

EVANS BANCORP INC  
Form FWP  
January 17, 2017

Common Equity Offering  
January 17, 2017  
David J. Nasca  
President & CEO  
John B. Connerton

Executive Vice President & CFO

NYSE MKT:

EVBN

[www.evansbank.com](http://www.evansbank.com)

Issuer Free Writing Prospectus

Dated January 17, 2017

Filed Pursuant to Rule 433

Registration Statement No. 333-210443

This presentation has been prepared by Evans Bancorp, Inc. ( Evans Bancorp or the Company ) solely for informational purposes, as well as information from public sources. This presentation has been prepared to assist interested parties in making their own investigation and analysis of Evans Bancorp and does not purport to contain all of the information that may be relevant. In all cases, interested parties should conduct their own investigation and analysis of Evans Bancorp and the data set forth in this presentation and other information provided by or on behalf of Evans Bancorp. This presentation does not constitute an offer to sell, nor a solicitation of an offer to buy, any securities of Evans Bancorp by any person in any jurisdiction in which it is unlawful for such person to make such an offering or solicitation. Neither the Securities and Exchange Commission ( SEC ) nor any other regulatory body has approved or disapproved of the contents of this presentation.

passed upon the accuracy or adequacy of this presentation. Any representation to the contrary is a criminal offense. Except as otherwise indicated, this presentation speaks as of the date hereof. The delivery of this presentation shall not, under any implication that there has been no change in the affairs of the Company after the date hereof.

Certain of the information contained herein may be derived from information provided by industry sources. Evans Bancorp believes that the information is accurate and that the sources from which it has been obtained are reliable. Evans Bancorp cannot guarantee the accuracy of such information and has not independently verified such information.

From time to time, Evans Bancorp may make forward-looking statements that reflect the Company's views with respect to, among other things, its business and financial performance. Words such as "believes," "anticipates," "expects," "intends," "plans," "estimates," "targeted" and the negative version of those words

or other comparable words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements. Forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about the Company's future business, beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond the Company's control. Accordingly, you are cautioned that any such forward-looking statements are not guarantees of future performance and are subject to certain risks,

uncertainties and assumptions that are difficult to predict. Although the Company believes that the expectations reflected in such forward-looking statements

are reasonable as of the date made, actual results may prove to be materially different from the expected results expressed or implied in such statements. Unless otherwise required by law, the Company also disclaims any obligation to update its view of any such risks or to publicly disclose the result of any revisions to the forward-looking statements made in this presentation. A detailed discussion of the factors that may cause actual results to differ from the anticipated results or other expectations is included in our SEC filings, including our Annual Report on Form 10-K for the year ended

December 31, 2015.

Evans Bancorp has filed a registration statement (including a prospectus) and a prospectus supplement which is preliminary and subject to completion, with the

SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary

prospectus supplement and the other documents that Evans Bancorp has filed with the SEC for more complete information about the offering. You may get these documents for free by visiting the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the Company, any participating in the offering will arrange to send you the prospectus if you request it by contacting: Sandler O'Neill & Partners, P.C. or Hovde

Group, LLC at toll-free 1-866-971-0961.

Offering Disclosure

© 2017 by Evans Bancorp

2

Offering Summary

Issuer:

Evans Bancorp, Inc.

Offering:

Follow-on

common stock

Gross Amount Offered:

\$14 million

Over-Allotment Option:

15%

Exchange

/ Symbol:

NYSE MKT / EVBN

Market Capitalization<sup>1</sup>:

\$152 million

Current Semi-Annual

Dividend:

\$0.38

Dividend

Yield<sup>1</sup>:

2.1%

Use of Proceeds:

To support our organic growth and for other  
general corporate purposes, including  
contributing capital to the Bank

Book-Running Manager:

Sandler O'Neill + Partners, L.P

Co-Manager:

Hovde

Group, LLC

(1)

Based on January 13, 2017 stock price of \$35.43/share and 4,300,634 common shares outstanding

Source: SNL Financial, Company documents

© 2017 by Evans Bancorp

3

Corporate Profile  
Evans Established: 1920  
Headquarters: Hamburg, NY  
Bank Branches: 14  
Insurance Agency Locations: 7  
© 2017 by Evans Bancorp

