Elmira Savings Bank
The People's Bank

April 1, 2008

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of The Elmira Savings Bank, FSB, which will be held at the Elmira Country Club, Country Club Drive, Elmira, NY 14905, at 10:00 a.m. on Tuesday, April 29, 2008.

The agenda for the business meeting consists of two items: First, the election of three directors, and second, the ratification of the selection of independent auditors for the year 2008. The meeting will also include highlights of the year 2007.

On behalf of the Board of Directors, **we urge you to sign, date, and return the enclosed proxy card** even if you plan to attend the Annual Meeting. This will not prevent you from attending the meeting and voting in person, but will ensure that your vote is counted.

The Bank's Annual Report to Shareholders, along with the Bank's 10K for the year ended December 31, 2007, is included in this mailing.

Your directors and management look forward to seeing you at the meeting, April twenty-ninth.

If you have any questions, please call Thomas M. Carr, Shareholder Relations at (607) 735-8660.

Sincerely,

THE ELMIRA SAVINGS BANK, FSB

Michael P Hosey

Michael P. Hosey
President and Chief Executive Officer

THE ELMIRA SAVINGS BANK, FSB

333 East Water Street
Elmira, NY 14901
(607) 734-3374

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 29, 2008

To our Shareholders:

Notice is hereby given that the Annual Meeting of Shareholders of The Elmira Savings Bank, FSB (the "Bank") will be held at the Elmira Country Club, Country Club Drive, Elmira, New York 14905, at 10:00 a.m. local time, on Tuesday, April 29, 2008 for the following purposes:

1. To elect three (3) directors to the Board of the Bank. Since the Board of Directors is divided into three classes of directors serving staggered terms, three directors will be elected to serve three-year terms.

2. To consider and act upon the proposal to ratify the appointment of KPMG LLP, as independent auditors for the Bank for the year 2008;

3. To transact such other business as may properly be brought before the meeting or any adjournment thereof.

Holders of Common Stock of record at the close of business on March 10, 2008 will be entitled to notice of and to vote at the meeting.

If there are insufficient votes to approve any of the above proposals at the time of The Annual Meeting, The Annual Meeting may be adjourned in order to permit the Bank to solicit additional proxies.

By order of the Board of Directors,

John R. Alexander
Secretary

Elmira, New York
April 1, 2008

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. PLEASE SIGN, DATE AND COMPLETE THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED POSTAGE PAID ENVELOPE AS SOON AS POSSIBLE WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING. THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE ADOPTION OF EACH OF THE PROPOSALS.

THE ELMIRA SAVINGS BANK, FSB

THE ELMIRA SAVINGS BANK, FSB
333 East Water Street
Elmira, NY 14901

PROXY STATEMENT

The Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of The Elmira Savings Bank, FSB (the "Bank") for use at the Annual Meeting of Shareholders of the Bank to be held April 29, 2008 and at any adjournment thereof. This Proxy Statement, together with the enclosed proxy card, is being mailed to shareholders on or about April 1, 2008. The 2007 Annual Report and Form 10-K are enclosed.

The Proxy

Shareholders giving proxies may revoke them at any time before they are voted by notifying Thomas M. Carr, Executive Vice President, Chief Operating Officer, and Chief Financial Officer of the Bank, in writing of such revocation, by providing a duly executed proxy bearing a later date, or by voting in person at the meeting. If a proxy is properly signed by a shareholder and is not revoked, it will be voted at the Annual Meeting in the manner specified on the proxy, or if no manner is specified, it will be voted "FOR" the election of Directors and "FOR" the appointment of KPMG LLP as independent auditors for the Bank for 2008.

The Bank will bear the costs of solicitations of proxies. Following the mailing of proxy soliciting material, officers and other personnel of the Bank may solicit proxies by mail, telephone, fax, E-mail and personal interview. The Bank has retained Regan and Associates, a professional proxy firm, to assist in the solicitation of proxies. Regan and Associates will receive a fee of $2,500 for its services, plus reasonable out-of-pocket expenses. The Bank will request record-holders of shares beneficially owned by others to forward this Proxy Statement and related materials to the other beneficial owners of such shares and will reimburse such record-holders for their reasonable expenses incurred in doing so.

Voting Securities

As of March 10, 2008, the Bank had issued and outstanding 1,736,350 shares of Common Stock, par value $1.00 per share, which are its only securities entitled to vote at the Annual Meeting. The election of Directors will require the affirmative vote of a plurality of the shares of Common Stock voting in person or by proxy at the Annual Meeting, and the ratification of the appointment of KPMG LLP as independent auditors will require the affirmative vote of a majority of the outstanding shares of Common Stock voting in person or by proxy at the Annual Meeting. Holders of Common Stock are entitled to one vote for each share held. The Board of Directors has fixed March 10, 2008 as the record date for determination of shareholders entitled to notice of, and to vote at, the Annual Meeting.

The following investors, based on securities filings with the Office of Thrift Supervision, are known to the Savings Bank to be the beneficial owner of more than five percent of the Bank's common stock:

Class of Securities	Name & Address	Shares	Percent of Class
Common Stock	Jeffrey L. Gendell (1) 200 Park Avenue New York, NY	147,773	8.51%
Common Stock	Private Capital Management 8889 Pelican Bay Blvd. Naples, FL 34108	111,566	6.43%
Common Stock	Valicenti Advisory Services 400 East Water Street Elmira, New York 14901	161,621	9.31%

To the Bank's knowledge, all filings were made on a timely basis.

(1) Includes 146,251 shares owned by Tontine Financial Partners, L.P. and 1,522 shares owned by Tontine Overseas Associates, L.L.C., both of which Jeffrey L. Gendell is the Managing Member of and holds discretionary authority over. To the knowledge of the Bank, the above-listed investors do not have any contractual right to acquire beneficial ownership of any further shares.

The ESOP holds an aggregate of 102,013 shares of the Bank's Common Stock, representing approximately 5.87% of the outstanding shares. The 401(k) plan holds an aggregate of 24,701 shares of the Bank's Common Stock, representing approximately 1.42% of the outstanding shares. None of the shares of Common Stock held by either plan are beneficially owned by either plan's plan trustees.

No change in control of the Bank has occurred since the Conversion, which was completed on March 15, 1985, in which shares of Common Stock of the Bank were sold to the public, and the holders of Common Stock were granted voting rights with respect to the affairs of the Bank rather than the former members of the Bank as a mutual savings bank who previously held such voting rights.

ELECTION OF DIRECTORS
(Proposal One)

The Bank's Board of Directors consists of nine members. Three directors are to be elected at the Annual Meeting of Shareholders. The three directors are from Class II. The Bank's By-Laws provide for the classification of the Board of Directors into three classes, with each class to serve a staggered term of three years. Three directors will be elected to hold office until the 2011 Annual Meeting of Shareholders.

If any nominee listed below becomes unable to serve, the proxies solicited hereby will be voted for the election of such other persons as the Board of Directors may designate.

The following table sets forth the names of and certain information, including their employment for at least the last five years, concerning the nominees for election at the Annual Meeting, directors continuing in office, and their beneficial ownership of shares of the Bank's Common Stock. There are no arrangements or understandings pursuant to which any director was selected and there are no family relationships between any directors or executive officers of the Bank.

