

Experience. A Better Way.



EVANS
BANCOR

2011 ANNUAL REPORT

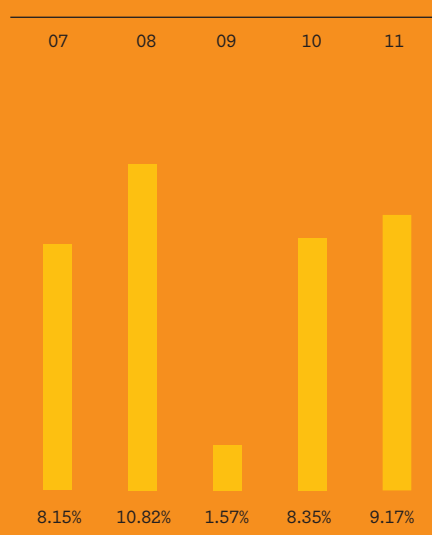
Company Information

Evans Bancorp, Inc. is a financial holding company and the parent company of Evans Bank, N.A., a commercial bank with \$741 million in assets and \$616 million in deposits at December 31, 2011. The bank has 13 branches located in Western New York. Evans Bancorp's wholly-owned insurance subsidiary, The Evans Agency, LLC provides property and casualty insurance through 12 insurance offices in the Western New York region. Evans Investment Services, a wholly-owned subsidiary of Evans Bank, provides non-deposit investment products such as annuities and mutual funds. Evans Bancorp and Evans Bank routinely post news and other important information on their websites at www.evansbancorp.com and www.evansbank.com.

NET INCOME (\$ in thousands)



AVERAGE RETURN ON STOCKHOLDERS' EQUITY



General Shareholders Information

As of March 9, 2012, there were 1,347 shareholders of record of the Company's common stock. The Company's officers and directors beneficially own approximately 7.5 percent of total shares outstanding. Institutional investors are believed to own approximately 31.4 percent of total shares outstanding. As of March 9, 2012, there were 4,128,905 total common shares outstanding.

Annual Meeting

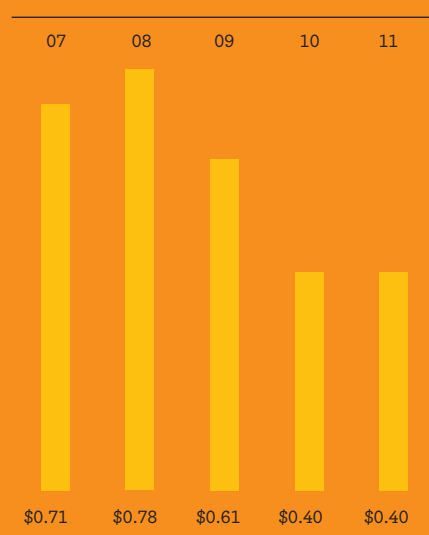
Thursday, April 26, 2012
at 9:00 a.m.

Romanello's South Restaurant
5793 South Park Avenue
Hamburg, NY 14075

DILUTED EARNINGS PER SHARE



CASH DIVIDENDS PAID



SELECTED FINANCIAL DATA
(Dollars in thousands except per share data)

