



ES BANCSHARES, INC. ANNOUNCES SECOND QUARTER 2024 RESULTS; REPORTS DOUBLE DIGIT PERCENT ORGANIC DEPOSIT GROWTH, SEES NET INTEREST MARGIN EXPANSION

STATEN ISLAND, N.Y., July 30, 2024 (GLOBE NEWSWIRE) – ES Bancshares, Inc. (OTCQX: ESBS) (the “Company”) the holding company for Empire State Bank, (the “Bank”) today reported net income of \$158 thousand, or \$0.02 per diluted common share, for the quarter ended June 30, 2024, compared to a net loss of \$103 thousand or (\$0.02) per diluted common share for the quarter ended March 31, 2024.

Key Quarterly Financial Data				2024 Highlights
Performance Metrics	2Q24	1Q24	2Q23	
Return(loss) on average assets (%)	0.10	(0.07)	0.42	<ul style="list-style-type: none"> •Retail Deposits increased \$42 million or 10% from December 31, 2023 •For 3 months ended June 30, 2024 the Company’s net interest margin increased to 2.21% compared to the 2.12% for the 3 months ended March 31 2024. Over the same period asset yields increased 13 basis points while cost of funds increased 4 basis points. • The Company has replaced \$30 million of higher-costing wholesale funding with lower cost organic deposits over the six-months in 2024. •Total Revenues for the quarter ended June 30, 2024 totaled \$8.4 million or a 7% increased from the prior quarter total revenues of \$7.8 million.
Return(loss) on average equity (%)	1.37	(0.90)	5.81	
Return(loss) on average tangible equity (%)	1.38	(0.91)	5.89	
Net interest margin (%)	2.21	2.12	2.86	
Income Statement (a)	2Q24	1Q24	2Q23	
Net interest income	\$ 3,447	\$ 3,203	\$ 4,297	
Non-interest income	\$ 329	\$ 215	\$ 328	
Net income(loss)	\$ 158	\$ (103)	\$ 656	
Earnings(loss) per diluted common share	\$ 0.02	\$ (0.02)	\$ 0.10	
Balance Sheet (a)	2Q24	1Q24	2Q23	
Average total loans	\$ 565,363	\$ 567,526	\$ 548,441	
Average total deposits	\$ 510,050	\$ 486,323	\$ 494,137	
Book value per share	\$ 6.74	\$ 6.75	\$ 6.77	
Tangible book value per share	\$ 6.65	\$ 6.67	\$ 6.68	

(a) In thousands except for per share amounts

Phil Guarnieri, Director, and Chief Executive Officer of ES Bancshares said “ESBS delivered improved results in the second quarter, featuring increased revenue, a widening net interest margin and well controlled expenses. We continue to focus on the realigning of the deposit portfolio, bringing in core low-cost deposits. While additional progress is necessary, 10% overall core deposit growth six months into the year sets a strong tone for the back half of 2024, while of course further strengthening liquidity.”

Selected Balance Sheet Information:

June 30, 2024 vs. December 31, 2023

As of June 30, 2024, total assets were \$651.7 million, an increase of \$13.0 million, or 2.0%, as compared to total assets of \$638.7 million on December 31, 2023. The increase can be attributed to a larger cash and cash equivalents position stemming from deposit growth, partially offset by repayments made towards borrowed funds.

Loans receivable, net of Allowance for Credit Losses on Loans totaled \$560.1 million, a decrease of 0.7% from December 31, 2023. As of June 30, 2024, the Allowance for Credit Losses on Loans as a percentage of gross loans was 0.90%.



Nonperforming assets, which includes nonaccrual loans and foreclosed real estate were \$1.2 million or 0.19% of total assets, as of June 30, 2024, decreasing from \$1.4 million or 0.22% of total assets at December 31, 2023. The ratio of nonaccrual loans to loans receivable was 0.22%, as of June 30, 2024, and December 31, 2023.

