

NEWBURGH, NEW YORK, JULY 20, 2016:

ES BANCSHARES, INC. REPORTS JUNE 30, 2016 QUARTERLY EARNINGS OF \$129 THOUSAND, OR \$0.04 PER COMMON SHARE, AS COMPARED TO \$101 THOUSAND, OR \$0.03 PER COMMON SHARE FOR THE QUARTER ENDED JUNE 30, 2015.

FINANCIAL HIGHLIGHTS

- Net income of \$129 thousand for the quarter ended June 30, 2016 compared to \$101 thousand for the comparable period in 2015, representing an increase of \$28 thousand, or 28%.
- Net income of \$214 thousand for the year to date ended June 30, 2016 compared to \$214 thousand for the comparable period in 2015.
- Net income before taxes of \$262 thousand for the quarter ended June 30, 2016 compared to \$175 thousand for the comparable period in 2015, representing an increase of \$87 thousand, or 50%.
- Net income before taxes of \$480 thousand for the year to date ended June 30, 2016 compared to \$385 thousand for the comparable period in 2015, representing an increase of \$95 thousand, or 25%.
- Net interest income of \$1.76 million for the quarter ended June 30, 2016 compared to \$1.57 million for the comparable period in 2015, representing an increase of \$190 thousand, or 12%
- Net margin of 3.47% for the quarter ended June 30, 2016 compared to 3.53% for the comparable period in 2015, representing a decrease of 6 bps, or 1.7%.
- Capital ratios of 8.7%, 10.8% 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, 2016 and December 31, 2015

Total assets at June 30, 2016, amounted to \$226.7 million, representing an increase of \$30.7 million, or 15.7%, from \$196.0 million at December 31, 2015. The increase in assets consisted primarily of increases in total loans receivable, net of \$17.9 million and in cash and cash equivalents of \$16.4 million. These increases were offset by a decrease in total securities of \$4.0 million.

Loans receivable, net, increased \$17.9 million, or 10.8%, to \$183.6 million at June 30, 2016 from \$165.7 million at December 31, 2015. Commercial loans and commercial lines of credit decreased \$2.9 million, or 6.4%, from \$44.8 million to \$41.9 million. Commercial and multifamily real estate loans increased \$18.7 million, or 21.2%, from \$85.9 million to \$104.6 million. Home equity and consumer loans decreased \$388 thousand to \$6.4 million at June 30, 2016. Residential real estate mortgage loans increased \$2.2 million, or 7.6%, from \$28.8 million to \$31.0 million. Management continues to emphasize the origination of high quality loans for retention in the loan portfolio.

Deposits increased by \$27.7 million to \$185.6 million at June 30, 2016 from \$157.9 million at December 31, 2015. Non-interest bearing deposits increased \$5.3 million and interest bearing deposits increased \$22.4 million. Over this six month period the net deposit activity consisted mainly of increases in savings accounts of \$13.3 million, DDA and NOW accounts of \$8.2 million, and in certificates of deposit of \$6.9 million, partially offset by a decrease in money market accounts of \$727 thousand.

Borrowings increased by \$2.6 million to \$23.0 million at June 30, 2016 from \$20.4 million at December 31, 2015.

Stockholders' equity increased by \$201 thousand to \$15.5 million at June 30, 2016, from \$15.3 million at December 31, 2015. The increase was primarily attributable to a \$214 thousand increase in retained earnings. The ratio of stockholders' equity to total assets decreased to 6.9% at June 30, 2016 from 7.8% at December 31, 2015. Book value per share increased to \$4.69 at June 30, 2016, from \$4.63 at December 31, 2015.

