

# Investor Presentation

## June 2022



**David J. Nasca**  
*President & CEO*

**John B. Connerton**  
*Executive Vice President & CFO*



# Safe Harbor Statement

*This presentation includes "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements concerning future business, revenue and earnings. These statements are not historical facts or guarantees of future performance, events or results. There are risks, uncertainties and other factors that could cause the actual results of Evans Bancorp to differ materially from the results expressed or implied by such statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include the impacts from COVID-19, competitive pressures among financial services companies, interest rate trends, general economic conditions, changes in legislation or regulatory requirements, effectiveness at achieving stated goals and strategies, and difficulties in achieving operating efficiencies. These risks and uncertainties are more fully described in Evans Bancorp's Annual and Quarterly Reports filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. Evans Bancorp undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new, updated information, future events or otherwise.*

# Evans Bancorp, Inc. (NYSE American: EVBN)

Building a preeminent community financial institution

Creating scale and sophistication to leverage in reviving WNY market

Increasing competitive advantages with the best talent and top tier client experiences

A Century of serving Western New York



**Established: 1920**

**Branches: 20**

**Insurance Locations: 10**

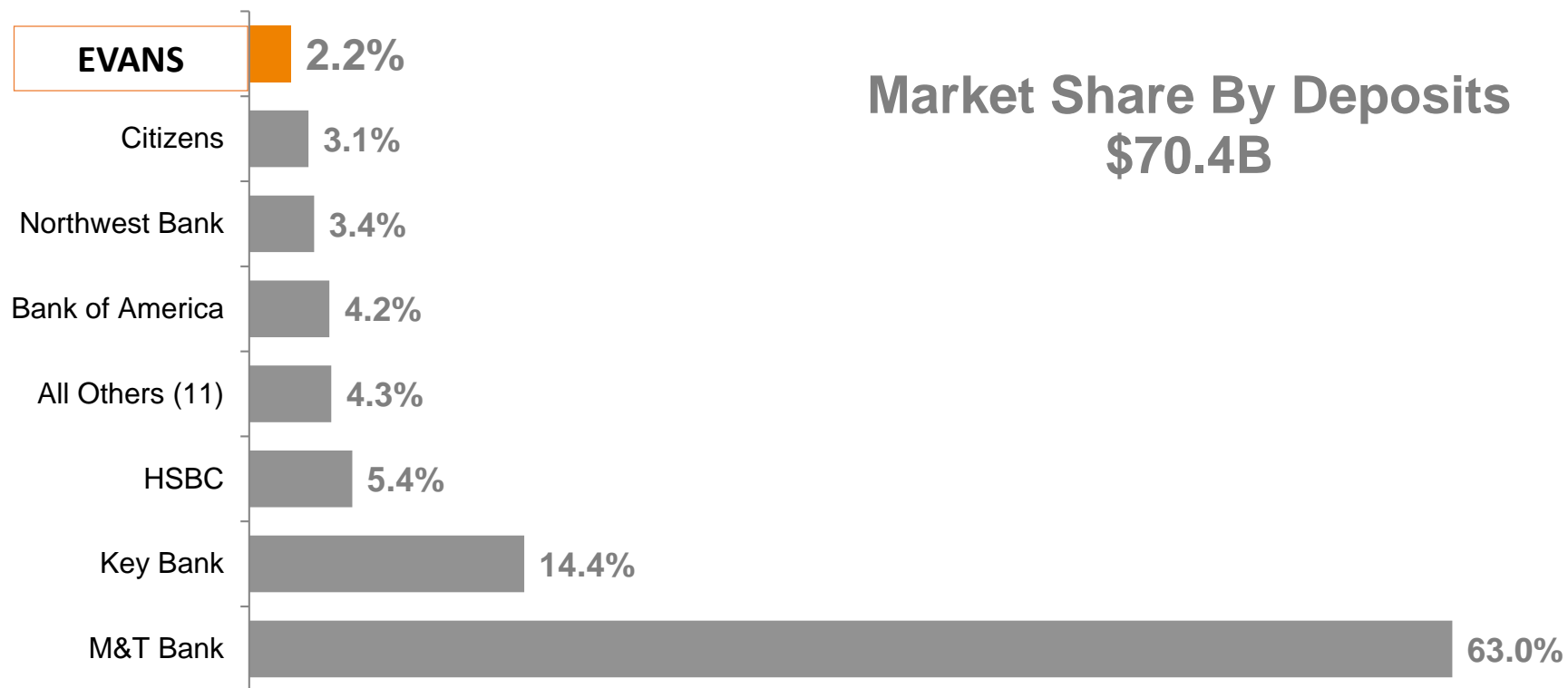
Recent Price	\$37.67	Total shares outstanding	5.5 million
52 week range	\$35.95 – \$44.48	Ownership - Insider	5%
Market Capitalization	\$208 million	Institutional	56%

