

NEWBURGH, NEW YORK, APRIL 21, 2016:

ES BANCSHARES, INC. REPORTS MARCH 31, 2016 QUARTERLY EARNINGS OF \$85 THOUSAND, OR \$0.03 PER COMMON SHARE, AS COMPARED TO \$113 THOUSAND, OR \$0.03 PER COMMON SHARE FOR THE QUARTER ENDED MARCH 31, 2015.

FINANCIAL HIGHLIGHTS

- Net income of \$85 thousand for the quarter ended March 31, 2016 compared to \$113 thousand for the comparable period in 2015, representing a decrease of \$28 thousand, or 25%.
- Net income before taxes of \$218 thousand for the quarter ended March 31, 2016 compared to \$210 thousand for the comparable period in 2015, representing an increase of \$8 thousand, or 4%.
- Net interest income of \$1.71 million for the quarter ended March 31, 2016 compared to \$1.63 million for the comparable period in 2015, representing an increase of \$80 thousand, or 5%
- Net margin of 3.59% for the quarter ended March 31, 2016 compared to 3.75% for the comparable period in 2015, representing a decrease of 16 bps, or 4.3%
- Loans, net of \$173.9 million for the quarter ended March 31, 2016 compared to \$148.8 million for the comparable period in 2015, representing an increase of \$25.1 million, or 16.9%
- Total deposits of \$169.9 million for the quarter ended March 31, 2016, compared to \$146.4 million for the comparable period in 2015, representing an increase of \$23.5 million, or 16.1%
- Capital ratios of 8.1%, 10.0% and 11.3% 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 March 31, 2016 and December 31, 2015

Total assets at March 31, 2016, amounted to \$208.6 million, representing an increase of \$12.5 million, or 6.4%, from \$196.1 million at December 31, 2015. The increase in assets consisted primarily of increases in total loans receivable, net of \$8.2 million and in cash and cash equivalents of \$7.3 million. This increase was offset by a decrease in total securities of \$2.9 million.

Loans receivable, net, increased \$8.2 million, or 5.0%, to \$173.9 million at March 31, 2016 from \$165.7 million at December 31, 2015. Commercial loans, including taxi medallion and US government agency guaranteed loans, and commercial lines of credit decreased \$1.0 million, or 2.1%, from \$44.8 million to \$43.8 million. Commercial and multifamily real estate loans increased \$9.0 million, or 10.5%, from \$85.9 million to \$94.9 million. Home equity and consumer loans decreased \$563 thousand to \$6.2 million at March 31, 2016. Residential real estate mortgage loans increased \$560 thousand, or 2.0%, from \$28.8 million to \$29.3 million. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by \$12.0 million to \$169.9 million at March 31, 2016 from \$157.9 million at December 31, 2015. Non-interest bearing deposits increased \$5.7 million and interest bearing deposits increased \$6.3 million. Over this three month period the net deposit activity consisted mainly of increases in DDA and NOW accounts of \$5.2 million, savings accounts of \$4.2 million and in certificates of deposit of \$3.4 million, partially offset by a decrease in money market accounts of \$1.0 million.

Borrowings decreased by \$1.0 million to \$19.4 million at March 31, 2016 from \$20.4 million at December 31, 2015.

Stockholders' equity increased by \$49 thousand to \$15.4 million at March 31, 2016, from \$15.3 million at December 31, 2015. The increase was primarily attributable to an \$85 thousand increase in retained earnings, partially offset by a decrease in other comprehensive income of \$47 thousand. The ratio of stockholders' equity to total assets decreased to 7.4% at March 31, 2016 from 7.8% at December 31, 2015. Book value per share increased to \$4.64 at March 31, 2016, from \$4.63 at December 31, 2015.

