

EVANS BANCORP INC
Form DEF 14A
March 20, 2014
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

EVANS BANCORP, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule, or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 20, 2014

To Our Shareholders:

On behalf of the Board of Directors, I cordially invite you to attend the 2014 Annual Meeting of Shareholders of Evans Bancorp, Inc. The Annual Meeting this year will be held at Orchard Park Country Club, 4777 South Buffalo Street, Orchard Park, New York, on Thursday, April 24, 2014 at 9:00 a.m. The formal Notice of the Annual Meeting is set forth on the following page.

The enclosed Notice and Proxy Statement contain details concerning the business to come before the 2014 Annual Meeting. The Board of Directors of Evans Bancorp recommends a vote "FOR" the election of James E. Biddle, Jr., Marsha S. Henderson, Kenneth C. Kirst, and Nora B. Sullivan as directors for a three year term. The Board of Directors of Evans Bancorp also recommends a vote "FOR" the approval, on an advisory basis, of the compensation paid to the Company's named executive officers, and "FOR" ratification of the appointment of KPMG LLP as Evans Bancorp's independent registered public accounting firm for fiscal year 2014.

To Vote:

Your vote is important, regardless of whether or not you attend the Annual Meeting in person. I urge you to sign, date, and return the enclosed proxy card in the postage-paid envelope provided as promptly as possible. In this way, you can be sure that your shares will be voted at the meeting. If you are voting "FOR" the election of the nominated directors, "FOR" the approval, on an advisory basis, of the compensation paid to the Company's named executive officers, and "FOR" ratification of the appointment of KPMG LLP as Evans Bancorp, Inc.'s independent registered public accounting firm for fiscal year 2014, you need only date, sign and return the proxy card.

Voting is tabulated by an independent firm; therefore, to ensure that your vote is received in a timely manner, please mail the white proxy card in the envelope provided - do not return the proxy card to Evans Bancorp, Inc.

To Attend the Annual Meeting:

The Annual Meeting will include a continental breakfast. To ensure that our reservation count will be accurate, if you plan to attend the meeting, please complete the appropriate section on the white proxy card and return it in the postage-paid envelope provided - do not return the proxy card to Evans Bancorp, Inc.

PLEASE NOTE THAT, DUE TO LIMITED SEATING, WE WILL NOT BE ABLE TO ACCOMMODATE GUESTS OF OUR SHAREHOLDERS AT THE ANNUAL MEETING, AND MUST LIMIT ATTENDANCE TO SHAREHOLDERS ONLY.

Thank you for your confidence and support.

Sincerely,

David J. Nasca

President and Chief Executive Officer

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EVANS BANCORP, INC.

One Grimsby Drive

Hamburg, NY 14075

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 24, 2014

The Twenty-Sixth Annual Meeting of Shareholders of Evans Bancorp, Inc., a New York corporation (the "Company"), will be held on Thursday, April 24, 2014 at 9:00 a.m. at Orchard Park Country Club, 4777 South Buffalo Street, Orchard Park, New York, for the following purposes:

- (1) To elect four directors of the Company, such directors to hold office for the term of three years, and until the election and qualification of their successors.
- (2) To approve, on an advisory basis, the compensation paid to the Company's named executive officers.
- (3) To ratify the appointment of KPMG LLP as Evans Bancorp, Inc.'s independent registered public accounting firm for fiscal year 2014.
- (4) To act upon such other business as may properly come before the meeting or any adjournment thereof.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 24, 2014

The Company's Proxy Statement and 2013 Annual Report, which includes the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission, are available on the Company's website at www.evansbancorp.com.

The Board of Directors has fixed the close of business on March 6, 2014 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting.

A copy of the Company's Annual Report to Shareholders and Annual Report on Form 10-K for the Company's 2013 fiscal year are enclosed for your reference.

Please complete and return the enclosed proxy card in the accompanying postage-paid, addressed envelope as soon as you have had an opportunity to review the attached Proxy Statement.

By Order of the Board of Directors

Robert G. Miller, Jr.

Secretary

Hamburg, New York

March 20, 2014

EVANS BANCORP, INC.

One Grimsby Drive

Hamburg, NY 14075

PROXY STATEMENT

Dated March 20, 2014

For the Annual Meeting of Shareholders to be held April 24, 2014

GENERAL INFORMATION

This Proxy Statement is furnished to the shareholders of Evans Bancorp, Inc., a New York corporation (the "Company"), in connection with the solicitation of proxies for use at the Twenty-Sixth Annual Meeting of Shareholders (the "Annual Meeting") to be held at Orchard Park Country Club, 4777 South Buffalo Street, Orchard Park, New York, on Thursday, April 24, 2014 at 9:00 a.m. and at any adjournments thereof. The enclosed proxy is being solicited by the Board of Directors of the Company. To obtain directions to be able to attend our Annual Meeting and vote in person, please contact Kimberly Stehlar, (716) 926-2030.

Shares of common stock represented by a proxy in the form enclosed, properly executed, will be voted in the manner instructed, or if no instructions are indicated, "FOR" the election of director nominees named therein, "FOR" the approval, on an advisory basis, of the compensation paid to the Company's named executive officers, and "FOR" ratification of the appointment of KPMG LLP as Evans Bancorp's independent registered public accounting firm for fiscal year 2014. The proxy given by the enclosed proxy card may be revoked at any time before it is voted by delivering to the Secretary of the Company a written revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting and voting in person. Any shareholder of record may vote in person at the Annual Meeting, whether or not he or she has previously given a proxy. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give proper written notice of revocation to the Secretary before the proxy is exercised or you vote by written ballot at the meeting.

