

NEWBURGH, NEW YORK, OCTOBER 20, 2016:

ES BANCSHARES, INC. REPORTS SEPTMEBER 30, 2016 QUARTERLY EARNINGS OF \$125 THOUSAND, OR \$0.04 PER COMMON SHARE, AS COMPARED TO \$98 THOUSAND, OR \$0.03 PER COMMON SHARE FOR THE QUARTER ENDED SEPTMBER 30, 2015.

FINANCIAL HIGHLIGHTS

- Net income of \$125 thousand for the quarter ended September 30, 2016 compared to \$98 thousand for the comparable period in 2015, representing an increase of \$27 thousand, or 28%.
- Net income of \$339 thousand for the year to date ended September 30, 2016 compared to \$312 thousand for the comparable period in 2015, representing an increase of \$27 thousand, or 8.7%.
- Net income before taxes of \$255 thousand for the quarter ended September 30, 2016 compared to \$190 thousand for the comparable period in 2015, representing an increase of \$65 thousand, or 34%.
- Net income before taxes of \$735 thousand for the year to date ended September 30, 2016 compared to \$575 thousand for the comparable period in 2015, representing an increase of \$160 thousand, or 28%.
- Net interest income of \$1.85 million for the quarter ended September 30, 2016 compared to \$1.59 million for the comparable period in 2015, representing an increase of \$260 thousand, or 16%.
- Net margin of 3.32% for the quarter ended September 30, 2016 compared to 3.50% for the comparable period in 2015, representing a decrease of 18 bps, or 5.1%.
- Capital ratios of 8.6%, 11.0% and 12.2% 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 September 30, 2016 and December 31, 2015

Total assets at September 30, 2016, amounted to \$247.0 million, representing an increase of \$51.0 million, or 26.0%, from \$196.0 million at December 31, 2015. This increase partially resulted from net increases in loans receivable, net, of \$35.3 million and in cash and cash equivalents of \$20.1 million. These increases were partially offset by a net decrease in total securities of \$4.5 million.

Loans receivable, net, increased \$35.3 million, or 21.3%, to \$201.0 million at September 30, 2016 from \$165.7 million at December 31, 2015. Commercial loans and commercial lines of credit decreased \$3.4 million, or 7.6%, from \$44.8 million to \$41.4 million. Commercial and multifamily real estate loans increased \$29.9 million, or 34.8%, from \$85.9 million to \$115.8 million. Home equity and consumer loans decreased \$857 thousand to \$5.9 million at September 30, 2016. Residential real estate mortgage loans increased \$9.1 million, or 31.7%, from \$28.8 million to \$37.9 million. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by \$55.9 million to \$213.8 million at September 30, 2016 from \$157.9 million at December 31, 2015. Non-interest bearing deposits increased \$11.2 million and interest bearing deposits increased \$44.7 million. Over this nine month period the net deposit activity consisted mainly of increases in money market and savings accounts of \$30.7 million, DDA and NOW accounts of \$17.1 million, and certificates of deposit of \$8.1 million.

Borrowings decreased by \$7.2 million to \$13.3 million at September 30, 2016 from \$20.4 million at December 31, 2015.

Stockholders' equity increased by \$340 thousand to \$15.7 million at September 30, 2016, from \$15.3 million at December 31, 2015. The increase was primarily attributable to a \$339 thousand increase in retained earnings. The ratio of stockholders' equity to total assets decreased to 6.4% at September 30, 2016 from 7.8% at December 31, 2015. Book value per share increased to \$4.73 at September 30, 2016, from \$4.63 at December 31, 2015.

| ES BANCSHARES, INC. | | | | |
|---|------------|------------|------------|------------|
| STATEMENTS OF CONDITION | | | | |
| (In Thousands) | | | | |
| (Unaudited) | | | | |
| | 9/30/2016 | 6/30/2016 | 3/31/2016 | 12/31/2015 |
| ASSETS | | | | |
| Cash and cash equivalents: | \$ 24,872 | \$ 21,151 | \$ 12,007 | \$ 4,740 |
| Securities - Available For Sale | 5,200 | 5,308 | 2,820 | 4,549 |
| Securities - Held To Maturity | 6,831 | 7,290 | 10,846 | 12,021 |
| Total Securities | 12,031 | 12,598 | 13,666 | 16,570 |
| Loans held for sale | - | - | - | - |
| Loans | 203,459 | 186,079 | 176,277 | 167,912 |
| Less: allowance for loan losses | (2,497) | (2,443) | (2,348) | (2,206) |
| Loans, net | 200,962 | 183,636 | 173,929 | 165,706 |
| Premises and equipment, net | 3,214 | 3,264 | 3,195 | 3,238 |
| Other assets | 5,946 | 6,094 | 5,820 | 5,764 |
| Total Assets | \$ 247,025 | \$ 226,743 | \$ 208,617 | \$ 196,018 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Deposits: | | | | |
| Demand and NOW deposit accounts | \$ 77,328 | \$ 68,411 | \$ 65,507 | \$ 60,247 |
| Money market accounts | 29,840 | 24,019 | 23,771 | 24,746 |
| Savings accounts | 47,911 | 35,634 | 26,551 | 22,314 |
| Certificates of deposit | 58,761 | 57,536 | 54,029 | 50,627 |
| Total Deposits | 213,840 | 185,600 | 169,858 | 157,934 |
| Borrowings | 13,250 | 23,000 | 19,412 | 20,427 |
| Other Liabilities | 4,260 | 2,607 | 3,963 | 2,322 |
| Total Liabilities | 231,350 | 211,207 | 193,233 | 180,683 |
| Total Shareholders' Equity | 15,675 | 15,536 | 15,384 | 15,335 |
| Total Liabilities and Shareholders' Equity | \$ 247,025 | \$ 226,743 | \$ 208,617 | \$ 196,018 |

