EVANS BANCORP INC

FORM 10-K
(Annual Report)

Filed 3/29/2001 For Period Ending 12/31/2000

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

**FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

(mark one)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For fiscal year ended: December 31, 2000

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-18539

EVANS BANCORP, INC.
(Exact name of registrant as specified in its charter)

New York	16-1332767
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
14-16 North Main Street, Angola, New York	14006
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number (including area code) (716) 549-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
None	N/A

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, Par Value $.50 per share
(Title of Class)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to

Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ].

As of January 31, 2001, the aggregate market value of the registrant's common stock, $.50 par value, (the "Common Stock") held by nonaffiliates of the registrant was approximately $66,452,266 based upon the per share sale prices known to management at which the Company's Common Stock has actually been transferred in private transactions prior to that date. There is not, and has never been, an organized public trading market for the registrant's shares.

As of January 31, 2001, 1,759,601 shares of the registrant's Common Stock were outstanding.

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DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Registration Statement on Form 10, as amended by Amendment Nos. 1 and 2 (Registration No. 0-18539), the Registrant's Registration Statement on Form S-4 (Registration No. 33-25321), and the Registrant's Report on form 10-QSB for the period ended March 31, 1995, and the Registrant's Report on Form 10-KSB for the period ended December 31, 1995 and the Registrant's Reports on Form 10-Q for the periods ended June 30, 1996, March 31, 1997, September 30, 1999 and March 31, 2000 and the Registrant's Reports on Form 10-K for the period ended December 31, 1997 and December 31, 1998 are incorporated by reference in Part IV of this Form 10-K.

Portions of the Registrant's 2000 Annual Report to Shareholders are incorporated by reference in Part II of this Form 10-K.

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Item 1. BUSINESS

EVANS BANCORP, INC.

Evans Bancorp, Inc. (the "Company") was organized as a New York business corporation and incorporated under the laws of the State of New York on October 28, 1988 for the purpose of becoming a bank holding company. The Company is registered with the Federal Reserve Board as a bank holding company under the Bank Holding Company Act of 1956, as amended (the "BHCA"), and conducts its business through its wholly-owned subsidiary, Evans National Bank (the "Bank") and the Bank's wholly-owned subsidiaries, ENB Associates Inc. ("ENB") and M&W Agency, Inc. ("M&W"). The principal business of the Company, through the Bank, is commercial banking and consists of, among other things, attracting deposits from the general public and using these funds to extend credit and to invest in securities. The Bank offers a variety of loan products to its customers including commercial loans, commercial and residential mortgage loans, and consumer loans. In addition, the Bank offers deposit products which include checking and NOW accounts, passbook and statement savings and certificates of deposit. The Bank also offers electronic banking services including telephone banking, PC banking, Eas-E check card and is currently developing Internet Banking.

The Company has no material assets other than its investment in the Bank. The Company's sole business, therefore, is the ongoing business of the Bank and its subsidiaries.

EVANS NATIONAL BANK

The Bank was established in 1920 as a national banking association and currently is regulated by the Comptroller of the Currency. Prior to February 1995, the Bank was known as The Evans National Bank of Angola. Its legal headquarters is located at 14-16 N. Main Street, Angola, New York 14006.

The Bank is a full service commercial bank offering secured and unsecured commercial loans, consumer loans, educational loans and mortgages. It also accepts time and demand deposits.

As of December 31, 2000, the Bank had two subsidiaries, M&W Agency, Inc. and ENB Associates Inc. See Subsidiaries of the Bank.

As of December 31, 2000, the Bank had total assets of $224,549,143, total deposits of $186,701,319 and total stockholders' equity of $25,179,072.

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1993, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. When used in this report, or in the documents incorporated by reference herein, the words "anticipate", "believe", "estimate", "expect", "intend", "may", and similar expressions identify such forward-looking statements. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein. These forward-looking statements are based largely on the expectations of the Company or the Company's management and are subject to a number of risks and uncertainties, including but not limited to economic, competitive, regulatory, and other factors affecting the Company's operations, markets, products and services, as well as expansion strategies and other factors discussed elsewhere in this report filed by the Company with the Securities and Exchange Commission. Many of these factors are beyond the Company's control.

MARKET AREA

The Bank's primary market area is located in southern Erie County, northern Chautauqua County and northwestern Cattaraugus County, which includes the towns of Evans, Boston, Hamburg, Eden, Orchard Park, West Seneca and Hanover. This market area is the primary area where the Bank receives deposits and makes loans.

AVERAGE BALANCE SHEET INFORMATION

The table on the following page presents the significant categories of the assets and liabilities of the Company, interest income and interest expense, and the corresponding yields earned and rates paid for the last two years. The assets and liabilities are presented as daily averages. The average loan balances include both performing and nonperforming loans. Interest income on loans does not include interest on loans for which the Bank has ceased to accrue interest. Interest and yield are not presented on a tax-equivalent basis.

	2000			1999		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
ASSETS	($000)	($000)		($000)	($000)	
Interest-earning assets:						
Loans, Net	$121,788	$10,616	8.72%	$109,780	$9,295	8.47%
Taxable securities	37,715	2,746	7.28%	27,596	1,762	6.38%
Tax-exempt securities	33,385	1,550	4.64%	29,812	1,318	4.42%
Federal funds sold	2,626	159	6.05%	3,648	180	4.93%
Total interest-earning assets	195,514	15,071	7.71%	170,836	12,555	7.35%
Noninterest-earning assets						
Cash and due from banks	6,768			6,422		
Premises and equipment, net	3,790			3,764		
Other assets	4,907			3,119		
Total	$210,979			$184,141		
LIABILITIES & SHAREHOLDER'S EQUITY						
Interest-bearing liabilities:						
NOW accounts	$8,668	85	.98%	$7,721	76	.98%
Savings deposits	60,420	1,664	2.75%	55,308	1,437	2.60%
Time deposits	77,073	4,328	5.61%	64,754	3,209	4.96%
Fed Funds Purchased & Securities Sold U/A to Repurchase	8,343	414	4.96%	7,251	321	4.43%
Total interest-bearing liabilities	154,504	6,491	4.20%	135,034	5,043	3.73%
Noninterest-bearing liabilities:						
Demand deposits	33,974			28,273		
Other	2,361			2,136		
Total liabilities	190,839			165,443		
Shareholders' equity	20,140			18,698		
Total	$210,979			$184,141		
Net interest earnings		$8,580			$7,512	
Net yield on interest earning assets			4.40%			4.40%

In 2000, the Company's interest income increased by $2,515,926 over 1999, compared to an increase of $703,056 in 1999 over 1998. Also, interest expense on deposits increased by $1,447,364 in 2000 over 1999 compared to an increase of $96,586 in 1999 over 1998. The following table segregates these changes for the past two years into amounts attributable to changes in volume and changes in rates by major categories of assets and liabilities. The change in interest due to both volume and rate has been allocated to volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each.

	2000 Compared to 1999 Increase (Decrease) Due to			1999 Compared to 1998 Increase (Decrease) Due to		
			($000)			
	Volume	Rate	Total	Volume	Rate	Total
Interest earned on:						
Loans	$1,040	$281	$1,321	$462	$ (502)	$(40)
Taxable securities	707	277	984	375	54	429
Tax-exempt securities	163	69	232	256	(36)	220
Federal funds sold	(77)	56	(21)	101	(70)	94
Time deposits in other banks	0	0	0	0	0	0
Total interest-earning assets	$1,833	$683	$2,516	$1,194	$ (491)	$703
Interest paid on:						
NOW accounts	$9	$0	$9	$4	$1	$5
Savings deposits	138	89	227	213	(57)	156
Time deposits	656	462	1,118	78	(268)	(190)
Federal Funds Purchased & Securities Sold U/A Repurch.	57	36	93	148	(23)	125
Total interest-bearing liabilities	$860	$587	$1,447	$443	$ (347)	$ 96

SECURITIES ACTIVITIES

Income from securities represented approximately 28.5% of total interest income of the Company in 2000 and approximately 24.5% of total interest income of the Company in 1999. At December 31, 2000, the Bank's securities portfolio of $73,121,218 consisted primarily of United States ("U.S.") and federal agency obligations, state and municipal securities, corporate bonds and mortgage-backed securities issued by the Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corp.

In 1994, the Bank adopted Statement of Financial Accounting Standard No. 115, "Accounting for Certain Investments in Debt and Equity Securities." As a result, all securities in the Bank's portfolio are either designated as "held to maturity" or "available for sale".

The following table summarizes the Bank's securities with those designated as available for sale at fair value and securities designated as held to maturity valued at amortized cost as of December 31, 2000 and 1999:

	2000 ($000)	1999 ($000)
Available for Sale:		
U.S. Treasury and other U.S. government agencies	$39,487	$29,299
States and political subdivisions in the U.S.	28,894	29,077
Other	1,265	1,175
Total Securities Designated as Available for Sale	$69,646	$59,551
Held to Maturity:		
U.S. Treasury and other U.S. government agencies	$42	$47
States and political subdivisions in the U.S.	3,433	3,405
Total Securities Designated as Held to Maturity	$3,475	$3,449
Total Securities	$73,121	$63,000

SECURITIES POLICY. The Bank's asset liability management policy encompasses the areas of securities, capital, liquidity and interest sensitivity. The primary objective of the securities portfolio is to provide liquidity while maintaining safety of principal. Secondary objectives include investment of funds in periods of decreased loan demand, interest sensitivity considerations, providing collateral to secure local municipal deposits, supporting local communities through the purchase of tax-exempt securities and tax planning considerations. The Board of Directors of the Bank is responsible for establishing overall policy and reviewing performance.

The Bank's policy provides that acceptable portfolio investments include:
U.S. Government obligations, obligations of federal agencies, municipal obligations (general obligations, revenue obligations, school districts and non-rated issues from Bank's general market area), banker's acceptances, certificates of deposit, Industrial Development Authority Bonds, Public Housing Authority Bonds, corporate bonds (each corporation limited to the Bank's legal lending limit), and collateral mortgage obligations, Federal Reserve stock and Federal Home Loan Bank stock.

The Bank's securities policy is that in-state securities must be rated Moody's BAA (or equivalent) at the time of purchase. Out-of-state issues must be rated AA (or equivalent) at the time of purchase. Bonds or securities rated below A will be reviewed periodically to assure their continued credit worthiness. The purchase of non-rated municipal securities is permitted, but limited to those bonds issued by municipalities in the Bank's general market area which, in the Bank's judgment, possess no greater credit risk than BAA (or equivalent) bonds. The annual budgets of the issuers are reviewed by the Bank and a credit file of the issuers is kept on each non-rated municipal security with relevant financial information. In addition, the Bank's loan policy permits the purchase of notes issued by various states and municipalities which have not been rated by Moody's or Standard & Poors. The securities portfolio of the Bank is priced and rated on a monthly basis.

The following table sets forth the maturities and weighted average interest yields of the Bank's securities portfolio (yields on tax-exempt obligations have been computed on a tax-equivalent basis) as of December 31, 2000:

	Maturing							
	Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years	
	Amount ($000)	Yield	Amount ($000)	Yield	Amount ($000)	Yield	Amount ($000)	Yield
CLASSIFIED AS AVAILABLE FOR SALE AT FAIR VALUE:								
U.S. Treasury and other U.S. government agencies	$0	0%	$3,403	6.96%	$13,704	7.68%	$22,380	7.08%
States and political subdivisions	432	6.48	5,385	7.02	10,332	7.30	12,745	7.93
Other	1,265	6.47	0	0.00	0	0.00	0	0.00
Total Available for Sale	1,697	6.47	8,788	7.00	24,036	7.52	35,125	7.39
CLASSIFIED AS HELD TO MATURITY AT AMORTIZED COST:								
U.S. Treasury and other U.S. government agencies	0	0.00	0	0.00	0	0.00	42	0.00
States and political subdivisions	2,455	6.83	656	7.28	181	8.08	141	8.82
Total Held to Maturity	2,455	6.83	656	7.28	181	8.08	183	6.79
Total Securities	$4,152	6.69	$9,444	7.02	$24,217	7.53	$35,308	7.39

At December 31, 2000, approximately $39,529,000 of the Bank's securities portfolio were obligations of the U.S. Treasury and other U.S. government agencies.

LENDING ACTIVITIES

GENERAL. The Bank has a loan policy which is approved by the Board of Directors on an annual basis. The loan policy addresses the lending authorities of Bank officers, charge off policies, desired portfolio mix, and loan approval guidelines.

The Bank offers a variety of loan products to its customers including residential and commercial real estate mortgage loans, commercial loans, installment loans and student loans. The Bank primarily extends loans to customers located within the Western New York area. Income on loans represented approximately 70.4% of the total interest income of the Company in 2000 and approximately 74.0% of total interest income in 1999. The Bank's loan portfolio after unearned discounts, loan origination costs and allowances for credit losses totalled $128,779,052 and $116,433,438 at December 31, 2000 and December 31, 1999, respectively. At December 31, 2000, the Bank had established $1,428,467 as an allowance for loan losses which is approximately 1.11% of total loans. This compares with $838,167 at December 31, 1999 which was approximately 0.72% of total loans. The increase to the provision for loan losses reflects the assessment of the New York State economy, the local economy and is in accordance with regulations promulgated by the Office of the Comptroller of the Currency. The net loan portfolio represented approximately 57.4% and 58.6% of the Bank's total assets at December 31, 2000 and December 31, 1999, respectively.

REAL ESTATE LOANS. Approximately 83.9% of the Bank's loan portfolio at December 31, 2000 consisted of real estate loans or loans collateralized by mortgages on real estate including residential mortgages, commercial mortgages and other types of real estate loans. The Bank's real estate loan portfolio was $109,183,854 at December 31, 2000, compared to $98,868,125 at December 31, 1999. The real estate loan portfolio increased approximately 10.4% in 2000 over 1999 compared to an increase of 1.4% in 1999 over 1998.

The Bank offers fixed rate residential mortgages with terms of ten to thirty years with up to an 80% loan-to-value ratio. Fixed rate residential mortgage loans outstanding totaled $21,991,107 at December 31, 2000, which was approximately 16.9% of total loans outstanding. In 1995, the Bank entered into a contractual arrangement with the Federal National Mortgage Association ("FNMA") whereby mortgages can be sold to FNMA and the Bank retains the servicing rights. In 2000, approximately $705,200 of mortgages were sold to FNMA under this arrangement compared to $4,354,561 of mortgages sold in 1999. The Bank currently retains the servicing rights on $8.9 million in mortgages sold to FNMA.

Since 1993 the Bank has offered adjustable rate residential mortgages with terms of up to thirty years. Rates on these mortgages remain fixed for the first three years and are adjusted annually thereafter. On December 31, 2000, the Bank's outstanding adjustable rate mortgages were $2,235,916 or 1.7% of total loans. This balance did not include any construction mortgages.

The Bank also offers commercial mortgages with up to a 75% loan-to-value ratio for up to fifteen years on a variable and fixed rate basis. Many of these mortgages either mature or are subject to a rate call after three to five years. The Bank's outstanding commercial mortgages were $61,627,630 at December 31, 2000, which was approximately 47.3% of total loans outstanding. This balance included $5,655,736 in fixed rate and $55,971,894 in variable rate loans, which include rate calls.

The Bank also offers other types of loans collateralized by real estate such as home equity loans. The Bank offers home equity loans at variable and fixed interest rates with terms of up to fifteen years and up to an 80% loan-to-value ratio. At December 31, 2000, the real estate loan portfolio included $19,971,137 of home equity loans outstanding which represented approximately 15.3% of its total loans outstanding. This balance included $8,976,245 in variable rate and $10,994,892 in fixed rate loans.

The Bank also offers both residential and commercial real estate-construction loans at up to an 80% loan-to-value ratio at fixed interest or adjustable interest rates and multiple maturities. At December 31, 2000, fixed rate real estate-construction loans outstanding were $563,200 or 0.43% of the Bank's loan portfolio, and adjustable rate construction loans outstanding were $1,402,355 or 1.1% of the portfolio.

As of December 31, 2000, approximately $1,966,000 or 1.8% of the Bank's real estate loans were 30 to 90 days delinquent, $256,000 or 0.23% of the bank's real estate loans were more than 90 days delinquent and approximately $1,070,000 or 0.98% of real estate loans were nonaccruing.

COMMERCIAL LOANS. The Bank offers commercial loans on a secured and unsecured basis including lines of credit and term loans at fixed and variable interest rates and multiple maturities. The Bank's commercial loan portfolio totaled $14,783,192 and $14,173,095 at December 31, 2000 and December 31, 1999, respectively. Commercial loans represented approximately 11.4% and 12.1% of the Bank's total loans at December 31, 2000 and December 31, 1999, respectively.

As of December 31, 2000, approximately $72,000 or 0.49% of the Bank's commercial loans were 30 to 90 days past due and $125,000 or 0.85% of its commercial loans were nonaccruing.

Commercial lending entails significant additional risk as compared with real estate loans. Collateral, where applicable, may consist of inventory, receivables, equipment and other business assets. Approximately fifty-five percent of the Bank's commercial loans are variable rate which are tied to the prime rate.

INSTALLMENT LOANS. The Bank's installment loan portfolio (which includes commercial and automobile loans, personal loans and revolving credit card balances) totaled $3,140,291 and $2,356,914 at December 31, 2000 and December 31, 1999, respectively, representing approximately 2.4% of the Bank's total loans at December 31, 2000 and 2.0% of the Bank's total loans at December 31, 1999. Traditional installment loans are offered at fixed interest rates with various maturities up to 60 months, on a secured and unsecured basis. On December 31, 2000, the installment loan portfolio included $257,665 in fixed rate card balances at an interest rate of 15.6% and $39,071 in the variable rate option. As of December 31, 2000, approximately $16,000 or 0.51% of the Bank's installment loans were 30-90 days past due and approximately $9,000 or 0.29% of the Bank's installment loans were more than 90 days past due.

STUDENT LOANS. The Bank's student loan portfolio totaled $337,536 at December 31, 2000 and $371,453 at December 31, 1999. Student loans represented 0.26% of the Bank's total loans at December 31, 2000 and 0.3% of the Bank's total loans at December 31, 1999. These loans are guaranteed by the federal government and the New York State Higher Education Assistance Corporation. The Bank offers student loans at variable interest rates with terms of up to 10 years. In 1995, the Bank entered into a contract with the Student Loan Marketing Association ("SLMA"). Under terms of this agreement, SLMA services the Bank's loans to students who are still in school and subsequently purchases those loans when the student goes into repayment. The Bank sold $800,135 and $873,257 of its student loans to SLMA in 2000 and 1999 respectively. Student loan products include Federal Plus and HEAL loans.

OTHER LOANS. Other loans totaled $1,350,205 at December 31, 2000 and $1,101,391 at December 31, 1999. Other loans consisted primarily of loans to municipalities, hospitals, churches and non-profit organizations. These loans are at fixed or variable interest rates with multiple maturities. Other loans also include overdrafts.

DIRECT FINANCING LEASE LOANS. The Bank participates as a lessor in a leasing agreement that is classified as a direct financing lease. The direct financing lease loan totaled $1,040,722 at December 31, 2000. This loan represented 0.80% of the Bank's total loans at December 31, 2000.

The Bank's ability to lend larger amounts to any one borrower is subject to regulation by the Comptroller of the Currency. The Bank continually monitors its loan portfolio to review compliance with new and existing regulations.

The following table summarizes the major classifications of the Bank's loans (net of deferred origination costs) at December 31, 2000, and 1999:

	December 31,	
	2000	1999
	($000)	
Real Estate	$109,184	$98,868
Commercial	14,783	14,173
Installment	3,140	2,357
Student Loans	337	371
All Other	1,350	1,101
Direct Financing Lease	1,041	0
Net deferred loan origination costs	372	401
Total Loans	130,207	117,271
Allowance for credit losses	(1,428)	(838)
Net loans	$128,779	$116,433

LOAN MATURITIES. The following table shows the maturities of commercial and real estate construction loans outstanding as of December 31, 2000 and the classification of loans due after one year according to sensitivity to changes in interest rates:

	($000)			
	0-1 Yr.	1-5 Yrs.	Over 5 Yrs.	Total
Commercial	$4,741	$5,408	$4,634	$14,783
Real estate construction	1,411	554	0	1,965
	$6,152	$5,962	$4,634	$16,748
Loans maturing after one year with:				
Fixed rates		$3,933	$96	
Variable rates		2,029	4,538	
		$5,962	$4,634	

LOAN LOSSES. The following table summarizes the Bank's non-accrual and past due loans as of December 31, 2000 and December 31, 1999. The Bank had no restructured loans as of those dates. Any loans classified for regulatory purposes as loss, doubtful, substandard or special mention that have not been disclosed do not (i) represent or result from trends or uncertainties which management reasonably expects will materially impact future operating results, liquidity or capital resources, or (ii) represent material credit about which management has serious doubts as to the ability of such borrowers to comply with the loan repayment terms. See also "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations -

Provision for Loan Losses."

	2000	1999
	($000)	
Nonaccrual loans	$1,195	$1,725
Accruing loans past due 90 days or more	265	47
Total	$1,460	$1,772

Information with respect to nonaccrual loans at December 31, 2000 and December 31, 1999 is as follows:

	2000	1999
	($000)	
Nonaccrual loans	$1,195	$1,725
Interest income that would have been recorded under the original terms	78	76
Interest income recorded during the period	70	43

At December 31, 2000, $1,195,000 of nonaccrual loans are collateralized.

The following tables summarize the Bank's allowance for loan losses and changes in the allowance for credit losses by loan categories:

ANALYSIS OF CHANGES IN THE ALLOWANCE FOR LOAN LOSSES

	2000	1999
BALANCE AT BEGINNING OF YEAR	$838,167	$729,199
CHARGE-OFFS		
Commercial, Financial, Agricultural	(53,799)	(26,130)
Real Estate - Mortgages	(47,794)	(25,447)
Installment Loans	(3,463)	(18,966)
TOTAL CHARGE-OFFS	(105,056)	(70,543)
RECOVERIES		
Commercial, Financial, Agricultural	238	500
Real Estate - Mortgages	1,368	384
Installment Loans	4,750	8,138
Overdrafts	0	489
TOTAL RECOVERIES	6,356	9,511
NET CHARGE-OFFS	(98,700)	(61,032)
ADDITIONS CHARGED TO OPERATIONS	689,000	170,000
BALANCE AT END OF YEAR	$1,428,467	$838,167

The increase to the allowance for loan losses reflects the continued growth trend in commercial loans and the Bank's assessment of the local and New York State economic environment. Both have lagged behind national prosperity. In the event of an economic downturn, the Bank's market would be more susceptible to potential credit problems due to the marginal job growth, the declining population base and the concentration of loans in commercial real estate. The Bank's increase to the allowance in the fourth quarter of 2000 is in accordance with the regulations promulgated by the Office of the Comptroller of the Currency.

ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

	Balance at 12/31/00 Attributable to:	Balance at 12/31/99 Attributable to:	Percent of Loans in Each Category to Total Loans:	
			2000	1999
Real Estate Loans	$600,206	$716,035	84.1%	84.7%
Commercial Loans & Leases	95,528	50,297	12.2	12.1
Installment Loans (Includes Credit Cards)	65,992	56,203	2.4	2.0
Student Loans	0	0	0.3	0.3
All Other Loans	0	0	1.0	0.9
Unallocated	666,741	15,632	n/a	n/a
Total	$1,428,467	$838,167	100.0%	100.0%

SOURCES OF FUNDS - DEPOSITS

GENERAL. Customer deposits represent the major source of the Bank's funds for lending and other investment purposes. In addition to deposits, other sources of funds include loan repayments, loan sales on the secondary market, interest and dividends from investments, matured investments, and borrowings from the Federal Reserve Bank, Federal Home Loan Bank and First Tennessee Bank.