Directors to be Elected

Name of Nominee, Age, Position and Office, Other Business Experience and Directorships	Year Term Will Expire and Class	Length of Service as Director	Shares Beneficially Owned & Percentage of Class
JERRY B. GAPP (Age 70) Mr. Gapp is retired Financial VP & Treasurer of Elmira College, Elmira, NY, and a Director of Schuyler Hospital.	2011 Class II	5	2,710 .16%
KRISTIN A. SWAIN (Age 55) Ms. Swain is President of Corning, Inc. Foundation, Corning, NY, and Executive Director of Rockwell Museum of Western Art.	2011 Class II	14	2,015 .12%
THOMAS D. MORSE (Age 70) Mr. Morse is Chairman of LaFrance Equipment Corp., Elmira, NY, and a Director of F. M. Howell & Company.	2011 Class II	18	28,043 1.61%

DIRECTORS CONTINUING IN OFFICE

Name & Age	Length of Service as Director	Principal Occupation and Affiliations	Shares of Common Stock Beneficially Owned	% of Common Stock Owned
John R. Alexander Age: 61	23 Years	Mr. Alexander is a partner in the law firm of Sayles & Evans, Elmira, NY. He is a Board Member of The Hilliard Corp., Arnot Realty Corp., F.M. Howell & Co., Carbonic Systems, Inc., and Electri-Cord Mfg. Co.	37,227	2.15%
John "Skip" Brand III, Vice Chairman Age: 61	20 Years	Mr. Brand has been a Director since 1988 and is Chairman of Arnot Realty Corp.	13,762	0.79%
Anthony J. Cooper Age: 61	16 Years	Mr. Cooper is President & Chief Executive Officer of Arnot Ogden Medical Center, Elmira, NY.	6,394	0.37%
Michael P. Hosey, Director and Chief Executive Officer Age: 50	7 Years	Mr. Hosey has served as President & Chief Executive Officer of The Elmira Savings Bank since January 2003. He is a Board member of Arnot Ogden Medical Center.	25,899	1.50%
George L. Howell, Chairman of the Board Age: 74	16 Years	Mr. Howell has been a Director since 1992, is Chairman of F. M. Howell & Co., Elmira, NY, is a Director of The Hilliard Corp., and a Trustee of Elmira College.	53,007	3.05%
A. Scott Welliver Age: 58	13 Years	Mr. Welliver has been a Director since 1995 and is President of Welliver McGuire, Inc., Montour Falls, NY, a Director of Five Rivers Boy Scouts of America, a Director of St. Joseph's Hospital, and a Trustee of Elmira College.	7,953	0.46%

All Directors and Executive Officers as a group, 11 persons, beneficially own 203,825 shares or 11.73%. This includes an aggregate of 14,445 shares allocated to the accounts of the Executive Officers of the Bank, who are participating in the Bank's ESOP and also includes an aggregate of 19,737 shares allocated to the accounts of the Executive Officers of the Bank, who are participating in the Bank's 401(k).

Governance of the Bank

The Bank’s business, property and affairs are managed under the direction of the Board of Directors in accordance with federal law applicable to federal savings banks and in accordance with the Bank’s by-laws. Although the Bank is not regulated by the Securities and Exchange Commission (the “SEC”), the Office of Thrift Supervision adopts in large measure the rules and regulations of the SEC, and the Bank is governed accordingly. Members of the Board are kept informed of the Bank’s business through interaction with the Chairman of the Board, the President and CEO and key officers, by reviewing materials provided, and by participation in meetings of the Board and its committees.

At its January 2003 meeting, the Board of Directors renamed the “Nominating Committee” as the “Corporate Governance Committee” and adopted a Corporate Governance Committee charter. (The Corporate Governance Committee charter has been attached hereto as Exhibit C.) The Corporate Governance Committee is comprised of the Chairman of the Board, the Vice-Chairman of the Board and the Chairman of the Audit Committee. Directors Howell, Morse and Brand are members of this committee. The Bank has adopted a Bank-wide Code of Business Conduct for all employees. All Board members and Executive Officers have subscribed to the Directors and Executive Officers Code of Business Conduct. The Chief Financial Officer has subscribed to a Chief Financial Officer Code of Conduct. The purpose of these various codes of business conduct is to establish guidelines of ethical behavior throughout the Bank. In 2003 the Bank added Jerry B. Gapp, an independent financial expert, as a member of the Board of Directors and the Audit Committee. The Bank is further reviewing its policies and practices against policies and practices suggested by various groups or authorities active in corporate governance, such as the Commission on Public Trust and Private Enterprise and The Business Roundtable.

The Corporate Governance Committee has not established specific minimum age, education, years of business experience or specific types of skills for potential candidates, but, in general, expects qualified candidates will have ample experience and a proven record of business success and leadership. The Board of Directors has developed a group of criteria designed to describe what qualities and characteristics are desired for the Board of Directors as a whole (the “Qualities”.) No single Director is expected to have each Quality. The Qualities are reviewed annually by the Full Board to ensure they remain pertinent. In general, the Qualities require that each Director will have the highest personal and professional ethics, integrity and values; will consistently exercise sound and objective business judgment; and will have a comfort with diversity in its broadest sense. In addition to the criteria in the By-Laws, it is anticipated that the Board as a whole will have individuals with significant appropriate leadership experience, a comfort with technology, a long-term and strategic perspective, and the ability to advance constructive debate. It will be important for the Board as a whole to operate in an atmosphere where the chemistry of the individuals is a key element.

Similarly, if at any time the Committee or the Board determines there may be a need to add or replace a Director, the Corporate Governance Committee Chairman develops a Director profile by comparing the current state of the Qualities with the desired state. If no candidates are apparent from any source, the Committee will determine the appropriate method to conduct a search.

Irrespective of how a candidate may be brought to the Corporate Governance Committee’s attention, at the appropriate time, qualified candidates may be asked to conduct one or more personal interviews with appropriate members of the Board. Chosen candidate(s) are extended an invitation to join the Board and, if the candidate accepts, is formally nominated.

<u>Board and Committee Meetings</u>

During 2007, the Board of Directors held 15 Board meetings and 35 committee meetings. All Board members attended at least 75% of board and committee meetings. During 2007, the Board of Directors held 4 Board meetings with attendance by independent Directors only.

The Executive Committee of the Board meets as called to review the Bank’s operations and policies. Any action required to be taken between regular Board meetings is taken by this committee. Directors Alexander, Brand, Hosey, Howell, and Morse are current members of the Executive Committee. The committee held three meetings in 2007.

The Loan Committee of the Board meets monthly to review loans granted by the Bank’s lending officers and to approve loans that exceed predetermined limits. All members of the Board of Directors serve as members of the Loan Committee. All loan officers, the Chief Executive Officer, and the Chief Financial Officer of the Bank serve as ex officio members. The committee held 12 meetings in 2007.

The Corporate Governance Committee acts as a Nominating Committee for selecting nominees for election as directors. Except where a nominee is substituted as a result of the death or incapacity of a management nominee, the By-Laws of the Bank provide for the Nominating Committee to submit nominations to the Secretary of the Bank at least 20 days prior to the date of the Annual Meeting. The Bank's By-Laws provide that shareholders may nominate persons for election to the Board of Directors by submitting written nominations to the Secretary of the Bank at least five days prior to the Annual Meeting. If such nominations are made, ballots will be provided for use by shareholders at the Annual Meeting bearing the name of such nominee or nominees. The committee held 2 meetings in 2007. Directors Howell, Morse, and Brand are members of the committee, all of whom are independent.

The Compensation Committee meets to review personnel matters and the compensation of the Bank's officers and employees. Directors Gapp, Morse, Howell, and Welliver are members of the Committee, all of whom are independent. The committee had 4 meetings in 2007.

The Audit Committee operates under a written charter and reviews the records and affairs of the Bank to determine its financial condition, reviews with management, internal auditors and the independent auditors, the systems of internal control, reviews the report of the independent auditors and reviews adherence in accounting and financial reporting to generally accepted accounting principles. The Audit Committee consists of Directors Brand, Cooper, Gapp, Howell, and Morse, all of whom are independent Directors. The committee held 4 meetings in 2007.

Annual Meeting Attendance

The Bank encourages all members of its Board of Directors to attend the Annual Shareholders Meeting, but it has not adopted a formal policy requiring such attendance. All of the members of the Board of Directors of the Bank who were Directors at the time of the 2007 Annual Meeting of Shareholders attended such meeting.

