

NEWBURGH, NEW YORK, JULY 23, 2015:

ES BANCSHARES, INC. REPORTS JUNE 30, 2015 QUARTERLY EARNINGS OF \$101 THOUSAND, OR \$0.03 PER COMMON SHARE, AS COMPARED TO \$135 THOUSAND, OR \$0.04 PER COMMON SHARE FOR THE QUARTER ENDED JUNE 30, 2014.

FINANCIAL HIGHLIGHTS

- Net income of \$101 thousand for the quarter ended June 30, 2015 compared to \$135 thousand for the comparable period in 2014, representing a decrease of \$34 thousand, or 25%.
- Net income of \$214 thousand for the year to date ended June 30, 2015 compared to \$256 thousand for the comparable period in 2014, representing a decrease of \$42 thousand, or 16%.
- Net income before taxes of \$175 thousand for the quarter ended June 30, 2015 compared to \$156 thousand for the comparable period in 2014, representing an increase of \$19 thousand, or 12%.
- Net income before taxes of \$385 thousand for the year to date ended June 30, 2015 compared to \$302 thousand for the comparable period in 2014, representing an increase of \$83 thousand, or 27%.
- Net interest income of \$1.55 million for the quarter ended June 30, 2015 compared to \$1.48 million for the comparable period in 2014, representing an increase of \$70 thousand, or 4.7%.
- Net margin of 3.53% for the quarter ended June 30, 2015 compared to 3.91% for the comparable period in 2014, representing a decrease of 38 bps, or 9.7%.
- Increase in nonperforming assets of \$1.01 million, or 54.9%, from \$1.84 million at June 30, 2014 to \$2.85 million at June 30, 2015.
- Capital ratios of 8.5%, 10.9% and 12.1% 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 June 30, 2015 and December 31, 2014

Total assets at June 30, 2015, amounted to \$194.8 million, representing an increase of \$7.0 million, or 3.7%, from \$187.8 million at December 31, 2014. Loans receivable, net, increased \$10.0 million, partially offset by a decrease in cash and cash equivalents of \$3.5 million.

Loans receivable, net, increased \$10.1 million, or 7.3%, to \$149.2 million at June 30, 2015 from \$139.1 million at December 31, 2014. Commercial loans, including taxi medallion and US government agency guaranteed loans, and commercial lines of credit decreased \$2.9 million, or 6.1%, from \$47.2 million to \$44.3 million. Commercial and multifamily real estate loans increased \$5.1 million, or 7.7%, from \$66.5 million to \$71.6 million. Home equity and consumer loans decreased \$278 thousand to \$5.9 million at June 30, 2015. Residential real estate mortgage loans increased \$8.1 million, or 40.9%, from \$19.8 million to \$27.9 million. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by \$19.9 million to \$166.1 million at June 30, 2015 from \$146.2 million at December 31, 2014. Non-interest bearing deposits increased \$6.8 million and interest bearing deposits increased \$13.1 million. Over this six month period the net deposit activity consisted mainly of increases in DDA and NOW accounts of \$18.2 million, as well as money market and savings accounts of \$3.5 million, partially offset by decreases in certificates of deposit of \$1.8 million.

Borrowings decreased by \$11.0 million to \$10.5 million at June 30, 2015 from \$21.5 million at December 31, 2014.

Stockholders' equity increased by \$200 thousand to \$15.5 million at June 30, 2015, from \$15.3 million at December 31, 2014. The increase was primarily attributable to a \$214 thousand increase in retained earnings. The ratio of stockholders' equity to total assets decreased to 8.0% at June 30, 2015 from 8.2% at December 31, 2014. Book value per share increased to \$4.68 at June 30, 2015, from \$4.62 at December 31, 2014.

