



ES BANCSHARES, INC. ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2023 RESULTS; STRONG ASSET QUALITY IMPROVES FURTHER IN FOURTH QUARTER

STATEN ISLAND, N.Y., January 30, 2024 (GLOBE NEWSWIRE) – ES Bancshares, Inc. (OTCQX: ESBS) (the “Company”) the holding company for Empire State Bank, (the “Bank”) today announced financial results for the fourth quarter of 2023. The Company’s net income was \$84 thousand or \$0.01 per diluted share for the fourth quarter of 2023, compared to net income of \$133 thousand or \$0.02 per diluted share for the third quarter of 2023.

Key Quarterly Financial Data					2023 Annual Highlights
Profitability Metrics	4Q23	3Q23	4Q22		
Return on average assets (%)	0.05%	0.09%	0.60%		<ul style="list-style-type: none"> • Net Income of \$1.5 million and earnings per diluted share of \$0.22. • Average loans increased 15.1% year-over-year with average total deposits increasing by 5.9% within the same period.
Return on average common equity (%)	0.73%	1.17%	7.71%		
Return on tangible common equity (%)	0.74%	1.18%	7.82%		
Net interest margin (%)	2.28%	2.67%	3.26%		
Income Statement (a)	4Q23	3Q23	4Q22		<ul style="list-style-type: none"> • Net interest margin of 2.67% narrowed from 3.34% year-over-year as increases to the rates paid on interest-bearing liabilities outpaced the rise in yields of interest-earning assets
Net interest income	\$ 3,454	\$ 3,977	\$ 4,404		
Non-interest income	\$ 322	\$ 256	\$ 357		
Net income	\$ 84	\$ 133	\$ 843		
Earnings per share- Basic	\$ 0.01	\$ 0.02	\$ 0.13		
Earnings per share- Diluted	\$ 0.01	\$ 0.02	\$ 0.12		<ul style="list-style-type: none"> • Non-Performing Loans / Total Loans and the Company’s ratio of Non-Performing Assets / Total Assets each improved to 0.22% at December 31, 2023
Balance Sheet (a)	4Q23	3Q23	4Q22		
Average total loans	\$ 569,515	\$ 555,919	\$ 494,728		
Average total deposits	\$ 470,394	\$ 487,816	\$ 43,988		
Book value per share	\$ 6.83	\$ 6.79	\$ 6.55		
Tangible book value per share	\$ 6.74	\$ 6.71	\$ 6.47		

(a) In thousands except for per share amounts

“While our recent returns have been impacted by the current interest rate environment, we are dedicated to analyzing, adapting, and implementing strategies that will ensure a positive trajectory for our Company. We continue to be focused on providing increased value to shareholders in the future” said Phil Guarnieri, Director and Chief Executive Officer of ES Bancshares.

Mr. Guarnieri also stated “Looking ahead I am optimistic about the Bank’s early success seen in the fourth quarter, regarding the reduction of operating expenses and the new customer relationship wins, since the launch of our low-cost deposit gathering program. These endeavors combined with the improvements seen in the fourth quarter asset quality ratios, present a promising future for ESBS.”

Selected Balance Sheet Information:

December 31, 2023 vs. December 31, 2022

As of December 31, 2023, total assets were \$639.0 million, an increase of \$51.1 million, or 8.7%, as compared to total assets of \$587.9 million on December 31, 2022. The increase can be attributed to loan portfolio growth primarily, funded by deposit inflows.



Loans receivable, net of Allowance for Credit Losses on Loans totaled \$563.9 million, an increase of \$57.2 million from December 31, 2022. As of December 31, 2023, the Allowance for Credit Losses on Loans as a percentage of gross loans was 0.89%.

Nonperforming assets, which includes nonaccrual loans and foreclosed real estate were \$1.4 million or 0.22% of total assets, as of December 31, 2023, decreasing from \$1.5 million or 0.25% of total assets at December 31, 2022. The ratio of nonaccrual loans to loans receivable was 0.22% and 0.28%, as of December 31, 2023, and December 31, 2022, respectively.