Shareholder Nomination of Director Candidates

The Corporate Governance Committee will accept for consideration stockholders' nominations for Directors if made in writing and with respect to individuals who meet the criteria in the By-Laws. The nominee's written consent to the nomination and sufficient background information on the candidate must be included to enable the Committee to make proper assessments as to his or her qualifications. Nominations must be addressed to the Secretary of the Bank at the Bank's main office and must be received no later than December 1, 2008 in order to be included in the Proxy for the next annual election of Directors. The Corporate Governance Committee may also make its own search for potential candidates that may include candidates identified directly by a variety of means as deemed appropriate by the Committee.

Upon receipt of a shareholder proposed candidate, the Chairman of the Governance Committee assesses the Board's needs, primarily whether or not there is a current or pending vacancy or a possible need to fulfill by adding or replacing a Director, and then develops a Director profile by comparing the current state of the Qualities with the desired state and the candidate's qualifications. The profile and the candidates' materials are forwarded to all Committee members and consideration of the candidate is added as an agenda item for the next Corporate Governance Committee meeting.

Shareholders Communication with Board of Directors

Stockholders may communicate with the Bank's Directors in writing at Elmira Savings Bank, 333 East Water Street, Elmira, NY 14901. Stockholders may obtain copies of the Bank's charters for the Audit, Compensation and Corporate Governance Committees, the By-Laws, and the Bank's Code of Ethical Conduct by writing to the Secretary of the Bank at 333 E. Water Street, Elmira, NY 14901.

Shareholder Proposals

Any shareholder proposals in conformity with federal securities laws intended to be presented for consideration at the 2009 Annual Meeting and to be included in the Bank's proxy statement for that meeting must be received by the Bank no later than December 1, 2008. In addition, if a stockholder intends to present a proposal for action at the 2009 Annual Meeting of Stockholders, the stockholder must provide the Bank with notice thereof between December 29, 2008 and January 28, 2009.

Report of the Audit Committee

In accordance with rules adopted by the Office of Thrift Supervision, the Audit Committee of the Board of Directors of the Bank makes this report for the year ended December 31, 2007.

The Audit Committee of the Board of Directors is responsible for providing independent, objective oversight of the Bank's accounting functions and internal controls. During 2007, the Audit Committee was composed of five directors, each of whom is independent as defined by the National Association of Securities Dealers' listing standards. The Audit Committee operates under a written charter approved by the Board of Directors. (The Audit Committee charter has been attached hereto as Exhibit A.) It should be noted that Jerry B. Gapp was appointed in January 2003, as a member of the Audit Committee. Mr. Gapp was a Certified Public Accountant with Coopers & Lybrand and with the accounting firm formerly known as Carnevale, Niles, Whitney & Davis, and he is a retired professor of accounting at Elmira College. The Board of Directors considers Mr. Gapp to be an accounting expert within the meaning of the Sarbanes-Oxley Act of 2002.

Management is responsible for the Bank's internal controls and financial reporting process. The independent accountants, KPMG LLP, are responsible for performing an independent audit of the Bank's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes. The Audit Committee also appoints, subject to stockholder approval, KPMG LLP as the Bank's independent auditors for fiscal 2008.

In connection with these responsibilities, the Audit Committee reviewed the audit plans, audit scope, and audit risks with both KPMG LLP and the Bank's internal audit function. The Audit Committee met with management and KPMG LLP to review and discuss the December 31, 2007 financial statements. The Audit Committee also discussed with KPMG LLP the matters required by Statement of Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee also received written disclosures from KPMG LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee discussed with KPMG LLP the firm's independence.

Based upon the Audit Committee's discussions with management and the independent accountants, and the Audit Committee's review of the representations of management and the independent accountants, the Audit Committee recommended that the Board of Directors include the audited consolidated financial statements in the Bank's Annual Report on Form 10-K for the year ended December 31, 2007, to be filed with the Office of Thrift Supervision.

Submitted by the Audit Committee: John Brand III (Chairman), Anthony J. Cooper, Jerry B. Gapp, George L. Howell, and Thomas D. Morse.

Certain Relationships and Related Transactions

Mr. Alexander, a director and corporate secretary, is a partner in the law firm of Sayles & Evans, which rendered services to the Bank during 2007. In the opinion of management, the charges for such services were fair and reasonable to the Bank.

Directors' Fees

The Board members received an annual fee of $2,750 with an additional $450 for each Board meeting attended and an additional $300 for each committee meeting attended. Committee chairpersons received $450 for each meeting of their respective committees. The Audit Committee Chairperson received $625 per meeting. The Chairman of the Board of Directors received $4,500 annually with additional payments for meetings attended as noted above. On May 1, 2007 each director was granted 1,025 options to purchase shares of the Bank's Common Stock at an exercise price of $26.73 per share, the fair market value of the underlying shares of Common Stock on the date of the grant. The options were fully vested when granted and are exercisable during a ten-year period commencing May 1, 2007 and ending April 30, 2017. Chairman Howell is an independent director and in his duties as Chairman he serves as an ex officio member of all Board committees. Total compensation paid to all Directors in 2007 totaled $241,385. Directors who are also employees of the Bank receive no compensation as directors.

The following table provides information regarding compensation that was paid to the individuals who served as nonemployee Directors of the corporation during the year ended December 31, 2007. Except as set forth in the table, during 2007 Directors did not earn or receive compensation in the form of stock awards, option awards, or any other form.

DIRECTOR FEE SCHEDULES

[redacted]

The amounts shown represent the expense recognized by the Bank in 2007 for stock options held by the Director as determined under the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004), Share-based payment ("FAS 123R"), excluding any forfeiture adjustments. The table below sets forth for each Director the number of options held as of December 31, 2007.

[redacted]

COMPENSATION COMMITTEE

Committee Membership and Organization

In accordance with the written charter of the Compensation Committee of the Board of Directors, the Compensation Committee is appointed by and serves at the discretion of the Board on the recommendation of the Corporate Governance and Nominating Committee. (The Compensation Committee charter has been attached hereto as Exhibit B.) The Compensation Committee consists of no fewer than three members. None of the members of the Compensation Committee in 2007 was, at any time during the last fiscal year, an employee or officer of the Bank, and none was a former officer of the Bank. All members of the Compensation Committee must meet the independence requirements of the listing standards of NASDAQ and the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Exchange Act, and at least two members of the Committee must meet the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Compensation Committee assists the Board of Directors in determining and implementing compensation and benefit systems for executive officers and other employees of the Bank.

Compensation Committee Report

We have reviewed and discussed the foregoing compensation discussion and analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the compensation discussion and analysis be included in this proxy statement and in our annual report on Form 10-K for the year ended December 31, 2007. Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that incorporate future filings, including this proxy statement in whole or in part, the foregoing Compensation Committee Report shall be incorporated by reference into any such filings. Submitted by: Jerry B. Gapp, George L. Howell; Thomas D. Morse, and A. Scott Welliver.

COMPENSATION DISCUSSION AND ANALYSIS

Purpose

The purpose of the Compensation Committee is to discharge the Board's responsibilities relating to compensation of executive officers and to administer equity compensation plans and Deferred Compensation Plans. The Compensation Committee has overall responsibility for approving and evaluating all components of the compensation paid to executive officers, including base salary, annual incentive bonuses, long-term incentives, and all compensation agreements, plans, policies, and programs applicable to executive officers, including employment agreements, change-of-control agreements and provisions, and any other executive officer-only benefits, compensation or material arrangements with respect to their employment. The Compensation Committee also reviews and provides input with respect to the executive and leadership development policies, plans and practices developed by management that support ability to develop and retain the superior executive and leadership talent required to deliver against our short and long-term business strategies.

In carrying out their duties, the Compensation Committee has the authority to retain and terminate compensation consultants.