ES BANCSHARES, INC.				
STATEMENTS OF CONDITION				
(In Thousands)				
(Unaudited)				
	6/30/2016	3/31/2016	12/31/2015	9/30/2015
ASSETS				
Cash and cash equivalents:	\$ 21,151	\$ 12,007	\$ 4,740	\$ 9,038
Securities - Available For Sale	5,308	2,820	4,549	4,841
Securities - Held To Maturity	7,290	10,846	12,021	12,438
Total Securities	12,598	13,666	16,570	17,279
Loans held for sale	-	-	-	-
Loans	186,079	176,277	167,912	154,627
Less: allowance for loan losses	(2,443)	(2,348)	(2,206)	(2,204)
Loans, net	183,636	173,929	165,706	152,423
Premises and equipment, net	3,264	3,195	3,238	3,355
Other assets	6,094	5,820	5,764	5,422
Total Assets	<u>\$ 226,743</u>	<u>\$ 208,617</u>	<u>\$ 196,018</u>	<u>\$ 187,517</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits:				
Demand and NOW deposit accounts	\$ 68,411	\$ 65,507	\$ 60,247	\$ 60,506
Money market accounts	24,019	23,771	24,746	26,815
Savings accounts	35,634	26,551	22,314	18,173
Certificates of deposit	57,536	54,029	50,627	53,366
Total Deposits	185,600	169,858	157,934	158,860
Borrowings	23,000	19,412	20,427	9,442
Other Liabilities	2,607	3,963	2,322	3,606
Total Liabilities	211,207	193,233	180,683	171,908
Total Shareholders' Equity	15,536	15,384	15,335	15,609
Total Liabilities and Shareholders' Equity	<u>\$ 226,743</u>	<u>\$ 208,617</u>	<u>\$ 196,018</u>	<u>\$ 187,517</u>

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

General. For the quarter ended June 30, 2016, the Company recognized net income of \$129 thousand, or \$0.04 per basic and diluted share, as compared to net income of \$101 thousand, or \$0.03 per basic and diluted share, for the quarter ended June 30, 2015.

Interest Income. Interest income increased to \$2.11 million for the quarter ended June 30, 2016 compared to \$1.87 million for the quarter ended June 30, 2015.

The average balance of the loan portfolio increased to \$180.0 million for the quarter ended June 30, 2016 from \$149.6 million for the quarter ended June 30, 2015 while the average yield decreased from 4.62% for the quarter ended June 30, 2015 to 4.39% for the quarter ended June 30, 2016. The average balance and yield of the Bank's investment securities for the quarter ended June 30, 2016 was \$13.0 million and 3.25%, respectively, as compared to an average balance of \$16.3 million and a yield of 2.97% for the comparable quarter ended one-year earlier.

Interest Expense. Total interest expense for the quarter ended June 30, 2016 increased by \$43 thousand to \$346 thousand from \$303 thousand for the prior year period. Average balances of total interest-bearing liabilities increased \$13.9 million to \$142.3 million for the quarter ended June 30, 2016, from \$128.4 million for the quarter ended June 30, 2015. The average cost for those liabilities increased to 0.97% from 0.95% for the same respective period one year earlier.

The average balances of the Bank's certificates of deposit portfolio decreased to \$55.5 million at an average cost of 1.24% over the quarter ended June 30, 2016, from \$55.8 million at an average cost of 1.30% over the same quarter ended one-year earlier. Regular savings account average balances increased to \$32.5 million, from \$12.2 million for the quarter ended June 30, 2015. These had an average cost of 0.81% for the quarter ended June 30, 2016 compared to an average cost of 0.46% for the quarter ended June 30, 2015.

Average money market account balances decreased \$4.2 million to \$23.9 million at an average cost of 0.44% for the quarter ended June 30, 2016, from \$28.1 million at an average cost of 0.46% for the quarter ended June 30, 2015.

For the quarter ended June 30, 2016, the average balance of the Company's borrowed funds was \$17.8 million with an average cost of 1.51%, as compared to \$14.6 million and an average cost of 1.63% for the quarter ended June 30, 2015.

Net Interest Income. Net interest income was approximately \$1.8 million for the quarter ended June 30, 2016, as compared to \$1.6 million for the same quarter in the prior year. Our average interest rate spread decreased to 3.18% for the quarter ended June 30, 2016, from 3.26% for the quarter ended June 30, 2015, while our net interest margin decreased to 3.47%, from 3.53% over the same respective periods.

