

NEWBURGH, NEW YORK, OCTOBER 26, 2015:

ES BANCSHARES, INC. REPORTS SEPTMEBER 30, 2015 QUARTERLY EARNINGS OF \$98 THOUSAND, OR \$0.03 PER COMMON SHARE, AS COMPARED TO \$113 THOUSAND, OR \$0.03 PER COMMON SHARE FOR THE QUARTER ENDED SEPTMBER 30, 2014.

FINANCIAL HIGHLIGHTS

- Net income of \$98 thousand for the quarter ended September 30, 2015 compared to \$113 thousand for the comparable period in 2014, representing a decrease of \$15 thousand, or 13%.
- Net income of \$312 thousand for the year to date ended September 30, 2015 compared to \$369 thousand for the comparable period in 2014, representing a decrease of \$57 thousand, or 15%.
- Net income before taxes of \$190 thousand for the quarter ended September 30, 2015 compared to \$131 thousand for the comparable period in 2014, representing an increase of \$59 thousand, or 45%.
- Net income before taxes of \$575 thousand for the year to date ended September 30, 2015 compared to \$433 thousand for the comparable period in 2014, representing an increase of \$142 thousand, or 33%.
- Net interest income of \$1.59 million for the quarter ended September 30, 2015 compared to \$1.46 million for the comparable period in 2014, representing an increase of \$13 thousand, or 0.9%
- Net margin of 3.50% for the quarter ended September 30, 2015 compared to 3.70% for the comparable period in 2014, representing a decrease of 20 bps, or 5.4%.
- Increase in nonperforming assets of \$1.3 million, or 86.7%, from \$1.5 million at September 30, 2014 to \$2.8 million at September 30, 2015.
- Capital ratios of 8.4%, 10.8% and 12.0% 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, 2015 and December 31, 2014

Total assets at September 30, 2015, amounted to \$187.5 million, representing a decrease of \$272 thousand, or 0.1%, from \$187.8 million at December 31, 2014. This decrease partially resulted from net decreases in cash and cash equivalents of \$13.7 million and FHLB stock of \$535 thousand. These decreases were partially offset by net increases in loans receivable, net, of \$13.3 million, other assets of \$249 thousand, and total securities of \$247 thousand.

Loans receivable, net, increased \$13.3 million, or 9.6%, to \$152.4 million at September 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 \$5.2 million, or 11.0%, from \$47.2 million to \$42.0 million. Commercial and multifamily real estate loans increased \$10.5 million, or 15.8%, from \$66.5 million to \$77.0 million. Home equity and consumer loans decreased \$381 thousand to \$5.8 million at September 30, 2015. Residential real estate mortgage loans increased \$8.4 million, or 42.4%, from \$19.8 million to \$28.2 million.

Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by \$12.7 million to \$158.9 million at September 30, 2015 from \$146.2 million at December 31, 2014. Non-interest bearing deposits increased \$9.0 million and interest bearing deposits increased \$3.6 million. Over this nine month period the net deposit activity consisted mainly of increases in DDA and NOW accounts of \$9.8 million, money market and savings accounts of \$7.3 million, and certificates of deposit of \$1.5 million partially offset by decrease in brokered certificates of deposit of \$6.0 million.

Borrowings decreased by \$12.1 million to \$9.4 million at September 30, 2015 from \$21.5 million at December 31, 2014

Stockholders' equity increased by \$302 thousand to \$15.6 million at September 30, 2015, from \$15.3 million at December 31, 2014. The increase was primarily attributable to a \$312 thousand increase in retained earnings. The ratio of stockholders' equity to total assets increased to 8.3% at September 30, 2015 from 8.2% at December 31, 2014. Book value per share increased to \$4.71 at September 30, 2015, from \$4.62 at December 31, 2014.

