



**ES BANCSHARES, INC. ANNOUNCES SECOND QUARTER RESULTS; CONTINUES TREND OF INCREASING TANGIBLE BOOK VALUE PER SHARE WHILE SEEING CONTINUED ORGANIC GROWTH AND A STABILIZED MARGIN**

STATEN ISLAND, N.Y., July 25, 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 second quarter of 2023. The Company’s net income was \$656 thousand or \$0.10 per diluted share for the second quarter of 2023, compared to net income of \$599 thousand or \$0.09 per diluted share for the first quarter of 2023.

Key Financial Data				2Q23 Highlights
<b>Profitability Metrics</b>	<b>2Q23</b>	<b>1Q23</b>	<b>2Q22</b>	<ul style="list-style-type: none"> <li>•Net Revenues of \$4.6 million including \$4.3 million of net interest income and \$328 thousand of non-interest income.</li> <li>•Net Income of \$656 thousand and earnings per common share of \$0.10</li> </ul>
Return on average assets (%)	0.42%	0.40%	1.73%	
Return on average common equity (%)	5.81%	5.40%	22.83%	
Return on tangible common equity (%)	5.89%	5.47%	23.15%	
Net interest margin (%)	2.86%	2.89%	3.34%	<ul style="list-style-type: none"> <li>•Average loans increased 3.7% quarter-over-quarter with average total deposits increasing by 6.1% since prior quarter.</li> <li>•Estimated uninsured deposits were 18% of total deposits or \$90 million, at the end of the second quarter. As of June 30, 2023, the Company had \$103 million of borrowing capacity and \$10 million of other unsecured lines of credit.</li> </ul>
<b>Income Statement (a)</b>	<b>2Q23</b>	<b>1Q23</b>	<b>2Q22</b>	
Net interest income	\$ 4,297	\$ 4,159	\$ 4,371	
Non-interest income	\$ 328	\$ 174	\$ 2,043	
Net income	\$ 656	\$ 599	\$ 2,354	
Earnings per share- Basic	\$ 0.10	\$ 0.09	\$ 0.35	
Earnings per share- Diluted	\$ 0.10	\$ 0.09	\$ 0.35	<ul style="list-style-type: none"> <li>•Total assets grew \$40.1 million or 7% from December 31 2022</li> <li>•FHLB borrowings decreased \$15.3 million or 24% from December 31, 2022.</li> </ul>
<b>Balance Sheet (a)</b>	<b>2Q23</b>	<b>1Q23</b>	<b>2Q22</b>	
Average total loans	\$ 548,441	\$ 529,041	\$ 423,431	
Average total deposits	\$ 494,137	\$ 465,809	\$ 460,624	
Book value per share	\$ 6.77	\$ 6.67	\$ 6.37	
Tangible book value per share	\$ 6.68	\$ 6.59	\$ 6.28	

(a) In thousands except for per share amounts

Phil Guarnieri, Chief Executive Officer and Director of ES Bancshares, Inc. commented on the quarter stating, “I am pleased to report another productive quarter, marked by growth in our loan and deposit portfolio. Our unwavering commitment to customer-centric strategies has driven substantial increases in both loans and deposits, positioning us as a formidable player in the Staten Island and Brooklyn markets.

Our loan portfolio has experienced strong growth, a testament to the trust and confidence our customers place in us. The steady loan growth is a reflection of our team’s ability to identify opportunities and carefully manage risk.”

Tom Sperzel, President, Chief Operating Officer and Director of ES Bancshares, Inc. added, “ Similarly our deposit base continues to grow, indicating the strength of our relationship with our valued depositors. We appreciate the trust they have placed in us to safeguard their funds and offer competitive returns. This growth in deposits is a result of our commitment to providing innovative products and exceptional service, catering to the diverse needs of our customers.”



Mr. Guarnieri concluded with “While the Company is pleased with the recent success surrounding our initiative to bring in new lower costing, escrow deposits, the Company also recognizes the importance of further enhancing our earnings performance. This is why I am excited about the launch of our residential program which occurred in late June. Fee income collected from selling these loans, will generate additional revenue for the organization, while balancing liquidity and capital.”

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

*June 30, 2023 vs. December 31, 2022*

As of June 30, 2023, total assets were \$628.0 million, an increase of \$40.1 million, or 6.8%, as compared to total assets of \$587.9 million on December 31, 2022. The increase can be attributed to loan portfolio growth funded by deposit inflows during the first six months of 2023.

Loans receivable, net of Allowance for Loan Credit Losses totaled \$546.3 million, an increase of \$39.6 million from December 31, 2022, due to loan originations. As of June 30, 2023, the Allowance for Loan Credit Losses as a percentage of gross loans was 0.89%.

