



Investor Presentation - August 13, 2012



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# Safe Harbor Statement

- This presentation contains forward-looking information for Elmira Savings Bank. Such information constitutes forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) which involve significant risks and uncertainties. Actual results may differ materially from the results discussed in these forward-looking statements.



# Key Takeaways

- Elmira Savings Bank (ticker ESBK) is a publicly-traded company on NASDAQ
- Competitive, upstate New York, \$500 million Community Bank franchise with well-defined strategy delivery solid financial results
- Strong mortgage producer with diversified loan portfolio consisting of significant consumer and commercial components
- Geographic footprint extends into vibrant markets of Corning and Ithaca
- Competitive differentiation of high service and product customization

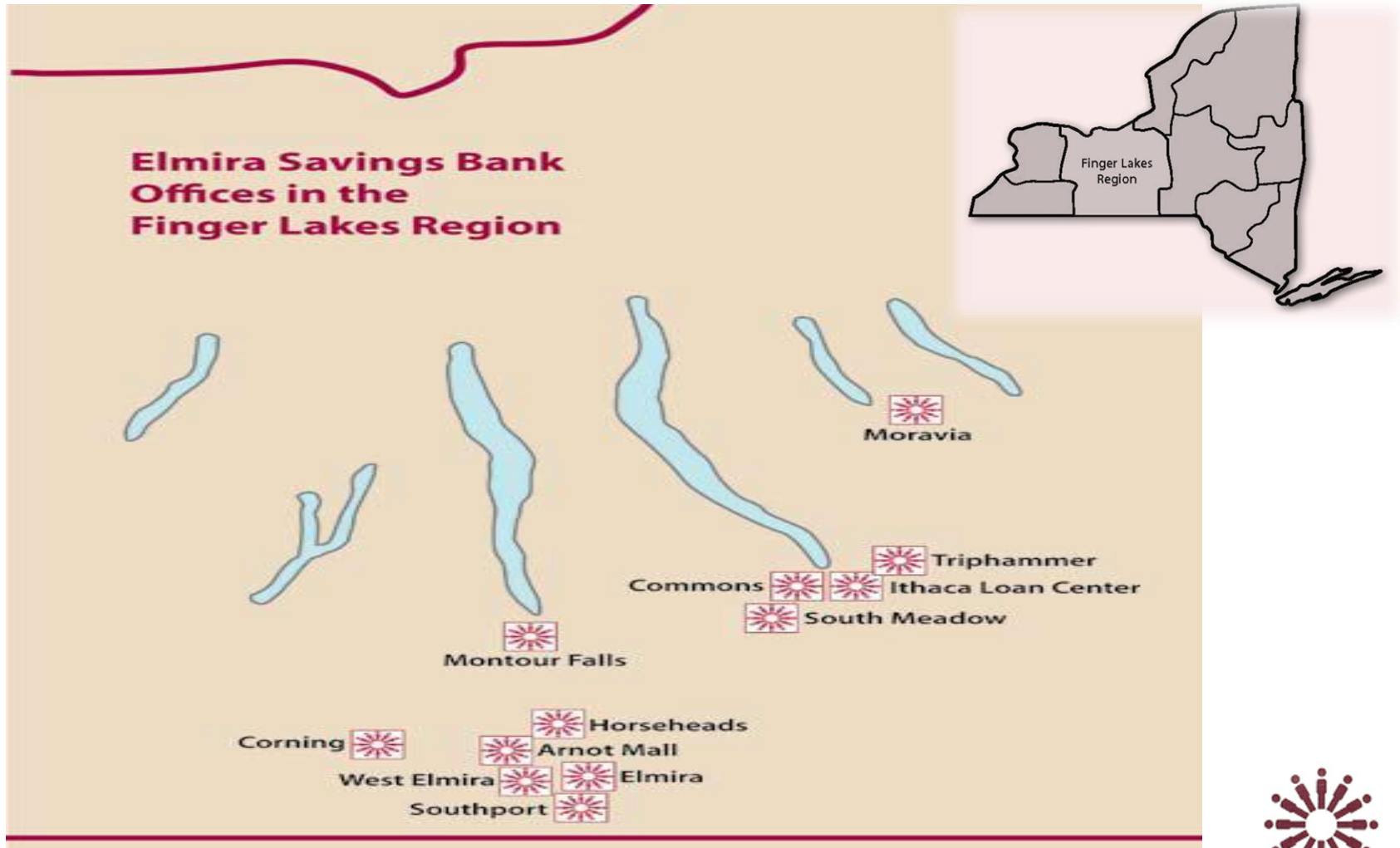


# ESBK Stock Fundamentals

- 100% Stock-Owned New York State Chartered Bank
- ESBK ticker symbol traded on NASDAQ
- 2.2 million shares issued and outstanding
- \$42 million market capitalization
- 52 week high/low \$21.86 / \$11.95
- Current P/E ratio of 13x
- 28 consecutive years of increasing dividends
- Current dividend yield of 4.54%
- Directors and Executive Officers own 722,000 or 31%