ES BANCSHARES, INC.				
STATEMENTS OF CONDITION				
(In Thousands)				
(Unaudited)				
	9/30/2015	6/30/2015	3/31/2015	12/31/2014
ASSETS				
Cash and cash equivalents:	\$ 9,038	\$ 19,233	\$ 7,596	\$ 22,723
Securities - Available For Sale	4,841	4,129	4,460	4,754
Securities - Held To Maturity	12,438	12,932	11,869	12,278
Total Securities	17,279	17,061	16,329	17,032
Loans held for sale	-	-	-	-
Loans	154,627	151,322	150,906	141,195
Less: allowance for loan losses	(2,204)	(2,154)	(2,143)	(2,105)
Loans, net	152,423	149,168	148,763	139,090
Premises and equipment, net	3,355	3,373	3,316	3,333
Other assets	5,422	5,963	6,036	5,611
Total Assets	\$ 187,517	\$ 194,798	\$ 182,040	\$ 187,789
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits:				
Demand and NOW deposit accounts	\$ 60,506	\$ 68,842	\$ 54,292	\$ 50,678
Money market accounts	26,815	27,382	28,725	28,497
Savings accounts	18,173	13,847	9,646	9,226
Certificates of deposit	53,366	56,068	53,708	57,848
Total Deposits	158,860	166,139	146,371	146,249
Borrowings	9,442	10,457	17,472	21,487
Other Liabilities	3,606	2,695	2,777	4,746
Total Liabilities	171,908	179,291	166,620	172,482
Total Shareholders' Equity	15,609	15,507	15,420	15,307
Total Liabilities and Shareholders' Equity	\$ 187,517	\$ 194,798	\$ 182,040	\$ 187,789

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

General. For the quarter ended September 30, 2015, the Company recognized net income of \$98 thousand, or \$0.03 per basic and diluted share, as compared to net income of \$113 thousand, or \$0.03 per basic and diluted share, for the quarter ended September 30, 2014.

Interest Income. Interest income increased to \$1.90 million for the quarter ended September 30, 2015 compared to \$1.75 million for the quarter ended September 30, 2014.

The average balance of the loan portfolio increased to \$154.2 million for the quarter ended September 30, 2015 from \$132.6 million for the quarter ended September 30, 2014 while the average yield decreased to 4.53% for the quarter ended September 30, 2015 from 4.82% for the quarter ended September 30, 2014. The average balance and yield of the Bank's investment securities for the quarter ended September 30, 2015 was \$17.1 million and 3.11%, respectively, as compared to an average balance of \$17.9 million and a yield of 3.03% for the comparable quarter ended one-year earlier.

Interest Expense. Total interest expense for the quarter ended September 30, 2015, increased by \$23 thousand to \$314 thousand from \$291 thousand for the prior year period. Average balances of total interest-bearing liabilities increased \$13.0 million to \$130.0 million for the quarter ended September 30, 2015, from \$117.0 million for the quarter ended September 30, 2014. The average cost for those liabilities decreased to 0.95% from 0.99% 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 \$54.6 million at an average cost of 1.29% over the quarter ended September 30, 2015, from \$47.0 million at an average cost of 1.37% over the same quarter ended one-year earlier. Regular savings account average balances increased to \$15.9 million, from \$10.2 million for the quarter ended September 30, 2014. These had an average cost of 0.62% for the quarter ended September 30, 2015 compared to an average cost of 0.31% for the quarter ended September 30, 2014.

Average money market account balances decreased \$2.6 million to \$27.3 million at an average cost of 0.45% for the quarter ended September 30, 2015, from \$29.9 million at an average cost of 0.46% for the quarter ended September 30, 2014.

For the quarter ended September 30, 2015, the average balance of the Company's borrowed funds was \$12.9 million with an average cost of 1.82%, as compared to \$15.1 million and an average cost of 1.81% for the quarter ended September 30, 2014.

Net Interest Income. Net interest income increased \$125 thousand from \$1.5 million for the quarter ended September 30, 2014, to \$1.6 million for the quarter ended September 31, 2015. Our average interest rate spread decreased to 3.23% for the quarter ended September 30, 2015, from 3.45% for the quarter ended September 30, 2014, while our net interest margin decreased to 3.50% from 3.70%, over the same respective periods.

