

# The Advisor

November 2010

A Newsletter for Elmira Savings Bank Shareholders, Customers and Community

Vol. 1 No. 1

## IN THIS ISSUE

- 2 Financial Highlights
- 3 Customer Appreciation Weeks Showcase Tompkins
- 4 Human Resource News

## Welcome

Welcome to the inaugural edition of the Elmira Savings Bank's newsletter, *The Advisor*. We intend to provide this newsletter to you every quarter and include information on the Bank's financial performance, stock performance, product and service developments, as well as personnel changes and bank activities.

The newsletter will be available in print form and electronic form. We will have a mailing list, along with copies of newsletter available in each branch. The electronic edition will be distributed via email, as well as available on our website and on our Facebook page.

We look forward to receiving feedback from you regarding *The Advisor* and hope you enjoy knowing a little more about your bank, The People's Bank!

## Mortgage Department News

On September 7 the Elmira Savings Bank expanded its current market area into Cortland County with a new Loan Production Office (LPO). The LPO will be located in its own office inside the offices of Cinquanti Real Estate at 77 South West Street in Homer, NY. Homer is just outside of the City of Cortland. Cortland County is a contiguous extension of our existing market in Tompkins County.

The office will be occupied by our newest employee, Jackie Newton. Jackie has over 10 years of experience originating mortgages in the Cortland market. She will originate all of our products currently offered, along with some new ones that are popular in that market.

Please welcome Cortland and Jackie to the Elmira Savings Bank team. Her office number is 607-749-7251, her cell phone number is 607-229-6522, and her email address is [jnewton@elmirasavingsbank.com](mailto:jnewton@elmirasavingsbank.com).

## Elmira Savings Bank Posts 10% Earnings Increase

Elmira Savings Bank, FSB (NASDAQ:ESBK) today announced net income for the nine months ended September 30, 2010 totaling \$3,607,000 or \$1.27 per diluted share, compared to the \$3,273,000 of net income or \$1.15 per diluted share reported for the same period in 2009. This represents a 10% or \$334,000 increase in net income and a 10% increase in diluted earnings per share.

Net income for the three months ended September 30, 2010 totaled \$1,295,000 or \$.47

per diluted share compared to \$1,156,000 or \$.40 per diluted share for the same period in 2009. This represents a 12% or \$139,000 increase in net income and an 18% increase in diluted earnings per share.

Net interest income was \$11.1 million for the first nine months of 2010 compared to \$11.8 million for the same period last year. Noninterest income was \$3.5 million compared to \$3.6 million for the same period in 2009. These unfavorable variances were offset by a decrease of \$1.3 million

in operating expenses to \$8.8 million for the first nine months of 2010 from \$10.1 million for the same period in 2009, and a decrease in the provision for loan losses from \$592,000 for the first nine months of 2009, to \$435,000 for the first nine months of 2010.

Total assets increased by \$3.7 million from \$499.0 million at December 31, 2009 to \$502.7 million as of September 30, 2010. Total deposits were \$358.4 million as of September 30, 2010 compared to \$352.6 million as

See *Earnings* on Page 2

## Coming Fall 2010!



 **Elmira**  
Savings Bank

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## Elmira Savings Bank

## HISTORY

- **1869** Elmira Savings Bank, FSB, (the Bank,) was organized in 1869 as a New York chartered mutual savings bank under the name of Southern Tier Savings Bank.
- **1890** In 1890 the Bank's name was changed to The Elmira Savings Bank.

## Earnings

(continued from Page 1)

of December 31, 2009. This represents a \$5.8 million or 2% increase. Total loans decreased by \$3.0 million or 1% from \$307.6 million as of December 31, 2009 to \$304.6 million as of September 30, 2010.

"During 2010, we have focused on maintaining strong asset quality, improving our operating efficiency, preparing our balance sheet for the risk of inflation, and expanding our residential mortgage loan business," said Michael P. Hosey, President and CEO. Hosey continued, "We continue to have strong asset quality ratios as we diligently monitor delinquent and nonperforming credits. Our net interest income is somewhat below last year's level as we have increased the amount of cash and short-term investments on our balance sheet, preparing to invest them in what management believes will be a future higher rate environment. Our operating expenses are \$1.3 million or 13% below last year's level, an indication of our focus on maintaining operating efficiency. Additionally, we have expanded our mortgage business during 2010 by adding a full-time originator in Tompkins County to bring our total originators to three in that market. We have also recently opened a loan production office in Homer, NY, and have added an experienced originator to increase our production in Cortland and Southern Onondaga County. We continue to focus on creating long-term shareholder value through continued earnings and earnings per share growth, maintaining asset quality, and managing interest rate risk."