This Proxy Statement and the enclosed proxy are first being mailed to shareholders on or about March 20, 2014.

The following proposals will be considered at the meeting:

Proposal I – To elect four directors of the Company, such directors to hold office for the term of three years, and until the election and qualification of their successors.

Proposal II – To approve, on an advisory basis, the compensation paid to the Company’s named executive officers (“say on pay”).

Proposal III – To ratify the appointment of KPMG LLP as the Company’s independent registered public accounting firm for fiscal year 2014.

The Board of Directors of the Company unanimously recommends that you vote “FOR” Proposals I, II, and III.

Voting Securities

Only holders of shares of common stock of record at the close of business on March 6, 2014 are entitled to notice of and to vote at the Annual Meeting and at all adjournments thereof. At the close of business on March 6, 2014, the Company had 4,206,631 shares of common stock outstanding. For all matters to be voted on at the Annual Meeting, holders of common stock are entitled to one vote per share.

A quorum of shareholders is necessary to hold a valid Annual Meeting. A majority of shares entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at the Annual Meeting. Broker non-votes and abstentions will be counted as being present or represented at the Annual Meeting for purposes of establishing a quorum. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without timely instruction from the beneficial owner of the shares and no instruction is given.

Vote Required and Board Recommendations

Proposal	Vote Required	Board Recommendation
I. Election of Directors	Plurality of the votes cast	“FOR” election of the nominated directors
II. Advisory “Say-on-Pay” Vote	Majority of the votes cast	“FOR” the approval, on an advisory basis, of the compensation paid to our named executive officers
III. Ratification of Appointment of Independent Public Accounting Firm for 2014	Majority of the votes cast	“FOR” ratification of the appointment of KMPG, LLP

Plurality Vote – Proposal I

Under New York law and the Company's bylaws, directors are elected by the affirmative vote, in person or by proxy, of a plurality of the votes cast at a meeting at which a quorum is present. Only votes actually cast will be counted for the purpose of determining whether a particular nominee received more votes than the persons, if any, nominated for the same seat on the Board of Directors. This means that, for Proposal I, the four director nominees identified in this Proxy Statement will be elected if they receive more affirmative votes than any other nominees.

Majority Vote – Proposals II and III

The approval of the Say on Pay advisory vote (Proposal II) and the ratification of the appointment of the Company's independent registered public accounting firm (Proposal III) require for adoption the affirmative vote of a majority of the votes cast by the holders of shares entitled to vote on the proposal at the Annual Meeting.

Abstentions and Broker Non-Votes

Abstentions and broker non-votes will be counted as present for purposes of determining the existence of a quorum at the Annual Meeting. However, abstentions and broker non-votes will not be treated as votes “cast” at the Annual Meeting, and will have no effect on the outcome of any of the proposals to be considered at the Annual Meeting.

If you hold your shares (i.e., they are registered) through a bank, broker or other nominee in “street name” but you do not provide the firm that holds your shares with your specific voting instructions, it will only be allowed to vote your shares on your behalf in its discretion on “routine” matters, but it cannot vote your shares in its discretion on your behalf on any “non-routine” matters. Proposal I relating to the election of your Board’s nominees for Directors and Proposal II relating to Say on Pay are considered “non-routine” matters. Proposal III relating to the appointment of the Company’s independent auditors for fiscal year 2014 is considered a “routine” matter. While your broker will have discretionary authority to vote your uninstructed shares “for” or “against” or “abstaining” from voting on Proposal III, your broker will have no discretionary authority to vote your shares on Proposals I and II at the Annual Meeting. Therefore, if you hold your shares in street name, you must give specific instructions to your broker at least 10 days before the Annual Meeting for your shares to be voted on those Proposals at the Annual Meeting.

Security Ownership of Management and Certain Beneficial Owners

The following table sets forth information, as of March 6, 2014, concerning, except as indicated in the footnotes below:

- Each person whom we know beneficially owns more than 5% of our common stock.
- Each of our directors and nominees for the Board of Directors.
- Each of our Named Executive Officers, as defined below under “Executive Compensation”.
- All of our directors and executive officers as a group.

Beneficial ownership is determined under the rules of the Securities and Exchange Commission (the “SEC”) and generally includes voting or investment power with respect to our securities. Except as indicated in the footnotes to this table, the persons named in the table below have sole voting and investment power with respect to all shares of common stock beneficially owned. The number of shares beneficially owned by each person as of March 6, 2014 includes shares of common stock that such person has the right to acquire on or within 60 days after March 6, 2014 upon the exercise of vested stock options and also includes shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof. For each person or group included in the table below, percentage ownership is calculated by dividing the number of shares beneficially owned by such person, calculated as described in the previous sentence, by the sum of the 4,206,631 shares of common stock outstanding on March 6, 2014 plus the number of shares of common stock that such person or group has the right to acquire on or within 60 days after March 6, 2014. Beneficial ownership representing less than one percent is denoted with an “*”