Provision for Loan Losses. For the quarter ended September 30, 2015, management recorded a \$50 thousand provision for loan losses. Comparatively, there was \$20 thousand provision for loan loss for the quarter ended September 30, 2014.

Non-Interest Income. Non-interest income for the quarter ended September 30, 2015 increased \$239 thousand to \$443 thousand as compared to \$204 thousand for the quarter ended September 30, 2014. Gain on loan sales increased \$139 thousand to \$189 thousand for the quarter ended September 30, 2015.

Non-Interest Expense. Non-interest expense for the quarter ended September 30, 2015 increased \$275 thousand when compared to the same quarter in 2014, primarily resulting from net increases of \$156 thousand for compensation and benefits expense, \$62 thousand of occupancy and equipment expense, and \$51 thousand for professional fees.

Income Tax Expense. Income tax expense was \$92 thousand for the quarter ended September 30, 2015 as compared to \$18 thousand for the quarter ended September 30, 2014. This increase in tax provision is primarily the result of the removal of a valuation allowance on the federal net deferred tax asset during the fourth quarter of 2014.

Results of Operations for the Nine Months Ended September 30, 2015 and September 30, 2014

General. For the nine months ended September 30, 2015, the Company recognized net income of \$312 thousand, or \$0.09 per basic and diluted share, as compared to net income of \$369 thousand, or \$0.11 per basic and diluted share, for the nine months ended September 30, 2014.

Interest Income. Interest income increased by \$439 thousand, from \$5.2 million to \$5.7 million, for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. This increase was primarily attributable to net increase in loans of \$475 thousand.

The average balance of the loan portfolio increased to \$150.9 million for the nine months ended September 30, 2015 from \$128.4 million for the nine months ended September 30, 2014, while the average yield decreased to 4.63% from 4.95% for the nine months ended September 30, 2015 and September 30, 2014. The average balance and yield of the Bank's investment securities for the nine months ended September 30, 2015, was \$16.6 million and 3.04%, respectively, as compared to an average balance of \$18.7 million and a yield of 3.06% for the comparable nine month period one-year earlier.

Interest Expense. Total interest expense for the nine months ended September 30, 2015, increased by \$47 thousand, from \$861 thousand to \$908 thousand, when compared to the prior year period. Average balances of total interest-bearing liabilities increased \$15.7 million to \$128.9 million for the nine months ended September 30, 2015, from \$113.2 million for the nine months ended September 30, 2014. The average cost for those liabilities decreased to 0.94% from 1.01% 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 \$55.9 million at an average cost of 1.27% over the nine months ended September 30, 2015, from \$47.0 million at an average cost of 1.42% over the same period one-year earlier. Regular savings account average balances increased by \$2.7 million to \$12.4 million. These had an average cost of 0.49% for the nine months ended September 30, 2015 compared to an average cost of 0.30% for the nine months ended September 30, 2014.

Average money market account balances remained unchanged at \$28.2 million at an average cost of 0.45% and 0.44% for the nine months ended September 30, 2015 and September 30, 2014, respectively.

For the nine months ended September 30, 2015, the average balance of the Company's borrowed funds was \$15.5 million and its average cost was 1.57%, as compared to \$13.9 million and an average cost of 1.90% for the nine months ended September 30, 2014.

Net Interest Income. Net interest income was approximately \$4.8 million for the nine months ended September 30, 2015, as compared to \$4.4 million for the same period in the prior year. Our interest rate spread decreased to 3.33% for the nine months ended September 30, 2015, from 3.58% for the nine months ended September 30, 2014, while our net interest margin decreased to 3.59% from 3.84%, over the same respective periods.

Provision for Loan Losses. For the nine months ended September 30, 2015, management recorded a \$70 thousand provision for loan losses. Comparatively, the provision was \$95 thousand for the nine months ended September 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 nine months ended September 30, 2015 increased \$408 thousand to approximately \$1.0 million as compared to \$600 thousand for the nine months ended September 30, 2014. The increases were primarily the result of net increases in gain on loans sales of \$256 thousand and deposit account service charge income of \$112 thousand.