Results of Operations for the Quarters Ended September 30, 2016 and September 30, 2015

General. For the quarter ended September 30, 2016, the Company recognized net income of \$125 thousand, or \$0.04 per basic and diluted share, as compared to net income of \$98 thousand, or \$0.03 per basic and diluted share, for the quarter ended September 30, 2015.

Interest Income. Interest income increased to \$2.27 million for the quarter ended September 30, 2016 compared to \$1.90 million for the quarter ended September 30, 2015.

The average balance of the loan portfolio increased to \$192.1 million for the quarter ended September 30, 2016 from \$154.2 million for the quarter ended September 30, 2015 while the average yield decreased to 4.45% for the quarter ended September 30, 2016 from 4.53% for the quarter ended September 30, 2015. The average balance and yield of the Bank's investment securities for the quarter ended September 30, 2016 was \$12.3 million and 3.13%, respectively, as compared to an average balance of \$17.1 million and a yield of 3.11% for the comparable quarter ended one-year earlier.

Interest Expense. Total interest expense for the quarter ended September 30, 2016, increased by \$110 thousand to \$424 thousand from \$314 thousand for the prior year period. Average balances of total interest-bearing liabilities increased \$27.4 million to \$157.4 million for the quarter ended September 30, 2016, from \$130.0 million for the quarter ended September 30, 2015. The average cost for those liabilities increased to 1.07% from 0.95% for the same respective period one year earlier reflecting an increase in Brooklyn branch savings accounts.

The average balances of the Bank's certificates of deposit portfolio increased to \$58.4 million at an average cost of 1.23% over the quarter ended September 30, 2016, from \$54.6 million at an average cost of 1.29% over the same quarter ended one-year earlier. Regular savings account average balances increased to \$42.0 million, from \$15.9 million for the quarter ended September 30, 2015. These had an average cost of 0.83% for the quarter ended September 30, 2016 compared to an average cost of 0.62% for the quarter ended September 30, 2015.

Average money market account balances decreased \$278 thousand to \$27.0 million at an average cost of 0.45% for the quarter ended September 30, 2016, from \$27.3 million at an average cost of 0.45% for the quarter ended September 30, 2015.

For the quarter ended September 30, 2016, the average balance of the Company's borrowed funds was \$14.9 million with an average cost of 2.86%, as compared to \$12.9 million and an average cost of 1.82% for the quarter ended September 30, 2015.

Net Interest Income. Net interest income increased \$262 thousand from \$1.59 million for the quarter ended September 30, 2015, to \$1.85 million for the quarter ended September 30, 2016. Our average interest rate spread decreased to 3.02% for the quarter ended September 30, 2016, from 3.23% for the quarter ended September 30, 2015, while our net interest margin decreased to 3.32% from 3.50%, over the same respective periods.

Provision for Loan Losses. For the quarter ended September 30, 2016, management recorded a \$100 thousand provision for loan losses. Comparatively, there was \$50 thousand provision for loan loss for the quarter ended September 30, 2015.

Non-Interest Income. Non-interest income for the quarter ended September 30, 2016 decreased \$196 thousand to \$247 thousand as compared to \$443 thousand for the quarter ended

September 30, 2015. Gain on loan sales decreased \$119 thousand to \$70 thousand for the quarter ended September 30, 2016.

Non-Interest Expense. Non-interest expense for the quarter ended September 30, 2016 decreased \$49 thousand when compared to the same quarter in 2015, primarily resulting from net decreases of \$55 thousand of professional fees and \$22 thousand in marketing, partially offset by a net increase in compensation and benefits expense of \$26 thousand.