Total liabilities increased \$49.3 million to \$593.1 from \$543.8 million. The majority of the increase can be attributed to deposit inflows with overall deposits growing \$44.3 million, or 9.9% to \$494.1 million as of December 31, 2023, compared to \$449.8 million at December 31, 2022. The growth in deposits was driven by an increase in Interest-bearing deposits. Federal Home Loan Bank ("FHLB") borrowings increased by \$5.9 million or 9.1% to \$70.8 million at December 31, 2023. Borrowed funds represented 11.1% of total assets at December 31, 2023, an increase of 0.1% from December 31, 2022.

As of December 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 9.45%, 13.60%, 13.60% and 14.85%, respectively, all in excess of the ratios required to be deemed "well-capitalized." During 2023 the Company did not repurchase shares under its stock repurchase program. Book value per common share was \$6.83 at December 31, 2023 compared to \$6.55 at December 31, 2022. Tangible common book value per share (which represents common equity less goodwill, divided by the number of shares outstanding) was \$6.74 at December 31, 2023 compared to \$6.47 at December 31, 2022.

Financial Performance Overview:

Three Months Ended December 31, 2023 vs. September 30, 2023

For the three months ended December 31, 2023, net income totaled \$84 thousand compared to \$133 thousand for the three months ended September 30, 2023. The decrease can be attributed to a softer margin quarter over quarter.

Net interest income for the three months ended December 30, 2023, decreased \$524 thousand, to \$3.5 million from \$4.0 million at three months ended September 30, 2023. The Company's net interest margin compacted, decreasing by thirty-nine basis points to 2.28% for the three months ended December 31, 2023, as compared to 2.67% for the three months ended September 30, 2023. The contraction can be attributed to increased pricing pressures for retail deposits and increased average balance associated with FHLB borrowings.

There was a reversal of credit losses of \$83 thousand taken back in for the three months ended December 31, 2023, compared to \$86 thousand provision for credit losses entry for the three months ended September 30, 2023.

Non-interest income increased \$66 thousand, to \$322 thousand for the three months ended December 31, 2023, compared with non-interest income of \$256 thousand for the three months ended September 30, 2023. The increase is a result from increased loan charges and fees earned quarter over quarter.

Non-interest expense totaled \$3.8 million for the three months ended December 30, 2023, compared to \$4.0 million for the three months ended September 30, 2023, or a decrease of 5.7%. The decrease in non-interest expense can be attributed to cost cutting initiatives. In addition, certain expenses associated



with negotiated buyouts and accelerations for certain software providers that were expensed in the third quarter did not re-occur in the fourth quarter of 2023.

Year ended December 31, 2023 vs. December 31, 2022

For the year ended December 31, 2023, net income totaled \$1.5 million a decrease of \$3.8 million in comparison to \$5.3 million for the year ended December 31, 2022. The decrease can mainly be attributed increased interest expense costs and a branch sale that occurred in the second quarter of 2022, that did not re-occur in 2023.

Net interest income for the year ended December 31, 2023, decreased \$1.5 million, to \$15.9 million from \$17.4 million at December 31, 2022. The decrease aligns with the compression seen in the net interest margin driven by an unfavorable deposit composition shift and increased average borrowings year over year.

The Company recorded an \$20 thousand provision for credit losses for the year ended December 31, 2023, compared to a \$79 thousand reversal for the year ended December 31, 2022.

Non-interest income totaled \$1.1 million for the year ended December 31, 2023, compared with non-interest income of \$3.2 million for the year ended December 31, 2022. The decrease can be attributed to the aforementioned branch sale.

Non-interest expense totaled \$15.0 million for the year ended months ended December 31, 2023, compared to \$13.8 million for the year ended December 31, 2022, or an increase of \$1.2 million or 8.7%. The ratio of non-interest expense to average assets was 2.43% for the year ended December 31, 2023, compared to 2.54% for the year ended December 31, 2022.

