

The Advisor

May 2012

A Newsletter for Elmira Savings Bank Shareholders, Customers and Community

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IN THIS ISSUE

2

ESB Posts Earnings

3

ESB News

4

Welcome New ESB Employees

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ESB to Close Mortgage Loans in Branch Offices

For many years, Elmira Savings Bank mortgage closings have occurred at the offices of the closing attorney. This practice has worked sufficiently for the real estate agents and attorneys, but has not always been convenient for the customer. It has also prevented the occasion for Elmira Savings Bank staff to get to know our borrowers better.

In order to provide borrowers with more convenience, Elmira Savings Bank recently contacted our closing attorneys and real estate agents in the Elmira, Corning

and Ithaca markets to make them aware that Elmira Savings Bank mortgage loan closings would now be offered within several of our branch offices.

Our Main Office in Elmira, our new Big Flats branch, and our Ithaca Loan Production Office have all been furnished with a high-quality Keurig, a small refrigerator, a phone, and all of the necessary tools for a loan closing. Our Corning branch will also be updated for loan closings in the near future.

The response to date has been very positive. Many of our

realtors have commented that they have never been provided with such quality surroundings for their mortgage closings. In addition, the attorneys truly appreciate all of the services provided to them, including copying and e-mailing documents during the closings.

With the early success of this transition, Elmira Savings Bank's ultimate goal is to establish more meaningful relationships with our borrowers, the attorneys, and the real estate agents.

Customer Appreciation Weeks Coming Up

Please join us during our 2012 Customer Appreciation Weeks, featuring free food and entertainment. See your local branch for complete details.



Southport: June 25 – 29

Commons: July 2 – 6

Moravia: July 9 – 13

West Elmira: July 16 – 20

Horseheads: July 23 – 27

South Meadow: July 30 – August 3

Main Office: August 6 – 10

Corning: August 13 – 17

Triphammer: August 20 – 24

Big Flats: August 27-31

Elmira Savings Bank

HISTORY

Thomas S. Flood

President – 1897 – 1900

The Honorable Thomas S. Flood, second son of Dr. P. H. Flood, was born in Lodi, Seneca County, New York, on April 12, 1844. He received his education in the public schools and Free Academy of Elmira. Early in life, he went into business as a druggist.

In 1870 he married Frances Miller, daughter of Edmund Miller of Southport, one of the historic characters of the valley and the county. Mrs. Flood's uncle, John Dubois, invited Thomas to Clearfield County, Pennsylvania, to help develop that region. For five years, he lived the life of a genuine pioneer...one that might have been made the subject of a book full of adventure, novel and peculiar incidents, and oftentimes

dangerous experiences. He built mills and railroads, founded the town of Dubois, was its first postmaster, first express agent, and first freight and ticket agent of the railroad there. Having completed the task set for him to his satisfaction, Mr. Flood returned to Elmira.

Mr. Flood served in the Fiftieth and Fifty-first New York State Congresses (1888 – 1891) where he was one of the most industrious and valuable member that the county had ever elected.

He served as President of Elmira Savings Bank from 1897 – 1900. During the last few years of his life, he was in the real estate business in Elmira, retiring somewhat from the active life he had pursued.

Elmira Savings Bank Reports Earnings Increase

Elmira Savings Bank (NASDAQ:ESBK) today announced net income for the three months ended March 31, 2012 totaling \$1,158,000 or \$.34 per diluted share, compared to the \$1,114,000 of net income or \$.34 per diluted share reported for the same period in 2011. This represents a \$44,000 or 4% increase in net income from the corresponding period in 2011.

Net interest income was \$3.8 million for the first quarter of 2012 compared to \$3.9 million for the same period last year. Noninterest expense was \$3.2 million for the first quarter of 2012, slightly increased from the \$3.1 million for the same period last year. Noninterest income was \$1.25 Million for the first quarter of 2012, well above the \$904,000 for the first quarter of 2011. The provision for loan losses and gain on sale of securities were lower by \$25,000 and \$66,000, respectively, for the first quarter of 2012 when compared to the same quarter a year ago.

Total assets declined by \$3.8 million or 1% from \$523.4 million at December 31, 2011 to \$519.6 million as of March 31, 2012. Total loans increased by \$3.6 million or 1% from \$346.0 million as of December 31, 2011 to \$349.6 million as of March 31, 2012. Total deposits were \$383.3 million as of March 31, 2012 compared to \$381.7 million as of December 31, 2011. Borrowed funds declined during the quarter by \$5.0 million due to maturities.

“During the first quarter of 2012, our loan production in all portfolios remained strong and our commercial loan production increased by 10% over the same period in 2011,” said Michael P. Hosey, President and CEO. Hosey continued, “We continue to aggressively monitor asset quality, and focus on maintaining efficiency and net interest margin.”

Elmira Savings Bank, with \$519.6 million in total assets, is insured by the Federal Deposit Insurance Corporation (FDIC) and is a New York State chartered bank with six offices in Chemung

See Earnings on Page 2

Elmira Savings Bank Announces Retirement

Elmira Savings Bank announced that the Chairman of its Board of Directors, George L. Howell, has retired from the Board upon reaching mandatory retirement age as directed by the Bank’s bylaws. Mr. Howell served 20 years on the Bank’s Board of Directors, the last 11 as Chairman. Mr. Howell will continue to serve on the Board as Chairman Emeritus.

The Board elected John Brand III as Chairman of the Board. Mr. Brand has served on the Board since 1985 and has been Vice Chairman of the Board since 2001 and Chairman of the Audit Committee since 2001. Michael P. Hosey, President and CEO, was elected Vice Chairman.

“We appreciate the contributions Mr. Howell has made to the organization during his tenure as Chairman of the Board of Directors and look forward to continuing our success under the stewardship of Mr. Brand,” said Michael P. Hosey, President and Chief Executive Officer.