Provision for Loan Losses. For the quarter ended June 30, 2016, management recorded a \$150 thousand provision for loan losses. Comparatively, there was a \$20 thousand provision for loan loss for the quarter ended June 30, 2015. 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, 2016 increased \$42 thousand to \$353 thousand as compared to \$311 thousand for the quarter ended June 30, 2015. This increase is primarily resulting from net increases in gain on securities of \$76 thousand, partially offset by decreased gain on loan sales of \$41 thousand.

Non-Interest Expense. Non-interest expense for the quarter ended June 30, 2016 increased \$23 thousand when compared to the same quarter in 2015, primarily resulting from net increases of \$9 thousand in loan origination and servicing expense, \$8 thousand in compensation and benefits expense, and \$8 thousand in printing and office supplies.

Income Tax Expense. Income tax expense was \$133 thousand for the quarter ended June 30, 2016 as compared to \$74 thousand for the quarter ended June 30, 2015.

Results of Operations for the Six Months Ended June 30, 2016 and June 30, 2015

General. For the six months ended June 30, 2016, the Company recognized net income of \$214 thousand, or \$0.06 per basic and diluted share, as compared to net gain of \$214 thousand, or \$0.06 per basic and diluted share, for the six months ended June 30, 2015.

Interest Income. Interest income increased by \$362 thousand, from \$3.8 million to \$4.1 million, for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. This increase was primarily attributable to increase in interest income from loans of \$368 thousand.

The average balance of the loan portfolio increased to \$174.6 million for the six months ended June 30, 2016 from \$149.2 million for the six months ended June 30, 2015, while the average yield decreased from 4.69% for the six months ended June 30, 2015 to 4.43% for the six ended June 30, 2016. The average balance and yield of the Bank's investment securities for the six months ended June 30, 2016, was \$14.1 million and 3.23%, respectively, as compared to an average balance of \$16.4 million and a yield of 3.01% for the comparable six month period one-year earlier.

Interest Expense. Total interest expense for the six months ended June 30, 2016, increased by \$75 thousand, from \$594 thousand to \$669 thousand, when compared to the prior year period. Average balances of total interest-bearing liabilities increased \$9.6 million to \$137.9 million for the six months ended June 30, 2016, from \$128.3 million for the six months ended June 30, 2015. The average cost for those liabilities increased to 0.98% from 0.94% for the same respective period one year earlier.

The average balances of the Bank's certificates of deposit portfolio decreased to \$54.0 million at an average cost of 1.26% over the six months ended June 30, 2016, from \$56.6 million at an average cost of 1.26% over the same period one-year earlier. Regular savings account average balances increased by \$17.5 million to \$28.3 million. These had an average cost of 0.79% for the six months ended June 30, 2016 compared to an average cost of 0.39% for the six months ended June 30, 2015.

Average money market account balances decreased \$4.4 million to \$24.1 million at an average cost of 0.43% for the six months ended June 30, 2016, from \$28.6 million at an average cost of 0.45% for the six months ended June 30, 2015.

For the six months ended June 30, 2016, the average balance of the Company's borrowed funds was \$18.8 million and its average cost was 1.47%, as compared to \$16.8 million and an average cost of 1.47% for the six months ended June 30, 2015.

Net Interest Income. Net interest income was approximately \$3.5 million for the six months ended June 30, 2016, as compared to \$3.2 million for the same period in the prior year. Our interest rate spread decreased to

3.20% for the six months ended June 30, 2016, from 3.38% for the six months ended June 30, 2015, while our net interest margin decreased to 3.51% from 3.64%, over the same respective periods.

Provision for Loan Losses. For the six months ended June 30, 2016 the Company recorded a \$288 thousand provision for loan losses. Comparatively, the provision was \$20 thousand for the six months ended June 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 six months ended June 30, 2016 increased \$110 thousand to approximately \$674 thousand as compared to \$564 thousand for the six months ended June 30, 2015. This increase was primarily the result of net increases in gain on sales of securities of \$154 thousand, due to an increased amount of securities sold, and deposit account service charges of \$24 thousand. These increases were partially offset by a net decrease in gain on loan sales of \$76 thousand.