SELECTED FINANCIAL DATA (Dollars in thousands except per share data)		As of and for the year ended December 31,				
	2011	2010	2009	2008	2007	
Balance Sheet Data						
Assets	\$ 740,902	\$ 671,523	\$ 619,444	\$ 528,974	\$ 442,729	
Interest-earning assets	682,140	611,141	562,219	477,496	392,235	
Investment securities	107,038	93,332	79,018	75,755	72,410	
Loans and leases, net	571,910	517,554	482,597	401,626	319,556	
Deposits	616,203	544,457	499,508	403,953	325,829	
Borrowings	42,340	52,226	63,146	66,512	63,236	
Stockholders' equity	68,988	63,064	45,959	45,919	43,303	
Income Statement Data						
Net interest income	\$ 25,988	\$ 24,495	\$ 22,594	\$ 19,268	\$ 16,675	
Non-interest income	12,432	12,633	14,067	11,677	8,843	
Non-interest expense	27,241	26,107	26,057	20,440	19,182	
Net income	6,112	4,840	707	4,908	3,368	
Per Share Data						
Earnings per share – basic	\$ 1.49	\$ 1.34	\$ 0.25	\$ 1.78	\$ 1.23	
Earnings per share – diluted	1.49	1.34	0.25	1.78	1.23	
Cash dividends	0.40	0.40	0.61	0.78	0.71	
Book value	16.72	15.45	16.34	16.57	15.74	
Performance Ratios						
Return on average assets	0.86%	0.75%	0.12%	1.03%	0.73%	
Return on average equity	9.17	8.35	1.57	10.82	8.15	
Net interest margin	3.99	4.16	4.33	4.53	4.05	
Efficiency ratio*	69.68	67.90	63.16	63.87	66.65	
Dividend payout ratio	26.85	29.85	244.00	43.82	57.72	
Capital Ratios						
Tier I capital to average assets	9.71%	9.93%	7.80%	9.02%	10.04%	
Equity to assets	9.31	9.39	7.42	8.68	9.78	
Asset Quality Ratios						
Total non-performing assets to total assets	2.05%	2.07%	2.10%	0.69%	0.16%	
Total non-performing loans and leases to total loans and leases	2.60	2.64	2.64	0.88	0.22	
Net charge-offs to average loans and leases	0.26	0.10	2.19	0.55	0.37	
Allowance for loan and lease losses to total loans and leases	1.97	1.97	1.42	1.49	1.41	

*The calculation of the efficiency ratio excludes amortization of intangibles, goodwill impairment, and gains and losses on sales and calls of securities, for comparative purposes.

QUARTERLY STOCK PRICES AND CASH DIVIDENDS PAID*

	3/31/10	6/30/10	9/30/10	12/31/10		3/31/11	6/30/11	9/30/11	12/31/11
High	\$ 16.64	\$ 15.60	\$ 13.75	\$ 14.49	High	\$ 15.12	\$ 14.35	\$ 13.95	\$ 12.34
Low	\$ 11.23	\$ 12.25	\$ 12.11	\$ 13.01	Low	\$ 14.00	\$ 13.20	\$ 10.90	\$ 10.75
Close	\$ 15.26	\$ 12.65	\$ 13.30	\$ 14.25	Close	\$ 14.15	\$ 13.70	\$ 11.00	\$ 11.92
Cash Dividends per Share*	\$ -	\$ 0.20	\$ -	\$ 0.20	Cash Dividends per Share*	\$ -	\$ 0.20	\$ -	\$ 0.20

*Cash dividends are paid by Evans Bancorp, Inc. on a semi-annual basis. The amounts listed are stated in the quarter paid.

MESSAGE FROM THE PRESIDENT AND CEO



*Dear Valued Shareholders,
Customers, Employees and Friends,*

We are very pleased to report record earnings in 2011, as the Company achieved improved results for the second straight year. For the twelve

months ending December 31, 2011, Evans recorded net income of \$6.1 million compared with net income of \$4.8 million in 2010. This record performance is a result of an effective strategy and the ability of the Company to execute on our plan, despite the many obstacles that continue to confront the financial services industry and the challenges of a slow economic recovery.

Evans has demonstrated superior performance as a community bank, growing and expanding relationships with our clients while at the same time creating greater brand awareness in Western New York. The industry continues to confront significant increases in regulatory burden, economic instability, and an interest rate environment that poses a threat to earnings and growth; however, we believe Evans is well-positioned to continue to grow profitably in the future.

2011 Highlights

- **12% increase in core loans and 13% increase in deposits** – Evans Bank realized substantial growth in 2011, fueled by an increase primarily in the business lending and commercial mortgage loan portfolios. On the deposit side, we experienced success with our **Better Savings** relationship account, where balances increased by nearly \$87 million during the year. Continued growth in **Better Checking** (\$19 million) and demand deposits (\$20 million) accounted for the remainder of the increase.
- **Small Business Administration (SBA) Lending** – Evans again excelled in originating SBA loans in Western New York, generating over \$10 million in these federally guaranteed loans for the second straight year. The SBA of Western New York recognized Evans with an award for this significant achievement.
- **Talent Management and Organizational Development** – We added to an already experienced staff in a number of areas to help expand our commercial business, hiring new commercial lenders and credit analysts. A new human resources executive was also hired to assist in attracting, developing and retaining the best personnel to differentiate Evans in the marketplace.
- **New Board Members** – Three experienced individuals were added to our Board of Directors. Marsha S. Henderson, Michael J. Rogers and Lee C. Wortham have extensive backgrounds in the banking industry, which made them uniquely qualified to immediately contribute to the Company in meaningful ways. They currently serve on our Audit, Human Resource and Compensation, and Governance Committees.