*Market data as of June 3, 2022 [Source: S&P Capital IQ]; Ownership as of most recent filing [Source: Irwin]*

# Evans Core Values



# Competitive Environment

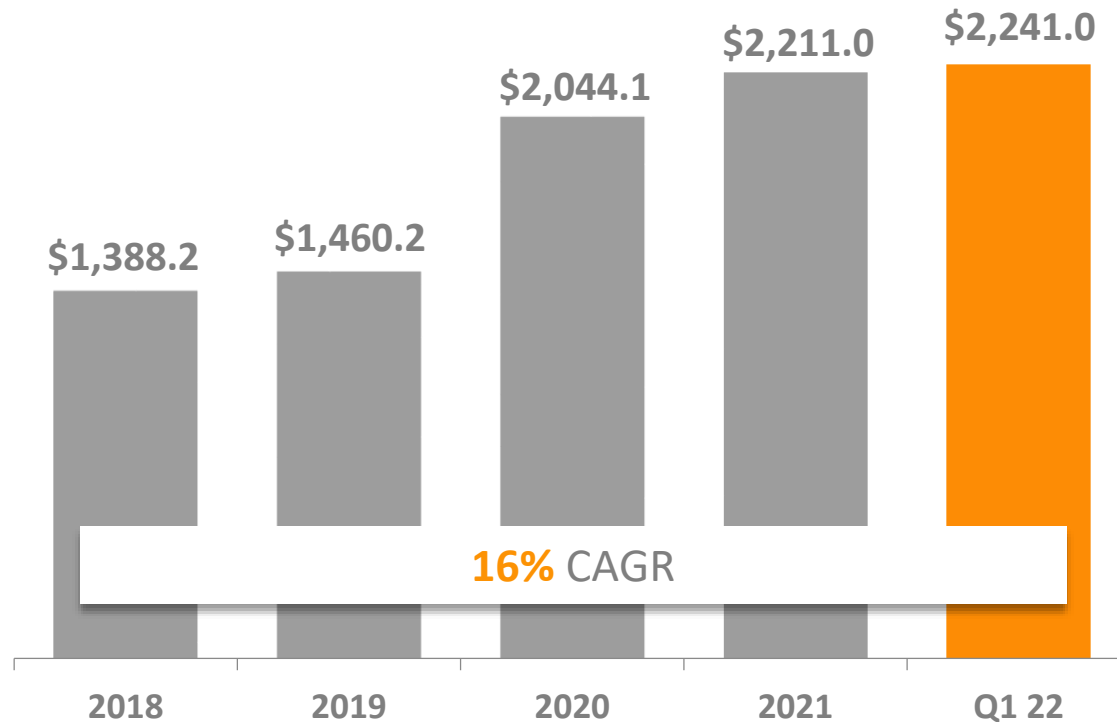


**Growing in market dominated by two top 25 banks**

Source: FDIC, as of June 30, 2021 (Metropolitan Statistical Area: Buffalo-Cheektowaga, NY)

# Asset Expansion

(in millions)



## + 4% Q1 22 Y/Y

Building platform for increased future earnings power

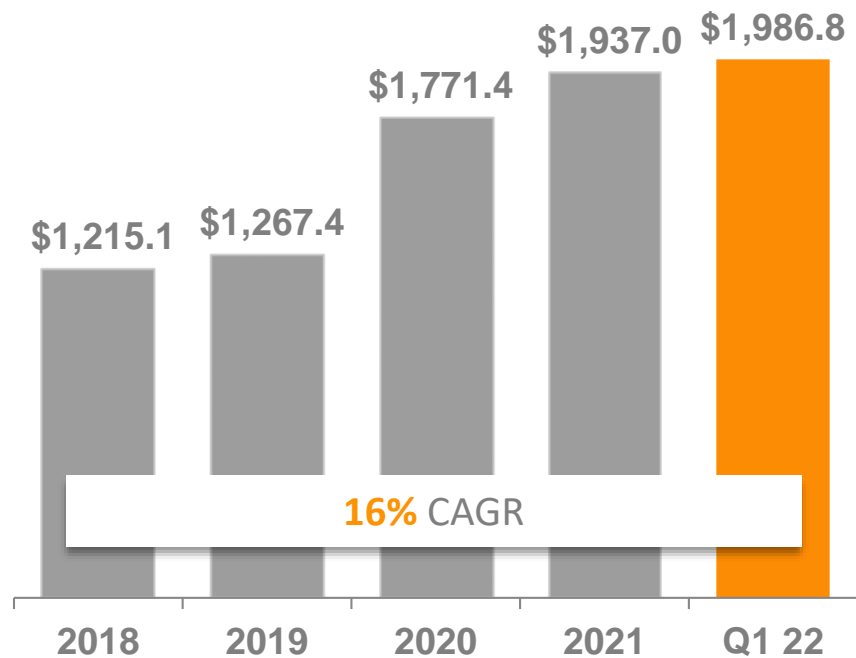
Acquired Fairport Savings Bank  
May 1, 2020