DEPOSITS. The Bank offers a variety of deposit products including checking, passbook, statement savings, money market, NOW accounts, certificates of deposit and jumbo certificates of deposit. Deposits of the Bank are insured up to the limits provided by the Federal Deposit Insurance Corporation ("FDIC"). At December 31, 2000, the Bank's deposits totalled $186,701,319 consisting of the following:

Demand deposits	$ 36,607,680
NOW and Money Market accounts	9,550,131
Regular savings	58,142,285
Time deposits, $100,000 and over	30,779,658
Other time deposits	51,621,565
Total	$186,701,319

The following table shows daily average deposits and average rates paid on significant deposit categories by the Bank:

	2000		1999	
	Average Balance ($000)	Weighted Average Rate	Average Balance ($000)	Weighted Average Rate
Demand Deposits	$ 33,973	---%	$ 28,273	---%
NOW and Money Market Accounts	8,668	.98%	7,721	.98%
Regular Savings	60,056	2.77%	55,308	2.60%
Time Deposits	77,073	5.61%	64,754	4.96%
Total	$179,770	3.38%	$156,056	3.03%

The Bank has a very stable deposit base and no material amount of deposits is obtained from a single depositor or group of depositors (including federal, state and local governments). The Bank has not experienced any significant seasonal fluctuations in the amount of its deposits.

FEDERAL FUNDS PURCHASED AND OTHER BORROWED FUNDS. Another source of the Bank's funds for lending at December 31, 2000 consisted of long term borrowings from the Federal Home Loan Bank.

Other borrowed funds consisted of a $4,409,068 long-term borrowing. $4,000,000 of the long-term borrowings consisted of various advances from the Federal Home Loan Bank with interest rates ranging from 4.83% to 5.07%. The maturities of other borrowed funds are as follows:

2001	$409,068
2002	1,000,000
2003	2,000,000
2004	1,000,000
Total	$ 4,409,068

SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE. The Bank enters into agreements with depositors to sell to the depositors securities owned by the Bank and repurchase the identical security, generally within one day. No physical movement of the securities is involved. The depositor is informed the securities are held in safekeeping by the Bank on behalf of the depositor. Securities sold under agreements to repurchase totaled $3,869,172 at December 31, 2000 compared to $3,699,829 at December 31, 1999.

ASSET AND LIABILITY MANAGEMENT

Like all financial institutions, the Bank must constantly monitor its exposure to interest rate risk. Proper management of interest sensitive funds is necessary to help secure the Bank's earnings against extreme changes in interest rates. In 1995, an Asset/Liability Management Committee ("ALCO") was established for the purpose of evaluating the Bank's short-range and long-range liquidity position and the potential impact of a sudden change in interest rates on the Bank's capital and earnings. Specific minimum guidelines for liquidity and capital ratios have been established, and maximum guidelines have been set for the negative impact acceptable on net interest income and the market value of assets as a result of a shift in interest rates. These guidelines have been delineated in the Bank's formal Asset/Liability Policy which also includes guidelines for investment activities and funds management. The ALCO meets regularly to review the Bank's liquidity, gap, interest rate risk and capital positions and to formulate its strategy based on current economic conditions, interest rate forecasts, loan demand, deposit volatility and the Bank's earnings objectives.

The following table summarizes the interest rate sensitivity analysis for the Bank as of December 31, 2000 for the periods indicated:

	0 to 3 Months	4 to 12 Months	One to Five Years	Over Five Years
	(in millions)			
Interest-sensitivity assets	$42.8	$26.5	$ 86.2	$47.6
Interest-sensitivity liabilities	46.4	35.9	108.0	4.7
Interest sensitivity gap	$(3.6)	$(9.4)	$(21.8)	$42.9

The primary assets and liabilities in the one year maturity range are securities, commercial loans and time deposits. As of December 31, 2000, the Bank's cumulative one year gap ratio (rate sensitive assets divided by rate sensitive liabilities) was .84 as compared to .72 at December 31, 1999 and .81 as of December 31, 1998. The Bank has more liabilities than assets repricing over the next twelve months. However, since liabilities tend to reprice less quickly than assets, management believes that earnings will not be significantly impaired should rates rise.

The following schedule sets forth the maturities of the Bank's time deposits as of December 31, 2000:

	Time Deposit Maturity Schedule (in millions)				
	0-3 Mos.	3-6 Mos.	6-12 Mos.	Over 12 Mos.	Total
Time deposits - $100,000 and over	$21.1	$3.2	$4.0	$2.5	$30.8
Other time deposits	10.0	6.4	13.2	22.0	51.6
Total time deposits	$31.1	$9.6	$17.2	$24.5	$82.4

MONETARY POLICY

The earnings of the Company and the Bank are also affected by the monetary policy of the Federal Reserve Board. An important function of the Federal Reserve System is to regulate the money supply and prevailing interest rates. Among the instruments used to implement those objectives are open market operations in U.S. Government securities and changes in reserve requirements against member bank deposits. These instruments are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may also affect interest rates charged on loans by the Bank or paid on its deposits

ENVIRONMENTAL MATTERS

To date, the Bank has not been required to perform any investigation or clean-up activities, nor has it been subject to any environmental claims. There can be no assurance, however, that this will remain the case in the future.

In the course of its business, the Bank has acquired and may acquire in the future, property securing loans that are in default. There is a risk that the Bank could be required to investigate and clean-up hazardous or toxic substances or chemical releases at such properties after acquisition by the Bank, and may be held liable to a governmental entity or third parties for property damage, personal injury and investigation and clean-up costs incurred by such parties in connection with such contamination. In addition, the owner or former owners of contaminated site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from such property.

COMPETITION

All phases of the Bank's business are highly competitive. The Bank competes actively with local commercial banks as well as other commercial banks with branches in the Bank's market area of southern Erie County, northern Chautauqua County, and Northwestern Cattaraugus County, New York. The Bank considers its major competition to be HSBC Bank USA (formerly Marine Midland Bank) and Manufacturers and Traders Trust Company, both headquartered in Buffalo, New York. Other major competition consists of Key Bank, N.A., and Fleet National Bank of New York, both headquartered in Albany, New York and also First Niagara Bank (formerly Lockport Savings Bank), headquartered in Lockport, New York. Additional competition includes Charter One Bank, headquartered in Cleveland, Ohio and Citibank, NA, headquartered in Rochester, New York. The Bank is generally competitive with all financial institutions in its service area with respect to interest rates paid on time and savings deposits, service charges on deposit accounts, and interest rates charged on loans.

REGULATION

The operations of the Bank are subject to federal and state statutes applicable to banks chartered under the banking laws of the United States, to members of the Federal Reserve System and to banks whose deposits are insured by the Federal Deposit Insurance Corporation ("the FDIC"). Bank operations are also subject to regulations of the Comptroller of the Currency, the Federal Reserve Board, the FDIC and the New York State Banking Department.

The primary supervisory authority of the Bank is the Comptroller of the Currency, who regularly examines the Bank. The Comptroller of the Currency has the authority under the Financial Institutions Supervisory Act to prevent a national bank from engaging in an unsafe or unsound practice in conducting its business.

Federal and state banking laws and regulations govern, among other things, the scope of a bank's business, the investments a bank may make, the reserves against deposits a bank must maintain, the loans a bank makes and collateral it takes, the activities of a bank with respect to mergers and consolidations and the establishment of branches. Branches may be established within the permitted areas of New York State only after approval by the Comptroller of the Currency.

A subsidiary bank (such as the Bank) of a bank holding company is subject to certain restrictions imposed by the Federal Reserve Act on any extensions of credit to the bank holding company or its subsidiaries, on investments in the stock or other securities of the bank holding company or its subsidiaries and on taking such stock or securities as collateral for loans. The Federal Reserve Act and Federal Reserve Board regulations also place certain limitations and reporting requirements on extensions of credit by a bank to principal shareholders of its parent holding company, among others, and to related interests of such principal shareholders. In addition, such legislation and regulations would affect the terms upon which any person becoming a principal shareholder of a holding company may obtain credit from banks with which the subsidiary bank maintains a correspondent relationship.

Federal law also prohibits acquisitions of control of a bank holding company (such as the Company) without prior notice to certain federal bank regulators. Control is defined for this purpose as the power, directly, or indirectly, to direct the management or policies of the bank or bank holding company or to vote 25% or more of any class of voting securities of the bank holding company.

In addition to the restrictions imposed upon a bank holding company's ability to acquire control of additional banks, federal law generally prohibits a bank holding company from acquiring a direct or indirect interest in, or control of 5% or more of the outstanding voting shares of any company, and from engaging directly or indirectly in activities other than that of banking, managing or controlling banks or furnishing services to subsidiaries, except that a bank holding company may engage in, and may own shares of companies engaged in certain activities found by the Federal Reserve Board to be closely related to banking or managing or controlling banks as to be a proper incident thereto.

The Gramm-Leach-Bliley Act of 1999 modernizes the laws regarding the financial services industry by expanding considerably the powers of banks and bank holding companies to sell financial products and services. The Act authorizes operating subsidiaries of national banks to sell financial products without geographic limitation, reforms the Federal Home Loan Bank system to increase access to loan funding, protects banks from certain state insurance regulation considered discriminatory and includes new provision in the area of privacy and customer information. The Bank utilized the provisions of this act to commence the operations of M&W Agency, Inc. and ENB Associates Inc.

From time to time, various types of federal and state legislation have been proposed that could result in additional regulation of, and restrictions on, the business of the Bank. It cannot be predicted whether any such legislation will be adopted or how such legislation would affect the business of the Bank. As a consequence of the extensive regulation of commercial banking activities in the United States, the Bank's business is particularly susceptible to being affected by federal legislation and regulations that may increase the costs of doing business.

Under the Federal Deposit Insurance Act, the Comptroller of the Currency possesses the power to prohibit institutions regulated by it (such as the Bank) from engaging in any activity that would be an unsafe and unsound banking practice or would otherwise be in violation of law. Moreover, the Financial Institutions and Interest Rate Control Act of 1978 ("FIRA") generally expands the circumstances under which officers or directors of a bank may be removed by the institution's federal supervisory agency, restricts lending by a bank to its executive officers, directors, principal shareholders or related interests thereof, restricts management personnel of a bank from serving as directors or in other management positions with certain depository institutions whose assets exceed a specified amount or which have an office within a specified geographic area, and restricts management personnel from borrowing from another institution that has a correspondent relationship with their bank. Additionally, FIRA requires that no person may acquire control of a bank unless the appropriate federal supervisory agency has been given 60 days prior written notice and within that time has not disapproved of the acquisition or extended the period for disapproval.

Under the Community Reinvestment Act of 1977, the Comptroller of the Currency is required to assess the record of all financial institutions regulated by it to determine if these institutions are meeting the credit needs of the community (including low and moderate income neighborhoods) which they serve and to take this record into account in its evaluation of any application made by any such institutions for, among other things, approval of a branch or other deposit facility, office relocation, a merger or an acquisition of bank shares.

The Company must give prior notice to the Federal Reserve Board of certain purchases or redemptions of its outstanding equity securities. The Federal Reserve Board has adopted capital adequacy guidelines for bank holding companies (on a consolidated basis) substantially similar to those that apply to the Bank. Under guidelines adopted in January 1989, bank holding companies with at least $150 million in assets are required to maintain a ratio of qualifying total capital to weighted risk assets of at least 8% effective December 31, 1993. For bank holding companies with less than $150 million in assets, the above-described ratio will not apply on a consolidated basis, but will apply on a bank-only basis unless (i) the parent holding company is engaged in non-bank activities involving significant leverage, or (ii) the parent holding company has a significant amount of outstanding debt held by the general public. The Federal Reserve Board has the discretionary authority to require higher capital ratios.

In connection with the risk-based capital framework applicable to bank holding companies described above, the Federal Reserve Board applies a risk-based capital framework for Federal Reserve member banks, such as the Bank. The framework requires banks to maintain minimum capital levels based upon a weighing of their assets according to risk. Since December 31, 1992, Federal Reserve member banks have been required to maintain a ratio of qualifying total capital to risk-weighted assets of a minimum of 8%, and Tier 1 Capital to Assets ratio of 4%. A minimum leverage ratio of 3% is required for banks with the highest regulatory examination ratings and not contemplating or experiencing significant growth or expansion. All other banks are required to maintain a minimum leverage ratio of at least 1-2% above the stated minimum leverage ratio of 3%.

A comparison of the Bank's capital ratios as of December 31, 2000 and December 31, 1999 with these minimum requirements is presented below:

	Bank		
	2000	1999	Minimum Requirements
Total Risk-based Capital	16.6%	16.6%	8%
Tier 1 Risk-based Capital	15.6%	15.9%	4%
Leverage Ratio	9.9%	10.1%	3-5%

As of December 31, 2000, the Bank met all three capital requirements.

Management is not aware of any known trends, events, uncertainties, or current regulatory recommendations that will have, or that are reasonably likely, to have a material effect on the Bank's liquidity, capital resources or operations.

SUBSIDIARIES OF THE BANK

M&W AGENCY, INC. Effective September 1, 2000, the Company completed its previously announced acquisition of the assets, business and certain liabilities of M&W Group, Inc., a retail property and casualty insurance agency headquartered at Silver Creek, New York, with offices located in Angola, North Collins, South Dayton, Cattaraugus, Randolph and West Seneca, New York. The insurance agency acquired will be operated through M&W Agency, Inc. ("M&W"), a newly formed operating subsidiary of the Bank.

M&W's legal headquarters are located at 265 Central Ave., Silver Creek, New York 14136. M&W is a full-service insurance agency offering personal, commercial and financial services products. It also has a small consulting department. As of December 31, 2000, on an annualized basis, M&W had a premium volume of $13,000,000 and total income of $2,158,870.

M&W's primary market area is southern Erie, Chautauqua and Cattaraugus counties. M&W maintains offices in Silver Creek, Angola, North Collins, West Seneca, Cattaraugus, South Dayton and Randolph, New York. All lines of personal insurance are provided including automobile, homeowners, umbrellas, boats, recreational vehicles and landlord coverages. Commercial insurance products are also provided, consisting of property, liability, automobile, inland marine, workers compensation, umbrellas, bonds and crop insurance. M&W also provides the following financial services products: life and disability insurance, medicare supplements, long term care, annuities, mutual funds, retirement programs and New York State Disability.

M&W has a small consulting division which does work almost exclusively with school districts. The majority of the work is done in preparing specifications for bidding and reviewing existing insurance programs. The majority of the consulting accounts are located in Central and Eastern New York. In the personal insurance area the majority of M&W's competition comes from direct writers as well as some small local agencies located in the same towns and villages in which M&W has offices. In the commercial business segment the majority of the competition comes from larger agencies located in and around Buffalo, New York. With the large number of carriers it has available, they have been able to remain competitive in all aspects of their business.

M&W is regulated by the New York State Insurance Department. It meets and maintains all licensing and continuing education requirements required by the State of New York.

ENB ASSOCIATES INC. ENB Associates Inc., a wholly-owned subsidiary of the Bank, was established during the first quarter of 2000 and provides non-deposit investment products, such as mutual funds and annuities, to bank customers at bank branch locations. ENB Associates Inc. has an investment services agreement with O'Keefe Shaw & Co.,Inc., through which ENB can purchase and sell securities to its customers. Prior to 2000, there was no impact on the Company's financial statements for this subsidiary.

Commencing in 2000, the Company operates in two reportable segments-banking and insurance. For the years ended December 31, 1999 and 1998 the Company determined that its business was comprised of banking activity only.

EMPLOYEES

As of February 28, 2001, the Bank employed 84 persons on a full-time basis and 10 part-time employees. In addition, ENB Associates Inc. employed 1 person on a full-time basis. M&W Agency, Inc. also employed 29 persons on a full-time basis and 3 part-time employees.

Item 2. PROPERTIES

The Bank conducts its business from its main office and six branch offices. The main office is located at 14-16 North Main Street in Angola, New York. The main office facility is 9,344 square feet and is owned by the Bank. This facility is occupied by the Office of the President as well as the Loan and Administration Divisions.

The Bank also owns three of its six branch offices. One is a 3,900 square foot facility located at 8599 Erie Road in the Town of Evans. Another is a 1,530 square foot facility located at 25 Main Street, Forestville, New York and the third is a 3,650 square foot branch located at 6480 Erie Road, Derby, New York.

In 1995, the Bank purchased property adjacent to the Derby Office, providing additional parking facilities for customers and enabling future expansion. An existing building on the property was leased to a tenant for a five year term which expired November 30, 2000. The Bank is extending the lease on a month to month basis until the present tenant vacates the building in 2001. At that time the Bank will renovate the building for its own use.

The Bank purchased a vacant lot across from the North Boston Branch in 1991. Preliminary work has been done on the site. The construction and furnishing of a new office in North Boston, on the vacant lot, is anticipated to be ready for occupancy the fourth quarter of 2001. At this time the current lease agreement with the existing North Boston Branch will continue through December 31, 2001.

The Bank leases branch offices in North Boston, Hamburg and West Seneca. The 1,280 square foot branch office at 7186 Boston State Road, North Boston, New York is occupied pursuant to a land lease which provides for monthly payments of $1,375 through January 1, 2001, with an option to be renewed for an additional five year term. This lease has been extended through January 1, 2002 and provides for monthly payments of $1,583.33 during the extended period. The 3,000 square foot branch office at 5999 South Park Avenue, Hamburg, New York, is occupied pursuant to a twenty year lease which provides for monthly payments of $5,875 for the first five years through October 31, 2000. Thereafter, monthly payments increase annually from $6,162.50 in Year Six to $7,967.50 in Year Twenty. In September 1999, the Bank relocated its West Seneca branch office to 3864 square feet of space at 938 Union Road, West Seneca, N.Y. 14224, in the Southgate Plaza. In addition the Bank leases 726 square feet for a drive-thru facility. The term of the lease is five years extending through August 31, 2004 with an option provided of an additional five years. Monthly payments during the initial term of the lease are $4250.40 per month for the branch office space and an additional $399.30 per month for the drive-thru facility. Monthly payments during the option period equal $4590.44 and $439.23 respectively.

The Bank has located a cash dispensing style ATM at Bauer Service Inc. 4298 South Buffalo Road, Orchard Park, N.Y. 14127. There are no lease payments required.

The Bank opened an in-school branch banking facility in the West Seneca East High School, 4760 Seneca Street, West Seneca, N.Y. 14224. The in-school branch has a cash dispensing style ATM located at the site. There are no lease payments required.

M&W leases the following offices from Millpine Enterprises, a partnership owned by Mr. Robert Miller and his family: 265 Central Avenue, Silver Creek, New York; 5 Commercial Street, Angola, New York; 11 Main Street, Cattaraugus, New York; 213 Pine Street, South Dayton, New York. Each lease is dated September 1, 2000 and extends for a period of four years with three options to renew for an additional three year term each.

M&W also leases the following offices on a month to month basis: 10510 Main Street, North Collins, New York; 7 Bank Street, Randolph, New York.

Item 3. LEGAL PROCEEDINGS

There are no legal proceedings to which the Company is a party.

The nature of the Bank's business generates a certain amount of litigation involving matters arising in the ordinary course of business. However, in the opinion of management of the Bank, there are no proceedings pending to which the Bank is a party or to which its property is subject, which, if determined adversely to the Bank, would be material in relation to the Bank's financial condition, nor are there any proceedings pending other than ordinary routine litigation incident to the business of the Bank. In addition, no material proceedings are pending or are known to be threatened or contemplated against the Bank by governmental authorities or others.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(a) MARKET. There has never been an organized public trading market for the Company's outstanding Common Stock. The following table represents the highest and lowest per share prices known to management at which the Company's Common Stock has actually been transferred in private transactions during the periods indicated. In each period for which prices are shown, management has price information for the transaction(s). The prices for these transactions do not include any retail markup, markdown or commission.

	2000		1999	
QUARTER	High	Low	High	Low
FIRST	$47.00	$47.00	$45.00	$45.00
SECOND	$47.00	$47.00	$46.00	$45.00
THIRD	$47.00	$47.00	$47.00	$46.00
FOURTH	$47.00	$47.00	$47.00	$47.00

(b) HOLDERS. As of January 31, 2001, 1,759,601 shares of the Company's Common Stock were outstanding and the number of holders of record of the Common Stock at that date was 1237.

(c) DIVIDENDS.

CASH DIVIDENDS.

The Company paid a cash dividend of $.23 per share on April 1, 1999 to holders of record on February 23, 1999.

The Company paid a cash dividend of $.24 per share on October 8, 1999 to holders of record on September 21, 1999.

The Company paid a cash dividend of $.25 per share on April 5, 2000 to holders of record on February 15, 2000.

The Company paid a cash dividend of $.27 per share on October 5, 2000 to holders of record on .. September 21, 2000.

The Company has declared a cash dividend of $.27 per share payable on March 27, 2001 to holders of record on February 27, 2001.

The amount, if any, of future dividends will be determined by the Company's Board of Directors . and will depend upon the Company's earnings, financial conditions and other factors considered by the Board of Directors to be relevant. Banking regulations limit the amount of dividends that may be paid without prior approval of the Comptroller of the Currency. See Footnote 18 to the Consolidated Financial Statements.

STOCK DIVIDENDS. There was no stock dividend in 2000 or 1999. On April 29, 1997, the shareholders approved a five for one stock split which was effective May 1, 1997.

The following table shows consolidated operating and capital ratios for the Company for the last three years:

	2000	1999	1998
Return on Average Assets	1.53%	1.10%	1.24%
Return on Average Equity	15.25%	10.72%	11.63%
Dividend Payout Ratio	28.41%	39.50%	30.84%
Equity to Assets Ratio	11.54%	10.17%	10.81%

Item 6. SELECTED CONSOLIDATED FINANCIAL DATA

For the Year Ended December 31, RESULTS OF OPERATIONS	2000	1999	1998	1997	1996
Interest Income	$ 15,070,769	$ 12,554,843	$ 11,851,787	$ 11,072,851	$ 9,799,815
Interest Expense	6,490,680	5,043,316	4,946,730	4,588,056	3,912,761
Net Interest Income	8,580,089	7,511,527	6,905,057	6,484,795	5,887,054
Non-Interest Income	3,648,181	1,342,918	1,220,194	950,662	930,986
Non-Interest Expense	7,535,034	6,050,175	5,196,900	4,849,182	4,555,398
Net Income	3,222,986	2,027,270	2,043,351	1,802,275	1,614,642

BALANCE SHEET DATA					
Total Assets	$ 224,549,143	$ 198,788,383	$ 174,120,230	$ 158,542,163	$ 140,898,057
Loans - Net	128,779,052	116,433,438	110,526,449	101,627,427	92,087,902
Allowance for Loan Losses	1,428,467	838,167	729,199	609,539	546,954
Securities	73,121,218	62,999,678	50,059,972	40,400,374	36,054,324
Total Deposits	186,701,319	169,948,899	144,083,636	138,391,327	123,461,379
Stockholders' Equity	25,179,072	18,284,938	18,623,413	17,039,300	15,510,083

PER SHARE DATA					
Net Income	$ 1.83	$ 1.19	$ 1.20	$ 1.06	$ 0.95
Cash Dividend	$ 0.52	$ 0.47	$ 0.37	$ 0.30	$ 0.22
Book Value at Year End	$ 14.31	$ 10.76	$ 10.96	$ 10.03	$ 9.13
Market Value	$ 47.00	$ 47.00	$ 45.00	$ 38.00	$ 27.20*
Weighted Average Shares	1,756,695	1,698,523	1,698,612	1,698,950	1,698,950

*Retroactively adjusted for stock dividends and stock splits

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion is intended to compare the performance of the Company for the years ended December 31, 2000, 1999 and 1998. The review of the information presented should be read in conjunction with the consolidated financial statements and accompanying notes.

Evans National Bank (the "Bank"), a wholly-owned subsidiary of Evans Bancorp, Inc. (the "Company") is a nationally chartered bank founded in 1920 which is headquartered in Angola, New York. The Bank's principal business is to provide full banking services to consumer and commercial customers in Erie, Chautauqua and Cattaraugus Counties of Western New York.

