fees	80	99	519	447
Data processing service fees	99	104	427	376
NYS Banking & FDIC Assessment	51	61	216	223
Other operating expenses	294	277	1,136	1,007
Total non-interest expense	<u>1,733</u>	<u>1,852</u>	<u>7,222</u>	<u>6,975</u>
Net Income Before Taxes	405	405	2,272	1,140
Provision for income taxes	521	72	1,286	468
Net income	<u>(116)</u>	<u>333</u>	<u>986</u>	<u>672</u>

	Quarter Ended 12/31/2017	Quarter Ended 9/30/2017	Quarter Ended 6/30/2017	Quarter Ended 3/31/2017
Total interest income	\$ 2,884	\$ 2,692	\$ 2,705	\$ 2,471
Total interest expense	639	607	519	448
Net interest income	<u>2,245</u>	<u>2,085</u>	<u>2,186</u>	<u>2,023</u>
Provision for loan losses	490	173	1,125	195
Net interest income after provision for loan loss	1,755	1,912	1,061	1,828
Gain on branch sale	0	0	1,764	0
Other non-interest income	383	203	283	305
	<u>383</u>	<u>203</u>	<u>2,047</u>	<u>305</u>
Compensation and benefits	969	970	979	1,019
Occupancy and equipment	240	231	245	271
Professional fees	80	103	186	150
Data processing service fees	99	108	111	109
NYS Banking & FDIC Assessment	51	49	56	60
Other operating expenses	294	254	351	237
Total non-interest expense	<u>1,733</u>	<u>1,715</u>	<u>1,928</u>	<u>1,846</u>
Net Income Before Taxes	405	400	1,180	287
Provision for income taxes	521	165	436	164
Net income	<u>(116)</u>	<u>235</u>	<u>744</u>	<u>123</u>
Basic Earnings per Share	\$ (0.03)	\$ 0.07	\$ 0.22	\$ 0.04

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

	Quarter Ended 12/31/2017	Quarter Ended 9/30/2017	Quarter Ended 6/30/2017	Quarter Ended 3/31/2017
<b>Asset Quality</b>				
Allowance for Loan Losses	\$ 2,982	\$ 3,449	\$ 3,335	\$ 2,881
Nonperforming Loans / Total Loans	1.2%	1.6%	1.3%	0.9%
Nonperforming Assets / Total Assets	1.2%	1.7%	1.2%	0.9%
ALLL / Nonperforming Loans	101.0%	91.0%	113.2%	136.9%
ALLL / Loans, Gross	1.2%	1.4%	1.5%	1.29%
<b>Capital</b>				
Shares Issue - Basic	3,864,888	3,312,867	3,312,867	3,312,867
Book Value per Share	\$ 5.10	\$ 5.17	\$ 5.10	\$ 4.86
Tangible Book Value per Share	\$ 4.94	\$ 5.00	\$ 4.92	\$ 4.68
Tier 1 Capital Ratio	9.45%	9.05%	8.97%	8.59%
Tier 1 Risk Based Capital Ratio	11.90%	11.23%	11.50%	10.44%
Total Risk Based Capital Ratio	13.15%	12.49%	12.76%	11.70%
<b>Profitability</b>				
Yield on Average Earning Assets	4.27%	4.22%	4.32%	4.20%
Cost of Avg. Interest Bearing Liabilities	1.35%	1.34%	1.19%	1.13%
Net Spread	2.91%	2.88%	3.12%	3.08%
Net Margin	3.32%	3.27%	3.49%	3.44%

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 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.

Contacts:  
Philip Guarnieri, CEO  
Thomas Sperzel, President & COO  
Frank J. Gleeson, SVP & CFO  
(845) 451-7800