ES BANCSHARES, INC.				
STATEMENTS OF CONDITION				
(In Thousands)				
(Unaudited)				
	3/31/2016	12/31/2015	9/30/2015	6/30/2015
ASSETS				
Cash and cash equivalents:	\$ 12,007	\$ 4,740	\$ 9,038	\$ 19,233
Securities - Available For Sale	2,820	4,549	4,841	4,129
Securities - Held To Maturity	10,846	12,021	12,438	12,932
Total Securities	13,666	16,570	17,279	17,061
Loans held for sale	-	-	-	-
Loans	176,277	167,912	154,627	151,322
Less: allowance for loan losses	(2,348)	(2,206)	(2,204)	(2,154)
Loans, net	173,929	165,706	152,423	149,168
Premises and equipment, net	3,195	3,238	3,355	3,373
Other assets	5,820	5,764	5,422	5,963
Total Assets	<u>\$ 208,617</u>	<u>\$ 196,018</u>	<u>\$ 187,517</u>	<u>\$ 194,798</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits:				
Demand and NOW deposit accounts	\$ 65,507	\$ 60,247	\$ 60,506	\$ 68,842
Money market accounts	23,771	24,746	26,815	27,382
Savings accounts	26,551	22,314	18,173	13,847
Certificates of deposit	54,029	50,627	53,366	56,068
Total Deposits	169,858	157,934	158,860	166,139
Borrowings	19,412	20,427	9,442	10,457
Other Liabilities	3,963	2,322	3,606	2,695
Total Liabilities	193,233	180,683	171,908	179,291
Total Shareholders' Equity	15,384	15,335	15,609	15,507
Total Liabilities and Shareholders' Equity	<u>\$ 208,617</u>	<u>\$ 196,018</u>	<u>\$ 187,517</u>	<u>\$ 194,798</u>

Results of Operations for the Quarters Ended March 31, 2016 and March 31, 2015

General. For the quarter ended March 31, 2016, the Company recognized net income of \$85 thousand, or \$0.03 per basic and diluted share, as compared to a net income of \$113 thousand, or \$0.03 per basic and diluted share, for the quarter ended March 31, 2015.

Interest Income. Interest income increased to \$2.04 million for the quarter ended March 31, 2016 compared to \$1.92 million for the quarter ended March 31, 2015. An increase of \$121 thousand was primarily attributable to a \$120 thousand increase in loan interest income and partially offset by a decrease in interest income from securities of \$2 thousand.

The average balance of the loan portfolio increased to \$169.1 million for the three months ended March 31, 2016 from \$148.9 million for the three months ended March 31, 2015 while the average yield decreased from 4.75% for the quarter ended March 31, 2015 to 4.47% for the quarter ended March 31, 2016. The average balance and yield of the Bank's investment securities for the quarter ended March 31, 2016 was \$15.2 million and 3.23%, respectively, as compared to an average balance of \$16.4 million and a yield of 3.03% for the comparable quarter ended one-year earlier.

Interest Expense. Total interest expense for the quarter ended March 31, 2016 increased by \$32 thousand to \$323 thousand from \$291 thousand for the prior year period. Average balances of total interest-bearing liabilities increased \$5.3 million to \$133.5 million for the quarter ended March 31, 2016, from \$128.2 million for the quarter ended March 31, 2015. The average cost for those liabilities increased to 0.98% from 0.92% for the same respective period one year earlier reflecting lower market interest rates.

The average balances of the Bank's certificates of deposit portfolio decreased to \$52.6 million at an average cost of 1.29% over the quarter ended March 31, 2016, from \$57.5 million at an average cost of 1.23% over the same quarter ended one-year earlier. Regular savings account average balances increased to \$24.0 million, or \$14.7 million, from \$9.3 million for the quarter ended March 31, 2015. These had an average cost of 0.74% for the quarter ended March 31, 2016 and a cost of 0.30% for the quarter ended March 31, 2015.

Average money market account balances decreased \$4.7 million to \$24.3 million at an average cost of 0.43% for the quarter ended March 31, 2016, from \$29.0 million at an average cost of 0.46% for the quarter ended March 31, 2015.

For the quarter ended March 31, 2016, the average balance of the Company's borrowed funds was \$19.7 million with an average cost of 1.42%, as compared to \$19.0 million and an average cost of 1.35% for the quarter ended March 31, 2015.