Talent acquisition: nearly 50% increase in commercial lenders since 2020

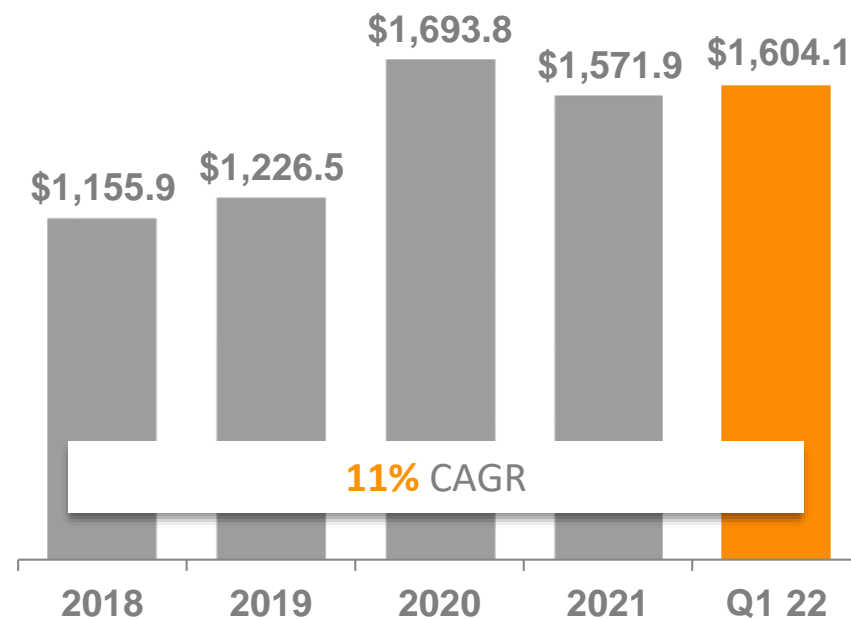
# Enhanced Liquidity

(in millions)