Non-Interest Expense. Non-interest expense for the nine months ended September 30, 2015 increased \$683 thousand when compared to the same period in 2014. This net increase was primarily attributable to net increases in compensation and benefits expense of \$458 thousand and occupancy, equipment of \$217 thousand. These increases were partially offset by net decreases in loan origination and servicing expense of \$49 thousand and other expense of \$43 thousand.

Income Tax Expense. Income tax expense was \$263 thousand for the nine months ended September 30, 2015 as compared to \$64 thousand for the nine months ended September 30, 2014. This increase in tax provision is primarily the result of the removal of a valuation allowance on the 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
	9/30/2015	9/30/2014	9/30/2015	9/30/2014
Total interest income	\$ 1,899	\$ 1,751	\$ 5,684	\$ 5,245
Total interest expense	314	291	908	861
Net interest income	1,585	1,460	4,776	4,384
Provision for loan losses	50	20	70	95
Net interest income after provision for loan loss	1,535	1,440	4,706	4,289
Total non-interest income	443	204	1,007	599
Compensation and benefits	931	775	2,776	2,318
Occupancy and equipment	249	187	756	539
Professional fees	180	129	433	406
Data processing service fees	109	96	326	301
NYS Banking & FDIC Assessment	54	41	149	129
Other operating expenses	265	285	698	762
Total non-interest expense	1,788	1,513	5,138	4,455
Net Income Before Taxes	190	131	575	433
Provision for income taxes	92	18	263	64
Net income	98	113	312	369

	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Total interest income	\$ 1,899	\$ 1,869	\$ 1,916	\$ 1,813
Total interest expense	314	303	291	288
Net interest income	1,585	1,566	1,625	1,525
Provision for loan losses	50	20	0	245
Net interest income after provision for loan loss	1,535	1,546	1,625	1,280
Total non-interest income	443	311	253	645
Compensation and benefits	931	915	930	1,028
Occupancy and equipment	249	243	264	211
Professional fees	180	126	127	124
Data processing service fees	109	111	106	107
NYS Banking & FDIC Assessment	54	51	44	42
Other operating expenses	265	236	197	249
Total non-interest expense	1,788	1,682	1,668	1,761
Net Income Before Taxes	190	175	210	164
Provision for income taxes	92	74	97	(2,363)
Net income	98	101	113	2,527
Basic Earnings per Share	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.76
Diluted Earnings per Share	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.76

ES BANCSHARES, INC.				
OTHER FINANCIAL MEASURES				
(In Thousands)				
(Unaudited)				
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Asset Quality				
Allowance for Loan Losses	\$ 2,204	\$ 2,154	\$ 2,143	\$ 2,105
Nonperforming Loans / Total Loans	1.7%	1.8%	1.0%	1.1%
Nonperforming Assets / Total Assets	1.5%	1.5%	0.9%	0.9%
ALLL / Nonperforming Loans	82.6%	79.6%	140.1%	137.5%
ALLL / Loans, Gross	1.43%	1.43%	1.43%	1.50%
Capital				
Shares Issue - Basic	3,312,867	3,312,867	3,312,867	3,312,867
Book Value per Share	\$ 4.71	\$ 4.68	\$ 4.65	\$ 4.62
Tier 1 Capital Ratio	8.44%	8.50%	8.63%	8.63%
Tier 1 Risk Based Capital Ratio	10.78%	10.92%	11.22%	10.80%
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	9/30/2015	6/30/2015	3/31/2015	12/31/2014
Profitability				
Yield on Average Earning Assets	4.19%	4.21%	4.42%	4.40%
Cost of Avg. Interest Bearing Liabilities	0.96%	0.95%	0.92%	0.94%
Net Spread	3.23%	3.26%	3.49%	3.47%
Net Margin	3.50%	3.53%	3.74%	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.