The Compensation Committee meets at scheduled times during the year and meets on an as necessary interim basis. Additionally, the Compensation Committee considers and takes action by written consent. The Compensation Committee met 4 times during fiscal 2007.

Compensation Philosophy

The Bank's executive compensation philosophy is designed to:

- Align the financial interests of the executive officers with the long-term interests of the Bank.
- Attract and retain high performing executive officers to lead the Bank to greater levels of profitability; and
- Motivate and incent executive officers to attain the Bank's earnings and performance goals.

Role of Executive Officers in Establishing Compensation

Our Chief Executive Officer provides recommendations to the Compensation Committee in its evaluation of our executive officers, including recommendations of individual cash and equity compensation levels for executive officers. Mr. Hosey relies on his personal experience serving in the capacity of Chief Executive Officer with respect to evaluating the contribution of our other executive officers as well as publicly available information for comparable compensation guidance as the basis for his recommendations to the Compensation Committee. Mr. Alexander, General Counsel and Secretary, attended the Compensation Committee's 2007 meetings and acted as secretary of those meetings for the purpose of keeping minutes. However, Mr. Hosey was not present during Compensation Committee deliberations and voting pertaining to the determination of his own compensation and does not make recommendations to the Committee on his own compensation.

Components of Executive Compensation

The Compensation Committee focuses primarily on the following seven components in forming the total compensation package for Elmira Savings Bank's executive officers:

- Base Salary;
- Bank-Wide Incentive Plan;
- Management Committee Bonus Plan;
- 401(k) Plan
- Employee Stock Ownership Plan
- Long-Term Incentive Stock Option Plan;
- Deferred Compensation Plan

Mix of Pay Components

Executive compensation is based on the pay-for-performance philosophy which emphasizes executive performance measures that correlate closely with total stockholder return. Given this, a significant portion of our executives' long-term compensation is at-risk. The percentage of compensation at-risk increases as the level of position increases. This provides additional upside potential and downside risk for senior positions, recognizing that these roles have greater influence on the performance of the Company.

How Amount of Total Compensation is Determined

In order to evaluate Elmira Savings Bank's competitive position in the industry, the Compensation Committee conducted a review of compensation paid to similarly situated executives at peer institutions. The market information derived from this review served as one of the factors in determining the total compensation for Elmira Savings Bank's officers. See above purpose and mix of pay components.

Base Salary

The Compensation Committee believes that competitive base salaries are necessary to attract high performing executive officers. In addition to conducting its annual Executive Compensation Review, the Committee considered the scope of and accountability associated with each executive officer's position and such factors as the performance and experience of each executive officer when setting base salary levels for fiscal 2007. Additionally, the Committee believes that a large portion of executive compensation should not be at-risk.

With respect to executive officers, the Compensation Committee targets base salary to be competitive. In some circumstances it is necessary to provide compensation at above-market levels; these circumstances include the need to retain key individuals, to recognize roles that were larger in scope or accountability than standard market positions, or to reward individual performance. The average salary increase for named executive officers in 2007 was 8.4%.

Annual Bank-Wide Incentive Plan

Executive officers are eligible to participate in Elmira Savings Bank's Bank-Wide Incentive Plan. The Plan links cash incentives to Company performance, based on short-term, operational measures that are deemed drivers of long-term success. Specifically, this plan uses net income as the key operational measure.

All employees were eligible for an equal annual target bonus ranging from 1% to 5% of their base salary. The bonus targets were set such that the total target cash compensation (base salary plus on-target bonus amount) for each officer was competitive to peers in the industry, pursuant to the Executive Compensation Review. There was no award paid in 2007 for 2006 results.

During 2007 none of Mr. Hosey, Mr. Carr, or Mr. Hodel received any payments under this plan.

Annual Management Committee Incentive Plan

Executive officers are eligible to participate in Elmira Savings Bank's Management Committee Incentive Plan. The Plan links cash incentives to Company performance, based on short-term, operational measures that are deemed drivers of long-term success. Specifically, this plan uses return on assets, return on equity, and net interest margin as operational measures.

All employees who are members of the Bank's Management Committee were eligible for annual target bonuses ranging from 3% to 15% of their prior year's base salary. The bonus targets were set such that the total target cash compensation (base salary plus on-target bonus amount) for each officer was competitive to peers in the industry. There was no award paid in 2007 for 2006 results.

During 2007, none of Mr. Hosey, Mr. Carr, or Mr. Hodel received any payments under this plan.

401(k) Plan

The Bank maintains a tax-qualified 401(k) plan for its full-time employees who have completed one year of service. The 401(k) plan allows executives and other participants to make voluntary elective contributions by salary deferral, and provides for matching contributions equal to 50% of employee contributions up to 6% of their annual compensation, subject to applicable Federal law and regulations. Elmira Savings Bank's common stock is offered as one of the investment alternatives in which plan participants may choose to invest their account balances. Contributions made to the accounts of Mr. Hosey, Mr. Carr, and Mr. Hodel are included among the "Retirement Plan Contributions" shown in the Summary Compensation table included herein and in the section entitled "Retirement Plan Contributions from Compensation Table."

Employee Stock Ownership Plan

The Bank maintains a tax-qualified Employee Stock Ownership Plan in which employees who have attained the age of 21 may participate after their second year of full-time service. The Bank contributes 5% of each participant's plan-year compensation to his or her account under the plan. All contributions under the plan are invested in the Bank's common stock, except to the extent Federal law requires the Bank to permit participants to and eligible participants choose to diversify their plan account balances. Contributions made to the accounts of Mr. Hosey, Mr. Carr, and Mr. Hodel are included among the "Retirement Plan Contributions" shown in the Summary Compensation table included herein and in the section entitled "Retirement Plan Contributions from Summary Compensation Table."

Long-Term Incentives

The Compensation Committee provides our executive officers with long-term incentive awards through grants of stock options.

Stock options directly align employees with stockholder interests. Stock options provide our executive officers with the opportunity to purchase and maintain an equity interest in Elmira Savings Bank and to share in the appreciation of the value of the Bank's common stock. The Company's stock options have a three-year vesting period in order to encourage a long-term perspective and to encourage key employees to remain at Elmira Savings Bank. All options granted to executive officers to date have been granted at the fair market value of Elmira Savings Bank's common stock on the date of the grant. The Compensation Committee believes that stock options are inherently performance-based and are a form of at-risk compensation, as a recipient of options does not receive any benefit unless Elmira Savings Bank's common stock price rises after the date that an option is granted, thus providing direct incentive for future performance. Stock options are granted during the first quarter of each year with the amount of options awarded based on the prior year results. The amount of the options granted is based on net interest margin, return on assets, and return on equity as operational measures. If the performance measures for a year are affected due to earnings restatement, a corresponding change will be made for stock option grants in those years.

Deferred Compensation Plan

In 2004 the Compensation Committee approved the Deferred Compensation Plan (the "Deferred Plan.") The Deferred Compensation Plan is a voluntary, non-tax qualified, deferred compensation plan made available to select executive officers, to enable them to save for retirement by deferring a portion of their current compensation. Under the Deferred Plan compensation may be deferred until termination or other specified dates they may choose. Deferred amounts may be credited with earnings based on investment choices made available by the plan. The amounts included in the deferred compensation accounts are not taxable to the recipient or deductible to the Bank until paid out. The Bank does not make contributions to participant accounts under the Deferred Compensation Plan.

Severance and Related Benefits

Executive officers are eligible to receive benefits under certain conditions in accordance with individual change of control agreements. The Committee believes that change of control agreements help provide for the continuity of management. For more details, see page 17.

Car Allowance and Club Dues

The named executive officers of the Bank were provided with use of a company-owned car and membership to the Elmira Country Club and the Elmira City Club. The membership dues and assessments of the clubs, along with the lease value of the automobile, are prorated between the Bank and each executive officer's income, based on personal and business usage. The Committee believes that the club memberships and car allowance are an integral part of enabling the executive officers to perform business development duties on behalf of the Bank.