Non-Interest Expense. Non-interest expense for the six months ended June 30, 2016 increased \$34 thousand when compared to the same period in 2015. This increase was primarily the result of net increases in compensation and benefits of \$46 thousand and loan origination and servicing expense of \$24 thousand. These net increases were partially offset by a net decrease in data processing service fees of \$41 thousand.

Income Tax Expense. Income tax expense was \$266 thousand for the six months ended June 30, 2016 as compared to \$171 for the six months ended June 30, 2015.

ES BANCSHARES, INC.				
STATEMENTS OF INCOME				
(In Thousands)				
(Unaudited)				
	Quarter to Date	Quarter to Date	Year to Date	Year to Date
	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Total interest income	\$ 2,110	\$ 1,869	\$ 4,147	\$ 3,785
Total interest expense	346	303	669	594
Net interest income	1,764	1,566	3,478	3,191
Provision for loan losses	150	20	288	20
Net interest income after provision for loan loss	1,614	1,546	3,190	3,171
Total non-interest income	353	311	674	564
Compensation and benefits	923	915	1,891	1,845
Occupancy and equipment	248	243	504	507
Professional fees	128	126	223	253
Data processing service fees	96	111	176	217
NYS Banking & FDIC Assessment	56	51	108	95
Other operating expenses	254	236	482	433
Total non-interest expense	1,705	1,682	3,384	3,350
Net Income Before Taxes	262	175	480	385
Provision for income taxes	133	74	266	171
Net income	129	101	214	214

	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Total interest income	\$ 2,110	\$ 2,037	\$ 1,970	\$ 1,899
Total interest expense	346	323	310	314
Net interest income	1,764	1,714	1,660	1,585
Provision for loan losses	150	138	0	50
Net interest income after provision for loan loss	1,614	1,576	1,660	1,535
Total non-interest income	353	321	260	443
Compensation and benefits	923	968	888	931
Occupancy and equipment	248	256	244	249
Professional fees	128	95	136	180
Data processing service fees	96	80	140	109
NYS Banking & FDIC Assessment	56	52	51	54
Restructuring charges	0	0	556	0
Other operating expenses	254	228	286	265
Total non-interest expense	1,705	1,679	2,301	1,788
Net Income Before Taxes	262	218	(381)	190
Provision for income taxes	133	133	(118)	92
Net income	129	85	(263)	98
Basic Earnings per Share	\$ 0.04	\$ 0.03	\$ (0.08)	\$ 0.03
Diluted Earnings per Share	\$ 0.04	\$ 0.03	\$ (0.08)	\$ 0.03

ES BANCSHARES, INC.				
OTHER FINANCIAL MEASURES				
(In Thousands)				
(Unaudited)				
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Asset Quality				
Allowance for Loan Losses	\$ 2,443	\$ 2,348	\$ 2,206	\$ 2,204
Nonperforming Loans / Total Loans	1.6%	1.7%	1.8%	1.7%
Nonperforming Assets / Total Assets	1.3%	1.4%	1.5%	1.5%
ALLL / Nonperforming Loans	83.4%	78.2%	73.5%	82.6%
ALLL / Loans, Gross	1.3%	1.34%	1.32%	1.43%
Capital				
Shares Issue - Basic	3,312,867	3,312,867	3,312,867	3,312,867
Book Value per Share	\$ 4.69	\$ 4.64	\$ 4.63	\$ 4.71
Tier 1 Capital Ratio	8.70%	8.10%	8.24%	8.44%
Tier 1 Risk Based Capital Ratio	10.82%	10.01%	10.42%	10.78%
Total Risk Based Capital Ratio	12.07%	11.27%	11.67%	12.03%
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Profitability				
Yield on Average Earning Assets	4.15%	4.27%	4.28%	4.19%
Cost of Avg. Interest Bearing Liabilities	0.97%	0.97%	0.98%	0.96%
Net Spread	3.18%	3.30%	3.30%	3.23%
Net Margin	3.47%	3.59%	3.60%	3.50%

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.