Total liabilities increased \$12.4 million to \$605.3 at June 30, 2024 from \$592.9 million at December 31, 2023. The majority of the increase can be attributed to growth in core deposits, partially offset by repayments of brokered deposits and Federal Home Loan (FHLB) borrowings. The growth in deposits was driven by an increase in interest-bearing, non-maturity deposit accounts substantially lower than market rates.

As of June 30, 2024, the Bank's Tier 1 capital leverage ratio, common equity tier 1 capital ratio, Tier 1 capital ratio and total capital ratios were 9.30%, 13.81%, 13.81% and 15.06%, respectively, all in excess of the ratios required to be deemed "well-capitalized." During the second quarter 2024 the Company did not repurchase shares under its stock repurchase program. Book value per common share was \$6.74 at June 30, 2024 compared to \$6.83 at December 31, 2023. Tangible common book value per share (which represents common equity less goodwill, divided by the number of shares outstanding) was \$6.65 at June 30, 2024 compared to \$6.74 at December 31, 2023. The majority of the decrease can be attributed to equity awards exercised or made during 2024.

Financial Performance Overview:

Three Months Ended June 30, 2024 vs. March 31, 2024

For the three months ended June 30, 2024, the Company net income totaled \$158 thousand compared to a net loss of \$103 thousand for the three months ended March 31, 2024. The improvement can be attributed to an expanded margin quarter over quarter.

Net interest income for the three months ended June 30, 2024, increased \$244 thousand, to \$3.4 million from \$3.2 million at three months ended March 31, 2024. The Company's net interest margin widened by nine basis points to 2.21% for the three months ended June 30, 2024, as compared to 2.12% for the three months ended March 31, 2024. The increase in margin can be attributed to increased yields earned on assets.

There was a provision for credit losses of \$9 thousand expensed for the three months ended June 30, 2024, compared to a \$39 thousand provision for credit losses taken for the three months ended March 31, 2024.

Non-interest income increased \$114 thousand, to \$329 thousand for the three months ended June 30, 2024, compared with non-interest income of \$215 thousand for the three months ended March 31, 2024. The majority of the increase can be attributed to a \$60 thousand recapture of previously unrecognized income.

Non-interest expenses remained relatively unchanged totaling \$3.5 million for the three months ended June 30, 2024, and for the three months ended March 31, 2024. The largest fluctuations quarter over quarter pertain to occupancy and equipment expenses, which decreased \$63 thousand to a more normalized level during the quarter ended June 30, 2024, and professional fees which increased by \$44 thousand or 24% quarter over quarter. The increased professional fees mainly relate to legal expenses which are not expected to recur.



Six months ended June 30, 2024 vs. June 30, 2023

For the six months ended June 30, 2024, net income totaled \$55 thousand in comparison to \$1.2 million for the six months ended June 30, 2023. The decrease can mainly be attributed to higher costs paid on deposit which increased \$3.8 million year over year.

Net interest income for the six months ended June 30, 2024, decreased 21% or \$1.8 million, to \$6.7 million from \$8.5 million at June 30, 2023. The decrease can be attributed to increased interest expense for deposits, partially offset by increased interest income earned on the loan portfolio.

Provision for credit losses totaled \$48 thousand for the six months ended June 30, 2024, compared to a \$17 thousand provision for the six months ended June 30, 2023.

Non-interest income totaled \$544 thousand for the six months ended June 30, 2024, compared with noninterest income of \$502 thousand for the six months ended June 30, 2023. The increase can be attributed to increased charges and fees collected alongside the aforementioned \$60 thousand write-off partially offset by decreased in gain on sale of loans period over period.

Operating expenses totaled \$7.0 million for the six months ended June 30, 2024, compared to \$7.3 million for the six months ended June 30, 2023, or a decrease of 4.8%. The decrease in non-interest expense can be attributed to initiatives taking effect from the cost-cutting program launched in 2024.