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Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Class
Directors and Officers		
James E. Biddle, Jr. (1)	21,427	*
Phillip Brothman (2)	42,465	*
Marsha S. Henderson	2,788	*
Gary A. Kajtoch (3)	44,792	1.03%
Kenneth C. Kirst (4)	12,599	*
Robert G. Miller, Jr. (5)	108,970	2.52%
David J. Nasca (6)	76,932	1.78%
John R. O'Brien (7)	11,632	*
Michael J. Rogers	2,186	*
Nora B. Sullivan	347	*
Thomas H. Waring, Jr. (8)	10,159	*
Lee C. Wortham	4,002	*
Directors and executive officers as a group; 14 persons (9)	350,195	8.09%
5% Security Holders		
Wellington Management Company, LLP (10) 280 Congress Street Boston, MA 02210	410,154	9.47%
Sandler O'Neill Asset Management, LLC (11) 780 Third Avenue, 5th Floor New York, NY 10017	306,700	7.08%
Castine Capital Management, LLC (12) One International Place, Suite 2401 Boston, MA 02110	248,000	5.73%

- (1) Includes 3,103 shares that Mr. Biddle may acquire by exercise of options exercisable on March 6, 2014 or within 60 days thereafter.
- (2) Includes 3,459 shares owned by Mr. Brothman's wife, 1,973 shares held by Merrill Lynch as custodian for Phillip Brothman IRA account, and 7,756 shares that Mr. Brothman may acquire by exercise of options exercisable on March 6, 2014 or within 60 days thereafter. As previously reported in a Form 8-K filed by the Company on November 25, 2013, Mr. Brothman has announced his decision to retire effective April 30, 2014.
- (3) Includes 20,908 shares that Mr. Kajtoch may acquire by exercise of options exercisable on March 6, 2014 or within 60 days thereafter and 2,533 shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof.
- (4) Includes 1,481 shares owned by Mr. Kirst's wife, and 2,000 shares that Mr. Kirst may acquire by exercise of options exercisable on March 6, 2014 or within 60 days thereafter.
- (5) Includes 27,868 shares that Mr. Miller may acquire by exercise of options exercisable on March 6, 2014 or within 60 days thereafter and 2,848 shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof.
- (6) Includes 1,249 shares owned jointly by Mr. Nasca and his wife, 477 shares owned by Mr. Nasca's children, 42,620 shares that Mr. Nasca may acquire by exercise of options exercisable on March 6, 2014 or within 60 days thereafter and 5,055 shares of restricted stock that are subject to forfeiture and transfer restrictions until the vesting date thereof.
- (7) Includes 3,921 shares that Mr. O'Brien may acquire by exercise of options exercisable on March 6, 2014 or within 60 days thereafter.
- (8) Includes 900 shares held by Mr. Waring's wife, and 4,654 shares that Mr. Waring may acquire by exercise of options exercisable on March 6, 2014 or within 60 days thereafter.
- (9) Includes 11,896 shares that such persons may acquire by exercise of options exercisable on March 6, 2014 or within 60 days thereafter.
- (10) Based on the most recently available Schedule 13G/A filed with the SEC on February 14, 2014.
- (11) Based on the most recently available Schedule 13D/A filed with the SEC on January 10, 2014.
- (12) Based on the most recently available Schedule 13G/A filed with the SEC on February 14, 2014.

Equity Compensation Plans. All equity compensation plans maintained by the company were approved by the Company's shareholders. Shown below is certain information as of December 31, 2012 concerning the shares of the Company's common stock that may be issued under existing equity compensation plans.

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity Compensation Plans Approved by Security Holders	(#)	(\$)	(#) (1)
Evans Bancorp, Inc. 2009 Long-Term Equity Incentive Plan	199,892	\$ 14.60	243,872
Evans Bancorp, Inc. 1999 Employee Stock Option and Long-Term Incentive Plan	64,084	\$ 18.88	-
Evans Bancorp, Inc. Employee Stock Purchase Plan	-	-	167,950
Total	263,976		411,822

(1) This column excludes shares reflected under the column “Number of Securities to be issued upon exercise of outstanding options.”

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) requires the Company's officers and directors, and persons who beneficially own more than 10% of the Company's common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Officers, directors and greater than 10% beneficial owners are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms furnished to the Company and written representations from the Company's officers and directors, the Company believes that during fiscal 2013, all Section 16(a) filing requirements applicable to its officers, directors and greater than ten percent beneficial owners were complied with by such persons, except that Nora B. Sullivan filed a late report on Form 4 to report a purchase of 200 shares of common stock of the Company.

PROPOSAL I – ELECTION OF DIRECTORS

The Company's bylaws provide for a classified board of directors, with three classes of directors, each nearly as equal in number as possible. Each class serves for a three-year term, and one class is elected each year. The Board of Directors is authorized by the Company's bylaws to fix from time to time, the number of directors that constitute the whole Board of Directors. The Board size is set at thirteen members. The nominees for director at the 2014 Annual Meeting are: James E. Biddle, Jr., Marsha S. Henderson, Kenneth C. Kirst, and Nora B. Sullivan, for terms to expire at the 2017 Annual Meeting and until their successors are duly elected and qualified.

The Board of Directors has no reason to believe that any nominee would be unable or unwilling to serve, if elected. In the event that any nominee for director becomes unavailable and a vacancy exists, it is intended that the Nominating Committee of the Board of Directors will recommend a substitute nominee for approval by the Board of Directors.

It is intended that proxies solicited by the Board of Directors will, unless otherwise directed, be voted "FOR" the director nominees: James E. Biddle, Jr., Marsha S. Henderson, Kenneth C. Kirst, and Nora B. Sullivan.

THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES OF THE BOARD OF DIRECTORS.