ES BANCSHARES, INC.				
STATEMENTS OF CONDITION				
(In Thousands)				
(Unaudited)				
	6/30/2015	3/31/2015	12/31/2014	9/30/2014
ASSETS				
Cash and cash equivalents:	\$ 19,233	\$ 7,596	\$ 22,723	\$ 6,652
Securities - Available For Sale	4,129	4,460	4,754	5,029
Securities - Held To Maturity	12,932	11,869	12,278	12,721
Total Securities	17,061	16,329	17,032	17,750
Loans held for sale	-	-	-	-
Loans	151,322	150,906	141,195	135,940
Less: allowance for loan losses	(2,154)	(2,143)	(2,105)	(2,039)
Loans, net	149,168	148,763	139,090	133,901
Premises and equipment, net	3,373	3,316	3,333	2,621
Other assets	5,963	6,036	5,611	3,482
Total Assets	<u>\$ 194,798</u>	<u>\$ 182,040</u>	<u>\$ 187,789</u>	<u>\$ 164,406</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits:				
Demand and NOW deposit accounts	\$ 68,842	\$ 54,292	\$ 50,678	\$ 45,593
Money market accounts	27,382	28,725	28,497	31,424
Savings accounts	13,847	9,646	9,226	10,060
Certificates of deposit	56,068	53,708	57,848	45,804
Total Deposits	166,139	146,371	146,249	132,881
Borrowings	10,457	17,472	21,487	17,497
Other Liabilities	2,695	2,777	4,746	1,320
Total Liabilities	179,291	166,620	172,482	151,698
Total Shareholders' Equity	15,507	15,420	15,307	12,708
Total Liabilities and Shareholders' Equity	<u>\$ 194,798</u>	<u>\$ 182,040</u>	<u>\$ 187,789</u>	<u>\$ 164,406</u>

Results of Operations for the Quarters Ended June 30, 2015 and June 30, 2014

General. For the quarter ended June 30, 2015, the Company recognized net income of \$101 thousand, or \$0.03 per basic and diluted share, as compared to net income of \$135 thousand, or \$0.04 per basic and diluted share, for the quarter ended June 30, 2014.

Interest Income. Interest income increased to \$1.87 million for the quarter ended June 30, 2015 compared to \$1.79 million for the quarter ended June 30, 2014.

The average balance of the loan portfolio increased to \$149.6 million for the quarter ended June 30, 2015 from \$128.7 million for the quarter ended June 30, 2014 while the average yield decreased from 5.07% for the quarter ended June 30, 2014 to 4.62% for the quarter ended June 30, 2015. The average balance and yield of the Bank's investment securities for the quarter ended June 30, 2015 was \$16.3 million and 2.97%, respectively, as compared to an average balance of \$18.7 million and a yield of 3.06% for the comparable quarter ended one-year earlier.

Interest Expense. Total interest expense for the quarter ended June 30, 2015 increased by \$11 thousand to \$303 thousand from \$292 thousand for the prior year period. Average balances of total interest-bearing liabilities increased \$14.2 million to \$128.4 million for the quarter ended June 30, 2015, from \$114.2 million for the quarter ended June 30, 2014. The average cost for those liabilities decreased to 0.95% from 1.03% for the same respective period one year earlier reflecting lower market interest rates.

The average balances of the Bank's certificates of deposit portfolio increased to \$55.8 million at an average cost of 1.30% over the quarter ended June 30, 2015, from \$48.2 million at an average cost of 1.45% over the same quarter ended one-year earlier. Regular savings account average balances increased to \$12.2 million, from \$9.8 million for the quarter ended June 30, 2014. These had an average cost of 0.46% for the quarter ended June 30, 2015 compared to an average cost of 0.29% for the quarter ended June 30, 2014.

Average money market account balances increased \$615 thousand to \$28.1 million at an average cost of 0.46% for the quarter ended June 30, 2015, from \$27.5 million at an average cost of 0.44% for the quarter ended June 30, 2014.

For the quarter ended June 30, 2015, the average balance of the Company's borrowed funds was \$14.6 million with an average cost of 1.63%, as compared to \$15.5 million and an average cost of 1.74% for the quarter ended June 30, 2014.

Net Interest Income. Net interest income was approximately \$1.6 million for the quarter ended June 30, 2015, as compared to \$1.5 million for the same quarter in the prior year. Our average interest rate spread decreased to 3.26% for the quarter ended June 30, 2015, from 3.65% for the quarter ended June 30, 2014, while our net interest margin decreased to 3.53%, from 3.91% over the same respective periods.