- **Brand Awareness** – Our marketing efforts were concentrated heavily on expanding awareness of the Evans brand, and the success of this effort is reflected in the rapid growth of deposits and loans. We also produced our first television commercial and launched an aggressive fall marketing campaign designed to position Evans Bank as a viable alternative to the big banks that operate in the market.
- **Integrated Sales Management System** – The Company completed its first full year with **Evans Rewards**, its integrated sales management system, to promote referrals and cross-sales throughout the organization, track sales in process, and reward employees for referrals that result in profitable sales. During 2011, there were nearly 6,000 employee referrals completed, resulting in the Bank exceeding its loan goal by 27%, its deposit goal by 83%, and its fee income goal by 74%.
- **Insurance Agency Consolidation** – Three of our insurance agency offices were consolidated in an effort to improve customer service, control costs, and create a stronger focus on business development, to combat the lingering soft insurance market.
- **Community Commitment Team** – The Community Commitment Team increased its activity in 2011, sponsoring a number of volunteer projects benefitting various not-for-profits in the region. Perhaps the largest volunteer accomplishment was the creation of the **Evans Days of Caring** in cooperation with the United Way of Buffalo and Erie County, where more than 30 team members volunteered on a Habitat for Humanity worksite project in the City of Buffalo.

Financial Performance – Evans experienced a number of positive results in 2011. A significant increase in net income was realized as a result of a larger core loan base creating additional revenues. Also contributing to these results were favorable deposit pricing, and a lower provision for credit losses reflecting reduced lease balances and improved loan quality.

- **Net Interest Income increase of \$1.5 million (6.1%) to \$26.0 million** – This increase was primarily related to continued growth in the commercial loan portfolio. Although net interest income remains strong, historically low interest rates have resulted in a compression of the net interest margin to 3.99% in 2011 from 4.16% in 2010.
- **Loan and lease loss provision decreased from \$3.9 million to \$2.5 million** – Year-over-year improvement was mainly attributable to improved credit quality trends within the leasing portfolio, resulting in lower provision levels in 2011.
- **Non-Interest Income decreased \$0.2 million to \$12.4 million** – Non-interest income was negatively impacted by lower bank service charges, primarily due to Regulation E rules limiting overdraft fees, and a decrease in insurance revenue, as the industry continues to experience a soft market.
- **Capital Management** – The Company consistently maintains regulatory ratios measurably above the federal “well-capitalized” standard, including a Tier 1 leverage ratio of 9.71% at December 31, 2011 versus the required 5%. The Total Risk-Based Capital ratio was 14.03% at year end, while the regulatory requirement is 10%.

“This record performance is a result of an effective strategy and the ability of the Company to execute on our plan, despite the many obstacles that continue to confront the financial services industry and the challenges of a slow economic recovery.”

2012 Prospectus

- **Growth to Scale Organization** – The Company will continue to seek growth and scale to allow increased profitability, address increasing regulatory burden, provide competitive advantage and deliver an exceptional customer experience.
- **Interest Rate Environment** – Interest rates continue at historic lows and are expected to continue at these levels through at least 2014, which poses a challenge to all financial institutions as margins are further compressed.
- **Regulatory Challenges** – The full impact of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act on community banks is as of now unknown, as government agencies continue to define numerous additional regulations. The Chair of the newly established Consumer Financial Protection Bureau (CFPB) is just beginning to exercise authority over many aspects of our business including mortgages, credit cards and deposit fees.
- **HSBC Retail Departure** – HSBC’s announced exit from retail banking in Western New York in 2012 presents a unique opportunity for Evans. We seek to expand our customer base by positioning ourselves as a financial institution offering a full range of products and services delivered with a superior experience. Our ‘Choose better, not bigger’ theme will be communicated throughout 2012 to consumers and businesses that will be disrupted by the sale of these branches to First Niagara, Key Bank and others, as well as through branch consolidations.
- **New Branch** – Evans’ 14th full-service branch is scheduled to open this summer, in a building designated as a Historical Landmark in Williamsville, New York, where we have long desired to have a branch. We continue to search for additional locations and review distribution strategies to make us more accessible, but do so cautiously, understanding the impact of overhead burden at a time where financial institution performance is under pressure.
- **Core System Replacement** – During 2011, we completed an extensive system evaluation process with the selection of VSoft’s™ CoreSoft™ platform to upgrade the organization’s core banking processing capabilities. The Bank will implement CoreSoft™ to improve the customer experience, deliver a competitive advantage and flexibility, as well as enhance the speed to market for new services. We expect to implement the new platform by early 2013.
- **Mobile Banking** – With growing demand for alternative delivery channels, Evans is striving to introduce a Mobile Banking application during the year. We will continue to focus on being competitive in all areas related to customer needs and service.

