EVANS BANCORP INC

FORM 10-K
(Annual Report)

Filed 3/30/2000 For Period Ending 12/31/1999

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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, 1999

[ ] 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, 2000, the aggregate market value of the registrant's common stock, $.50 par value, (the "Common Stock") held by nonaffiliates of the registrant was approximately $62,802,810 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, 2000, 1,698,950 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 and September 30, 1999 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 1999 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"). 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 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.

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, 1999, the Bank had total assets of $198,788,383, total deposits of $169,948,899 and total stockholders' equity of $18,284,938.

In October of 1999, the Company announced that it had entered into a letter of intent to acquire the business and assets of M&W Group, Inc., an insurance agency headquartered in Silver Creek, New York. That transaction is expected to close within the next quarter.

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.

	1999 Average Balance	1999 Interest	1999 Yield/ Rate	1998 Average Balance	1998 Interest	1998 Yield/ Rate
ASSETS	($000)	($000)		($000)	($000)	
Interest-earning assets:						
Loans, Net	$109,780	$9,295	8.47%	$105,856	$9,337	8.82%
Taxable securities	27,596	1,762	6.38%	21,696	1,333	6.14%
Tax-exempt securities	29,812	1,318	4.42%	23,982	1,098	4.58%
Federal funds sold	3,648	180	4.93%	1,531	84	5.49%
Total interest-earning assets	170,836	12,555	7.35%	153,065	11,852	7.74%
Noninterest-earning assets						
Cash and due from banks	6,422			5,479		
Premises and equipment, net	3,764			3,771		
Other assets	3,119			2,668		
Total	$184,141			$164,983		
LIABILITIES & SHAREHOLDER'S EQUITY						
Interest-bearing liabilities:						
NOW accounts	$7,721	$76	.98%	$7,275	$71	.98%
Savings deposits	55,308	1,437	2.60%	46,925	1,281	2.73%
Time deposits	64,754	3,209	4.96%	63,338	3,399	5.37%
Fed Funds Purchased & Securities Sold U/A to Repurchase	7,251	321	4.43%	3,801	196	5.16%
Total interest-bearing liabilities	135,034	5,043	3.73%	121,339	4,947	4.08%
Noninterest-bearing liabilities:						
Demand deposits	28,273			23,571		
Other	2,136			2,308		
Total liabilities	165,443			147,218		
Shareholders' equity	18,698			17,765		
Total	$184,141			$164,983		
Net interest earnings		$7,512			$6,905	
Net yield on interest earning assets			4.40%			4.51%

In 1999, the Company's interest income increased by $703,056 over 1998, compared to an increase of $778,936 in 1998 over 1997. Also, interest expense on deposits increased by $96,586 in 1999 over 1998 compared to an increase of $358,674 in 1998 over 1997. 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.

	1999 Compared to 1998 Increase (Decrease) Due to			1998 Compared to 1997 Increase (Decrease) Due to		
	(thousands)					
	Volume	Rate	Total	Volume	Rate	Total
Interest earned on:						
Loans	$462	$(502)	$(40)	$824	$(120)	$704
Taxable securities	375	54	429	42	(82)	(40)
Tax-exempt securities	256	(36)	220	158	(5)	153
Federal funds sold	101	(7)	94	(39)	1	(38)
Time deposits in other banks	0	0	0	0	0	0
Total interest-earning assets	$1,194	$(491)	$703	$985	$(206)	$779
Interest paid on:						
NOW accounts	$4	$1	$5	$6	$(6)	$0
Savings deposits	213	(57)	156	63	15	78
Time deposits	78	(268)	(190)	162	(65)	97
Federal Funds Purchased & Securities Sold U/A Repurch.	148	(23)	125	166	18	184
Total interest-bearing liabilities	$443	$(347)	$96	$397	$(38)	$359

SECURITIES ACTIVITIES

Income from securities represented approximately 24.5% of total interest income of the Company in 1999 and approximately 20.5% of total interest income of the Company in 1998. At December 31, 1999, the Bank's securities portfolio of $62,999,678 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 now 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, 1999 and 1998:

	1999	1998
	($000)	($000)
Available for Sale:		
U.S. Treasury and other U.S. government agencies	$29,299	$22,105
States and political subdivisions in the U.S.	29,077	22,913
Other	1,175	952
Total Securities Designated as Available for Sale	$59,551	$45,970
Held to Maturity:		
U.S. Treasury and other U.S. government agencies	44	47
States and political subdivisions in the U.S.	3,405	4,043
Total Securities Designated as Held to Maturity	$3,449	$4,090
Total Securities	$63,000	$50,060

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, 1999:

	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%	$ 3,136	6.16%	$ 7,273	7.30%	$18,890	6.90%
States and political subdivisions	788	5.10	11,689	6.58	10,343	7.12	6,257	7.61
Other	1,175	6.52	0	0.00	0	0.00	0	0.00
Total Available for Sale	$ 1,963	5.95	$14,825	6.50	$17,616	7.20	$25,147	7.08
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	44	0.00
States and political subdivisions	2,872	5.37	172	7.04	197	7.94	164	8.74
Total Held to Maturity	2,872	5.37	172	7.04	197	7.94	208	6.89
Total Securities	$ 4,835	5.61	$14,997	6.51	$17,813	7.21	$25,355	7.08

At December 31, 1999, approximately $29,343,000 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, 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 74.0% of the total interest income of the Company in 1999 and approximately 78.8% of total interest income in 1998. The Bank's loan portfolio after unearned discounts, loan origination costs and allowances for credit losses totalled $116,433,438 and $110,526,449 at December 31, 1999 and December 31, 1998, respectively. At December 31, 1999, the Bank had established $838,167 as an allowance for credit losses which is approximately 0.72% of total loans. This compares with $729,199 at December 31, 1998 which was approximately 0.66% of total loans. The net loan portfolio represented approximately 58.6% and 63.5% of the Bank's total assets at December 31, 1999 and December 31, 1998, respectively.

REAL ESTATE LOANS. Approximately 84.3% of the Bank's loan portfolio at December 31, 1999 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 $98,868,125 at December 31, 1999, compared to $97,539,555 at December 31, 1998. The real estate loan portfolio increased approximately 1.4% in 1999 over 1998 compared to an increase of 10.7% in 1998 over 1997.

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 $20,145,075 at December 31, 1999, which was approximately 17.2% 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 1999, approximately $4,354,561 of mortgages were sold to FNMA under this arrangement compared to $2,539,622 of mortgages sold in 1998. The Bank currently retains the servicing rights on $8.7 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, 1999, the Bank's outstanding adjustable rate mortgages were $2,379,811 or 2.0% 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 $52,815,342 at December 31, 1999, which was approximately 45.0% of total loans outstanding. This balance included $6,571,261 in fixed rate and $46,244,081 in variable rate loans, which includes 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 a 80% loan-to-value ratio. At December 31, 1999, the real estate loan portfolio included $18,710,313 of home equity loans outstanding which represented approximately 16.0% of its total loans outstanding. This balance included $8,512,346 in variable rate and $10,197,967 in fixed rate loans.

The Bank also offers both residential and commercial real estate-construction loans at up to a 80% loan-to-value ratio at fixed interest or adjustable interest rates and multiple maturities. At December 31, 1999, fixed rate real estate-construction loans outstanding were $215,173 or 0.18% of the Bank's loan portfolio, and adjustable rate construction loans outstanding were $3,322,906 or 2.8% of the portfolio.

As of December 31, 1999, approximately $3,726,000 or 3.8% of the Bank's real estate loans were 30 to 90 days delinquent, $45,000 or 0.04% of the bank's real estate loans were more than 90 days delinquent and approximately $1,523,000 or 1.5% 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 $14,173,095 and $9,835,866 at December 31, 1999 and December 31, 1998, respectively. Commercial loans represented approximately 12.1% and 8.8% of the Bank's total loans at December 31, 1999 and December 31, 1998, respectively. The commercial loan portfolio increased $4,337,229 in 1999, as a result of additional credit extensions to both new and existing commercial relationships.

As of December 31, 1999, approximately $52,000 or 0.4% of the Bank's commercial loans were 30 to 90 days past due and $202,000 or 1.4% 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. Sixty-four 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 $2,356,914 and $2,166,133 at December 31, 1999 and December 31, 1998, respectively, representing approximately 2.0% of the Bank's total loans at December 31, 1999 and 1.9% of the Bank's total loans at December 31, 1998. 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, 1999, the installment loan portfolio included $220,447 in fixed rate card balances at an interest rate of 15.6% and $33,141 in the variable rate option. As of December 31, 1999, approximately $14,000 or 0.6% of the Bank's installment loans were 30-90 days past due and approximately $7,000 or 0.3% of the Bank's installment loans were more than 90 days past due.

STUDENT LOANS. The Bank's student loan portfolio totaled $371,453 at December 31, 1999 and $438,670 at December 31, 1998. Student loans represented 0.3% of the Bank's total loans at December 31, 1999 and 0.4% of the Bank's total loans at December 31, 1998. 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. 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 $873,257 and $2,267,518 of its student loans to SLMA in 1999 and 1998 respectively. Student loan products include Federal Plus and HEAL loans.

OTHER LOANS. Other loans totaled $1,101,391 at December 31, 1999 and $891,669 at December 31, 1998. 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.

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, 1999, and 1998:

	December 31,	
	1999	1998
	(in thousands)	
Real Estate	$98,868	$97,539
Commercial	14,173	9,836
Installment	2,357	2,166
Student Loans	371	439
All Other	1,101	891
Net deferred loan origination costs	401	384
Total Loans	$117,271	$111,255
Allowance for credit losses	(838)	(729)
Net loans	$116,433	$110,526

LOAN MATURITIES. The following table shows the maturities of commercial and real estate construction loans outstanding as of December 31, 1999 and the classification of loans due after one year according to sensitivity to changes in interest rates:

	(in thousands)			
	0-1 Yr.	1-5 Yrs.	Over 5 Yrs.	Total
Commercial	$4,511	$4,074	$5,588	$14,173
Real estate construction	2,762	776	0	3,538
	$7,273	$4,850	$5,588	$17,711
Loans maturing after one year with:				
Fixed rates		$2,608	$ 0	
Variable rates		2,242	5,588	
		$4,850	$5,588	

LOAN LOSSES. The following table summarizes the Bank's non-accrual and past due loans as of December 31, 1999 and December 31, 1998. 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."

	1999	1998
	(in thousands)	
Nonaccrual loans	$1,725	$754
Accruing loans past due 90 days or more	47	698
Total	$1,772	$1,452

Information with respect to nonaccrual loans at December 31, 1999 and December 31, 1998 is as follows:

	1999	1998
	(in thousands)	
Nonaccrual loans	$1,725	$754
Interest income that would have been recorded under the original terms	76	71
Interest income recorded during the period	43	0

At December 31, 1999 $1,725,000 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

	1999	1998
BALANCE AT BEGINNING OF YEAR	$729,199	$609,539
CHARGE-OFFS		
Commercial, Financial, Agricultural	(26,130)	0
Real Estate - Mortgages	(25,447)	(50,381)
Installment Loans	(18,966)	(21,077)
Overdrafts	0	0
TOTAL CHARGE-OFFS	(70,543)	(71,458)
RECOVERIES		
Commercial, Financial, Agricultural	500	6,774
Real Estate - Mortgages	384	21,219
Installment Loans	8,138	11,925
Overdrafts	489	1,200
TOTAL RECOVERIES	9,511	41,118
NET (CHARGEOFFS) RECOVERIES	(61,032)	(30,340)
ADDITIONS CHARGED TO OPERATIONS	170,000	150,000
BALANCE AT END OF YEAR	$838,167	$729,199

ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

	Balance at 12/31/99 Attributable To:	Balance at 12/31/98 Attributable To:	Percent of Loans in Each Category to Total Loans:	
			1999	1998
Real Estate Loans	$716,035	$456,823	84.7%	88.0%
Commercial Loans	50,297	77,552	12.1	8.8
Installment Loans (Includes Credit Cards)	56,203	53,322	2.0	2.0
Student Loans	0	0	0.3	0.4
All Other Loans	0	0	0.9	0.8
Unallocated	15,632	141,502	N/A	N/A
Total	$838,167	$729,199	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, 1999, the Bank's deposits totalled $169,948,899 consisting of the following:

Demand deposits	$29,683,357
NOW and Money Market accounts	8,048,455
Regular savings	58,819,156
Time deposits, $100,000 and over	28,856,320
Other time deposits	44,541,611
	$169,948,899

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

	1999		1998	
	Average Balance (in thousands)	Weighted Average Rate	Average Balance (in thousands)	Weighted Average Rate
Demand Deposits	$ 28,273	---%	$ 23,571	---%
NOW and Money Market Accounts	7,721	.98%	7,276	.98%
Regular Savings	55,308	2.60%	46,925	2.74%
Time Deposits	64,754	4.96%	63,337	5.37%
Total	$156,056	3.03%	$141,109	3.38%

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, 1999, consisted of long term borrowings from the Federal Home Loan Bank.

