

NEWBURGH, NEW YORK, APRIL 21, 2015:

ES BANCSHARES, INC. REPORTS MARCH 31, 2015 QUARTERLY EARNINGS OF \$113 THOUSAND, OR \$0.03 PER COMMON SHARE, AS COMPARED TO \$121 THOUSAND, OR \$0.04 PER COMMON SHARE FOR THE QUARTER ENDED MARCH 31, 2014.

FINANCIAL HIGHLIGHTS

- Earnings of \$113 thousand for the quarter ended March 31, 2015 compared to \$121 thousand for the comparable period in 2014, representing a decrease of \$8 thousand, or 6.6%.
- Net interest income of \$1.63 million for the three months ended March 31, 2015 compared to \$1.42 million for the comparable period in 2014, representing an increase of \$210 thousand, or 14.8%.
- Net margin of 3.74% for the quarter ended March 31, 2015 compared to 3.90% for the comparable period in 2014, representing a decrease of 16 bps, or 4.10%.
- Decrease in nonperforming assets of \$800 thousand, or 32.0%, from \$2.5 million at March 31, 2014 to \$1.7 million at March 31, 2015.

Comparison of Financial Condition at March 31, 2015 and December 31, 2014

Total assets at March 31, 2015, amounted to \$182.0 million, representing a decrease of \$5.8 million, or 3.1%, from \$187.8 million at December 31, 2014. The decrease in assets consisted primarily of cash and cash equivalents of \$15.1 million. This decrease was offset by an increase in total loans receivable, net of \$9.7 million.

Loans receivable, net, increased \$9.7 million, or 7.0%, to \$148.8 million at March 31, 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 \$2.6 million, or 5.5%, from \$47.2 million to \$44.6 million. Commercial and multifamily real estate loans increased \$4.7 million, or 7.1%, from \$66.5 million to \$71.2 million. Home equity and consumer loans decreased \$205 thousand to \$6.0 million at March 31, 2015. Residential real estate mortgage loans increased \$7.8 million, or 39.3%, from \$19.8 million to \$27.6 million. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by \$122 thousand to \$146.4 million at March 31, 2015 from \$146.2 million at December 31, 2014. Non-interest bearing deposits increased \$4.8 million and interest bearing deposits decreased \$4.7 million. Over this three month period the net deposit activity consisted mainly of increases in DDA and NOW accounts of \$3.6 million and in money market and savings accounts of \$648 thousand, partially offset by a decrease in certificates of deposit of \$4.1 million.

Borrowings decreased by \$4.0 million to \$17.5 million at March 31, 2015 from \$21.5 million at December 31, 2014.

Stockholders' equity increased by \$113 thousand to \$15.4 million at March 31, 2015, from \$15.3 million at December 31, 2014. The increase was primarily attributable to a \$113 thousand increase in retained earnings. The ratio of stockholders' equity to total assets increased to 8.5% at March 31, 2015 from 8.2% at December 31, 2014. Book value per share increased to \$4.65 at March 31, 2015, from \$4.62 at December 31, 2014.

ES BANCSHARES, INC.				
STATEMENTS OF CONDITION				
(In Thousands)				
(Unaudited)				
	3/31/2015	12/31/2014	9/30/2014	6/30/2014
ASSETS				
Cash and cash equivalents:	\$ 7,596	\$ 22,723	\$ 6,652	\$ 9,108
Securities - Available For Sale	4,460	4,754	5,029	5,372
Securities - Held To Maturity	11,869	12,278	12,721	13,226
Total Securities	16,329	17,032	17,750	18,598
Loans held for sale	-	-	-	-
Loans	150,906	141,195	135,940	130,409
Less: allowance for loan losses	(2,143)	(2,105)	(2,039)	(2,386)
Loans, net	148,763	139,090	133,901	128,023
Premises and equipment, net	3,316	3,333	2,621	2,339
Other assets	6,036	5,611	3,482	3,143
Total Assets	<u>\$ 182,040</u>	<u>\$ 187,789</u>	<u>\$ 164,406</u>	<u>\$ 161,211</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits:				
Demand and NOW deposit accounts	\$ 54,292	\$ 50,678	\$ 45,593	\$ 43,975
Money market accounts	28,725	28,497	31,424	30,593
Savings accounts	9,646	9,226	10,060	9,922
Certificates of deposit	53,708	57,848	45,804	49,048
Total Deposits	146,371	146,249	132,881	133,538
Borrowings	17,472	21,487	17,497	13,497
Other Liabilities	2,777	4,746	1,320	1,557
Total Liabilities	166,620	172,482	151,698	148,592
Total Shareholders' Equity	15,420	15,307	12,708	12,619
Total Liabilities and Shareholders' Equity	<u>\$ 182,040</u>	<u>\$ 187,789</u>	<u>\$ 164,406</u>	<u>\$ 161,211</u>