INFORMATION REGARDING DIRECTORS, DIRECTOR NOMINEES
AND EXECUTIVE OFFICERS

The following tables set forth the names, ages, and positions of the director nominees, the directors continuing in office, and the executive officers of the Company:

Nominees for Director:

Name	Age	Position	Term to Expire	Independent*
James E. Biddle, Jr.	52	Director	2017	Yes
Marsha S. Henderson	66	Director	2017	Yes
Kenneth C. Kirst	61	Director	2017	No
Nora B. Sullivan	56	Director	2017	Yes

* Independence has been determined by the Company's Board of Directors as defined in the listing rules of NYSE MKT.

Directors Continuing in Office and Executive Officers:

Name	Age	Position	Term Expires	Independent*
Phillip Brothman**	76	Director	2016	Yes
Robert G. Miller, Jr. †	57	Director	2015	No
		Secretary of the Company		
		President of The Evans Agency, LLC		
David J. Nasca †	56	Executive Vice President of Evans Bank, N.A. Director	2016	No
		President and Chief Executive Officer of the Company		
		President and Chief Executive Officer of Evans Bank, N.A.		
John R. O'Brien	64	Director	2015	Yes
Michael J. Rogers	56	Chairman of the Board Director	2015	Yes

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Thomas H. Waring, Jr.	56	Director	2016	Yes
Lee C. Wortham	56	Director	2016	Yes
Gary A. Kajtoch †	47	Vice Chairman of the Board Treasurer of the Company	---	---
		Executive Vice President and Chief Financial Officer of Evans Bank, N.A.		

† Executive Officer

* Independence has been determined by the Company's Board of Directors as defined in the listing rules of NYSE MKT

** As previously reported on a Form 8-K filed on November 25, 2013, Mr. Brothman has announced his intention to resign from the Board of Directors effective April 30, 2014.

Directors, Director Nominees and Executive Officer Information.

Set forth below are the biographies of (1) each of the nominees and continuing directors containing information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, and the experiences, qualifications, attributes or skills that caused the Board to determine that the person should serve as a director for the Company beginning in 2014, and (2) the executive officers of the Company.

Nominees for Director

Mr. Biddle has been a director of the Company since 2001. He serves as the Chairman and Treasurer of Mader Construction Co., Inc., and has held that position since 2001. Mr. Biddle serves as the Chief Financial Officer of Bullis Investors, LLC, and has held that position since 2007. In addition, Mr. Biddle serves as the Vice President and Treasurer of Arric Corp., an environmental remediation company. Mr. Biddle has extensive experience in the construction sector, an attribute that enables him to assist the Board in understanding the opportunities and risks of a large component of our loan portfolio. In addition, his experience as a treasurer provides the Board with skills in assessing risk and exercising diligence, which are functions relevant to his service on the Audit Committee, as well as the Governance and Nominating Committees. We believe that Mr. Biddle's work in the construction industry, his continuing executive experience, and his proven financial acumen make him a very valuable member of our Board and its Audit, Governance and Nominating Committees.

Ms. Henderson has been a director of the Company since 2011. She is the Consultant to the President at the University at Buffalo, a university in the State University of New York system, and has held that position since 2011. From 2005 to 2011, Ms. Henderson served as the Vice President for External Affairs at the University at Buffalo. Ms. Henderson was the President of the Western New York District of KeyBank, N.A. from 1998 to 2005. From 1990 to 1998, Ms. Henderson held the position of Senior Vice President and Market Manager, Private Clients Group, of Fleet Boston. Ms. Henderson worked at M&T Bank from 1971 to 1990, with much of her time spent in commercial lending and operations, including as Vice President of the WNY Commercial Group from 1985 to 1990. Ms. Henderson's experience working in a leadership position in the Western New York banking industry and her highly visible role in one of Western New York's leading institutions in the University at Buffalo provide the Board with valuable banking and strategic expertise and community leadership, and qualify her for service as chair of the Board's Governance Committee and a member of the Board's Nominating Committee.

Mr. Kirst has been a director of the Company since 2005. He is the Executive Vice President of Kirst Construction, Inc., a construction company, and has held that position since 2004. From 1976 until 2004, he was the Vice President of Kirst Construction, Inc. Mr. Kirst's significant experience as an executive in a construction company provides the Board with in-depth knowledge of the real estate marketplace. We believe that his high-level executive experience qualifies him for service as a member of our Board of Directors and its Human Resource and Compensation Committee.

Ms. Sullivan has been a director since September 2013. She is President of Sullivan Capital Partners, LLC, a financial services company providing investment banking and consulting services to closely-held private businesses. Ms. Sullivan focuses on strategic planning, mergers and acquisitions, and governance matters. Prior to founding Sullivan Capital Partners in 2004, Ms. Sullivan worked for Citigroup Private Bank from 2000 to 2004, providing wealth management and private equity services to high net worth clients. From 1995 to 1999, Ms. Sullivan was Executive Vice President of Rand Capital Corporation (NASDAQ: RAND), a publicly traded closed-end investment management company providing capital and managerial expertise to small and mid-size businesses. Ms. Sullivan began her career in the legal profession where she held various positions with significant legal responsibility and acquired a solid foundation in corporate related matters and business transactions. She is currently and has been a member of the board of directors of several privately held businesses, working closely with fellow board members, management and ownership on strategic planning initiatives, developing exit strategies and implementing sound governance practices. We believe Ms. Sullivan's unique combination of legal experience and financial services expertise qualifies her to serve on our Board of Directors, and as a

member of the Board's Human Resource and Compensation and Governance Committees.