Other borrowed funds consisted of a $5,000,000 long-term borrowing. The long-term borrowing consisted of various advances with interest rates ranging from 4.83% to 5.07%. The maturities of other borrowed funds are as follows:

2000	1,000,000
2001	0
2002	1,000,000
2003	2,000,000
2004	1,000,000
Total	$5,000,000

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.

EMPLOYEES

As of February 29, 2000, the Bank employed 83 persons on a full-time basis. There were also 11 part-time employees.

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, and 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.

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, 1999 for the periods indicated:

	0 to 3 Months	4 to 12 Months	One to Five Years	Over Five Years
		(in millions)		
Interest-sensitivity assets	$40.6	$20.9	$74.3	$47.1
Interest-sensitivity liabilities	43.8	42.0	81.3	11.5
Interest sensitivity gap	$(3.2)	$(21.1)	$(7.0)	$35.6

The primary assets and liabilities in the one year maturity range are securities, commercial loans and time deposits. As of December 31, 1999, the Bank's cumulative one year gap ratio (rate sensitive assets divided by rate sensitive liabilities) was .72 as compared to .81 at December 31, 1998 and .82 as of December 31, 1997. 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, 1999:

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	$21.0	$2.5	$4.5	$0.8	$28.8
Other time deposits	9.1	5.5	21.1	8.8	44.5
Total time deposits	$30.1	$8.0	$25.6	$9.6	$73.3

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 maximum interest rates a bank may pay on deposits, 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 governing the financial services industry whereby the powers of banks and bank holding companies to sell financial products and services are expanded significantly. 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.

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, 1999 and December 31, 1998 with these minimum requirements is presented below:

	Bank		
	1999	1998	Minimum Requirements
Total Risk-based Capital	16.6%	16.9%	8%
Tier 1 Risk-based Capital	15.9%	16.3%	4%
Leverage Ratio	10.1%	10.5%	3-5%

As of December 31, 1999, 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.

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.

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 has been leased to a tenant for a five year term commencing December 1, 1995. The lease provides for monthly payments of $5,217 in Year One and increasing annually to $5,445 in Year Five.

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.

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.

	1999		1998	
QUARTER	HIGH	Low	HIGH	LOW
FIRST	$45.00	$45.00	$40.00	$38.00
SECOND	$46.00	$45.00	$43.00	$40.00
THIRD	$47.00	$46.00	$45.00	$43.00
FOURTH	$47.00	$47.00	$45.00	$45.00

(b) HOLDERS. As of January 31, 2000, 1,698,950 shares of the Company's Common Stock were outstanding and the number of holders of record of the Common Stock at that date was 1193.

(c) DIVIDENDS.

CASH DIVIDENDS.

The Company paid a cash dividend of $.17 per share on March 26, 1998 to holders of record on March 2, 1998.

The Company paid a cash dividend of $.20 per share on October 6, 1998 to holders of record on September 22, 1998.

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 has declared a cash dividend of $.25 per share payable on April 5, 2000 to holders of record on February 15, 2000.

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 15 to the Consolidated Financial Statements.

STOCK DIVIDENDS. There was no stock dividend in 1999 or 1998. 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:

	1999	1998	1997
Return on Average Assets	1.10%	1.24%	1.19%
Return on Average Equity	10.72%	11.63%	11.06%
Dividend Payout Ratio	39.50%	30.84%	28.30%
Equity to Assets Ratio	10.17%	10.81%	10.95%

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

SELECTED FINANCIAL INFORMATION

For the Year Ended December 31,	1999	1998	1997	1996	1995
RESULTS OF OPERATIONS					
Interest Income	$ 12,554,843	$ 11,851,787	$ 11,072,851	$ 9,799,815	$ 9,226,500
Interest Expense	5,043,316	4,946,730	4,588,056	3,912,761	3,418,782
Net Interest Income	7,511,527	6,905,057	6,484,795	5,887,054	5,807,718
Non-Interest Income	1,342,918	1,220,194	950,662	930,986	763,054
Non-Interest Expense	6,050,175	5,196,900	4,849,182	4,555,398	4,228,922
Net Income	2,027,270	2,043,351	1,802,275	1,614,642	1,664,783
BALANCE SHEET DATA					
Total Assets	$198,788,383	$174,120,230	$158,542,163	$140,898,057	$125,308,204
Loans - Net	116,433,438	110,526,449	101,627,427	92,087,902	75,468,504
Allowance for Loan Losses	838,167	729,199	609,539	546,954	557,961
Securities	62,999,678	50,059,972	40,400,374	36,054,324	38,954,494
Total Deposits	169,948,899	144,083,636	138,391,327	123,461,379	109,020,551
Stockholders' Equity	18,284,938	18,623,413	17,039,300	15,510,083	14,485,510
PER SHARE DATA					
Net Income	$ 1.19	$ 1.20	$ 1.06	$ 0.95	$ 0.97
Cash Dividend	$ .47	$ .37	$ 0.30	$ 0.22	$ 0.14
Book Value at Year End	$ 10.76	$ 10.96	$ 10.03	$ 9.13	$ 8.53
Market Value	$ 47.00	$ 45.00	$ 38.00	$ 27.20*	$ 22.00*
Weighted Average Shares	1,698,523	1,698,612	1,698,950	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, 1999, 1998 and 1997. 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.

The following discussion of financial conditions and results of operations of the Company and the Bank should be read in conjunction with the consolidated financial statements and accompanying notes.

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, 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 $2,027,270 or $1.19 per share in 1999 is down slightly compared to net income of $2,043,351 or $1.20 per share for 1998. The startup costs associated with the opening of the Bank's seventh location in West Seneca, NY on February 1, 1999 offset the growth in earnings for the Bank's existing branch system in 1999. This is similar to the decline in income in 1996 when the Bank added the Evans, NY and Hamburg, NY branch offices.

NET INTEREST INCOME

Net interest income, before the provision for credit losses, increased 8.8% from 1998 to 1999, compared to an increase of 6.5% from 1997 to 1998. Average earning assets increased $18.5 million in 1999 versus an increase of $13.6 million in average interest-bearing liabilities. The tax-equivalent yield on earning assets decreased 40 basis points from 8.11% in 1998 to 7.71% in 1999. The cost of funds, however, decreased only 34 basis points, from 4.09% in 1998 to 3.75% in 1999. As a result, the Bank's net interest margin narrowed from 4.52% at December 31, 1998 to 4.43% at December 31, 1999.

In 1998, the increase in net interest income of 6.5% was due to an increase of $12.4 million in earning assets over 1997. The tax-equivalent yield earned on those assets dropped 20 basis points from the prior year, to 8.11% from 8.31%. The average cost of funds on interest-bearing liabilities decreased only two basis points over that time period, from 4.11% in 1997 to 4.09% in 1998. The volume of interest-bearing liabilities increased 8.3% in 1998 over 1997 or $9.3 million. The Bank's net interest margin narrowed from 4.59% in 1997 to 4.52% in 1998.

Management believes there are two main factors contributing to the decreasing net interest margin. One factor is the impact of the interest rate policy of the Federal Reserve. In its efforts to keep the economy from overheating and to keep inflation at bay, the Federal Reserve Board decreased short-term interest rates three times for a total of 75 basis points in 1998. These moves immediately led to decreases of the prime rate in the marketplace, impacting the yield earned on most variable rate loans. These moves also impacted the offering rates on new investment securities, which provide a source of income as well as liquidity for the Bank.

Although these rate movements also have an effect on the cost of funds, decreases in the rates paid on most interest-bearing liabilities take longer to have an impact, since many of these funds are in time deposits which remain at the higher rates until maturity.

The Federal Reserve gave back the 75 basis points in 1999, increasing rates 25 basis points on three occasions beginning in June. These moves led to increases in the prime rate. Interest rates on new securities issues have increased as well. However, much of the Bank's deposit growth traditionally occurs earlier in the year and available funds from these deposits were invested in a less favorable rate environment.

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 and general economic conditions. In 1999, the Bank increased the amount charged against earnings for loan losses to $170,000 from $150,000 in 1998. In 1997, $60,000 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 1999, 1998 and 1997, both in dollars and as a percentage of total loans outstanding:

	1999		1998		1997	
Actual Loan Losses	$ 70,543	0.06%	$ 71,458	0.06%	$ 46,858	0.05%
Non-Performing Loans	$1,771,625	1.52%	$1,452,000	1.32%	$ 987,000	0.96%
Allowance for Loan Losses	$ 838,167	0.72%	$ 729,199	0.66%	$ 609,539	0.59%

In 1999, non-performing loans increased approximately $320,000 over 1998 and were $738,000 over 1997. All of the above loans are well-secured by real estate with no loss anticipated.

Although actual loan losses were similar over the past two years, the increase in the reserve is warranted based on the increase in the size of the portfolio and the results of the evaluation process described above.

NON-INTEREST INCOME

Total non-interest income increased approximately $123,000 or 10.1% in 1999 over 1998. This compares to an increase of approximately $270,000 from 1997 to 1998. In 1999, the Bank received a full year of benefit from the service charge increases instituted in June 1998. Income from the merchant VISA program, which began in late 1997, more than doubled as did servicing fees on loans sold to the Federal National Mortgage Association ("FNMA"). Other loan-related income increased in 1999. 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. The Bank also received income from properties it owns as a result of foreclosure.

Non-interest income for 1999 included approximately $158,000 for an increase in the cash surrender value of life insurance policies held on certain bank officers. This compares to approximately $165,000 in 1998. The 1998 figure included a one-time gain of $97,000 that resulted when the original policies were surrendered due to a change of insurer.

Gains realized on the sale of assets totaled approximately $16,000 in 1999 versus approximately $66,000 in 1998. In 1999, planned sales of securities resulted in net losses of less than $1,000. In 1998, a gain of $14,513 was realized when one of the Bank's residual bonds was called for redemption. This offset losses of $4,450 on planned sales that year.

Premiums received on the sale of student loans to the Student Loan Marketing Association (`SLMA") were approximately $6,400. In 1998, gains on sales to SLMA of $43,000 included $28,000 received when the Bank sold the majority of its remaining student loan portfolio to SLMA. About $7,800 in premiums were received on mortgages sold to the Federal National Mortgage Association ("FNMA") in 1999. This compares to $12,800 received in 1998. The Bank has been affiliated with both SLMA and FNMA since 1995. In addition to the sales of loans and securities in 1999, the Bank sold two properties which it owned as a result of foreclosure experiencing a total gain on the sales of $2,700.