Our Long-Term Strategy

Our Strategic Plan is comprised of six areas of focus:

- **Acquire Share of Market/Share of Customer**
- **Operational Excellence**
- **Robust Capital Strategy**
- **Evolve Insurance and Financial Services**
- **Brand Development**
- **Talent Management**

As evidenced by our results, we have been successful in executing on our Strategic Plan, which was adopted in May of 2010, and takes us through 2013. Senior management and our Board of Directors are currently revisiting the plan with the ultimate goal to perform successfully, well into the future.

Ben S. Bernanke, Chairman of the Board of Governors of the Federal Reserve System, speaking at the Independent Community Bankers of America (ICBA) National Conference in 2011 stated,

Overall, we believe that the success of our business model and our focus on delivering a superior customer experience puts us in a strong competitive position as we face the obstacles we see in 2012 and beyond. Responsiveness to customer and prospect needs, cross-sales to existing customers, deepening relationships and attracting new customers will allow us to obtain a greater share of the Western New York market. This will position us to compete strongly with bigger financial institutions and take advantage of the disruption resulting from HSBC’s divestiture.

We look forward to an exciting, if somewhat challenging, year ahead. It is our goal to continue to bolster our franchise, deliver profitable growth, and position ourselves to compete assertively. Thank you once again for your trust and confidence in the Company.

Sincerely,



David J. Nasca
President and Chief Executive Officer

“...we believe Evans is well-positioned to continue to grow profitably in the future.”



Evans Bancorp, Inc. and Evans Bank, N.A. Board of Directors

James E. Biddle, Jr.

Audit Committee
Governance Committee
Nominating Committee

Phillip Brothman

–Chairman
Audit Committee
–*ex officio*
Executive Loan Committee
Human Resource &
Compensation Committee
Governance Committee
Nominating Committee
–Chair

Marsha S. Henderson

Governance Committee
Human Resource &
Compensation Committee

Kenneth C. Kirst

Executive Loan Committee
–Chair
Governance Committee

Robert G. Miller, Jr.

–Executive Vice President

David J. Nasca

–President and CEO

John R. O'Brien

–Vice Chairman
Audit Committee
–Chair
Executive Loan Committee
Human Resource &
Compensation Committee
Nominating Committee

Michael J. Rogers

Audit Committee
Governance Committee

James Tilley

Executive Loan Committee
Governance Committee

Nancy W. Ware

Governance Committee
–Chair
Nominating Committee

Thomas H. Waring, Jr.

Human Resource &
Compensation Committee
–Chair

Lee C. Wortham

Audit Committee
Human Resource &
Compensation Committee

Evans Bank, N.A. Advisory Board

Mary Addison
Maria Rita Andaya, M.D.
Anthony Bonaventura, Jr.
Michael Capriotto
Michael T. Gacioch
Richard A. Gradl
John P. Gullo, II
Sharon L. Hanson

Ellen G. Kaminsky
Charles Lannon
David Mackowiak
David Paulus
Charles S. Spinner
Thomas A. Sy
Thomas E. Syroczyński

In 2011, billboards and other elements targeted consumers and businesses affected by the pending departure of HSBC's retail operation in Western New York, helping to drive record loan and deposit growth.