Directors Continuing in Office and Executive Officers

Mr. Brothman has been a director of the Company since 1976. He was a partner in the law firm of Hurst Brothman & Yusick from January 1969 until February 2004 when Hurst Brothman & Yusick merged with Harris Beach PLLC. Mr. Brothman was a member of the law firm of Harris Beach PLLC from February 2004 until January 2010 when he became Senior Counsel to the Firm, and later retired as counsel to Harris Beach, PLLC on December 31, 2013. He served as Chairman of the Board of Directors of the Company and Chairman of the Board of Directors of Evans Bank, N.A. (the "Bank") from January 2001 through April 2012. Mr. Brothman has announced his intention to resign from our Board of Directors effective April 30, 2014. Mr. Brothman's board experience, from his eleven years as Chairman of the Company's Board and his three decades of experience as a member of the Company's Board of Directors, have provided him with key skills in working with directors and understanding board processes and functions. These same skills have made him well suited to serve on our Audit Committee and Human Resource and Compensation Committee. Further, we believe Mr. Brothman's professional interaction with multiple sectors of industry, including local municipalities and school districts, small and mid-sized businesses, and high net-worth individuals, have provided our Board with insights into the local business climate.

Mr. Miller has been a director of the Company since 2001 and has served as the Secretary of the Company since April 2010. He has served as the President of The Evans Agency, LLC ("TEA"), an indirect wholly-owned subsidiary of the Company, since 2000 and as Executive Vice President of the Bank, since December 2009. He also has served as the President of Evans National Financial Services, LLC, a wholly-owned subsidiary of the Bank, since May 2002. Mr. Miller serves as President of TEA pursuant to an employment agreement with the Company and TEA. Mr. Miller's substantial experience in the financial services industry gives him a solid foundation from which to advise the Board with respect to financial service acquisition opportunities, and his experience overseeing a financial sales force provides him with a practical background on matters such as developing strategies to succeed in a highly competitive marketplace.

Mr. Nasca has been a director of the Company since 2006. Mr. Nasca also serves as the President and Chief Executive Officer of the Company and as President and Chief Executive Officer of the Bank. He has held the position of President of the Company and the Bank since 2006, and Chief Executive Officer of the Company and the Bank since 2007. Mr. Nasca served as Chief Operating Officer of LifeStage, LLC, a health care services startup company, from October 2005 to August 2006. From June 2004 to July 2005, Mr. Nasca served as Executive Vice President of Strategic Initiatives of First Niagara Financial Group. Mr. Nasca held the position of Executive Vice President, Consumer Banking Group, Central New York Regional Executive of First Niagara Financial Group from June 2002 through June 2004. From October 2000 to June 2002, Mr. Nasca served as President and CEO of Iroquois Financial, Inc. and Cayuga Bank which were wholly owned by First Niagara Financial Group. Mr. Nasca serves as President and CEO of the Company and the Bank pursuant to an employment agreement with the Company and the Bank. As President and CEO, Mr. Nasca provides our Board with information gained from hands-on management of our operations, identifying our near-term and long-term challenges and opportunities. The Board has determined that Mr. Nasca's significant experience in the banking industry over the past 30 years, including operational, financial, and executive roles, as well as his unique perspective as leader of our management team, qualifies him for service as a member of our Board of Directors.

Mr. O'Brien has been a director of the Company since 2003 and has served as Chairman of the Board since April 2012. He previously served as Vice Chairman of the Board from 2008-2012. Prior to his retirement in June 2004, Mr. O'Brien served as the Executive Director of Financial Administration for the Roman Catholic Diocese of Buffalo, New York. Prior to his role with the Diocese of Buffalo, Mr. O'Brien was an audit partner at KPMG LLP, a national accounting and consulting firm. We believe his extensive high-level executive experience monitoring regulatory financial compliance and interacting with inside and outside public accountants and auditors routinely exposed him to financial analysis and

oversight, preparing him for service a member of the Audit Committee. These same skills and executive experience of over 40 years make him well suited as a member of our Governance, Nominating, and Human Resource and Compensation Committees.

Mr. Rogers has been a director of the Company since 2011. He is a certified public accountant in New York State and the managing member of a real estate development company, Oakgrove Development, LLC, a position he has held since 2009. Mr. Rogers was the Executive Vice President and Chief Financial Officer of Great Lakes Bancorp, Inc., the parent company of Greater Buffalo Savings Bank, from 2006 to 2008. From 2004 to 2006, Mr. Rogers worked as an independent consultant, principally on Sarbanes-Oxley initiatives and business rationalization reviews. Mr. Rogers worked at KPMG LLP, a leading accounting firm, from 1984 to 2004, serving as an audit partner from 1995 to 2004. In his role as an auditor at KPMG LLP, Mr. Rogers worked on several engagements for financial institutions, particularly banks. His many years of experience have provided Mr. Rogers with a very strong knowledge base on the banking industry. His previous roles as an audit partner, SEC reviewing partner, and CFO also demonstrate his high level of competence in the areas of finance and accounting in general, and SEC reporting in particular, qualify him to be our Audit Committee Chairman and provide the Board an additional expert on these matters in an increasingly complex regulatory environment.