NON-INTEREST EXPENSE

In 1999, the ratio of non-interest expense to average assets was 3.24% compared to 3.14% in 1998 and 3.18% in 1997. Non-interest expense categories include those most impacted by branch expansion - salaries, occupancy, advertising, and supplies, among others. Salary and benefit expense increased 14.5% in 1999. Of the $406,606 increase, approximately $214,430 is attributable to staffing the West Seneca office. A full-time position was added in the Loan Division, which also contributed to the increase over the prior year. The remainder of the increase included merit/promotional increases, other additional staffing and expenses related to the Bank's retirement plans. Occupancy expenses increased $146,924 or 19.3%. The cost of leasing the West Seneca facility and related expenditures contributed $100,726 to this increase. Advertising costs were up $42,459 or 36.0%. About 75% of the increase in advertising expense can be attributed to the promotion of the new branch. The remaining 25% of that amount was spent on promoting the Bank's PC and telephone banking services. Approximately $58,000 in increased expense for supplies not only included purchases totaling $20,674 related to the West Seneca, NY branch, but also materials purchased as a result of the Bank's Year 2000 initiative. This included informational material distributed to customers regarding the Bank's readiness for the Year 2000 event, as well as the forms and envelopes used to provide each customer with a bank statement as of December 31, 1999 in addition to their regularly scheduled statement.

Miscellaneous other expenses increased 22.1% in 1999. These expenses include costs relating to the maintenance of foreclosed properties. The premiums paid for life insurance policies held on certain bank officers and directors are also included in this category. Expenses associated with originating loans, telephone costs, postal costs and correspondent bank service charges also fall under miscellaneous expenses. All of these categories increased in 1999.

TAXES

The provision for income taxes in 1999 of $607,000 reflects an effective tax rate of 23%. This compares to $735,000 or 27% in 1998 and $724,000 or 28% in 1997. The Bank maintains a substantial investment in tax-advantaged municipal bonds which contributes to its favorable tax position. Additionally, the Bank recorded a total of approximately $170,000 in non-taxable income in 1999 due to the increase in the cash surrender value of life insurance policies held on certain bank officers and directors.

FINANCIAL CONDITION

The Bank had total assets of $198.8 million at December 31, 1999, an increase of $24.7 million or 14.1% over $174.1 million at December 31, 1998. Net loans of $116.4 million increased 5.3% or $5.9 million over the previous year. Securities increased $12.9 million or 25.9% and cash and cash equivalents increased $4.7 million or 64.1%. Deposits grew by $25.9 million or 18%. Shareholders' equity, however, decreased approximately $338,000 or 1.8%, due to unrealized losses of $1,185,096 on investment securities held by the Bank. See "Securities and Federal Funds Sold" below.

LOANS

Loans comprised 64.2% of the Bank's total average earning assets in 1999. Actual year-end balances increased 5.3%, slowing somewhat from an increase of 8.8% in 1998 and 10.4% in 1997. 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 45.1% of total loans. Residential mortgages comprise 19.6% of the portfolio and commercial loans account for 16.4% of outstanding loans. Sixteen percent are home equity loans.

At December 31, 1999, the Bank had a loan/deposit ratio of 69.0%. This compares to a loan/deposit ratio of 77.22% at December 31, 1998.

The Bank currently retains the servicing rights to $8.7 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 $873,000 in student loans were sold to SLMA in 1999. Student loans presently make up 0.32% of total loans. In December 1998, the Bank sold $1.2 million in student loans to SLMA, which contributed to a 75% decrease in balances that year. Growth of 2.3% occurred from 1996 to 1997.

SECURITIES AND FEDERAL FUNDS SOLD

Securities and federal funds sold made up the remaining 35.8% of the Bank's total average earning assets at December 31, 1999. Since deposit growth outpaced loan growth during 1999, excess funding was channeled into securities and federal funds sold, providing the Bank with additional sources of liquidity and interest income. At year-end 1999, the portfolio was made up of tax-advantaged municipal bonds, which comprised 52.2% of the portfolio, US government-guaranteed mortgage-backed securities which constituted 24.0% of the portfolio, and US government-sponsored agency bonds of various types, which made up 24.6% of the total. As a member of the Federal Reserve System and as a member of the Federal Home Loan Bank, the Bank is required to hold stock in those entities. These investments made up 1.9% of the portfolio at December 31, 1999.

As part of its Year 2000 liquidity contingency plan, the Bank maintained higher balances in federal funds sold in 1999. These balances made up 2.1 % of total average earning assets in 1999 compared to 1.00% in 1998.

The tax-equivalent yield earned on securities and federal funds sold was 6.33% in 1999, down fifteen basis points from the 1998 level of 6.48%. The yield in 1997 was 6.57%. The decline in 1999 is due to the large volume of investments made in the first half of 1999, prior to the increases in market rates that occurred after Federal Reserve Board rate hikes later in the year. Another reason for the decline was the Bank's increased investment in federal funds sold, which yielded 4.94% in 1999 versus 5.51 % in 1998.

Financial Accounting Standard 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, 1999, the Bank had designated $3.4 million of its securities as held to maturity. The majority of these bonds represent the Bank's investment in local municipalities.

Bonds designated as available for sale totaled $59.6 million, or approximately 95% of the Bank's portfolio. Net unrealized gains and losses on available for sale securities resulted in an unrealized loss of $1.7 million at December 31, 1999. Due to the increases in market rates at the end of 1999, all fixed income bonds held in the portfolio decreased in value. Unrealized gains and losses on available for sale securities are reported, net of taxes, as a separate component of shareholders' equity. At December 31, 1999, the impact to equity was a net unrealized loss of $1.2 million. Actual sales from the portfolio totaled $3,122,225 in 1999 for a net loss of less than $1,000. These sales were negotiated for portfolio restructuring purposes.

DEPOSITS

Total deposits increased $25.9 million or 18% in 1999 over 1998. The Bank was especially successful in attracting additional core deposits. Demand deposits increased 14.8% over the course of the year. Regular savings increased 23.4%. Balances in the tiered rate Premium Savings product introduced in May 1997 continue to grow. Average balances in this product increased from $7.5 million in 1998 to $13.8 million in 1999. At year-end, $17.0 million was on deposit in Premium accounts. NOW account balances increased 6.5% in 1999 over 1998 and time deposits increased 16.5% overall. Growth occurred in time deposits over $100,000 that are generally obtained from local municipalities through the competitive bidding process and from commercial and retail customers looking for the safety of an FDIC-insured deposit. Certificates of less than $100,000 also increased in 1999, after a decline the previous year. Although the Bank's products are priced comparatively to those of other banks in the marketplace, other providers of financial services are also aggressively pursuing available funds, intensifying the level of competition.

Providing excellent customer service remains a key focus for the Bank. Eas-E Line telephone and personal computer banking was introduced in late 1998 to provide customers with access to their accounts during banking and non-banking hours. The Bank also introduced Eas-E Check in late 1999. This is a debit card that works like a check. With the addition of Eas-E Net Internet Banking in 2000, customers will have the added convenience of bill-paying via personal computer. In 1999, the Bank began a process that will be concluded in 2000 to add two subsidiaries, M&W Agency, Inc., an insurance agency specializing in property and casualty insurance, and Evans Associates, Inc., which will sell mutual funds and annuities.

LIQUIDITY

The Bank seeks to manage its liquidity so that it is able to meet day to day loan demand and deposit fluctuations, while attempting to maximize the amount of net interest income on earning assets. Traditionally, the Bank has utilized its federal funds balances and cash flows from the investment portfolio to fulfill its liquidity requirements. As a member and shareholder of the Federal Home Loan Bank ("FHLB") the Bank also has many borrowing options. The FHLB will make cash advances of various terms at competitive rates to its members. Advances of up to $9.2 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. As part of the Year 2000 liquidity contingency plan, the Bank obtained a Guaranteed Liquidity Line of $5 million at the FHLB, which was not in use at December 31, 1999. This line will expire March 31, 2000. The Bank also has the ability to purchase up to $4,000,000 in federal funds from one of its correspondents. Borrowing at the Federal Reserve Discount Window is another option for liquidity. At December 31, 1999, the Bank had approximately $7 million in securities in safekeeping at the Federal Reserve Bank that could be used as collateral for discount window borrowing.

The cash flows from the investment portfolio are laddered to provide funds from principal and interest payments at such 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, 1999, approximately 8% of the Bank's securities had maturities of one year or less and approximately 32% had maturity dates of five years or less. At December 31, 1999 the Bank had net short-term liquidity of $7.9 million as compared to $4.0 million at December 31, 1998. Available assets of $67.3 million less public and purchased funds of $45.2 million resulted in a long-term liquidity ratio of 149% compared to 128% at December 31, 1998.

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

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. The Bank's 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, 1999, the Bank was in a negative gap position, with $24.3 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 +/-$29.8 million at December 31, 1999. The gap ratio (rate-sensitive assets /rate-sensitive liabilities) at that date was 72%.

The following table provides information about the Bank's on-balance sheet instruments that are sensitive to changes in interest rates. Expected maturity date values for interest-earning assets were calculated by adjusting the contractual maturity date for expectations of prepayments. Expected maturity date values for interest-bearing core deposits were calculated based upon estimates of the period over which the deposits would be outstanding.

Expected maturity date - year ended December 31,	2000	2001	2002	2003	2004	There-after	Total	Fair Value
INTEREST-EARNING ASSETS ($000S)								
Loans Receivable, Fixed Rate	10,380	5,693	4,602	4,564	3,202	17,131	45,572	39,996
Average Interest Rate	8.62%	8.48%	8.60%	8.45%	8.30%	8.00%		
Loans Receivable, Adj. Rate	22,140	3,498	3,864	3,593	1,819	35,847	70,761	70,761
Average Interest Rate	9.27%	9.24%	9.15%	9.09%	9.15%	8.30%		
Federal Funds Sold	3,450							
Average Interest Rate	4.43%							
Investments	8,379	6,390	5,485	6,020	8,295	28,431	63,000	63,000
Average Interest Rate	5.95%	6.52%	6.58%	6.94%	7.00%	7.17%		
INTEREST-BEARING LIABILITIES ($000S)								
Deposits	75,445	19,488	12,876	12,322	11,291	8,843	140,265	140,334
Average Interest Rate	4.73%	3.45%	2.57%	2.48%	2.57%	2.61%		
Borrowed Funds	4,700	0	1,000	2,000	1,000		8,700	8,700
Average Interest Rate	3.44%	0.00%	4.91%	4.90%	5.07%			

Off-balance sheet financial instruments at December 31, 1999 included $7,064,000 in undisbursed lines of credit at an average interest rate of 10.04%, $2,044,000 in fixed rate loan origination commitments at 11%, $13,489,000 in adjustable rate loan origination commitments at 9.85% and $1,283,000 in adjustable rate letters of credit at an average rate of 10.50%.

MARKET RISK

When rates rise or fall the market value of the Bank's assets and liabilities will increase or decrease. As 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 Financial Accounting Standard No. 115. A limitation of a negative 25% of total capital before FAS 115 (after tax) has been established as the maximum impact to equity 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 loss of $1,185,096. On a quarterly basis, the available for sale portfolio is shocked for immediate rate increases of 100 and 200 basis points. At December 31, 1999, the Bank determined it would take an immediate increase 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 or losses on available for sale securities are not included in the calculation of these ratios.

CAPITAL EXPENDITURES

The Eas-E Net Internet Banking product is estimated to cost the Bank approximately $82,000 in the year 2000. This product will provide customers with the ability to pay bills via personal computer and will complement Eas-E Line telephone and PC banking which are already operational. Planned software purchases include a Windows upgrade of the Bank's mainframe software and an E-mail program. Miscellaneous equipment is scheduled to be replaced and new equipment will be purchased, which will include additional ATM purchases. Repairs and remodeling totaling approximately $234,500 are also planned at the Bank's various locations. 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 the repricing frequency of its interest-sensitive assets and liabilities to avoid a significant concentration that could result in a material negative impact on earnings.

ITEM 7A. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See discussion under item 7 MDA "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 and Executive Officers of the Company.