Elmira Savings Bank, FSB with \$502.7 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 office in Schuyler County; 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, FSB SELECTED CONSOLIDATED INCOME STATEMENT ITEMS

(Unaudited)

(In thousands except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Net interest income	\$ 3,683	\$ 3,971	\$ 11,051	\$ 11,809
Provision for loan losses	85	0	435	592
Gain on sale of securities	160	2	469	63
Other noninterest income	1,097	978	3,049	3,592
Total noninterest expense	2,957	3,268	8,814	10,114
Income before taxes	1,898	1,683	5,320	4,758
Net income	1,295	1,156	3,607	3,273
Dividends on preferred stock	365	365	1,086	1,044
Income available to common shareholders	930	791	2,521	2,229
Basic earnings per common share	\$ 0.47	\$ 0.41	\$ 1.29	\$ 1.16
Diluted earnings per common share	\$ 0.47	\$ 0.40	\$ 1.27	\$ 1.15
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, 2010	December 31, 2009	September 30, 2009
Total assets	\$ 502,667	\$ 498,983	\$ 505,896
Loans receivable	304,561	307,616	316,876
Allowance for loan losses	2,863	3,139	3,223
Deposits	358,400	352,591	360,085
Borrowings	81,111	87,162	87,178
Shareholders' equity	56,988	54,546	54,298
Book value per common share	\$ 19.59	\$ 18.82	\$ 18.73

## Market Price Information

The Bank's common stock was first offered in March 1985, and is now listed on the NASDAQ exchange under the symbol **ESBK**.

During the second quarter of 2010, our stock traded between the range of \$15.15 per share and \$17.00 per share. The Bank paid a dividend of 20 cents per share during the quarter. The current dividend yield for our common stock is 5%.

### Shareholder Inquiries

The Bank's transfer agent is:  
Computershare Trust Company  
350 Indiana Street, Suite 750  
Golden, CO 80201  
(303) 262-0600

**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, FSB  
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

## Customer Appreciation Weeks

Elmira Savings Bank's Customer Appreciation Weeks came to a close after another successful summer of events. This was the 7<sup>th</sup> consecutive year that the Bank has used the summer to thank our customers for their business. Each branch has its own week-long celebration. From the beginning, features included hot dogs, ice cream, cookies, refreshments, car washes done by Bank employees, and drawings for giveaways – all free to our customers. Both customers and employees look forward to and enjoy the unique nature of the event.

Each year a dedicated team of employees convenes to try to improve and grow Customer Appreciation. New for the summer of 2010 was the presence of the Keystone Greyhounds and the East Hill Jazz Duo – Johnny Russo and Doug Robinson – at every branch, Crossroads the Clown at selected branches, free sports bottles, drawings for Keurig coffee makers, and a grand prize giveaway of a large HD flat screen television. The venerable popcorn machine was brought back in 2010 by popular demand.

Along with the features mentioned above, events included pizza, nachos with cheese, caricatures by artist Diane Burrows, magic and balloon animals by the Magic Man, Tim Cleary, and face painting and temporary tattoos at selected branches by our own Lynda



(Top photo) Elmira Savings Bank employees washing cars; (Bottom left) Stacy Ward, Alyson Murphy and Courtney Harris with popcorn machine; (Bottom right) Caricature done by Artist Diane Burrows.

Kwik. Hot dogs, caricatures, and magic, in particular, draw great interest from our customers every year. Drawings were done for gift certificates local to each branch, on top of certificates for movies and groceries.

The Keystone Greyhounds and East Hill Jazz Duo struck a chord with customers and employees alike. Wherever they went, the laid back canines were the center of attention and loved by those of all ages. Five retired

racing greyhounds found new homes thanks to these events. The Jazz Duo quickly gained a reputation for their fine lunchtime performances. At the Mall Branch event, customers could be found dancing, and our Horseheads Branch looked like a concert in the park as many people gathered around.

With record participation from both customers and employees in 2010, we're already looking forward to 2011.

## ESB Fun at Showcase Tompkins

There was no shortage of smiles and fun at the Showcase Tompkins event, despite the less than favorable weather. The event, which housed booths from many of Tompkins County's diverse businesses, was held on the evening of June 9th at the Ithaca Farmer's Market. Elmira Savings Bank was among the eager Ithaca area businesses setting up a booth to share our information with the rest of the community.

The event served as an opportunity for area businesses to introduce their products and services to other businesses and the public, in a familiar and comfortable environment. Businesses were encouraged to express themselves and their business in their booths, with an award given out at the end of the event for the Most Appealing Booth.