Name	Club Dues	Life Insurance	Personal Use of Bank Owned Vehicles	Total
Michael P. Hosey President & CEO	$ 2,187	$ 1,085	$ 5,440	$ 8,711
Thomas M. Carr EVP & CFO	$ 3,049	$ 756	$ 3,632	$ 7,437
William M. Hodel SVP & CLO	$ 490	$ -	$ -	$ 490

Other Benefits

Elmira Savings Bank's executive officer benefit programs are substantially the same for executives as for all other eligible employees. The executive officers receive the same life insurance benefit as all employees. The Bank paid $3,019 in insurance premiums for life insurance on the executive officers in 2007.

Stock Ownership Guidelines

The Compensation Committee believes that it is in the best interests of stockholders for Elmira Savings Bank's executive officers and directors to own Elmira Savings Bank stock. Directors and executive officers are strongly encouraged, but not required, to invest in the Bank's stock. The Board of Directors and executive officers own 203,825 shares or 11.73% of outstanding shares of Bank stock.

SUMMARY COMPENSATION TABLE

The following table sets forth the total compensation awarded to, earned by, or paid during 2007, 2006, and 2005, to our Chief Executive Officer, our Chief Financial Officer, and to Mr. Hodel, who was the only other executive employee who had compensation greater than $100,000 in 2007:

Summary Compensation for the Year Ended December 31, 2007

Name and Principal Position	Year	Salary	Stock Options (1)	Incentive Plan Compensation	Retirement Plan Contributions (2)	Nonqualified Deferred Compensation Earnings (3)	All Other Compensation (4)	Total
Michael P. Hosey President & CEO	2007	$ 224,711	$ 80,332	$ -	$ 17,977	$ 3,588	$ 8,711	$ 335,319
	2006	209,425	45,917	15,600	18,010	815	16,252	306,019
	2005	195,000	-	24,664	16,196	-	15,926	251,786
Thomas M. Carr EVP & CFO	2007	$ 124,827	$ 25,390	$ -	$ 9,986	$ 478	$ 7,437	$ 168,118
	2006	115,695	19,854	8,640	9,951	4,823	11,343	170,306
	2005	108,000	-	13,800	9,041	2,528	11,475	144,844
William M. Hodel SVP & CLO	2007	$ 97,281	$ 4,551	$ -	$ 7,783	$ -	$ 490	$ 110,104
	2006	93,622	2,720	-	7,463	-	904	104,709
	2005	92,155	-	-	2,765	-	740	95,660

(1) The amounts included in the "Stock Options" column include the dollar amount of compensation expense we recognized for the fiscal year ended December 31, 2007 in accordance with FAS 123R. Assumptions used in the calculation of these amounts are included in Note 13 to our audited financial statements for the fiscal year ended December 31, 2007 included in our annual report on Form 10-K.
(2) Calculated based on year-end salaries of Hosey ($224,711), Carr ($124,827) and Hodel ($97,281).
(3) Includes all earnings, none of which are paid by the Bank.
(4) Includes all items of nonmonetary compensation the Bank paid directly to third parties as detailed in the preceding table.

Executive Officer Base Salaries

For Mr. Hosey, Chief Executive Officer, Mr. Carr, Chief Financial Officer, and Mr. Hodel, Senior Vice President and Commercial Loan Officer, for the year 2007 the Compensation Committee targeted the mid-range of the base salary range for chief executive officers, chief financial officers, and senior commercial loan officers as provided in the Executive Compensation Review.

Executive Officer Bonus Payments

Mr. Hosey, Mr. Carr and Mr. Hodel did not qualify for an annual bonus.

Retirement Plan Contributions from Summary Compensation Table

The following table contains a breakdown of the compensation and benefits included under Retirement Plan Contributions in the Summary Compensation table above:

[redacted]

GRANTS OF PLAN BASED AWARDS TABLE

The following table provides information concerning each grant of an award made under any incentive plan to our Chief Executive Officer, Chief Financial Officer, and Senior Commercial Loan Officer in the last completed fiscal year under the plan. While no awards were made under any of the Bank's non-equity incentive plans in 2007, under such plans, awards are payable to recipients in the year in which the award is made, meaning that the Bank has no future payout liability to any of the named executive officers under any such plan. Thus, information on awards made under such plans for prior years has been included under the "Incentive Plan Compensation" column of the Summary Compensation Table.

Grants of Stock Option Awards for the Year Ended December 31, 2007

Name and Principal Position	Grant Date	Approval Date (1)	Stock Options	Aggregate Exercise Price
Michael P. Hosey	05/01/07	5/27/2007	2,566	$ 68,597
Thomas M. Carr	05/01/07	5/27/2007	1,418	$ 37,900
William M. Hodel	05/01/07	5/27/2007	1,052	$ 28,109

(1) The Compensation Committee awarded the stock options as of May 1, 2007.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

On May 1, 2007, the committee granted approximately 7,040 stock options to key employees under the program. Subject to continued employment with us, these shares vest in the amount of 25%, 25%, and 50% over the next three years. Full vesting will occur if an employee continues in our employment until the date upon which a change of control occurs.

The stock option awards are granted based on predetermined financial measures that are linked to shareholder value creation. The amount of the award is based on employees' contribution and role in achieving shareholder value. Full vesting will occur if employee continues in employment for requisite period or if change of control takes place.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

The following table provides information concerning unexercised options, stock that has not vested, and equity incentive plan awards for Mr. Hosey, Mr. Carr, and Mr. Hodel as of the end of our last completed fiscal year.

	Outstanding Stock Option Awards at December 31, 2007					
Name	**Number of Options Exercisable**	**Option Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested**	**Market Value of Shares or Units of Stock That Have Not Vested**	**Underlying Value of Shares That Have Not Vested**
Michael P. Hosey	4,119	$ 21.65	02/01/2014	-	$ -	$ -
	6,421	$ 23.62	03/01/2015	6,426	$ 131,774	$ (20,055)
	2,643	$ 22.13	03/01/2016	7,929	$ 162,606	$ (12,929)
	-	$ 24.30	05/01/2017	2,586	$ 53,013	$ (9,827)
				16,941	347,393	(42,811)
Thomas M. Carr	1,725	$ 21.65	02/01/2014	-	$ -	$ -
	2,749	$ 23.62	03/01/2015	2,749	$ 56,350	$ (8,576)
	1,220	$ 22.13	03/01/2016	3,660	$ 75,044	$ (5,967)
	-	$ 24.30	05/01/2017	1,418	29,069	(5,388)
				7,827	160,464	(19,931)
William M. Hodel	737	$ 22.13	03/01/2016	2,213	$ 45,387	(3,609)
	-	$ 24.30	05/01/2017	1,051	21,545	(3,994)
				3,264	66,932	(7,603)

OPTION EXERCISES AND STOCK VESTED

The following table provides information concerning each exercise of stock options during the last completed fiscal year on aggregated basis with respect to each of our named executive officers.

[redacted]

Option Vesting Schedule

Name	2008	2009	2010	Total to Vest
Michael P. Hosey	9,714	5,934	1,293	16,941
Thomas M. Carr	4,323	2,795	709	7,827
William M. Hodel	1,000	1,738	526	3,264

NON-QUALIFIED DEFERRED COMPENSATION

The following table sets forth our Chief Executive Officer, Chief Financial Officer's, and Senior Commercial Loan Officer's information regarding non-qualified deferred compensation plans, including, with respect to each executive officer, the aggregate contributions made by such executive officer during the year ended December 31, 2007, the aggregate contributions made by the company during the year ended December 31, 2007, on behalf of the executive officer, the aggregate interest or other earnings accrued during the year ended December 31, 2007, the aggregate value of withdrawals and distributions to the executive officer during the year ended December 31, 2007, and balance of account as of December 31, 2007.

