

ES BANCSHARES, INC.

AUDIT COMMITTEE CHARTER

PREAMBLE

This Audit Committee Charter (the “Charter”) has been adopted by the Board of Directors of ES Bancshares, Inc. (the “Company”). The Audit Committee of the Board shall review and reassess this charter annually and recommend any proposed changes to the Board for approval.

OBJECTIVES OF COMMITTEE

- To provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities to oversee management's activities relating to accounting, record keeping, financial reporting, internal controls, disclosure controls and internal control over financial reporting.
- Provide a vehicle and establish a forum for the free and open communication of views and information among the Company’s directors, independent public accounting firm, internal auditor and management.
- To review the independence of the Company’s independent public accounting firm and the objectivity of internal auditor.
- To review the adequacy and reliability of disclosures to stockholders.
- To perform the audit committee functions specified by the New York State Banking Department, the Federal Depository Insurance Corporation (“FDIC”) and, to the extent applicable, the Securities and Exchange Commission (“SEC”).
- To establish and maintain a system for confidential complaints regarding the Company’s accounting, financial reporting, internal controls, disclosure controls, and internal control over financial reporting.
- The committee's duties do not include planning or conducting external or internal audits or determining that the Company’s financial statements are complete, accurate and in accordance with generally accepted accounting principles. Nor is it the duty of the committee to assure compliance with laws and regulations. These are the responsibilities of management.

ROLES AND RESPONSIBILITIES

The responsibilities of the committee include the following:

Independent Auditors:

- Appoint an independent public accounting firm for the purpose of auditing the Company's financial statements and, if and when required, attesting to its internal controls.
- Assess the qualifications of the Company's public auditing firm and its lead engagement partner. Oversee and evaluate the performance of such person and firm; if necessary, remove them.
- Obtain annually from the Company's independent public auditing firm a formal written statement describing all relationships between the firm and the Company, consistent with Independence Standards Board Standard Number 1. Discuss with the Company's independent public auditing firm any relationships that may impact the objectivity and independence of such firm and take, or recommend that the Board take, appropriate actions with respect to the independence of such firm from the Company.
- Resolve any disagreements between management and the Company's independent public auditing firm regarding accounting, financial reporting, disclosure controls, internal control over financial reporting and similar matters.
- Approve, in advance, all audit and non-audit services to be performed for the Company by its independent public auditing firm, subject to applicable law and regulation. Negotiate and approve all fees and engagement terms of the Company's independent public auditing firm for audit and non-audit services.
- Obtain assurance from the Company's independent public auditing firm that Section 10A(b) of the Exchange Act has not been implicated.
- Review with the Company's independent public auditing firm the plan, procedures and scope of its annual audit of the Company's financial statements.

Financial Reporting Review:

- Review at least annually critical accounting policies, alternate treatments within GAAP and significant assumptions and estimates with respect to the Company's financial statements with its management and independent public auditing firm. In connection with such review, review the financial accounting and reporting treatments preferred by the Company's independent auditing firm.
- Review and discuss the Company's audited financial statements with management and the Company's independent public auditing firm including all of the matters indicated in Statement of Auditing Standards Number 61. Based on such review, recommend to the

board whether such audited financial statements should be included in the Company's Annual Report on Form 10-KSB and Annual Report to Stockholders for the relevant fiscal year.

- Review material written communications between the Company's independent public auditing firm and management including the management letter and schedule of unadjusted differences.
- Review and discuss with management and Bank's independent public auditing firm on at least an annual basis the Company's disclosure of off-balance sheet data and non-financial data.
- Review and discuss with management and the Company's independent public auditing firm the appropriateness (and the reconciliation to GAAP) of any pro forma data to be included in the Company's public financial reports.
- Review and discuss with management and the Company's independent public auditing firm prior to release any proposed earnings announcement or financial press release.
- Review and discuss with management and the Company's independent public auditing firm prior to filing the Company's Annual Reports on Form 10-KSB, Quarterly Reports on Form 10-QSB and any other disclosure filings under the Federal securities laws.
- Monitor the efforts of management and the Company's independent public auditors to cure any deficiencies noted in its financial statements or accounting process.

Internal Controls, Disclosure Controls and Internal Control over Financial Reporting:

- Oversee the selection, compensation and performance of the Company's internal auditor. Assess the qualifications and independence of the Company's internal auditor.
- Discuss with the Company's management, independent public auditing firm and internal auditor the organization, scope, objectivity, budget and staffing of the Company's internal audit.
- Determine that no restrictions are placed upon the scope of the internal audit. Assess reports regarding computer systems, facilities and backup systems.
- Review regulatory examination reports and internal audit reports and monitor management's compliance efforts.
- Review with the Company's independent public auditing firm, internal auditor and management, the adequacy and effectiveness of the Company's internal controls (including internal control over financial reporting) and disclosure controls.
- Review reports of management and the Company's independent public auditing firm on internal and quality controls including, if and when required by applicable law or

regulations, management's report and the independent public auditing firm's attestation on internal control over financial reporting.

- Discuss with management on a quarterly basis its review and conclusions regarding the Company's disclosure controls and whether there has been any changes in the Company's internal control over financial reporting.

Other:

- Discuss the Company's legal and regulatory compliance with the Company's Compliance Committee on at least an annual basis.
- Review and, to the extent required under applicable SEC rules, approve all transactions with related parties.
- Establish procedures for (a) the receipt, retention and treatment of any complaints received by the Company on accounting, financial reporting, internal control, internal control over financial reporting, or auditing matters and (b) the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting, financial reporting, internal controls, internal control over financial reporting and auditing matters.
- Reassess the adequacy of this Charter at least annually.

ORGANIZATION

- The committee shall consist of a minimum of three outside directors of the Company. All members must be (i) financially literate, (ii) able to read and understand financial statements and (iii) able to satisfy applicable OCC and SEC requirements with respect thereto. In addition, if the Company's common stock is listed in the NASDAQ, at least one member of the committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in such member's financial sophistication, (including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.)
- All members of the committee must be free from any relationship with the Company which would interfere with their independent judgement. Other than in his or her capacity as a member of the board of directors or any committee thereof, no audit committee member shall accept directly or indirectly any fee or other compensation from the Company or any subsidiary and no audit committee member may be an affiliated person of the Company. No audit committee member or any of his family members shall have been employed by the Company, its independent public auditing firm or any of their affiliates or, received any payments from the Company (except as set forth above), its independent public accounting firm or any of their affiliates over the last three years. All audit committee members must comply with the independence requirements of the OCC and the SEC.

- Required Meetings. The committee shall meet at least four times a year and more frequently as circumstances require. The timing of meetings shall be determined by the committee. However, at least once per year, the committee shall have private meetings with each of the Company's independent public auditing firm, management and the internal auditor.
- One member of the committee shall be appointed as chairman. The chairman shall be responsible for leadership of the committee, including scheduling and presiding over meetings, preparing agendas, and making regular reports to the board. The chairman will also maintain regular liaison with the Company's CEO, CFO, COO, the lead partner of its independent public auditing firm, its internal auditor and its general and securities counsel.
- The committee shall have the power to conduct or authorize investigations into any matters within its scope of responsibilities. The committee is empowered to engage independent counsel and such other advisers as it determines necessary or appropriate to carry out its duties. The Bank shall pay all expenses of such advisers and any other expenses that are necessary or appropriate for carrying out the committee's duties.