



**Evans Bancorp, Inc.**  
(NYSEAMERICAN: EVBN)

12 Month Target: \$35.75  
Last Close: \$39.72

Downside:  
**- 10.00%**

Recommendation:  
**SELL**

FINANCIAL MANAGEMENT



ASSOCIATION

A photograph of an Evans Bank building with a modern design, featuring large windows and a brick facade. The Evans Bank logo is visible on the building.

# Our Investment Thesis

1

**Stagnant** market share by deposits since 2008 due to intense competition

2

**Evans Bank's Loan Book** facing rising delinquencies, net interest margin compression, and slowing mortgage growth

3

**U.S. recession** provides significant headwinds for Evans Bank





# Business Description & ESG

*Stagnant market share by deposits since 2008 due to intense competition*

## Business Description



Evans Bancorp Inc.



Banking Activities

**94.5% of NI**



Insurance Agency  
Activities

**5.5% of NI**

Operating locally, all of Evans Bank's revenue relies on Western New York.



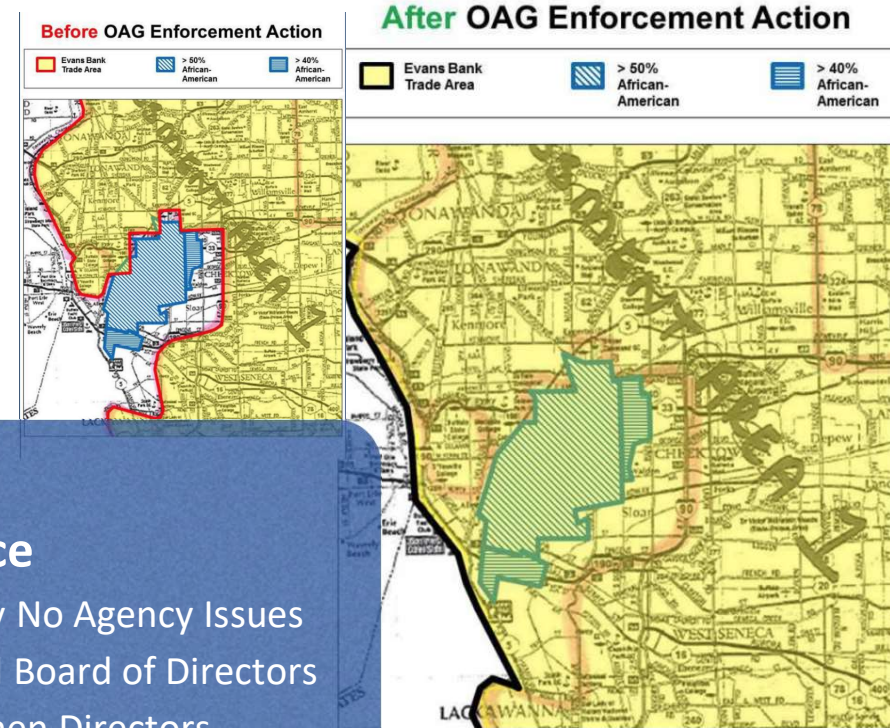


## Social

- 2015 Redlining Settlement
- Outstanding on Community Reinvestment Act Exam
- WorkLife Solutions and Building Excellent Schools
- Buffalo Together Community Response Fund

## Environmental

No commitments



## Corporate Officers



**David J. Nasca**  
PRESIDENT &  
CHIEF EXECUTIVE OFFICER



**Michelle A. Baumgarden**  
SECRETARY



**Nicholas J. Snyder**  
ASSISTANT SECRETARY



**John B. Connerton**  
CHIEF FINANCIAL OFFICER &  
TREASURER

## Governance

- Seemingly No Agency Issues
- Staggered Board of Directors
- 23% Women Directors

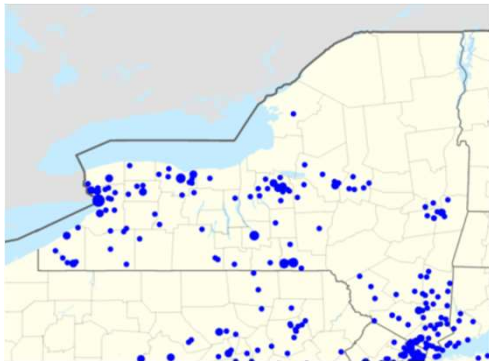
## Environmental, Social, and Governance