All amounts reported are contributions to balances and earnings in, and withdrawals from the Bank's Deferred Compensation Plan, a non-qualified deferred compensation plan for select executive officers of the Bank. The Bank maintains no other plan or program of non-qualified deferred compensation. Under the Deferred Compensation Plan, participants may defer up to 100% of their regular salaries to be paid in a given plan year. Deferral elections are made before the first day of the plan year to which the deferral elections will apply.

All participants are offered several investment options in which they may, at their election, invest the balance of their deferred compensation account under the Deferred Compensation Plan. Earnings are credited to each participant's deferred compensation in accordance with the rate of return on the participant's selected investment options. A participant is permitted to change his or her investments at any time during a plan year. All distributions from the Deferred Compensation Plan are made only upon a participant's death, disability, or termination of employment. Benefits can be received either as a lump sum payment or in annual installments, or in a combination of the two.

All expenses and taxes attributable to investment funds in which the deferred compensation may be invested are paid by the deferred compensation account.

Nonqualified Deferred Compensation for the Year Ended December 31, 2007

Name	Executive Contribution in 2007 ($)	Registrant Contributions in 2007 ($)	Aggregate Earnings in 2007 ($)	Aggregate Withdrawls/ Distributions ($)	Aggregate Balance at December 31, 2007 ($)
Michael P. Hosey	18,750	-	3,588	-	52,579
Thomas M. Carr	12,500	-	478	-	55,869
William M. Hodel	-	-	-	-	-

CHANGE OF CONTROL AGREEMENTS

Mr. Hosey has a Change of Control Agreement (the "Agreement") (which is not part of an Employment Agreement) dated January 2, 2003. A "change of control" is defined in the Agreement to include the following: The acquisition by a person of twenty-five percent (25%) or more of the voting stock of the Bank; the incumbent Board members as of January 2, 2003, (and subsequent directors approved by them) cease to constitute a majority of the Board; or any change which would have to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A of the 1934 Act.

If during the term of the Agreement and following a change of control of the Bank, Mr. Hosey's employment with the Bank is terminated by the Bank other than for cause (as defined) or retirement, or is terminated by Mr. Hosey for good reason (which, as defined, includes a reduction in Mr. Hosey's pay, certain relocations of Mr. Hosey's office or a material reduction in responsibility, position, authority or duty), then (a) the Bank will pay to Mr. Hosey as severance an amount equal to two point ninety-nine (2.99) times Mr. Hosey's pay [defined as Mr. Hosey's base annual salary plus the average bonus in each of the two (2) preceding years]; (b) the Bank will maintain in effect for three (3) years after the date of termination, for Mr. Hosey and his dependents, all welfare benefit plans in which Mr. Hosey was entitled to participate immediately prior to termination; (c) the Bank will pay to Mr. Hosey, in a single lump sum, an amount equal to the current plus three (3) additional years of retirement benefits that would be payable under retirement plans described above. If the amount payable to Mr. Hosey under his Agreement exceeds certain threshold amounts, federal excise tax could be imposed on Mr. Hosey and the Bank could lose a tax deduction for a portion of the payment. If the amount payable would result in such effects, the amount payable will be reduced by the amount the payment exceeds the threshold. The value of Mr. Hosey’s payout under the Change of Control Agreement is estimated to be $752,029 if he had been terminated on December 31, 2007.

Four other officers of the Bank have Change of Control Agreements including Mr. Carr, similar to that of Mr. Hosey, except that the severance payment is for two (2) years with corresponding reductions for fringe benefits and retirement plan payments. The value of Mr. Carr’s Change of Control Agreement is estimated to be $303,094 if he had been terminated on December 31, 2007. Mr. Hodel does not have a Change of Control Agreement.

Certain Transactions of Management with the Bank

The Bank, like most financial institutions, offers mortgage and consumer loans to its directors and salaried officers and employees. All loans to such persons were made in the ordinary course of business, were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons, and did not involve more than the normal risk of collectability or present other unfavorable factors.

Executive Officers

Set forth below is the name of and certain information concerning each Executive Officer of the Bank:

Michael P. Hosey, age 50, has served as President and Chief Executive Officer since January 2, 2003. From 1995 to December 31, 2002 he served as Executive Vice President and Chief Operating Officer. He joined the Bank in 1984.

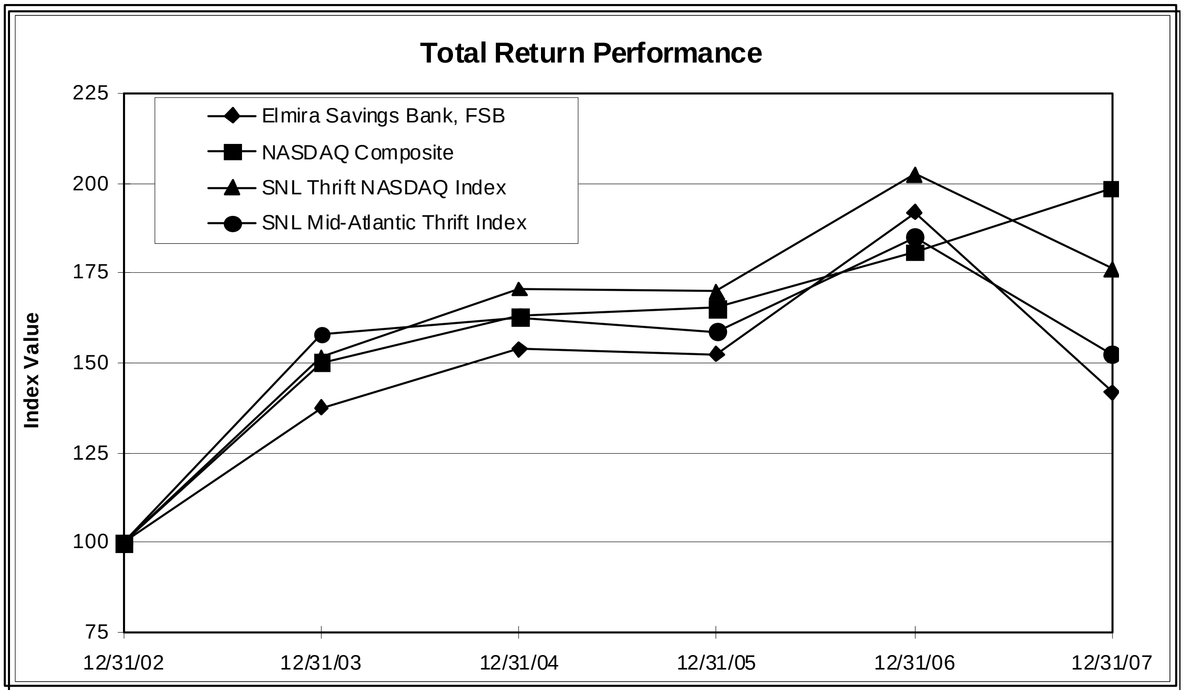
Thomas M. Carr, age 38, has served as Executive Vice President, Chief Operating Officer, & Chief Financial Officer since January 2, 2008. From 2004 to December 31, 2007, he served as Executive Vice President and Chief Financial Officer.

William M. Hodel, age 55, has served as Senior Vice President, Commercial Loan Officer since December of 2003. Previous to this Mr. Hodel served as Administrative Vice President and Commercial Loan Officer at BSB Trust.

Shareholder Return Performance Graph

Set forth below is a line graph comparing the cumulative total shareholder return on Elmira Savings Bank Common Stock with the cumulative total shareholder return of (i) the NASDAQ Thrift Index return for the U.S. Stock Market; and (ii) SNL's total return index for Mid-Atlantic Thrift stocks as a peer group comparison. Total return assumes the reinvestment of cash dividends.

