

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>Elmira Savings Bank</b>		2 Issuer's employer identification number (EIN) <b>16-0422120</b>	
3 Name of contact for additional information <b>Jason T. Sanford</b>	4 Telephone No. of contact <b>(607) 737-8814</b>	5 Email address of contact <b>isanford@elmirasavingsbank.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>333 East Water Street</b>		7 City, town, or post office, state, and Zip code of contact <b>Elmira, New York 14901</b>	
8 Date of action <b>12/28/2012</b>		9 Classification and description <b>5% common stock dividend</b>	
10 CUSIP number <b>289660102</b>	11 Serial number(s)	12 Ticker symbol <b>ESBK</b>	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ 5% common stock dividend paid 12/28/12 for common shareholders of record as of 12/10/12. Cash was paid in lieu of fractional shares.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ The tax basis per share of a shareholder's existing stock (old stock held) will be allocated between the number of shares of old stock and the number of shares of new stock (stock dividend shares) on a per share basis.

The payment of cash in lieu of fractional shares of common stock will be treated as though the fractional shares were distributed as part of the stock dividend and then redeemed by the corporation. The cash payments will be treated as distributions in full payment for the fractional shares deemed redeemed under Section 302(a) of the Internal Revenue Code, with the result that such shareholder will have short-term or long-term capital gain or loss to the extent that the cash they receive differs from the basis allocable to such fractional shares.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ An Elmira Savings Bank shareholder should divide their tax basis in shares of stock held before the stock dividend by the new total number of shares held after the stock dividend to determine their new basis in the shares owned after the stock dividend.

**Examples:**

Before the Stock Dividend: 100 shares with a tax basis of \$15.00 per share: \$1,500 aggregate tax basis.

After the Stock Dividend: 100 shares x 1.05 = 105 shares owned after the Stock Dividend

\$1,500 aggregate tax basis for 100 shares / 105 shares owned after Stock Dividend = \$14.29 (Rounded) per share tax basis after the Stock Dividend.

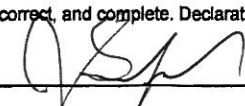
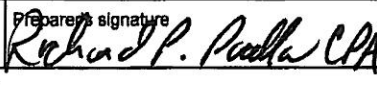
105 shares x \$14.29 per share tax basis = \$1,500 aggregate tax basis.

**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Internal Revenue Code Section 302 and 307.

18 Can any resulting loss be recognized? ▶ No loss can be recognized on the stock dividend shares distributed. If a taxable loss is calculated on the deemed sale of a fractional share of common stock, then this loss can be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2012. A shareholder's per share tax basis should be adjusted to reflect the stock dividend as of December 28, 2012.

<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.					
	Signature ▶		Date ▶	1/11/13		
	Print your name ▶	Jason T Sanford	Title ▶	Senior VP & Chief Financial Officer		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Richard P. Pacella	Preparer's signature		Date	1/11/13
	Firm's name ▶	S.R. SNODGRASS, A.C.	Check <input type="checkbox"/> if self-employed	PTIN	P00535558	
	Firm's address ▶	2100 CORPORATE DRIVE, STE 400, WEXFORD, PA 15090		Firm's EIN ▶	25-1616561	
			Phone no.	(724) 934-0344		