Income Tax Expense. Income tax expense was \$130 thousand for the quarter ended September 30, 2016 as compared to \$92 thousand for the quarter ended September 30, 2015.

Results of Operations for the Nine Months Ended September 30, 2016 and September 30, 2015

General. For the nine months ended September 30, 2016, the Company recognized net income of \$339 thousand, or \$0.10 per basic and diluted share, as compared to net income of \$312 thousand, or \$0.09 per basic and diluted share, for the nine months ended September 30, 2015.

Interest Income. Interest income increased by \$734 thousand, from \$5.7 million to \$6.4 million, for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015. This increase was primarily attributable to a net increase in loans of \$760 thousand.

The average balance of the loan portfolio increased to \$180.4 million for the nine months ended September 30, 2016 from \$150.9 million for the nine months ended September 30, 2015, while the average yield decreased to 4.44% from 4.63% for the nine months ended September 30, 2016 and September 30, 2015. The average balance and yield of the Bank's investment securities for the nine months ended September 30, 2016, was \$13.5 million and 3.20%, respectively, as compared to an average balance of \$16.6 million and a yield of 3.04% for the comparable nine month period one-year earlier.

Interest Expense. Total interest expense for the nine months ended September 30, 2016, increased by \$185 thousand, from \$908 thousand to \$1.1 million, when compared to the prior year period. Average balances of total interest-bearing liabilities increased \$15.5 million to \$144.4 million for the nine months ended September 30, 2016, from \$128.9 million for the nine months ended September 30, 2015. The average cost for those liabilities increased to 1.01% from 0.94% for the same respective period one year earlier reflecting an increase in Brooklyn branch savings accounts.

The average balances of the Bank's certificates of deposit portfolio decreased to \$55.5 million at an average cost of 1.25% over the nine months ended September 30, 2016, from \$55.9 million at an average cost of 1.27% over the same period one-year earlier. Regular savings account average balances increased by \$20.4 million to \$32.8 million. These had an average cost of 0.81% for the nine months ended September 30, 2016 compared to an average cost of 0.49% for the nine months ended September 30, 2015.

Money market account average balances decreased by \$3.1 million to \$25.1 million. These had an average cost of 0.44% for the nine months ended September 30, 2016 compared to an average cost of 0.45% for the nine months ended September 30, 2015.

For the nine months ended September 30, 2016, the average balance of the Company's borrowed funds was \$17.5 million and its average cost was 1.87%, as compared to \$15.5 million and an average cost of 1.57% for the nine months ended September 30, 2015.

Net Interest Income. Net interest income was approximately \$5.3 million for the nine months ended September 30, 2016, as compared to \$4.8 million for the same period in the prior year. Our interest rate spread decreased to 3.16% for the nine months ended September 30, 2016, from 3.33% for the nine months ended September 30, 2015, while our net interest margin decreased to 3.46% from 3.59%, over the same respective periods.

Provision for Loan Losses. For the nine months ended September 30, 2016, management recorded a \$388 thousand provision for loan losses. Comparatively, the provision was \$70 thousand for the nine months ended September 30, 2015. 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 nine months ended September 30, 2016 decreased \$86 thousand to approximately \$921 thousand as compared to \$1.0 million for the nine months ended September 30, 2015. These decreases were primarily the result of net decreases in gain on loans sales of \$195 thousand and loan fee income of \$44 thousand. These decreases were partially offset by a net increase in gain on sale of securities of \$154 thousand.

Non-Interest Expense. Non-interest expense for the nine months ended September 30, 2016 decreased \$15 thousand when compared to the same period in 2015. This net decrease was primarily attributable to a net decrease in professional fees of \$85 thousand, partially offset by a net increase in compensation and benefits expense of \$72 thousand.

Income Tax Expense. Income tax expense was \$396 thousand for the nine months ended September 30, 2016 as compared to \$263 thousand for the nine months ended September 30, 2015.

| ES BANCSHARES, INC. | | | | |
|--|--------------------|--------------------|-----------------|-----------------|
| STATEMENTS OF INCOME | | | | |
| (In Thousands) | | | | |
| (Unaudited) | | | | |
| | Quarter to Date | Quarter to Date | Year to Date | Year to Date |
| | 9/30/2016 | 9/30/2015 | 9/30/2016 | 9/30/2015 |
| Total interest income | \$ 2,271 | \$ 1,899 | \$ 6,418 | \$ 5,684 |
| Total interest expense | 424 | 314 | 1,093 | 908 |
| Net interest income | 1,847 | 1,585 | 5,325 | 4,776 |
| Provision for loan losses | 100 | 50 | 388 | 70 |
| Net interest income after provision for loan loss | 1,747 | 1,535 | 4,937 | 4,706 |
| Total non-interest income | 247 | 443 | 921 | 1,007 |
| Compensation and benefits | 957 | 931 | 2,848 | 2,776 |
| Occupancy and equipment | 259 | 249 | 763 | 756 |
| Professional fees | 125 | 180 | 348 | 433 |
| Data processing service fees | 96 | 109 | 272 | 326 |
| NYS Banking & FDIC Assessment | 54 | 54 | 162 | 149 |
| Other operating expenses | 248 | 265 | 730 | 698 |
| Total non-interest expense | 1,739 | 1,788 | 5,123 | 5,138 |
| Net Income Before Taxes | 255 | 190 | 735 | 575 |
| Provision for income taxes | 130 | 92 | 396 | 263 |
| Net income | 125 | 98 | 339 | 312 |