Community-based diversified financial services company  
Provides banking, insurance and investment services in Western New York  
Achieved \$1 billion in assets on record loan growth  
Strategy focused on driving greater earnings power and returns



Financial Summary

Q3 2016

Total Assets:

\$1.1 billion

Net Loans:

\$899 million

Total Deposits:

\$898 million

Loans / Deposits:

102%

Nonperforming Assets / Total Assets<sup>1</sup>:

1.41%

Total Stockholders' Equity<sup>2</sup>:

\$95.2 million

Stockholders' Equity

/ Total Assets:

8.8%

Note: List of companies included in Peer Group can be found in the Appendix

(1)

Nonperforming assets defined as nonaccrual loans and loans 90 days or more past due and still accruing

(2)

Stockholders' equity includes \$8.1 million of goodwill, or \$1.89 per share

Source: SNL Financial and Company documents

Tier 1 Leverage:

9.55%

Common Equity Tier 1 Risk-Based Capital:

10.82%

Tier 1 Risk-Based Capital:

10.82%

Total Risk-Based Capital:

12.07%

Stock Price:

\$35.43

52 week

range:

\$22.87

\$37.67

Market Capitalization:

\$152 million

Total Shares

Outstanding:

4.3 million

Ownership:

Insider:

5%

Institutional:

43%

Dividend

Yield:

2.1%

Current Balance Sheet Position

Current Balance Sheet Position

Consolidated Regulatory Capital Ratios

Consolidated Regulatory Capital Ratios

Market Data as of January 13, 2017

Market Data as of January 13, 2017

Valuation as of January 13, 2017

Valuation as of January 13, 2017

EVBN

Peers

Price / BV:

160%

151%

Price / TBV:

174%

162%

Price

/ LTM EPS:

19.9x

19.5x

Price / Est. 2016 EPS:

18.7x

19.8x

Price / Est. 2017 EPS:

15.9x

17.5x

© 2017 by Evans Bancorp

5

Management Profile  
Executive  
Position  
Experience  
David Nasca  
President  
and Chief Executive Officer

34 Years

John Connerton

Chief Financial Officer

15 Years

John Eagleton

Chief Lending Officer

32 Years

Robert

Miller Jr.

President of The

Evans Agency, LLC

40 Years

Paul Ulrich

Chief Credit Officer

43 Years

© 2017 by Evans Bancorp

6

Average of Over 32 Years of Financial Services Experience

Refocus Community  
Banking Model  
Executed Strategic Plan (Fiscal Years 2013-2015)  
Effective Risk  
Management  
Effective Lending  
Strategy

Fee Based Income  
Growth  
Strengthen  
Operating Model  
Optimize Technology:  
Execute core  
conversion  
33% Loans  
2013 -  
2015  
18% Deposits  
2013 -  
2015  
2015 Non-Interest Income  
= 30% of Total  
Revenue in 2015  
Returned  
Capital to  
Shareholders  
Strategic  
Plan  
© 2017 by Evans Bancorp  
7

Stock Performance  
3-Year Total Return  
(1/13/2014 thru  
1/13/2017)  
5-Year Total Return  
(1/13/2012 thru 1/13/2017)  
+62%



+67%  
+241%  
+129%

Note: Market data as of January 13, 2017; list of companies included in Peer Group can be found in the Appendix

Source: SNL Financial

© 2017 by Evans Bancorp

8

70%

80%

60%

50%

40%

30%

20%

10%

0%

(10%)

1/13/2014

5/13/2014

9/13/2014

1/13/2015

5/13/2015

9/13/2015

1/13/2016

5/13/2016

9/13/2016

1/13/2017

EVBN

Peer Group

Peer Group

EVBN

300%

250%

200%

150%

100%

50%

0%

1/13/2012

1/13/2013

1/13/2014

1/13/2015

1/13/2016

1/13/2017

Results

Q3 2016

Net Income of \$2.2 million or \$0.51 Per Diluted Share

ROAA: 0.84%

ROAE: 9.23%

Net Interest Income of \$9.1 million

Net Interest Margin: 3.67%

Total Loans of \$913 million<sup>1</sup>

Growth of \$60 million in Q3 2016 or 28% annualized

Deposits of \$898 million with Average Cost of 0.45%

Growth of \$28 million in Q3 2016 or 13% annualized

(1)