Provision for Loan Losses. For the quarter ended June 30, 2015, management recorded a \$20 thousand provision for loan losses. Comparatively, there was a \$25 thousand provision for loan loss for the quarter ended June 30, 2014. 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 quarter ended June 30, 2015 increased \$131 thousand to \$311 thousand as compared to \$180 thousand for the quarter ended June 30, 2014. This increase is primarily resulting from net increases in gain on sale loans of \$97 thousand and deposit account service charges of \$40 thousand. This increase was partially offset by decreased annuity sales of \$9 thousand.

Non-Interest Expense. Non-interest expense for the quarter ended June 30, 2015 increased \$183 thousand when compared to the same quarter in 2014, primarily resulting from net increases of \$146 thousand in compensation and benefits expense and \$68 thousand in occupancy and equipment expense, partially offset by a decrease in professional fees of \$27 thousand.

Income Tax Expense. Income tax expense was \$74 thousand for the quarter ended June 30, 2015 as compared to \$21 thousand for the quarter ended June 30, 2014. The increase in tax expense is attributable to the Company removing the reserve on its federal net deferred tax asset during the fourth quarter of 2014.

Results of Operations for the Six Months Ended June 30, 2015 and June 30, 2014

General. For the six months ended June 30, 2015, the Company recognized net income of \$214 thousand, or \$0.06 per basic and diluted share, as compared to net gain of \$256 thousand, or \$0.08 per basic and diluted share, for the six months ended June 30, 2014.

Interest Income. Interest income increased by \$300 thousand, from \$3.5 million to \$3.8 million, for the six months ended June 30, 2015 compared to the six months ended June 30, 2014. This increase was primarily attributable to increase in interest income from loans of \$327 thousand.

The average balance of the loan portfolio increased to \$149.2 million for the six months ended June 30, 2015 from \$126.2 million for the six months ended June 30, 2014, while the average yield decreased from 5.02% for the six months ended June 30, 2014 to 4.69% for the six ended June 30, 2015. The average balance and yield of the Bank's investment securities for the six months ended June 30, 2015, was \$16.4 million and 3.01%, respectively, as compared to an average balance of \$19.1 million and a yield of 3.08% for the comparable six month period one-year earlier.

Interest Expense. Total interest expense for the six months ended June 30, 2015, increased by \$24 thousand, from \$570 thousand to \$594 thousand, when compared to the prior year period. Average balances of total interest-bearing liabilities increased \$17.0 million to \$128.3 million for the six months ended June 30, 2015, from \$111.3 million for the six months ended June 30, 2014. The average cost for those liabilities decreased to 0.94% from 1.03% for the same respective period one year earlier reflecting lower market interest rates.

The average balances of the Bank's certificates of deposit portfolio increased to \$56.6 million at an average cost of 1.26% over the six months ended June 30, 2015, from \$47.0 million at an average cost of 1.44% over the same period one-year earlier. Regular savings account average balances increased by \$1.2 million to \$10.7 million. These had an average cost of 0.39% for the six months ended June 30, 2015 compared to an average cost of 0.30% for the six months ended June 30, 2014.

Average money market account balances increased \$1.2 million to \$28.6 million at an average cost of 0.45% for the six months ended June 30, 2015, from \$27.4 million at an average cost of 0.43% for the six months ended June 30, 2014.

For the six months ended June 30, 2015, the average balance of the Company's borrowed funds was \$16.8 million and its average cost was 1.47%, as compared to \$13.3 million and an average cost of 1.95% for the six months ended June 30, 2014.

Net Interest Income. Net interest income was approximately \$3.2 million for the six months ended June 30, 2015, as compared to \$2.9 million for the same period in the prior year. Our interest rate spread decreased to

3.38% for the six months ended June 30, 2015, from 3.63% for the six months ended June 30, 2014, while our net interest margin decreased to 3.64% from 3.91%, over the same respective periods.

Provision for Loan Losses. For the six months ended June 30, 2015 the Company recorded a \$20 thousand provision for loan losses. Comparatively, the provision was \$75 thousand for the six months ended June 30, 2014. 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 six months ended June 30, 2015 increased \$169 thousand to approximately \$564 thousand as compared to \$395 thousand for the six months ended June 30, 2014. This increase was primarily the result of net increases in gain on sales of loans of \$117 thousand, due to an increased volume of US Gov't Agency Guaranteed loan sales, and deposit account service charges of \$68 thousand. These increases were partially offset by a net decrease in other income of \$10 thousand.