## Deposits



## Loans



## LTD Ratio

95%

97%

96%

81%

81%

2018

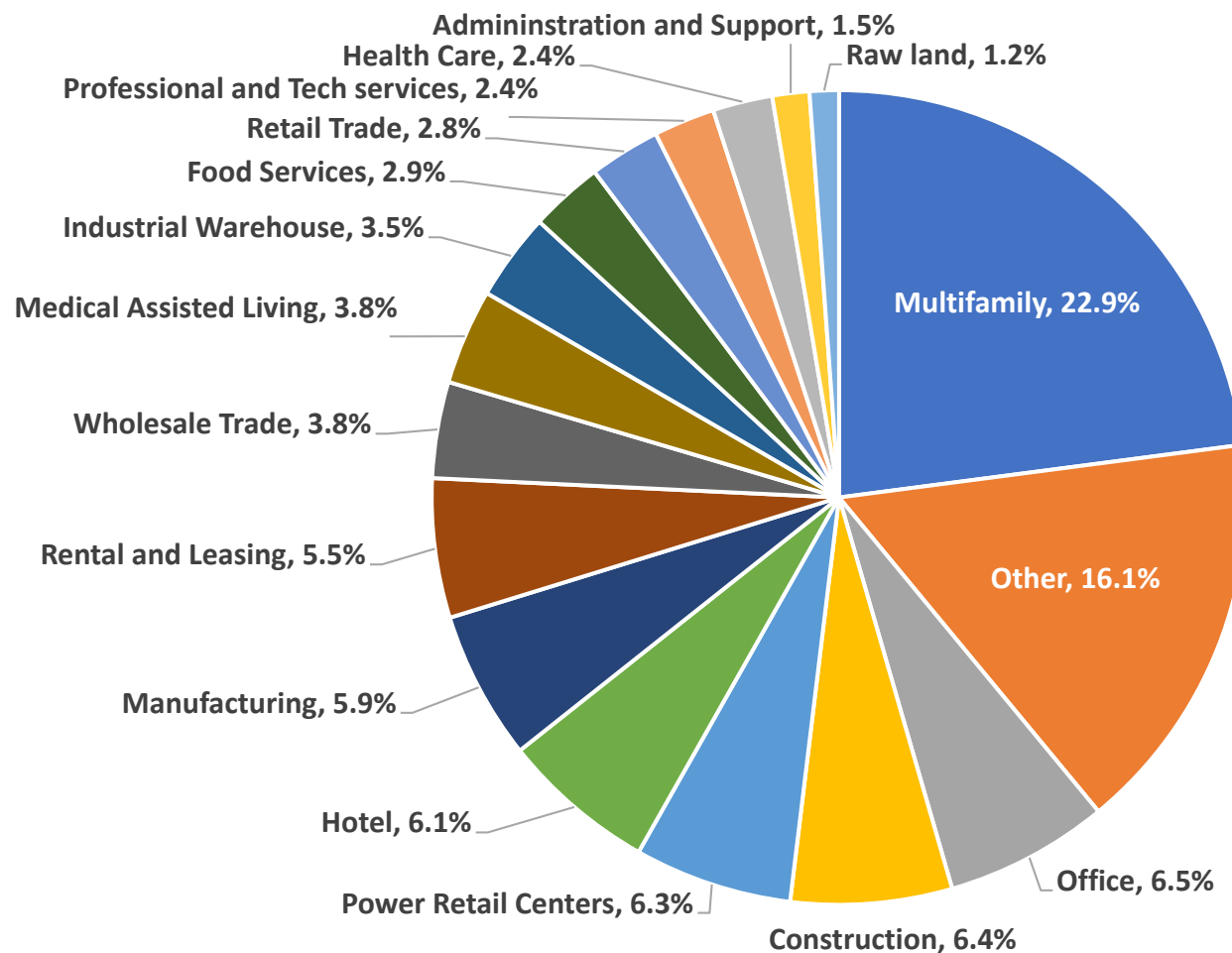
2019

2020

2021

Q1 22

# Commercial Loan Portfolio by Industry



Total Portfolio: **\$1.1 billion**

Well diversified

Stable Multifamily market

Average LTV 55%



# Paycheck Protection Program (PPP)

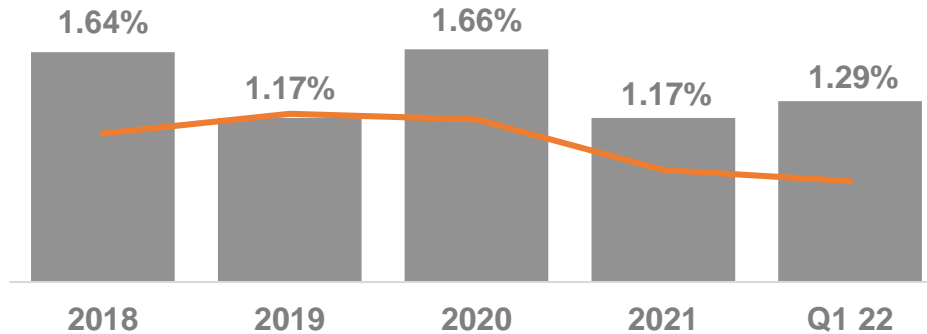
(\$ millions)	Loans Originated	Forgiveness / Payments	Remaining balance at 3/31/22	SBA Fees Received	SBA Fees Recognized	Remaining SBA Fees to Recognize
Phase 1	\$203	\$202	\$1	\$7.4	\$7.4	\$0.0
Phase 2	\$94	\$85	\$9	\$4.9	\$4.6	\$0.3
<b>Total</b>	<b>\$297</b>	<b>\$287</b>	<b>\$10</b>	<b>\$12.3</b>	<b>\$12.0</b>	<b>\$0.3</b>