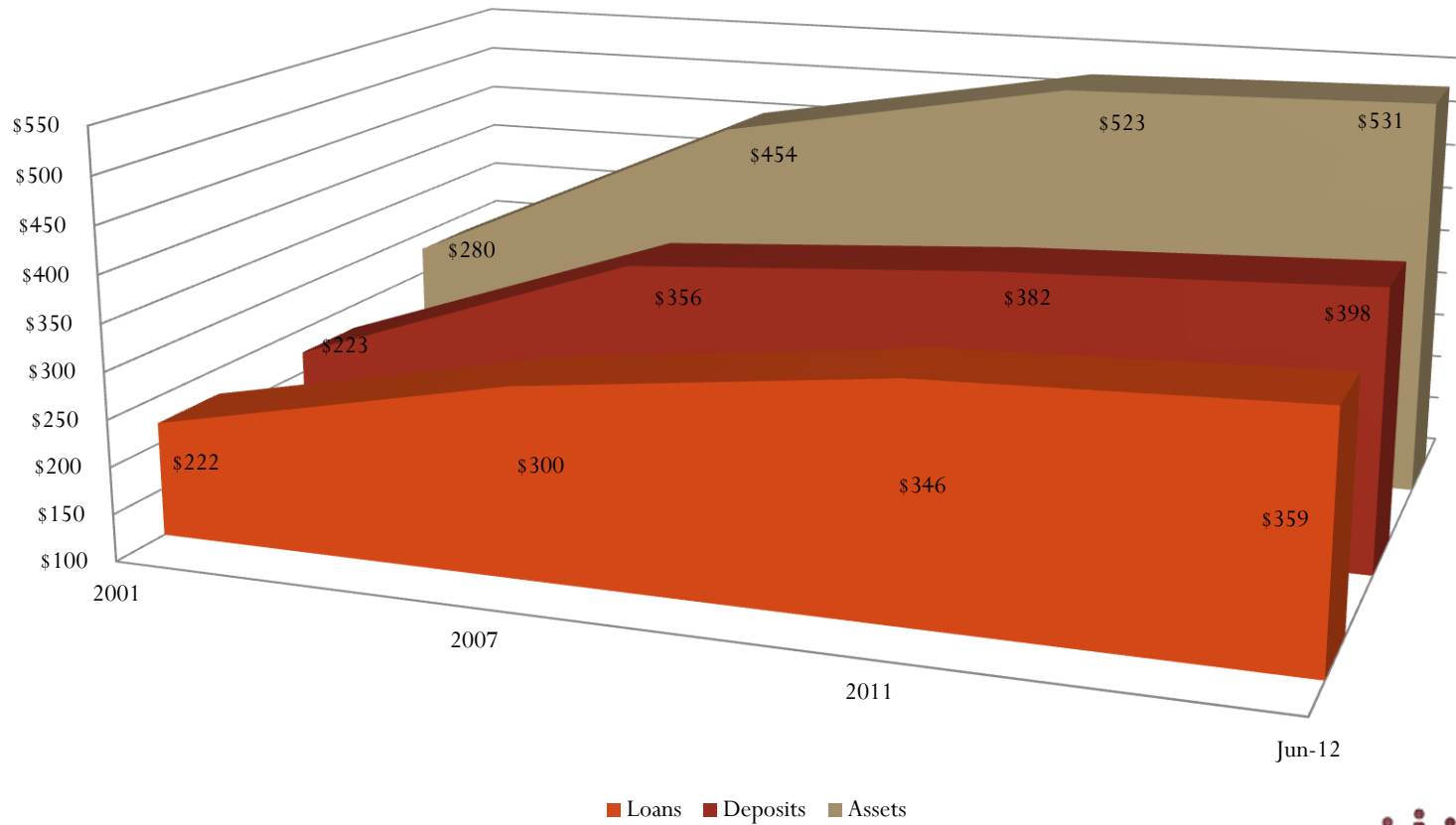


# Finger Lakes Franchise



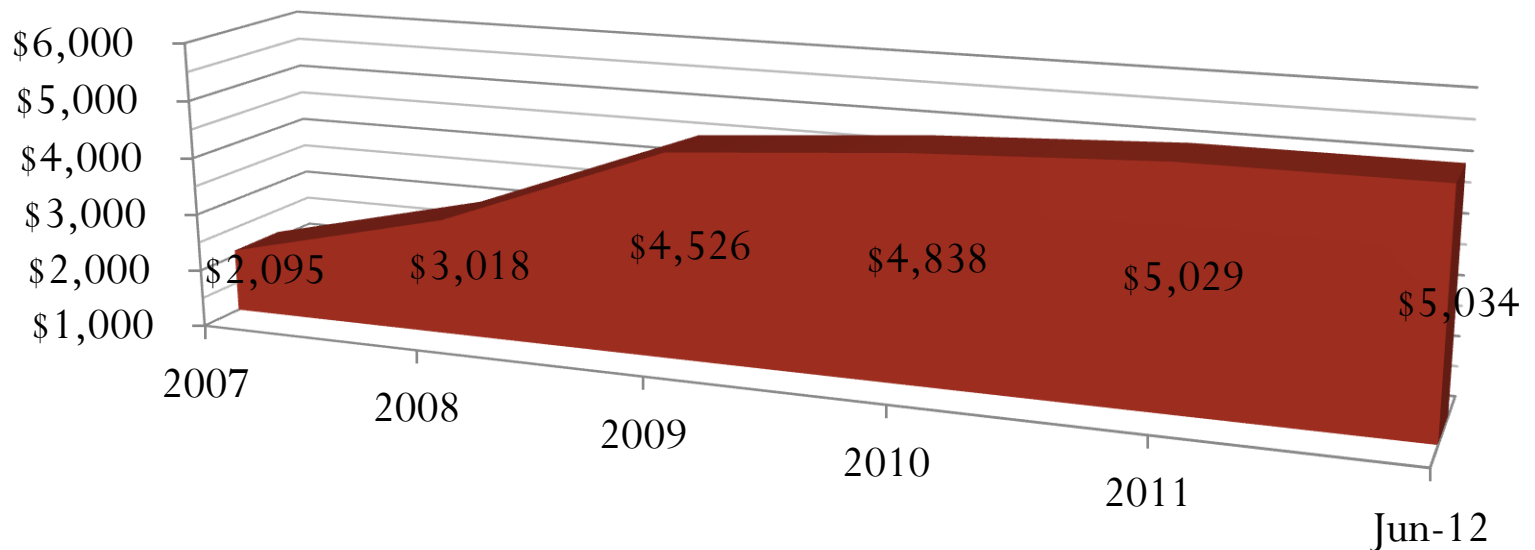
# Transformational Decade

## Balance Sheet Growth



# Earnings Improvement

## Net Income



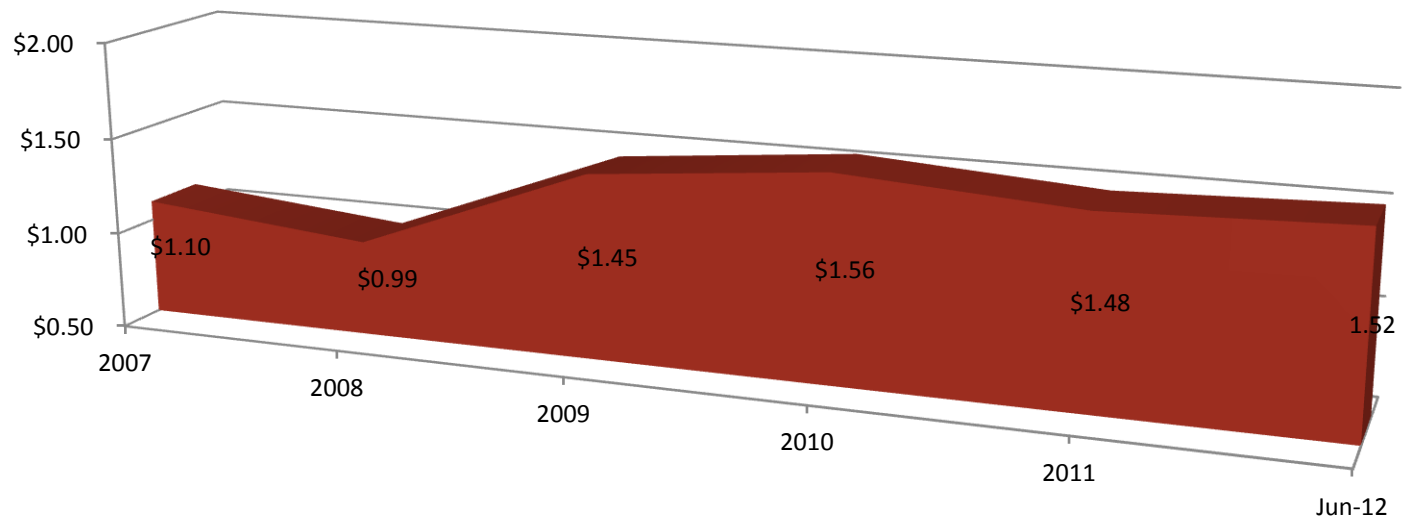
\* Annualized based on June 30, 2012 results