The Bank serves its market through seven banking offices located in Angola, Derby, Evans, Forestville, Hamburg, North Boston and West Seneca, New York. The Bank's principal source of funding is through deposits which it reinvests in the community in the form of loans and investments. Deposits are insured to the applicable limit by the Bank Insurance Fund ("BIF") of the Federal Deposit Insurance Corporation ("FDIC"). The Bank is regulated by the Office of the Comptroller of the Currency.

On February 15, 2000 the Bank entered into an agreement with O'Keefe Shaw & Co., Inc. establishing ENB Associates Inc. ("ENB"), a wholly-owned subsidiary of the Bank. As part of the Bank's banking activities, on March 11, 2000 ENB Associates Inc. began the activity of providing non-deposit investment products, such as annuities and mutual funds, to bank customers.

Effective September 1, 2000 the Company completed the acquisition of the assets, business and certain liabilities of M&W Group, Inc., a retail property and casualty insurance agency headquartered in Silver Creek, New York, with offices located in Angola, North Collins, South Dayton, Cattaraugus, Randolph, and West Seneca, New York. The insurance agency acquired is operated through M&W Agency, Inc. a wholly-owned subsidiary of the Bank. M&W Agency, Inc. sells various premium-based insurance policies on a commission basis.

Commencing in 2000, the Company operates in two reportable segments-banking and insurance. For the years ended December 31, 1999 and 1998, the Company determined that its business was comprised of banking activity only.

The following discussion of financial condition and results of operations of the Company and the Bank and its wholly-owned subsidiaries should be read in conjunction with the consolidated financial statements and accompanying notes.

Statements included in this Management's Discussion and Analysis may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1993, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. When used in this report, the words "anticipate", "believe", "estimate", "expect", "intend", "may", and similar expressions identify such forward-looking statements. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein. These forward-looking statements are based largely on the expectations of the Company or the Company's management and are subject to a number of risks and uncertainties, including but not limited to economic, competitive, regulatory, and other factors affecting the Company's operations, markets, products and services, as well as expansion strategies and other factors discussed elsewhere in this report filed by the Company with the Securities and Exchange Commission. Many of these factors are beyond the Company's control.

RESULTS OF OPERATIONS

Net interest income, the difference between interest income and fee income on earning assets, such as loans and securities, and interest expense on deposits and borrowings, provides the basis for the Bank's results of operations. These results are also impacted by non-interest income, the provision for credit losses, non-interest expense and income taxes. Net income of $3,222,986 consists of $3,178,293 related to the Company's banking activities and $44,693 related to the Company's insurance activities. The total net income of $3,222,986 or $1.83 per share in 2000 increased considerably over net income of $2,027,270 or $1.19 per share for 1999. This increase is partially attributable to proceeds from a life insurance policy recorded at the end of December 2000, naming the Bank as beneficiary. This policy was purchased to indirectly fund a future obligation of the Bank as part of the Supplemental Employee Retirement Plan ("SERP"). Without the life insurance proceeds the per share data is comparable to 1999.

NET INTEREST INCOME

Net interest income, before the provision for credit losses, increased 14.2% from 1999 to 2000, compared to an increase of 8.8% from 1998 to 1999. Average earning assets increased $25.4 million in 2000 versus an increase of $19.3 million in average interest-bearing liabilities. The tax-equivalent yield on earning assets increased 36 basis points from 7.71% in 1999 to 8.07% in 2000. The cost of funds increased 45 basis points, from 3.75% in 1999 to 4.20% in 2000. The Bank's net interest margin remained the same, 4.43% at December 31, 2000 and at December 31, 1999.

In 1999, the increase in net interest income of 8.8% was due to an increase of $18.5 million in earning assets over 1998. The tax-equivalent yield earned on those assets dropped 40 basis points from the prior year, to 7.71% from 8.11%. The average cost of funds on interest-bearing liabilities decreased 34 basis points over that time period, from 4.09% in 1998 to 3.75% in 1999. The volume of interest-bearing liabilities increased 11.3% in 1999 over 1998 or $13.6 million. The Bank's net interest margin narrowed from 4.52% in 1998 to 4.43% in 1999.

Management believes there are two main factors contributing to the net interest margin remaining the same for 2000 and 1999. One factor is the impact of the interest rate policy of the Federal Reserve. In its efforts to slow down the economy, the Federal Reserve Board increased short-term interest rates three times for a total of 75 basis points in 1999, increasing rates 25 basis points on three occasions beginning in June. In 2000, Federal Reserve raised rates an additional 100 basis points, 25 basis points in February, 25 basis points in March and 50 basis points in May. These moves led to increases in the prime rate. Interest rates on new securities issues have increased as well. Investments were made throughout the year to take advantage of the high yields available.

The second factor is competition. Banks are not only competing with each other for available business, but with other providers of loan and investment products, such as credit unions and insurance companies. A wealth of information is easily obtained by consumers via the Internet, from television and through print media. Competitors exist beyond the geographic trade area and to continue to be successful, banks have increased business volumes by offering higher deposit rates and lower loan rates, looking to other potential sources of income, such as fees and service charges, to increase earnings.

The Bank constantly monitors its exposure to interest rate risk. The proper management of interest-sensitive funds will help protect the Bank's earnings against extreme changes in interest rates. The Bank's Asset/Liability Management Committee ("ALCO") meets monthly for the purpose of evaluating the Bank's short-range and long-range liquidity position and the potential impact on capital and earnings as a result of sudden changes in interest rates. The Bank has adopted an asset/liability policy that specifies minimum limits for liquidity and capital ratios. Maximum limits have been set for the negative impact acceptable on net interest income and the market value of investments as a result of a shift in interest rates. The asset/liability policy also includes guidelines for investment activities and funds management. At its monthly meeting, the ALCO reviews the Bank's status and formulates its strategy based on current economic conditions, interest rate forecasts, loan demand, deposit volatility and the Bank's earnings objectives.

PROVISION FOR LOAN LOSSES

The provision for loan losses represents the amount charged against the Bank's earnings to establish a reserve of allowance sufficient to absorb expected loan losses based on management's evaluation of the loan portfolio. Factors considered include loan concentrations, charge-off history, delinquent loan percentages, input from regulatory agencies and general economic conditions. In 2000, the Bank increased the amount charged against earnings for loan losses to $689,000 from $170,000 in 1999. In 1998, $150,000 was charged against earnings for this purpose.

The following table summarizes the Bank's actual loan losses, total of non-performing loans and total allowance for loan losses for 2000, 1999 and 1998, both in dollars and as a percentage of total loans outstanding:

	2000		1999		1998	
Actual Loan Losses	$105,056	0.08%	$70,543	0.06%	$71,458	0.06%
Non-Performing Loans	$1,460,000	1.13%	$1,771,625	1.52%	$1,452,000	1.32%
Allowance for Loan Losses	$1,428,467	1.11%	$838,167	0.72%	$729,199	0.66%

Although an increase in loan losses was experienced in the past year, the increase in the reserve is reflective of a continued growth trend in commercial loans as well as management's assessment of the local economic environment. The local economy has lagged behind both New York State and national prosperity, while continuing to be hampered by marginal job growth and a declining population base. Although not reflected in the Bank's historical performance, the portfolio may be susceptible in the event of an economic downturn. Management's increase to the reserve during the fourth quarter of 2000 was a result of their analysis of the above factors and is deemed to be in compliance with regulations promulgated by the Office of the Comptroller of the Currency.

NON-INTEREST INCOME

Total non-interest income increased approximately $2,305,000 or 171.7% in 2000 over 1999. This compares to an increase of approximately $123,000 from 1998 to 1999. Non-interest income for 2000 included approximately $1,380,000, which the Bank recorded as the beneficiary of a life insurance policy on the former Chairman, President and CEO. Approximately $158,000 was recorded for an increase in the cash surrender value of life insurance policies held on certain bank officers. Approximately $114,000 was recorded for an increase in the cash surrender value of life insurance policies held on certain directors.

In 2000, the Bank received a six-month benefit from the service charge increase instituted in July 2000. Loan-related income increased in 2000. This included prepayment penalties collected on loans and dividends received as a result of the Bank's participation in the New York State Bankers Group Insurance Trust.

Losses realized on the sale of assets totaled approximately $88,000 in 2000 versus approximately $16,000 in gains realized in 1999. In 2000, planned sales of securities resulted in net losses of $53,000. These losses will be offset by additional interest income earned on the reinvestment of proceeds in higher-yielding bonds.

Premiums received on the sale of student loans to the Student Loan Marketing Association ("SLMA") were approximately $5,600. In 1999, gains on sales to SLMA were approximately $6,400. About $2,200 in premiums were received on mortgages sold to the Federal National Mortgage Association ("FNMA") in 2000. This compares to $7,800 received in 1999. The Bank has been affiliated with both SLMA and FNMA since 1995. The Bank also sold in 2000, two properties, which it owned as a result of foreclosure. Total losses of $35,000 were experienced on these sales.

Other non-interest income reflected an increase of approximately $646,000 due to sales of insurance by the M&W Agency, Inc., since it was acquired in September 2000.

NON-INTEREST EXPENSE

Total non-interest expense increased approximately $1.5 million or 24.5% in 2000 over 1999.
In 2000, the ratio of non-interest expense to average assets was 3.55% compared to 3.24% in 1999 and 3.14% in 1998. Non-interest expense categories include those most impacted by branch expansion, the acquisition of the M&W Agency, Inc. and the addition of ENB Associates Inc.-salaries, occupancy, advertising, and supplies, among others. Salary and benefit expense increased 23.0% in 2000. Of the $739,000 increase, approximately $374,000 is attributable the addition of the M&W Agency, Inc. The remainder of the increase included merit/promotional increases, other additional staffing and expenses related to the Bank's retirement plans. Occupancy expenses increased about $115,000 or 12.7%. The cost of the occupancy expense for the acquired M&W Agency, Inc. contributed $42,000 to occupancy expense. Approximately $24,000 in increased expense for supplies included materials purchased as a result of the Bank's Year 2000 initiative in January. This included forms and envelopes used to provide each customer with a bank statement as of December 31, 1999, in addition to their regularly scheduled statement. This also included the purchase of stationery with the Bank's new logo. Repairs and maintenance increased approximately $33,000 or 14.1%. This was largely due to M&W Agency, Inc. Advertising costs went down $13,000 or 8.1% from the total in 1999. In 1999 advertising costs had increased over the prior year by $42,000 or 36.0%. About 75% of the increase was attributed to the promotion of the newly-opened West Seneca branch over that time period. The remaining 25% of that amount was spent on promoting the Bank's PC and telephone banking services. Professional services increased about $41,000 or 16.7% due to increased fees. The FDIC assessment increased 102.3% in 2000. New assessment rates went into effect on January 1, 2000. Other insurance increased approximately $85,000 or 30.9% due to premiums paid for life insurance policies held on certain bank officers and directors.
Miscellaneous other expenses increased 53.9% or approximately $444,000 in 2000.
Expenses associated with originating loans, telephone costs, postal costs, maintenance on foreclosed properties and correspondent bank service charges also fall under miscellaneous expenses. All of these categories increased in 2000. Miscellaneous other expenses were impacted by the M&W Agency, Inc. acquisition, of approximately $70,000. Expense also related to the M&W Agency, Inc. acquisition is four months of goodwill expense of approximately $106,000.

TAXES

The provision for income taxes in 2000 of $781,000 reflects an effective tax rate of 19%. This compares to $607,000 or 23% in 1999 and $735,000 or 27% in 1998. The favorable tax position maintained by the Bank is attributable to the substantial investments in tax advantaged municipal bonds and the life insurance proceeds recorded as tax exempt income in 2000. The effective tax rate without the life insurance proceeds would have been 31%.

FINANCIAL CONDITION

The Bank had total assets of $224.5 million at December 31, 2000, an increase of $25.8 million or 13.0% over $198.8 million at December 31, 1999. Net loans of $128.8 million increased 10.6% or $12.3 million over the previous year. Securities increased $10.1 million or 16.1% and cash and cash equivalents decreased $2.6 million or 21.9%. Deposits grew by $16.8 million or 9.9%. Shareholders' equity increased $6.9 million or 37.7%, approximately $2.9 million of which is attributable to the acquisition of M&W Agency, Inc. Unrealized gains/losses on investment securities held by the Bank increased $1.7 million over 1999.

LOANS

Loans comprised 61.8% of the Bank's total average earning assets in 2000. Actual year-end balances increased 10.6% versus an increase of 5.3% in 1999 and 8.8% in 1998. The Bank continues to focus its lending on commercial and residential mortgages, commercial loans and home equity loans. Commercial mortgages make up the largest segment of the portfolio at 47.9% of total loans. Residential mortgages comprise 18.9% of the portfolio and commercial loans account for 14.1% of outstanding loans. 15.5% are home equity loans and direct financing lease loans account for 1.0% of outstanding loans.

At December 31, 2000, the Bank had a loan/deposit ratio of 69.7%. This compares to a loan/deposit ratio of 69.0% at December 31, 1999.

The Bank currently retains the servicing rights to $8.9 million in long-term mortgages sold to the Federal National Mortgage Association ("FNMA") since becoming a member in 1995. This arrangement allows the Bank to offer long-term mortgages without exposure to the associated interest rate risks, while retaining customer account relationships.

The Bank continues its contractual arrangement with the Student Loan Marketing Association ("SLMA") whereby SLMA services the Bank's loans to borrowers who are still in school and subsequently purchases those loans. Approximately $800,000 in student loans were sold to SLMA in 2000. Student loans presently make up 0.26% of total loans.

SECURITIES AND FEDERAL FUNDS SOLD

Securities and federal funds sold made up the remaining 38.2% of the Bank's total average earning assets at December 31, 2000. These categories provide the Bank with additional sources of liquidity and income. The Bank's securities portfolio increased 16.1% over the prior year. It continues to be strongly concentrated in tax-advantage municipal bonds, which make up 43.0% of the portfolio, US government-guaranteed mortgage-backed securities which make up 21.6% of bonds, and US government-sponsored agency bonds of various types which comprise 32.4% of the total. As a member of both the Federal Reserve System and the Federal Home Loan Bank, the Bank is required to hold stock in those entities. These investments made up 1.7% of the portfolio at December 31, 2000. The credit quality of the portfolio is strong, with 89% of the portfolio carrying the equivalent of a Moody rating of AAA.

Federal funds sold balances are largely maintained for liquidity purposes. The average balance maintained in fed funds sold declined in 2000 to 1.3% of total average earning assets from 2.1% the previous year. In 1999, the Bank maintained higher balances in these overnight investments as part of its liquidity contingency plan for the Year 2000.

The tax-equivalent yield earned on securities and federal funds sold increased 57 basis points in 2000 moving from 6.33% in 1999 to 7.00% in 2000. This compares to 6.58% in 1998. High yields were available on bonds throughout the year, and new investments were concentrated in longer term bonds with call protection. Also, low-yielding bonds were sold and replaced with higher-yielding bonds. Although the Bank experienced $53 thousand in net losses on these sales, the losses will be made up in additional interest income. As stated earlier, the volume of federal funds sold decreased in 2000, however, the yield on this category increased from 4.94% in 1999 to 6.04% in 2000.

Statement of Financial Accounting Standard ("SFAS") No. 115 outlines accounting and reporting requirements for investment securities. All securities are designated at the time of purchase as either "held to maturity" or "available for sale". Securities designated as held to maturity are stated on the balance sheet at amortized cost. Those designated as available for sale are reported at fair market value. At December 31, 2000, $3,475,401 in securities were designated as held to maturity. These bonds are primarily investments that the Bank has made in its local trade area.

The available for sale portfolio totaled $69,645,817 or approximately 95.2% of the Bank's securities portfolio at December 31, 2000. Net unrealized gains and losses on available for sale securities resulted in a net unrealized gain of $786,030 at December 31, 2000 as compared to a net unrealized loss of $1.7 million at December 31, 1999. Rates increased at the end of 1999, driving market prices down on fixed income bonds held in the portfolio. Although rates did not decrease until January of 2001, the anticipation of decreasing rates drove market prices up at the end of 2000. Unrealized gains and losses on available for sale securities are reported, net of taxes, as a separate component of shareholders' equity. At December 31, 2000, the impact to equity was a net unrealized gain of $534,500.

DEPOSITS

Total deposits increased $16.8 million or 9.9% in 2000 over 1999. Although all of the Bank's branches have experienced deposit growth, the most significant increases have come from the West Seneca and Hamburg offices opened in 1999 and 1995, respectively. Core deposit growth has been an area the Bank has focused on and success is evident in the 23.3% increase in Demand Deposits and 18.7% increase in NOW accounts. Although the year-end balance in regular savings declined 1.2% from the previous year, the decrease has been concentrated in the traditional passbook and statement savings products. The tiered rate Premium Savings product remains a strong product with balances averaging $18.9 million in 2000. In 2000, the Bank added a new Business Savings account for commercial customers, which has averaged about $3.4 million in balances per month. Time deposits of less than $100,000 increased 15.9% in 2000 as customers took advantage of the favorable rate environment and put money in certificates of deposit of various terms.

Certificates of deposit in excess of $100,000 increased 6.7%. These funds are generally not considered core deposits. Most of these deposits are obtained from municipalities through the competitive bidding process. Others are obtained from commercial and retail customers looking for the safety of a FDIC-insured deposit. These deposits have increased significantly over the past several years due to the Bank's expansion of its trade area.

Evans National Bank remains committed to providing quality products and making banking convenient for its customers. The Eas-E Line services, which include telephone and personal computer banking, will soon be supplemented by Eas-E Net Internet Banking. This new service will enable customers to access account information and pay bills via the Internet. The Bank's recently developed website, evansnationalbank.com, is another resource for obtaining information regarding the Bank's products and services. In March 2000 the Bank formed ENB, an investment subsidiary, which provides customers with the opportunity to purchase mutual funds and annuities at their local branch of the Bank. In September, the Bank acquired an insurance subsidiary, M & W Agency, Inc., which specializes in property and casualty insurance. M & W has seven offices throughout the Bank's trade area, including one conveniently located in the Bank's West Seneca branch.

In 2000, the Bank opened an in-school branch banking facility in West Seneca East High School. This facility is staffed by students, and provides not only access to bank services, but also an educational opportunity for students who may be interested in banking as a career.

LIQUIDITY

The Bank utilizes cash flows from the investment portfolio and federal funds sold balances to manage the liquidity requirements it experiences due to loan demand and deposit fluctuations. The Bank also has many borrowing options. As a member of the Federal Home Loan Bank ("FHLB"), the Bank is able to borrow funds at competitive rates. Advances of up to $10.8 million can be drawn on the FHLB via the Overnight Line of Credit Agreement. An amount equal to 25% of the Bank's total assets could be borrowed through the advance programs under certain qualifying circumstances. The Bank also has the ability to purchase $4,000,000 in federal funds from one of its correspondent banks. By placing sufficient collateral in safekeeping at the Federal Reserve Bank, the Bank could also borrow at the discount window.

The cash flows from the investment portfolio are laddered to provide funds principal and interest payments at various times as liquidity needs may arise. Contractual maturities are also laddered, with consideration as to the volatility of market prices to ensure that a sufficient amount of securities is available that could be sold without incurring significant losses. At December 31, 2000 approximately 5.7% of the Bank's securities had maturities of one year or less and approximately 18.6% had maturity dates of five years or less. At December 31, 2000 the Bank had net short-term liquidity of $18.0 million as compared to $7.9 million at December 31, 1999. Available assets of $76.3 million less public and purchased funds of $45.7 million resulted in a long-term liquidity ratio of 167% versus 149% at December 31, 1999.

Liquidity needs can also be met by aggressively pursuing municipal deposits, which are normally awarded on the basis of competitive bidding. The Bank maintains a sufficient level of US government and government agency securities and New York State municipal bonds that can be pledged as collateral for these deposits.

Total cash and cash equivalents decreased approximately $2.6 million or 21.9% from 1999 to 2000. Excess cash was kept for the Y2K contingency for year-end 1999. Since then the excess cash has been reinvested in the securities portfolio resulting in the decrease in total cash and cash equivalents for year-end 2000.

INTEREST RATE RISK

Interest rate risk occurs when interest-earning assets and interest-bearing liabilities mature or reprice at different times or on a different basis. ALCO analyzes the gap position on a monthly basis to determine the Bank's exposure to interest rate risk. The gap position is the difference between the total of the Bank's rate-sensitive assets and rate-sensitive liabilities maturing or repricing during a given time frame. A "positive" gap results when more assets than liabilities reprice and a "negative" gap results when more liabilities than assets reprice within a given time period. Because assets historically reprice faster than liabilities, a slightly negative gap position is considered preferable. At December 31, 2000 the Bank was in a negative gap position with $13.0 million more in rate-sensitive liabilities repricing over the next year than in rate-sensitive assets. The Bank's asset/liability limit, as defined in its asset/liability policy, is a difference of +/- 15% of the Bank's total assets, which amounted to +/- $33.7 million at December 31, 2000. The gap ratio (rate-sensitive assets/rate-sensitive liabilities) at that date was 84%.

Expected maturity date- year ended December 31,	2001	2002	2003	2004	2005	There-after	Total	Fair Value
INTEREST-EARNING ASSETS ($000S)								
Loans Receivable, Fixed Rate	11,581	6,161	5,876	4,336	4,448	18,265	50,667	51,052
Average Interest Rate	8.91%	8.88%	8.76%	8.54%	8.31%	8.03%		
Loans Receivable, Adj. Rate	18,836	4,709	3,898	2,311	6,264	42,282	78,300	78,300
Average Interest Rate	9.83%	9.19%	8.93%	9.35%	8.96%	8.70%		
Federal Funds Sold	1,250							
Average Interest Rate	6.00%							
Investments	13,166	6,483	10,496	7,721	8,030	27,225	73,121	73,121
Average Interest Rate	6.87%	7.32%	7.62%	7.12%	7.21%	7.51%		
INTEREST-BEARING LIABILITIES ($000S)								
Deposits	71,095	37,260	14,699	14,332	12,151	557	150,094	150,626
Average Interest Rate	5.22%	5.00%	2.50%	2.41%	2.33%	1.07%		
Borrowed Funds	54	1,033	2,000	1,124	84	114	4,409	4,409
Average Interest Rate	10.60%	5.19%	4.90%	5.51%	8.00%	9.00%		

Off-balance sheet financial instruments at December 31, 2000 included $8,546,000 in undisbursed lines of credit at an average interest rate of 11.0%, $2,444,000 in fixed rate loan origination commitments at 10.9%, $16,445,000 in adjustable rate loan origination commitments at 11.1% and $1,203,000 in adjustable rate letters of credit at an average rate of 11.5%.

MARKET RISK

When rates rise or fall, the market value of the Bank's assets and liabilities will increase or decrease. As a part of the Bank's asset/liability policy, the Bank has set limitations on the negative impact to the market value of its balance sheet that would be acceptable. The Bank's securities portfolio is priced monthly and adjustments are made on the balance sheet to reflect the market value of the available for sale portfolio per SFAS No. 115. A limitation of a negative 25% of total capital before SFAS No. 115 (after tax) has been established as the maximum impact to equity as a result of marking available for sale securities to market that would be acceptable. At year-end, the impact to equity as a result of marking available for sale securities to market was an unrealized gain of $534,500. On a quarterly basis, the available for sale portfolio is shocked for immediate rate increases of 100 and 200 basis points. At December 31, 2000 the Bank determined it would take an immediate increase in rates in excess of 200 basis points to eliminate the current capital cushion. The Bank's capital ratios are also reviewed on a quarterly basis. Unrealized gains and losses on available for sale securities are not included in the calculation of these ratios.

CAPITAL EXPENDITURES

The construction and furnishing of a new office in North Boston is anticipated to cost the Bank approximately $715,000 in 2001. The Bank has leased the existing North Boston office, since that branch was acquired in 1989. The vacant lot was purchased in 1991 and preliminary work has been done on the site. Current plans call for the new facility to be ready to be occupied by mid-year 2001. The present tenant in the Erie Road building adjacent to the Derby Office is expected to vacate the building in 2001. At that time the Bank will renovate the building for its own use. These renovations are expected to total $150,000. Other planned expenditures include replacing a number of personal computers, replacing/adding automated teller machines (ATMs) and miscellaneous other equipment and software upgrades. The Bank believes it has a sufficient capital base to support these capital expenditures with current assets and retained earnings.