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 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. 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, 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:
Peggy Edwards, Corporate Secretary
(845) 451-7825



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

	June 30, 2024	December 31, 2023	June 30, 2023
	----(unaudited)----	----(unaudited)----	----(unaudited)----
Assets			
Cash and cash equivalents	\$ 50,951	32,728	39,264
Securities, net	14,725	15,220	15,342
Loans receivable, net:			
Real estate mortgage loans	547,581	551,250	532,309
Commercial and Lines of Credit	12,701	12,823	13,841
Home Equity and Consumer Loans	693	700	768
Deferred costs	4,201	4,233	4,329
Allowance for Loan Credit Losses	(5,094)	(5,086)	(4,917)
Total loans receivable, net	560,082	563,920	546,330
Accrued interest receivable	2,645	2,625	2,361
Investment in restricted stock, at cost	4,573	5,191	4,233
Goodwill	581	581	581
Bank premises and equipment, net	5,256	5,600	5,801
Repossessed assets	-	-	164
Right of use lease assets	6,322	6,415	6,459
Bank Owned Life Insurance	5,412	5,341	5,270
Other Assets	1,158	1,129	2,147
Total Assets	\$ 651,705	638,750	627,952
Liabilities & Stockholders' Equity			
Non-Interest-Bearing Deposits	106,262	107,849	124,570
Interest-Bearing Deposits	373,618	329,695	336,232
Brokered Deposits	40,929	56,581	40,262
Total Deposits	520,809	494,125	501,064
Bond Issue, net of costs	13,731	13,708	13,689
Borrowed Money	55,448	70,805	49,600
Lease Liability	6,590	6,672	6,691
Other Liabilities	8,750	7,578	11,468
Total Liabilities	605,328	592,888	582,512
Stockholders' equity	46,377	45,862	45,440
Total liabilities and stockholders' equity	\$ 651,705	638,750	627,952



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

	Three Months Ended			Six Months Ended	
	June 30, 2024	March 31, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	------(unaudited)-----			-----(unaudited)----	
Interest income					
Loans	\$ 7,345	\$ 7,208	\$ 6,505	\$ 14,553	\$ 12,569
Securities	121	115	112	236	225
Other interest-earning assets	561	263	454	824	821
Total Interest Income	8,027	7,586	7,071	15,613	13,615
Interest expense					
Deposits	3,837	3,585	2,032	7,422	3,648
Borrowings	743	798	742	1,541	1,510
Total Interest Expense	4,580	4,383	2,774	8,963	5,158
Net Interest Income	3,447	3,203	4,297	6,650	8,457
Prov for Credit Losses	9	39	34	48	17
Net Interest Income after Prov for Credit Losses	3,438	3,164	4,263	6,602	8,440
Non-interest income					
Service charges and fees	200	172	166	372	303
Gain on loan sales	-	1	126	1	126
Other	129	42	36	171	73
Total non-interest income	329	215	328	544	502
Non-interest expenses					
Compensation and benefits	1,728	1,721	1,953	3,449	3,808
Occupancy and equipment	605	668	640	1,273	1,281
Data processing service fees	317	326	340	643	642
Professional fees	225	181	213	406	432
FDIC & NYS Banking Assessments	99	97	57	196	112
Advertising	85	75	99	160	198
Insurance	46	50	41	96	86
Other	401	337	397	738	753
Total non-interest expense	3,506	3,455	3,740	6,961	7,312
Income(loss) prior to tax expense	261	(76)	851	185	1,630
Income taxes	103	27	195	130	375
Net Income(loss)	\$ 158	\$ (103)	\$ 656	\$ 55	\$ 1,255