# EPS Improvement

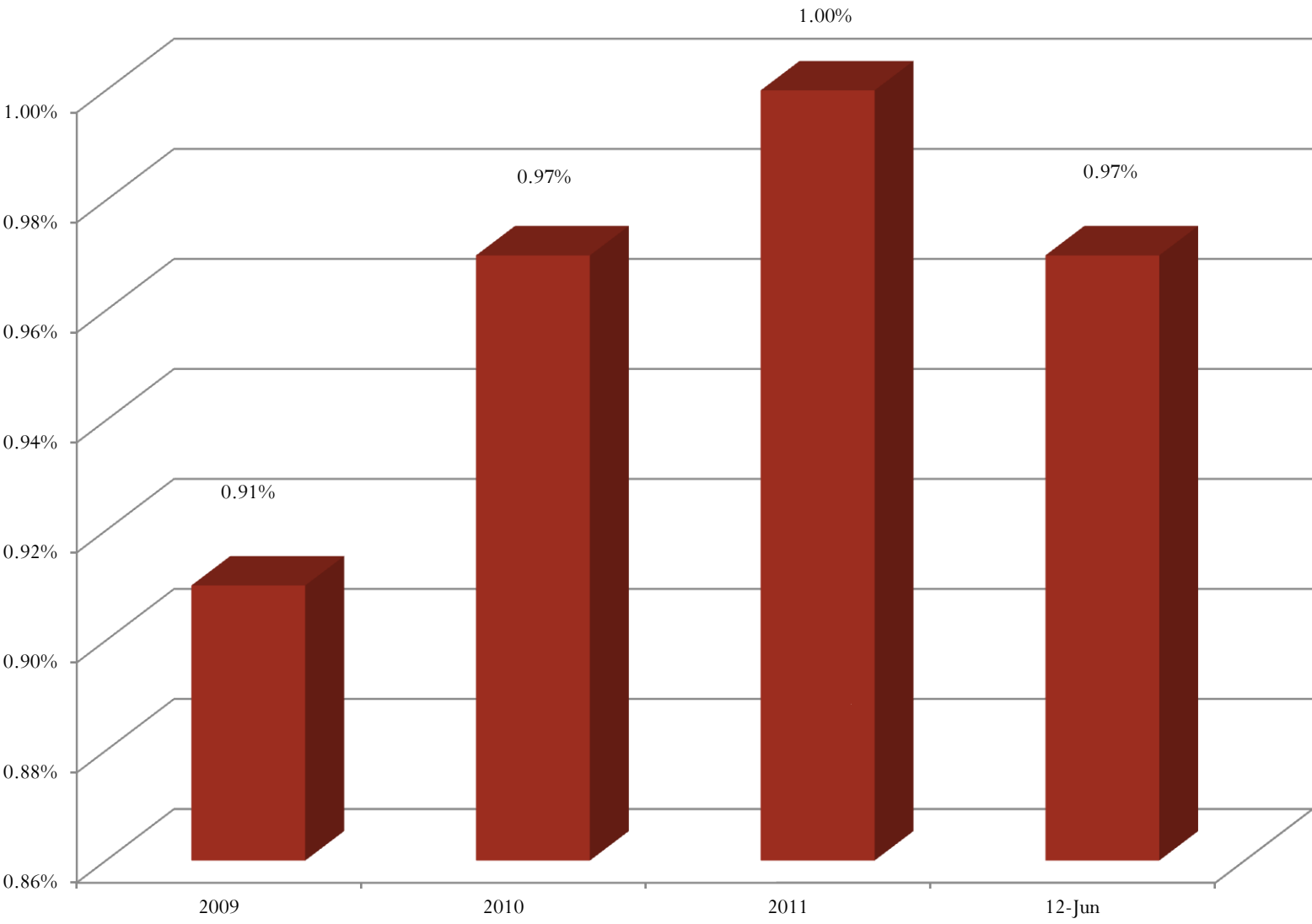
## Diluted EPS



\* Annualized based on June 30 ,2012 results

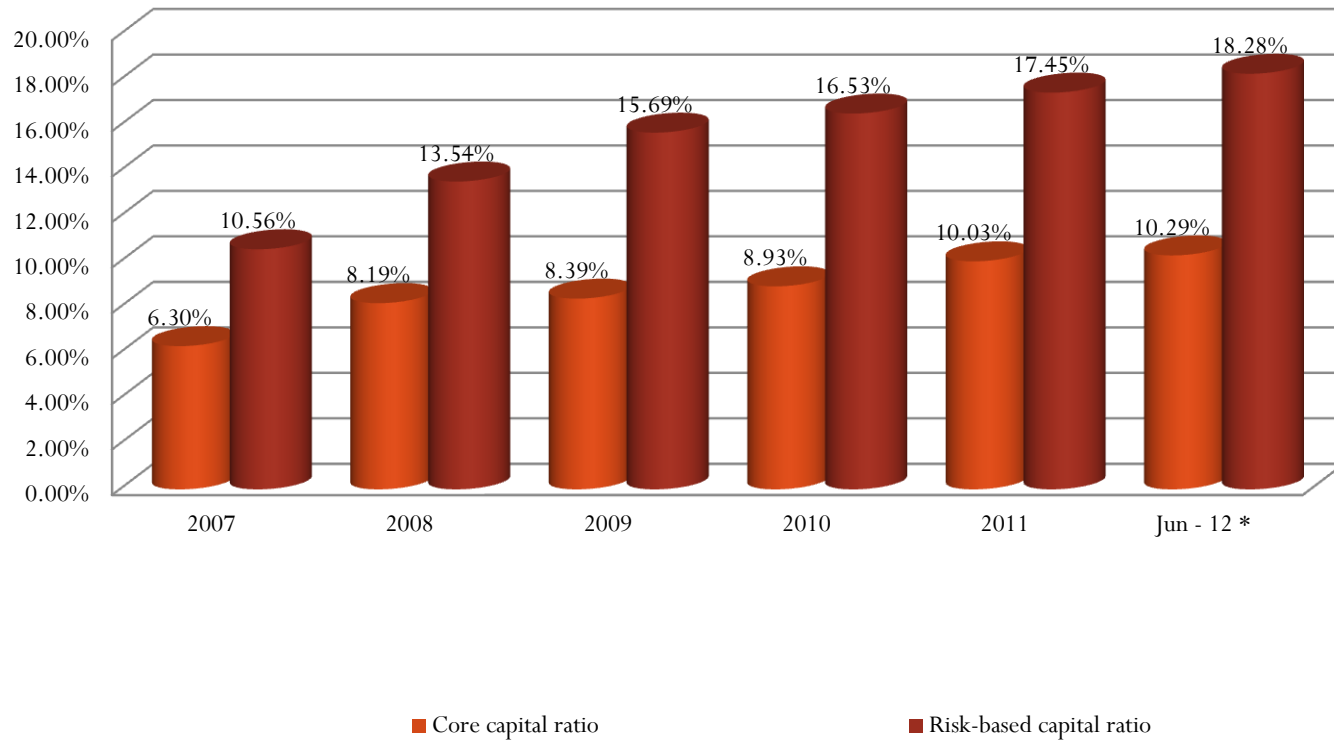


# Return on Assets



# Capital Strength

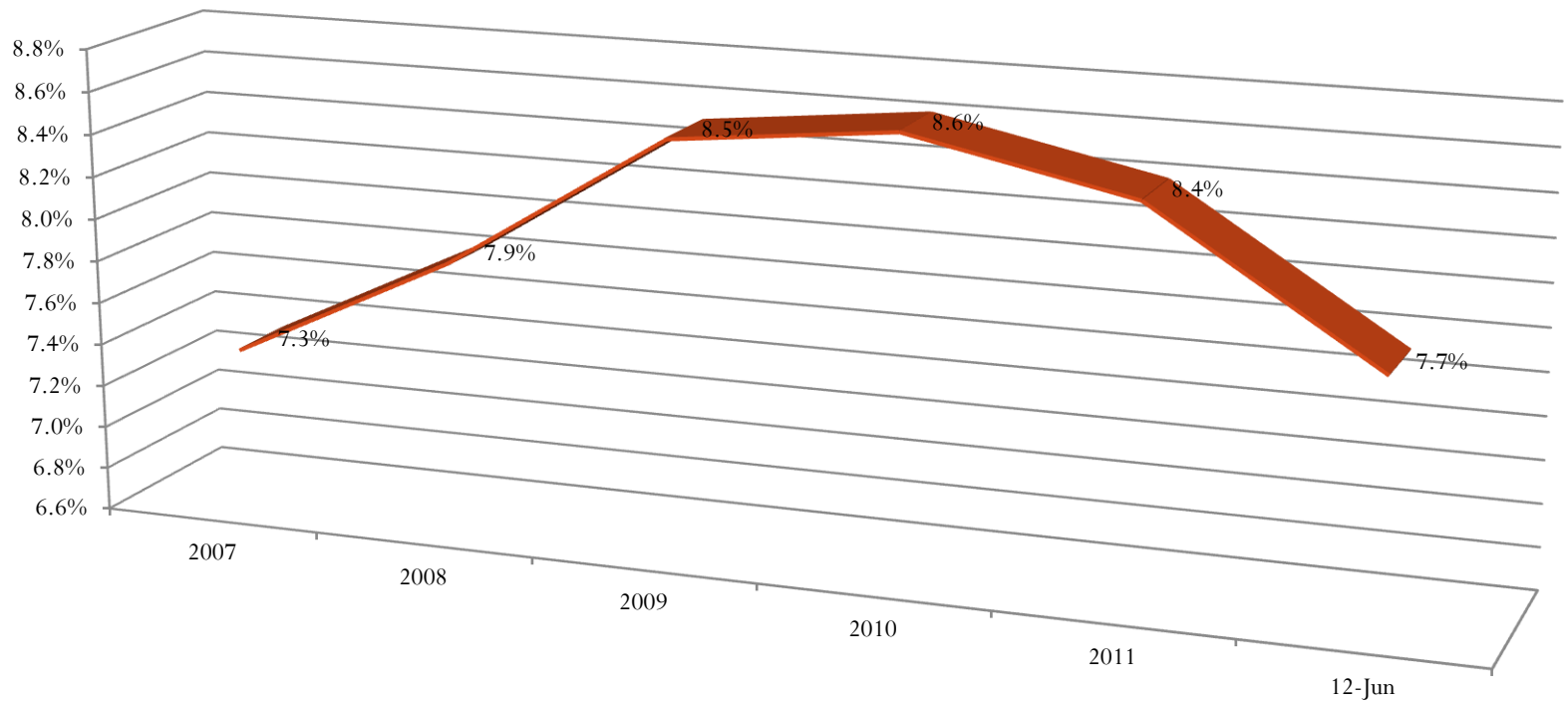
## Capital Ratios



\* As of June 30, 2012

