

# The Advisor

December 2011

A Newsletter for Elmira Savings Bank Shareholders, Customers and Community

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## Online Banking Alerts and Other Services

**D**id you know that if you are enrolled in Elmira Savings Bank's Online Banking that you can receive various alerts?

You can choose to receive alerts to either your email address, your mobile phone, or both. You have the options of receiving alerts regarding account transfers you've requested, low balance alerts, equal or exceeds balance alerts, daily or weekly available balance alerts, session activity alerts, or all of them.

Once you've enrolled in Online Banking and sign in, simply choose the "administration" tab and then the "alerts" link to get started. To enroll your mobile phone for text alerts, choose the "administration" tab and the "Mobile Banking" link.

Additional services available through Online Banking are: viewing account and loan history, performing transfers, requesting address changes, placing stop payments, viewing statements and cleared checks, Web BillPay, enroll for Mobile Banking, and various savings and loan calculators.

For assistance with these free Online Banking services, please contact us at (607) 734-3374, (888) 372-9299, or visit your local branch.

## Customer Appreciation Weeks A Success

**E**lmira Savings Bank's Customer Appreciation Weeks completed a summer of great food and fun with the Horseheads car wash on September 2. The year 2011 marked the eighth year for the summer-long celebration. Each of ESB's ten branches held a week of events. Refreshments, cookies and aluminum sports bottles were given away each day, while certain days were dedicated to pizza, hot dogs, nachos, popcorn, ice cream, live jazz music, magic and balloon animals - all free to our customers.

This year's events included the ever-popular car washes done by employees, as well as appearances by the Keystone Greyhounds, the East Hill Classic Jazz Duo, "Magic Man" Tim Cleary, Crossroads the Clown and our very own temporary tattoo artist, Lynda Kwitek. Caricature artist Jim8ball joined us for the first time and proved to be a popular addition.

Each branch gave away gift certificates to businesses local to that branch, movie and grocery gift cards, as well as a new Kindle e-reader. One lucky customer walked away with a brand new iPad 2 which was the overall grand prize given out at the end of the summer.

Bank employees took the opportunity to work events at various branches and get to know our customers better. There were record turnouts throughout the



Horseheads customers enjoy lunchtime with our very own Frank Spena.



Crossroads the Clown juggles at the South Meadow Branch.

summer as customers and employees alike thoroughly enjoyed the season. We look forward to seeing everyone again in 2012, beginning with our Valentine's Day customer appreciation in February!

## Elmira Savings Bank

## HISTORY

The Bank was originated in 1869 under a New York State Savings Bank charter. It operated under this charter until 1983 when it converted to a Federal Savings Bank charter.

## Elmira Savings Bank Posts 4% Earnings Increase

Elmira Savings Bank, FSB (NASDAQ:ESBK) today announced net income for the nine months ended September 30, 2011 totaling \$3,738,000 or \$1.19 per diluted share, compared to the \$3,607,000 of net income or \$1.27 per diluted share reported for the same period in 2010. This represents a 4% or \$131,000 increase in net income.

Net income for the three months ended September 30, 2011 totaled \$1,316,000 or \$.34 per diluted share compared to \$1,295,000 or \$.47 per diluted share for the same period in 2010. This represents a 2% or \$21,000 increase in net income.

Net interest income was \$11.7 million for the first nine months of 2011 compared to \$11.1 million for the same period last year.

Total assets increased by \$18.3 million from \$499.8 million at December 31, 2010 to \$518.1 million as of September 30, 2011. Total deposits were \$376.0 million as of September 30, 2011 compared to \$356.6 million as of December 31, 2010. This represents a \$19.4 million or 5% increase. Total loans increased by \$33.7 million or 11% from \$309.9 million as of December 31, 2010 to \$343.6 million as of September 30, 2011.

"During the first nine months of 2011, we have experienced loan growth above our expectations in all portfolios. Our net interest margin, asset quality, and efficiency all continue to be strong. The dividend yield on our common stock is approximately 5%," said Michael P. Hosey, President and CEO.

Hosey continued, "We are focusing our commercial lending efforts on lending to small businesses in an effort to reduce the dividend rate on the preferred shares issued to the Treasury Department during the third quarter through the Small Business Lending Fund."

Elmira Savings Bank, FSB with \$518.1 million in total assets, is insured by the Federal Deposit Insurance Corporation (FDIC) and is a federally chartered Bank with five offices in Chemung County, NY; three offices and a loan center in Tompkins County, NY; one office in Steuben County, NY; one office in Cayuga County, NY; one cashless office in Schuyler County, NY; and a loan center in Cortland County, NY.