IMPACT OF INFLATION AND CHANGING PRICES

There will always be economic events, such as the changes in the economic policies of the Federal Reserve Board that will have an impact on the profitability of the Company. Inflation may result in impaired asset growth, reduced earnings and substandard capital ratios. The net interest margin can be adversely impacted by the volatility of interest rates throughout the year. Since these factors are unknown, management attempts to structure the balance sheet and repricing frequency of assets and liabilities to avoid a significant concentration that could result in a negative impact on earnings.

NEW ACCOUNTING STANDARDS

In September 2000, the Financial Accounting Standards Board issued SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. Management has determined that this standard will not have a significant impact on the Company's financial condition and results of operation.

Item 7a. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See discussion under Item 7. Management's Discussion And Analysis Of Financial Condition And Results Of Operations "Interest Rate Risk" and "Market Risk"

Item 8. CONSOLIDATED FINANCIAL STATEMENTS

See Part IV, Item 14, "Exhibits, List and Reports on Form 8-K"

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth the names, ages and positions of the Directors of the Company.

Name	Age	Position	Term Expires
Nominees for Directors:			
Phillip Brothman	62	Chairman of the Board, Director	2001
Robert G. Miller, Jr.	44	Director	2001
David M. Taylor	50	Director	2001

James Tilley	59	President, Director	2001
Thomas H. Waring, Jr.	43	Vice Chairman of the Board	2001
Directors:			
Robert W. Allen	75	Secretary, Director	2002
William F. Barrett	59	Director	2002
LaVerne G. Hall	63	Director	2003
David C. Koch	65	Director	2002

Each Director is elected to hold office for a three year term and until his successor is elected and qualified.

Mr. Allen has been a Director since 1960. He was the Executive Vice President of the Bank until his retirement in 1988.

Mr. Barrett has been a Director since 1971. He has been a property developer and real estate manager since 1986.

Mr. Brothman has been a Director since 1976 and is a partner in the law firm of Hurst, Brothman & Yusick. He was elected Chairman of the Board by the Board of Directors in January, 2001.

Mr. Hall has been a Director since 1981. He has been retired since 1997.

Mr. Koch has been a Director since 1979 and is Chairman and Chief Executive Officer of New Era Cap Co., Inc.

Mr. Miller was appointed by the Board of Directors in January, 2001 to fill the vacancy resulting from the retirement of Richard C. Stevenson. Since September 1, 2000, he has been the President of M&W Agency, Inc., the insurance agency subsidiary of Evans National Bank. From January 1, 1994 to September 1, 2000, he was the President of M&W Group, Inc., an insurance agency.

Mr. Taylor has been a Director since 1986 and is President of Concord Nurseries, Inc.

Mr. Tilley was appointed by the Board of Directors in March, 2001 to fill the vacancy resulting from the death of Richard M. Craig. Since January of 1988, he has been the Senior Vice President of the Company, and in January of 2001, he was appointed President of the Company and the Bank.

Mr. Waring has been a Director since 1998. He is the principal of Waring Financial Group, an insurance and financial services firm.

The committees of the Board of Directors, which are nominated by the Chairman of the Board and approved by the Board of Directors, are as follows:

LOAN COMMITTEE:

William F. Barrett, Chairman Robert W. Allen Phillip Brothman David C. Koch James Tilley Thomas H. Waring, Jr.

The Loan Committee met eleven times during 2000. Its purpose is to review and approve loans exceeding $500,000 or loans that are non-conventional.

PLANNING COMMITTEE:

LaVerne G. Hall, Chairman	William F. Barrett	Phillip Brothman
David C. Koch	Robert G. Miller, Jr.	James Tilley
Thomas H. Waring, Jr.		

The Planning Committee met twice in 2000. The Planning Committee is responsible for reviewing the strategic plan of the Bank and actions taken to obtain those objectives.

LOAN REVIEW COMMITTEE:

Phillip Brothman, Chairman LaVerne G. Hall David M. Taylor James Tilley

The Loan Review Committee met four times during 2000. Its purpose is to insure the Bank's provision and reserve for credit losses are adequate. The Loan Review Committee meets quarterly with the Bank's Loan Review Officer, who independently conducts the loan review. As a result of her recommendations, loans are graded based upon payment history, credit strength of borrower and other factors. This information is then aggregated to determine the overall adequacy of the credit loss reserve.

AUDIT COMMITTEE:

David M. Taylor, Chairman Phillip Brothman David C. Koch Robert G. Miller, Jr.

The Audit Committee met four times in 2000. The members of the Audit Committee receive from the internal auditor a quarterly report which describes findings for the prior quarter. The function of the Audit Committee is to insure that the Bank's activities are being conducted in accordance with law, banking rules and regulations, other regulatory and supervisory authorities, and the Bank's internal policies. The Audit Committee also discusses with management and the independent auditors the Company's quarterly reports on SEC Form 10Q prior to release. In addition, the Audit Committee recommends to the Board of Directors the services of a reputable certified public accounting firm. The Committee receives and reviews the reports of the certified public accounting firm and presents them to the Board of Directors with comments and recommendations.

INSURANCE COMMITTEE:

William F. Barrett, Chairman Robert W. Allen Phillip Brothman Robert G. Miller, Jr. James Tilley

The Insurance Committee met once in 2000. This committee reviews the coverage of insurance policies of the Bank and monitors costs.

COMPENSATION COMMITTEE:

LaVerne G. Hall, Chairman William F. Barrett Phillip Brothman David C. Koch James Tilley Thomas H. Waring, Jr.

The Compensation Committee met once during 2000. Its purpose is to review management's recommendation as it relates to job classification, salary ranges and annual merit increases. The committee also reviews fringe benefits. The Compensation Committee also establishes the compensation of the Executive Officers of the Company.

The Board of Directors of the Company met twelve times during 2000. Each incumbent director of the Company, except for Mr. Koch, attended at least 75% of the aggregate of all the meetings of the Board of Directors and the Committees of which they were members.

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's executive officers and directors, and persons who beneficially own more than ten percent of the Company's stock, to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission. Executive officers, directors and greater than ten percent 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 executive officers and directors, the Company believes that during 2000 all Section 16(a) filing requirements applicable to its executive officers, directors and greater than ten percent beneficial owners were complied with by such persons, except that Mr. Miller filed an amendment to his Form 3 to include shares owned by his children.

Item 11. EXECUTIVE COMPENSATION

There is shown below information concerning the annual and long-term compensation for service in all capacities to the Company for the years 2000, 1999, and 1998 of the Chief Executive Officer, Senior Vice President of Administration, Senior Vice President of the Loan Division, and President of M&W Agency, Inc. No other executive officer earned in excess of $100,000.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION		
NAME OF AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER(1)	AWARDS STOCK OPTION (SHARES)	PAYOUTS LONG-TERM INCENTIVE PAYOUTS	ALL OTHER COMPENSATION
Richard M. Craig	2000	$179,730	$ 8,000	$3,594	-0-	-0-	-0-
President & CEO	1999	$169,769	$15,000	$3,395	-0-	-0-	-0-
	1998	$160,308	$20,000	$3,206	-0-	-0-	-0-
James Tilley	2000	$122,412	$12,500	$2,448	-0-	-0-	-0-
Senior Vice	1999	$115,820	$10,500	$2,316	-0-	-0-	-0-
President	1998	$109,335	$14,000	$2,187	-0-	-0-	-0-
William R. Glass	2000	$115,022	$12,500	$2,300	-0-	-0-	-0-
Senior Vice	1999	$109,614	$10,500	$2,192	-0-	-0-	-0-
President	1998	$102,945	$14,000	$2,059	-0-	-0-	-0-
Robert G. Miller, Jr. President M&W Agency, Inc.	2000	$40,752	-0-	-0-	-0-	-0-	-0-

(1) Includes the Bank's contribution to the Employee Savings Plan made for the benefit of Mr. Craig of $3,594 in 2000, $3,395 in 1999, and $3,206 in 1998; for the benefit of Mr. Tilley of $2,448 in 2000, $2,316 in 1999, and $2,187 in 1998; and for the benefit of Mr. Glass of $2,300 in 2000, $2,192 in 1999, and $2,059 in 1998. See "EMPLOYEE SAVINGS PLAN". Does not include personal benefits which did not exceed 10% of Mr. Craig's, Mr. Tilley's, Mr. Glass' or Mr. Miller's salary and bonus in any year.

EMPLOYMENT AGREEMENTS

Mr. James Tilley and Mr. William Glass have each entered into an Employment Agreement with the Bank which runs through December 31, 2005. Each Employment Agreement provides that salary will be set annually by the Board of Directors. If the Bank terminates the Employment Agreement without cause, the Bank is obligated to continue to pay base salary for the longer of three months or the remainder of the term of the Employment Agreement.

Mr. Miller has entered into an Employment Agreement with M&W Agency, Inc. which runs through December 31, 2005. Under the Employment Agreement, he receives an annual salary of $150,000 plus a bonus based upon the earnings before interest and taxes of M&W Agency, Inc. in excess of specific target amounts, up to $100,000 annually. If M&W Agency, Inc. terminates the Employment Agreement without cause, it is obligated to pay his salary, plus benefits, for the longer of three months or the remainder of the term of the Employment Agreement.

PENSION PLAN

The Bank maintains a defined benefit pension plan for all eligible employees, including employees of its subsidiaries. An employee becomes vested in a pension benefit after five years of service. Upon retirement at age 65, vested participants are entitled to receive a monthly benefit. Prior to a May 1, 1994 amendment to the plan, the monthly benefit under the pension plan was 3% of average monthly compensation multiplied by years of service up to a maximum of fifteen years of service. In 1994, the pension plan was amended to change the benefit to 1% of average monthly compensation multiplied by years of service up to a maximum of thirty years of service. However, the benefits already accrued by employees prior to this amendment were not reduced by the amendment. Mr. Tilley, Mr. Glass, and Mr. Miller are participants in the pension plan, and as of December 31, 2000, Mr. Tilley had eleven years of credited service and his average monthly compensation under the plan was $9,996; Mr. Glass had seven years of credited service and his average monthly compensation under the plan was $9,473; and Mr. Miller had no accrued benefit under the plan.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS

In 1995, the Bank entered into non-qualified Supplemental Executive Retirement Plans ("SERP's") with Mr. Craig and Mr. Tilley to provide retirement benefits to supplement their benefits under the Bank's pension plan and replace the benefits reduced by the 1994 amendment to the Pension Plan. See "PENSION Plan". In 1999, the Bank amended Mr. Tilley's agreement, and also entered into an agreement with Mr. Glass. Under the SERP's, as amended, Mr. Tilley and Mr. Glass are entitled to additional annual pension payments of $66,943 and $30,000, respectively, for 20 years after retirement at age 65, unless their employment is terminated earlier. The SERP's, as amended, also provide death benefits in the same annual amounts in the event the executive dies prior to age 65, which are payable over 10 years. Under Mr. Craig's SERP, as amended in 2000, his beneficiary will receive $92,776 per year, payable monthly for 20 years. A life insurance policy held by the Bank will assist it in funding this obligation. The Bank has also purchased life insurance policies on Mr. Tilley and Mr. Glass to assist in funding its obligations under their SERP's.

EMPLOYEE SAVINGS PLAN

The Bank also maintains a 401(k) salary deferral plan to assist employees, including employees of its subsidiaries, in saving for retirement.

All employees are eligible to participate on the first of the month following one year of service, provided they have completed 1,000 hours of service. Eligible employees can contribute up to a maximum of 15% of their base pay. An automatic 1% of base pay contribution is made by the Bank and in addition, the Bank makes a matching contribution at a rate of 25% of the first 4% contributed by a participant. Participants are always 100% vested in their own contributions and the Bank's matching contribution is also 100% vested.

Individual account earnings will depend on the performance of the investment funds in which the participant invests. Specific guidelines govern adjustments to contribution levels, investment decisions and withdrawals from the plan. The benefit is paid as an annuity unless the employee elects one of the optional forms of payment available under the plan. See "Summary Compensation Table" for a summary of the amounts contributed by the Bank to this Plan for the benefit of Mr. Craig, Mr. Tilley, Mr. Glass, and Mr. Miller.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of January 31, 2001, the number (rounded to the nearest whole share) of outstanding shares of Common Stock beneficially owned by (i) each shareholder known by the Company to beneficially own more than 5% of the Company's Common Stock, (ii) all directors and nominees of the Company individually, and (iii) by all executive officers and directors as a group:

Name and Address of Beneficial Owner Owning More Than 5%	Nature and Amount of Beneficial Ownership	Percent of Class
Robert W. Allen (1)	30,356	1.73%
William F. Barrett (2) 8685 Old Mill Run Angola, NY 14006	161,345	9.17%
Phillip Brothman (3)	23,591	1.34%

Name and Address of Beneficial Owner Owning More Than 5%	Nature and Amount of Beneficial Ownership	Percent of Class
LaVerne G. Hall (4)	51,380	2.92%
David C. Koch (5)	26,298	1.49%
Robert G. Miller, Jr. (6)	46,411	2.64%
David M. Taylor (7)	4,290	0.24%
James Tilley (8)	532	0.03%
Thomas H. Waring, Jr.	520	0.03%
Directors and Officers as a Group (11 persons) (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)	345,723	19.65%

(1) Includes 2,824 shares owned by Mr. Allen's wife.

(2) Includes 12,850 shares owned by Mr. Barrett's wife, 30,940 shares owned jointly by Mr. Barrett and his wife and 6,345 shares held for Mr. Barrett's son, as to which he disclaims beneficial ownership.

(3) Includes 1,511 shares owned by Mr. Brothman's wife and 2,762 shares held by a pension plan of which Mr. Brothman is a trustee and a participant.

(4) Includes 20,230 shares owned by Mr. Hall's wife.

(5) Includes 1,485 shares owned jointly by Mr. Koch and his wife, and 775 shares owned by Mr. Koch's son, as to which he disclaims beneficial ownership.

(6) Includes 9,218 shares held for Mr. Miller's benefit under an escrow agreement dated September 1, 2000 entered into in connection with the acquisition of the assets and business of M&W Group, Inc. by the Company; 106 shares held by Mr. Miller's son, as to which he disclaims beneficial ownership; and 212 shares held by Mr. Miller's daughter, to which he disclaims beneficial ownership.

(7) Includes 300 shares owned jointly by Mr. Taylor and his wife.

(8) Includes 445 shares owned by Mr. James Tilley, President of Evans Bancorp, Inc., 10 shares held by Mr. Tilley in trust for his grandson, and 77 shares owned jointly by Mr. Tilley and his mother.

(9) Includes 1,000 shares owned by Mr. William Glass, Treasurer of Evans Bancorp, Inc., held jointly with Mr. Glass's wife.

(10) Excludes 8,078 shares owned by the Estate of Richard M. Craig and his wife. Mr. Craig was a director, President and Chief Executive Officer of Evans Bancorp, Inc. until his death on December 29, 2000.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Bank has had, and in the future expects to have, banking and fiduciary transactions with Directors and Executive Officers of the Company and some of their affiliates. All such transactions have been in the ordinary course of business and on substantially the same terms (including interest rates on loans) as those prevailing at the time for comparable transactions with others.

Mr. Phillip Brothman is a partner of the law firm of Hurst, Brothman & Yusick which served as general counsel to the Company and received legal fees.

In 2000, the Company paid approximately $297,685 in life insurance premiums to Massachusetts Mutual. Waring Financial Group, which is owned by Thomas H. Waring, Jr., received commissions on such premium payments.

In 2000, the Company paid approximately $146,425 in insurance premiums to M&W Group, Inc., which was owned by Robert G. Miller, Jr. and his brother prior to September 1, 2000 when its assets and business were acquired for 60,651 shares of common stock of the Company by M&W Agency, Inc., a subsidiary of Evans National Bank. M&W Agency, Inc. also leases certain offices from Millpine Enterprises, a partnership of Mr. Miller, his father, and his brother.

PART IV

Item 14. EXHIBITS, LIST AND REPORTS ON FORM 8-K

The following financial statements and independent auditors' report thereon are included herein or are incorporated by reference are included from 2000 Annual Report to Shareholders pages 49 through 83 in response to Part II, Item 7.

(a) Documents filed as a part of this Report:

None

(b) Documents Incorporated by Reference:

1. CONSOLIDATED FINANCIAL STATEMENTS.

Independent Auditors' Report of Deloitte & Touche LLP

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Stockholders' Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

2. All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the consolidated financial statements or notes thereto.

3. EXHIBITS

Exhibit No	Name	Page No.
3.1	Certificate of Incorporation (1)	n/a
3.2	Certificate of Amendment to Certificate of Incorporation (3)	n/a
3.3	By-Laws (1)	n/a
3.4	Amended Section 204 of By-Laws (4)	n/a
3.5	Amended Section 203 of By-Laws (6)	n/a

4.1	Specimen common stock certificate (3)	n/a
10.1	Employment Agreement dated August 19, 1997 between the Bank and Richard M. Craig (6)	n/a
10.2	Employment Agreement dated August 19, 1997 between the Bank and James Tilley (6)	n/a
10.3	Employment Agreement dated August 19, 1997 between the Bank and William R. Glass (6)	n/a
10.4	Specimen 1984 Director Deferred Compensation Agreement (2)	n/a
10.5	Specimen 1989 Director Deferred Compensation Agreement (2)	n/a
10.6	Summary of Provisions of Director Deferred Compensation Agreements (2) n/a	
10.7	Evans National Bank Supplemental Executive Retirement Plan for Richard M. Craig dated February 16, 1999 (7)	n/a
10.8	Evans National Bank Supplemental Executive Retirement Plan for James Tilley dated February 16, 1999 (7)	n/a
10.9	Evans National Bank Supplemental Executive Retirement Plan for William R. Glass dated February 16, 1999 (7)	n/a
10.10	Evans National Bank Amended Supplemental Executive Retirement Plan for Richard M. Craig dated October 17, 2000 (10)	40
10.11	Employment Agreement dated September 1, 2000 between the Bank and Robert Miller (10)	43
10.12	Investment Service Agreement between O'Keefe Shaw & Co.,Inc. and ENB Associates Inc. (9)	n/a
13.1	2000 Annual Report to Shareholders (10)	49
21.1	Subsidiaries of the Registrant (6)	n/a
23.1	Independent Auditors' Consent (10)	85

FOOTNOTES

(1) Filed as Exhibits to the Company's Registration Statement on Form S-4 (Registration No. 33-25321) and incorporated herein by reference.

(2) Filed as Exhibits to the original Form 10 (Registration No. 0-18539) and incorporated herein by reference.

(3) Filed as an Exhibit to the Company's Form 10-Q for the quarter ended March 31, 1997 (File No. 0-18539) and incorporated herein by reference.

(4) Filed as an Exhibit to the Company's Form 10-Q for the quarter ended June 30, 1996 (File No. 0-18539) and incorporated herein by reference.

(5) Filed as an Exhibit to the Company's Form 10-QSB for the quarter ended March 31, 1995 (File No. 0-18539) and incorporated herein by reference.

(6) Filed as an Exhibit to the Company's Form 10-K for the year ended December 31, 1997 (File No.0-18539) and incorporated herein by reference.

(7) Filed as an Exhibit to the Company's Form 10-K for the year ended December 31, 1998 (File No. 0-18539) and incorporated herein by reference.

(8) Filed as an Exhibit to the Company's Form 10-Q for the quarter ended September 30, 1999 (File No. 0-18539) and incorporated herein by reference.

(9) Filed as an Exhibit to the Company's Form 10-Q for the quarter ended March 31, 2000 (File No. 0-18539) and incorporated herein by reference.

(10) Filed herewith.

(b) REPORTS ON FORM 8-K.

None.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, EVANS BANCORP, INC. has duly caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized:

EVANS BANCORP, INC.

By: /s/James Tilley
James Tilley, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated:

Signature	Title	Date
/s/James Tilley James Tilley	President	March 29, 2001
/s/William R. Glass William R. Glass	Treasurer	March 29, 2001
/s/Phillip Brothman Phillip Brothman	Chairman of the Board	March 29, 2001
/s/Thomas H. Waring, Jr. Thomas H. Waring, Jr.	Vice Chairman of the Board	March 29, 2001
/s/Robert W. Allen Robert W. Allen	Secretary/Director	March 29, 2001
/s/LaVerne G. Hall LaVerne G. Hall	Director	March 29, 2001
/s/David M. Taylor David M. Taylor	Director	March 29, 2001
/s/David C. Koch David C. Koch	Director	March 29, 2001

EXHIBIT 10.10

AGREEMENT

AGREEMENT made as of this 17th day of October, 2000 by and between EVANS NATIONAL BANK, with offices located at 14-16 North Main Street, Angola, New York 14006, hereinafter referred to as the "Bank", and RICHARD M. CRAIG, an employee of the Bank, hereinafter referred to as the "Participant".

RECITALS

WHEREAS, the parties previously entered into a Supplemental Executive Retirement Plan dated March 29, 1995, as amended by Agreement dated February 16, 1999 (the "SERP"); and

WHEREAS, the parties now desire to further amend the SERP.

NOW THEREFORE, the parties mutually agree as follows:

1. Section 2.1 of Article II "BENEFIT" is hereby amended to read as follows:

SECTION 2.1 EXCESS BENEFIT

(A)The excess benefit has been determined to be the amount of $92,776 per year (the "Excess Benefit") payable for a term of twenty (20) years certain. Except as otherwise provided in this Agreement, the Excess Benefit shall be payable monthly under conditions identical as to vesting, condition and terms of payment to the benefit payable by the Evans National Bank Pension Plan, as amended from time to time (the "Bank Pension Plan") (except the benefit from this SERP will not be paid in the form of a lump sum and the Excess Benefit will not commence prior to the first day of the month coincident with or next following the Participant's 65th birthday).

Except as set forth in Section 2.1 (B) or Section 2.3 of the SERP, the Excess Benefit shall only be paid to the Participant if the Participant's employment is terminated on or after his 65th birthday.

(B)In the event the Participant dies prior to attaining sixty-five (65)
years of age, the Excess Benefit will be paid to the Participant's named beneficiary in the amount of $92,776 per year, payable monthly for twenty (20) consecutive years commencing thirty (30) days after the Participant's date of death.

2. Section 2.3 of Article II "BENEFIT" is hereby amended to read as follows:

SECTION 2.3 BENEFIT ON TERMINATION BEFORE RETIREMENT AT AGE 65

In the event the Participant's employment is terminated as a result of: (i) the Participant becoming "Totally and Permanently Disabled" as defined in the Bank Pension Plan; (ii) the Board of Directors of the Bank, in its absolute discretion, authorizes and approves the early retirement of the Participant; or (iii) the Bank voluntarily terminates the employment of the Participant other than "for cause", then the Excess Benefit to be paid to the Participant under this SERP shall be the Excess Benefit as set forth in
Section 2.1 (A) of $92,776 multiplied by a fraction (1) the numerator of which is the actual number of months of service of the Participant in the Evans National Bank Pension Plan and (2) the denominator of which is the number of months of service in the Bank Pension Plan the Participant would have completed if the Participant had continued to be employed until his Normal Retirement Age (as defined in the Bank Pension Plan). The amount as so determined shall be payable monthly for a term of twenty (20) years certain. It will not be paid in a lump sum and the benefit will not commence prior to the first day of the month coincident with or next following the Participant's 65th birthday.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

EVANS NATIONAL BANK

BY: /s/ Phillip Brothman, Vice Chairman

Phillip Brothman, Vice Chairman

PARTICIPANT

/s/ Richard M. Craig

Richard M. Craig

EXHIBIT 10.11

EMPLOYMENT AGREEMENT

This Agreement made as of the 1st day of September, 2000, by and between M&W AGENCY, INC., hereinafter referred to as the "Employer", EVANS NATIONAL BANK, a national banking corporation with offices at 14-16 North Main Street, Angola, New York, hereinafter referred to as the "Bank", and, ROBERT G. MILLER, JR.., hereinafter referred to as the "Employee," for the employment of Employee by the Employer.