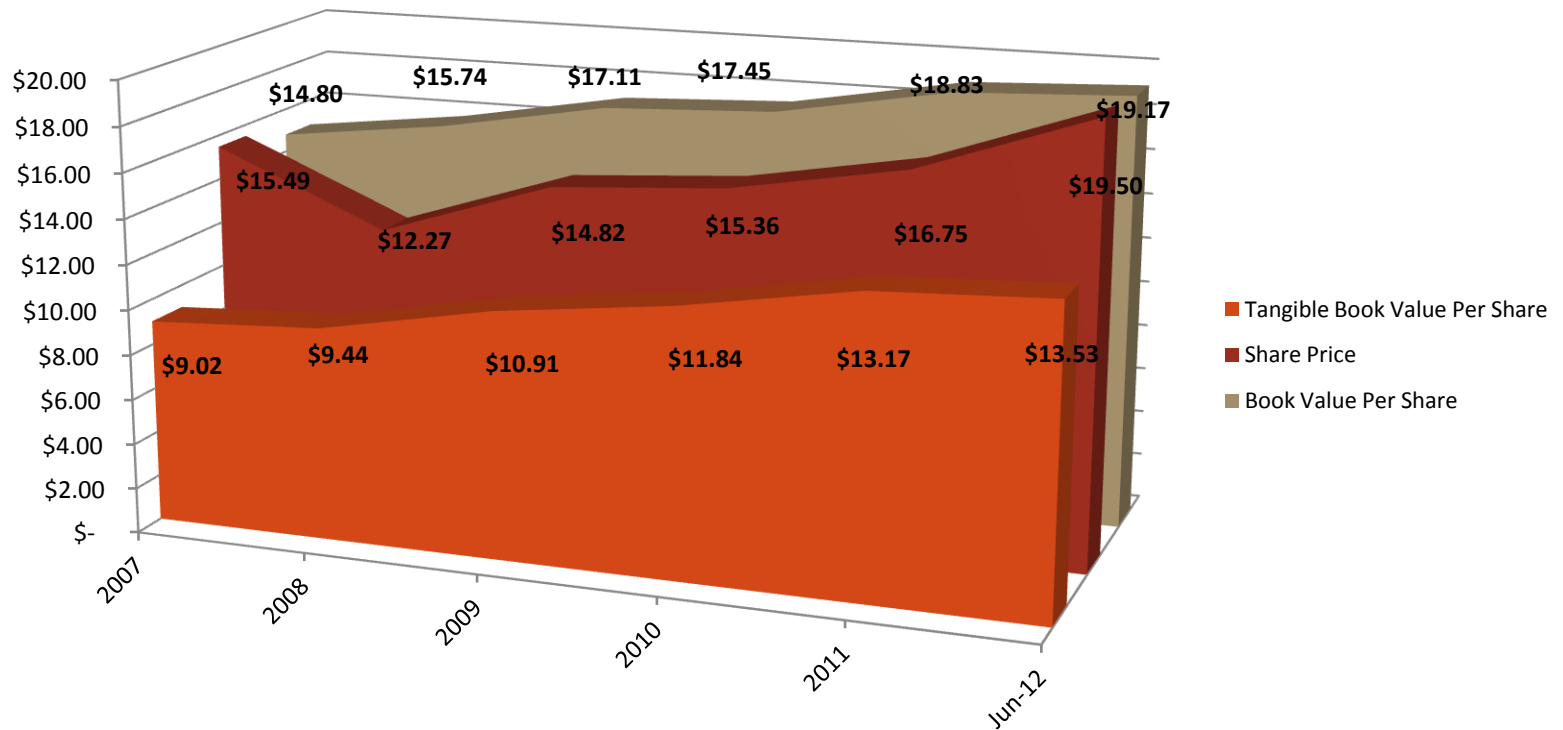


# Return on Equity



\* For the 6 months ended June 30, 2012

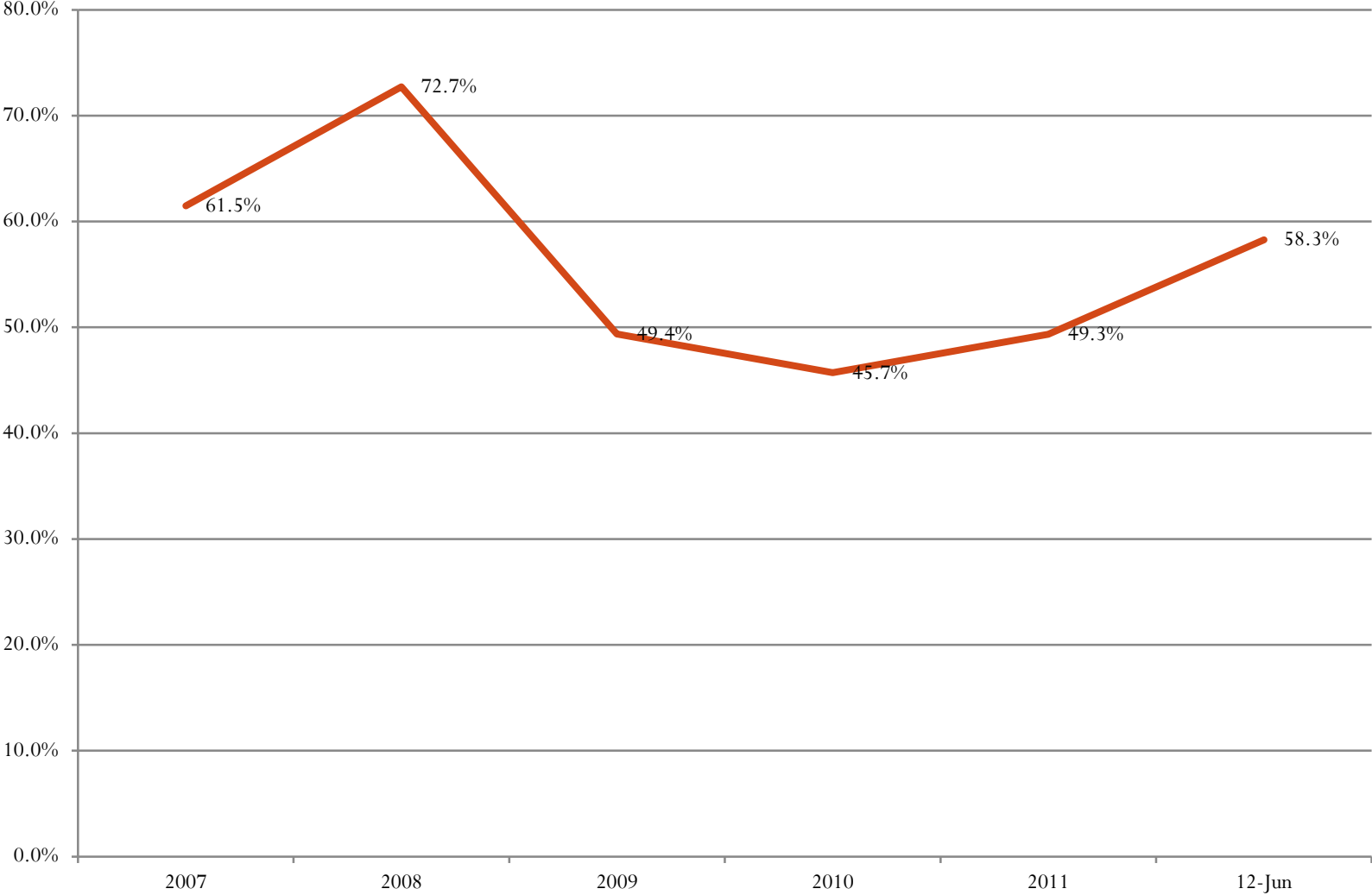
# Share Value Growth



•As of June 30, 2012

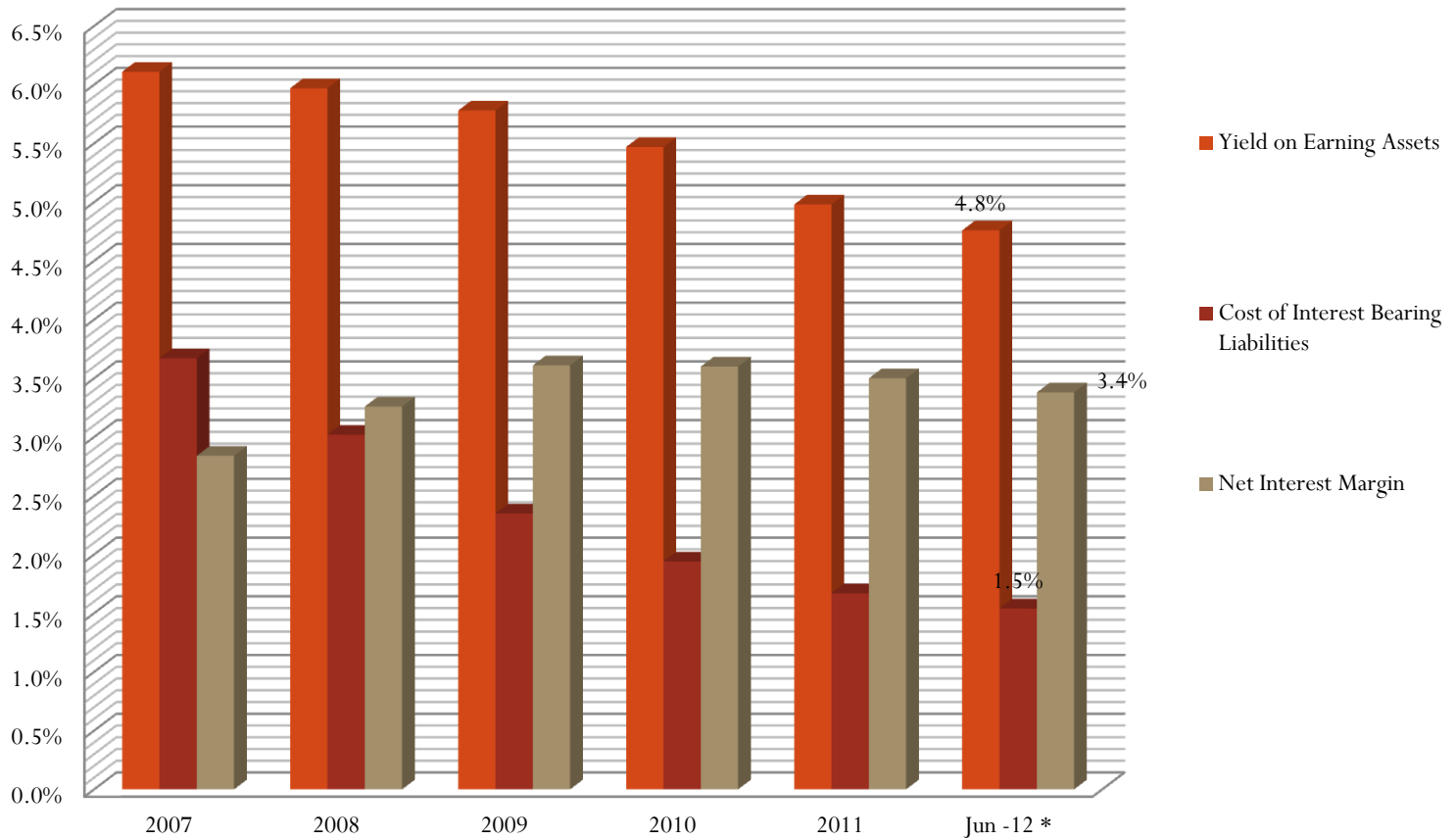


# Dividend Payout Ratio



\* For the six months ended June 30, 2012