Platform to build and add relationships and offer other products and services

Added ~850 new commercial customers – nearly doubled commercial base

# Solid Credit Fundamentals

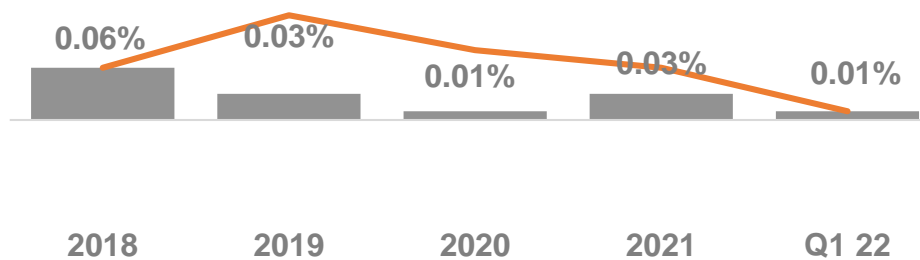
## NPAs to Total Loans + OREO



Solid underwriting discipline and proactive portfolio management

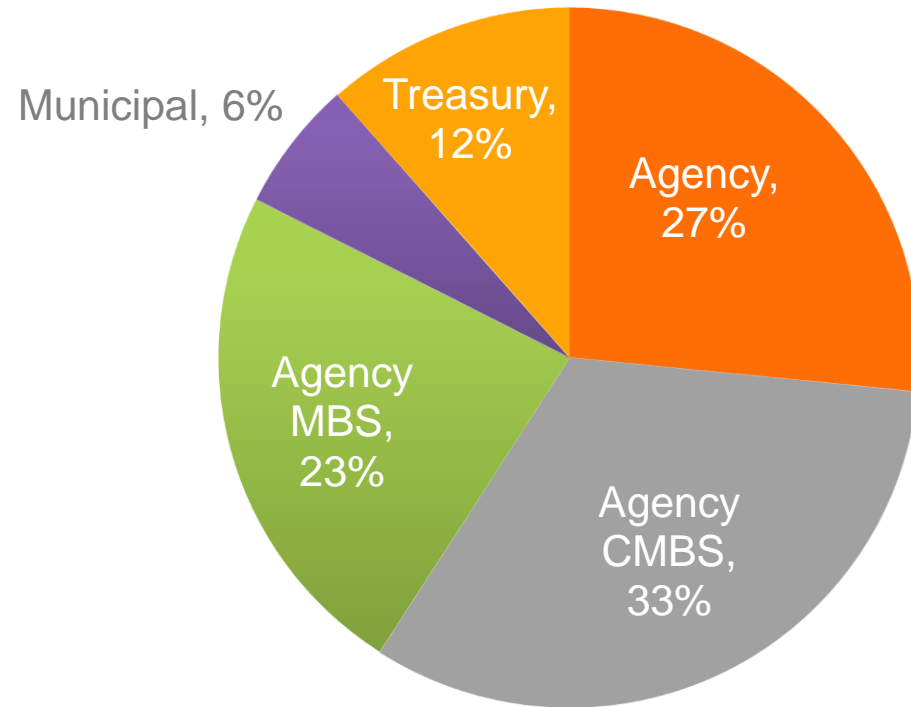
In-market focus and deep customer relationships

