

CAPITAL MARKETS ANNOUNCEMENT

Stewardship Financial Corporation (NASDAQ: SSFN) Closes Private Placement of \$16.6 Million of Subordinated Notes due 2025

Sandler O'Neill + Partners L.P. served as the sole placement agent for this offering.

This transaction is the 25th subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter or book-runner, more than any other investment bank and approaching half of all the deals done during that period.¹

About the Offering:

MIDLAND PARK, NJ -- Stewardship Financial Corporation (NASDAQ: SSFN), parent company of Atlantic Stewardship Bank, today announced the completion of a private placement of \$16.6 million in aggregate principal amount of fixed rate subordinated notes to certain qualified institutional buyers and institutional accredited investors. The subordinated notes have a maturity date of August 28, 2025 and bear interest at the rate of 6.75% per annum, payable semiannually, over their term. The notes include a right of prepayment, without penalty, on or after August 28, 2020 and, in certain limited circumstances, before that date. The indebtedness evidenced by the subordinated notes, including principal and interest, is unsecured and subordinate and junior in right of the Company's payment to general and secured creditors and depositors of the Bank. The subordinated notes have been structured to qualify as Tier 2 capital for regulatory purposes. The Company plans to use the proceeds from the placement of the subordinated notes to redeem the \$15.0 million of Series B preferred stock issued to the United States Treasury in connection with its participation in the Small Business Lending Fund and for general corporate purposes.

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

Stewardship Financial Corporation, is a one-bank holding company incorporated under the laws of the State of New Jersey in January, 1995 to serve as a holding company for Atlantic Stewardship Bank (the "Bank"). The Corporation, through the Bank, conducts business through its 12 banking offices in Midland Park, Hawthorne (2), Montville, North Haledon, Pequannock, Ridgewood, Waldwick, Wayne (2), Westwood and Wyckoff, New Jersey. The bank is known for tithing 10% of its pre-tax profits to Christian and local charities. To date, the Bank's tithe donations total \$8.2 million.

August 28, 2015

6.750% Subordinated
Notes due 2025
\$16.6 Million



Sole Placement Agent

SANDLER O'NEILL + PARTNERS

Financial Highlights (as of 6/30/2015)²

(\$ in thousands)

Total Assets	\$701,191
Total Net Loans	499,090
Total Deposits	585,999
Total Equity	60,852

Tier 1 Leverage Ratio	9.90%
Tier 1 Risk-Based Capital Ratio	13.21%
Total Risk-Based Capital Ratio	14.47%
TCE / TA	6.54%

(1) Note: Includes nationwide subordinate debt and senior note offerings since 1/1/2014 for book manager and placement agent roles; excludes deals that were not reported and deals where no underwriter was reported; Source: SNL Financial

(2) Financial data is not pro forma for the offering

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