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. 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:

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

	December 31, 2023	September 30, 2023	December 31, 2022
	----(unaudited)----		
Assets			
Cash and cash equivalents	\$ 32,728	29,439	38,115
Securities	15,220	15,143	16,042
Loans receivable, net:			
Real estate mortgage loans	551,124	543,852	493,768
Commercial and Lines of Credit	13,107	14,322	14,344
Home Equity and Consumer Loans	349	348	718
Deferred costs	4,427	4,362	3,762
Allowance for Loan Credit Losses (a)	(5,086)	(5,028)	(5,860)
Total loans receivable, net	563,921	557,856	506,732
Investment in restricted stock, at cost	5,191	5,782	4,779
Bank premises and equipment, net	5,600	5,608	6,209
Accrued interest receivable	2,625	2,533	2,020
Goodwill	581	581	581
Repossessed assets	-	164	-
Bank Owned Life Insurance	5,341	5,305	5,202
Other Assets	7,780	7,905	8,175
Total Assets	\$ 638,987	630,316	587,855
Liabilities & Stockholders' Equity			
Non-Interest-Bearing Deposits	109,065	125,562	129,641
Interest-Bearing Deposits	328,479	302,509	279,530
Brokered Deposits	56,581	42,873	40,627
Total Deposits	494,125	470,944	449,798
Borrowed Money	70,805	83,980	64,900
Bond Issue, net of costs	13,708	13,701	13,666
Other Liabilities	14,487	16,085	15,490
Total Liabilities	593,125	584,710	543,854
Stockholders' equity	45,862	45,606	44,001
Total liabilities and stockholders' equity	\$ 638,987	630,316	587,855

(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 Statements of Income
(in thousands)

	Three Months Ended			Years Ended	
	December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	------(unaudited)-----			---(unaudited)---	
Interest income					
Loans	\$ 7,059	\$ 6,715	\$ 5,652	\$ 26,343	\$ 20,038
Securities	110	111	137	446	563
Other interest-earning assets	278	319	228	1,418	613
Total Interest Income	7,447	7,145	6,017	28,207	21,214
Interest expense					
Deposits	2,945	2,459	1,068	9,052	2,352
Borrowings	1,048	710	545	3,268	1,484
Total Interest Expense	3,993	3,169	1,613	12,320	3,836
Net Interest Income	3,454	3,977	4,404	15,887	17,378
(Reversal of)Prov for Credit Losses	(83)	86	99	20	(79)
Net Interest Income after (Revrsl)Prov for Credit Losses	3,537	3,891	4,305	15,867	17,457
Non-interest income					
Service charges and fees	254	205	237	762	793
Gain on loan sales	30	12	-	168	241
Gain on sale of repossessed assets	-	-	-	-	206
Gain on sale of banking center	-	-	-	-	1,782
Other	38	39	120	149	148
Total non-interest income	322	256	357	1,080	3,170
Non-interest expenses					
Compensation and benefits	1,745	1,856	1,881	7,408	7,267
Occupancy and equipment	646	729	554	2,656	2,631
Data processing service fees	357	397	386	1,396	1,181
Professional fees	357	315	179	1,104	833
FDIC & NYS Banking Assessments	88	71	56	272	225
Advertising	101	107	77	406	250
Insurance	51	54	53	190	176
Printing & Office Supplies	27	31	68	154	186
Other	378	415	238	1,449	1,082
Total non-interest expense	3,750	3,975	3,492	15,035	13,831
Income prior to tax expense	109	172	1,170	1,912	6,796
Income taxes	25	39	327	440	1,547
Net Income	\$ 84	\$ 133	\$ 843	\$ 1,472	\$ 5,249