## Net Charge Offs to Average Loans



■ EVBN    — SNL >\$1B <\$5B Peer Group

# Putting Excess Liquidity to Work



3/31/22 AFS total \$385.9M up 103% Y/Y

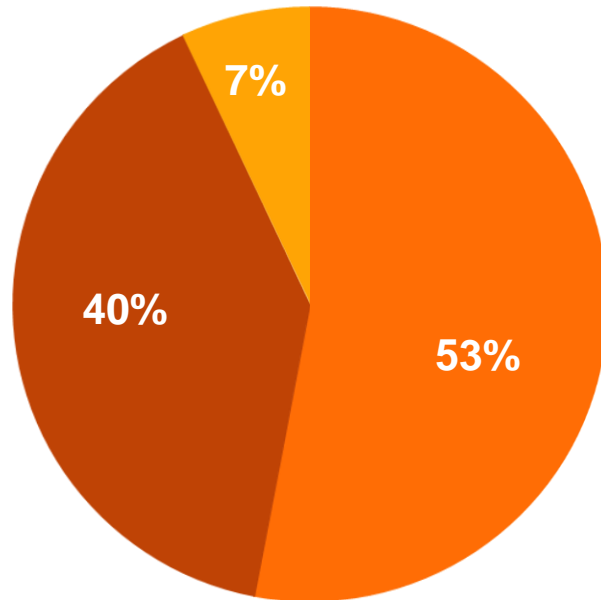
Conservative mix

98% of total portfolio AFS

18% of total assets

# Deposit Composition and Product Growth

Q1 2022 Composition:  
\$1.99 billion



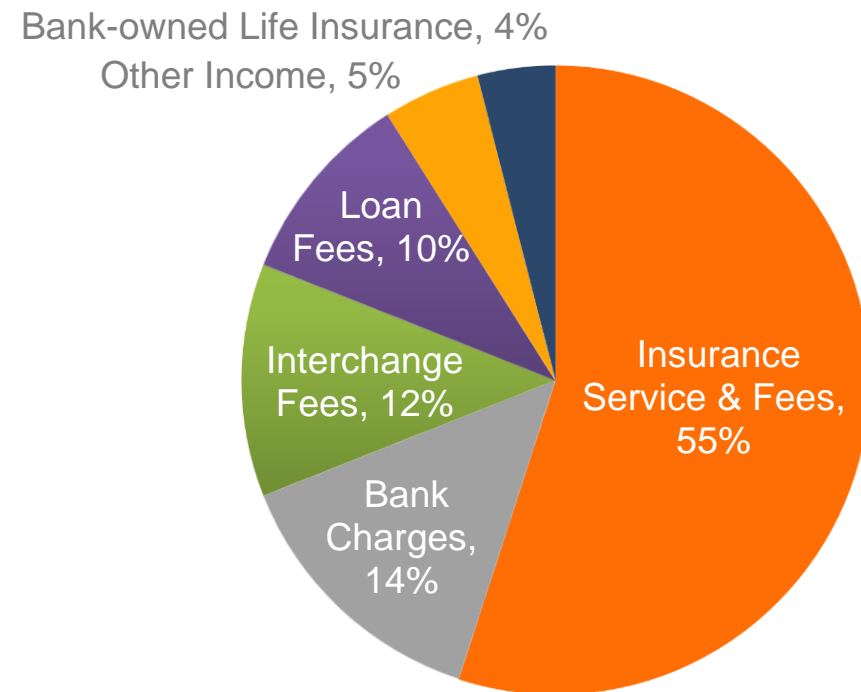
- Savings & Money Market
- Demand & NOW
- Time Deposits

+ 6% Y/Y

Demand:	+	9%	or	\$43M
NOW:	+	8%	or	\$19M
Savings:	+	14%	or	\$126M
Time:	-	33%	or	\$73M

# Non-Interest Income Opportunity

**Q1 2022 TTM Non-Interest Income:**  
**\$18.7 Million**



Emphasis on expanding:

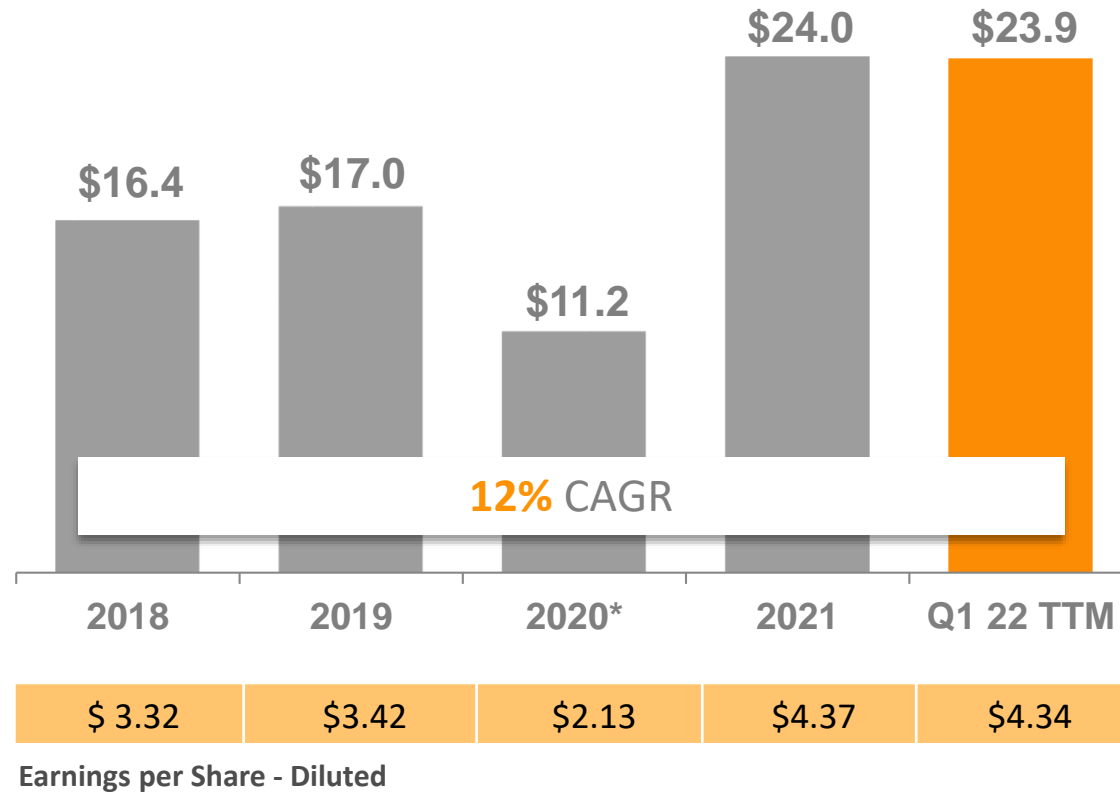
1. Insurance
2. Employee benefits
3. Cash management
4. Deposit service fees