Nonperforming assets, which includes nonaccrual loans and foreclosed real estate were \$1.6 million or 0.25% of total assets, as of June 30, 2023, increasing modestly from \$1.5 million or 0.25% of total assets at December 31, 2022. The ratio of nonaccrual loans to loans receivable was 0.25% and 0.28%, as of June 30, 2023, and December 31, 2022, respectively.

Total liabilities increased \$38.7 million to \$582.5 from \$543.8 million, driven mainly by deposit increases offset by Federal Home Loan Bank (FHLB) borrowing repayments. Deposits increased \$51.3 million, or 11.4% to \$501.1 million as of June 30, 2023, when compared to December 31, 2022. The increase in deposits aided in reducing the loans-to-deposit ratio to 110.02%. FHLB borrowings totaled \$49.6 million at June 30, 2023 compared to \$64.9 million at December 31, 2022 a decrease of \$15.3 million or 24%.

As of June 30, 2023, the Bank's Tier 1 capital leverage ratio, common equity tier 1 capital ratio, Tier 1 capital ratio and total capital ratios were 9.40%, 13.67%, 13.67% and 14.92%, respectively, all in excess of the ratios required to be deemed "well-capitalized." As of June 30, 2023, ES Bancshares return on average equity and return on tangible equity was 5.81% and 5.89% respectively compared to 7.71% and 7.82% for the quarter ending December 31, 2022. Goodwill was \$581 thousand as of June 30, 2023, and December 31, 2022.

### **Financial Performance Overview:**

*Three Months Ended June 30, 2023 vs. March 31, 2023*

For the three months ended June 30, 2023, net income totaled \$656 thousand, which reflects an increase of \$57 thousand or 9.6%, in comparison to \$599 thousand for the three months ended March 31, 2023. The increase can be attributed to an increase in non-interest income quarter over quarter.

Net interest income for the three months ended June 30, 2023, increased \$137 thousand, to \$4.3 million from \$4.2 million at March 31, 2023. The Company's net interest margin remained stable, decreasing by three-basis points to 2.86% for the three months ended June 30, 2023, as compared to 2.89% for the three months ended March 31, 2023. The three-basis point decrease can be attributed to increased cost within



the Bank's interest-bearing deposits mostly offset by an increase in the yield earned on total interest-earning assets.

There was a \$35 thousand provision for loan credit losses entry for the three months ended June 30, 2023, compared to \$66 thousand provision entry for the three months ended March 31, 2023.

Non-interest income increased \$154 thousand, to \$328 thousand for the three months ended June 30, 2023, compared with non-interest income of \$174 thousand for the three months ended March 31, 2023. The increase can be attributed to a gain collected from an SBA 7(a) loan sale.

Non-interest expense totaled \$3.7 million for the three months ended June 30, 2023, compared to \$3.6 million for the three months ended March 31, 2023, or an increase of 4.7%. The fluctuation in non-interest expense can be attributed to increased operating expenses.

#### *Six months ended June 30, 2023 vs. June 30, 2022*

For the six months ended June 30, 2023, net income totaled \$1.3 million a decrease of \$2.2 million in comparison to \$3.5 million for the six months ended June 30, 2022. The decrease can mainly be attributed to a branch sale that occurred in the second quarter of 2022, that did not re-occur in 2023.

Net interest income for the six months ended June 30, 2023, decreased 3% or \$275 thousand, to \$8.5 million from \$8.7 million at June 30, 2022. The Company's net interest margin decreased to 2.86% for the six months ended June 30, 2023, as compared to 3.34% for the six months ended June 30, 2022. Average interest-earning assets increased by \$78.1 million. The cost of average deposits increased to 1.65% from 0.30%.

Provision for credit losses totaled \$17 thousand for the six months ended June 30, 2023, compared to a \$178 thousand benefit for the six months ended June 30, 2022.

Non-interest income totaled \$502 thousand for the six months ended June 30, 2023, compared with non-interest income of \$2.6 million for the six months ended June 30, 2022. The decrease can be attributed to the aforementioned branch sale.

Non-interest expense totaled \$7.3 million for the six months ended June 30, 2023, compared to \$7.0 million for the six months ended June 30, 2022, or an increase of 5.1%. This fluctuation can be attributed to increased operating expenses.

#### **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, a Loan Production Office 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.