Except for the historical information contained herein, the matters discussed in this news release are forward-looking statements that involve the risks and uncertainties, including the timely availability and acceptance of Bank products, the impact of competitive products and pricing, the management of growth, and other risks detailed from time to time in the Bank's regulatory reports.

## Elmira Savings Bank Announces Election of Director

The Elmira Savings Bank, FSB (NASDAQ:ESBK) ("the Bank"), today announced that at a meeting held on September 27, 2011, the Board of Directors elected Donald G. Quick, Jr., CPA, to become a member of its Board of Directors, effective October 1, 2011.

Mr. Quick has recently retired as a partner of the Elmira office of Mengel, Metzger, Barr & Co., LLP, one of the region's most recognizable certified public accounting firms. Mr. Quick has over 40 years of professional experience, has been an active community member while residing for the last 30 years in Elmira, and is originally from Ithaca, NY. Mr. Quick will serve as the Audit Committee financial expert on the Bank's Board of Directors.

Michael P. Hosey, Bank President and CEO stated, "We are very pleased to have Don, with his technical skills and vast experience, as a member of our Board of Directors. He will be a great asset."

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### Elmira Savings Bank, FSB SELECTED CONSOLIDATED INCOME STATEMENT ITEMS

(Unaudited)

(In thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net interest income	\$ 3,836	\$ 3,683	\$ 11,705	\$ 11,051
Provision for loan losses	195	85	527	435
Gain on sale of securities	0	160	296	469
Other noninterest income	1,200	1,097	3,049	3,049
Total noninterest expense	2,943	2,957	9,036	8,814
Income before taxes	1,898	1,898	5,487	5,320
Net income	1,316	1,295	3,738	3,607
Dividends on preferred stock	427	343	1,106	1,023
Accretion of preferred stock discount	210	22	252	63
Income available to common shareholders	679	930	2,380	2,521
Basic earnings per common share	\$ 0.35	\$ 0.47	\$ 1.22	\$ 1.29
Diluted earnings per common share	\$ 0.34	\$ 0.47	\$ 1.19	\$ 1.27
Dividends per common share	\$ 0.20	\$ 0.20	\$ 0.60	\$ 0.60

### Elmira Savings Bank, FSB SELECTED CONSOLIDATED BALANCE SHEET ITEMS

(Unaudited)

(In thousands except per share amounts)

	September 30 2011	December 31 2010	September 30 2010
Total assets	\$ 518,090	\$ 499,839	\$ 502,667
Loans receivable	343,579	309,945	304,561
Allowance for loan losses	3,216	2,909	2,863
Deposits	376,023	356,621	358,400
Borrowings	70,038	81,093	81,111
Shareholders' equity	64,586	56,451	56,988
Book value per common share	\$ 20.72	\$ 19.30	\$ 19.59

## Calendar of Events

### Downtown Elmira Holiday Parade

November 25, 10:30 a.m.

### Crystal City Christmas

Sponsored in part by Elmira Savings Bank, FSB

### Centerway Tree Lighting Ceremony and Parade of Lights

November 26, 4:00 p.m.-6:00 p.m.  
Centerway Square, Corning  
6:30 p.m. parade begins

### Window of Gifts Giveaway

(At select Gaffer District businesses)  
November 26- December 16

### Sparkle in Corning

December 3, 5:00 p.m.-9:00 p.m.

### Valentine's Day

"We Love Our Customers"

February 14 all branch locations

### Holiday Hours – All locations

Friday, December 23 – closing at 3:00 p.m.  
Saturday, December 24 – closed  
Monday, December 26 – closed  
Saturday, December 31 – closed  
Monday, January 2 – closed



### Cornell University "Banks on Campus"

From August 19 through August 23, the annual "Banks on Campus" event was held at Cornell University. Elmira Savings Bank has participated in this exclusive event, displaying our products and services, for four consecutive years. This event gives our employees the opportunity to interact with new and returning Cornell students, their families, and the new and returning faculty and staff members alike.