1. TERM OF EMPLOYMENT: Unless terminated pursuant to the terms of this Agreement, the Employer and Employee agree that the term of employment shall be for a period commencing on the date of this Agreement and terminating December 31, 2005 and continuing year to year thereafter.

2. COMPENSATION: Employee shall receive, in exchanges for his services, hereunder, compensation as follows:

(A)Base Salary of $150,000.00 annually, subject to such increases as may be approved from time to time by the Board of Directors of Employer, with the consent of the Board of Directors of the Bank;

(B)In addition to the base salary, Employee will receive an annual bonus for years after 2001 equal to 25% of the first $400,000.00 of EBIT in excess of the annual Target Amount (maximum annual incentive bonus of $100,000.00). "EBIT" shall mean the annual net income before interest and income taxes for the Employer as determined annually by the certified public accountants of the Bank, in accordance with generally accepted accounting principles, consistently applied. The Annual Target Amounts will be as follows:

2002	-	$606,650.00
2003	-	$667,315.00
2004	-	$734,046.00
2005	-	$807,451.00

For the year 2001, Employee will receive a special $25,000.00 bonus for the year 2001 only if the EBIT of the Employer is greater than $450,000.00 or less than $651,500.00. If EBIT for the year 2001 is greater than $651,500.00, the bonus will be $25,000 plus 25% of the first $300,000.00 of EBIT in excess of $651,500.00.

The bonus shall be payable within 30 days after the accountants of the Bank issue their report on the consolidated financial statements of the Bank for such year.

3. DUTIES:

(A)During the term of his employment hereunder, Employee agrees to serve as President of the Employer and be primarily responsible for the direct management of the Employer's resources toward the achievement of strategic and financial objectives in a manner which is consistent with Board philosophy and policy, and with various regulatory requirements. The Employee's primary duties will consist of account servicing, marketing, recruiting and training as requested by the Employer and also the solicitation, negotiation, placement and procurement of insurance business for which the Employer is licensed and authorized to sell. Further, the Employee has no authority to bind Employer to any contract unless such authority has been given to Employee by Employer's Board of Directors. In addition, the Employee shall have such other duties and responsibilities as may be reasonably assigned to him from time to time by the Employer. Employee also agrees to perform such other services and duties consistent with the office or offices in which he is serving and its responsibilities as may from time to time be prescribed by the Board of Directors.

(B)Employee shall also serve as a Director of the Bank and/or of the Evans Bancorp, Inc., if appointed or elected.

(C)Employee shall devote his full time energies and attention, during normal business hours (excluding vacation) to the business and affairs of the Employer.

(D)All property and casualty insurance business secured by the Employee will be placed through the Employer. The Employee will use his best efforts to place all other insurance business (including, but not limited to, life insurance products, long-term care or medical insurance products and group insurance, annuities and employee benefit plans) secured by him with the Employer or its affiliates. All insurance business placed by the Employee with the Employer shall be conducted in the name of Employer or its affiliates. If the Employee is not able for any reason to place an insurance policy for a life insurance product, long-term care or medical insurance product, annuity or employee benefit plan with the Employer or its affiliates, the Employee may place such policy through another agency provided that such agency has been approved in advance in writing by the Employer and on such business shall enure to the benefit of the Employer. Notwithstanding the foregoing, the Employee shall retain his rights to the employee portion of residual commissions earned on life insurance and annuities sold through M&W Group, Inc. prior to the date of this Agreement.

(E)The Employee agrees that during the term of this Agreement, he will comply with all regulations and guidelines of the Employer (including the Commercial and Personal Lines Work Manuals), will do nothing to jeopardize or impair the Employer's insurance licenses, and will comply with all rules and regulations of the Insurance Department and the statutes of the State of New York or any other state which regulates the business of the Employer, pertaining to the insurance business.

(F)Employee shall maintain any and all licenses and permits required to be owned or possessed by him under applicable law (including NASD License) in order to perform the duties required by him hereunder. Employee shall keep and maintain all of such licenses and permits in full force and effect during the term of this Agreement. The Employer will pay any required license or permit fees.

(G)Employee shall, except as otherwise provided herein, be subject to the Employer's and/or the Bank's rules, practices and policies applicable to the Bank's Executive Employees.

(H)Employee shall report directly to and be responsible to the Chairman of the Bank/Employer.

4. BENEFITS:

(A)Employee shall participate in all life, disability and medical insurance plans, pensions and other similar plans which the Employer or the Bank may have or may establish from time to time, in which Employee is eligible to participate pursuant to the terms thereof. The foregoing, however, shall not be construed to require the Bank to establish any such plans or to prevent the Employer or the Bank from modifying or terminating such plans and no such action or failure thereof shall effect this Agreement.

(B)Employee shall be entitled to vacation as determined by the Board of Directors for all Bank Officers, but in no event shall it be less than the scheduled vacations and personal days as set forth in the Employee Handbook.

(C)Employee shall attend such continuing education seminars and obtain membership in such organizations as may be reasonably required by the Board; provided however, that the Employer shall bear the expenses of such activities.

(D)In addition to all of the above, Employee shall specifically be entitled to the following benefits:

1. Use of a company-owned vehicle, similar to current make and model.

2. Reimbursement for country club membership currently maintained by the Employee.

3. Group term life insurance: Provided by the Employer at no cost to employee - valued at two times annual salary. This plan carries a cap of $350,000.00.

4. Basic Dental Coverage (Preventative): Provided by the Employer at no cost to employee - family coverage cost $17.10 per month, or $205.20 per annum.

5. Health Insurance: In lieu of Health Insurance, Employer agrees to purchase a Long Term Health Care Insurance policy covering Employee and his spouse at an annual cost not to exceed the current cost to Employer of family health insurance coverage.

6. Employee Retirement Savings Plan (401K): Participation in accordance with the provisions of such plan, with the vesting service to include prior service with M&W Group, Inc.

7. Defined Benefit Pension Plan: In accordance with the provisions of the plan. Except that any applicable vesting schedule and waiting period shall include periods of employment with M&W Group Insurance, Inc.

5. WORKING AND OTHER FACILITIES: During the term of this Agreement, Employee shall be furnished with such working facilities, secretarial help and other services, as are suitable to his position and adequate for the performance of his duties.

6. EXPENSES: The Employer will reimburse Employee for reasonable expenses, including travelling expenses, incurred by him in connection with his employment in the business of the Bank upon the presentation by Employee of appropriate substantiation for such expenses.

7. CONFIDENTIALITY AND NON-INTERFERENCE: In the course of his employment by the Employer, Employee shall have and has had access to confidential or proprietary data or information of the Employer. Employee shall not at any time, divulge or communicate to any person, nor shall he direct any employee to divulge or communicate to any person (other than to a person bound by confidentiality obligation similar to those contained herein, and other than is necessary in performing his duties hereunder) or used to the detriment of the Employer or for the benefit of any other person, any of such data or information. The provision of this section shall survive Employee's employment hereunder, whether by the normal expiration thereof or otherwise. The term "confidential" or "proprietary data or information" as used in this Agreement, shall mean information not generally available to the public including, without limitation, personnel information, financial information, customer lists, computer programs, marketing and advertising data. Employee acknowledges and agrees that any confidential or proprietary data or information heretofore acquired was received in confidence.

The Employer and Employee agree that the customer lists, files, records and other material relating to the insurance customers of the Employer (including Employee Accounts), the trade secrets, operational processes and techniques (all of which are hereinafter referred to as the "Confidential Information") are valuable and unique assets of the Employer and the Employee has no right or interest in such Confidential Information. The Employee agrees not to disclose the Confidential Information to any person or entity other than to the employees of the Employer and to use the Confidential Information solely for the business and benefit of the Employer. The Employee also agrees to return all of the Confidential Information and all copies thereof to the Employer upon the termination of this Agreement. The Employer agrees to use its best efforts to prevent disclosure of Confidential Information relating to the Employee Accounts and Accounts to any person or entity other than employees of the Employer.

8. EARLY TERMINATION: Employee's employment hereunder shall terminate prior to the expiration of this Agreement or any extensions thereof, on the following terms and conditions:

(A)This Agreement shall terminate automatically on the death of Employee. Notwithstanding the foregoing, the Bank shall pay to Employee's estate any compensation and reimbursable expenses accrued to the date of his death which otherwise would have been paid to the Employee.

(B)This Agreement shall be terminated, at the Employer's election, if Employee is unable to perform his duties hereunder, for a period of six months (180) days in any 365 day period (or at such earlier time as the Bank's "salary continuation" insurance becomes effective) by reason of physical or mental disability. For purposes of this Agreement, "physical or mental disability" shall mean Employee's inability, due to health reasons, to discharge properly his duties of employment supported by the opinion of a physician selected by the employer. If the Employee is subsequently able to return to work after termination as provided herein, Employer may in its discretion, employ Employee in the same capacity or in such other capacity as may be mutually agreeable under such terms and conditions as the parties may so agree. Prior to such return however, Employee shall provide a physician's opinion certifying his ability to return to work.

(C)In the event of personal dishonesty, willful misconduct, gross negligence, loss of his license to act as an insurance agent in New York State, insubordination, or in the event of his deliberate failure to fulfill his obligations under this Agreement, after written notice from the Board provided Employee fails to take corrective action within such two (2) week period, the Board of Directors may terminate this Agreement by giving the Employee two (2) weeks written notice thereof. Such termination shall be effective at the expiration of such two (2) week notice. Thereafter the Employer shall not be obligated under any of the provisions herein, except as required by any statute in effect at that time.

(D)Employee may after December 31, 2005 voluntarily terminate his employment upon giving the Employer four (4) weeks written notice of his decision to terminate. Such a termination shall not constitute a breach of this Agreement; provided, however, that Employee shall be obligated after the date of such termination to continue to be bound by the conditions outlined in Section 7 hereof.

(E)The parties may mutually agree to terminate this Agreement in writing on such terms as they may determine.

(F)The Employer may terminate Employee's employment without cause and without notice; provided, however, that the Employer shall be obligated to continue to pay Employee's base salary plus benefits for the longer of three
(3) months after the date of such termination or the remainder of the term of the Agreement and provided further that Employee shall be relieved of all further obligations under this Agreement except for provisions pursuant to Paragraph 7.

(G)In the event of a "Sale of the Bank" (as defined below), the Employee may, at any time after one year following the "Sale of the Bank" voluntarily terminate his employment upon giving the Employer four (4) weeks written notice of his decision to terminate, provided, however, that the Employee shall be obligated after the date of such termination to continue to be bound by the conditions outlined in Section 7 hereof. The term "Sale of the Bank" shall mean a sale or other transaction following which Evans Bancorp, Inc. no longer owns 51% or more of the voting stock of the Bank or a sale or other transaction following which an unaffiliated person acquires 80% or more of the voting stock of Evans Bancorp, Inc. In the event the Employee terminates this Employment Agreement under this Subparagraph, then his obligations under Subsection 2(a) of the Covenant Not to Compete Agreement dated September 1, 2000 shall terminate as of the date this Agreement terminates but the other provisions of such Section 2 and the Covenant Not to Compete Agreement shall continue in full force and effect.

9. MODIFICATION: This Agreement constitutes the full and complete understanding of the parties and supersedes all prior agreements and understandings oral or written, between the parties, with respect to the subject matter hereof. This Agreement may not be modified or amended except by an instrument in writing, signed by the party against which enforcement thereof may be sought.

10. SEVERABILITY: Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or effecting the validity or enforceability of any of the terms or provisions of this Agreement or in other jurisdiction.

11. WAIVER OF BREACH: The waiver by either party of a breach of any provision of this Agreement shall not operate as, or be construed as, a waiver of any subsequent breach.

12. NOTICE: All notice hereunder shall be in writing and shall be sent by express mail or by certified or registered mail, postage prepaid, return receipt requested, to Employee at his residence as listed in the Employer's records, and to the Bank, c/o Evans National Bank, 14 - 16 North Main Street, Angola, New York 14006, Attention: Mr. Richard M. Craig, President, Chairman, and CEO, and to Employer at 265 Central Avenue, Silver Creek, New York, 14136-0151.

13. ASSIGNABILITY/BINDING EFFECT: This Agreement shall not be assignable by Employee without the written consent of the Board of Directors of the Employer. The Employer may assign its rights under this Agreement. This Agreement shall be binding upon and inure to the benefit of Employee, his legal representatives, heirs and distributees and shall be binding upon and inure to the benefit of the Employer, the Bank, its successors and assigns.

14. GOVERNING LAW: All questions pertaining to the validity, construction, execution and performance of this Agreement shall be construed and governed in accordance with the law of the State of New York.

15. HEADINGS: The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year above written.

	EMPLOYER: *M&W AGENCY, INC.*		*BANK:* *EVANS NATIONAL BANK*
By:	*/s/ Richard M. Craig, Chairman* *-------------------------------* *RICHARD M. CRAIG, CHAIRMAN*	*By:*	*/s/ Richard M. Craig, Chairman* *------------------------------* *RICHARD M. CRAIG, CHAIRMAN*
	EMPLOYEE: *M&W AGENCY, INC.*		
By:	*/s/ Robert G. Miller, Jr.* *-------------------------* *ROBERT G. MILLER, JR.*		

Exhibit 13.1

2000

[LOGO] EVANS BANCORP, INC.
2000 ANNUAL REPORT

Contents

[ICON] PROFILE

Evans Bancorp, Inc. is a bank holding company headquartered in Angola, New York and conducts its business through its wholly-owned subsidiary, Evans National Bank and its wholly-owned subsidiaries, M&W Agency, Inc. and ENB Associates Inc.

The Bank is an FDIC insured full-service commercial bank, and as of December 31, 2000 had total assets of $224,549,143, total deposits of $186,701,319 and total stockholders' equity of $25,179,072. The Bank's primary market area is located in Western New York State and specifically in southern Erie County, northern Chautauqua County and northwestern Cattaraugus County.

The principal business of the Bank is commercial banking and consists of, among other things, attracting deposits from the general public and using these funds to extend credit and to invest in securities. The Bank offers a variety of loan products to its customers including commercial loans, commercial and residential mortgage loans, and consumer loans. The Bank also offers various checking, savings, and premium savings accounts, certificates of deposit and electronic banking services including telephone banking, PC banking, Eas-E check card and is currently developing Internet Banking.

The M&W Agency, Inc. is a retail property and casualty insurance agency headquartered in Silver Creek, New York. Through its several branch offices, M&W sells, for commissions, various premium based insurance policies.

ENB Associates Inc. provides non-deposit investment products, such as mutual funds and annuities, to bank customers at bank branch locations. ENB has an agreement with a licensed broker, through which ENB can purchase and sell securities to its customers.

[ICON] PRESIDENT'S MESSAGE

As I report on 2000 as an excellent business year for Evans Bancorp, Inc. and its subsidiary Evans National Bank, it is also with great sadness and regret that we reflect on the passing of Richard M. Craig, President, Chief Executive Officer and Chairman of the Board of our Company who passed away in December, 2000.

[PHOTO]

After the sudden loss of Mr. Craig, I, James Tilley, was appointed President of Evans National Bank with Phillip Brothman appointed Chairman of the Board and Thomas H. Waring, Jr. appointed Vice Chairman of the Board.

Mr. Craig fought a brief but courageous battle with cancer. His death has meant the loss of not only a respected leader, but also a beloved friend.

Mr. Craig led us into the new millennium with enthusiasm and energy, skillfully directing our business plan and growth strategy to once again achieve record-setting results for the year. On behalf of all employees and Board members, past and present, we acknowledge him for his remarkable and unforgettable contributions.

In Richard M. Craig's memory, we dedicate this annual report as a lasting testament to his leadership, vision and commitment.

Record earnings; record growth in loans and deposits.

Under Mr. Craig's direction, 2000 was once again a year of record growth for our company. A full discussion of the results can be found in the "Management Discussion and Analysis" section of this annual report; however we would like to highlight some accomplishments.

Total assets increased by $25,760,760 to $224,549,143 from $198,788,383, or 13.0%. We achieved strong deposit growth as deposits increased $16,752,420 or 9.9% over the previous year. Loans increased by $12,345,614 in 2000 to $128,779,052, a 10.6% increase over loans of $116,433,438 at the end of 1999.

While the quality of our loan portfolio continues at a high level, the increase to the provision for loan losses reflects our current assessment of the New York State economy, our local economy and recommendations of our regulators. Other considerations include the past and planned growth of our commercial loan portfolio and its concentration in commercial real estate. Our provision for loan losses is now in excess of 1.0% of outstanding loans.

Net charge-offs totaled $105,056 for 2000, which is approximately .08% of outstanding loans, as compared to $70,543, or .06% for 1999.

Net income in 2000 was $3,222,986 compared to $2,027,270 in 1999. The dramatic increase was partially due to year-end adjustments including the receipt of life insurance proceeds of $1,380,000. Other key performance ratios for 2000 include return on average assets of 1.53% as compared to 1.10% in 1999, and 15.25% return on average equity as compared to 10.72% in the previous year.

Positioning for the future.

Our objective continues to be to position Evans Bancorp for sustained long-term growth while providing sound current returns. We believe that our accomplishments in 2000, including increases in commercial loan growth and core deposit growth, are evidence that our strategy is working. But in today's competitive financial services environment, we know we cannot simply rest on past accomplishments. In 2000, we believe we set the stage for future growth with a number of initiatives.

First, our new subsidiary, ENB Associates Inc., is in place to provide customers with a wide choice of non-deposit investment options. This subsidiary enables us to deliver the sale of mutual funds and annuities through our branch network, expanding product lines and providing added convenience to our customers.

We also completed the acquisition of the business and assets of M&W Insurance Group. Our insurance agency, M&W Agency, Inc. allows us to offer customers a range of personal and commercial insurance products for individuals and small businesses. We will seek to grow these two subsidiaries by cross-selling their services through our branch network which continues to expand, including a new facility underway in North Boston.

Similarly, our corporate leasing program extends lending options to our commercial customers. Also, providing customers Internet access improves our service capabilities in retail banking. These initiatives we believe will contribute to Evans National Bank's becoming a more comprehensive financial services provider to our customer base.

Contributing to the community.

In 2000 we continued to strengthen our commitment to the communities in which we do business. An example of this commitment was the opening of the West Seneca East High School Student Banking Center. This innovative program gives students the opportunity to learn the fundamentals of banking, engage in banking activities, while at the same time exposing them to careers in the financial industry.

In 2000 we continued to strengthen our commitment to the communities in which we do business.

Our dedicated officers and employees devote a significant amount of their personal time to local organizations and charities, helping to build on our reputation as a civic-minded company. In 2000, Evans National Bank was named Business of the Year by the West Seneca Chamber of Commerce.

We will continue to encourage employee involvement in leadership roles in the community. In addition, we will seek to increase our public image through a redesigned public relations campaign.

Internet Update.

Development and testing of our Internet Banking Service - Eas-E Net - continues, with the service expected to be up and running during the first quarter of 2001. Eas-E Net completes our family of electronic banking products and will allow both commercial and retail customers to perform a variety of banking transactions, including bill payment, all under the protection of enhanced security.

We have also introduced a company Website to give customers and potential customers access to information about our Company and products, including branch locations and hours. The Website also allows individuals to communicate with the Bank via e-mail.

The Outlook.

Despite the loss of Richard Craig, we believe Evans Bancorp, Inc. has made a successful transition into 2001. Mr. Craig had assembled an exceptionally qualified team of individuals who are now more committed than ever to carry on his vision for the Company. The future holds a time of challenge and change in the banking industry; however, thanks to the direction and foresight of Mr. Craig, and the dedication of our employees, we believe we are well positioned for continued growth.

In 2000, Richard C. Stevenson retired from the Board of Directors after 42 years of service. Mr. Stevenson's contributions to our success have been very significant and he will continue as Director Emeritus. We wish him a long, healthy and happy retirement. Robert G. Miller, Jr., President of M&W Agency, Inc., was appointed as a director by the Board of Directors effective January 1, 2001, to fill the vacancy.

The dedication of our employees makes Evans National Bank successful. During 2000, the following employees were recognized for their years of service: Nadine G. Houghton (35 years); Katherine M. Allen (25 years), Michelle A. Baumgarden, Lynn M. Fulton, and Mary Jean Williams (20 years); Carol Ann Czora (10 years) and Frederick C. Herold, Amy S. Kester, George L. Catalano, Julie M. Heimburg and Suzanne R. McMillan (5 years).

In closing, we have excellent business momentum and are confident in our ability to continue to build shareholder value. I would like to thank the Board of Directors and employees for their enthusiasm, support and hard work. I would especially like to thank our customers and loyal shareholders for your confidence. We believe 2001 will be another excellent year for Evans Bancorp, Inc.

/s/ James Tilley

James Tilley

President

[PHOTO]

[ICON] SELECTED FINANCIAL INFORMATION

For the year ended December 31,	2000	1999	1998	1997	1996
RESULT OF OPERATIONS					
Interest Income	$ 15,070,769	$ 12,554,843	$ 11,851,787	$ 11,072,851	$ 9,799,815
Interest Expense	6,490,680	5,043,316	4,946,730	4,588,056	3,912,761
Net Interest Income	8,580,089	7,511,527	6,905,057	6,484,795	5,887,054
Non-Interest Income	3,648,181	1,342,918	1,220,194	950,662	930,986
Non-Interest Expense	7,535,034	6,050,175	5,196,900	4,849,182	4,555,398
Net Income	3,222,986	2,027,270	2,043,351	1,802,275	1,614,642
BALANCE SHEET DATA					
Total Assets	$ 224,549,143	$ 198,788,383	$ 174,120,230	$ 158,542,163	$ 140,898,057
Loans - Net	128,779,052	116,433,438	110,526,449	101,627,427	92,087,902
Allowance for Loan Losses	1,428,467	838,167	729,199	609,539	546,954
Securities	73,121,218	62,999,678	50,059,972	40,400,374	36,054,324
Total Deposits	186,701,319	169,948,899	144,083,636	138,391,327	123,461,379
Stockholders' Equity	25,179,072	18,284,938	18,623,413	17,039,300	15,510,083
PER SHARE DATA					
Net Income	$ 1.83	$ 1.19	$ 1.20	$ 1.06	$ 0.95
Cash Dividend	$ 0.52	$ 0.47	$ 0.37	$ 0.30	$ 0.22
Book Value at Year End	$ 14.31	$ 10.76	$ 10.96	$ 10.03	$ 9.13
Market Value	$ 47.00	$ 47.00	$ 45.00	$ 38.00	$ 27.20*
Weighted Average Shares	1,756,695	1,698,523	1,698,612	1,698,950	1,698,950

*Retroactively adjusted for stock dividends and stock splits

[ICON] MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Evans National Bank (the "Bank"), a wholly-owned subsidiary of Evans Bancorp, Inc. (the "Company"), is a nationally chartered bank founded in 1920 which is headquartered in Angola, New York. The Bank's principal business is to provide full banking services to consumer and commercial customers in Erie, Chautauqua and Cattaraugus Counties of Western New York. The Bank serves its market through seven banking offices located in Angola, Derby, Evans, Forestville, Hamburg, North Boston and West Seneca, New York. The Bank's principal source of funding is through deposits which it reinvests in the community in the form of loans and investments. Deposits are insured to the applicable limit by the Bank Insurance Fund ("BIF") of the Federal Deposit Insurance Corporation ("FDIC"). The Bank is regulated by the Office of the Comptroller of the Currency.

On February 15, 2000 the Bank entered into an agreement with O'Keefe Shaw & Co., Inc. establishing ENB Associates Inc. ("ENB"), a wholly-owned subsidiary of the Bank. As part of the Bank's banking activities, on March 11, 2000 ENB Associates Inc. began the activity of providing non-deposit investment products, such as annuities and mutual funds, to bank customers.