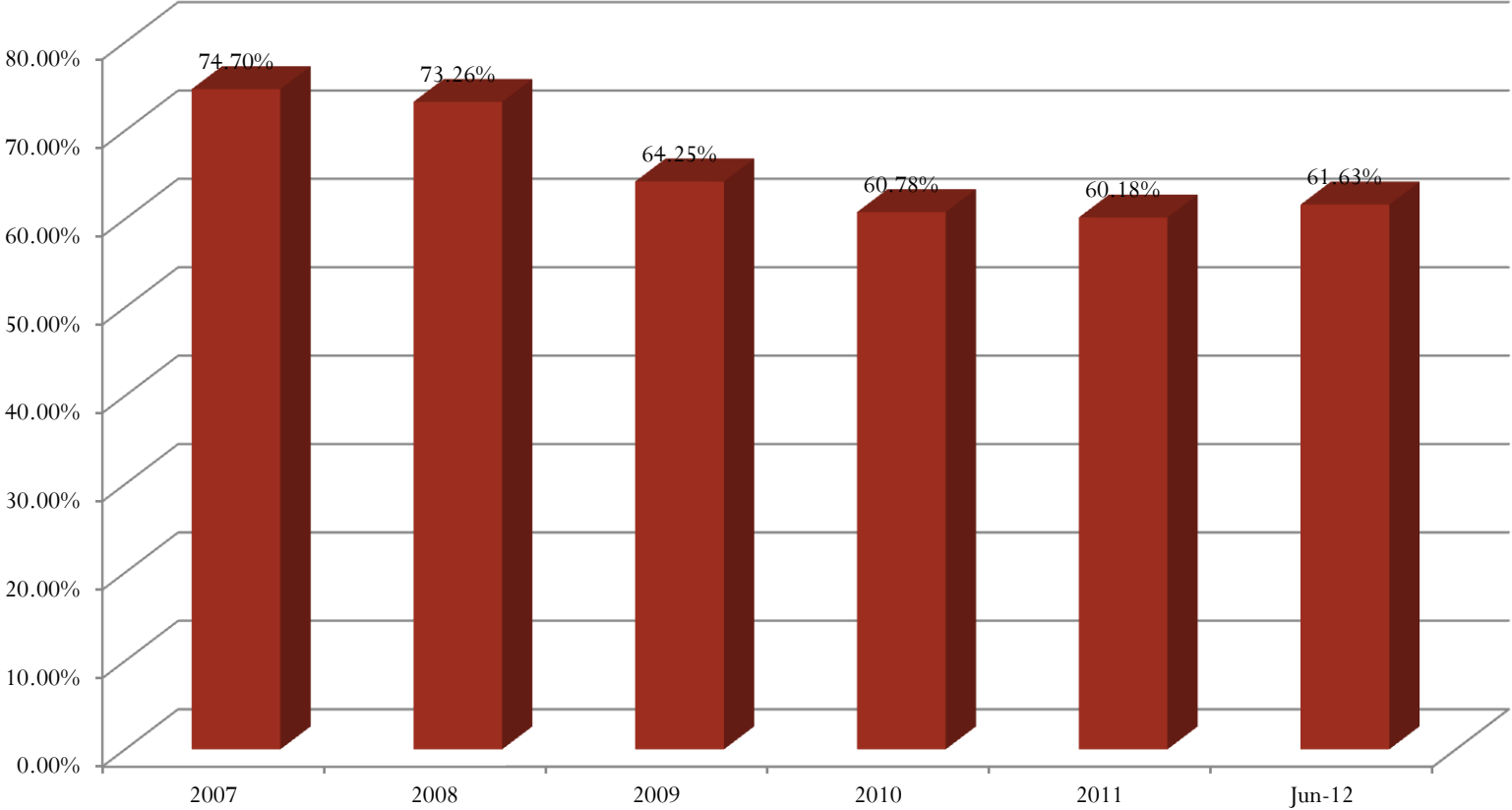
# Margin Components



•For the six months ended 2012

# Efficiency Maintenance

## Efficiency Ratio

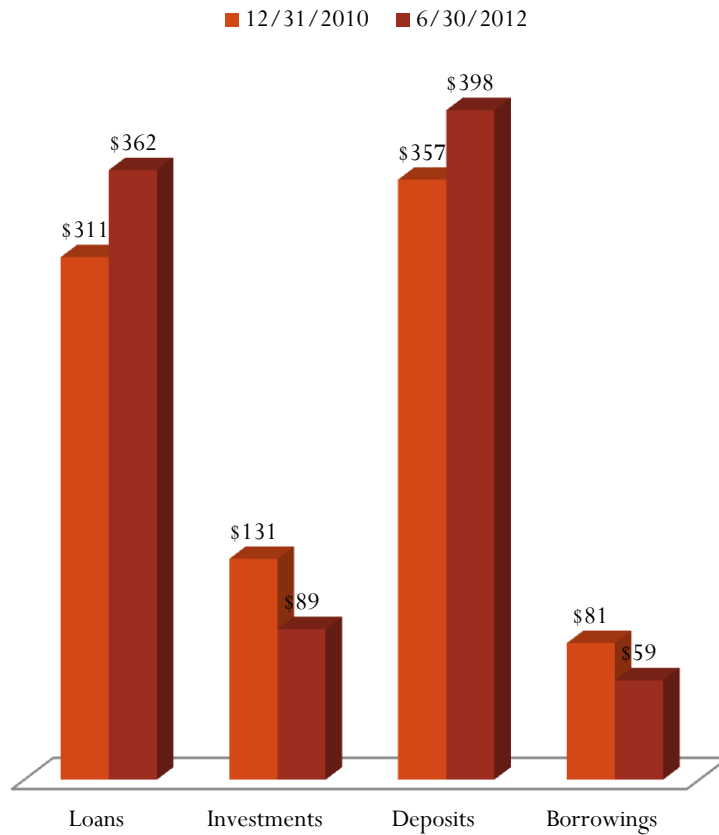


•For the six months ended 2012

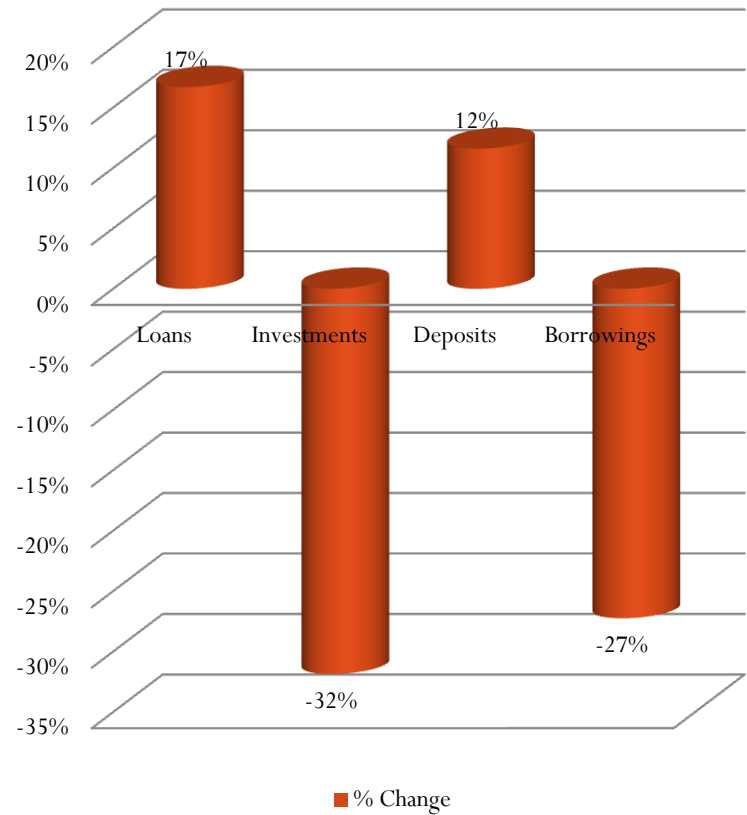