| | Quarter Ended | Quarter Ended | Quarter Ended | Quarter Ended |
|--|------------------|------------------|------------------|------------------|
| | 9//30/2016 | 6//30/2016 | 3/31/2016 | 12/31/2015 |
| Total interest income | \$ 2,271 | \$ 2,110 | \$ 2,037 | \$ 1,970 |
| Total interest expense | 424 | 346 | 323 | 310 |
| Net interest income | 1,847 | 1,764 | 1,714 | 1,660 |
| Provision for loan losses | 100 | 150 | 138 | 0 |
| Net interest income after provision for loan loss | 1,747 | 1,614 | 1,576 | 1,660 |
| Total non-interest income | 247 | 353 | 321 | 260 |
| Compensation and benefits | 957 | 923 | 968 | 888 |
| Occupancy and equipment | 259 | 248 | 256 | 244 |
| Professional fees | 125 | 128 | 95 | 136 |
| Data processing service fees | 96 | 96 | 80 | 140 |
| NYS Banking & FDIC Assessment | 54 | 56 | 52 | 51 |
| Restructuring charges | 0 | 0 | 0 | 556 |
| Other operating expenses | 248 | 254 | 228 | 286 |
| Total non-interest expense | 1,739 | 1,705 | 1,679 | 2,301 |
| Net Income Before Taxes | 255 | 262 | 218 | (381) |
| Provision for income taxes | 130 | 133 | 133 | (118) |
| Net income | 125 | 129 | 85 | (263) |
| Basic Earnings per Share | \$ 0.04 | \$ 0.04 | \$ 0.03 | \$ (0.08) |
| Diluted Earnings per Share | \$ 0.04 | \$ 0.04 | \$ 0.03 | \$ (0.08) |

| ES BANCSHARES, INC. | | | | |
|---|---------------|---------------|---------------|---------------|
| OTHER FINANCIAL MEASURES | | | | |
| (In Thousands) | | | | |
| (Unaudited) | | | | |
| | Quarter Ended | Quarter Ended | Quarter Ended | Quarter Ended |
| | 9/30/2016 | 6/30/2016 | 3/31/2016 | 12/31/2015 |
| Asset Quality | | | | |
| Allowance for Loan Losses | \$ 2,497 | \$ 2,443 | \$ 2,348 | \$ 2,206 |
| Nonperforming Loans / Total Loans | 1.0% | 1.6% | 1.7% | 1.8% |
| Nonperforming Assets / Total Assets | 1.0% | 1.3% | 1.4% | 1.5% |
| ALLL / Nonperforming Loans | 118.7% | 83.4% | 78.2% | 73.5% |
| ALLL / Loans, Gross | 1.23% | 1.32% | 1.34% | 1.32% |
| Capital | | | | |
| Shares Issue - Basic | 3,312,867 | 3,312,867 | 3,312,867 | 3,312,867 |
| Book Value per Share | \$ 4.73 | \$ 4.69 | \$ 4.64 | \$ 4.63 |
| Tier 1 Capital Ratio | 8.59% | 8.70% | 8.10% | 8.24% |
| Tier 1 Risk Based Capital Ratio | 10.96% | 10.82% | 10.01% | 10.42% |
| Total Risk Based Capital Ratio | 12.21% | 12.07% | 11.27% | 11.67% |
| | | | | |
| | | | | |
| | Quarter Ended | Quarter Ended | Quarter Ended | Quarter Ended |
| | 9/30/2016 | 6/30/2016 | 3/31/2016 | 12/31/2015 |
| Profitability | | | | |
| Yield on Average Earning Assets | 4.09% | 4.15% | 4.27% | 4.28% |
| Cost of Avg. Interest Bearing Liabilities | 1.07% | 0.97% | 0.97% | 0.98% |
| Net Spread | 3.02% | 3.18% | 3.30% | 3.30% |
| Net Margin | 3.32% | 3.47% | 3.59% | 3.60% |

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.