Includes Loans Held For Sale

© 2017 by Evans Bancorp

9

Q3 2016 Performance vs. Peers

Note: List of companies included in Peer Group can be found in the Appendix

Source: SNL Financial, Company documents

Return on Average Assets

Return on Average Equity

Efficiency Ratio

Net Interest Margin

© 2017 by Evans Bancorp

10

0.84%

0.84%

EVBN

Peer Group

9.23%

8.59%

EVBN

Peer Group

70.23%

64.51%

EVBN

Peer Group

3.67%

3.47%

EVBN

Peer Group

\$809.7  
\$833.5  
\$846.8  
\$939.1  
1,084.7  
2012  
2013

2014  
2015  
Q3 2016  
8% CAGR  
(2012  
Q3 2016)  
8% CAGR  
(2012  
Q3 2016)  
Over \$1 Billion in Assets  
(in millions)  
18% YOY  
Q3 16 vs Q3 15  
Driven by  
organic loan  
and deposit  
growth  
Platforms  
increased  
future earnings  
power  
© 2017 by Evans Bancorp  
11

\$581.3  
\$647.0  
\$695.7  
\$774.0  
\$912.9  
2012  
2013



2014

2015

Q3 2016

Record Loan Growth

High quality

in-market

commercial loans

Capturing strong

credits from

competition

Supports core

business strategy

Strong loan

pipeline

(in millions)

86%

92%

98%

96%

102%

Loan to Deposit Ratio

13% CAGR

(2012

Q3 2016)

1

(1)

Excludes \$1.6 million in direct financing leases

© 2017 by Evans Bancorp

12

Loan Portfolio Diversification

27%

16%

23%

22%

12%

Q3 2016 Commercial Loan

Portfolio

Non-owner occupied CRE

Owner occupied CRE

C & I

Multi-family

Construction / Development

\$546

\$187

\$2

\$64

\$113

Q3 2016

Total Loan Portfolio: \$913 million<sup>1</sup>

Average Yield: 4.39%

Commercial & Multi-Family<sup>2</sup>

Commercial & Industrial

Consumer & Other

Home Equities

Residential Mortgage<sup>2</sup>

Note: Dollars in millions

(1)

Total composition does not sum to \$913 million due to rounding

(2)

Includes construction loans

13

© 2017 by Evans Bancorp

© 2017 by Evans Bancorp  
14  
Solid Credit Fundamentals  
Booking high  
quality assets  
Solid  
underwriting

discipline

Strong customer

relationships

Note: List of companies included in Peer Group can be found in the Appendix

(1)

Nonperforming loans defined as nonaccrual loans and loans 90 days past due and still accruing

Source: SNL Financial, Company Documents

ALLL/

NPLs<sup>1</sup>/

NCOs/

ALLL/

Total Loans

Total Loans

Avg. Loans

NPLs<sup>1</sup>

9/30/2015

1.84%

1.12%

0.03%

164.7%

12/31/2015

1.66%

2.07%

0.42%

80.3%

3/31/2016

1.65%

2.25%

(0.02%)

73.1%

6/30/2016

1.50%

1.88%

(0.01%)

79.5%

9/30/2016

1.50%

1.67%

0.03%

89.7%

Peer Group

(9/30/2016)

1.03%

0.69%

0.05%

142.9%

Conservative Securities Portfolio  
10% of Total Assets  
94% of Obligations of  
States and Political  
Subdivisions Rated A  
or Higher  
Effective Portfolio

Duration is 3.9 Years  
\$105 million Total Securities  
© 2017 by Evans Bancorp  
15

\$679.0  
\$706.6  
\$707.6  
\$803.0  
\$898.0  
2012  
2013



2014

2015

Q3 2016

8% CAGR

(2012

Q3 2016)

8% CAGR

(2012

Q3 2016)