# Balance Sheet Optimization

## Balance Sheet Mix



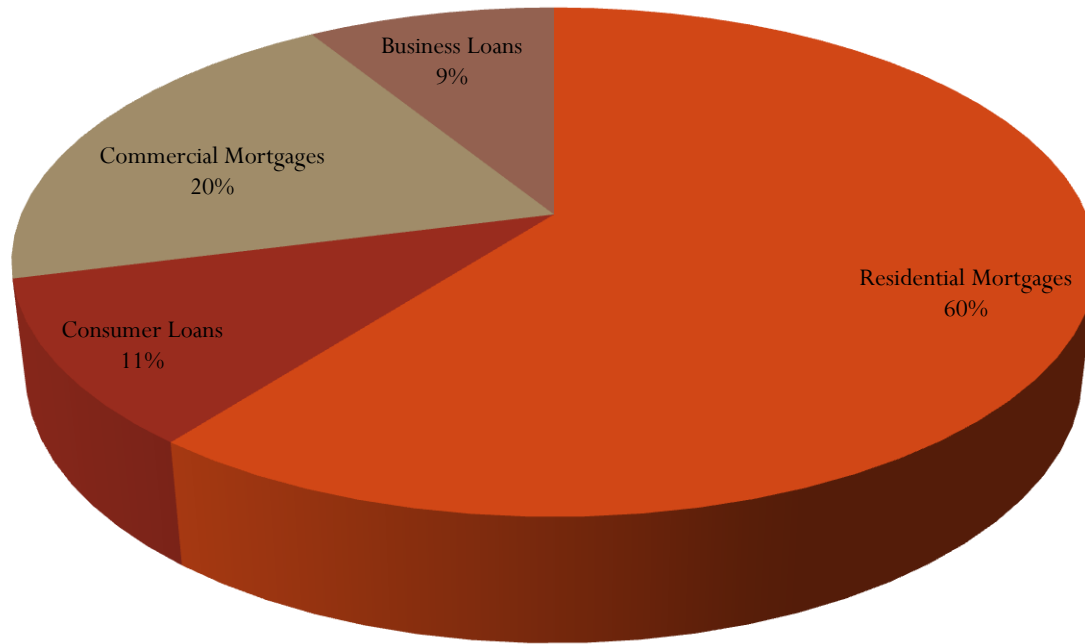
## % Change



•As of June 30 , 2012

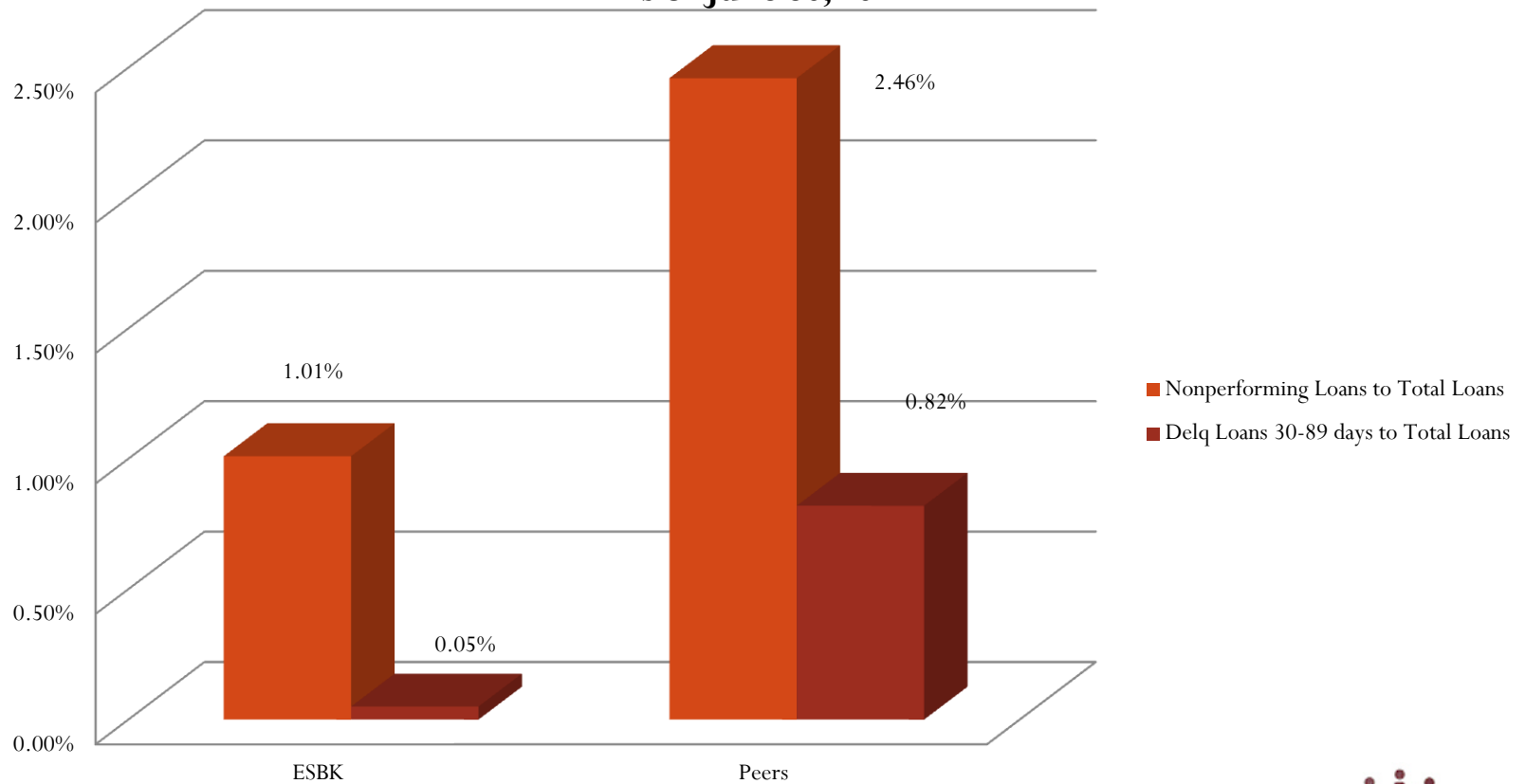
# Diversified Loan Portfolio

**Loan Mix**  
As of June 30, 2012



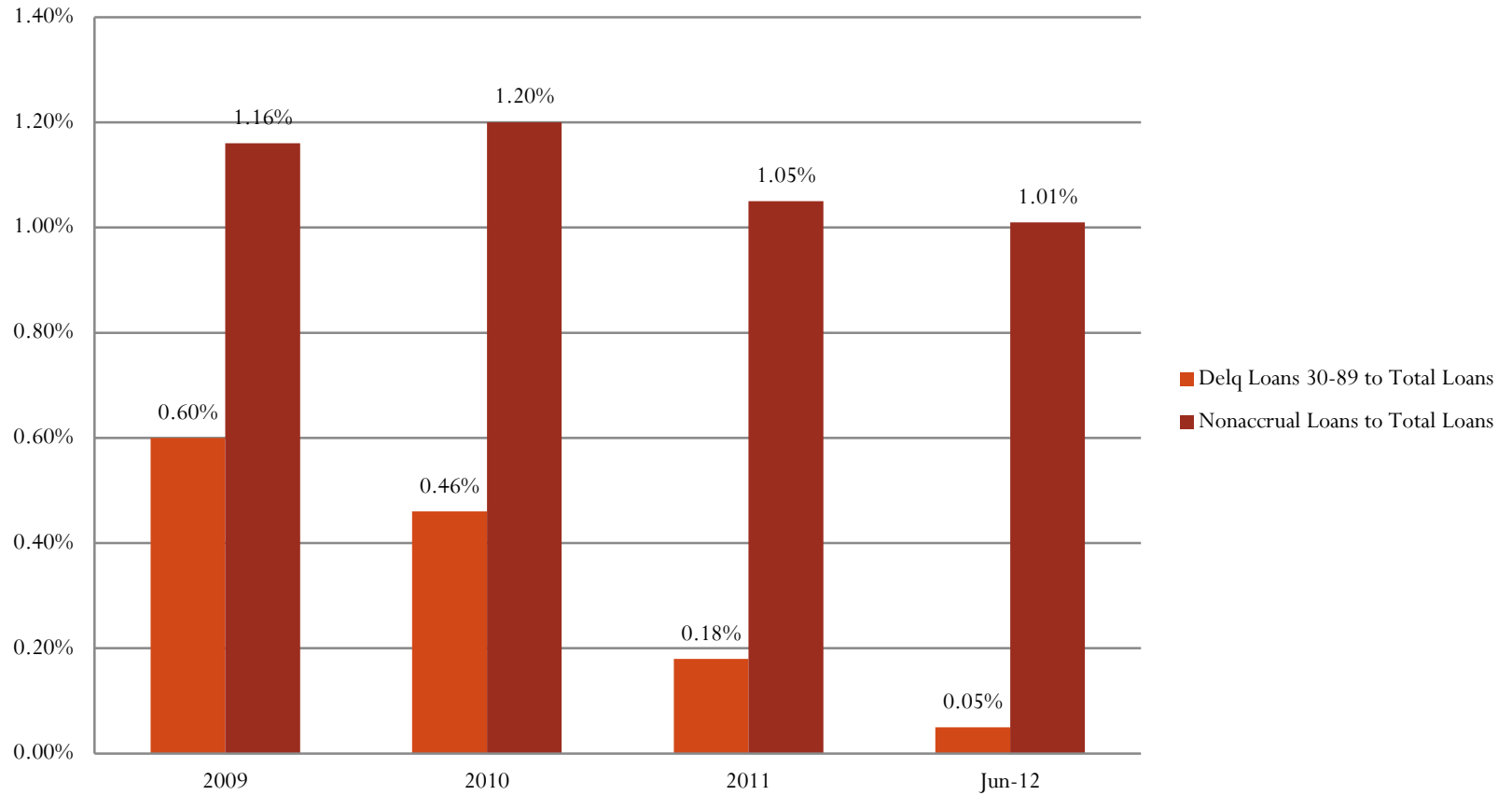
# Strong Asset Quality Compared to Peers