The tradeshow has attracted more than 400 visitors for the last two annual events, while keeping market-goers entertained, informed, and comfortable. The booths serve as a passive, yet inviting way for businesses like Elmira Savings Bank to get the word out on services, products, and possibilities.



Elmira Savings Bank's trade show booth at Showcase Tompkins earned an Honorable Mention for creativity and design.

Elmira Savings Bank used our space to show market goers that we are truly The People's Bank. Our booth was decorated in fun, summer decor, complete with a barbecue grill, shells, nautical pieces, and red, white, and blue stars. ESB showed Tompkins County that, while our rates may open up a world of possibilities for them, we are more than just numbers and accounts – we're your neighbors and friends.

Our table was festive and informative with red, white, and blue sugar cookies, ESB tote

bags, key chains, business cards, and flyers and brochures geared to show just how much summer fun, renovation, car, boat, or home shopping consumers can have with ESB financing.

Elmira Savings Bank came away with more than summer-inspired fun. The Showcase provided ESB with great feedback on the small business calls we've made, our debt-free mortgage, and branch locations. As exciting as business success is, we still had a "Most Appealing Booth" award to compete for. In the end, Wegman's took the title of "Most Appealing," though Elmira Savings Bank was granted an Honorable Mention for creativity and design. The Chamber committee had voted ESB within the top three booths. We even had a mention in The Ithaca Journal article about the event.

The Showcase Tompkins event was a success in all aspects. It was fun, exposed ESB to other area business, introduced us to the community, and shared the possibilities we provide our customers.

For more information about The Tompkins County Chamber of Commerce or Showcase Tompkins, visit [www.tompkinschamber.org](http://www.tompkinschamber.org).

## Welcome new ESB employees!

We are privileged to welcome five new employees to Elmira Savings Bank in the 3<sup>rd</sup> quarter of 2010!

**Kristin Dupuis** joins ESB as a full-time Teller at our Mall Branch. She recently graduated from Stony Brook University with a Bachelors degree in Sociology.

**Valerie Stickler** joins us as our new Collections Manager after working in banking for the past 20 years.

**Beth Osborne** is our new full-time Teller at the Horseheads Branch. For the past twelve years Beth has worked at Rimco Plastics.

**Jackie Newton** joins ESB as our new Cortland Office Mortgage Originator. Jackie's previous employer was MetLife Home Loans.

**Brittany Huffner** is our new full-time Teller for the Mall Branch. Brittany has previous customer service experience as a waitress at Mandells restaurant.

## Congratulations to the following Employees!

Five Elmira Savings Bank employees were promoted in the 3<sup>rd</sup> quarter of 2010. Congratulations to the following:

**Peggy Hurd** has been promoted from CSR to Assistant Branch Manager at our Commons Office. Peggy was previously self-employed as National Event Coordinator for Broome Tioga Sports Center. Peggy has been with ESB for a year and a half.

**Lucas Sweet** has been promoted from Teller to Accounting Representative. Lucas has previous banking experience at 1<sup>st</sup> Niagara and has been with ESB for one year.

**Allie Dworsky** has been promoted from Teller to Senior Teller at our West Elmira Branch. Allie previously worked as a Customer Service Representative at Dark Tan in Elmira. She has been with ESB for two years.

**Joann Lehman** has been promoted from Teller to Senior Teller at our South Meadow Branch. Joann previously worked at Cornell University in their Facilities and Accounting offices. Joann has been with ESB for two years.

## Events

Elmira Savings Bank is proud to have sponsored two Employee events in the 3<sup>rd</sup> quarter, the Annual Employee Golf Event, and the All Employee Meeting.

On a beautiful Sunday afternoon, nine teams braved the rolling turf at Willow Creek Golf Course. Two teams tied for 1<sup>st</sup> place with a score of 35. Jeff Dobbin, Christina Doyle, Dwayne Balcom, and their guest beat out the second place team by luck of the draw – literally! Shannon Bailey and her three guests took the second place honors. Jason Sanford, Brad Serva, and their two guests won third place with a score of 37.

The All Employee Meeting was held September 29<sup>th</sup> this year. Employees were honored for their years of service with ESB at 5, 10, 20, 25, and 30 years. Fives years: Tammi Cronin, Kim Rockwell, Mary Niles, Kayla Reynolds, Joann Bement. Ten years: Shirley Weigand. Twenty years: Pat Frisbie, Judy Johnston, Jill McConnell. Twenty-five: Mike Hosey and Ron Blanchard with an amazing thirty years of service at Elmira Savings Bank!

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