Results of Operations for the Quarters Ended March 31, 2015 and March 31, 2014

General. For the quarter ended March 31, 2015, the Company recognized net income of \$113 thousand, or \$0.03 per basic and diluted share, as compared to a net income of \$121 thousand, or \$0.04 per basic and diluted share, for the quarter ended March 31, 2014.

Interest Income. Interest income increased to \$1.91 million for the quarter ended March 31, 2015 compared to \$1.70 million for the quarter ended March 31, 2014. An increase of \$214 thousand was primarily attributable to a \$230 thousand increase in loan interest income and partially offset by a decrease in interest income from securities of \$25 thousand.

The average balance of the loan portfolio increased to \$148.9 million for the three months ended March 31, 2015 from \$123.7 million for the three months ended March 31, 2014 while the average yield decreased from 4.97% for the quarter ended March 31, 2014 to 4.75% for the quarter ended March 31, 2015. The average balance and yield of the Bank's investment securities for the quarter ended March 31, 2015 was \$16.4 million and 3.03%, respectively, as compared to an average balance of \$19.4 million and a yield of 3.09% for the comparable quarter ended one-year earlier.

Interest Expense. Total interest expense for the quarter ended March 31, 2015 increased by \$13 thousand to \$291 thousand from \$278 thousand for the prior year period. Average balances of total interest-bearing liabilities increased \$19.8 million to \$128.2 million for the quarter ended March 31, 2015, from \$108.4 million for the quarter ended March 31, 2014. The average cost for those liabilities decreased to 0.92% from 1.04% 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 \$57.5 million at an average cost of 1.23% over the quarter ended March 31, 2015, from \$45.8 million at an average cost of 1.46% over the same quarter ended one-year earlier. The 0.23% decrease in average cost was primarily attributable to the maturing and renewing of certificates of deposit in a lower interest rate environment as well as management's effort to focus primarily on core funding sources. Regular savings account average balances increased to \$9.3 million, or \$200 thousand, from \$9.1 million for the quarter ended March 31, 2014. These had an average cost of 0.30% for the quarter ended March 31, 2015 and the quarter ended March 31, 2014.

Average money market account balances increased \$1.8 million to \$29.0 million at an average cost of 0.46% for the quarter ended March 31, 2015, from \$27.2 million at an average cost of 0.44% for the quarter ended March 31, 2014.

For the quarter ended March 31, 2015, the average balance of the Company's borrowed funds was \$19.0 million with an average cost of 1.35%, as compared to \$11.0 million and an average cost of 2.24% for the quarter ended March 31, 2014.

Net Interest Income. Net interest income was approximately \$1.63 million for the quarter ended March 31, 2015, as compared to \$1.42 million for the same quarter in the prior year. Our average interest rate spread decreased to 3.49% for the quarter ended March 31, 2015, from 3.62% for the quarter ended March 31, 2014, while our net interest margin decreased to 3.74% from 3.90%, over the same respective periods. These decreases were primarily attributable to decreased yields on loans.

Provision for Loan Losses. For the three months ended March 31, 2015, management did not record any provision for loan losses. Management records loan loss provisions based on historical loss experience and other qualitative factors. Comparatively, the provision was \$50 thousand for the quarter ended March 31, 2014.

Non-Interest Income. Non-interest income for the quarter ended March 31, 2015 increased \$38 thousand to \$253 thousand as compared to \$215 thousand for the quarter ended March 31, 2014. Deposit service charges and fees increased \$28 thousand to \$151 thousand for the quarter ended March 31, 2015. The net gain on the sales of loans, increased by \$20 thousand, from \$59 thousand for the quarter ended March 31 2014, to \$79 thousand for the quarter ended March 31, 2015. Loan fee income decreased to \$18 thousand for the quarter ended March 31, 2015, from \$27 thousand for the same quarter in 2014.