Shareholder Inquiries

The Bank’s transfer agent is:
 Registrar and Transfer Company
 10 Commerce Dr.
 Cranford, NJ 07016-3752
 (800) 866-1340

The Bank’s annual and quarterly reports, 10-K, and 10-Q will be furnished without charge upon written request to:
 Thomas M. Carr
 Executive Vice President
 Chief Operating Officer
 Elmira Savings Bank
 333 E. Water Street
 Elmira, NY 14901

The brokers currently making a market in the Bank’s common stock are:
 Stifel Nicolaus
 Spear, Leeds & Kellogg
 Moors & Cabot
 Baird Patrick

Elmira Savings Bank SELECTED CONSOLIDATED INCOME STATEMENT ITEMS

(Unaudited)

(In thousands except per share amounts)

	Three Months Ended	
	March 31,	
	2012	2011
Net interest income	\$ 3,768	\$ 3,922
Provision for loan losses	125	150
Gain on sale of securities	-	66
Other noninterest income	1,250	838
Total noninterest expense	3,215	3,058
Income before taxes	1,678	1,618
Net income	1,158	1,114
Dividends on preferred stock	395	359
Income available to common shareholders	763	755
Basic earnings per common share	\$ 0.35	\$ 0.35
Diluted earnings per common share	\$ 0.34	\$ 0.34
Dividends per common share	\$ 0.22	\$ 0.18

Elmira Savings Bank SELECTED CONSOLIDATED BALANCE SHEET ITEMS

(Unaudited)

(In thousands except per share amounts)

	March 31		December 31
	2012		
	2012	2011	
Total assets	\$ 519,618	\$ 523,358	(1) Per share data have been adjusted to reflect the 10% stock dividend, or 196,819 shares, distributed on December 28, 2011.
Loans receivable	349,578	345,982	
Allowance for loan losses	3,434	3,299	
Deposits	383,314	381,729	
Borrowings	65,000	70,019	
Shareholders’ equity	64,944	64,615	
Book value per common share	\$ 18.98	18.83	

Earnings

(continued from Page 1)

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.

Online Safety Tips

Safeguarding your personal and financial information is a responsibility we take seriously at Elmira Savings Bank. There are many things you can do to protect your personal information. The first step in fraud prevention is education. To assist with educating consumers, Elmira Savings Bank has put together a list of fraud prevention practices. Please click on the Consumer Education tab at www.elmirasavingsbank.com for more information. We also recommend that you visit www.staysafeonline.org and www.onguardonline.gov.

Cabin Fever on Market Street

Corning's Cabin Fever event was a huge success. As a participant, Elmira Savings Bank was so lucky to have Standing Stone Winery at the branch. With their delicious dessert wines and a knowledgeable, fun representative, they brought a massive, steady crowd of people to ESB the entire night long. People exclaimed all evening how this was the winery they just had to come and see! The people who came were so ecstatic at the bank's generosity as well. News traveled fast about the refreshing crackers and water, lovely Mardi Gras beads, and delicious chocolates. Within one hour of the event, we had seen so many people we ran out of beads! Within the next half hour, we had to restock the chocolates and crackers. The people were most appreciative as they came in and said, "We heard ESB had CHOCOLATE!" The diverse crowd brought an atmosphere that was lively and exciting, and a great time was had by all!



The Art of Speed On Display At Triphammer

For almost five years, people walking into the lobby of Elmira Savings Bank's Triphammer Branch have been greeted with brilliant splashes of color and creativity representing the many and diverse talents of our customers. The textiles, paintings, drawings and photography which line the walls are always a big hit, but our February – April exhibits were extra special as we featured the work of our own Frank Spena.

Our February and March installation was comprised of Frank's auto racing photos! Frank masterfully captured the need for speed through many decades in these images — guaranteed to blow your hair back!

In April and into May, Frank's softer side was on display with his beautiful nature photos. The combination of Frank's eye and our region's beauty was a treat not to be missed.

So stop by and take in the art exhibits at the Triphammer Branch of Elmira Savings Bank. If the artwork doesn't make your day, our customer service will!

Say When You Pay!

Elmira Savings Bank has introduced a new and exciting loan called "Say When You Pay" that allows you to select any two consecutive months a year that you will not have a loan payment due. It's like taking a vacation from your from loan every year. Certain qualifications and restrictions apply. Please see your nearest branch for details.



Bank employees enjoyed a night out during Elmira Savings Bank's Cabin Fever Reliever at the Holiday Inn Elmira-Riverview.

Welcome New ESB Employees

We are privileged to welcome six new employees to Elmira Savings Bank in the first quarter of 2012.

Ryan Garges is working in Commercial Lending as our new Credit Analyst. Ryan recently graduated from Misericordia University with a Bachelor's degree in Accounting.

Teresa Gentile is our new Part-Time Teller at the South Meadow Branch. Teresa most recently has been working as an Administrative Assistant at Cornell University.

Amy Kramer joins us at our Main Branch as a Full-Time Teller. She has previous retail experience from Old Navy.

Vicky Smith is working as a Part-Time Teller at our Southport Branch. Vicky has over 20 years of customer service experience while self-employed. Vicky also has previous banking experience.

Kristin Wolowitz joins us at our Mortgage Department as a Mortgage Assistant. She has previous mortgage experience from three other lending institutions.

Lori Zahradka joins us in our Operations Department as an Operations Representative. She has over 10 years of previous banking experience, as well as 15-plus years of retail experience.

Welcome to Elmira Savings Bank!



June 25 through August 31, 2012

Bulk Rate
Postage
PAID
Elmira, NY
Permit # 178

Elmira
Savings Bank
333 East Water Street
Elmira, NY 14901