NAME	AGE	POSITION	TERM EXPIRES
NOMINEES FOR DIRECTORS:			
Richard M. Craig	62	Chairman of Board, President, CEO, Director	2000
LaVerne G. Hall	62	Director	2000
Richard C. Stevenson	91	Director	2000
DIRECTORS:			
Robert W. Allen	74	Secretary, Director	2002
William F. Barrett	58	Director	2002
Phillip Brothman	61	Director	2001
David C. Koch	64	Director	2002
David M. Taylor	49	Director	2001
Thomas H. Waring, Jr.	42	Director	2001

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 is currently self employed as a property and investment manager and the former President of Carl E. Barrett, Ltd., an insurance agency.

Mr. Brothman has been a Director since 1976 and is a partner in the law firm of Hurst, Brothman & Yusick.

Mr. Craig joined Evans National Bank (the "Bank") in 1987 and has served as President and Director since 1988. In 1989 he was appointed Chief Executive Officer, and was, in January 1999, also elected Chairman of the Board. Previously, he was the Administrative Vice President of M&T Bank.

Mr. Hall has been a Director since 1981. He is the former Chairman of the Board of L.G. Hall Building Contractors, Inc.

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

Mr. Stevenson has been a Director since 1958 and is President of Stevenson Realtors and Chairman of the Board of Evans Land Corp.

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

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 Richard M. Craig David C. Koch Thomas H. Waring, Jr.

The Loan Committee met ten times during 1999. Its purpose is to review and approve loans exceeding $300,000 or loans that are non-conventional.

INVESTMENT COMMITTEE:

Richard M. Craig, Chairman Robert W. Allen David M. Taylor

The Investment Committee met once in 1999. The Investment Committee meets a minimum of once a year to review the liquidity of the investment portfolio and discuss investment strategies.

PLANNING COMMITTEE:

LaVerne G. Hall, Chairman William F. Barrett Richard M. Craig David C. Koch Thomas H. Waring, Jr.

The Planning Committee met once in 1999. 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 Richard M. Craig LaVerne G. Hall David M. Taylor

The Loan Review Committee met four times during 1999. 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:

Phillip Brothman, Chairman Richard M. Craig David C. Koch David M. Taylor

The Audit Committee met four times in 1999. 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. 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 Richard M. Craig Richard C. Stevenson

It was deemed unnecessary for the Insurance Committee to meet in 1999. Based on an earlier committee decision, all policy maturity dates were changed to renew in the month of June, and it was determined that it would be more appropriate to meet during the year 2000 to coincide with new maturity dates. This committee reviews the coverage of insurance policies of the Bank and monitors costs.

HUMAN RESOURCE COMMITTEE:

LaVerne G. Hall, Chairman	William F. Barrett	Phillip Brothman
Richard M. Craig	David C. Koch	Richard C. Stevenson
Thomas H. Waring, Jr.		

The Human Resource Committee met twice during 1999. 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 Human Resource Committee also establishes the compensation of the Executive Officers of the Company. See "Human Resource Committee Report on Executive Compensation".

The Board of Directors of the Company met twelve times during 1999. Each incumbent director of the Company 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 1999 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.

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 1999, 1998 and 1997 of the Chief Executive Officer, the Senior Vice President of Administration, and the Senior Vice President of the Loan Division. No other executive officer earned in excess of $100,000.

SUMMARY COMPENSATION TABLE

NAME OF AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION SALARY	BONUS	OTHER (1)	LONG-TERM COMPENSATION AWARDS STOCK OPTION (SHARES)	PAYOUTS LONG-TERM INCENTIVE PAYOUTS	ALL OTHER COMPENSATION
Richard M. Craig	1999	$169,769	$15,000	$3,395	-0-	-0-	-0-
President & CEO	1998	$160,308	$20,000	$3,206	-0-	-0-	-0-
	1997	$151,308	$14,013	$3,026	-0-	-0-	-0-
James Tilley	1999	$115,820	$10,500	$2,316	-0-	-0-	-0-
Senior Vice President	1998	$109,335	$14,000	$2,187	-0-	-0-	-0-
	1997	$103,059	$9,991	$2,061	-0-	-0-	-0-
William R. Glass	1999	$109,614	$10,500	$2,192	-0-	-0-	-0-
Senior Vice President	1998	$102,945	$14,000	$2,059	-0-	-0-	-0-
	1997	$96,630	$9,868	$1,933	-0-	-0-	-0-

(1) Includes the Bank's contribution to the Employee Savings Plan made for the benefit of Mr. Craig of $3,395 in 1999, $3,206 in 1998, and $3,026 in 1997; for the benefit of Mr. Tilley of $2,316 in 1999, $2,187 in 1998, and $2,061 in 1997; and for the benefit of Mr. Glass of $2,192 in 1999, $2,059 in 1998, and $1,933 in 1997. See "EMPLOYEE SAVINGS PLAN". Does not include personal benefits which did not exceed 10% of Mr. Craig's, Mr. Tilley's, or Mr. Glass' salary and bonus in any year.

EMPLOYMENT AGREEMENTS

Mr. Richard Craig, Mr. James Tilley, and Mr. William Glass have each entered into an Employment Agreement with the Bank which runs through December 31, 2002. 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.

PENSION PLAN

The Bank maintains a defined benefit pension plan for all eligible employees. 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. Craig, Mr. Tilley, and Mr. Glass are participants in the pension plan, and as of December 31, 1999, Mr. Craig had eleven years of credited service and his average monthly compensation under the plan was $14,052 ; Mr. Tilley had ten years of credited service and his average monthly compensation under the plan was $9,491; and Mr. Glass had six years of credited service and his average monthly compensation under the plan was $8,977.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS

In 1995, the Bank entered into non-qualified Supplemental Executive Retirement Plans ("SERP's") with both 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 1998, Mr. Craig's SERP was amended and the benefits increased. 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. Craig, Mr. Tilley, and Mr. Glass are entitled to additional annual pension payments of $92,766, $66,943, and $30,000, respectively, for 20 years after retirement at age 65, unless their employment is terminated earlier. The SERP's 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. The Bank has purchased a life insurance policy on both Mr. Craig and Mr. Tilley to assist in funding its obligations under the SERP's.

EMPLOYEE SAVINGS PLAN

The Bank also maintains a 401(k) salary deferral plan to assist employees 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, and Mr. Glass.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of January 31, 2000, 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	Nature and Amount of Beneficial Ownership	Percent of Class
Robert W. Allen (1)	30,143	1.8%
William F. Barrett (2)	161,345	9.5%
Phillip Brothman (3)	23,544	1.4%
Richard M. Craig (4)	8,206	.5%
LaVerne G. Hall (5)	51,380	3.0%
David C. Koch (6)	26,035	1.5%
Richard C. Stevenson (7)	55,435	3.3%
David M. Taylor (8)	4,290	.3%
Thomas H. Waring, Jr.	514	0.03%
Directors and Officers as a Group (11 persons) (1)(2)(3)(4)(5)(6)(7)(8)(9)(10)	362,720	21.3%

(1) Includes 2,793 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 1,495 shares owned by Mr. Brothman's wife and 2,732 shares held by a pension plan of which Mr. Brothman is a trustee and a participant.

(4) Includes 5,470 shares owned jointly by Mr. Craig and his wife and 170 shares owned by Mr. Craig's daughter, as to which he disclaims beneficial ownership.

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

(6) 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.

(7) Includes 3,669 shares owned by Mr. Stevenson's wife, and also 12,635 shares held by Mr. Stevenson as executor for the Estate of Evelyn Simonsen and 1,060 shares held in a trust for F. Evelyn Beardsley as to which he disclaims beneficial ownership.

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

(9) Includes 441 shares owned by Mr. James Tilley, Assistant Secretary 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.

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

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.

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 1999 Annual Report to Shareholders pages 40 through 73 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
13.1	1999 Annual Report to Shareholders (9)	
21.1	Subsidiaries of the Registrant (6)	n/a
27	Financial Data Schedule (9)	
99	Press Release (8)	n/a

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 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/ Richard M. Craig
Richard M. Craig,
Chairman

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/ Richard M. Craig Richard M. Craig	Chairman President (Chief Executive Officer), Principal Accounting Officer and Director	March 28, 2000
/s/ James Tilley James Tilley	Assistant Secretary	March 28, 2000
/s/ William R. Glass William R. Glass	Treasurer	March 28, 2000
/s/ Robert W. Allen Robert W. Allen	Director	March 28, 2000
/s/ Laverne G. Hall Laverne G. Hall	Director	March 28, 2000
/s/ Phillip Brothman Phillip Brothman	Director	March 28, 2000
/s/ David M. Taylor David M. Taylor	Director	March 28, 2000
/s/ David C. Koch David C. Koch	Director	March 28, 2000

EXHIBIT 13.1

'99

[LOGO]
EVANS BANCORP, INC.

1999 ANNUAL REPORT

[GRAPHICS]

CONTENTS

Exhibit 13.1

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. The Bank is an FDIC insured full-service commercial bank, and as of December 31, 1999, had total assets of $198,788,383, total deposits of $169,948,899 and total stockholders' equity of $18,284,938. 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 and Eas-E check card.

TO OUR STOCKHOLDERS

I am pleased to report that 1999 was a year of record growth for Evans Bancorp, Inc. and its subsidiary, Evans National Bank. Total assets increased by $24,668,153 to $198,788,383 from $174,120,230, or 14.2%, the largest one-year increase in the history of the Bank. By remaining focused on our business plan and strategic direction, we effectively addressed and met the challenges presented this past year. A full discussion of the results can be found in the "Management Discussion and Analysis" section; however, I would like to point out some highlights.

We achieved strong deposit growth as deposits increased $25,865,263, or 18% over the previous year. Loans increased by $5,906,989 in 1999 to $116,433,438, a 5.3% increase over 1998's $110,526,449. The quality of the loan portfolio continues to remain at a high level. Net charge-offs totaled $70,543 for 1999, which equated to .06% of outstanding loans, as compared to $71,458, or .06% in 1998.

Net income in 1999 was $2,027,270, a slight decrease of $16,081, or .8% from 1998's record high of $2,043,351. Accordingly, net income per share was down from $1.20 in 1998 to $1.19 in 1999. Based on our level of earnings and strong capital position, the Board of Directors declared a cash dividend of $.47 in 1999 as compared to $.37 per share in 1998. During 1999, our stock price increased from $45.00 to $47.00, or 4.5%. Other key performance ratios include return on average assets of 1.10% as compared to 1.24% in 1998, and 10.72% return on average equity as compared to 11.63% the previous year.

Our capital ratios continue to remain strong. The Tier I capital ratio of 15.9%, total capital ratio of 16.6%, and leverage ratio of 10.1% substantially exceeded the regulatory requirements of 4.0%, 8.0%, and 4.0%, respectively.

Significant expenditures were made in 1999 in connection with the addition of key members to our team, the opening of a new branch facility in West Seneca, and additional upgrades in technology. These expenditures, which contributed to a higher than normal increase in non-interest expense this past year, are key investments which will contribute to future performance.

As we enter the new millennium, we have taken measures which we believe will ensure we remain competitive in our marketplace. The Bank is in the process of developing a Website, and will introduce an Internet Banking Service during the second quarter of the year 2000. This new service will be referred to as Eas-E Net, and will complete our family of electronic banking products. Designed for the benefit of both commercial and retail customers, Eas-E Net will provide on-line account access allowing customers to perform a variety of banking transactions, including bill payment, all under the protection of enhanced security.

Our growth over the years has come through branch expansion, competitive bank products, and service to our customers. However, to ensure our future success, we continue to evaluate acquisition opportunities for growth by Evans Bancorp, Inc. in related businesses. In this regard, I am pleased to announce that during 1999, we signed a letter of intent with the M&W Insurance Group to acquire the business and assets of this corporation in exchange for stock of Evans Bancorp, Inc. It is expected the acquisition will be completed at the end of the first quarter of 2000. We are also evaluating possibilities to deliver the sale of mutual funds and annuities throughout our branch system. We believe these opportunities will increase shareholder value, expand product lines, and provide added convenience to our customers.