Non-Interest Expense. Non-interest expense for the quarter ended March 31, 2015 increased \$225 thousand when compared to the same quarter in 2014. The increases are primarily attributable to net increases in compensation and benefits of \$156 thousand and occupancy and equipment of \$87 thousand. These increases were offset by a decrease in loan origination and servicing expense of \$19 thousand.

Income Tax Expense. Income tax expense was \$97 thousand for the quarter ended March 31, 2015 as compared to \$25 thousand for the quarter ended March 31, 2014. This increase is a result of a higher federal tax rate incurred due to the removal of a valuation allowance on the federal net deferred tax asset.

ES BANCSHARES, INC.				
STATEMENTS OF INCOME				
(In Thousands)				
(Unaudited)				
	Quarter to Date	Quarter to Date	Year to Date	Year to Date
	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Total interest income	\$ 1,916	\$ 1,702	\$ 1,916	\$ 1,702
Total interest expense	291	278	291	278
Net interest income	1,625	1,424	1,625	1,424
Provision for loan losses	0	50	0	50
Net interest income after provision for loan loss	1,625	1,374	1,625	1,374
Total non-interest income	253	215	253	215
Compensation and benefits	930	774	930	774
Occupancy and equipment	264	177	264	177
Professional fees	127	124	127	124
Data processing service fees	106	109	106	109
NYS Banking & FDIC Assessment	44	45	44	45
Other operating expenses	197	214	197	214
Total non-interest expense	1,668	1,443	1,668	1,443
Income Before Taxes	210	146	210	146
Provision for income taxes	97	25	97	25
Net income	113	121	113	121

	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Total interest income	\$ 1,916	\$ 1,813	\$ 1,751	\$ 1,792
Total interest expense	291	288	291	292
Net interest income	1,625	1,525	1,460	1,500
Provision for loan losses	0	245	20	25
Net interest income after provision for loan loss	1,625	1,280	1,440	1,475
Total non-interest income	253	645	204	180
Compensation and benefits	930	1,028	775	769
Occupancy and equipment	264	211	187	175
Professional fees	127	124	129	153
Data processing service fees	106	107	96	96
NYS Banking & FDIC Assessment	44	42	41	43
Other operating expenses	197	249	285	263
Total non-interest expense	1,668	1,761	1,513	1,499
Income Before Taxes	210	164	131	156
Provision for income taxes	97	(2,363)	18	21
Net income	113	2,527	113	135
Basic Earnings per Share	\$ 0.03	\$ 0.76	\$ 0.03	\$ 0.04
Diluted Earnings per Share	\$ 0.03	\$ 0.76	\$ 0.03	\$ 0.04

ES BANCSHARES, INC.				
OTHER FINANCIAL MEASURES				
(In Thousands)				
(Unaudited)				
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Asset Quality				
Allowance for Loan Losses	\$ 2,143	\$ 2,105	\$ 2,039	\$ 2,386
Nonperforming Loans / Total Loans	1.0%	1.1%	0.9%	1.2%
Nonperforming Assets / Total Assets	0.9%	0.9%	0.9%	1.1%
ALLL / Nonperforming Loans	140.1%	137.5%	167.8%	150.3%
ALLL / Loans, Gross	1.43%	1.50%	1.50%	1.84%
Capital				
Shares Issue - Basic	3,312,867	3,312,867	3,312,867	3,312,867
Book Value per Share	\$ 4.65	\$ 4.62	\$ 3.84	\$ 3.81
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	3/31/2015	12/31/2014	9/30/2014	6/30/2014
Profitability				
Yield on Average Earning Assets	4.42%	4.40%	4.44%	4.68%
Cost of Avg. Interest Bearing Liabilities	0.92%	0.94%	0.99%	1.03%
Net Spread	3.49%	3.47%	3.45%	3.65%
Net Margin	3.74%	3.70%	3.70%	3.91%

This release may contain certain forward-looking statements within the 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.