ES Bancshares, Inc.									
Average Balance Sheet Data									
For the Three Months Ended (dollars in thousands)									
December 31, 2023			September 30, 2023			December 31, 2022			
Avg Bal	Interest	Average	Avg Bal	Interest	Average	Avg Bal	Interest	Average	
Rolling	Rolling	Yield/Cost	Rolling	Rolling	Yield/Cost	Rolling	Rolling	Yield/Cost	
3 Mos.	3 Mos.		3 Mos.	3 Mos.		3 Mos.	3 Mos.		
Assets									
Interest-earning assets:									
Loans receivable	\$ 569,515	\$ 7,059	4.96%	\$ 555,919	\$ 6,715	4.83%	\$ 494,728	\$ 5,652	4.57%
Investment securities	15,957	110	2.75%	16,151	111	2.75%	22,678	137	2.42%
Interest bearing deposits	14,716	154	4.09%	20,260	231	4.56%	19,536	162	3.32%
Restricted investment in bank stock	5,412	124	9.18%	4,273	88	8.24%	3,652	66	7.20%
Total interest-earning assets	605,600	7,447	4.92%	596,602	7,145	4.79%	540,594	6,017	4.45%
Non-interest earning assets	16,840			17,371			17,871		
Total assets	<u>\$ 622,440</u>			<u>\$ 613,973</u>			<u>\$ 558,465</u>		
Liabilities and Stockholders' Equity									
Interest-bearing liabilities:									
Interest-bearing checking	\$ 25,368	\$ 23	0.36%	\$ 29,162	\$ 28	0.38%	\$ 32,065	\$ 35	0.44%
Money market accounts	2,651	3	0.38%	4,060	4	0.42%	7,201	4	0.25%
Savings accounts	120,990	881	2.89%	117,790	532	1.79%	108,170	221	0.81%
Certificates of deposit	207,091	2,037	3.90%	212,094	1,895	3.54%	155,086	808	2.07%
Total interest-bearing deposits	356,101	2,945	3.28%	363,105	2,459	2.69%	302,522	1,068	1.40%
Borrowings	76,844	827	4.27%	51,557	488	3.76%	40,980	324	3.14%
Subordinated debenture	13,705	221	6.40%	13,695	222	6.41%	13,663	221	6.42%
Total interest-bearing liabilities	446,649	3,993	3.55%	428,357	3,168	2.93%	357,165	1,613	1.79%
Non-interest-bearing demand deposits	114,293			124,711			141,466		
Other liabilities	15,803			15,348			16,121		
Total non-interest-bearing liabilities	130,096			140,059			157,587		
Stockholders' equity	45,695			45,557			43,713		
Total liabilities and stockholders' equity	<u>\$ 622,440</u>			<u>\$ 613,973</u>			<u>\$ 558,465</u>		
Net interest income		<u>\$ 3,454</u>			<u>\$ 3,977</u>			<u>\$ 4,404</u>	
Average interest rate spread			1.37%			1.86%			2.66%
Net interest margin			2.28%			2.67%			3.26%

Five Quarter Performance Ratio Highlights	Three Months Ended				
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Income Statement					
Return on Average Assets	0.05%	0.09%	0.42%	0.40%	0.60%
Return on Average Equity	0.73%	1.17%	5.81%	5.40%	7.71%
Return on Average Tangible Equity	0.74%	1.18%	5.89%	5.47%	7.82%
Efficiency Ratio	99.31%	93.89%	80.86%	82.42%	75.03%
Yields / Costs					
Average Yield - Interest Earning Asset:	4.92%	4.79%	4.70%	4.54%	4.45%
Cost of Funds	3.55%	2.93%	2.53%	2.38%	1.79%
Net Interest Margin	2.28%	2.67%	2.86%	2.89%	3.26%
Capital Ratios					
Equity / Assets	7.18%	7.24%	7.24%	7.01%	7.48%
Tangible Equity / Assets	7.09%	7.15%	7.15%	6.92%	7.39%
Tier I leverage ratio (a)	9.45%	9.54%	9.40%	9.65%	10.11%
Common equity Tier I capital ratio (a)	13.60%	13.47%	13.67%	13.87%	14.26%
Tier 1 Risk-based capital ratio (a)	13.60%	13.47%	13.67%	13.87%	14.26%
Total Risk-based capital ratio (a)	14.85%	14.63%	14.92%	15.12%	15.51%
Stock Valuation					
Book Value	\$ 6.83	\$ 6.79	\$ 6.77	\$ 6.67	\$ 6.55
Tangible Book Value	\$ 6.74	\$ 6.71	\$ 6.68	\$ 6.59	\$ 6.47
Shares Outstanding (b)	6,714	6,714	6,714	6,714	6,714
Asset Quality					
ACL / Total Loans	0.89%	0.89%	0.89%	0.90%	1.14%
Non Performing Loans / Total Loans	0.22%	0.25%	0.25%	0.17%	0.28%
Non Performing Assets / Total Assets	0.22%	0.25%	0.25%	0.19%	0.25%

(a) Ratios at Bank level

(b) Shares information presented in thousands