**Asset Quality**  
As of June 30, 2012



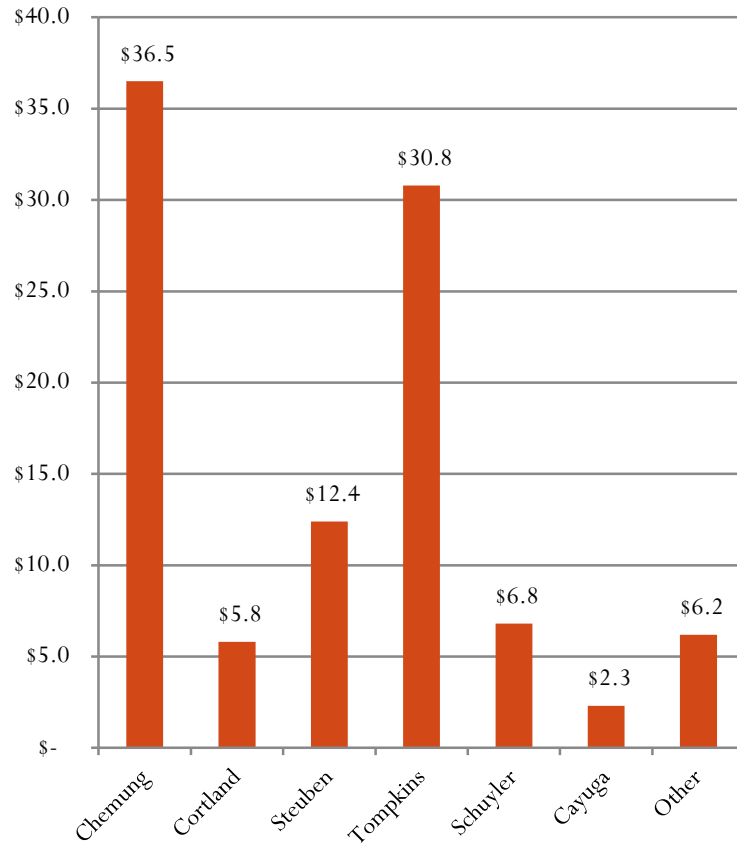
# Consistent Asset Quality

## Asset Quality

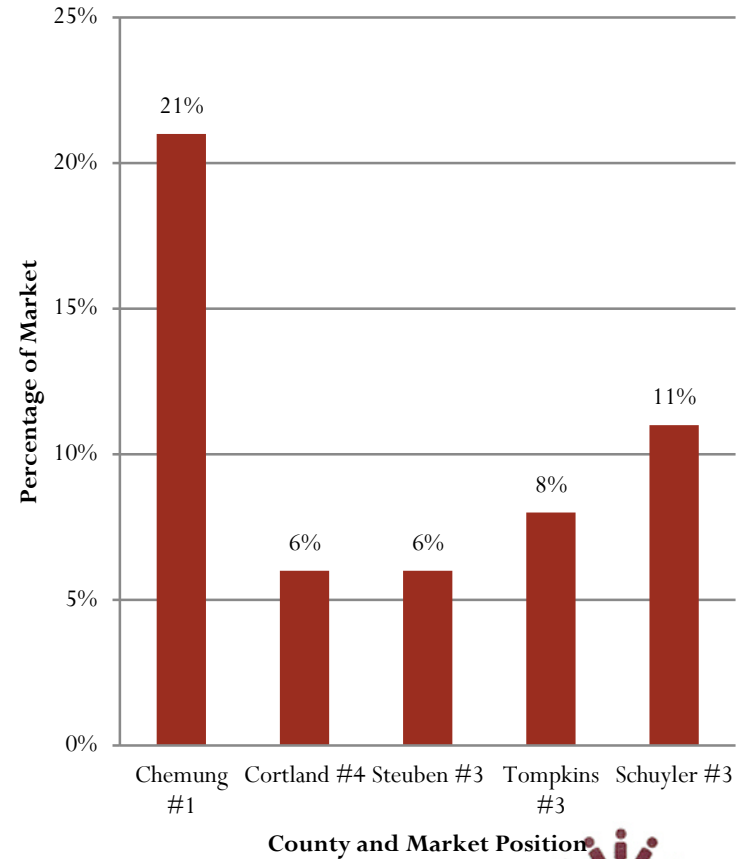


# Mortgage Production 2012

## 2012 Closed Mortgages by County



## Mortgage Market Share

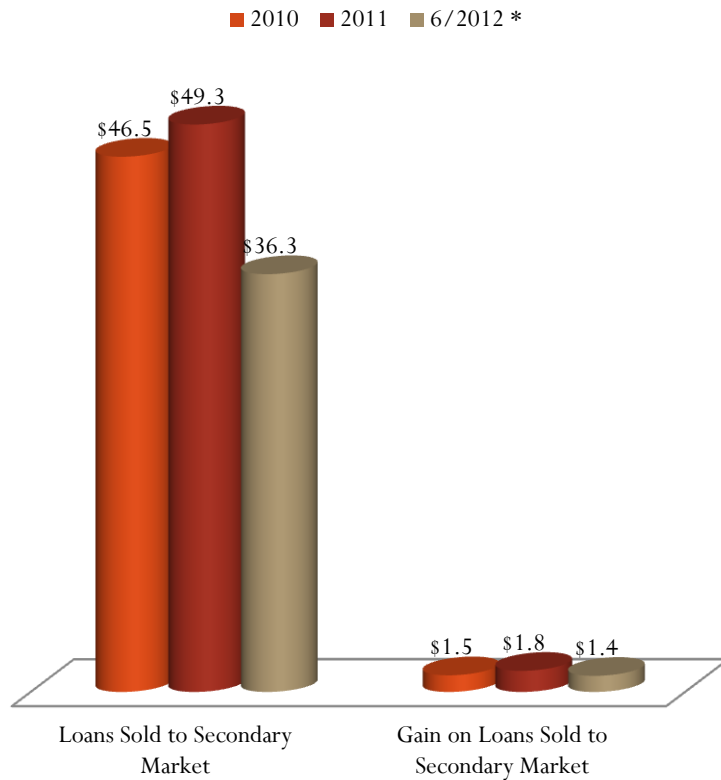


County and Market Position

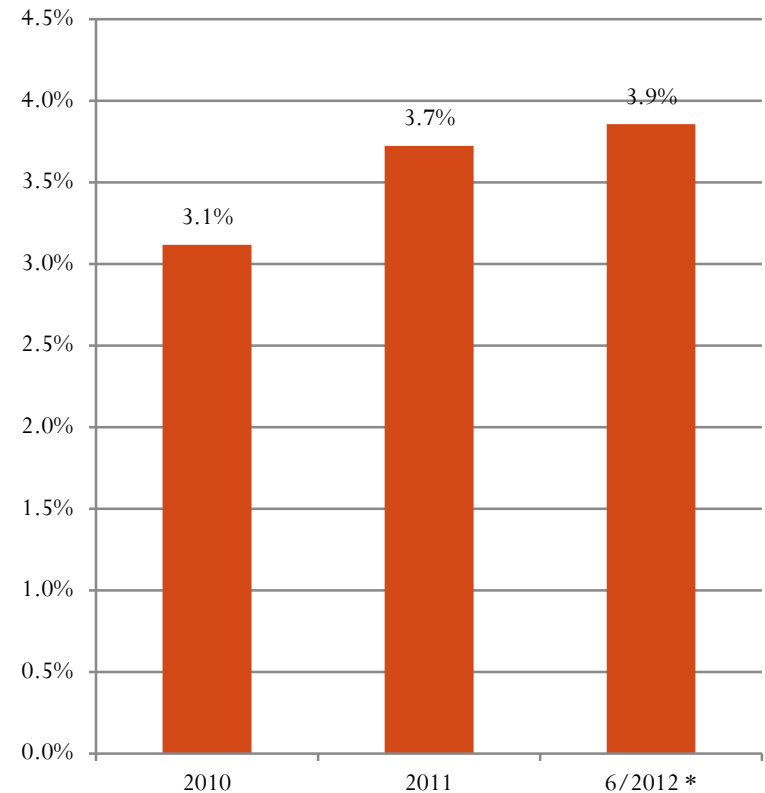


# Secondary Market Volume and Margins

## Secondary Market Activity

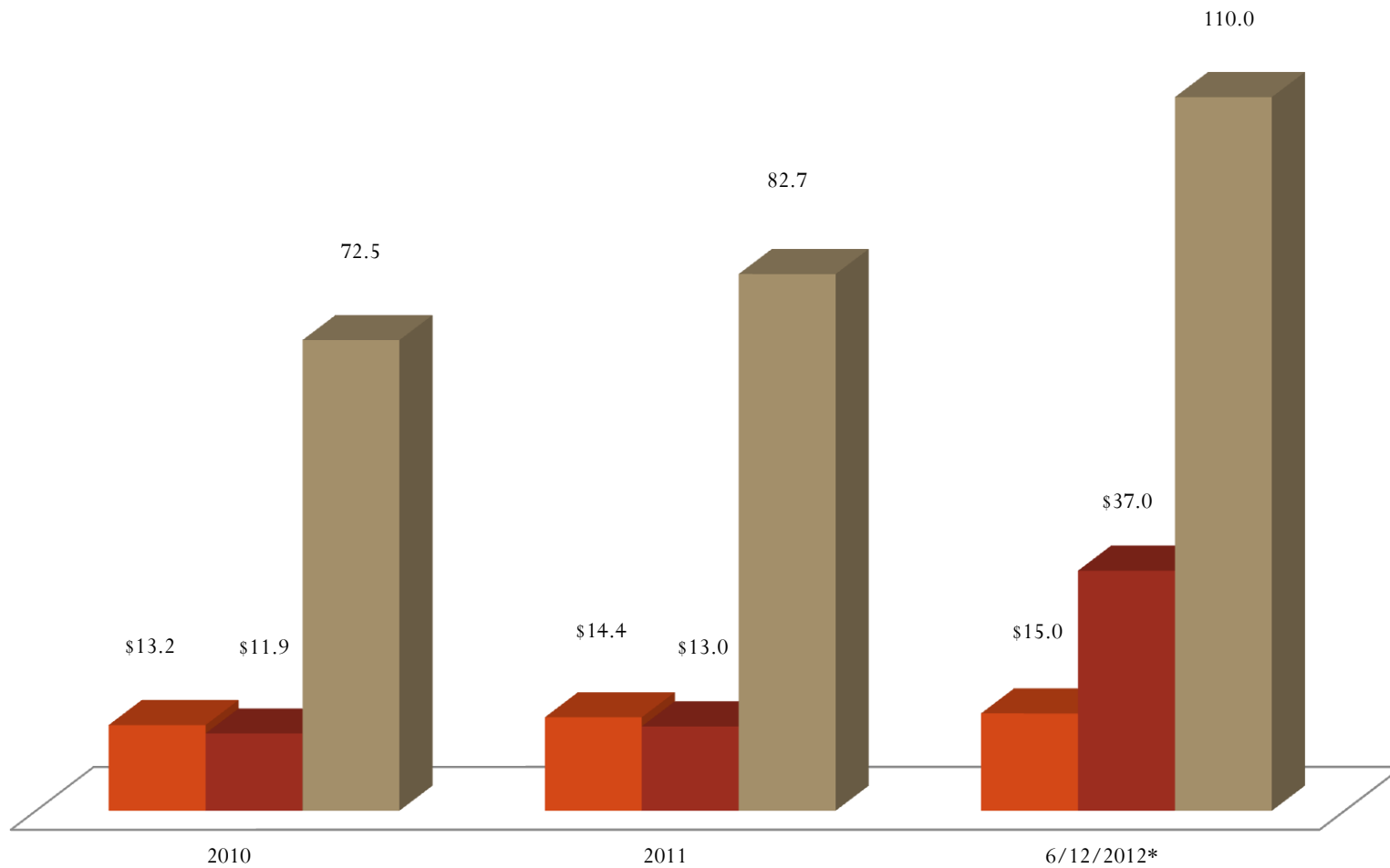


## Average Gain on Sale of Mortgage



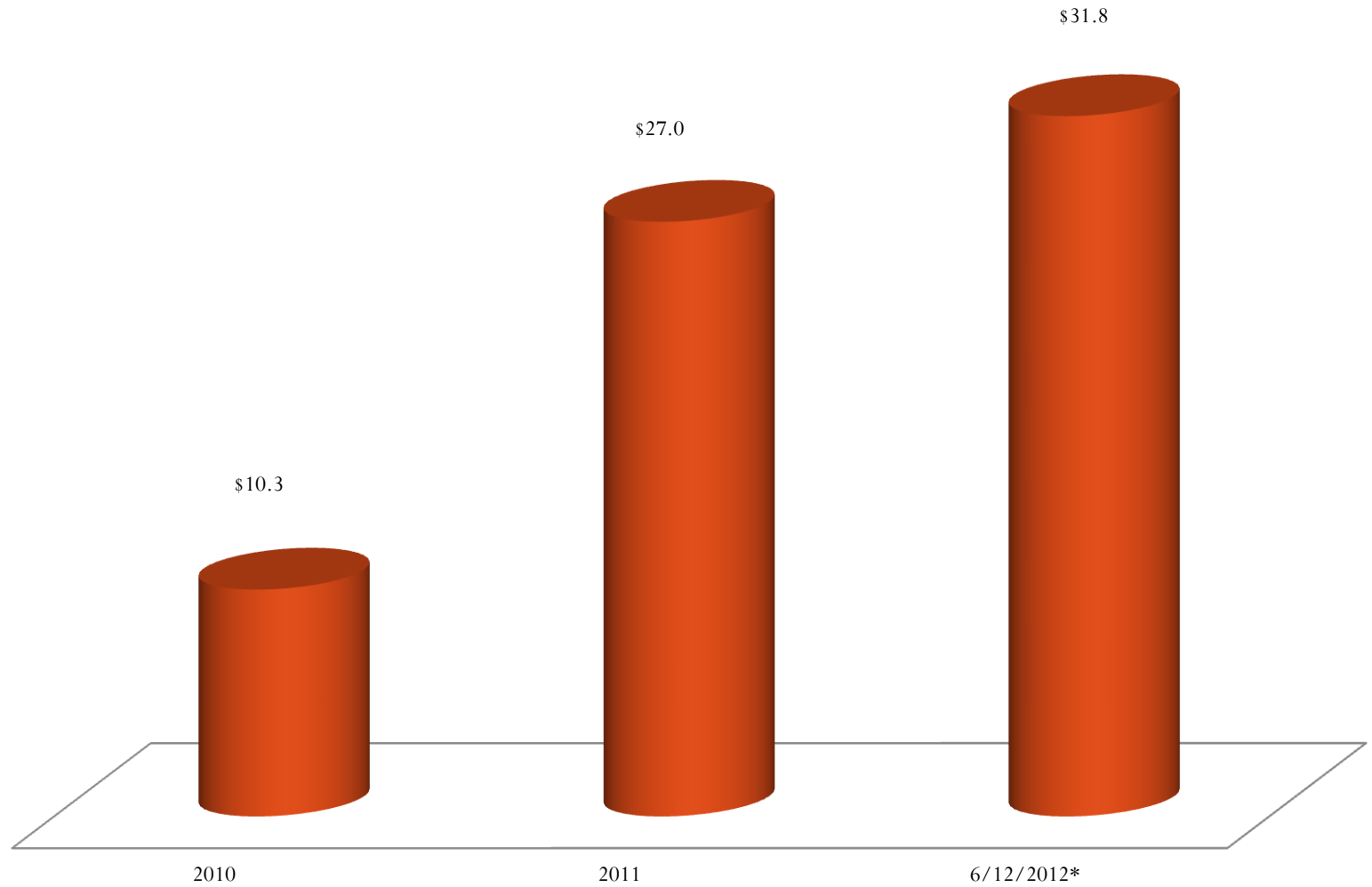
# Consumer Loan Production

■ Consumer ■ Mortgage Express ■ Average Loans per Branch



\* Annualized based on June 30, 2012 results

## Commercial Loan Originations

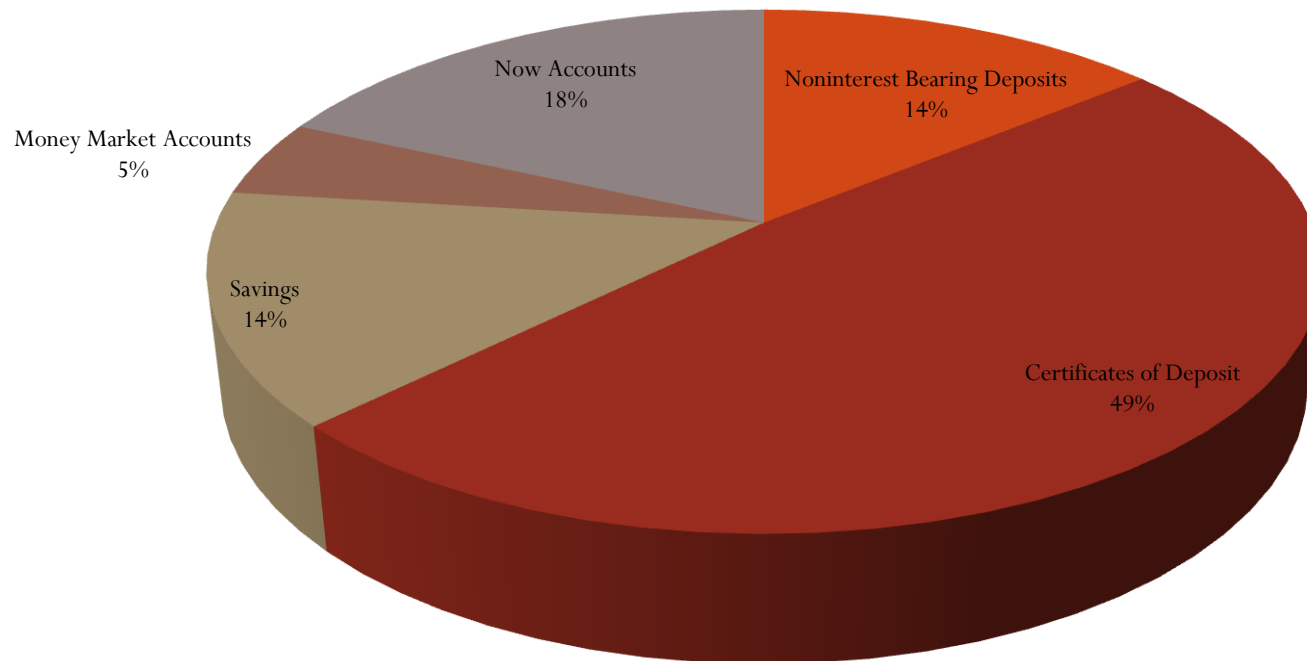


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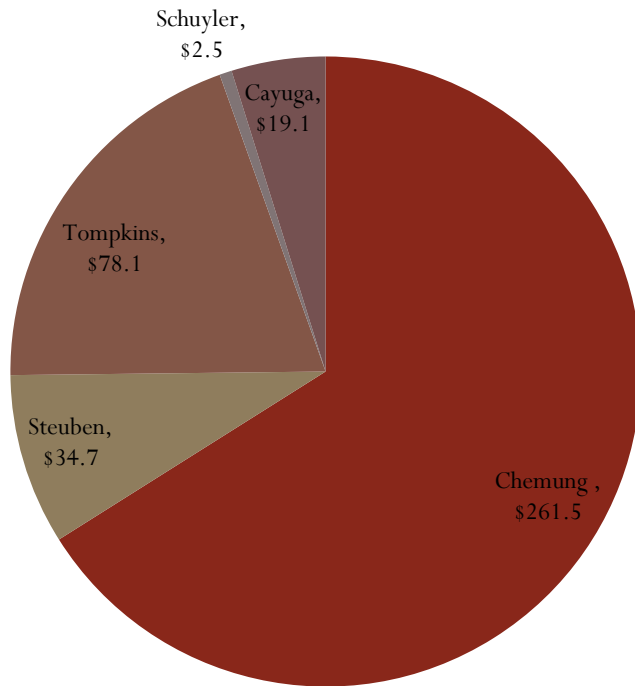
# Attractive Deposit Profile

## Deposit Mix As of June 30, 2012

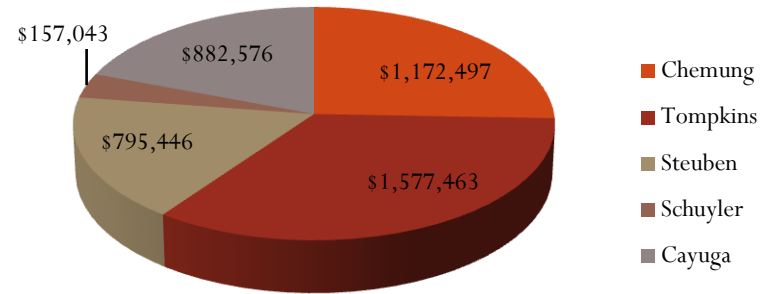


# Deposit Market Opportunity

## Deposits by County

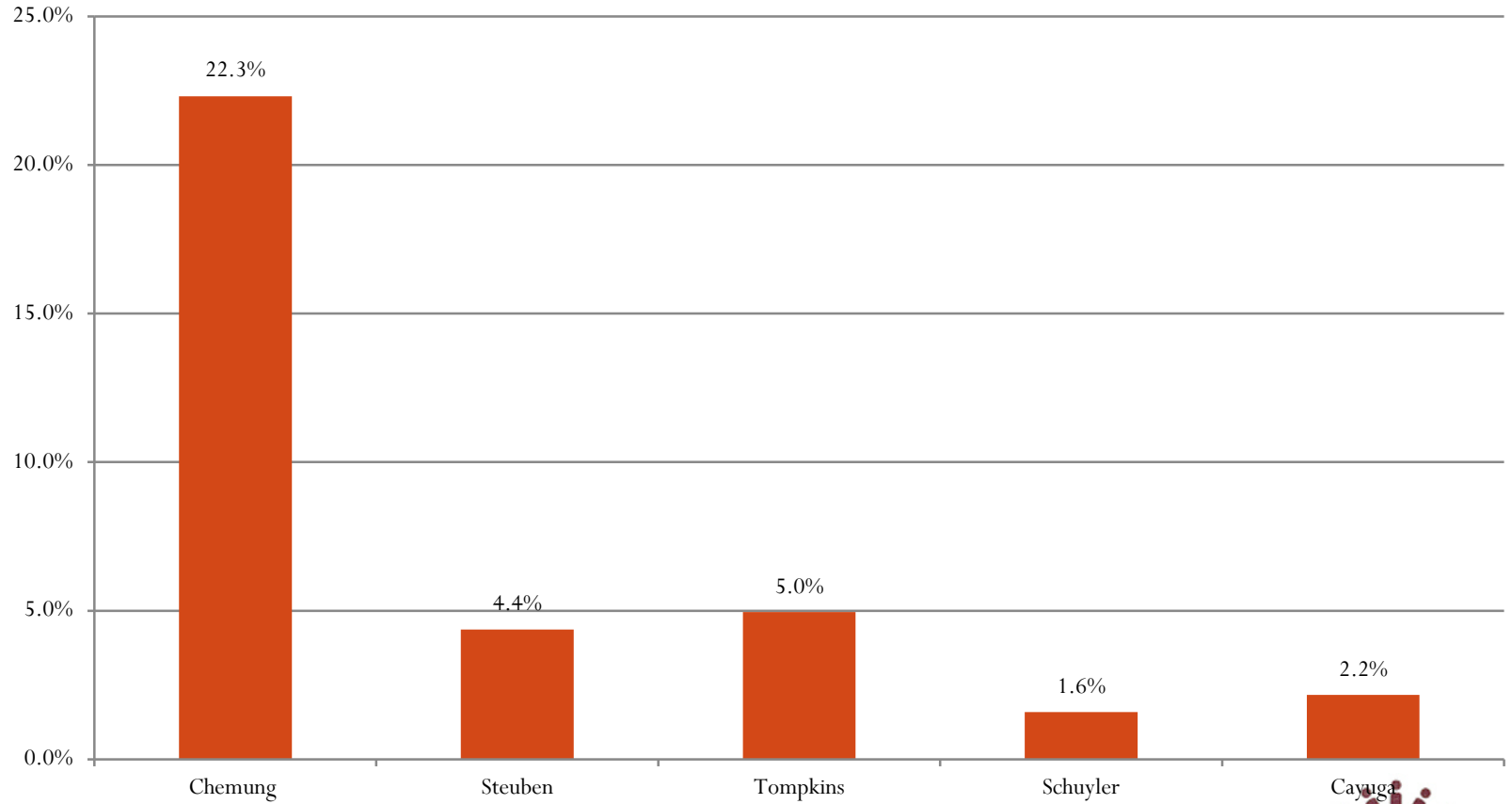


## Total Deposit Market per County



# Current Deposit Market Share

## Market Share by County



# Recent Achievements

- \$5 million of Net Income in 2011
- 5% Balance Sheet Growth, 12% Loan Growth, 5% Deposit Growth
- Conversion to New York State Charter
- Retired the TARP Capital, increased Capital by \$5 million and extended 5% dividend rate with SBLF Issuance
- Increased Cash Dividends and issued Stock Dividend
- Improved convenience in Chemung County with new branches
- Expanded geographic footprint by entering Cortland County
- Enhanced technology based delivery channels by implementing voice over IP phone system, mobile banking, Facebook page, and a redesigned website



# Current Initiatives

- Increase diluted EPS to \$1.75 by 2014
- Increase stock liquidity
- Continue to restructure balance sheet with loan and deposit growth
- Increase deposit market share in Tompkins, Steuben, and Schuyler Counties through branch network expansion
- Increase Mortgage production through increased market share in current markets and expansion into adjacent markets
- Increase Consumer and Commercial lending in Tompkins and Steuben County
- Continue to maintain net interest margin, credit quality, and efficiency



# Summary

- Seasoned public company traded on NASDAQ since 1986 with Committed Leadership
- Well-defined strategy with proven ability to execute core Community Banking strategies
- Strong Financial Performance and Asset Quality