Elmira Savings Bank, FSB



Section 16(a) Beneficial Ownership Reporting Compliance

The Office of Thrift Supervision requires the Bank's executive officers, directors and persons who own more than ten percent of the Common Stock to file reports of beneficial ownership and changes in beneficial ownership in accordance with Section 16(a) of the Securities Exchange Act of 1934. Based solely upon its review of the copies of such reports received by it or upon written representations obtained from certain reporting persons, the Bank believes that during 2007, all section 16(a) filing requirements applicable to its executive officers, directors and greater than ten percent shareholders were met with timely filings to the Office of Thrift Supervision and NASDAQ, except as follows: Thomas M. Carr, Executive Vice President, Chief Operating Officer, and Chief Financial Officer of the Bank, filed one Form 4 one day late with respect to two reportable transactions in 2007.

APPROVAL OF APPOINTMENT OF INDEPENDENT AUDITORS

(Proposal 2)

The Audit Committee has appointed KPMG LLP, independent auditors, to examine the consolidated financial statements of the Bank for the year 2008. KPMG LLP has acted in this capacity since 1995. The firm has no relationship with the Bank except the existing professional relationship of independent auditors.

A representative of KPMG LLP is expected to be present at the Annual Meeting to be available to respond to appropriate questions and make a statement, if so desired.

AUDIT AND NON-AUDIT SERVICES PRE-APPROVAL POLICY

Statement of Principles for Audit and Non-Audit Services Pre-Approval Policy

The Audit Committee pre-approves the audit and non-audit services performed by the independent auditor in order to assure that the provision for such services does not impair the auditors' independence. The independent auditor has reviewed this policy and believes that implementation of the Policy will not adversely affect the auditors' independence.

Pre-Approval Policy

The Audit Committee reviews the services expected to be provided by the independent auditor to ensure that the provision of such services will not impair the auditor's independence. The Audit Committee will pre-approve fee levels which includes each of the following categories: audit, audit-related and tax compliance/planning services (individual projects less than $10,000.) Tax compliance/planning projects exceeding $10,000 and all other services not pre-approved in the categories above will require specific pre-approval from the Audit Committee on an individual project basis. Approval for such services may be requested at the next Audit Committee meeting or if earlier approval is necessary, it may be obtained in accordance with the Audit Committee's delegation to the Audit Committee Chairman as described in Delegation below.

Delegation

The Audit Committee will not delegate its responsibilities to pre-approve services performed by the independent auditor to management. However, the Audit Committee has delegated pre-approval authority to the Audit Committee Chairman for unplanned services that arise during the year. This Chairman has the authority to review and approve permissible services up to $10,000 per service provided that the aggregate amount of such services does not exceed the prior year audit fee. The Audit Committee Chairman must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

Service Pre-Approved by the Audit Committee

The following describes the nature of the audit, audit-related, and tax services that have the Audit Committee's pre-approval and describes those services that the Bank's independent auditors cannot perform:

Audit Services

- Financial or statutory audits for the Bank
- Consultations related to accounting, financial reporting or disclosure matters
- Services associated with periodic reports and other documents filed with the OTS

Audit-Related Services

- Due diligence services and consultation on accounting and financial reporting matters pertaining to potential business acquisitions/dispositions
- Internal control reviews
- Other attest services

Tax Compliance and Planning

- U.S. federal, state, and local tax compliance and planning

Prohibited Non-Audit Services by the Independent Auditor

The Securities and Exchange Act of 1934 has been amended to prohibit the Bank from engaging the independent auditor to perform the following types of services:

- Bookkeeping or other services related to the accounting records or financial statements of the audit client
- Financial information systems design and implementation
- Appraisal or valuation services or fairness opinions
- Actuarial services
- Internal audit outsourcing services
- Management functions or human resources
- Broker or dealer, investment advisor, or investment banking services
- Legal services and expert services unrelated to the audit

Audit Fees and Non-Audit Fees

The following table presents fees for professional audit services rendered by KPMG LLP for the audit of the Company's consolidated financial statements as of and for the years ended December 31, 2007 and 2006, and fees billed for other services rendered by KPMG:

	2007	2006
Audit fees, including the reviews of our interim consolidated financial statements included in our quarterly reports on Form 10-Q	$157,500	$ 95,000
Audit Related Fees	30,900	0
Tax Fees	35,790	30,990
Total Fees	$224,190	$125,990

Audit Fees: These are fees for professional services rendered for the audit of the Bank's consolidated annual financial statements and review of the consolidated financial statements included in the Bank's quarterly reports on Form 10-Q, and for services that would normally be provided by the Bank's auditor in connection with statutory and regulatory filings or engagements for the periods covered.

Audit Related Fees: These are fees for professional services rendered for assurance and related services that are reasonably related to the performance of the audit of and review of the consolidated financial statements and are not already reported in the "Audit Fees." These services were primarily related to accounting considerations and research related to our acquisition in 2007.

Tax Fees: These are fees for professional services rendered regarding tax compliance, tax advice, or tax planning. More specifically, these include fees billed for tax return preparation, quarterly estimates, tax planning, and tax-related research.

Audit Committee Review

Our Audit Committee has considered whether KPMG's provision of the non-audit services summarized in the preceding section is compatible with maintaining KPMG's independence. The Audit Committee has concluded that the non-audit services do not affect KPMG's independence.

Other Matters

The Bank is not aware that any matters, other than those mentioned above, will be presented for action at the 2008 Annual Meeting, but if any other matters do properly come before the meeting, the persons named as proxies will vote upon such matters in accordance with their best judgment.

The Board of Directors of the Bank urges each shareholder, whether or not he or she intends to be present at the Annual Meeting, to complete, sign, date and return the enclosed proxy card promptly.

In the event of any questions, please call the Bank at (607) 734-3374.

THE ELMIRA SAVINGS BANK, FSB

April 1, 2008

EXHIBIT A
ELMIRA SAVINGS BANK, FSB
AUDIT COMMITTEE CHARTER

1. **General**

A. The Audit Committee is an extension of the oversight function of the Board of Directors. It will cause an independent evaluation to be made of any and all functions and processes of the Bank that it deems appropriate. The Committee will report its actions and recommendations to the Board of Directors.

B. The Audit Committee shall be comprised of no less than three members, all of whom must be outside Directors.

C. All members of the Audit Committee must be financially literate with at least one member having accounting or related financial management expertise.

D. The Committee will meet at least four times each year, more frequently if circumstances warrant. The Audit Committee chairperson has the power to call a Committee meeting whenever he or she thinks there is a need. An Audit Committee member should not vote on any matter in which he or she is not independent. The Committee may ask members of management or others to attend the meeting and is authorized to receive all pertinent information from management.

E. The Committee will do whatever else the law, the Bank's charter or bylaws or the Board of Directors requires.

2. **Responsibilities for Engaging Independent External Auditors and Appointing the General Auditor**

A. The Audit Committee will select, and if necessary, dismiss the independent external auditors for audits of the Bank's financial statements. The Committee's selection is subject to approval by the Board of Directors and should take into consideration recommendations made by management. The Audit Committee also will review and approve fees paid to the independent external auditors.

B. The Audit Committee will review and approve the appointment, replacement, reassignment or dismissal of the Bank's General Auditor.

C. The Audit Committee will confirm and assure the independence of the General Auditor and the independent external auditors, including a review of management consulting services provided by the independent external auditors and the fees paid for them.

D. The Audit Committee will consider, in consultation with the independent external auditors and the General Auditor, the audit scope and procedural plans made by the internal auditors and the independent external auditors.

E. The Audit Committee, in consultation with management and the independent external auditors, will decide whether to engage an additional audit firm and, if so, which one. The Committee's decision is subject to approval by the Board of Directors.

F. The Audit Committee will make sure that the General Auditor and the independent external auditors coordinate the internal and external audits in order to maximize the efficiency of the Bank's audit function.