Mr. Waring has been a director of the Company since 1998. He has owned and managed Waring Financial Group, a financial planning, insurance and financial services and sales firm, since 1996. He has also been the managing member of Family & Business Directions, LLC, a fee-based consulting business serving family-held and closely-held business owners, their families, and key executives, since 2010. Mr. Waring's financial services experience provides the Board with a deeper understanding of the products and services which the Company needs to provide in the marketplace to remain competitive, as well as the delivery of those products and services. Mr. Waring frequently advises high net worth individuals, family business owners and closely-held business owners. He is experienced in providing strategic planning and development advice, including designing and implementing executive and key employee benefits. We believe that Mr. Waring's qualifications to serve on our Board of Directors and Human Resource and Compensation Committee include his extensive sales and marketing experience with a financial services company, as well as his executive leadership and management experience.

Mr. Wortham has been a director of the Company since 2011 and has served as Vice Chairman since April 2012. He has been a Partner in Barrantys LLC, a consultant and service provider to wealthy families and family offices, since 2007. Prior to his role with Barrantys, Mr. Wortham was an Executive Vice President of First Niagara Financial Group from 2005 to 2007, where his responsibilities included wealth management, risk management, and corporate marketing. From 1999 to 2005, Mr. Wortham was the Executive Vice President of Global Private Client Services, Product Development, and Central Operations for The Bank of New York. Mr. Wortham held several positions at Chase Manhattan Bank and Chemical Bank (currently JP Morgan Chase & Co.) from 1985 to 1999, including leading the Global Private Bank's activities in Europe, the Middle East, and Africa while based in London, England. He started his career at M&T Bank in retail banking from 1980 to 1985. Mr. Wortham's extensive experience in the financial services industry makes him a valuable member of our Board, and its Audit, Human Resource and Compensation, Governance, and Nominating Committees. His expertise has been valuable in helping the Board evaluate the Company's strategies to diversify its product offerings and revenue stream as a growing and competitive financial institution.

Mr. Kajtoch has served as Treasurer of the Company and Chief Financial Officer of the Bank since 2007. He has also served as Executive Vice President of the Bank since 2009. Mr. Kajtoch served as Senior Vice President of the Bank from 2007 to 2009. Prior to joining the Company, Mr. Kajtoch served as a Vice President in the Finance Division of M&T Bank. His responsibilities at M&T Bank included serving as manager of Management Accounting from 2005 to 2007. Mr. Kajtoch serves as Treasurer of the Company and Chief Financial Officer and Executive Vice President of the Bank pursuant to an employment agreement with the Company and the Bank.

Independence of Directors

A majority of the Board of Directors, and each member of the Audit, Human Resource and Compensation, and Nominating Committees, are independent, as affirmatively determined by the Board, consistent with the criteria established by NYSE MKT and as required by our bylaws.

The Board has conducted an annual review of director independence for all current nominees for election as directors and all continuing directors. During this review, the Board considered transactions and relationships during the prior year between each director or any member of his or her immediate family and the Company and its subsidiaries, affiliates and principal shareholders, including those reported below under “Transactions with Related Persons.” The Board also examined transactions and relationships between directors or their affiliates and members of senior management or their affiliates. The purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of this review, the Board affirmatively determined that of the nominees, James E. Biddle, Jr., Marsha S. Henderson, and Nora B. Sullivan meet the Company’s standard of independence, as do the following continuing directors: Phillip Brothman, John R. O’Brien, Michael J. Rogers, Thomas H. Waring, Jr., and Lee C. Worthman. David J. Nasca and Robert G. Miller, Jr. were determined not to be independent because they are currently executive officers of the Company. Kenneth C. Kirst was determined not to be independent because transactions between the Bank and a company owned by Mr. Kirst’s son-in-law exceeded \$120,000 during 2013.

Leadership Structure. John R. O’Brien has served as Chairman of the Company’s Board of Directors since April 2012. In his capacity as Chairman, Mr. O’Brien chairs meetings of the Board and executive sessions of the Board, coordinates the activities of the other independent directors, and performs such other duties and responsibilities as the Board of Directors may determine. These duties also include chairing meetings of the Company’s shareholders, overseeing the preparation of agendas for meetings of the Board, keeping directors informed through the timely distribution of information and reports, maintaining contact with the Company’s CEO and outside counsel between meetings to stay current on developments and to determine when it may be appropriate to alert the Board to significant pending developments, serving as a liaison between independent directors and the CEO with respect to sensitive issues, and other matters.

We separated the positions of Chairman and CEO in 2001. While the separation of these positions is not required by our bylaws, we believe that it is the most appropriate leadership structure for us at this time. We believe that it is advantageous to separate the two positions in order to provide for independent director control over Board agenda and information flow, encourage open and lively communication between the independent directors and management, and to help balance the leadership of the Board.

Oversight of Risk Management. The Board’s role in the Company’s risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company, including operational,

financial, credit, liquidity, legal and regulatory, and strategic and reputational risks. The full Board (or the appropriate committee in the case of risks that are under the purview of a particular committee) receives these reports from the appropriate “risk owner” within the organization to enable it to understand our risk identification, risk management and risk mitigation strategies. When a committee receives the report, the chairman of the relevant committee reports on the discussion to the full Board during the committee reports portion of the next Board meeting. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. The Board’s role in the Company’s risk oversight process has not directly impacted its leadership structure.

Compensation Risk. The Human Resource and Compensation Committee considers risk and its influence on the Company's compensation programs. This Committee reviews each compensation element individually and in the aggregate to ensure that the overall compensation program provides a balanced perspective that ultimately aligns pay with performance while also ensuring bonus / incentive programs do not motivate inappropriate risk-taking. Equity award levels and practices are set to foster shared interests between management and shareholders, but are not considered by the Committee to be at levels that would drive inappropriate behavior. In the Committee's judgment, the compensation policies and practices of the Company do not give rise to material risks.