Investor Contact:

Peggy Edwards, Corporate Secretary  
(845) 451-7825



**Consolidated Statement of Financial Condition**  
(in thousands)

	June 30, 2023	December 31, 2022	June 30, 2022
	-(unaudited)-		-(unaudited)-
<b>Assets</b>			
Cash and cash equivalents	\$ 39,264	38,115	27,221
Securities	15,342	16,042	33,258
Loans receivable, net:			
Real estate mortgage loans	532,517	494,064	400,502
Commercial and Lines of Credit	13,982	14,110	16,725
Construction Loans	-	-	600
Home Equity and Consumer Loans	418	465	2,983
Deferred costs	4,329	3,953	3,269
Allowance for Loan Credit Losses (a)	(4,917)	(5,860)	(5,756)
Total loans receivable, net	546,330	506,732	418,323
Investment in restricted stock, at cost	4,233	4,779	3,433
Bank premises and equipment, net	5,801	6,209	5,628
Accrued interest receivable	2,361	2,020	1,685
Goodwill	581	581	581
Repossessed assets	164	-	235
Bank Owned Life Insurance	5,270	5,202	5,134
Other Assets	8,605	8,175	8,867
Total Assets	\$ 627,952	587,855	504,365
<b>Liabilities &amp; Stockholders' Equity</b>			
Non-Interest-Bearing Deposits	124,570	129,641	131,481
Interest-Bearing Deposits	336,232	279,830	246,827
Brokered Deposits	40,262	40,627	19,727
Total Deposits	501,064	449,798	398,035
Bond Issue, net of costs	13,689	13,666	13,648
Borrowed Money	49,600	64,900	35,000
Other Liabilities	18,159	15,490	15,229
Total Liabilities	582,512	543,854	461,912
Stockholders' equity	45,440	44,001	42,453
Total liabilities and stockholders' equity	\$ 627,952	587,855	504,365

(a) The Company adopted ASC 326- Current Expected Credit Losses (CECL) effective 1/1/2023 resulting in a recapture of reserve through Retained Earnings



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

	Three Months Ended			Years Ended	
	June 30, 2023	March 31, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	------(unaudited)-----			------(unaudited)-----	
<b>Interest income</b>					
Loans	\$ 6,505	\$ 6,064	\$ 4,672	\$ 12,569	\$ 9,443
Securities	112	113	163	225	254
Other interest-earning assets	454	367	157	821	221
<b>Total Interest Income</b>	<b>7,071</b>	<b>6,544</b>	<b>4,992</b>	<b>13,615</b>	<b>9,918</b>
<b>Interest expense</b>					
Deposits	2,032	1,616	347	3,648	641
Borrowings	742	768	274	1,510	545
<b>Total Interest Expense</b>	<b>2,774</b>	<b>2,384</b>	<b>621</b>	<b>5,158</b>	<b>1,186</b>
<b>Net Interest Income</b>	<b>4,297</b>	<b>4,160</b>	<b>4,371</b>	<b>8,457</b>	<b>8,732</b>
Prov(Benefit) for Credit Losses	34	(17)	(65)	17	(178)
<b>Net Interest Income after Prov(Benefit)for Credit Losses</b>	<b>4,263</b>	<b>4,177</b>	<b>4,436</b>	<b>8,440</b>	<b>8,910</b>
<b>Non-interest income</b>					
Deposit service charges	98	80	88	178	172
Loan fee income	68	57	76	125	217
Gain on Loan Sales	126	-	-	126	241
Gain on Branch Sale	-	-	1,782	-	1,782
Other	36	37	97	73	135
<b>Total non-interest income</b>	<b>328</b>	<b>174</b>	<b>2,043</b>	<b>502</b>	<b>2,547</b>
<b>Non-interest expenses</b>					
Compensation and benefits	1,953	1,855	1,839	3,808	3,560
Occupancy and equipment	640	641	666	1,281	1,355
Data processing service fees	340	302	262	642	522
Marketing	99	99	100	198	208
Professional fees	213	219	205	432	460
NYS Banking & FDIC Assessments	57	55	73	112	155
Printing & Office Supplies	39	57	29	96	73
Insurance	41	45	32	86	70
Other	358	299	280	657	555
<b>Total non-interest expense</b>	<b>3,740</b>	<b>3,572</b>	<b>3,486</b>	<b>7,312</b>	<b>6,958</b>
<b>Income prior to tax expense</b>	<b>851</b>	<b>778</b>	<b>2,993</b>	<b>1,630</b>	<b>4,498</b>
Income taxes	196	179	639	375	965
<b>Net Income</b>	<b>\$ 656</b>	<b>\$ 599</b>	<b>\$ 2,354</b>	<b>\$ 1,255</b>	<b>\$ 3,534</b>