Our dedicated employees make Evans National Bank a successful corporation. Many of our staff continue to advance their business skills through further education. In addition, our officers and employees devote significant amounts of time to local organizations. Their commitment strengthens the Bank's involvement in the community, as well as provides support to the many groups they serve.

During 1999, the following employees were recognized for their years of service: Karen M. Blecha (30 years); Rita A. Boyland, Julie Gornikiewicz, Rose Marie Hinckley, and Linda T. Tambs (20 years); Mary E. Doeing (15 years); Mary Ellen Cecala, Mary Jane Gonzalez, and Salvatore Sack (10 years).

Mary Jane Gonzalez, manager of our North Boston office, passed away in October, 1999. Jane's death meant the loss of not only a valuable employee, but also a friend. Her many contributions to the Bank and the community will be missed.

In closing, I would like to express my appreciation to our employees, Board of Directors, and customers for their on-going support. I would also like to thank you, our loyal stockholders, for your continued confidence. The new millennium will be a time of challenge and change in the banking industry. We approach the year 2000 with enthusiasm for continued success.

Richard M. Craig
Chairman of the Board
President and Chief Executive Officer

SELECTED FINANCIAL INFORMATION

For the Year Ended December 31,	1999	1998	1997	1996	1995
RESULTS OF OPERATIONS					
Interest Income	$ 12,554,843	$ 11,851,787	$ 11,072,851	$ 9,799,815	$ 9,226,500
Interest Expense	5,043,316	4,946,730	4,588,056	3,912,761	3,418,782
Net Interest Income	7,511,527	6,905,057	6,484,795	5,887,054	5,807,718
Non-Interest Income	1,342,918	1,220,194	950,662	930,986	763,054
Non-Interest Expense	6,050,175	5,196,900	4,849,182	4,555,398	4,228,922
Net Income	2,027,270	2,043,351	1,802,275	1,614,642	1,664,783
BALANCE SHEET DATA					
Total Assets	$198,788,383	$174,120,230	$158,542,163	$140,898,057	$125,308,204
Loans - Net	116,433,438	110,526,449	101,627,427	92,087,902	75,468,504
Allowance for Loan Losses	838,167	729,199	609,539	546,954	557,961
Securities	62,999,678	50,059,972	40,400,374	36,054,324	38,954,494
Total Deposits	169,948,899	144,083,636	138,391,327	123,461,379	109,020,551
Stockholders' Equity	18,284,938	18,623,413	17,039,300	15,510,083	14,485,510
PER SHARE DATA					
Net Income	$ 1.19	$ 1.20	$ 1.06	$ 0.95	$ 0.97
Cash Dividend	$ .47	$ .37	$ 0.30	$ 0.22	$ 0.14
Book Value at Year End	$ 10.76	$ 10.96	$ 10.03	$ 9.13	$ 8.53
Market Value	$ 47.00	$ 45.00	$ 38.00	$ 27.20*	$ 22.00*
Weighted Average Shares	1,698,523	1,698,612	1,698,950	1,698,950	1,698,950

* Retroactively adjusted for stock dividends and stock splits

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.

The following discussion of financial conditions and results of operations of the Company and the Bank should be read in conjunction with the consolidated financial statements and accompanying notes.

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, 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 $2,027,270 or $1.19 per share in 1999 is down slightly compared to net income of $2,043,351 or $1.20 per share for 1998. The startup costs associated with the opening of the Bank's seventh location in West Seneca, NY on February 1, 1999 offset the growth in earnings for the Bank's existing branch system in 1999. This is similar to the decline in income in 1996 when the Bank added the Evans, NY and Hamburg, NY branch offices.

NET INTEREST INCOME

Net interest income, before the provision for credit losses, increased 8.8% from 1998 to 1999, compared to an increase of 6.5% from 1997 to 1998. Average earning assets increased $18.5 million in 1999 versus an increase of $13.6 million in average interest-bearing liabilities. The tax-equivalent yield on earning assets decreased 40 basis points from 8.11% in 1998 to 7.71% in 1999. The cost of funds, however, decreased only 34 basis points, from 4.09% in 1998 to 3.75% in 1999. As a result, the Bank's net interest margin narrowed from 4.52% at December 31, 1998 to 4.43% at December 31, 1999.

In 1998, the increase in net interest income of 6.5% was due to an increase of $12.4 million in earning assets over 1997. The tax-equivalent yield earned on those assets dropped 20 basis points from the prior year, to 8.11% from 8.31%. The average cost of funds on interest-bearing liabilities decreased only two basis points over that time period, from 4.11% in 1997 to 4.09% in 1998. The volume of interest-bearing liabilities increased 8.3% in 1998 over 1997 or $9.3 million. The Bank's net interest margin narrowed from 4.59% in 1997 to 4.52% in 1998.

Management believes there are two main factors contributing to the decreasing net interest margin. One factor is the impact of the interest rate policy of the Federal Reserve. In its efforts to keep the economy from overheating and to keep inflation at bay, the Federal Reserve Board decreased short-term interest rates three times for a total of 75 basis points in 1998. These moves immediately led to decreases of the prime rate in the marketplace, impacting the yield earned on most variable rate loans. These moves also impacted the offering rates on new investment securities, which provide a source of income as well as liquidity for the Bank.

Although these rate movements also have an effect on the cost of funds, decreases in the rates paid on most interest-bearing liabilities take longer to have an impact, since many of these funds are in time deposits which remain at the higher rates until maturity.

The Federal Reserve gave back the 75 basis points in 1999, increasing rates 25 basis points on three occasions beginning in June. These moves led to increases in the prime rate. Interest rates on new securities issues have increased as well. However, much of the Bank's deposit growth traditionally occurs earlier in the year and available funds from these deposits were invested in a less favorable rate environment.

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 and general economic conditions. In 1999, the Bank increased the amount charged against earnings for loan losses to $170,000 from $150,000 in 1998. In 1997, $60,000 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 1999, 1998 and 1997, both in dollars and as a percentage of total loans outstanding:

	1999		1998		1997	
Actual Loan Losses	$ 70,543	0.06%	$ 71,458	0.06%	$ 46,858	0.05%
Non-Performing Loans	$1,771,625	1.52%	$1,452,000	1.32%	$ 987,000	0.96%
Allowance for Loan Losses	$ 838,167	0.72%	$ 729,199	0.66%	$ 609,539	0.59%

In 1999, non-performing loans increased approximately $320,000 over 1998 and were $738,000 over 1997. All of the above loans are well-secured by real estate with no loss anticipated.

Although actual loan losses were similar over the past two years, the increase in the reserve is warranted based on the increase in the size of the portfolio and the results of the evaluation process described above.

NON-INTEREST INCOME

Total non-interest income increased approximately $123,000 or 10.1% in 1999 over 1998. This compares to an increase of approximately $270,000 from 1997 to 1998. In 1999, the Bank received a full year of benefit from the service charge increases instituted in June 1998. Income from the merchant VISA program, which began in late 1997, more than doubled as did servicing fees on loans sold to the Federal National Mortgage Association ("FNMA"). Other loan-related income increased in 1999. 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. The Bank also received income from properties it owns as a result of foreclosure.

Non-interest income for 1999 included approximately $158,000 for an increase in the cash surrender value of life insurance policies held on certain bank officers. This compares to approximately $165,000 in 1998. The 1998 figure included a one-time gain of $97,000 that resulted when the original policies were surrendered due to a change of insurer.

Gains realized on the sale of assets totaled approximately $16,000 in 1999 versus approximately $66,000 in 1998. In 1999, planned sales of securities resulted in net losses of less than $1,000. In 1998, a gain of $14,513 was realized when one of the Bank's residual bonds was called for redemption. This offset losses of $4,450 on planned sales that year.

Premiums received on the sale of student loans to the Student Loan Marketing Association (`SLMA") were approximately $6,400. In 1998, gains on sales to SLMA of $43,000 included $28,000 received when the Bank sold the majority of its remaining student loan portfolio to SLMA. About $7,800 in premiums were received on mortgages sold to the Federal National Mortgage Association ("FNMA") in 1999. This compares to $12,800 received in 1998. The Bank has been affiliated with both SLMA and FNMA since 1995. In addition to the sales of loans and securities in 1999, the Bank sold two properties which it owned as a result of foreclosure experiencing a total gain on the sales of $2,700.

NON-INTEREST EXPENSE

In 1999, the ratio of non-interest expense to average assets was 3.24% compared to 3.14% in 1998 and 3.18% in 1997. Non-interest expense categories include those most impacted by branch expansion - salaries, occupancy, advertising, and supplies, among others. Salary and benefit expense increased 14.5% in 1999. Of the $406,606 increase, approximately $214,430 is attributable to staffing the West Seneca office. A full-time position was added in the Loan Division, which also contributed to the increase over the prior year. The remainder of the increase included merit/promotional increases, other additional staffing and expenses related to the Bank's retirement plans. Occupancy expenses increased $146,924 or 19.3%. The cost of leasing the West Seneca facility and related expenditures contributed $100,726 to this increase. Advertising costs were up $42,459 or 36.0%. About 75% of the increase in advertising expense can be attributed to the promotion of the new branch. The remaining 25% of that amount was spent on promoting the Bank's PC and telephone banking services. Approximately $58,000 in increased expense for supplies not only included purchases totaling $20,674 related to the West Seneca, NY branch, but also materials purchased as a result of the Bank's Year 2000 initiative. This included informational material distributed to customers regarding the Bank's readiness for the Year 2000 event, as well as the forms and envelopes used to provide each customer with a bank statement as of December 31, 1999 in addition to their regularly scheduled statement.

Miscellaneous other expenses increased 22.1% in 1999. These expenses include costs relating to the maintenance of foreclosed properties. The premiums paid for life insurance policies held on certain bank officers and directors are also included in this category. Expenses associated with originating loans, telephone costs, postal costs and correspondent bank service charges also fall under miscellaneous expenses. All of these categories increased in 1999.

TAXES

The provision for income taxes in 1999 of $607,000 reflects an effective tax rate of 23%. This compares to $735,000 or 27% in 1998 and $724,000 or 28% in 1997. The Bank maintains a substantial investment in tax-advantaged municipal bonds which contributes to its favorable tax position. Additionally, the Bank recorded a total of approximately $170,000 in non-taxable income in 1999 due to the increase in the cash surrender value of life insurance policies held on certain bank officers and directors.

FINANCIAL CONDITION

The Bank had total assets of $198.8 million at December 31, 1999, an increase of $24.7 million or 14.1% over $174.1 million at December 31, 1998. Net loans of $116.4 million increased 5.3% or $5.9 million over the previous year. Securities increased $12.9 million or 25.9% and cash and cash equivalents increased $4.7 million or 64.1%. Deposits grew by $25.9 million or 18%. Shareholders' equity, however, decreased approximately $338,000 or 1.8%, due to unrealized losses of $1,185,096 on investment securities held by the Bank. See "Securities and Federal Funds Sold" below.

LOANS

Loans comprised 64.2% of the Bank's total average earning assets in 1999. Actual year-end balances increased 5.3%, slowing somewhat from an increase of 8.8% in 1998 and 10.4% in 1997. 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 45.1% of total loans. Residential mortgages comprise 19.6% of the portfolio and commercial loans account for 16.4% of outstanding loans. Sixteen percent are home equity loans.

At December 31, 1999, the Bank had a loan/deposit ratio of 69.0%. This compares to a loan/deposit ratio of 77.22% at December 31, 1998.

The Bank currently retains the servicing rights to $8.7 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 $873,000 in student loans were sold to SLMA in 1999. Student loans presently make up 0.32% of total loans. In December 1998, the Bank sold $1.2 million in student loans to SLMA, which contributed to a 75% decrease in balances that year. Growth of 2.3% occurred from 1996 to 1997.