Insurance Acquisitions:

Richardson & Stout Insurance in 2018  
Benefit Brokers of Western New York in 2020

# Net Income Growth

(in millions, except per share data)



\*2020 included \$6 million of one-time FSB merger-related expenses

Higher interest-earning assets and accelerated amortization PPP fees

Lower provision reflecting improved economic trends and conditions related to COVID-19

# Interest Rate Sensitivity

Over \$700 million in assets, or 32% of the total, are due to reprice in the next 12 months

Deposit growth over the last 4-5 years has shifted away from rate sensitive CDs to “stickier” transactional deposits

*Customer tenure: ~75% of total deposit portfolio with the bank 5+ years*

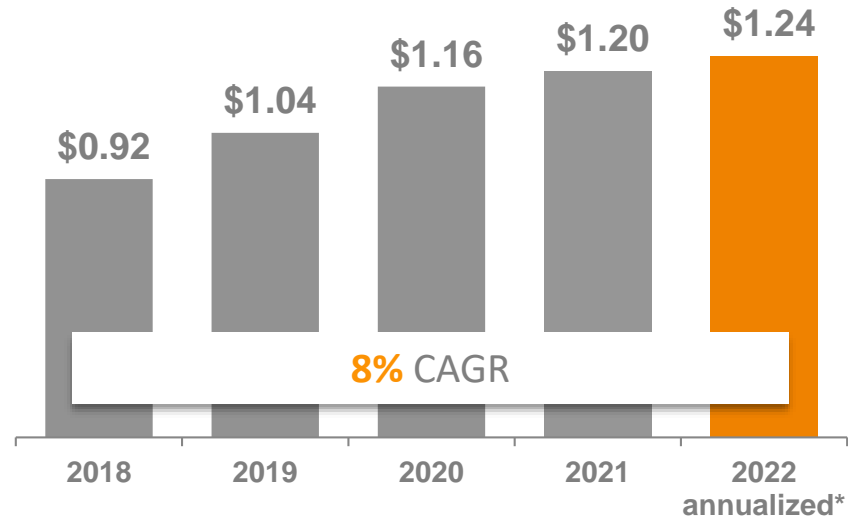
Deposit betas from the last up rate cycle performed well in comparison to our model expectations and to peers

*Interest bearing deposit beta of 28%, Total deposit beta 21%*

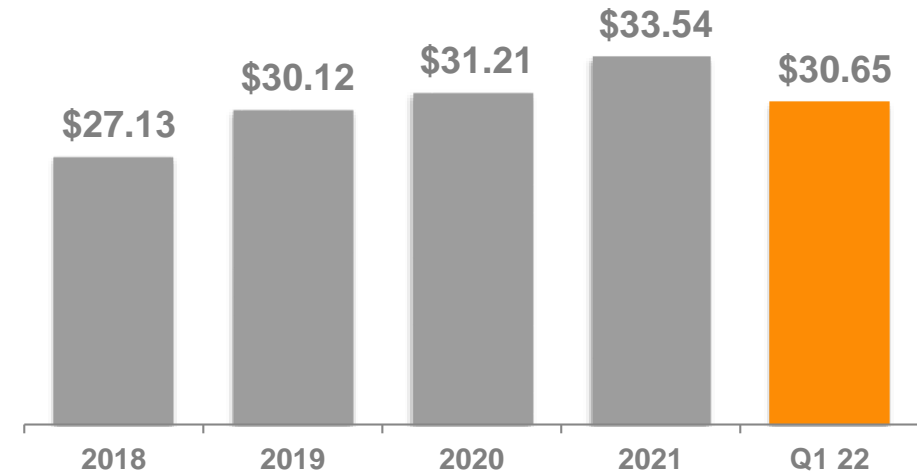
<i>(in millions)</i>	12/31/2017	% Portfolio	3/31/2022	% Portfolio	Change
<b>DDA</b>	219,664	21%	528,963	27%	309,299
<b>NOW</b>	109,378	10%	257,475	13%	148,097
<b>Savings</b>	535,730	51%	1,051,136	53%	515,406
<b>Time Deposits</b>	186,457	18%	149,243	8%	(37,214)
<b>Total Deposits</b>	<b>1,051,229</b>		<b>1,986,817</b>		<b>935,588</b>