- Solid market share in Chemung County
- Focused on expanding market share in Steuben and Tompkins County
- Dedicated to improving share price through improved market liquidity and continued financial performance



**Michael P. Hosey**  
**President & CEO, Elmira Savings Bank**

Mr. Hosey has served as President and Chief Executive Officer of Elmira Savings Bank since January 2003. He originally joined the Bank in 1984 and, from 1995 through 2002, served as the Bank's Executive Vice President and Chief Operating Officer. Mr. Hosey serves on the boards of ArnotHealth, Southern Tier Economic Growth, and is the vice chairman of the Chemung County Industrial Development Agency. He holds an MBA in Finance from the University of Scranton. Mr. Hosey has served on the Bank's board of directors for 11 years and is currently Vice Chairman of the Board. He is 54 years old.

Since joining the Bank in 1984, Mr. Hosey has held a wide range of management positions across its financial, operational, and business development functions. The variety and scope of his responsibilities over his years 28 years with the Bank have given him a very deep and broad knowledge of the Bank and a unique understanding of its business. As a native of Chemung County, Mr. Hosey is very familiar with all facets of the bank's market area.

**Thomas M. Carr**  
**Executive Vice President & COO, Elmira Savings Bank**

Mr. Carr has served as Executive Vice President of the Bank since 2004 and as the Bank's Chief Operating Officer since 2008. From June 24, 2000 through April 1, 2009, he served as Chief Financial Officer. Mr. Carr received his undergraduate degree in Business Administration from Slippery Rock University of Pennsylvania, his Master's in Business Administration from LeMoyne College, and attended the Dartmouth Executive Education Program at the Tuck School of Business. Mr. Carr is a member of a number of local boards of directors and trustees including Notre Dame High School, Chemung County Historical Society, Elmira Country Club, Elmira City Club, The Three Rivers Development Corporation, and ELMCO, LLC. He was appointed to serve on the Bank's board of directors at a meeting of the Board held on January 17, 2012. He is 42 years old.

Mr. Carr has twenty-two years of community banking experience, twelve of which have been at an executive officer level. His extensive banking experience and his long tenure at Elmira Savings Bank give him a unique and detailed knowledge of the Bank and its operations.