SECURITIES AND FEDERAL FUNDS SOLD

Securities and federal funds sold made up the remaining 35.8% of the Bank's total average earning assets at December 31, 1999. Since deposit growth outpaced loan growth during 1999, excess funding was channeled into securities and federal funds sold, providing the Bank with additional sources of liquidity and interest income. At year-end 1999, the portfolio was made up of tax-advantaged municipal bonds, which comprised 52.2% of the portfolio, US government-guaranteed mortgage-backed securities which constituted 24.0% of the portfolio, and US government-sponsored agency bonds of various types, which made up 24.6% of the total. As a member of the Federal Reserve System and as a member of the Federal Home Loan Bank, the Bank is required to hold stock in those entities. These investments made up 1.9% of the portfolio at December 31, 1999.

As part of its Year 2000 liquidity contingency plan, the Bank maintained higher balances in federal funds sold in 1999. These balances made up 2.1 % of total average earning assets in 1999 compared to 1.00% in 1998.

The tax-equivalent yield earned on securities and federal funds sold was 6.33% in 1999, down fifteen basis points from the 1998 level of 6.48%. The yield in 1997 was 6.57%. The decline in 1999 is due to the large volume of investments made in the first half of 1999, prior to the increases in market rates that occurred after Federal Reserve Board rate hikes later in the year. Another reason for the decline was the Bank's increased investment in federal funds sold, which yielded 4.94% in 1999 versus 5.51 % in 1998.

Financial Accounting Standard 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, 1999, the Bank had designated $3.4 million of its securities as held to maturity. The majority of these bonds represent the Bank's investment in local municipalities.

Bonds designated as available for sale totaled $59.6 million, or approximately 95% of the Bank's portfolio. Net unrealized gains and losses on available for sale securities resulted in an unrealized loss of $1.7 million at December 31, 1999. Due to the increases in market rates at the end of 1999, all fixed income bonds held in the portfolio decreased in value. Unrealized gains and losses on available for sale securities are reported, net of taxes, as a separate component of shareholders' equity. At December 31, 1999, the impact to equity was a net unrealized loss of $1.2 million. Actual sales from the portfolio totaled $3,122,225 in 1999 for a net loss of less than $1,000. These sales were negotiated for portfolio restructuring purposes.

DEPOSITS

Total deposits increased $25.9 million or 18% in 1999 over 1998. The Bank was especially successful in attracting additional core deposits. Demand deposits increased 14.8% over the course of the year. Regular savings increased 23.4%. Balances in the tiered rate Premium Savings product introduced in May 1997 continue to grow. Average balances in this product increased from $7.5 million in 1998 to $13.8 million in 1999. At year-end, $17.0 million was on deposit in Premium accounts. NOW account balances increased 6.5% in 1999 over 1998 and time deposits increased 16.5% overall. Growth occurred in time deposits over $100,000 that are generally obtained from local municipalities through the competitive bidding process and from commercial and retail customers looking for the safety of an FDIC-insured deposit. Certificates of less than $100,000 also increased in 1999, after a decline the previous year. Although the Bank's products are priced comparatively to those of other banks in the marketplace, other providers of financial services are also aggressively pursuing available funds, intensifying the level of competition.

Providing excellent customer service remains a key focus for the Bank. Eas-E Line telephone and personal computer banking was introduced in late 1998 to provide customers with access to their accounts during banking and non-banking hours. The Bank also introduced Eas-E Check in late 1999. This is a debit card that works like a check. With the addition of Eas-E Net Internet Banking in 2000, customers will have the added convenience of bill-paying via personal computer. In 1999, the Bank began a process that will be concluded in 2000 to add two subsidiaries, M&W Agency, Inc., an insurance agency specializing in property and casualty insurance, and Evans Associates, Inc., which will sell mutual funds and annuities.

LIQUIDITY

The Bank seeks to manage its liquidity so that it is able to meet day to day loan demand and deposit fluctuations, while attempting to maximize the amount of net interest income on earning assets. Traditionally, the Bank has utilized its federal funds balances and cash flows from the investment portfolio to fulfill its liquidity requirements. As a member and shareholder of the Federal Home Loan Bank ("FHLB") the Bank also has many borrowing options. The FHLB will make cash advances of various terms at competitive rates to its members. Advances of up to $9.2 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. As part of the Year 2000 liquidity contingency plan, the Bank obtained a Guaranteed Liquidity Line of $5 million at the FHLB, which was not in use at December 31, 1999. This line will expire March 31, 2000. The Bank also has the ability to purchase up to $4,000,000 in federal funds from one of its correspondents. Borrowing at the Federal Reserve Discount Window is another option for liquidity. At December 31, 1999, the Bank had approximately $7 million in securities in safekeeping at the Federal Reserve Bank that could be used as collateral for discount window borrowing.

The cash flows from the investment portfolio are laddered to provide funds from principal and interest payments at such 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, 1999, approximately 8% of the Bank's securities had maturities of one year or less and approximately 32% had maturity dates of five years or less. At December 31, 1999 the Bank had net short-term liquidity of $7.9 million as compared to $4.0 million at December 31, 1998. Available assets of $67.3 million less public and purchased funds of $45.2 million resulted in a long-term liquidity ratio of 149% compared to 128% at December 31, 1998.

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

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. The Bank's 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, 1999, the Bank was in a negative gap position, with $24.3 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 +/-$29.8 million at December 31, 1999. The gap ratio (rate-sensitive assets /rate-sensitive liabilities) at that date was 72%.

The following table provides information about the Bank's on-balance sheet instruments that are sensitive to changes in interest rates. Expected maturity date values for interest-earning assets were calculated by adjusting the contractual maturity date for expectations of prepayments. Expected maturity date values for interest-bearing core deposits were calculated based upon estimates of the period over which the deposits would be outstanding.

Expected maturity date - year ended December 31,	2000	2001	2002	2003	2004	There-after	Total	Fair Value
INTEREST-EARNING ASSETS ($000S)								
Loans Receivable, Fixed Rate	10,380	5,693	4,602	4,564	3,202	17,131	45,572	39,996
Average Interest Rate	8.62%	8.48%	8.60%	8.45%	8.30%	8.00%		
Loans Receivable, Adj. Rate	22,140	3,498	3,864	3,593	1,819	35,847	70,761	70,761
Average Interest Rate	9.27%	9.24%	9.15%	9.09%	9.15%	8.30%		
Federal Funds Sold	3,450							
Average Interest Rate	4.43%							
Investments	8,379	6,390	5,485	6,020	8,295	28,431	63,000	63,000
Average Interest Rate	5.95%	6.52%	6.58%	6.94%	7.00%	7.17%		
INTEREST-BEARING LIABILITIES ($000S)								
Deposits	75,445	19,488	12,876	12,322	11,291	8,843	140,265	140,334
Average Interest Rate	4.73%	3.45%	2.57%	2.48%	2.57%	2.61%		
Borrowed Funds	4,700	0	1,000	2,000	1,000		8,700	8,700
Average Interest Rate	3.44%	0.00%	4.91%	4.90%	5.07%			

Off-balance sheet financial instruments at December 31, 1999 included $7,064,000 in undisbursed lines of credit at an average interest rate of 10.04%, $2,044,000 in fixed rate loan origination commitments at 11%, $13,489,000 in adjustable rate loan origination commitments at 9.85% and $1,283,000 in adjustable rate letters of credit at an average rate of 10.50%.

MARKET RISK

When rates rise or fall the market value of the Bank's assets and liabilities will increase or decrease. As 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 Financial Accounting Standard No. 115. A limitation of a negative 25% of total capital before FAS 115 (after tax) has been established as the maximum impact to equity 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 loss of $1,185,096. On a quarterly basis, the available for sale portfolio is shocked for immediate rate increases of 100 and 200 basis points. At December 31, 1999, the Bank determined it would take an immediate increase 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 or losses on available for sale securities are not included in the calculation of these ratios.

CAPITAL EXPENDITURES

The Eas-E Net Internet Banking product is estimated to cost the Bank approximately $82,000 in the year 2000. This product will provide customers with the ability to pay bills via personal computer and will complement Eas-E Line telephone and PC banking which are already operational. Planned software purchases include a Windows upgrade of the Bank's mainframe software and an E-mail program. Miscellaneous equipment is scheduled to be replaced and new equipment will be purchased, which will include additional ATM purchases. Repairs and remodeling totaling approximately $234,500 are also planned at the Bank's various locations. 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 the repricing frequency of its interest-sensitive assets and liabilities to avoid a significant concentration that could result in a material negative impact on earnings.

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, 1999 and 1998, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. 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 generally accepted auditing standards. 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, 1999 and 1998 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE LLP

Buffalo, New York
January 25, 2000

EVANS BANCORP, INC. AND SUBSIDIARY
Consolidated Balance Sheets

December 31, 1999 and 1998	1999	1998
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 8,528,778	$ 7,300,780
Federal funds sold	3,450,000	0
Total cash and cash equivalents	11,978,778	7,300,780
Securities:		
Available for sale, at fair value	59,550,786	45,969,587
Held to maturity	3,448,892	4,090,385
Loans, net of allowance for loan losses of $838,167 in 1999 and $729,199 in 1998	116,433,438	110,526,449
Properties and equipment, net	3,834,496	3,696,658
Other assets	3,541,993	2,536,371
TOTAL ASSETS	$ 198,788,383	$ 174,120,230
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Demand	$ 29,683,357	$ 25,857,037
NOW and money market	8,048,455	7,554,104
Regular savings	58,819,156	47,676,615
Time	73,397,931	62,995,880
Total deposits	169,948,899	144,083,636
Federal funds purchased	0	2,225,000
Other borrowed funds	5,000,000	7,000,000
Other liabilities	5,554,546	2,188,181
Total liabilities	180,503,445	155,496,817
CONTINGENT LIABILITIES AND COMMITMENTS		
STOCKHOLDERS' EQUITY:		
Common stock, $.50 par value, 10,000,000 shares authorized; 1,698,950 shares issued	849,475	849,475
Capital surplus	10,990,720	10,990,720
Retained earnings	7,629,839	6,400,764
Accumulated other comprehensive (loss) income (net of tax)	(1,185,096)	443,308
	18,284,938	18,684,267
Less: Treasury stock, at cost (1,352 shares at December 31, 1998)	0	(60,854)
Total stockholders' equity	18,284,938	18,623,413
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 198,788,383	$ 174,120,230

See notes to consolidated financial statements.

EVANS BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Income

Years ended December 31, 1999, 1998 and 1997	1999	1998	1997
INTEREST INCOME:			
Loans	$ 9,294,995	$ 9,336,407	$ 8,632,716
Federal funds sold	180,292	84,316	122,516
Securities:			
Taxable	1,761,594	1,333,268	1,372,883
Non-taxable	1,317,962	1,097,796	944,736
Total interest income	12,554,843	11,851,787	11,072,851
INTEREST EXPENSE ON DEPOSITS AND BORROWINGS	5,043,316	4,946,730	4,588,056
NET INTEREST INCOME	7,511,527	6,905,057	6,484,795
PROVISION FOR LOAN LOSSES	170,000	150,000	60,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	7,341,527	6,755,057	6,424,795
NON-INTEREST INCOME:			
Service charges	741,232	708,482	670,366
Gains on sales of assets, net	16,103	66,208	33,809
Other	585,583	445,504	246,487
Total non-interest income	1,342,918	1,220,194	950,662
NON-INTEREST EXPENSE:			
Salaries and employee benefits	3,212,869	2,807,223	2,592,120
Occupancy	909,304	762,380	761,383
Supplies	173,698	115,588	101,534
Repairs and maintenance	232,428	186,772	163,189
Advertising and public relations	160,480	118,021	127,127
Professional services	245,575	290,858	308,617
FDIC assessments	17,041	16,395	15,328
Other	1,098,780	899,663	779,884
Total non-interest expense	6,050,175	5,196,900	4,849,182
INCOME BEFORE INCOME TAXES	2,634,270	2,778,351	2,526,275
INCOME TAXES	607,000	735,000	724,000
NET INCOME	$ 2,027,270	$ 2,043,351	$ 1,802,275
Net income per common share - basic	$ 1.19	$ 1.20	$ 1.06
Weighted average number of common shares	1,698,523	1,698,612	1,698,950

See notes to consolidated financial statements.