# Results Accruing to Shareholders

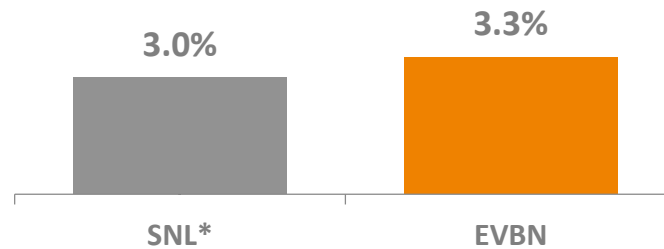
## Dividend Payment



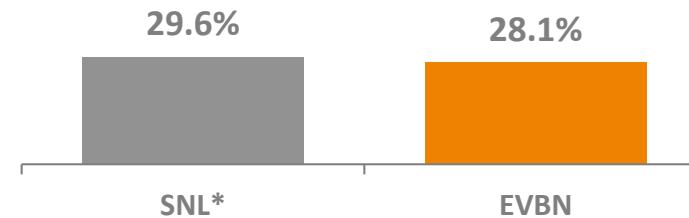
## Book Value per Share



## Dividend Yield



## Dividend Payout Ratio (TTM)





# Evans Strategic Objectives



# Strategic Objectives to Drive Next Level of Growth



## COMMERCIAL AND RESIDENTIAL LENDING

### *Commercial:*

- Expect to achieve mid-single digit loan growth
- Significant experience and talent were added to the Commercial Real Estate and Commercial & Industrial Teams in both Buffalo and Rochester, New York, expanding penetration in those markets and introducing new contacts and clients to Evans

### *Residential:*

- Significantly expanded the mortgage team and plan to continue that expansion in 2022 and going forward
- A more substantial mortgage program adds diversity to our revenue stream and complements our insurance agency and large and successful commercial banking business



## EVANS INSURANCE AGENCY

Building out strong sales talent to further strengthen and competitively support existing business retention and new policy sales

# Strategic Objectives to Drive Next Level of Growth



## TECHNOLOGY EVOLUTION

Aligned to focus on advancing customer experience, operational efficiency and scalability

Leverage robotic process and workflow automation and evaluate opportunities to partner with financial technology providers as part of our overall digital transformation strategy

Goal to deliver strong and stable IT support for Bank growth



## FOCUS ON TALENT

Talent and culture are true differentiators for Evans and key determinants for our success

Learning and development efforts, combined with consistent company and manager-led communication and programs, and focus on team empowerment and diversity

Concentrated heavily on preparing our team for the continuously changing environment and future technology enhancements



## COMMUNITY

Evans seeks to meet its values and honor its promise as a community based financial institution

Continue to support community projects and contribute our resources and business expertise to programs and entities that enrich our community

# Metrics to Measure Success

*Near term performance goals over the next one to two years*

**ROA**

**0.95% – 1.05%**

**ROATCE\***

**12% – 14%**

**Efficiency**

**65% – 67%**

*ROA = Return on average total assets*

*ROATCE = Return on average tangible common stockholders' equity: the calculation of the average tangible common stockholders' equity ratio excludes goodwill and intangible assets from average stockholders' equity*

*Efficiency = efficiency ratio, or noninterest expenses divided by the sum of net interest income and noninterest income*

# 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
- Excess liquidity to support robust loan pipeline and investments to drive growth and earnings

## **Value creation with acquisition of FSB Bancorp**

- Enhanced scale: leverages strength of Evans commercial bank and combined mortgage operation

## **Created team and technology infrastructure to continue to gain market share**

## **Shareholder return orientation**



# Investor Presentation

## June 2022



# Supplemental





# Community Partnerships





# Management Team

**David J. Nasca**, *President and Chief Executive Officer*

**John B. Connerton**, *EVP, Chief Financial Officer*

**Mary Ellen Frandina**, *EVP, Chief Administrative Officer*

**Dale M. McKim III**, *EVP, Chief Risk Officer*

**Kenneth D. Pawlak**, *EVP, Chief Commercial Banking Officer*

**Nicholas J. Snyder**, *EVP, Retail Distribution and Corporate Operations*

**Aaron M. Whitehouse**, *President, The Evans Agency, LLC*

**Jen Zorn**, *EVP, Chief Information Officer*