

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

Issuer Free Writing Prospectus

Dated January 17, 2017

Filed Pursuant to Rule 433

Registration Statement No. 333-210443

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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. Alternatively, the Company, any agent participating in the offering will arrange to send you the prospectus if you request it by contacting: Sandler O'Neill & Partners, L.P. or Hovde

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

Offering Disclosure

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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 Capitalization¹:

\$152 million

Current Semi-Annual

Dividend:

\$0.38

Dividend

Yield¹:

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

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Corporate Profile
Evans Established: 1920
Headquarters: Hamburg, NY
Bank Branches: 14
Insurance Agency Locations: 7
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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 Assets¹:

1.41%

Total Stockholders' Equity²:

\$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

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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

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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
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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

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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 million¹

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

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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

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0.84%

0.84%

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Peer Group

9.23%

8.59%

EVBN

Peer Group

70.23%

64.51%

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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
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\$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

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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 million¹

Average Yield: 4.39%

Commercial & Multi-Family²

Commercial & Industrial

Consumer & Other

Home Equities

Residential Mortgage²

Note: Dollars in millions

(1)

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

(2)

Includes construction loans

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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/

NPLs¹/

NCOs/

ALLL/

Total Loans

Total Loans

Avg. Loans

NPLs¹

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
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\$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%

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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

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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
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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

2013¹

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

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Market Opportunity / Future Vision
NYSE MKT:
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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

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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, 2016

(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

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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 Bank¹

Bank of America

Key Bank²

M&T Bank

Transformative Growth Phase of Strategy
New Four-Year Plan (2016
2020)
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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
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Appendix
NYSE MKT:
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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

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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

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