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

Years ended December 31,
1999, 1998 and 1997

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total
Balance, January 1, 1997	$ 849,475	$ 10,990,720	$ 3,692,659	$ (22,771)	$ 0	$ 15,510,083
Comprehensive income:						
1997 net income			1,802,275			1,802,275
Unrealized gain (loss) on available for sale securities, net of reclassification adjustment and tax effect of $100,638				236,627		236,627
Total comprehensive income						2,038,902
Five-for-one stock split						
Purchase of 3,966 shares for treasury					(130,878)	(130,878)
Cash dividends ($.30 per common share)			(509,685)			(509,685)
Reissuance of treasury stock under stock dividend plan of 3,966 shares					130,878	130,878
Balance, December 31, 1997	849,475	10,990,720	4,985,249	213,856	-	17,039,300
Comprehensive income:						
1998 net income			2,043,351			2,043,351
Unrealized gain (loss) 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 gain (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)	$ 0	$ 18,284,938

See notes to consolidated financial statements.

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

Years ended December 31, 1999, 1998 and 1997	1999	1998	1997
OPERATING ACTIVITIES:			
Interest received	$ 12,559,167	$ 11,805,241	$ 11,027,381
Fees received	1,283,956	1,136,626	968,072
Interest paid	(5,052,915)	(4,952,879)	(4,543,895)
Cash paid to employees and suppliers	(5,750,114)	(4,944,895)	(4,680,322)
Income taxes paid	(842,482)	(863,365)	(786,000)
Net cash provided by operating activities	2,197,612	2,180,728	1,985,236
INVESTING ACTIVITIES:			
Available for sale securities:			
Purchases	(30,158,490)	(35,657,818)	(26,075,499)
Proceeds from sales	3,121,468	19,652,675	22,306,088
Proceeds from maturities	8,423,564	7,686,003	686,306
Held to maturity securities:			
Purchases	(3,952,558)	(3,722,629)	(2,618,319)
Proceeds from maturities	7,099,039	2,790,562	1,736,862
Additions to properties and equipment	(643,470)	(414,541)	(466,472)
Increase in loans, net of repayments	(11,666,342)	(13,857,709)	(12,236,511)
Proceeds from sales of loans	5,241,973	4,863,285	2,597,162
Proceeds from sale of other real estate owned	299,515	49,070	0
Proceeds from life insurance polices surrendered	0	224,009	0
Net cash used in investing activities	(22,235,301)	(18,387,093)	(14,070,383)
FINANCING ACTIVITIES:			
Proceeds from (repayments of) borrowing	(412,234)	8,165,920	1,059,080
Increase in deposits	25,865,263	5,693,383	14,929,948
Dividends paid	(798,196)	(627,836)	(679,580)
Purchase of treasury stock	(205,368)	(174,645)	(130,878)
Sale of treasury stock	266,222	113,791	130,878
Net cash provided by financing activities	24,715,687	13,170,613	15,309,448
Net increase (decrease) in cash and cash equivalents	4,677,998	(3,035,752)	3,224,301
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,300,780	10,336,532	7,112,231
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 11,978,778	$ 7,300,780	$ 10,336,532

(Continued)

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

Years ended December 31, 1999, 1998 and 1997	1999	1998	1997
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net income	$ 2,027,270	$ 2,043,351	$ 1,802,275
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	611,579	381,115	356,663
Provision for loan losses	170,000	150,000	60,000
Gains on sales of assets	(16,103)	(66,208)	(33,809)
Gains on life insurance policies surrendered	0	(97,580)	0
Changes in assets and liabilities affecting cash flow:			
Other assets	(832,205)	(225,835)	(367,243)
Other liabilities	237,071	(4,115)	167,350
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,197,612	$ 2,180,728	$ 1,985,236

(Concluded)

See notes to consolidated financial statements.

EVANS BANCORP, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements Years ended December 31, 1999, 1998 and 1997

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. In January 1989, the shareholders of the Evans National Bank (the "Bank") approved an Agreement and Plan of Reorganization (the "Reorganization") whereby the Bank effectively became a wholly-owned subsidiary of the Company. 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.

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. 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.

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.

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.

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 1999 or 1998.

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 Trust 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 $885,000 and $720,000 at December 31, 1999 and 1998, 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, 1999, 1998, and 1997 amounted to $242, $3,026 and $1,357, respectively.

SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information was issued in 1997 by the Financial Accounting Standards Board. This statement established standards for the way that public business enterprises report information about operating segments in annual financial statements. Management has determined that the Bank is the Company's only operating segment. As such additional disclosures are not considered necessary.

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 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.

2. SECURITIES

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

	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		1,174,750
Total	$61,293,573	$ 43,991	$(1,786,778)	$59,550,786
Held to Maturity:				
U.S. Government and Agency Securities	$ 3,405,097	$ 0	$ 0	$ 3,405,097
State and Municipal Securities	43,795	0	0	43,795
Total	$ 3,448,892	$ 0	$ 0	$ 3,448,892

	1998			
		Unrealized		
	Amortized Cost	Gains	Losses	Fair Value
Available for Sale:				
U.S. Government and Agency Securities	$ 9,648,523	$ 27,031	$ (13,104)	$ 9,662,450
Mortgage Backed Securities	12,534,756	0	(92,511)	12,442,245
State and Municipal Securities	22,182,635	730,507	0	22,913,142
Other Securities	951,750	0	0	951,750
Total	$45,317,664	$ 757,538	$ (105,615)	$45,969,587
Held to Maturity:				
U.S. Government and Agency Securities	$ 47,565	$ 0	$ 0	$ 47,565
State and Municipal Securities	4,042,820	0	0	4,042,820
Total	$ 4,090,385	$ 0	$ 0	$ 4,090,385

Available for sale securities with a total fair value of $36,478,110 at December 31, 1999 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, 1999 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	$ 1,964,288	$ 1,962,732	$ 2,872,333	$ 2,872,333
Due after year one through five years	14,919,702	14,825,591	171,664	171,664
Due after five years through ten years	18,056,128	17,615,570	196,931	196,931
Due after ten years	26,353,455	25,146,893	207,964	207,964
Total	$61,293,573	$59,550,786	$ 3,448,892	$ 3,448,892

Realized gains and losses from sales of securities for the years ended December 31, 1999 , 1998 and 1997 are summarized as follows:

	1999	1998	1997
Gross gains	$ 3,084	$ 55,727	$ 65,150
Gross losses	(3,841)	(45,664)	(67,145)
Net gain (loss)	$ (757)	$ 10,063	$ (1,995)

3. LOANS NET

Major categories of loans at December 31, 1999 and 1998 are summarized as follows:

	1999	1998
Real estate - mortgages	$ 95,330,046	$ 92,434,304
Real estate - construction	3,538,079	5,105,251
Commercial	14,173,095	9,835,866
Installment	2,356,914	2,166,133
Student loans	371,453	438,670
Other	1,101,391	891,669
Net deferred loan origination costs	400,627	383,755
	117,271,605	111,255,648
Allowance for loan losses	(838,167)	(729,199)
Loans, net	$ 116,433,438	$ 110,526,449

Changes in the allowance for loan losses for the years ended December 31, 1999, 1998 and 1997 were as follows:

	1999	1998	1997
Balance, beginning of year	$ 729,199	$ 609,539	$ 546,954
Provision for loan losses	170,000	150,000	60,000
Recoveries	9,511	41,118	49,443
Loans charged off	(70,543)	(71,458)	(46,858)
Balance, end of year	$ 838,167	$ 729,199	$ 609,539

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 $1,725,000 and $754,000 at December 31, 1999 and 1998, respectively. The average recorded investment in these loans during 1999, 1998, and 1997 was approximately $889,500, $690,500, and $403,500, respectively. If such loans had been in an accruing status, the Bank would have recorded additional interest income of approximately $76,000, $71,000 and $58,000 in 1999, 1998 and 1997, respectively.

The Bank had no loan commitments to borrowers in non-accrual status at December 31, 1999.

As of December 31, 1999 and 1998, the Bank had no other loans which were impaired as defined by SFAS No. 114.

4. PROPERTIES AND EQUIPMENT

Properties and equipment at December 31 were as follows:

	1999	1998
Land	$ 268,485	$ 268,485
Buildings and improvements	3,648,930	3,362,419
Equipment	3,110,305	2,753,351
	7,027,720	6,384,255
Less accumulated depreciation	(3,193,224)	(2,687,597)
Properties and equipment, net	$ 3,834,496	$ 3,696,658

Depreciation expense totaled $506,381 in 1999, $428,020 in 1998, and $423,564 in 1997.

5. 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, 1999 and 1998. 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, 1999 and 1998 approximates the recorded amounts of the related fees, which are not considered material.

At December 31, 1999 and 1998, the estimated fair values of the Company's financial instruments were as follows:

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash and cash equivalents	$ 8,528,778	$ 8,528,778	$ 7,300,780	$ 7,300,780
Securities	$ 62,999,678	$ 62,999,678	$ 50,059,972	$ 50,059,972
Loans	$117,271,605		$111,255,648	
Less: allowance for loan losses	(838,167)		(729,199)	
Loans, net	$116,433,438	$110,857,593	$110,526,449	$110,804,706
Financial Liabilities:				
Deposits	$169,948,899	$170,018,032	$144,083,636	$144,603,189
Federal funds purchased	$ 0	$ 0	$ 2,225,000	$ 2,225,000
Other borrowings	$ 5,000,000	$ 5,000,000	$ 7,000,000	$ 6,986,000

6. DEPOSITS

Time deposits, with minimum denominations of $100,000 each, totaled $28,856,320 and $24,208,290 at December 31, 1999 and 1998, respectively.

At December 31, 1999, the scheduled maturities of time deposits are as follows:

2000	$63,323,268
2001	8,009,272
2002	1,076,732
2003	522,048
2004	442,599
Thereafter	24,012
	$73,397,931

7. FEDERAL FUNDS PURCHASED AND OTHER BORROWED FUNDS

Other borrowed funds consisted of a $5,000,000 long-term borrowing. The long-term borrowing consisted of various advances with interest rates ranging from 4.83% to 5.07%. The maturities of other borrowed funds are as follows:

2000	$ 1,000,000
2001	0
2002	1,000,000
2003	2,000,000
2004	1,000,000
Total	$ 5,000,000

8. 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.

	1999	1998
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,696,760	$ 1,518,858
Service cost	89,062	62,689
Interest cost	132,676	117,378
Employer contributions	0	80,333
Actuarial gain	(19,488)	(45,276)
Benefits paid	(47,904)	(37,222)
Benefit obligations at end of year	1,851,106	1,696,760
Change in plan assets:		
Fair value of plan assets at beginning of year	1,828,978	1,686,230
Actual return on plan assets	151,320	99,637
Employer contributions	0	80,333
Benefits paid	(47,904)	(37,222)
Fair value of plan assets at end of year	1,932,394	1,828,978
Funded status	81,288	132,218
Unrecognized net actuarial loss (gain)	(25,602)	7,831
Unrecognized prior service cost	(227,110)	(241,817)
Accrued benefit cost	$ (171,424)	$ (101,768)

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, 1999 and 1998. 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:

	1999	1998	1997
Service cost	$ 89,062	$ 62,689	$ 51,817
Interest cost	132,676	117,378	104,601
Expected return on plan assets	(135,913)	(128,242)	(106,550)
Net amortization and deferral	(16,169)	(16,169)	(16,169)
Net periodic benefit cost	$ 69,656	$ 35,656	$ 33,699

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 $219,000 and $61,000 at December 31, 1999 and 1998, respectively. The face values of these policies at both dates were approximately $3,400,000. 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.