Effective September 1, 2000 the Company completed the acquisition of the assets, business and certain liabilities of M&W Group, Inc., a retail property and casualty insurance agency headquartered in Silver Creek, New York, with offices located in Angola, North Collins, South Dayton, Cattaraugus, Randolph, and West Seneca, New York. The insurance agency acquired is operated through M&W Agency, Inc. a wholly-owned subsidiary of the Bank. M&W Agency, Inc. sells various premium-based insurance policies on a commission basis.

[BAR GRAPH]

Net Income
($ Millions)

1.6 1.8 2.0 2.0 3.2 1996 1997 1998 1999 2000

Commencing in 2000, the Company operates in two reportable segments - banking and insurance. For the years ended December 31, 1999 and 1998, the Company determined that its business was comprised of banking activity only.

The following discussion of financial condition and results of operations of the Company and the Bank and its wholly-owned subsidiaries should be read in conjunction with the consolidated financial statements and accompanying notes.

Statements included in this Management Discussion and Analysis may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1993, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. When used in this report, the words "anticipate", "believe", "estimate", "expect", "intend", "may", and similar expressions identify such forward-looking statements. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein. These forward-looking statements are based largely on the expectations of the Company or the Company's management and are subject to a number of risks and uncertainties, including but not limited to economic, competitive, regulatory, and other factors affecting the Company's operations, markets, products and services, as well as expansion strategies and other factors discussed elsewhere in this report and other filings by the Company with the Securities and Exchange Commision. Many of these factors are beyond the Company's control.

RESULTS OF OPERATIONS

Net interest income, the difference between interest income and fee income on earning assets, such as loans and securities, and interest expense on deposits and borrowings, provides the basis for the Bank's results of operations. These results are also impacted by non-interest income, the provision for credit losses, non-interest expense and income taxes. Net income of $3,222,986 consists of $3,178,293 related to the Company's banking activities and $44,693 related to the Company's insurance activities. The total net income of $3,222,986 or $1.83 per share in 2000 increased considerably over net income of $2,027,270 or $1.19 per share for 1999. This increase is partially attributable to proceeds from a life insurance policy recorded at the end of December 2000, naming the Bank as beneficiary. This policy was purchased to indirectly fund a future obligation of the Bank as part of the

Supplemental Employee Retirement Plan ("SERP"). Without the life insurance proceeds the per share data is comparable to 1999.

NET INTEREST INCOME

Net interest income, before the provision for credit losses, increased 14.2% from 1999 to 2000, compared to an increase of 8.8% from 1998 to 1999. Average earning assets increased $25.4 million in 2000 versus an increase of $19.3 million in average interest-bearing liabilities. The tax-equivalent yield on earning assets increased 36 basis points from 7.71% in 1999 to 8.07% in 2000. The cost of funds increased 45 basis points, from 3.75% in 1999 to 4.20% in 2000. The Bank's net interest margin remained the same, 4.43% at December 31, 2000 and at December 31, 1999. In 1999, the increase in net interest income of 8.8% was due to an increase of $18.5 million in earning assets over 1998. The tax-equivalent yield earned on those assets dropped 40 basis points from the prior year, to 7.71% from 8.11%. The average cost of funds on interest-bearing liabilities decreased 34 basis points over that time period, from 4.09% in 1998 to 3.75% in 1999. The volume of interest-bearing liabilities increased 11.3% in 1999 over 1998 or $13.6 million. The Bank's net interest margin narrowed from 4.52% in 1998 to 4.43% in 1999.

Management believes there are two main factors contributing to the net interest margin remaining the same for 2000 and 1999. One factor is the impact of the interest rate policy of the Federal Reserve. In its efforts to slow down the economy, the Federal Reserve Board increased short-term interest rates three times for a total of 75 basis points in 1999, increasing rates 25 basis points on three occasions beginning in June. In 2000, Federal Reserve raised rates an additional 100 basis points, 25 basis points in February, 25 basis points in March and 50 basis points in May. These moves led to increases in the prime rate. Interest rates on new securities issues have increased as well. Investments were made throughout the year to take advantage of the high yields available.

The second factor is competition. Banks are not only competing with each other for available business, but with other providers of loan and investment products, such as credit unions and insurance companies. A wealth of information is easily obtained by consumers via the Internet, from television and through print media. Competitors exist beyond the geographic trade area and to continue to be successful, banks have increased business volumes by offering higher deposit rates and lower loan rates, looking to other potential sources of income, such as fees and service charges, to increase earnings.

The Bank constantly monitors its exposure to interest rate risk. The proper management of interest-sensitive funds will help protect the Bank's earnings against extreme changes in interest rates. The Bank's Asset/Liability Management Committee ("ALCO") meets monthly for the purpose of evaluating the Bank's short-range and long-range liquidity position and the potential impact on capital and earnings as a result of sudden changes in interest rates. The Bank has adopted an asset/liability policy that specifies minimum limits for liquidity and capital ratios. Maximum limits have been set for the negative impact acceptable on net interest income and the market value of investments as a result of a shift in interest rates. The asset/liability policy also includes guidelines for investment activities and funds management. At its monthly meeting, the ALCO reviews the Bank's status and formulates its strategy based on current economic conditions, interest rate forecasts, loan demand, deposit volatility and the Bank's earnings objectives.

[BAR GRAPH]

Net Interest Income
($ Millions)

5.9 6.5 6.9 7.5 8.6 1996 1997 1998 1999 2000

PROVISION FOR LOAN LOSSES

The provision for loan losses represents the amount charged against the Bank's earnings to establish a reserve of allowance sufficient to absorb expected loan losses based on management's evaluation of the loan portfolio. Factors considered include loan concentrations, charge-off history, delinquent loan percentages, input from regulatory agencies and general economic conditions. In 2000, the Bank increased the amount charged against earnings for loan losses to $689,000 from $170,000 in 1999. In 1998, $150,000 was charged against earnings for this purpose.

The following table summarizes the Bank's actual loan losses, total of non-performing loans and total allowance for loan losses for 2000, 1999 and 1998, both in dollars and as a percentage of total loans outstanding:

	2000		1999		1998	
Actual Loan Losses	$ 105,056	0.08%	$ 70,543	0.06%	$ 71,458	0.06%
Non-Performing Loans	$1,460,000	1.13%	$1,771,625	1.52%	$1,452,000	1.32%
Allowance for Loan Losses	$1,428,467	1.11%	$ 838,167	0.72%	$ 729,199	0.66%

Although an increase in loan losses was experienced in the past year, the increase in the reserve is reflective of a continued growth trend in commercial loans as well as management's assessment of the local economic environment. The local economy has lagged behind both New York State and national prosperity, while continuing to be hampered by marginal job growth and a declining population base. Although not reflected in the Bank's historical performance, the portfolio may be susceptible in the event of an economic downturn. Management's increase to the reserve during the fourth quarter of 2000 was a result of their analysis of the above factors and the regulations promulgated by the Office of the Comptroller of the Currency.

NON-INTEREST INCOME

Total non-interest income increased approximately $2,305,000 or 171.7% in 2000 over 1999. This compares to an increase of approximately $123,000 from 1998 to 1999. Non-interest income for 2000 included approximately $1,380,000, which the Bank recorded as the beneficiary of a life insurance policy on the former Chairman, President and CEO. Approximately $158,000 was recorded for an increase in the cash surrender value of life insurance policies held on certain bank officers. Approximately $114,000 was recorded for an increase in the cash surrender value of life insurance policies held on certain directors.

[BAR GRAPH]

Net Loans
($ Millions)

92.1 101.6 110.5 116.4 128.8 1996 1997 1998 1999 2000

In 2000, the Bank received a six-month benefit from the service charge increase instituted in July 2000. Loan-related income also increased in 2000. This included prepayment penalties collected on loans and dividends received as a result of the Bank's participation in the New York State Bankers Group Insurance Trust.

Losses realized on the sale of assets totaled approximately $88,000 in 2000 versus approximately $16,000 in gains realized in 1999. In 2000, planned sales of securities resulted in net losses of $53,000. These losses will be offset by additional interest income earned on the reinvestment of proceeds in higher-yielding bonds.

Premiums received on the sale of student loans to the Student Loan Marketing Association ("SLMA") were approximately $5,600. In 1999, gains on sales to SLMA were approximately $6,400. About $2,200 in premiums were received on mortgages sold to the Federal National Mortgage Association ("FNMA") in 2000. This compares to $7,800 received in 1999. The Bank has been affiliated with both SLMA and FNMA since 1995. The Bank also sold in 2000, two properties, which it owned as a result of foreclosure. Total losses of $35,000 were experienced on these sales.

Other non-interest income reflected an increase of approximately $646,000 due to sales of insurance by the M&W Agency, Inc., since it commenced operations in September 2000.

NON-INTEREST EXPENSE

Total non-interest expense increased approximately $1.5 million or 24.5% in 2000 over 1999. In 2000, the ratio of non-interest expense to average assets was 3.55% compared to 3.24% in 1999 and 3.14% in 1998. Non-interest expense categories include those most impacted by branch expansion, the acquisition of the M&W Agency, Inc. and the addition of ENB Associates Inc.-salaries, occupancy, advertising, and supplies, among others. Salary and benefit expense increased 23.0% in 2000. Of the $739,000 increase, approximately $374,000 is attributable to the operation of the M&W Agency, Inc. The remainder of the increase included merit/promotional increases, other additional staffing and expenses related to the Bank's retirement plans. Occupancy expenses increased about $115,000 or 12.7%. The cost of the occupancy expense for M&W Agency, Inc. contributed $42,000 to occupancy expense. Approximately $24,000 in increased expense for supplies included materials purchased as a result of the Bank's Year 2000 initiative in January. This included forms and envelopes used to provide each customer with a bank statement as of December 31, 1999, in addition to their regularly scheduled statement. This also included the purchase of stationery with the Bank's new logo. Repairs and maintenance increased approximately $33,000 or 14.1%. This was largely due to M&W Agency, Inc. Advertising costs went down $13,000 or 8.1% from the total in 1999. In 1999 advertising costs had increased over the prior year by $42,000 or 36.0%. About 75% of the increase was attributed to the promotion of the newly-opened West Seneca branch over that time period. The remaining 25% of that amount was spent on promoting the Bank's PC and telephone banking services. Professional services increased about $41,000 or 16.7% due to increased fees. The FDIC assessment increased 102.3% in 2000. New assessment rates went into effect on January 1, 2000. Other insurance increased approximately $85,000 or 30.9% due to premiums paid for life insurance policies held on certain bank officers and directors.

Miscellaneous other expenses increased 53.9% or approximately $444,000 in 2000. Expenses associated with originating loans, telephone costs, postal costs, maintenance on foreclosed properties and correspondent bank service charges also fall under miscellaneous expenses. All of these categories increased in 2000. Miscellaneous other expenses were impacted by the M&W Agency, Inc. acquisition, of approximately $70,000. Expense also related to the M&W Agency, Inc. acquisition is four months of goodwill expense of approximately $106,000.

TAXES

The provision for income taxes in 2000 of $781,000 reflects an effective tax rate of 19%. This compares to $607,000 or 23% in 1999 and $735,000 or 27% in 1998. The favorable tax position maintained by the bank is attributable to the substantial investments in tax advantaged municipal bonds and the life insurance proceeds recorded as tax exempt income in 2000. The effective tax rate without the life insurance proceeds would have been 31%.

FINANCIAL CONDITION

The Bank had total assets of $224.5 million at December 31, 2000, an increase of $25.8 million or 13.0% over $198.8 million at December 31, 1999. Net loans of $128.8 million increased 10.6% or $12.3 million over the previous year. Securities increased $10.1 million or 16.1% . Cash and cash equivalents decreased $2.6 million or 21.9%. Deposits grew by $16.8 million or 9.9%. Shareholders' equity increased $6.9 million or 37.7%, approximately $2.9 million of which is attributable to the M&W Agency, Inc. acquisition. Unrealized gains/ losses on investment securities held by the Bank increased $1.7 million over 1999.

[BAR GRAPH]

Total Deposits
($ Millions)

123.5 138.4 144.1 169.9 186.7 1996 1997 1998 1999 2000

LOANS

Loans comprised 61.8% of the Bank's total average earning assets in 2000. Actual year-end balances increased 10.6% versus an increase of 5.3% in 1999 and 8.8% in 1998. The Bank continues to focus its lending on commercial and residential mortgages, commercial loans and home equity loans. Commercial mortgages make up the largest segment of the portfolio at 47.9% of total loans. Residential mortgages comprise 18.9% of the portfolio and commercial loans account for 14.1% of outstanding loans. 15.5% are home equity loans and direct financing lease loans account for 1.0% of outstanding loans.

At December 31, 2000, the Bank had a loan/deposit ratio of 69.7%. This compares to a loan/deposit ratio of 69.0% at December 31, 1999.

The Bank currently retains the servicing rights to $8.9 million in long-term mortgages sold to the Federal National Mortgage Association ("FNMA") since becoming a member in 1995. This arrangement allows the Bank to offer long-term mortgages without exposure to the associated interest rate risks, while retaining customer account relationships.

The Bank continues its contractual arrangement with the Student Loan Marketing Association ("SLMA") whereby SLMA services the Bank's loans to borrowers who are still in school and subsequently purchases those loans. Approximately $800,000 in student loans were sold to SLMA in 2000. Student loans presently make up 0.26% of total loans.

SECURITIES AND FEDERAL FUNDS SOLD

Securities and federal funds sold made up the remaining 38.2% of the Bank's total average earning assets at December 31, 2000. These categories provide the Bank with additional sources of liquidity and income. The Bank's securities portfolio increased 16.1% over the prior year. It continues to be strongly concentrated in tax-advantage municipal bonds, which make up 43.0% of the portfolio, US government-guaranteed mortgage-backed securities which make up 21.6% of bonds, and US government-sponsored agency bonds of various types which comprise 32.4% of the total. As a member of both the Federal Reserve System and the Federal Home Loan Bank, the Bank is required to hold stock in those entities. These investments made up 1.7% of the portfolio at December 31, 2000. The credit quality of the portfolio is strong, with 89% of the portfolio carrying the equivalent of a Moody rating of AAA.

Federal funds sold balances are largely maintained for liquidity purposes. The average balance maintained in fed funds sold declined in 2000 to 1.3% of total average earning assets from 2.1% the previous year. In 1999, the Bank maintained higher balances in these overnight investments as part of its liquidity contingency plan for the Year 2000.

The tax-equivalent yield earned on securities and federal funds sold increased 57 basis points in 2000 moving from 6.33% in 1999 to 7.00% in 2000. This compares to 6.58% in 1998. High yields were available on bonds throughout the year, and new investments were concentrated in longer term bonds with call protection. Also, low-yielding bonds were sold and replaced with higher-yielding bonds. Although the Bank experienced $53,000 in net losses on these sales, the losses will be made up in additional interest income. As stated earlier, the volume of federal funds sold decreased in 2000, however, the yield on this category increased from 4.94% in 1999 to 6.04% in 2000.

Statement of Financial Accounting Standard ("SFAS") No. 115 outlines accounting and reporting requirements for investment securities. All securities are designated at the time of purchase as either "held to maturity" or "available for sale". Securities designated as held to maturity are stated on the balance sheet at amortized cost. Those designated as available for sale are reported at fair market value. At December 31, 2000, $3,475,401 in securities were designated as held to maturity. These bonds are primarily investments that the Bank has made in its local trade area.

The available for sale portfolio totaled $69,645,817 or approximately 95.2% of the Bank's securities portfolio at December 31, 2000. Net unrealized gains and losses on available for sale securities resulted in a net unrealized gain of $786,030 at December 31, 2000 as compared to a net unrealized loss of $1.7 million at December 31, 1999. Rates increased at the end of 1999, driving market prices down on fixed income bonds held in the portfolio. Although rates did not decrease until January of 2001, the anticipation of decreasing rates drove market prices up at the end of 2000. Unrealized gains and losses on available for sale securities are reported, net of taxes, as a separate component of shareholders' equity. At December 31, 2000, the impact to equity was a net unrealized gain of $534,500.

DEPOSITS

Total deposits increased $16.8 million or 9.9% in 2000 over 1999. Although all of the Bank's branches have experienced deposit growth, the most significant increases have come from the West Seneca and Hamburg offices opened in 1999 and 1995, respectively. Core deposit growth has been an area the Bank has focused on and success is evident in the 23.3% increase in Demand Deposits and 18.7% increase in NOW accounts. Although the year-end balance in regular savings declined 1.2% from the previous year, the decrease has been concentrated in the traditional passbook and statement savings products. The tiered rate Premium Savings product remains a strong product with balances averaging $18.9 million in 2000. In 2000, the Bank added a new Business Savings account for commercial customers, which has averaged about $3.4 million in balances per month. Time deposits of less than $100,000 increased 15.9% in 2000 as customers took advantage of the favorable rate environment and put money in certificates of deposit of various terms.

Certificates of deposit in excess of $100,000 increased 6.7%. These funds are generally not considered core deposits. Most of these deposits are obtained from municipalities through the competitive bidding process. Others are obtained from commercial and retail customers looking for the safety of a FDIC-insured deposit. These deposits have increased significantly over the past several years due to the Bank's expansion of its trade area.

Evans National Bank remains committed to providing quality products and making banking convenient for its customers. The Eas-E Line services, which include telephone and personal computer banking, will soon be supplemented by Eas-E Net Internet Banking. This new service will enable customers to access account information and pay bills via the Internet. The Bank's recently developed website, evansnationalbank.com, is another resource for obtaining information regarding the Bank's products and services. In March 2000 the Bank formed ENB, an investment subsidiary, which provides customers with the opportunity to purchase mutual funds and annuities at their local branch of the Bank. In September, the Bank acquired an insurance subsidiary, M & W Agency, Inc., which specializes in property and casualty insurance. M & W has seven offices throughout the Bank's trade area, including one conveniently located in the Bank's West Seneca branch.

In 2000, the Bank opened an in-school branch banking facility in West Seneca East High School. This facility is staffed by students, and provides not only access to bank services, but also an educational opportunity for students who may be interested in banking as a career.

LIQUIDITY

The Bank utilizes cash flows from the investment portfolio and federal funds sold balances to manage the liquidity requirements it experiences due to loan demand and deposit fluctuations. The Bank also has many borrowing options. As a member of the Federal Home Loan Bank ("FHLB"), the Bank is able to borrow funds at competitive rates. Advances of up to $10.8 million can be drawn on the FHLB via the Overnight Line of Credit Agreement. An amount equal to 25% of the Bank's total assets could be borrowed through the advance programs under certain qualifying circumstances. The Bank also has the ability to purchase $4,000,000 in federal funds from one of its correspondent banks. By placing sufficient collateral in safekeeping at the Federal Reserve Bank, the Bank could also borrow at the discount window.

The cash flows from the investment portfolio are laddered to provide funds principal and interest payments at various times as liquidity needs may arise. Contractual maturities are also laddered, with consideration as to the volatility of market prices to ensure that a sufficient amount of securities is available that could be sold without incurring significant losses. At December 31, 2000 approximately 5.7% of the Bank's securities had maturities of one year or less and approximately 18.6% had maturity dates of five years or less. At December 31, 2000 the Bank had net short-term liquidity of $18.0 million as compared to $7.9 million at December 31, 1999. Available assets of $76.3 million less public and purchased funds of $45.7 million resulted in a long-term liquidity ratio of 167% versus 149% at December 31, 1999.

Liquidity needs can also be met by aggressively pursuing municipal deposits, which are normally awarded on the basis of competitive bidding. The Bank maintains a sufficient level of US government and government agency securities and New York State municipal bonds that can be pledged as collateral for these deposits.

Total cash and cash equivalents decreased approximately $2.6 million or 21.9% from 1999 to 2000. Excess cash was kept for the Y2K contingency for year-end 1999. Since then the excess cash has been reinvested in the securities portfolio resulting in the decrease in total cash and cash equivalents for year-end 2000.

INTEREST RATE RISK

Interest rate risk occurs when interest-earning assets and interest-bearing liabilities mature or reprice at different times or on a different basis. ALCO analyzes the gap position on a monthly basis to determine the Bank's exposure to interest rate risk. The gap position is the difference between the total of the Bank's rate-sensitive assets and rate-sensitive liabilities maturing or repricing during a given time frame. A "positive" gap results when more assets than liabilities reprice and a "negative" gap results when more liabilities than assets reprice within a given time period. Because assets historically reprice faster than liabilities, a slightly negative gap position is considered preferable. At December 31, 2000 the Bank was in a negative gap position with $13.0 million more in rate-sensitive liabilities repricing over the next year than in rate-sensitive assets. The Bank's asset/liability limit, as defined in its asset/liability policy, is a difference of +/- 15% of the Bank's total assets, which amounted to +/- $33.7 million at December 31, 2000. The gap ratio (rate-sensitive assets/rate-sensitive liabilities) at that date was 84%.

Off-balance sheet financial instruments at December 31, 2000 included $8,546,000 in undisbursed lines of credit at an average interest rate of 11.0%, $2,444,000 in fixed rate loan origination commitments at 10.9%, $16,445,000 in adjustable rate loan origination commitments at 11.1% and $1,203,000 in adjustable rate letters of credit at an average rate of 11.5%.

Expected maturity date - year ended December 31,	2001	2002	2003	2004	2005	There-after	Total	Fair Value
INTEREST-EARNING ASSETS ($000S)								
Loans Receivable, Fixed Rate	11,581	6,161	5,876	4,336	4,448	18,265	50,667	51,052
Average Interest Rate	8.91%	8.88%	8.76%	8.54%	8.31%	8.03%		
Loans Receivable, Adj. Rate	18,836	4,709	3,898	2,311	6,264	42,282	78,300	78,300
Average Interest Rate	9.83%	9.19%	8.93%	9.35%	8.96%	8.70%		
Federal Funds Sold	1,250							
Average Interest Rate	6.00%							
Investments	13,166	6,483	10,496	7,721	8,030	27,225	73,121	73,121
Average Interest Rate	6.87%	7.32%	7.62%	7.12%	7.21%	7.51%		
INTEREST-BEARING LIABILITIES ($000S)								
Deposits	71,095	37,260	14,699	14,332	12,151	557	150,094	150,626
Average Interest Rate	5.22%	5.00%	2.50%	2.41%	2.33%	1.07%		
Borrowed Funds	54	1,033	2,000	1,124	84	114	4,409	4,409
Average Interest Rate	10.60%	5.19%	4.90%	5.51%	8.00%	9.00%		

MARKET RISK

When rates rise or fall, the market value of the Bank's assets and liabilities will increase or decrease. As a part of the Bank's asset/liability policy, the Bank has set limitations on the negative impact to the market value of its balance sheet that would be acceptable. The Bank's securities portfolio is priced monthly and adjustments are made on the balance sheet to reflect the market value of the available for sale portfolio per SFAS No. 115. A limitation of a negative 25% of total capital before SFAS No. 115 (after tax) has been established as the maximum impact to equity as a result of marking available for sale securities to market that would be acceptable. At year-end, the impact to equity as a result of marking available for sale securities to market was an unrealized gain of $534,500. On a quarterly basis, the available for sale portfolio is shocked for immediate rate increases of 100 and 200 basis points. At December 31, 2000 the Bank determined it would take an immediate increase in rates in excess of 200 basis points to eliminate the current capital cushion. The Bank's capital ratios are also reviewed on a quarterly basis. Unrealized gains and losses on available for sale securities are not included in the calculation of these ratios.

CAPITAL EXPENDITURES

The construction and furnishing of a new office in North Boston is anticipated to cost the Bank approximately $715,000 in 2001. The Bank has leased the existing North Boston office, since that branch was acquired in 1989. The vacant lot was purchased in 1991 and preliminary work has been done on the site. Current plans call for the new facility to be ready to be occupied by mid-year 2001. The present tenant in the Erie Road building adjacent to the Derby Office is expected to vacate the building in 2001. At that time the Bank will renovate the building for its own use. These renovations are expected to total $150,000. Other planned expenditures include replacing a number of personal computers, replacing/adding automated teller machines (ATMs) and miscellaneous other equipment and software upgrades. The Bank believes it has a sufficient capital base to support these capital expenditures with current assets and retained earnings.