55%

13%

32%

Strong Core Deposit Growth

15% YOY

Q3 16 vs Q3 15

15% Demand

9% NOW

14% Savings

(in millions)

Q3 2016 Deposit Composition

Savings & Money Market

Time Deposits

Demand & NOW

Average Cost of Deposits: 0.45%

© 2017 by Evans Bancorp

16

New money

market account

Driving new deposits and

cross-sell opportunities

YOY Q3 16 vs Q3 15

15%  
5%  
Q3 2016 TTM Non-Interest Income:  
\$11.5 million  
Non-Interest Income Opportunity  
25% of total  
Q3 2016 TTM

revenue

Emphasis on

expanding:

Financial services

Employee benefits

Insurance

Cash management

21%

Other Income

59%

Insurance

Service &

Fees

Bank-owned

Life Insurance

Bank

Charges

© 2017 by Evans Bancorp

17

#### Capital Overview

Both the Company and the Bank have consistently maintained regulatory capital ratios significantly above the federal "well capitalized" standards indicates minimum level to be considered "well capitalized"

5.00%

8.00%

10.00%

5.00%  
8.00%  
10.00%  
Bank  
Consolidated  
© 2017 by Evans Bancorp  
18  
16.00%  
14.00%  
12.00%  
10.00%  
8.00%  
6.00%  
4.00%  
2.00%  
0.00%  
16.00%  
14.00%  
12.00%  
10.00%  
8.00%  
6.00%  
4.00%  
2.00%  
0.00%  
Tier 1 Leverage  
Tier 1 RBC  
Total RBC  
Tier 1 Leverage  
Tier 1 RBC  
Total RBC  
12/31/2014  
12/31/2015  
9/30/2016  
12/31/2014  
12/31/2015  
9/30/2016  
10.78%  
10.18%  
9.33%  
13.65%  
11.53%  
10.57%  
14.91%  
12.78%  
11.83%  
10.84%  
10.45%  
9.55%  
13.60%

11.82%

10.82%

14.85%

13.07%

12.07%

2.1%  
1.8%  
EVBN  
Peer Group  
Current Dividend Yield  
Returning Capital to Shareholders  
\$0.26

\$0.65

\$0.72

\$0.76

\$0.24

2013<sup>1</sup>

2014

2015

2016

Dividend Payment History

\$0.50

Note: Market data as of January 13, 2017; list of companies included in Peer Group can be found in the Appendix (1)

One semi-annual dividend of \$0.24 was accelerated into 2012 due to tax policy considerations for shareholders

Source: SNL Financial, Company documents

© 2017 by Evans Bancorp

19



Market Opportunity / Future Vision  
NYSE MKT:  
EVBN  
[www.evansbank.com](http://www.evansbank.com)

Public/Private Project  
Evans committed  
\$1 million  
Housing Opportunity Fund  
(Joint with City of Buffalo)  
\$475 thousand  
over 2 years  
The Bank for a Resurgent WNY  
Seneca Street Lofts  
Tim Hortons Café

& Bake Shop  
Stanton Building  
Community Reinvestment

-

Buffalo Information Technologies Innovation and  
Commercialization Hub

-

High Tech Manufacturing Innovation Hub at River Bend

-

43 North Startup and Innovation Competition

-

Buffalo Medical Innovation and Commercialization Hub

-

Buffalo Manufacturing Works

© 2017 by Evans Bancorp

21

Opportunity from Market Disruption

Note: Market share data for Buffalo-Cheektowaga-Niagara Falls, NY Metropolitan Statistical Area as of June 30, 2016; market share data as of June 30, 2015

(1)

Reflects Northwest Bank's purchase of 18 FN branches, consisting of \$1.6B in Deposits, in September 2016

(2)

Reflects KeyBank's acquisition of First Niagara in August 2016

Source: FDIC

Buffalo MSA

© 2017 by Evans Bancorp

22

1.9%

2.5%

3.9%

4.8%

5.1%

27.7%

54.0%

Total Deposits in Market: \$42.6 billion

All Others (9)

