

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

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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](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

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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 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

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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 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

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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 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

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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%

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  
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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 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

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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/

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  
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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  
© 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

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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

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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, 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

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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 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)  
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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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