A Tribute to the Chairman

On behalf of the Board of Directors of Evans Bancorp, Inc., I would like to acknowledge our long-time Chairman of the Board, Phillip Brothman. Phil, who has served on the Board of Directors since 1976 and as Chairman of the Board since 2001, has announced that he will not seek re-election to that position at the Company's Annual Meeting of Shareholders in April. I am pleased to report that he will continue as a director of the Company and the Bank.

During Phil's tenure as Chairman, the Bank experienced: unprecedented growth with its assets more than tripling in size from \$233 million to \$740 million; the opening of five full-service bank branches; the purchase and integration of nine insurance agencies; and the acquisition of the former Waterford Village Bank. Phil successfully transformed the Bank into a stronger and more diversified financial institution.

I would also like to thank James Tilley, who is retiring from the Board this year, for his many contributions as a long-time employee, CEO and Director. For his many years of dedicated service to the growth and success of Evans Bancorp, we wish Jim good health and much enjoyment in his well-deserved retirement.

Finally, we acknowledge and thank Mary Catherine Militello for her years of dedicated service to the Board of Directors before relocating out of the area last year.

Sincerely,



David J. Nasca
President & CEO

Corporate Information

EVANS BANCORP, INC. OFFICERS

Chairman of the Board
Phillip Brothman

Vice Chairman of the Board
John R. O'Brien

President and Chief
Executive Officer
David J. Nasca

Secretary
Robert G. Miller, Jr.

Assistant Secretary
John B. Connerton

Treasurer
Gary A. Kajtoch

Principal Accounting Officer
Nicholas J. Snyder

Board Administrative Services
James E. Biddle, Jr.

EVANS BANK, N.A. CORPORATE OFFICERS

Chairman of the Board
Phillip Brothman

Vice Chairman of the Board
John R. O'Brien

President and Chief
Executive Officer
David J. Nasca

Chief Financial Officer
Gary A. Kajtoch

Secretary
Robert G. Miller, Jr.

Treasurer
John B. Connerton

EVANS BANK, N.A. OFFICERS

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Executive Officer
David J. Nasca

Executive Vice Presidents
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William R. Glass
Gary A. Kajtoch
Robert G. Miller, Jr.
Cynthia M. Rich

Senior Vice Presidents
John B. Connerton
Howard M. Martin, Jr.

Vice Presidents
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Bonnie B. Muench
Valerie Muka
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Keith J. Parwulski
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James L. Rykowski
Mary Jo Shults
Nicholas J. Snyder
Jeffrey M. Werdein

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Carol Ann Czora
Julie A. Gornikiewicz
Kari L. Guagenti
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Michael D. Hassett
Joseph A. Jansen
Lori A. Kuczka
Gary J. Link
David W. Lulas
Evan P. Maloney
Jeffrey A. Murbach
Susan M. Nolan
Terra L. Perry
Cathy E. Rohrich

Bank Officers

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Michelle A. Bress
Loretta L. Brooks
Janice L. Dempster
Maureen F. Dunn
Mark D. Dzimian
Kimberley Fix
Mayan Flaherty
AnnMarie Halt
Kim M. Heimburg
Maria I. Klopff
Paula M. Kramer
Melissa A. Lehnies
Joan Olchawski
Robert W. Smith
Peter J. Stahura
Aaron M. Talbot
Barbara A. Waterman

THE EVANS AGENCY, LLC OFFICERS

President
Robert G. Miller, Jr.

Vice Presidents
Louis Atti
Frederick E. Gould
Stuart D. Green
Ronald E. Miller

EVANS INVESTMENT SERVICES, INC. OFFICERS

President
Robert G. Miller, Jr.