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.

	1999	1998
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 568,183	$ 480,874
Service cost	83,898	56,415
Interest cost	63,592	40,297
Actuarial (gain) loss	169,579	(9,403)
Benefit obligation at end of year	885,252	568,183
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	(885,252)	(568,183)
Unrecognized net actuarial loss	274,069	156,092
Accrued benefit cost	$(611,183)	$(412,091)

Valuations of the nonqualified supplemental executive retirement plans as shown above were conducted as of October 1, 1999 and 1998. Assumptions used by the Bank in both years in the determination of pension plan information consisted of the following:

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

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

	1999	1998	1997
Service cost	$ 83,898	$ 56,415	$ 39,900
Interest cost	63,592	40,297	34,194
Net amortization and deferral	51,602	22,215	22,215
Net periodic benefit cost	$199,092	$118,927	$ 96,309

The Bank also maintains a non-qualified deferred compensation plan for certain directors. Accrued costs under this plan were approximately $73,000, $70,000 and $67,000 in 1999, 1998 and 1997, respectively. The estimated present value of the benefit obligation, included in other liabilities, was $772,000 and $734,000 at December 31, 1999 and 1998, respectively. This obligation is indirectly funded by life insurance contracts (naming the Bank as beneficiary) with aggregate cash surrender values of approximately $171,000 and $159,000 at December 31, 1999 and 1998, respectively. The face values of these policies at both dates was approximately $1,036,000. 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 $39,000, $36,000 and $35,000 for the years ended December 31, 1999, 1998 and 1997, respectively.

9. 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, 1999 no awards have been granted.

10. INCOME TAXES

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

	1999	1998	1997
Income taxes currently payable	$ 769,000	$ 839,000	$ 798,000
Deferred (benefit) income taxes	(162,000)	(104,000)	(74,000)
Net provision	$ 607,000	$ 735,000	$ 724,000

At December 31, 1999 and 1998 the components of the net deferred tax asset were as follows:

	1999	1998
Deferred Tax Assets:		
Allowance for loan losses	$ 265,000	$ 208,000
Pension premiums	313,000	205,000
Deferred compensation	308,000	293,000
Unrestricted gains/losses on securities	696,000	0
Other	38,000	32,000
Gross deferred tax assets	1,620,000	738,000
Deferred Tax Liabilities:		
Depreciation	24,000	22,000
Prepaid expenses	160,000	153,000
Unrestricted gains/losses on securities	0	209,000
Gross deferred tax liabilities	184,000	384,000
Net deferred tax assets	$1,436,000	$ 354,000

The net deferred tax asset at December 31, 1999 and 1998 is included in other assets in the accompanying consolidated financial statements.

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,					
	1999		1998		1997	
	Amount	Percent	Amount	Percent	Amount	Percent
Tax provision at statutory rate	$ 896,000	34 %	$ 945,000	34 %	$ 859,000	34 %
Increase (decrease) in taxes resulting from:						
Tax-exempt income	(448,000)	(17)	(373,000)	(13)	(321,000)	(13)
State taxes, net of federal benefit	159,000	6	162,000	6	136,000	5
Other items, net	0	0	1,000	0	50,000	2
Provision for income taxes	$ 607,000	23 %	$ 735,000	27 %	$ 724,000	28 %

11. RELATED PARTY TRANSACTIONS

The Bank has entered into loan transactions with its directors, significant shareholders and their affiliates (related parties). The aggregate amount of loans to such related parties at December 31, 1999 and 1998 was $4,486,346 and $4,226,739, respectively. During 1999 and 1998, new loans to such related parties amounted to $11,290,531 and $6,720,286, respectively, and repayments amounted to $11,030,923 and $6,019,753.

12. 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, 1999 and 1998 is as follows:

	1999	1998
Commitments to extend credit	$22,597,000	$21,902,497
Standby letters of credit	1,283,000	1,007,055
Total	$23,880,000	$22,909,552

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.

13. CONCENTRATIONS OF CREDIT

All 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.

14. ACQUISITION OF M&W GROUP, INC.

In September 1999, the Company signed a letter of intent to acquire substantially all of the assets and to assume substantially all of the liabilities of M&W Group, Inc. a full service insurance agency, for shares of common stock of the Company. The transaction will be accounted for under the purchase method of accounting. Closing of the transaction, which is anticipated during the first quarter of 2000, is subject to reaching a definitive Purchase Agreement.

15. 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, 1999 and 1998, that the Bank met all capital adequacy requirements to which it is subject.

As of December 31, 1999 , 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:

	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 %

	1998					
	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)	$ 18,889,000	16.9 %	$ 8,926,000	8.0 %	$ 11,158,000	10.0 %
Tier I Capital (to Risk Weighted Assets)	$ 18,170,000	16.3 %	$ 4,463,000	4.0 %	$ 6,695,000	6.0 %
Tier I Capital (to Average Assets)	$ 18,170,000	10.5 %	$ 6,599,000	4.0 %	$ 8,249,000	5.0 %

16. PARENT COMPANY ONLY FINANCIAL INFORMATION

Parent company (Evans Bancorp, Inc.) only condensed financial information is as follows:

CONDENSED BALANCE SHEETS

December 31, 1999 and 1998	1999	1998
ASSETS		
Cash	$ 39,018	$ 38,699
Investment in subsidiary	18,245,920	18,584,714
Total assets	$ 18,284,938	$ 18,623,413
STOCKHOLDERS' EQUITY		
Stockholders' Equity:		
Common stock	$ 849,475	$ 849,475
Capital surplus	10,990,720	10,990,720
Accumulated other comprehensive income	(1,185,096)	443,308
Retained earnings	7,629,839	6,400,764
	18,284,938	18,684,267
Less: Treasury stock, at cost (1,352 shares at December 31, 1998)	0	(60,854)
Total stockholders' equity	$ 18,284,938	$ 18,623,413

CONDENSED STATEMENTS OF INCOME

Years ended December 31, 1999, 1998 and 1997	1999	1998	1997
Dividends from subsidiary	$ 798,195	$ 627,836	$ 509,685
Other revenue	50,000	75,000	50,000
Expenses	(49,681)	(42,949)	(50,249)
Income before equity in undistributed earnings of subsidiary	798,514	659,887	509,436
Equity in undistributed earnings of subsidiary	1,228,756	1,383,464	1,292,839
Net income	$ 2,027,270	$ 2,043,351	$ 1,802,275

CONDENSED STATEMENTS OF CASH FLOWS

Years ended December 31, 1999, 1998 and 1997	1999	1998	1997
Operating Activities:			
Net income	$ 2,027,270	$ 2,043,351	$ 1,802,275
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed earnings of subsidiary	(1,228,756)	(1,383,464)	(1,292,839)
Net cash provided by operating activities	798,514	659,887	509,436
Financing Activities - Cash dividends paid	(798,195)	(627,836)	(509,685)
Net (increase) decrease in cash	319	32,051	(249)
Cash, beginning	38,699	6,648	6,897
Cash, ending	$ 39,018	$ 38,699	$ 6,648

BOARD OF DIRECTORS
Evans Bancorp, Inc. and Evans National Bank

Board of Directors

(standing)
David M. Taylor
President - Concord Nurseries, Inc.

Richard M. Craig
Chairman of the Board
President and CEO -
Evans National Bank

William F. Barrett
Property and Investment Manager

Robert W. Allen
Secretary
Retired

LaVerne G. Hall
Former Chairman - L.G. Hall Building
Contractors, Inc.

(seated)
Phillip Brothman
Partner - Hurst, Brothman & Yusick

Thomas H. Waring, Jr.
Principal - Waring Financial Group

Richard C. Stevenson
Chairman - Evans Land Corp.

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

DIRECTORS EMERITUS

Floyd H. Hurst
Carl F. Ulmer

OFFICERS

Evans Bancorp, Inc.

Richard M. Craig, COB
President and CEO

Robert W. Allen
Secretary

James Tilley
Assistant Secretary

William R. Glass
Treasurer

ADVISORY BOARD

Derby

Richard A. Gradl
Raymond S. Hazard

MANAGEMENT TEAM
(left)
Richard M. Craig, Chairman of the
Board, President and CEO;

(center)
William R. Glass, Senior Vice President - Loan Division;

(right)
James Tilley, Senior Vice President -
Administration

EVANS NATIONAL BANK OFFICERS

CHAIRMAN OF THE BOARD PRESIDENT
AND CHIEF EXECUTIVE OFFICER
Richard M. Craig

SENIOR VICE PRESIDENT
William R. Glass
James Tilley

VICE PRESIDENT
Katherine M. Allen
George L. Catalano
Mary E. Doeing
Emily S. Hazlett
Susan J. Herold
Timothy F. Jachlewski
William J. Gray
Michael R. Noville
Jeffrey M. Werdein
Jeffrey L. White

ASSISTANT VICE PRESIDENT
Rita A. Boyland
Rose Marie Hinckley
Robert A. Hohti
Elizabeth A. Mac
Howard M. Martin, Jr.
Cathy E. Rohrich
Mary Jo Shults

BANK OFFICER

Karen M. Blecha
Michelle A. Bress
Nadine G. Houghton
Lori L. Kuczka
Mary K. Nytz
Mary D. Philbin

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.

	1999		1998	
Quarter	High	Low	High	Low
First	$ 45.00	$ 45.00	$ 40.00	$ 38.00
Second	$ 46.00	$ 45.00	$ 43.00	$ 40.00
Third	$ 47.00	$ 46.00	$ 45.00	$ 43.00
Fourth	$ 47.00	$ 47.00	$ 45.00	$ 45.00

Total shares outstanding were 1,698,950 as of December 31, 1999. There were 1,193 shareholders of record on December 31, 1999. Upon written request of any shareholder, a copy of the Company's report on Form 10-K for its fiscal year ended December 31, 1999, including 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 18, 2000 at 12:30 p.m. at Romanello's South Restaurant, 5793 South Park Avenue, Hamburg, NY.

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 1090F5-4129, Cincinnati, OH 45263.

ARTICLE 9

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM EVANS BANCORP INC. BALANCE SHEET AND STATEMENTS OF INCOME AUDITED AS OF DECEMBER 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

CIK: 0000842518

NAME: EVANS BANCORP INC.

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1999
PERIOD END	DEC 31 1999
CASH	8,528,788
INT BEARING DEPOSITS	0
FED FUNDS SOLD	3,450,000
TRADING ASSETS	0
INVESTMENTS HELD FOR SALE	59,550,786
INVESTMENTS CARRYING	3,448,892
INVESTMENTS MARKET	0
LOANS	116,433,438
ALLOWANCE	(838,167)
TOTAL ASSETS	198,788,383
DEPOSITS	169,948,899
SHORT TERM	0
LIABILITIES OTHER	5,554,546
LONG TERM	5,000,000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	849,475
OTHER SE	18,620,559
TOTAL LIABILITIES AND EQUITY	198,788,383
INTEREST LOAN	9,294,995
INTEREST INVEST	3,079,556
INTEREST OTHER	180,292
INTEREST TOTAL	12,554,843
INTEREST DEPOSIT	4,722,210
INTEREST EXPENSE	321,106
INTEREST INCOME NET	7,511,527
LOAN LOSSES	170,000
SECURITIES GAINS	(757)
EXPENSE OTHER	6,050,175
INCOME PRETAX	2,634,270
INCOME PRE EXTRAORDINARY	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	2,027,270
EPS BASIC	1.19
EPS DILUTED	0
YIELD ACTUAL	7.71
LOANS NON	1,725,000
LOANS PAST	46,625
LOANS TROUBLED	0
LOANS PROBLEM	0
ALLOWANCE OPEN	729,199
CHARGE OFFS	70,543
RECOVERIES	9,511
ALLOWANCE CLOSE	838,167
ALLOWANCE DOMESTIC	170,000
ALLOWANCE FOREIGN	0
ALLOWANCE UNALLOCATED	0

End of Filing