Non-Interest Expense. Non-interest expense for the six months ended June 30, 2015 increased \$408 thousand when compared to the same period in 2014. This increase was primarily the result of net increases in compensation and benefits of \$302 thousand, occupancy and equipment of \$155 thousand, and data processing fees of \$12 thousand. These net increases were partially offset by net decreases in loan origination and servicing of \$35 thousand, other expenses of \$28 thousand, and professional fees of \$24 thousand.

Income Tax Expense. Income tax expense was \$171 thousand for the six months ended June 30, 2015 as compared to \$46 for the six months ended June 30, 2014. The increase in tax expense is attributable to the Company removing the reserve on its federal net deferred tax asset during the fourth quarter of 2014.

ES BANCSHARES, INC.				
STATEMENTS OF INCOME				
(In Thousands)				
(Unaudited)				
	Quarter to Date	Quarter to Date	Year to Date	Year to Date
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Total interest income	\$ 1,869	\$ 1,792	\$ 3,785	\$ 3,494
Total interest expense	303	292	594	570
Net interest income	1,566	1,500	3,191	2,924
Provision for loan losses	20	25	20	75
Net interest income after provision for loan loss	1,546	1,475	3,171	2,849
Total non-interest income	311	180	564	395
Compensation and benefits	915	769	1,845	1,543
Occupancy and equipment	243	175	507	352
Professional fees	126	153	253	277
Data processing service fees	111	96	217	205
NYS Banking & FDIC Assessment	51	43	95	88
Other operating expenses	236	263	433	477
Total non-interest expense	1,682	1,499	3,350	2,942
Net Income Before Taxes	175	156	385	302
Provision for income taxes	74	21	171	46
Net income	101	135	214	256

	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	6/30/2015	3/31/2015	12/31/2014	9/30/2014
Total interest income	\$ 1,869	\$ 1,916	\$ 1,813	\$ 1,751
Total interest expense	303	291	288	291
Net interest income	1,566	1,625	1,525	1,460
Provision for loan losses	20	0	245	20
Net interest income after provision for loan loss	1,546	1,625	1,280	1,440
Total non-interest income	311	253	645	204
Compensation and benefits	915	930	1,028	775
Occupancy and equipment	243	264	211	187
Professional fees	126	127	124	129
Data processing service fees	111	106	107	96
NYS Banking & FDIC Assessment	51	44	42	41
Other operating expenses	236	197	249	285
Total non-interest expense	1,682	1,668	1,761	1,513
Net Income Before Taxes	175	210	164	131
Provision for income taxes	74	97	(2,363)	18
Net income	101	113	2,527	113
Basic Earnings per Share	\$ 0.03	\$ 0.03	\$ 0.76	\$ 0.03
Diluted Earnings per Share	\$ 0.03	\$ 0.03	\$ 0.76	\$ 0.03

ES BANCSHARES, INC.				
OTHER FINANCIAL MEASURES				
(In Thousands)				
(Unaudited)				
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	6/30/2015	3/31/2015	12/31/2014	9/30/2014
Asset Quality				
Allowance for Loan Losses	\$ 2,154	\$ 2,143	\$ 2,105	\$ 2,039
Nonperforming Loans / Total Loans	1.8%	1.0%	1.1%	0.9%
Nonperforming Assets / Total Assets	1.5%	0.9%	0.9%	0.9%
ALLL / Nonperforming Loans	79.6%	140.1%	137.5%	167.8%
ALLL / Loans, Gross	1.43%	1.43%	1.50%	1.50%
Capital				
Shares Issue - Basic	3,312,867	3,312,867	3,312,867	3,312,867
Book Value per Share	\$ 4.68	\$ 4.65	\$ 4.62	\$ 3.84
Tier 1 Capital Ratio	8.50%	8.63%	8.63%	8.70%
Tier 1 Risk Based Capital Ratio	10.87%	11.22%	10.80%	10.84%
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	6/30/2015	3/31/2015	12/31/2014	9/30/2014
Profitability				
Yield on Average Earning Assets	4.21%	4.42%	4.40%	4.44%
Cost of Avg. Interest Bearing Liabilities	0.95%	0.92%	0.94%	0.99%
Net Spread	3.26%	3.49%	3.47%	3.45%
Net Margin	3.53%	3.74%	3.70%	3.70%

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.