ES Bancshares, Inc.									
Average Balance Sheet Data									
For the Three Months Ended (dollars in thousands)									
	June 30, 2024			March 31, 2024			June 30, 2023		
	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	\$ 565,363	\$ 7,345	5.20%	\$ 567,526	\$ 7,208	5.08%	\$ 548,441	\$ 6,505	4.74%
Investment securities	15,513	121	3.13%	15,814	115	2.90%	16,194	112	2.77%
Other interest-earning assets	41,652	561	5.33%	19,828	263	5.25%	37,007	454	4.80%
Total interest-earning assets	622,528	8,027	5.16%	603,168	7,586	5.03%	601,642	7,071	4.70%
Non-interest earning assets	16,398			16,812			17,924		
Total assets	<u>\$ 638,926</u>			<u>\$ 619,980</u>			<u>\$ 619,566</u>		
Liabilities and Stockholders' Equity									
Interest-bearing liabilities:									
Interest-bearing checking	\$ 36,692	\$ 71	0.77%	\$ 30,943	\$ 26	0.34%	\$ 27,694	\$ 26	0.37%
Savings accounts	175,686	1,629	3.72%	153,609	1,413	3.69%	138,362	449	1.29%
Certificates of deposit	194,806	2,137	4.40%	201,926	2,146	4.26%	206,246	1,557	3.03%
Total interest-bearing deposits	407,184	3,837	3.78%	386,479	3,585	3.72%	372,302	2,032	2.19%
Borrowings	55,510	522	3.77%	59,541	577	3.88%	52,853	521	3.95%
Subordinated debenture	13,726	221	6.46%	13,714	221	6.47%	13,681	221	6.48%
Total interest-bearing liabilities	476,420	4,580	3.86%	459,734	4,383	3.82%	438,836	2,774	2.53%
Non-interest-bearing demand deposits	102,866			99,844			121,834		
Other liabilities	13,429			14,396			13,975		
Total non-interest-bearing liabilities	116,295			114,240			135,810		
Stockholders' equity	46,211			46,005			44,921		
Total liabilities and stockholders' equity	<u>\$ 638,926</u>			<u>\$ 619,980</u>			<u>\$ 619,566</u>		
Net interest income		<u>\$ 3,447</u>			<u>\$ 3,203</u>			<u>\$ 4,297</u>	
Average interest rate spread			1.30%			1.21%			2.17%
Net interest margin			2.21%			2.12%			2.86%

Five Quarter Performance Ratio Highlights	Three Months Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Performance Ratios (%) - annualized					
Return(loss) on Average Assets	0.10	(0.07)	0.05	0.09	0.42
Return(loss) on Average Equity	1.37	(0.90)	0.73	1.17	5.81
Return(loss) on Average Tangible Equity	1.38	(0.91)	0.74	1.18	5.89
Efficiency Ratio	92.86	101.08	99.31	93.89	80.86
Yields / Costs (%)					
Average Yield - Interest Earning Assets	5.16	5.03	4.92	4.79	4.70
Cost of Funds	3.86	3.82	3.55	2.93	2.53
Net Interest Margin	2.21	2.12	2.28	2.67	2.86
Capital Ratios (%)					
Equity / Assets	7.12	7.34	7.18	7.24	7.24
Tangible Equity / Assets	7.03	7.26	7.09	7.15	7.15
Tier I leverage ratio (a)	9.30	9.52	9.45	9.54	9.40
Common equity Tier I capital ratio (a)	13.81	13.63	13.60	13.47	13.67
Tier 1 Risk-based capital ratio (a)	13.81	13.63	13.60	13.47	13.67
Total Risk-based capital ratio (a)	15.06	14.88	14.85	14.63	14.92
Stock Valuation					
Book Value	\$ 6.74	\$ 6.75	\$ 6.83	\$ 6.79	\$ 6.77
Tangible Book Value	\$ 6.65	\$ 6.67	\$ 6.74	\$ 6.71	\$ 6.68
Shares Outstanding (b)	6,884	6,834	6,714	6,714	6,714
Asset Quality (%)					
ACL / Total Loans	0.90	0.89	0.89	0.89	0.89
Non Performing Loans / Total Loans	0.22	0.24	0.22	0.25	0.25
Non Performing Assets / Total Assets	0.19	0.21	0.22	0.25	0.25

(a) Ratios at Bank level

(b) Shares information presented in thousands