Vice President
Emily S. Hazlett

Assistant Vice President
David M. Mangano

FRONTIER CLAIM SERVICES, INC. OFFICER

President
Christopher A. Weber

SUCHAK DATA SYSTEMS, LLC OFFICERS

Vice President
Vinod D. Suchak

Assistant Vice President
Charles H. Meyer, III

Bank Branches and Insurance Offices

Evans Bank

AMHERST

3388 Sheridan Drive
Amherst, NY 14226
(716) 835-6300

ANGOLA

14 North Main Street
Angola, NY 14006
(716) 549-1120 ext. 310

CLARENCE

8411 Main Street
Clarence, NY 14221
(716) 639-2000

DERBY

6840 Erie Road
Derby, NY 14047
(716) 947-4331

ELMWOOD VILLAGE

925 Elmwood Avenue
Buffalo, NY 14222
(716) 882-7788

EVANS

8599 Erie Road
Angola, NY 14006
(716) 549-1114

FORESTVILLE

25 Main Street
Forestville, NY 14062
(716) 965-2701

HAMBURG

5999 South Park Avenue
Hamburg, NY 14075
(716) 649-4900

LANCASTER

4979 Transit Road
Depew, NY 14043
(716) 681-0400

NORTH BOSTON

7205 Boston State Road
North Boston, NY 14110
(716) 649-7910

NORTH BUFFALO

2670 Delaware Avenue
Buffalo, NY 14216
(716) 819-9000

TONAWANDA

2800 Niagara Falls
Boulevard
Tonawanda, NY 14150
(716) 504-1500

WEST SENECA

938 Union Road
Southgate Plaza
West Seneca, NY 14224
(716) 674-4280

Coming in 2012 – WILLIAMSVILLE COMMERCIAL LOAN AND MORTGAGE DIVISION

One Grimsby Drive
Hamburg, NY 14075
(716) 926-2000

The Evans Agency, LLC

AMHERST

3388 Sheridan Drive
Amherst, NY 14226
(716) 835-6300

ANGOLA

5 Commercial Street
Angola, NY 14006
(716) 549-3500

16 North Main Street
Angola, NY 14006
(716) 549-2000

CLARENCE

8411 Main Street
Clarence, NY 14221
(716) 639-2000

DERBY

6840 Erie Road
Derby, NY 14047
(716) 947-0300

GOWANDA

25 Buffalo Street
Gowanda, NY 14070
(716) 532-2264

HAMBURG

5999 South Park Avenue
Hamburg, NY 14075
(716) 926-3300

JAMESTOWN

796 Fairmount Avenue
Jamestown, NY 14701
(716) 484-7144

LANCASTER

4979 Transit Road
Depew, NY 14043
(716) 681-0400

LOCKPORT

135 Main Street
Lockport, NY 14094
(716) 434-5505

NORTH BOSTON

7205 Boston State Road
North Boston, NY 14110
(716) 649-0757

WEST SENECA

938 Union Road
Southgate Plaza
West Seneca, NY 14224
(716) 674-7274

WILLIAMSVILLE

5475 Main Street
Williamsville, NY 14231
(716) 632-0760

Shareholder Information

Investor Information

The Evans Bancorp report on Form 10-K for 2011 is available on the Company's website at: www.evansbancorp.com.

A copy of the Form 10-K is available without charge and can be requested from:

Michelle A. Baumgarden
Senior Executive Assistant
Evans Bancorp, Inc.
One Grimsby Drive
Hamburg, NY 14075
mbaumgarden@evansbank.com
(716) 926-2032

Stock Transfer Agent and Registrar

Shareholders needing to report a change of name or address, as well as request information about shareholder's records, lost or stolen certificates, dividend checks, dividend direct deposit and dividend reinvestment plan should contact:

Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078
(888) 294-8217

Requests for transfers of shares should be directed to:

Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078
(888) 294-8217

or

Michelle A. Baumgarden
Evans Bancorp, Inc.
One Grimsby Drive
Hamburg, NY 14075
(716) 926-2032

Corporate Office

One Grimsby Drive
Hamburg, NY 14075
(716) 926-2000

Corporate Headquarters

14-16 North Main Street
Angola, NY 14006

Auditors

KPMG LLP
12 Fountain Plaza, Suite 601
Buffalo, NY 14202
(716) 854-1830

Experience. A Better Way.



EVANS
BANCORP INC.



evansbancorp.com

This annual report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This includes, but is not limited to, statements concerning future business, revenues and earnings. These statements are not historical facts or guarantees of future performance, events or results. There are risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by such statements. Information on factors that could affect the Company's business and results are discussed in the Company's periodic reports filed with the Securities and Exchange Commission including the Company's annual report on Form 10-K for 2011. Forward-looking statements speak only as of the date they are made. The Company undertakes no obligation to publicly update or revise forward-looking information, whether as a result of new, updated information, future events or otherwise.