Citizens

Northwest Bank<sup>1</sup>

Bank of America

Key Bank<sup>2</sup>

M&T Bank

Transformative Growth Phase of Strategy  
New Four-Year Plan (2016  
2020)  
© 2017 by Evans Bancorp  
23  
Organic Market  
Growth:

Lead with Business  
Market  
Disruption  
Fee-Based  
Income Growth  
Retail  
Transformation  
Talent  
Acquisition &  
Retention  
Capital  
Management  
IT Optimization

Investment Highlights

Strong and growing franchise in resurgent WNY  
Diverse revenue mix, strong operating fundamentals  
Core deposit and loan growth  
Lower-risk balance sheet  
with solid capital base  
Sophisticated / experienced management team



Shareholder return orientation  
Historically reasonable valuation  
© 2017 by Evans Bancorp  
24

Appendix  
NYSE MKT:  
EVBN  
[www.evansbank.com](http://www.evansbank.com)

Peer Group  
Note:  
Includes  
banks  
that  
trade  
on

a  
major  
exchange  
(NYSE,  
NYSE  
MKT,  
or  
NASDAQ)

with  
Total  
Assets  
between

\$1  
billion

and  
\$3  
billion

that  
are  
headquartered  
in  
the

Northeast or Mid-Atlantic Regions; exclude targets of announced merger transactions; financial data for the quarter ended Sep

Source: SNL Financial

© 2017 by Evans Bancorp

26

Company Name

Ticker

Location

Total Assets

(000s)

Arrow Financial Corporation

AROW

Glens Falls, NY

\$2,580,485

CNB Financial Corporation

CCNE

Clearfield, PA

\$2,539,944

Enterprise Bancorp, Inc.

EBTC

Lowell, MA

\$2,470,849

Sun Bancorp, Inc.

SNBC

Mount Laurel, NJ

\$2,189,346

Peoples Financial Services Corp.

PFIS

Scranton, PA

\$1,971,239  
Republic First Bancorp, Inc.  
FRBK  
Philadelphia, PA  
\$1,734,462  
Chemung Financial Corporation  
CHMG  
Elmira, NY  
\$1,728,865  
BCB Bancorp, Inc.  
BCBP  
Bayonne, NJ  
\$1,678,936  
Old Line Bancshares, Inc.  
OLBK  
Bowie, MD  
\$1,650,105  
First Bancorp, Inc.  
FNLC  
Damariscotta, ME  
\$1,635,088  
Bankwell Financial Group, Inc.  
BWFG  
New Canaan, CT  
\$1,565,586  
Codorus Valley Bancorp, Inc.  
CVLY  
York, PA  
\$1,522,981  
Orrstown Financial Services, Inc.  
ORRF  
Shippensburg, PA  
\$1,354,154  
Penns Woods Bancorp, Inc.  
PWOD  
Williamsport, PA  
\$1,347,412  
First United Corporation  
FUNC  
Oakland, MD  
\$1,338,189  
Community Financial Corporation  
TCFC  
Waldorf, MD  
\$1,281,874  
Citizens & Northern Corporation  
CZNC  
Wellsboro, PA  
\$1,245,333  
ACNB Corporation

ACNB  
Gettysburg, PA  
\$1,208,869  
Shore Bancshares, Inc.  
SHBI  
Easton, MD  
\$1,157,866  
Unity Bancorp, Inc.  
UNTY  
Clinton, NJ  
\$1,152,896  
AmeriServ Financial, Inc.  
ASRV  
Johnstown, PA  
\$1,145,655  
Norwood Financial Corp.  
NWFL  
Honesdale, PA  
\$1,125,057  
1st Constitution Bancorp  
FCCY  
Cranbury, NJ  
\$1,055,308  
Mid Penn Bancorp, Inc.  
MPB  
Millersburg, PA  
\$1,042,687  
Howard Bancorp, Inc.  
HBMD  
Ellicott City, MD  
\$1,014,787  
First Bank  
FRBA  
Hamilton, NJ  
\$1,007,685  
Bar Harbor Bankshares  
BHB  
Bar Harbor, ME  
\$1,717,875

Common Equity Offering  
January 17, 2017  
NYSE MKT:  
EVBN  
[www.evansbank.com](http://www.evansbank.com)