Net Interest Income. Net interest income was approximately \$1.71 million for the quarter ended March 31, 2016, as compared to \$1.63 million for the same quarter in the prior year. Our average interest rate spread decreased to 3.30% for the quarter ended March 31, 2016, from 3.49% for the quarter ended March 31, 2015, while our net interest margin decreased to 3.59% from 3.74%, over the same respective periods. These decreases were primarily attributable to decreased yields on loans, an increased cost on savings deposit accounts, and increased balance of interest earning assets.

Provision for Loan Losses. For the three months ended March 31, 2016, management recorded \$138 thousand provision for loan losses. Management records loan loss provisions based on historical loss experience and other qualitative factors. Comparatively, management did not record any provision for loan losses for the quarter ended March 31, 2015.

Non-Interest Income. Non-interest income for the quarter ended March 31, 2016 increased \$68 thousand to \$321 thousand as compared to \$253 thousand for the quarter ended March 31, 2015. The increases are primarily attributable to gain on sale of securities of \$78 thousand and deposit service charges and fee of \$13 thousand. These increases were partially offset by a decrease in gain on sale of loans of \$35 thousand.

Non-Interest Expense. Non-interest expense for the quarter ended March 31, 2016 increased \$11 thousand when compared to the same quarter in 2015. The increases are primarily attributable to net increases in compensation and benefits of \$38 thousand, loan origination and servicing expense of \$15 thousand, and FDIC and NYS assessments of \$8 thousand. These increases were offset by a decrease in professional fees of \$32 thousand and in data processing service fees of \$26 thousand.

Income Tax Expense. Income tax expense was \$133 thousand for the quarter ended March 31, 2016 as compared to \$97 thousand for the quarter ended March 31, 2015.

ES BANCSHARES, INC.				
STATEMENTS OF INCOME				
(In Thousands)				
(Unaudited)				
	Quarter to Date	Quarter to Date	Year to Date	Year to Date
	3/31/2016	3/31/2015	3/31/2016	3/31/2015
Total interest income	\$ 2,037	\$ 1,916	\$ 2,037	\$ 1,916
Total interest expense	323	291	323	291
Net interest income	1,714	1,625	1,714	1,625
Provision for loan losses	138	0	138	0
Net interest income after provision for loan loss	1,576	1,625	1,576	1,625
Total non-interest income	321	253	321	253
Compensation and benefits	968	930	968	930
Occupancy and equipment	256	264	256	264
Professional fees	95	127	95	127
Data processing service fees	80	106	80	106
NYS Banking & FDIC Assessment	52	44	52	44
Other operating expenses	228	197	228	197
Total non-interest expense	1,679	1,668	1,679	1,668
Net Income Before Taxes	218	210	218	210
Provision for income taxes	133	97	133	97
Net income	85	113	85	113

	Quarter to Date	Quarter to Date	Quarter Ended	Quarter Ended
	3/31/2016	12/31/2015	9/30/2015	6/30/2015
Total interest income	\$ 2,037	\$ 1,970	\$ 1,899	\$ 1,869
Total interest expense	323	310	314	303
Net interest income	1,714	1,660	1,585	1,566
Provision for loan losses	138	0	50	20
Net interest income after provision for loan loss	1,576	1,660	1,535	1,546
Total non-interest income	321	260	443	311
Compensation and benefits	968	888	931	915
Occupancy and equipment	256	244	249	243
Professional fees	95	136	180	126
Data processing service fees	80	140	109	111
NYS Banking & FDIC Assessment	52	51	54	51
Restructuring charges	0	556	0	0
Other operating expenses	228	286	265	236
Total non-interest expense	1,679	2,301	1,788	1,682
Net Income Before Taxes	218	(381)	190	175
Provision for income taxes	133	(118)	92	74
Net income	85	(263)	98	101
Basic Earnings per Share	\$ 0.03	\$ (0.08)	\$ 0.03	\$ 0.03
Diluted Earnings per Share	\$ 0.03	\$ (0.08)	\$ 0.03	\$ 0.03