	For the Three Months Ended (dollars in thousands)								
	June 30, 2023			March 31, 2023			December 31, 2022		
	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
<b>Assets</b>									
Interest-earning assets:									
Loans receivable	\$ 548,441	\$ 6,505	4.74%	\$ 529,041	\$ 6,064	4.58%	\$ 494,728	\$ 5,652	4.57%
Investment securities	16,194	112	2.77%	15,979	113	2.83%	22,678	137	2.42%
Interest bearing deposits	32,687	374	4.58%	27,170	287	4.23%	19,536	162	3.32%
Restricted investment in bank stock	4,320	80	7.41%	4,290	80	7.46%	3,652	66	7.20%
Total interest-earning assets	601,642	7,072	4.70%	576,480	6,544	4.54%	540,594	6,017	4.45%
Non-interest earning assets	17,924			17,355			17,871		
Total assets	<u>\$ 619,566</u>			<u>\$ 593,835</u>			<u>\$ 558,465</u>		
<b>Liabilities and Stockholders' Equity</b>									
Interest-bearing liabilities:									
Interest-bearing checking	\$ 27,694	\$ 26	0.38%	\$ 30,193	\$ 34	0.46%	\$ 32,065	\$ 35	0.44%
Money market accounts	4,367	3	0.25%	5,794	3	0.21%	7,201	4	0.25%
Savings accounts	133,996	446	1.33%	110,995	320	1.17%	108,170	221	0.81%
Certificates of deposit	206,246	1,557	3.03%	190,984	1,259	2.67%	155,086	808	2.07%
Total interest-bearing deposits	372,302	2,032	2.19%	337,966	1,616	1.94%	302,522	1,068	1.40%
Borrowings	52,853	520	3.95%	55,415	547	4.00%	40,980	324	3.14%
Subordinated debenture	13,681	221	6.48%	13,672	221	6.56%	13,663	221	6.42%
Total interest-bearing liabilities	438,836	2,773	2.53%	407,053	2,384	2.38%	357,165	1,613	1.79%
Non-interest-bearing demand deposits	121,835			127,843			141,466		
Other liabilities	13,975			14,617			16,121		
Total non-interest-bearing liabilities	135,810			142,460			157,587		
Stockholders' equity	44,921			44,322			43,713		
Total liabilities and stockholders' equity	<u>\$ 619,566</u>			<u>\$ 593,835</u>			<u>\$ 558,465</u>		
Net interest income		<u>\$ 4,299</u>			<u>\$ 4,160</u>			<u>\$ 4,404</u>	
Average interest rate spread			2.17%			2.17%			2.66%
Net interest margin			2.86%			2.89%			3.26%

Five Quarter Performance Ratio Highlights	Three Months Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
<b>Income Statement</b>					
Return on Average Assets	0.42%	0.40%	0.60%	0.65%	1.73%
Return on Average Equity	5.81%	5.40%	7.71%	8.12%	22.83%
Return on Average Tangible Equity	5.89%	5.47%	7.82%	8.23%	23.15%
Efficiency Ratio	50.55%	53.18%	54.78%	60.97%	52.56%
<b>Yields / Costs</b>					
Average Yield - Interest Earning Assets	4.70%	4.54%	4.45%	4.07%	3.82%
Cost of Funds	2.53%	2.38%	1.79%	1.21%	0.73%
Net Interest Margin	2.86%	2.89%	3.26%	3.27%	3.34%
<b>Capital Ratios</b>					
Equity / Assets	7.24%	7.01%	7.48%	7.68%	7.85%
Tangible Equity / Assets	7.15%	6.92%	7.39%	7.59%	7.75%
Tier I leverage ratio (a)	9.40%	9.65%	10.11%	10.3%	9.9%
Common equity Tier I capital ratio (a)	13.67%	13.87%	14.26%	14.7%	15.8%
Tier I Risk-based capital ratio (a)	13.67%	13.87%	14.26%	14.7%	15.8%
Total Risk-based capital ratio (a)	14.92%	15.12%	15.51%	16.0%	17.0%
<b>Stock Valuation</b>					
Book Value	\$ 6.77	\$ 6.67	\$ 6.55	\$ 6.47	\$ 6.37
Tangible Book Value	\$ 6.68	\$ 6.59	\$ 6.47	\$ 6.39	\$ 6.28
Shares Outstanding (b)	6,714	6,714	6,714	6,666	6,663
<b>Asset Quality</b>					
CECL / Total Loans	0.89%	0.90%	1.14%	1.20%	1.37%
Non Performing Loans / Total Loans	0.25%	0.17%	0.28%	0.34%	0.38%
Non Performing Assets / Total Assets	0.25%	0.19%	0.25%	0.31%	0.37%

(a) Ratios at Bank level

(b) Shares information presented in thousands