

The Empire CONNECTION



We Take Your Business Personally

SPECIAL EDITION
January 2017



STEPS TO THE FUTURE

January 30, 2017

Dear Fellow Shareholder:

We are pleased to provide you this update to management's strategic plan to enhance shareholder value through the effective delivery of financial products and services to the Bank's retail and commercial customers. Effective January 12, 2017, Empire State Bank entered into a Purchase and Assumption Agreement to sell its New Paltz branch to Salisbury Bank and Trust Company. The decision was made keeping in mind our three most important stakeholders—shareholders, employees and customers. We believe we have achieved success in managing the concerns of all three.

The sale of the New Paltz branch will have a net financial benefit to the Bank and enhance operating efficiencies so that we can reallocate capital and resources to support the solid growth trends experienced in the last two years. We are confident the investor community will respond positively to the decision.

In our shareholder letter dated March 30, 2016 (enclosed in the 2015 Annual Report), we highlighted our focus on core earnings and balance sheet growth as a means to deliver shareholder value. Our 2016 financial performance has been consistent with these primary initiatives. During fiscal 2016, the loan portfolio grew by over \$40 million, or approximately 24%. This was funded by deposit growth in excess of \$48 million, or approximately 30%. As part of our strategic planning process, we continually evaluate our operations and focus to ensure we are utilizing our capital in the most effective and efficient manner. We also consider whether all aspects of our operations are consistent with our long term strategic plan and financial performance goals. And, of course, we consider whether our current operations maximize our ability to increase shareholder value.

We feel this is an exciting time full of opportunity for Empire State Bank and we hope you share our enthusiasm. And of course we thank you for your continued support and look forward to providing our Annual Report for 2016 in the coming quarter.

Sincerely,

David Freer Jr.,
Chairman

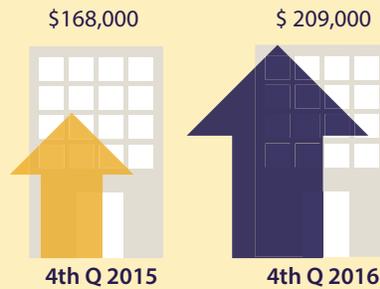
Philip Guarnieri
Chief Executive Officer

Thomas Sperzel
President & Chief Operating Officer

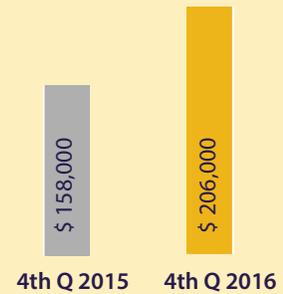
Financial Highlights

Last year was an extraordinary year for our company. We delivered record results and exceeded our major financial commitments. Our company increased loan balances by 24.4% and deposit balances by 30.4%. We continue to invest for the future and provide more to our clients and communities. Our financial results reflected strong underlying performance across our business.

Loan Balances



Deposit Balances



Deposit Checks Right From Your Office

We offer remote deposit capture for business owners to deposit business check payments anytime directly from their office.



Deposit your business checks easily and securely to your business account right from your business location or your office. Remote deposit capture allows you to scan checks with a remote deposit scanner and process payments without making a trip to the bank.

Some benefits you'll enjoy include:

Save a trip to the bank

Deposit checks directly to your business account from your office or business location.

Improve Processing

With remote deposit, you can scan a check, send the image to your bank, and see the funds in your account.

Easy to use

Simply scan checks and submit in minutes.

Save time

Submit deposits on your schedule.

Save Money

Eliminate the cost of sending an employee or courier to the bank.

Reduce Paperwork

Deposit checks into your account without having to fill out a deposit slip.

Security

Securely transmit check images directly to your business bank account.

Call your local branch to speak with a business specialist and help get you started.



Contact Us

Customer Services

For assistance with products or services, call 1(800)331-3036, visit a local Empire State Bank office, visit our website at www.esbna.com, or write by mail to:

Corporate Headquarters

68 North Plank Road
Newburgh, NY 12550
Telephone: 845-561-0003

Investor Services

Financial information about ES Bancshares, Inc. can be accessed by visiting the Investor Relations website at www.esbna.com/investor-relations

Transfer Agent

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