## Jazz and Harvest Festival

Elmira Savings Bank was the proud sponsor of the 16<sup>th</sup> Annual Corning's Gaffer District's Jazz and Harvest Festival held during the final weekend of September. The event featured Finger Lakes wine and craft beer tasting, live jazz and blues music, a scarecrow contest among local businesses, and a concert by former #1 hit country music artist Sammy Kershaw on Centerway Square. A rainy Friday evening proved no deterrent for festival-goers who wandered the Gaffer District enjoying wine samples at many local businesses. Standing Stone Winery set up shop in the Elmira Savings Bank's Corning Branch and gave out samples of wine along with crackers and chocolates. It was a big hit with everyone present.



Concert stage at Centerway Square.

Besides sponsoring the Festival, Elmira Savings Bank also held a drawing for two free tickets to the wine and beer tasting on Friday night, a two-night stay at the Corning Radisson, a \$50 gift certificate to Declemente's, and a VIP package to the Sammy Kershaw concert. ESB also partici-

pated in the scarecrow contest, with a bank robber scarecrow, and branch managers Theresa Emo and Phylis Jensen giving out nachos and piggy banks on Centerway Square during what turned out to be a beautiful Saturday.

## Pollen Receives Service Pride Award

At Elmira Savings Bank we emphasize the importance of customer service and the role that each employee plays in that service. Several years ago the Service Pride Award program was introduced to recognize employees for providing remarkable customer service. Throughout each month, employees are recognized for providing remarkable service through the issuance of gold coin awards. Monthly winners and quarterly winners are then chosen by a group of their

peers from the daily winners, based on which examples best exemplify our customer service standards. An annual winner is then chosen by senior management from all of the year's winners and is announced at our annual All Employee Meeting.

The 2011 Service Pride Award annual winner is Jim Pollen. Jim is the Facilities Manager at Elmira Savings Bank. Jim received 10 daily awards and 2 monthly awards during a twelve-month period. From helping to set up

displays, filling potholes on a Sunday, or helping customers through the snow, Jim is always willing to do whatever he can. He is also one of the driving forces behind the Bank's customer appreciation days. Whether it is a customer or a fellow employee, Jim is there to make sure that everyone's day goes smoothly, and always includes a smile. Congratulations and thank you Jim for your remarkable customer service.

## Elmira Street Painting Festival

The streets in downtown Elmira came alive with color on a beautiful July weekend as Elmira Downtown Development hosted the fourth annual Street Painting Festival. The festival is an art-filled, family weekend celebrating creativity and drawing thousands of spectators to downtown Elmira. Over the two-day event, artists create art

on the streets using pastel chalks. The renderings remain until the rain washes them away. "Chalk It Up For Our Youth", sponsored in part by Elmira Savings Bank, was once again a huge success! The chalk it up program is a summer art workshop open to students grades 3 thru 12. Students participate in a hands-on study in the art of street painting, with

instruction and assistance from local artists and art teachers. Over the four-week sessions, students practice using the downtown sidewalks as their canvas, resembling the actual street painting process. Their artwork is then showcased at the festival where they receive encouragement to advance their artistic abilities.

## Welcome New ESB Employees

We are privileged to welcome two new employees to Elmira Savings Bank in the third quarter of 2011.

**Kimberley Grover** is a new Teller at our South Meadow Branch. She has been self-employed for the past 15 years. Prior to operating her family business, she worked eight years in Accounts Payable for Cornell University and as a school Office Manager.

**Yu Lin** is a new Accounting Representative in the Accounting Department. Yu recently graduated from Ithaca College with a Bachelor's degree in Business Management, concentration in Finance. Yu has experience helping to manage her family's restaurant as well as Office Assistant experience while attending Ithaca College.

**Welcome to Elmira Savings Bank!**

## Congratulations to the Following Employees

**Heidi Saks** has been promoted to Consumer Loan Officer. Heidi joined Elmira Savings Bank in 2008 as an Operations Representative and was then promoted to Operations Specialist in March of 2010. Before joining ESB, she worked for a credit union and also had past experience as an Advertising Account Executive. Heidi has a Bachelor of Science degree in Business Marketing from Elmira College.

**Colleen Bean** has been promoted to Accounting Representative. Colleen joined Elmira Savings Bank in the summer of 2010 as a Full-Time Teller at our Horseheads Branch. She has an Associate's degree in Accounting from Elmira Business Institute and three years of retail experience.

**Shaina Leister** has been promoted to the Secondary Market Processor position in Operations. Shaina joined Elmira Savings Bank last April as a Part-Time Teller at our West Elmira Branch. She has a Bachelor's degree in Management from Binghamton University, an Associate's degree in Business Administration from Corning Community College, and three years of retail experience.

**Congratulations Heidi, Colleen, and Shaina!**