IMPACT OF INFLATION AND CHANGING PRICES

There will always be economic events, such as the changes in the economic policies of the Federal Reserve Board that will have an impact on the profitability of the Company. Inflation may result in impaired asset growth, reduced earnings and substandard capital ratios. The net interest margin can be adversely impacted by the volatility of interest rates throughout the year. Since these factors are unknown, management attempts to structure the balance sheet and repricing frequency of assets and liabilities to avoid a significant concentration that could result in a negative impact on earnings.

New Accounting Standards

In September 2000, the Financial Accounting Standards Board issued SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. Management has determined that this standard will not have a significant impact on the Company's financial condition and results of operation.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Evans Bancorp, Inc. We have audited the accompanying consolidated balance sheets of Evans Bancorp, Inc. and subsidiary (the "Company") as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2000 and 1999 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Buffalo, New York
February 1, 2001

EVANS BANCORP, INC. AND SUBSIDIARY
Consolidated Balance Sheets

December 31, 2000 and 1999	2000	1999
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 8,108,912	$ 8,528,778
Federal funds sold	1,250,000	3,450,000
Total cash and cash equivalents	9,358,912	11,978,778
Securities:		
Available for sale, at fair value	69,645,817	59,550,786
Held to maturity	3,475,401	3,448,892
Loans, net of allowance for loan losses of $1,428,467 in 2000 and $838,167 in 1999	128,779,052	116,433,438
Properties and equipment, net	3,776,869	3,834,496
Other assets	9,513,092	3,541,993
TOTAL ASSETS	$224,549,143	$ 198,788,383
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Demand	$ 36,607,680	$ 29,683,357
NOW and money market	9,550,131	8,048,455
Regular savings	58,142,285	58,819,156
Time	82,401,223	73,397,931
Total deposits	186,701,319	169,948,899
Other borrowed funds	4,409,068	5,000,000
Securities sold under agreements to repurchase	3,869,172	3,699,829
Other liabilities	4,390,512	1,854,717
Total liabilities	199,370,071	180,503,445
CONTINGENT LIABILITIES AND COMMITMENTS		
STOCKHOLDERS' EQUITY:		
Common stock, $.50 par value, 10,000,000 shares authorized; 1,759,601 and 1,698,950 shares issued and outstanding, respectively	879,801	849,475
Capital surplus	13,810,991	10,990,720
Retained earnings	9,953,780	7,629,839
Accumulated other comprehensive income (loss), net of tax	534,500	(1,185,096)
Total stockholders' equity	25,179,072	18,284,938
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$224,549,143	$ 198,788,383

See notes to consolidated financial statements.

EVANS BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Income

Years Ended December 31, 2000, 1999 and 1998	2000	1999	1998
INTEREST INCOME:			
Loans	$ 10,616,225	$ 9,294,995	$ 9,336,407
Federal funds sold	158,635	180,292	84,316
Securities:			
Taxable	2,746,273	1,761,594	1,333,268
Non-taxable	1,549,636	1,317,962	1,097,796
Total interest income	15,070,769	12,554,843	11,851,787
INTEREST EXPENSE ON DEPOSITS AND BORROWINGS	6,490,680	5,043,316	4,946,730
NET INTEREST INCOME	8,580,089	7,511,527	6,905,057
PROVISION FOR LOAN LOSSES	689,000	170,000	150,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,891,089	7,341,527	6,755,057
NON-INTEREST INCOME:			
Service charges	862,207	741,232	708,482
Net (loss) gains on sales of assets	(88,114)	16,103	66,208
Premium on loans sold	7,818	14,155	56,145
Life insurance proceeds	1,380,318	0	0
Other	1,485,952	571,428	389,359
Total non-interest income	3,648,181	1,342,918	1,220,194
NON-INTEREST EXPENSE:			
Salaries and employee benefits	3,951,446	3,212,869	2,807,223
Occupancy	1,024,465	909,304	762,380
Supplies	197,614	173,698	115,588
Repairs and maintenance	265,296	232,428	186,772
Advertising and public relations	147,460	160,480	118,021
Professional services	286,607	245,575	290,858
FDIC assessments	34,481	17,041	16,395
Other Insurance	359,206	274,456	173,176
Other	1,268,459	824,324	726,487
Total non-interest expense	7,535,034	6,050,175	5,196,900
INCOME BEFORE INCOME TAXES	4,004,236	2,634,270	2,778,351
INCOME TAXES	781,250	607,000	735,000
NET INCOME	$ 3,222,986	$ 2,027,270	$ 2,043,351
Net income per common share - basic	$ 1.83	$ 1.19	$ 1.20
Weighted average number of common shares	1,756,695	1,698,523	1,698,612

See notes to consolidated financial statements.

EVANS BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2000, 1999 and 1998

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balance, January 1, 1999	$ 849,475	$ 10,990,720	$4,985,249	$ 213,856	$ 0	$17,039,300
Comprehensive income:						
1998 net income			2,043,351			2,043,351
Unrealized gain on available for sale securities, net of reclassification adjustment and tax effect of $107,977			229,452			229,452
Total comprehensive income				2,272,803		
Cash dividends ($.37 per common share)			(627,836)			(627,836)
Purchase of 3,881 shares for treasury					(174,645)	(174,645)
Reissuance of treasury stock under stock dividend plan of 2,529 shares					113,791	113,791
Balance, December 31, 1998	849,475	10,990,720	6,400,764	443,308	(60,854)	18,623,413
Comprehensive income:						
1999 net income			2,027,270			2,027,270
Unrealized loss on available for sale securities, net of reclassification adjustment and tax effect of $766,297				(1,628,404)		(1,628,404)
Total comprehensive income						398,866
Cash dividends ($.47 per common share)			(798,195)			(798,195)
Purchase of 4,434 shares for treasury					(205,368)	(205,368)
Reissuance of treasury stock under stock dividend plan of 5,786 shares					266,222	266,222
Balance, December 31, 1999	849,475	10,990,720	7,629,839	(1,185,096)	--	18,284,938
Comprehensive income:						
2000 net income			3,222,986			3,222,986
Unrealized gain on available for sale securities, net of reclassification adjustment and tax effect of $550,271				1,719,596		1,719,596
Total comprehensive income						4,942,582
Cash dividends ($.52 per common share)			(899,045)			(899,045)
Purchase of 5,825 shares for treasury					(273,775)	(273,775)
Reissuance of treasury stock under stock dividend plan of 5,825 shares					273,775	273,775
Issuance of shares for M&W acquisition	30,326	2,820,271				2,850,597
Balance, December 31, 2000	$ 879,801	$ 13,810,991	$9,953,780	$ 534,500	$ 0	$25,179,072

See notes to consolidated financial statements.

EVANS BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Cash Flows

Years Ended December 31, 2000, 1999 and 1998	2000	1999	1998
OPERATING ACTIVITIES:			
Interest received	$ 14,908,370	$ 12,559,167	$ 11,805,241
Fees received	2,202,389	1,283,956	1,136,626
Interest paid	(6,314,332)	(5,052,915)	(4,952,879)
Cash paid to employees and suppliers	(7,665,183)	(5,750,114)	(4,944,895)
Income taxes paid	(992,235)	(842,482)	(863,365)
Net cash provided by operating activities	2,139,009	2,197,612	2,180,728
INVESTING ACTIVITIES:			
Available for sale securities:			
Purchases	(27,931,442)	(30,158,490)	(35,657,818)
Proceeds from sales	15,544,257	3,121,468	19,652,675
Proceeds from maturities	4,786,927	8,423,564	7,686,003
Held to maturity securities:			
Purchases	(2,962,044)	(3,952,558)	(3,722,629)
Proceeds from maturities	2,935,536	7,099,039	2,790,562
Additions to properties and equipment	(359,547)	(643,470)	(414,541)
Investment in joint venture	(10,500)	0	0
Increase in loans, net of repayments	(14,415,746)	(11,666,342)	(13,857,709)
Proceeds from sales of loans	1,513,153	5,241,973	4,863,285
Proceeds from sale of other real estate owned	411,971	299,515	49,070
Proceeds from life insurance policies surrendered	0	0	224,009
Net cash used in investing activities	(20,487,435)	(22,235,301)	(18,387,093)
FINANCING ACTIVITIES:			
(Repayments) proceeds from borrowing	(503,340)	(412,234)	8,165,920
Increase in deposits	17,130,945	25,865,263	5,693,383
Dividends paid	(899,045)	(798,196)	(627,836)
Purchase of treasury stock	(273,775)	(205,368)	(174,645)
Sale of treasury stock	273,775	266,222	113,791
Net cash provided by financing activities	15,728,560	24,715,687	13,170,613
Net (decrease) increase in cash and cash equivalents	(2,619,866)	4,677,998	(3,035,752)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,978,778	7,300,780	10,336,532
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,358,912	$ 11,978,778	$ 7,300,780
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net income	$ 3,222,986	$ 2,027,270	$ 2,043,351
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	663,346	611,579	381,115
Provision for loan losses	689,000	170,000	150,000
Loss (gains) on sales of assets	80,296	(16,103)	(66,208)
Gain on life insurance policies surrendered	0	0	(97,580)
Proceeds from life insurance	(1,380,318)	0	0
Changes in assets and liabilities affecting cash flow:			
Other assets	(981,869)	(832,205)	(225,835)
Other liabilities	(154,432)	237,071	(4,115)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,139,009	$ 2,197,612	$ 2,180,728

See notes to consolidated financial statements.

EVANS BANCORP, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements Years Ended December 31, 2000, 1999 and 1998

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and General - Evans Bancorp, Inc. (the "Company") was organized in October 1988, under the Business Corporation Law of the State of New York as a bank holding company. The accompanying consolidated financial statements include the accounts of Evans Bancorp, Inc. and its wholly owned subsidiary, Evans National Bank (the "Bank"), and its wholly owned subsidiaries, M&W Agency, Inc. ("M&W"), and ENB Associates Inc. ("ENB").

The Bank is in the commercial banking business, attracting deposits from and making loans to the general public in its immediate geographical area. The Bank's main office is located in Angola, New York and it has branches in Derby, Evans, Forestville, Hamburg, North Boston, and West Seneca.

M&W is a retail property and casualty insurance agency headquartered at Silver Creek, New York. Through its several branch offices, M&W sells, for commissions, various premium based insurance policies. M&W commenced operations during the third quarter of 2000.

ENB was established during the first quarter of 2000 and provides non-deposit investment products, such as mutual funds and annuities, to bank customers at bank branch locations. ENB has an agreement with a licensed broker, where by ENB can purchase and sell securities for bank customers.

Commencing in 2000, the Company operates in two reportable segments - banking and insurance.

Regulatory Requirements - The Bank is subject to the rules, regulations, and reporting requirements of various regulatory bodies, including the Federal Reserve Board ("FRB"), the Federal Deposit Insurance Corporation ("FDIC"), and the Office of the Comptroller of the Currency ("OCC").

Principles of Consolidation - The consolidated financial statements include the accounts of the Company and the Bank and subsidiaries. All material intercompany accounts and transactions are eliminated in consolidation.

Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Securities - Securities for which the Bank has the positive intent and ability to hold to maturity are stated at cost, adjusted for discounts and premiums that are recognized in interest income over the period to the earlier of call date or maturity using a method that approximates level yield. Securities held to maturity have been designated as unavailable to be sold as part of the Bank's asset-liability management activities.

Securities classified as available for sale are stated at fair value, with unrealized gains and losses excluded from earnings and reported, net of deferred income taxes, in stockholders' equity. Gains and losses on sales of securities are computed using the specific identification method.

Securities which have experienced an other than temporary decline in fair value are written down to a new cost basis with the amount of the writedown included in earnings as a realized loss. The new cost basis is not changed for subsequent recoveries in fair value. Factors which management considers in determining whether an impairment in value of an investment is other than temporary include the issuer's financial performance and near term prospects, the financial condition and prospects for the issuer's geographic region and industry, and recoveries in fair value subsequent to the balance sheet date.

The Bank does not engage in securities trading activities.

Loans - The Bank grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans throughout Erie and Chautauqua counties. The ability of the Bank's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted to charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The bank considers a loan to be impaired when, based on current information and events, it is probable that a creditor will be unable to collect principal or interest due according to the contractual terms of the loan. Loan impairment is measured based on the present value of expected cash flows discounted at the loan's effective interest rate or, as a practical

expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent.

Payments received on impaired loans are applied against the recorded investment in the loan. For loans other than those that the Bank expects repayment through liquidation of the collateral, when the remaining recorded investment in the impaired loan is less than or equal to the present value of the expected cash flows, income is recorded on a cash basis.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses - The allowance for loan losses is established through a provision for loan losses. Recoveries on loans previously charged off are credited directly to the allowance for loan losses. The allowance is an amount that management believes adequate to absorb losses on existing loans that may become uncollectible. Management's periodic evaluation of the adequacy of the allowance is based on the Bank's past loan-loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrowers' ability to repay, estimated value of any underlying collateral, and current economic conditions.

In addition, various regulatory agencies, as part of their examination process, periodically review the Bank's allowance for loan losses. Such agencies may require the Bank to recognize additions to the allowance based on their judgments of information available to them at the time of their examination.

Management's increase to the provision for loan losses during 2000 reflects its current assessment of the New York State and local economy. Both have lagged behind national prosperity, which is now unsettled. Marginal job growth, in conjunction with a declining population base, has left the Bank's market more susceptible to potential credit problems in the event of an economic downturn. This is particularly true of commercial borrowers, which is a segment of significant past growth as well as concentration in commercial real estate. Commercial real estate values may be susceptible in an adverse economy. Management believes that the increase to the reserve is also in accordance with regulations promulgated by the Office of the Comptroller of the Currency, and is reflective of its assessment of the local environment as well as a continued growth trend in commercial loans.

Foreclosed Real Estate - Foreclosed real estate is initially recorded at the lower of book or fair value (net of costs of disposal) at the date of foreclosure. Costs relating to development and improvement of property are capitalized, whereas costs relating to the holding of property are expensed. Valuations are periodically performed by management, and an allowance for potential additional losses is established by a charge to operations if the carrying value of a property exceeds fair value. Foreclosed real estate is classified as other assets on the consolidated balance sheets.

Goodwill - Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in connection with the Company's acquisition of the M&W Group, Inc. Goodwill is being amortized on a straight-line basis over ten years. The Company periodically assesses whether events or changes in circumstances indicate that the carrying amount of goodwill may be impaired.

Properties and Equipment - Properties and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from 3 to 31 years.

The Bank regularly assesses all of its long-lived assets for impairment and recognizes a loss when the carrying value of an asset exceeds its fair value. The Bank determined that no impairment loss needs to be recognized for applicable assets in 2000 or 1999.

Interest Income on Loans - Interest on loans is accrued and credited to income based on the principal amount outstanding. The accrual of interest on loans is discontinued when, in the opinion of management, there is an indication that the borrower may be unable to meet payments as they become due. Upon such discontinuance, all unpaid accrued interest is reversed and any cash received is credited to the outstanding principal balance. Such loans are returned to accrual status when they are made current and, in the opinion of management, the borrower has the ability to continue making timely payments. Loan origination and commitment fees and certain direct loan origination costs are deferred and recognized over the lives of the related assets as an adjustment of the loans' yields using the level yield method.

Income Taxes - Deferred tax assets and liabilities are recorded for temporary differences between the financial statement and tax bases of assets and liabilities using the tax rate expected to be in effect when the taxes are actually paid or recovered.

Net Income per Common Share - Net income per common share is based on the weighted average number of shares outstanding during each year, retroactively adjusted for stock dividends. Only basic earnings per share is disclosed because the Company does not have any dilutive securities or other contracts to issue common stock or convert to common stock.

Dividend Reinvestment Plan - The Company has a Dividend Reinvestment Plan (the "Plan") which provides each holder of record of the Bank's common stock the opportunity to reinvest automatically the cash dividends they receive on shares of the Bank's common stock. Stockholders who do not wish to participate in the Plan will continue to receive cash dividends, as declared, in the usual manner. Fifth Third Bank Corporate Services (the "Agent") is the administrator of the Plan. Shares purchased under the Plan are held in safekeeping by the Agent until the stockholder terminates his/her participation in the Plan. The Agent also acts as transfer agent and registrar for the Bank's common stock.

Employee Benefits and Deferred Compensation Plan - Costs are charged to salaries and employee benefits expense in the periods in which the services are rendered. Pension costs are funded on a current basis in compliance with the Employee Retirement Income Security Act and are accounted for in compliance with SFAS No. 132, "Employers' Accounting for Pensions".

Off Balance Sheet Financial Instruments - In the ordinary course of business the Bank has entered into off balance sheet financial instruments consisting of commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the financial statements when the transactions are executed.

Cash and Cash Equivalents - For purposes of reporting cash flows, cash and cash equivalents include cash and due from banks, interest bearing deposits in other banks and federal funds sold. Generally, federal funds sold are purchased for one-day periods.

Cash and due from banks includes reserve balances that the Bank is required to maintain with Federal Reserve Banks. The required reserves are based upon deposits outstanding and were approximately $1,045,000 and $885,000 at December 31, 2000 and 1999, respectively.

Accounting Standards Pronouncements - In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 130, Reporting Comprehensive Income, which became effective for the Company in 1998. SFAS No. 130 established standards for reporting and disclosure of comprehensive income and its components in financial statement format. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. Items considered comprehensive income including foreign currency items, minimum pension liability adjustments and unrealized gains and losses on certain investments in debt and equity securities. The Company has elected to display comprehensive income in the statements of stockholders' equity, net of reclassification adjustments. Reclassification adjustments are made to avoid double counting in comprehensive income items that are displayed as part of net income for a period that also had been displayed as part of other comprehensive income in that period or earlier periods. The reclassification adjustments, net of tax, for the years ended December 31, 2000, 1999, and 1998 amounted to $1,062, $242 and $3,026, respectively.

SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, was issued in June 1998. The Company adopted the provisions of SFAS No. 133 effective October 1, 1998. The adoption of SFAS No. 133 (as amended by SFAS No. 138) did not impact the Company's earnings or financial position. As allowed by SFAS No. 133 the Company transferred approximately $2,900,000 of certain securities from held to maturity to the available for sale classification during 1998. The realized and unrealized gains on the securities transferred were not material to the Company.

SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities Accounting, was issued in September 2000. Management has determined that this standard will not have a significant impact on the Company's financial condition.

2. SECURITIES

The amortized cost of securities and their approximate fair value at December 31 were as follows:

	2000			
		Unrealized		
	Amortized Cost	Gains	Losses	Fair Value
Available for Sale:				
U.S. Government and Agency Securities	$23,665,879	$ 343,037	$ (120,487)	$23,888,429
Mortgage Backed Securities	15,817,452	30,138	(249,043)	15,598,547
State and Municipal Securities	28,111,205	792,368	(9,982)	28,893,591
Other Securities	1,265,250	0	0	1,265,250
Total	$68,859,786	$1,165,543	$ (379,512)	$69,645,817
Held to Maturity:				
U.S. Government and Agency Securities	$ 42,181	$ 0	$ 0	$ 42,181
State and Municipal Securities	3,433,220	0	0	3,433,220
Total	$ 3,475,401	$ 0	$ 0	$ 3,475,401

	1999			
		Unrealized		
	Amortized Cost	Gains	Losses	Fair Value
Available for Sale:				
U.S. Government and Agency Securities	$15,506,351	$ 312	$ (563,399)	$14,943,264
Mortgage Backed Securities	15,136,101	0	(780,540)	14,355,561
State and Municipal Securities	29,476,371	43,679	(442,839)	29,077,211
Other Securities	1,174,750	0	0	1,174,750
Total	$61,293,573	$ 43,991	$(1,786,778)	$59,550,786
Held to Maturity:				
U.S. Government and Agency Securities	$ 43,795	$ 0	$ 0	$ 43,795
State and Municipal Securities	3,405,097	0	0	3,405,097
Total	$ 3,448,892	$ 0	$ 0	$3,448,892

Available for sale securities with a total fair value of $31,860,087 at December 31, 2000 were pledged as collateral to secure public deposits and for other purposes required or permitted by law.

The scheduled maturities of debt securities at December 31, 2000 are summarized below. Actual maturities may differ from contractual maturities because certain issuers have the right to call or prepay obligations with or without call premiums.

	Available for Sale Securities		Held to Maturity Securities	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 1,697,008	$ 1,697,515	$2,454,711	$2,454,711
Due after year one through five years	8,722,891	8,788,230	655,663	655,663
Due after five years through ten years	23,610,870	24,035,323	181,540	181,540
Due after ten years	34,829,017	35,124,749	183,487	183,487
Total	$68,859,786	$69,645,817	$3,475,401	$3,475,401

Realized gains and losses from sales of securities for the years ended December 31, 2000, 1999 and 1998 are summarized as follows:

	2000	1999	1998
Gross gains	$ 41,628	$ 3,084	$ 55,727
Gross losses	(94,454)	(3,841)	(45,664)
	--	--	---1
Net gain (loss)	$(52,826)	$ (757)	$ 10,063

3. LOANS, NET

Major categories of loans at December 31, 2000 and 1999 are summarized as follows:

	2000	1999
Real estate - mortgages	$ 107,218,299	$ 95,330,046
Real estate - construction	1,965,555	3,538,079
Commercial	14,783,192	14,173,095
Installment	3,140,291	2,356,914
Student loans	337,536	371,453
Other	1,350,205	1,101,391
Direct financing lease	1,040,722	0
Net deferred loan origination costs	371,719	400,627
	130,207,519	117,271,605
Allowance for loan losses	(1,428,467)	(838,167)
Loans, net	$ 128,779,052	$ 116,433,438

Changes in the allowance for loan losses for the years ended December 31, 2000, 1999 and 1998 were as follows:

	2000	1999	1998
Balance, beginning of year	$ 838,167	$ 729,199	$ 609,539
Provision for loan losses	689,000	170,000	150,000
Recoveries	6,356	9,511	41,118
Loans charged off	(105,056)	(70,543)	(71,458)
Balance, end of year	$ 1,428,467	$ 838,167	$ 729,199

Loans evaluated for
impairment, for which an allowance for loan impairment was not required under SFAS No. 114 due to the adequacy of related collateral values totaled approximately $1,195,000 and $1,725,000 at December 31, 2000 and 1999, respectively. The average recorded investment in these loans during 2000, 1999, and 1998 was approximately $1,166,500, $889,500, and $690,500, respectively. If such loans had been in an accruing status, the Bank would have recorded additional interest income of approximately $78,000, $76,000 and $71,000 in 2000, 1999 and 1998, respectively.

The Bank had no loan commitments to borrowers in non-accrual status at December 31, 2000.

As of December 31, 2000 and 1999, the Bank had no other loans which were impaired as defined by SFAS No. 114.

The Bank participates as a lessor in a leasing agreement that is classified as a direct financing lease. Future minimum lease payments totaled $1,040,722 at December 31, 2000. Unearned income totaled $216,402 at December 31, 2000. All future minimum lease payments are expected to be collected.

At December 31, 2000 the scheduled future minimum lease payments are as follows:

2001	$ 142,844
2002	211,265
2003	224,469
2004	264,082
2005	198,062
Total	$1,040,722

4. OTHER ASSETS

Other assets at December 31, were as follows:

	2000	1999
Bank owned life insurance	$ 689,915	$ 664,566
Goodwill	3,182,143	0
Deferred tax asset	1,279,585	739,440
Accrued interest receivable	1,599,780	1,380,863
Life insurance proceeds receivable	1,650,000	0
Other	1,111,669	757,123
Total	$ 9,513,092	$ 3,541,992

5. PROPERTIES AND EQUIPMENT

Properties and equipment at December 31 were as follows:

	2000	1999
Land	$ 268,485	$ 268,485
Buildings and improvements	3,737,942	3,648,930
Construction in Progress	21,100	0
Equipment	3,520,974	3,110,305
	7,548,501	7,027,720
Less accumulated depreciation	(3,771,632)	(3,193,224)
Properties and equipment, net	$ 3,776,869	$ 3,834,496

Depreciation expense totaled $578,407 in 2000, $506,381 in 1999, and $428,020 in 1998. Construction in progress represents the initial expenditures for a commitment to build a new North Boston branch with total budgeted cost of approximately $715,000.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and Cash Equivalents - For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Securities - For securities, fair value equals quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loans Receivable - The fair value of fixed rate loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities, net of the appropriate portion of the allowance for loan losses. For variable rate loans, the carrying amount is a reasonable estimate of fair value.