In addition, we are subject to guidance issued by the FDIC, the FRB and the OCC designed to ensure that incentive compensation arrangements at banking organizations appropriately tie rewards to longer-term performance and do not undermine the safety and soundness of the firm or create undue risks to the financial system. This guidance embodies three core principles, which are: (1) incentive compensation arrangements at a banking organization should provide employees incentives that appropriately balance risk and financial results in a manner that does not encourage employees to expose their organizations to imprudent risks; (2) these arrangements should be compatible with effective controls and risk management, and (3) these arrangements should be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. We believe that our incentive compensation programs are in compliance with this guidance.

Policy for Director Attendance at Annual Meeting. It is the policy of the Company that all directors be present at the Annual Meeting, barring unforeseen or extenuating circumstances. All directors were present at the Company's 2013 Annual Meeting, other than Ms. Sullivan, who was not yet a member of the Board of Directors.

Shareholder Communications with the Board of Directors. Shareholders and other parties interested in communicating directly with the Company's Board of Directors may do so by writing to the Evans Bancorp, Inc. Board of Directors, One Grimsby Drive, Hamburg, NY 14075. All correspondence received under this process is compiled and summarized by the Executive Assistant to the President and Chief Executive Officer of the Company and presented to the Board of Directors, in accordance with our Policy for Communication to the Board of Directors. Concerns relating to accounting, internal controls or auditing matters are handled in accordance with procedures established by the Audit Committee, as set forth in our Employee Complaint Procedure for Accounting and Auditing Matters. Each of these policies is available in the Governance Documents section of the Company's website (www.evansbancorp.com).

Code of Ethics for Chief Executive Officer and Principal Financial Officers. The Company has a "Chief Executive Officer/Treasurer/Controller Code of Ethics," which is applicable to the Company's principal executive officer, principal financial officer, and principal accounting officer. The "Chief Executive Officer/Treasurer/Controller Code of Ethics" is available in the Governance Documents section of the Company's website (www.evansbancorp.com). The Company intends to post amendments to or waivers from its code of ethics at this location on its website.

The Company's Board of Directors has four standing committees: the Audit Committee, the Governance Committee, the Human Resource and Compensation Committee and the Nominating Committee. The members of each committee have been nominated by the Chairman of the Board of Directors and approved by the full Board. The names of the members of each committee, together with a brief description of each committee's function, are set forth below.

Audit Committee:

Michael J. Rogers, Chairman James E. Biddle, Jr. Phillip Brothman
John R. O'Brien Lee C. Wortham

The Audit Committee met five times during fiscal 2013. The Audit Committee is responsible for reviewing the financial information of the Company that will be provided to shareholders and others, overseeing the systems of internal controls which management and the Board of Directors have established, selecting and monitoring the performance of the Company's independent auditors, and overseeing the Company's audit and financial reporting processes. The Board of Directors has determined that John R. O'Brien, James E. Biddle, Jr., Michael J. Rogers, and Lee C. Wortham each qualify as an "audit committee financial expert" as defined in Item 407(d) of Regulation S-K, and that each member of the Audit Committee is an "independent director" in accordance with applicable NYSE MKT listing requirements, including the heightened independence requirements applicable to Audit Committee members, and Rule 10A-3(b)(1) under the Exchange Act. The Board of Directors has adopted an Audit Committee Charter, which is available in the Governance Documents section of the Company's website at www.evansbancorp.com.

Human Resource and Compensation Committee:

Lee C. Wortham

Thomas H. Waring, Jr., Chairman	Phillip Brothman	Marsha S. Henderson (until 10/2013)
John R. O'Brien	Nora B. Sullivan (beginning 10/2013)	Lee C. Wortham

The Human Resource and Compensation Committee met five times during fiscal 2013. The Human Resource and Compensation Committee is responsible for administering the Company's equity incentive plans and awarding new grants thereunder, for administering the Evans Excels Performance Incentive Plan, the Employee Stock Purchase Plan and the Executive Severance Plan, for making such determinations and recommendations as the Human Resource and Compensation Committee deems necessary or appropriate regarding the remuneration and benefits of employees of the Company and its subsidiaries and, in addition, for reviewing with management the Compensation Discussion and Analysis and providing a report recommending to the Board of Directors whether the Compensation Discussion and Analysis should be included in the Proxy Statement.

The Human Resource and Compensation Committee has the authority to act on behalf of the Board of Directors in setting compensation policy, administering Board or shareholder approved compensation plans, approving benefit

programs and making decisions for the Board with respect to compensation of senior management. The Human Resource and Compensation Committee may delegate any of its responsibilities to a subcommittee comprised of one or more members of the Human Resource and Compensation Committee, the Board or members of management. As discussed in more detail below under “Compensation Discussion and Analysis,” the Company’s executive officers may attend Human Resource and Compensation Committee meetings to present data and analysis and to make recommendations regarding executive (excluding the President and CEO) and employee compensation, benefit plans and promotions. The Human Resource and Compensation Committee, on an annual basis, reviews and approves corporate goals and objectives relevant to CEO and other officer compensation, evaluates the performance of the CEO and the other executive officers in light of those goals and objectives, and determines and recommends compensation levels for the CEO and the other executive officers to the Board of Directors based on this evaluation.