3. **Responsibilities for Reviewing Internal Audits, the Annual External Audit and the Review of Quarterly and Annual Financial Statements.**

A. The Audit Committee will ascertain that the independent external auditors view the Board of Directors as their client, that they will be available to the Board of Directors at least annually and that they will provide the Committee with a timely analysis of significant financial reporting issues.

B. The Audit Committee will ask management, the General Auditor and the independent external auditors about significant risks and exposures and will assess management's steps to minimize them.

C. The Audit Committee will review the following with the independent external auditors and the General Auditor:

1. The adequacy of the Bank's internal controls, including computerized information system controls and security.

2. Any significant findings and recommendations made by the independent external auditors or General Auditor, together with management's responses to them.

D. Shortly after the annual examination is completed, the Audit Committee will review the following with management and the independent external auditors:

1. The Bank's annual financial statements and related footnotes.

2. The independent external auditors' audit of and report on the financial statements.

3. The auditors' qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosures and how aggressive (or conservative) the accounting principles and underlying estimates are.

4. Any serious difficulties or disputes with management encountered during the course of the audit.

5. Anything else about the audit procedures or findings that Generally Accepted Auditing Standards requires the auditors to discuss with the Committee.

E. The Audit Committee will consider and review with management and the General Auditor:

1. Any significant findings and management's responses to them.

2. Any difficulties the Internal Audit Department encountered while conducting audits, including any restrictions on the scope of its work or access to required information.

3. Any changes to the planned scope of the Internal Audit Plan that the Committee thinks advisable.

4. The Internal Audit Department's policy, budget, and staffing.

F. The Audit Committee may, at its discretion, review any and all financial information of the Bank including interim financial information, filings with the Office of Thrift Supervision (OTS), and filings with other regulatory agencies and consider whether the information in the filings is presented consistently with the information in the annual financial statements. The review may be done before or after the information is released to the public or filed with the OTS or other regulatory agencies.

G. The Audit Committee may, at its discretion, prepare a letter for inclusion in the annual report that describes the Committee's composition and responsibilities and how those responsibilities were fulfilled.

4. **Periodic Responsibilities**

A. Review and update the Committee's charter annually.

B. Review with the General Auditor and the independent external auditors the results of any examinations of compliance with Bank policies.

C. Review legal and regulatory matters that may have a material effect on the Bank's financial statements, compliance policies, and programs.

D. Meet with representatives from regulatory agencies as necessary.

E. Meet as necessary with the General Auditor, the independent external auditors, and management in separate executive sessions to discuss matters the Committee or these groups believe should be discussed privately with the Audit Committee.

EXHIBIT B
ELMIRA SAVINGS BANK, FSB
COMPENSATION COMMITTEE CHARTER

Mission Statement

The Compensation Committee is appointed by the Board of Directors to discharge the Board's responsibilities relating to compensation of the Bank's senior officers. The Committee has overall responsibility for evaluating and recommending compensation plans, policies and programs of the Bank.

The Compensation Committee, in accordance with applicable rules and regulations, shall produce an annual report on executive compensation for inclusion in the Bank's proxy statement (the "Proxy").

Organization

The Compensation Committee is a standing committee of the Board of Directors comprised of not less than three (3) independent Directors. An independent Director should be free of any relationship that could influence his/her judgment as a Committee member. The members shall be elected to the Committee by the Board annually or as necessary to fill vacancies in the interim. The Board shall designate one of the Committee members as Chairman. Compensation Committee members may be replaced by the Board.

Meetings

The Committee shall hold meetings as necessary. Compensation Committee meetings are usually scheduled twice a year.

Duties:

1. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to Chief Executive Officer ("CEO") compensation, shall evaluate CEO performance in light of those goals and objectives and shall recommend to the Board CEO compensation levels based on such evaluation. In determining the long-term incentive component of CEO compensation, the Compensation Committee will consider the Bank's performance, the value of similar CEO incentive awards at comparable banks and the awards given to the CEO in past years.

2. The Compensation Committee shall consider and make recommendations to the Board regarding the selection and retention of all senior officers of the Bank.

3. The Compensation Committee shall annually review and approve for the CEO and the senior officers of the Bank (a) annual base salary level, (b) annual incentive compensation, (c) long-term incentive award, (d) severance arrangements and change in control agreements/provisions (in each case as, when and if appropriate), and (e) any special or supplemental benefits.
4. The Compensation Committee shall administer, interpret, make grants and awards, adopt rules and recommend to the Board amendments of the Bank's executive benefits, including Bank wide and senior officer incentive compensation plans and the stock option plan.

5. The Compensation Committee shall consider and make recommendations to the Board concerning perquisites and other remuneration with respect to senior officers.

6. The Compensation Committee shall (a) consider and make recommendations to the Board concerning the total compensation package, including incentive compensation plans and equity based plans, the structure and award formulae and the calculation and performance targets for all incentive compensation programs, for all senior officers and directors, (b) make comparisons to peer banks and to the Bank's performance when compared to such peer banks, and (c) review and approve the Bank's disclosure of such matters in the Proxy.

7. The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of CEO or senior officer compensation and shall have the sole authority to approve such consultant's fees and other retention terms. The Compensation Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. The Bank will provide the Compensation Committee with the appropriate funding to exercise its authority to retain consultants or advisors.

8. The Compensation Committee shall review and make recommendations to the Board concerning management succession.

9. The Compensation Committee shall recommend to the Board of Directors the selection of the CEO of the Bank.

10. The Compensation Committee may form and delegate authority to subcommittees when appropriate.

11. The Compensation Committee shall make regular reports to the Board.

12. The Compensation Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Compensation Committee shall annually review its own performance.

EXHIBIT C
ELMIRA SAVINGS BANK, FSB
CORPORATE GOVERNANCE COMMITTEE CHARTER

Mission Statement

The Corporate Governance Committee is appointed by the Board to (1) assist the Board by identifying individuals qualified to become Board members and to recommend to the Board director nominees for the next annual meeting of shareholders, (2) recommend to the Board the Corporate Governance Guidelines applicable to the Bank, (3) lead the Board in its annual review of the Board's performance, and (4) recommend to the Board director nominees for each committee.

Organization

The Corporate Governance Committee is a standing committee of the Board of Directors comprised of not less than three (3) independent Directors to include the Chairman of the Board of Directors, the Assistant Chairman, and the Audit Committee Chair. An Independent Director should be free of any relationship that could influence his/her judgment as a Committee member. The members shall be elected to the Committee by the Board annually or as necessary to fill vacancies in the interim. The Board shall designate one of the Committee members as Chairperson.

Meetings

The Committee shall hold meetings as necessary. Corporate Governance Committee meetings are usually scheduled at least twice a year.

Duties

1. The Bank will provide the Corporate Governance Committee with the appropriate funding to exercise its authority.

2. Review the qualifications of and recommend to the Board of Directors nominees for directors, to be submitted to the shareholders for election at each annual meeting of shareholders, and nominees for directors, to be elected by the Board of Directors to fill vacancies and newly created directorships.

3. Review and consider candidates for election as directors submitted by shareholders in compliance with Bank bylaws.

4. Consider and make recommendations to the Board of Directors concerning the size and composition of the Board of Directors.

5. Develop and recommend to the Board of Directors guidelines and criteria to determine qualifications of directors.

6. Recommend overall compensation program for directors, including salary, perquisites, deferred compensation, stock or option plans or other incentive plans.

7. Review and recommend committees and committee structure for the Board, including assignment rotation schedules.

8. Recommend performance criteria for the Board and review the procedures, effectiveness and performance of the Board as a whole, the individual Directors and the Board Committees.

9. Review conflicts of interest that may affect Directors as referred to it by the Board or Chief Executive Officer ("CEO").

10. Review and recommend corporate governance practices and policies of the Bank.

11. The Corporate Governance Committee shall annually review its own performance.