Deposits - The fair value of demand deposits, NOW and money market accounts and regular savings accounts is the amount payable on demand at the reporting date. The fair value of time deposits is estimated using the rates currently offered for deposits of similar remaining maturities.

Federal Funds Purchased - The carrying amount of federal funds purchased approximate their fair values due to their short-term nature.

Other Borrowed Funds - The fair value of the short-term portion of other borrowed funds approximates its carrying value. The fair value of the long-term portion of other borrowed funds is estimated using a discounted cash flow analysis based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Commitments to extend credit and standby letters of credit - As described in Note 12, the Company was a party to financial instruments with off-balance sheet risk at December 31, 2000 and 1999. Such financial instruments consist of commitments to extend permanent financing and letters of credit. If the options are exercised by the prospective borrowers, these financial instruments will become interest-earning assets of the Company. If the options expire, the Company retains any fees paid by the counterparty in order to obtain the commitment or guarantee. The fair value of commitments is estimated based upon fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate commitments, the fair value estimation takes into consideration an interest rate risk factor. The fair value of guarantees and letters of credit is based on fees currently charged for similar agreements. The fair value of these off-balance sheet items at December 31, 2000 and 1999 approximates the recorded amounts of the related fees, which are not considered material.

At December 31, 2000 and 1999, the estimated fair values of the Company's financial instruments were as follows:

	2000		1999	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalents	$ 8,108,912	$ 8,108,912	$ 8,528,778	$ 8,528,778
Securities	$ 73,121,218	$ 73,121,218	$ 62,999,678	$ 62,999,678
Loans	$ 130,207,519		$117,271,605	
Less: allowance for loan losses	(1,428,467)		(838,167)	
Loans, net	$ 128,779,052	$ 129,163,941	$116,433,438	$110,857,593
Financial Liabilities:				
Deposits	$ 186,701,319	$ 187,233,211	$169,948,899	$170,018,032
Other borrowed funds	$ 4,409,068	$ 4,409,068	$ 5,000,000	$ 5,000,000

7. DEPOSITS

Time deposits, with minimum denominations of $100,000 each, totaled $30,779,658 and $28,856,320 at December 31, 2000 and 1999, respectively. Interest expense associated with these balances totaled $1,747,316 and $1,202,506 at December 31, 2000 and 1999, respectively.

At December 31, 2000, the scheduled maturities of time deposits are as follows:

2001	$57,295,059
2002	23,459,663
2003	898,837
2004	532,020
2005	208,644
Thereafter	7,000
	$82,401,223

8. OTHER BORROWED FUNDS

Other borrowed funds include $4,409,068 of long-term borrowing. The long-term borrowing totaling $4,000,000, consisted of various advances from the Federal Home Loan Bank with interest rates ranging from 4.83% to 5.07%. These advances are collateralized by certain qualifying assets. The maturities of other borrowed funds are as follows:

2001	$ 409,068
2002	1,000,000
2003	2,000,000
2004	1,000,000
Total	$4,409,068

9. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE The Bank enters into agreements with depositors to sell to the depositors securities owned by the Bank and repurchase the identical security, generally within one day. No physical movement of the securities is involved. The depositor is informed the securities are held in safekeeping by the Bank on behalf of the depositor.

10. EMPLOYEE BENEFITS AND DEFERRED COMPENSATION PLAN

The Bank has a defined benefit pension plan covering substantially all employees. The plan provides benefits that are based on the employees' compensation and years of service. The Bank uses an actuarial method of amortizing prior service cost and unrecognized net gains or losses which result from actual experience and assumptions being different than those that are projected. The amortization method the Bank is using recognizes the prior service cost and net gains or losses over the average remaining service period of active employees which exceeds the required amortization.

The following are reconciliations of the benefit obligation and the fair value of plan assets, the funded status of the plan, the amounts not recognized in the statements of financial position, and the amounts recognized in the statement of financial position.

	2000	1999
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,851,106	$ 1,696,760
Service cost	110,067	89,062
Interest cost	145,860	132,676
Employer contributions	93,807	0
Actuarial gain	(444)	(19,488)
Benefits paid	(287,445)	(47,904)
Benefit obligations at end of year	1,912,951	1,851,106
Change in plan assets:		
Fair value of plan assets at beginning of year	1,932,394	1,828,978
Actual return on plan assets	158,673	151,320
Employer contributions	93,807	0
Benefits paid	(287,445)	(47,904)
Fair value of plan assets at end of year	1,897,429	1,932,394
Funded status	(15,522)	81,288
Unrecognized net actuarial loss (gain)	59,635	(25,602)
Unrecognized prior service cost	(212,403)	(227,110)
Accrued benefit cost	$ (168,290)	$ (171,424)

The Plan's assets are primarily invested in a money market fund, stocks, and bonds. Valuations of the pension plan as shown above were conducted as of October 1, 2000 and 1999. Assumptions used by the Bank in both years in the determination of pension plan information consisted of the following:

Weighted-average discount rate	7.50%
Rate of increase in compensation levels	4.75%
Expected long-term rate of return on plan assets	7.50%

The components of net periodic benefit cost consisted of the following:

	2000	1999	1998
Service cost	$ 110,067	$ 89,062	$ 62,689
Interest cost	145,860	132,676	117,378
Expected return on plan assets	(149,085)	(135,913)	(128,242)
Net amortization and deferral	(16,169)	(16,169)	(16,169)
Net periodic benefit cost	$ 90,673	$ 69,656	$ 35,656

The Bank also maintains a nonqualified supplemental executive retirement plan covering certain members of senior management. The plan provides a fixed benefit which is specific to the participant. The obligations related to the plan are indirectly funded by life insurance contracts (naming the Bank as beneficiary) with aggregate cash surrender values of approximately $119,000 and $219,000 at December 31, 2000 and 1999, respectively. The face values of these policies was approximately $1,750,000 and $3,400,000 at December 31, 2000 and 1999, respectively. The Bank uses an actuarial method of amortizing unrecognized net gains or losses which result from actual experience and assumptions being different than those that are projected. The amortization method the Bank is using recognizes the net gains or losses over the average remaining service period of active employees which exceeds the required amortization.

At December 31, 2000, the Company has recorded a receivable of $1,650,000 from an insurance contract on the former Chairman, President and CEO who passed away on December 29, 2000. Of the total amount recorded, $1,380,318 has been included as life insurance proceeds on the consolidated statement of income. The difference of $269,682 represents the cash surrender value of the policy. A portion of the proceeds will ultimately be used to fund the supplemental executive retirement plan liability associated with the former Chairman, President and CEO.

The following are reconciliations of the benefit obligation and the fair value of plan assets, the funded status of the plan, the amounts not recognized in the statement of financial position, and the amounts recognized in the statement of financial position.

	2000	1999
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 885,252	$ 568,183
Service cost	194,792	83,898
Interest cost	73,633	63,592
Actuarial (gain) loss	63,012	169,579
Benefit obligation at end of year	1,216,689	885,252
Change in plan assets:		
Fair value of plan assets at beginning of year	0	0
Actual return on plan assets	0	0
Contributions to the plan	0	0
Benefits paid	0	0
Fair value of plan assets at end of year	0	0
Funded status	(1,216,689)	(885,252)
Unrecognized net actuarial loss	285,479	274,069
Accrued benefit cost	$ (931,210)	$(611,183)

Valuations of the nonqualified supplemental executive retirement plans as shown above were conducted as of October 1, 2000 and 1999. The liability calculation pertaining to the former Chairman, President and CEO was updated through December 31, 2000. Assumptions used by the Bank in both years in the determination of pension plan information consisted of the following:

Weighted-average discount rate 7.50% Expected long-term rate of return on plan assets 7.50%

The components of net periodic benefit cost consisted of the following:

	2000	1999	1998
Service cost	$194,792	$ 83,898	$ 56,415
Interest cost	73,633	63,592	40,297
Net amortization and deferral	51,602	51,602	22,215
Net periodic benefit cost	$320,027	$199,092	$118,927

The Bank also maintains a non-qualified deferred compensation plan for certain directors. Accrued costs under this plan were approximately $212,000, $73,000 and $70,000 in 2000, 1999 and 1998, respectively. The estimated present value of the benefit obligation, included in other liabilities, was $959,000 and $772,000 at December 31, 2000 and 1999, respectively. This obligation is indirectly funded by life insurance contracts (naming the Bank as beneficiary) with aggregate cash surrender values of approximately $285,000 and $171,000 at December 31, 2000 and 1999, respectively. The face values of these policies at both dates was approximately $3,200,000. The increase in cash surrender value is included in the "Other" financial statement line on the statement of income. Premiums on the aforementioned life insurance contracts were paid by the Bank in lieu of payment of directors' fees.

The Bank also has a deferred contribution Retirement and Thrift 401(k) Plan for its employees who meet certain length of service and age requirements. The provisions of the 401(k) Plan allow eligible employees to contribute between 1% and 15% of their annual salary, with a matching contribution by the Bank equal to 25% of the employees contribution up to 4% of their annual salary. The Bank can also make discretionary contributions to the Plan. The Bank's expense under this Plan was approximately $43,000, $39,000 and $36,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

11. STOCK OPTION PLAN On April 21, 1999 the stockholders approved the Company's Stock Option Plan (the "Plan"). Under the provisions of the Plan, awards, up to an aggregated 85,000 shares of common stock, may be granted for employees and consultants under the Plan, awards may consist of stock options, stock appreciation rights (SARs), and Restricted Stock awards. With respect to stock options, the Committee of the Company's Board of Directors determines the option price (not to be less than fair market value) at the date of grant. The Committee will determine the applicable vesting periods for all awards as well as expiration dates, which will generally not be more than ten years. The Committee is authorized to determine all terms, restrictions, and conditions for all types of awards under the Plan. As of December 31, 2000 no awards have been granted.

12. INCOME TAXES

The components of the provision for income taxes were as follows:

	2000	1999	1998
Income taxes currently payable	$ 1,250,000	$ 769,000	$ 839,000
Deferred benefit	(468,750)	(162,000)	(104,000)
Net provision	$ 781,250	$ 607,000	$ 735,000

At December 31, 2000 and 1999 the components of the net deferred tax asset were as follows:

	2000	1999
Deferred Tax Assets:		
Allowance for loan losses	$ 519,000	$ 265,000
Pension premiums	554,000	313,000
Deferred compensation	383,000	308,000
Unrestricted gains/losses on securities	0	696,000
Other	85,000	38,000
Gross deferred tax assets	1,541,000	1,620,000
Deferred Tax Liabilities:		
Depreciation	24,000	24,000
SERP premiums	114,000	0
Prepaid expenses	149,000	160,000
Unrestricted gains/losses on securities	314,000	0
Gross deferred tax liabilities	601,000	184,000
Net deferred tax assets	$ 940,000	$1,436,000

The net deferred tax asset at December 31, 2000 and 1999 is included in other assets in the accompanying consolidated balance sheets.

In assessing the realizability of the deferred tax assets and the need for a valuation allowance, the Company believes it is more likely than not that the net deferred assets will be recognized.

The Company's provision for income taxes differs from the amounts computed by applying the Federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

	December 31					
	2000		1999		1998	
	Amount	Percent	Amount	Percent	Amount	Percent
Tax provision at statutory rate	$ 1,361,000	34%	$ 896,000	34%	$ 945,000	34%
Increase (decrease) in taxes resulting from:						
Tax-exempt income	(527,000)	(13)	(448,000)	(17)	(373,000)	(13)
Tax exempt insurance proceeds	(469,000)	(12)	0	0	0	0
State taxes, net of federal benefit	210,000	5	159,000	6	162,000	6
Other items, net	206,250	5	0	0	1,000	0
Provision for income taxes	$ 781,250	19%	$ 607,000	23%	$ 735,000	27%

13. RELATED PARTY TRANSACTIONS The Bank has entered into loan transactions with certain directors, significant shareholders and their affiliates (related parties). The aggregate amount of loans to such related parties at December 31, 2000 and 1999 was $4,689,588 and $4,486,346, respectively. During 2000 and 1999, new loans to such related parties amounted to $9,384,541 and $11,290,531, respectively, and repayments amounted to $9,181,300 and $11,030,923.

14. CONTINGENT LIABILITIES AND COMMITMENTS The consolidated financial statements do not reflect various commitments and contingent liabilities which arise in the normal course of business and which involve elements of credit risk, interest rate risk and liquidity risk. These commitments and contingent liabilities are commitments to extend credit and standby letters of credit. A summary of the Bank's commitments and contingent liabilities at December 31, 2000 and 1999 is as follows:

	2000	1999
Commitments to extend credit	$27,435,000	$22,597,000
Standby letters of credit	1,203,000	1,283,000
Total	$28,638,000	$23,880,000

Commitments to extend credit and standby letters of credit all include exposure to some credit loss in the event of nonperformance of the customer. The Bank's credit policies and procedures for credit commitments and financial guarantees are the same as those for extensions of credit that are recorded on the consolidated balance sheets. Because these instruments have fixed maturity dates, and because they may expire without being drawn upon, they do not necessarily represent cash requirements to the Bank. The Bank has not incurred any losses on its commitments during the past three years.

15. CONCENTRATIONS OF CREDIT The majority of the Bank's loans, commitments and standby letters of credit have been granted to customers in the Bank's market area. Investments in state and municipal securities also involve governmental entities within the Bank's market area. The concentrations of credit by type of loan are set forth in Note 3. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Standby letters of credit were granted primarily to commercial borrowers. The Bank, as a matter of policy, does not extend credit to any single borrower or group in excess of 15% of capital.

16. SEGMENT INFORMATION

The Company is comprised of two primary business segments: banking and insurance activities.

The reportable segments are separately managed and their performance is evaluated based on net income. All sources of segment specific revenues and expenses are attributed to management's definition of net income. Revenues from transactions between the two segments are not significant. The accounting policies of the segements are the same as those described in Note 1. The following table sets forth information regarding these segments for the year ended December 31, 2000.

	Banking Activities	Insurance Activities	Total
Net interest income (loss)	$ 8,596,869	$ (16,780)	$ 8,580,089
Provision for credit losses	689,000	0	689,000
Net interest income (loss) after provision for credit losses	7,907,869	(16,780)	7,891,089
Non-interest income	3,054,523	0	3,054,523
Insurance commissions and fees	0	646,484	646,484
Net securities losses	52,826	0	52,826
Non-interest expense	6,979,923	555,111	7,535,034
Income before income taxes	3,929,643	74,593	4,004,236
Income tax expense	751,350	29,900	781,250
Net income	$ 3,178,293	$ 44,693	$ 3,222,986

Identifiable Assets, Net	December 31, 2000
Banking activities	$220,798,870
Insurance activities	3,750,273
Consolidated Total Assets	$224,549,143

For the years ended December 31, 1999 and 1998, the Company determined that its business was comprised of banking activities only.

17. ACQUISITION OF M&W GROUP, INC. Effective September 1, 2000, the Company completed its acquisition of the assets, business and certain liabilities of M&W Group, Inc., a retail property and casualty insurance agency headquartered at Silver Creek, New York, with offices located in Angola, North Collins, South Dayton, Cattaraugus, Randolph, and West Seneca, New York. The Company issued 60,651 shares of its common stock as the purchase price for the assets acquired.

The purchase price (including liabilities assumed) exceeded the fair value of the assets acquired by approximately $3,200,000. Such amount has been recorded by the Company as goodwill and is being amortized on a straight-line basis over 10 years. The insurance agency acquired is being operated through M&W Agency, Inc., a newly formed operating subsidiary of the Bank.

Unaudited, pro forma consolidated net sales, net income and basic earnings per share assuming the acquisition had taken place at the beginning of 1999 was $13,100,000, $3,300,000 and $1.90 per share for fiscal 2000, and $10,500,000, $2,000,000 and $1.14 per share for fiscal 1999. Such pro forma results are not necessarily indicative of what the actual consolidated results of operations might have been if the acquisition had been effective at the beginning of fiscal 1999.

18. REGULATORY MATTERS

The Bank is subject to the dividend restrictions set forth by the Comptroller of the Currency. Under such restrictions, the Bank may not, without the prior approval of the Comptroller of the Currency, declare dividends in excess of the sum of the current year's earnings (as defined) plus the retained earnings (as defined) from the prior two years.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2000 and 1999, that the Bank met all capital adequacy requirements to which it is subject.

As of December 31, 2000, the most recent notification from its regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category. The Bank's actual capital amounts and ratios were as follows:

2000	Actual		Minimum for Capital Adequacy Purposes		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to Risk Weighted Assets)	$22,880,000	16.6%	$11,006,000	8.0%	$13,757,000	10.0%
Tier I Capital (to Risk Weighted Assets)	$21,463,000	15.6%	$ 5,503,000	4.0%	$ 8,254,000	6.0%
Tier I Capital (to Average Assets)	$21,463,000	9.9%	$ 8,677,000	4.0%	$10,846,000	5.0%

1999	Actual		Minimum for Capital Adequacy Purposes		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to Risk Weighted Assets)	$20,304,000	16.6%	$ 9,770,000	8.0%	$12,213,000	10.0%
Tier I Capital (to Risk Weighted Assets)	$19,466,000	15.9%	$ 4,885,000	4.0%	$ 7,328,000	6.0%
Tier I Capital (to Average Assets)	$19,466,000	10.1%	$ 7,366,000	4.0%	$ 9,207,000	5.0%

19. PARENT COMPANY ONLY FINANCIAL INFORMATION Parent company (Evans Bancorp, Inc.) only condensed financial information is as follows:

CONDENSED BALANCE SHEETS
December 31, 2000 and 1999:

	2000	1999
ASSETS		
Cash	$ 41,205	$ 39,018
Investment in subsidiary	25,137,867	18,245,920
Total assets	$ 25,179,072	$ 18,284,938
Stockholders' Equity		
Stockholders' Equity:		
Common stock	$ 879,801	$ 849,475
Capital surplus	13,810,991	10,990,720
Accumulated other comprehensive income	534,500	(1,185,096)
Retained earnings	9,953,780	7,629,839
Total stockholders' equity	$ 25,179,072	$ 18,284,938

CONDENSED STATEMENTS OF INCOME

Years Ended December 31, 2000, 1999, and 1998	2000	1999	1998
Dividends from subsidiary	$ 899,046	$ 798,195	$ 627,836
Other revenue	50,000	50,000	75,000
Expenses	(47,813)	(49,681)	(42,949)
Income before equity in undistributed earnings of subsidiary	901,233	798,514	659,887
Equity in undistributed earnings of subsidiary	2,321,753	1,228,756	1,383,464
Net income	$ 3,222,986	$ 2,027,270	$ 2,043,351

CONDENSED STATEMENTS OF CASH FLOW

Years Ended December 31, 2000, 1999, and 1998	2000	1999	1998
Operating Activities:			
Net income	$ 3,222,986	$ 2,027,270	$ 2,043,351
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed earnings of subsidiary	(2,321,753)	(1,228,756)	(1,383,464)
Net cash provided by operating activities	901,233	798,514	659,887
Financing Activities - Cash dividends paid	(899,046)	(798,195)	(627,836)
Net (increase) decrease in cash	2,187	319	32,051
Cash, beginning	39,018	38,699	6,648
Cash, ending	$ 41,205	$ 39,018	$ 38,699

[ICON] BOARD OF DIRECTORS

Evans Bancorp, Inc. and Evans National Bank

[PHOTO]
Robert W. Allen
Secretary
Retired

[PHOTO]
William F. Barrett
Property Developer and
Real Estate Manager

[PHOTO]
Phillip Brothman
Chairman of the Board
Partner - Hurst,
Brothman & Yusick

[PHOTO]
Laverne G. Hall
Retired

[PHOTO]

David C. Koch
Chairman and CEO
New Era Cap Co., Inc.

[PHOTO]

Robert G. Miller, Jr.
President
M&W Agency, Inc.

[PHOTO]

David M. Taylor
President
Concord Nurseries, Inc.

[PHOTO]

Thomas H. Waring, Jr.
Vice Chairman of the
Board
Principal
Waring Financial Group

DIRECTORS EMERITUS
Floyd H. Hurst
Richard C. Stevenson
Carl F. Ulmer

[PHOTO]

OFFICERS
Evans Bancorp, Inc.
James Tilley
President
Robert W. Allen
Secretary
William R. Glass
Treasurer

MANAGEMENT TEAM

Seated:
Phillip Brothman
Chairman of the Board
James Tilley
President

Standing:
William R. Glass
Senior Vice President - Loan Division
Thomas H. Waring, Jr.
Vice Chairman of the Board

[ICON] EVANS NATIONAL BANK OFFICERS

CHAIRMAN OF THE BOARD	VICE PRESIDENT	ASSISTANT VICE PRESIDENT	BANK OFFICERS
Phillip Brothman	Katherine M. Allen	Rita A. Boyland	Michelle A. Bress
	George L. Catalano	Rose Marie Hinckley	Julie Gornikiewicz
	Mary E. Doeing	Cathy E. Rohrich	Nadine G. Houghton
President	Susan J. Herold	Mary Jo Schults	Lori L. Kuczka
James Tilley	Timothy F. Jachlewski		Mary K. Nytz
	Howard M. Martin, Jr.		Mary D. Philbin
Senior Vice President	Michael R. Noville		
William R. Glass	Jeffrey M. Werdein		
	Jeffrey L. White		

M&W AGENCY, INC.		ENB ASSOCIATES INC.	
PRESIDENT	VICE PRESIDENT	PRESIDENT	VICE PRESIDENT
Robert G. Miller, Jr.	Louis Atti	James Tilley	Emily S. Hazlett
	Frederick Gould		
	Ronald E. Miller		

CORPORATE INFORMATION

There has never been an organized public trading market for the Company's outstanding common stock. The following table represents the highest and lowest per share prices known to management at which the Company's stock has actually been transferred in private transactions during the periods indicated. In each period for which prices are shown, management has price information for the transaction. The prices do not include any retail markup, markdown or commission.

	2000		1999	
Quarter	High	Low	High	Low
First	$47.00	$47.00	$45.00	$45.00
Second	$47.00	$47.00	$46.00	$45.00
Third	$47.00	$47.00	$47.00	$46.00
Fourth	$47.00	$47.00	$47.00	$47.00

Total shares outstanding were 1,759,601 as of December 31, 2000. There were 1,237 shareholders of record on December 31, 2000.

UPON WRITTEN REQUEST OF ANY SHAREHOLDER, A COPY OF THE COMPANY'S REPORT ON FORM 10-K FOR ITS FISCAL YEAR ENDED DECEMBER 31, 2000, THE FINANCIAL STATEMENTS AND THE SCHEDULES THERETO, REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, MAY BE OBTAINED, WITHOUT CHARGE, FROM MICHELLE A. BAUMGARDEN, EVANS BANCORP, INC., 14-16 N. MAIN STREET, ANGOLA, N.Y. 14006

THE ANNUAL MEETING

The Annual Meeting of the Shareholders of the Company will be held on Tuesday, April 24, 2001 at 9:00 a.m. at Romanello's South Restaurant, 5793 South Park Avenue, Hamburg, N.Y.

INQUIRIES

For information or assistance regarding individual stock records, transactions, dividend reinvestment accounts, dividend checks, or stock certificates, contact:
Corporate Trust Services, Fifth Third Bank, 38 Fountain Square Plaza, Mail Drop 10AT66, Cincinnati, OH 45263.

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-34347 of Evans Bancorp, Inc. and subsidiary on Form S-3 of our report dated February 1, 2001, appearing in and incorporated by reference in the Annual Report on Form 10-K of Evans Bancorp, Inc. and subsidiary for the year ended December 31, 2000.

DELOITTE & TOUCHE LLP

Buffalo, New York
March 29, 2001