The Human Resource and Compensation Committee also has the authority to review and recommend to the full Board for approval director compensation, including board fees, committee fees and additional compensation, including awards of restricted stock and stock options.

In carrying out its duties, the Human Resource and Compensation Committee has the authority to retain, at the Company's expense, to oversee the work of, and to terminate, a compensation consultant. The Human Resource and Compensation Committee also has the authority to retain independent counsel and other advisors at the Company's expense. The Human Resource and Compensation Committee engaged Arthur Warren & Associates, Esq., an executive compensation consultant specializing in community bank compensation plans, to provide advisory services regarding director compensation and preparation for the Company's first "Say On Pay" vote, conducted at the 2013 Annual Meeting of Shareholders. The Committee also engaged McLagan, an Aon Hewitt company providing Performance/Reward consulting and benchmarking services for the financial services industry, to provide the Committee with an update and reporting on recent compensation trends within the industry, described in greater detail under "Executive Compensation – Compensation Discussion and Analysis – Compensation Recovery Policy" and "Executive Compensation – Compensation Discussion and Analysis – Executive Total Compensation", respectively, below.

The Board of Directors has determined that each of the members of the Human Resource and Compensation Committee is an "independent director," in accordance with applicable NYSE MKT listing requirements, including the heightened independence requirements applicable to compensation committee members. The Board of Directors has adopted a Human Resource and Compensation Committee Charter, which is available in the Governance Documents section of the Company's website at www.evansbancorp.com.

Governance Committee:

Lee C. Wortham

Marsha S. Henderson, Chairwoman James E. Biddle, Jr. John R. O'Brien
Nora B. Sullivan Lee C. Wortham

The Governance Committee met twice during fiscal 2013. Its purpose is to assist the Board in developing and implementing corporate governance guidelines for the Company, and to provide oversight of the corporate governance affairs of the Company, including strategic planning. The Board of Directors has adopted a Governance Committee Charter, which is available in the Governance Documents section of the Company's website at www.evansbancorp.com.

Nominating Committee:

Lee C. Wortham

James E. Biddle, Jr., Chairman Marsha S. Henderson
John R. O'Brien Lee C. Wortham

The Nominating Committee met once during fiscal 2013. It is charged with the responsibility of identifying and recommending to the Board candidates for director nominees to be presented to the shareholders for their consideration at the annual meetings of shareholders, and to fill vacancies on the Board of Directors. The director nominees for the Annual Meeting were selected by a majority of the independent directors of the full Board. The Board of Directors has determined that each of the members of the Nominating Committee is an "independent director," in accordance with applicable NYSE MKT listing requirements. The Board of Directors has adopted a Nominating Committee Charter, which is available in the Governance Documents section of the Company's website at www.evansbancorp.com.

The Company's bylaws set out the procedure to be followed by shareholders desiring to nominate directors for consideration at an annual meeting of shareholders. Under the Company's bylaws, shareholder director nominations must be submitted to the Secretary of the Company in writing not less than 14 days nor more than 50 days immediately preceding the date of the annual meeting. If less than 21 days notice of the annual meeting is given to shareholders, nominations must be mailed or delivered to the Secretary of the Company not later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification must contain the following information to the extent known by the notifying shareholder: (a) name and address of each proposed nominee; (b) the

principal occupation of each proposed nominee; (c) the total number of shares of common stock of the Company that will be voted for each proposed nominee; (d) the name and residence address of the notifying shareholder; and (e) the number of shares of common stock of the Company owned by the notifying shareholder. Additionally, the Company's bylaws require that, in order to serve as a director of the Company, an individual must own at least \$50,000 aggregate market value of the Company's common stock, based on the trailing 365-day average price, and must be less than 70 years of age. Upon his or her first election or appointment to the Board of Directors, a new director must hold, or must obtain within 60 calendar days after such election or appointment, not less than \$10,000 aggregate market value of the Company's common stock, based on the trailing 365-day average price. A new director has a period of 5 years from the beginning of such director's term of office to obtain the required \$50,000 aggregate market value of the Company's common stock. The value of a new director's qualifying shares at the beginning of his or her term in office will be determined as of the date purchased or the date on which the individual becomes a director, whichever value is greater. Nominations not made in accordance with the bylaws of the Company may be disregarded by the presiding officer of the meeting, in his or her discretion, and upon his or her instruction, the inspectors of election may disregard all votes cast for each such nominee. However, in the event that any such nominee is nominated by more than one shareholder, the nomination shall be honored, and all votes cast in favor of such nominee shall be counted if at least one nomination for that person complies with the provisions of the bylaws of the Company.

The process whereby the Nominating Committee identifies director candidates may include identification of individuals well-known in the community in which the Company operates and individuals recommended to the Nominating Committee by current directors or officers who know those individuals through business or other professional relationships, as well as recommendations of individuals to the Nominating Committee by shareholders and customers. In its evaluation of prospective director candidates, the Nominating Committee considers an individual's independence (as defined in the listing rules of NYSE MKT), as well as his or her skills and experience relative to the needs of the Company. Director candidates meet personally with the members of the Nominating Committee and are interviewed to determine their satisfaction of the criteria referred to above. Although the Company has no policy regarding diversity, the charter of the Nominating Committee provides that diversity is one of the criteria the Nominating Committee may consider when selecting individuals to recommend for Board membership, together with independence, sound judgment, skill, integrity, willingness to make the required time commitment, understanding of financial statements and knowledge of and experience in the Com