# Location & Coverage at Disadvantage

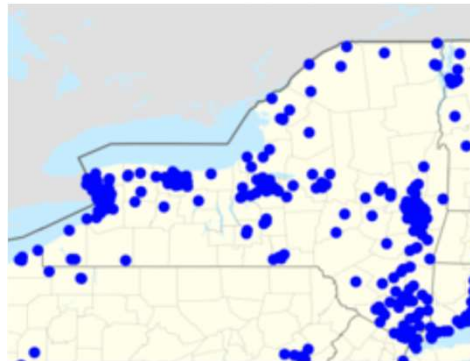
Evans Bank Footprint



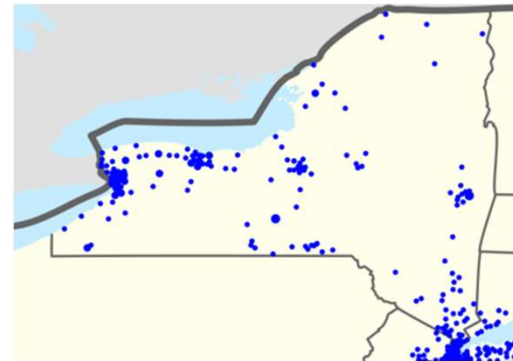
M&T Bank Footprint



Key Bank Footprint



HSBC Footprint



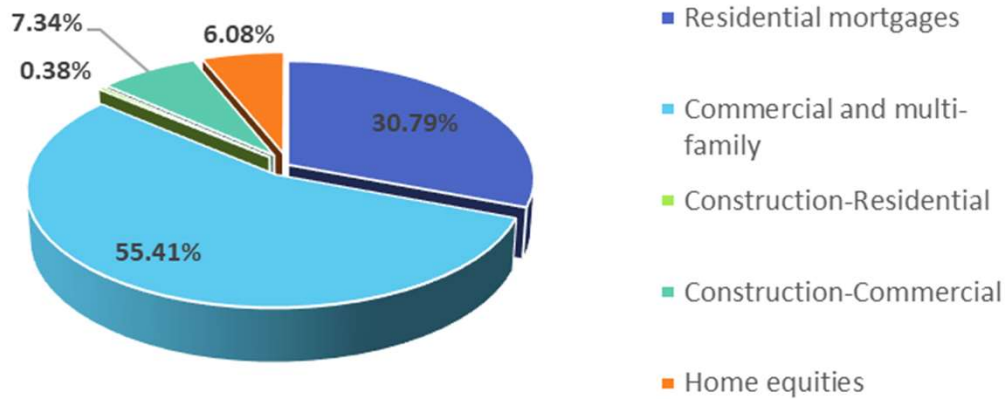
EVBN locations are dominated by their major competitors



# Loan and Deposit Analysis

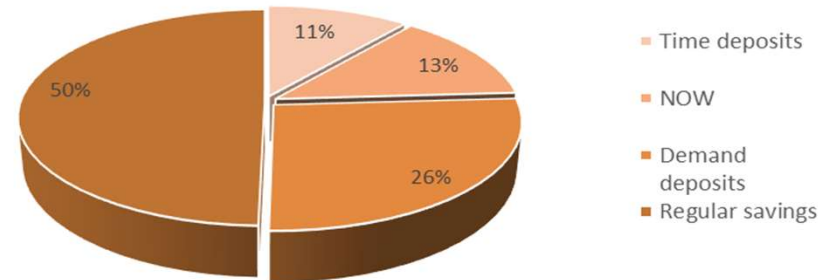
Mortgage Loans of Real Estate for FY2021

**\$1.34B**



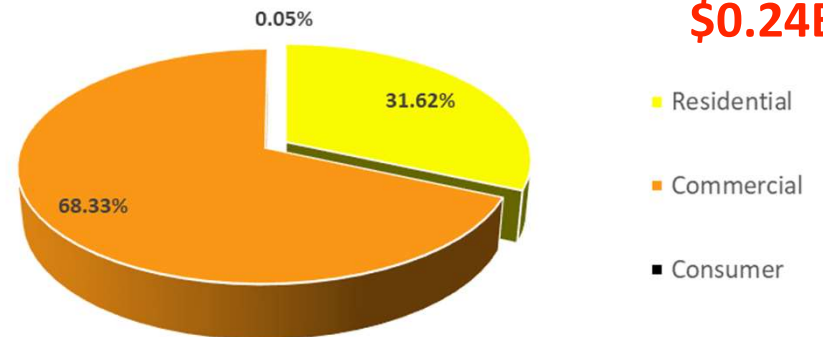
Deposit Decomposition FY 2021

**\$1.88B**



Commercial and Industrial Loans for FY2021

**\$0.24B**



EVBN boasts C&I, when mortgage and housing related loans are their bread & butter

Source: Company Filings

Evans Bank  
**Core Values**

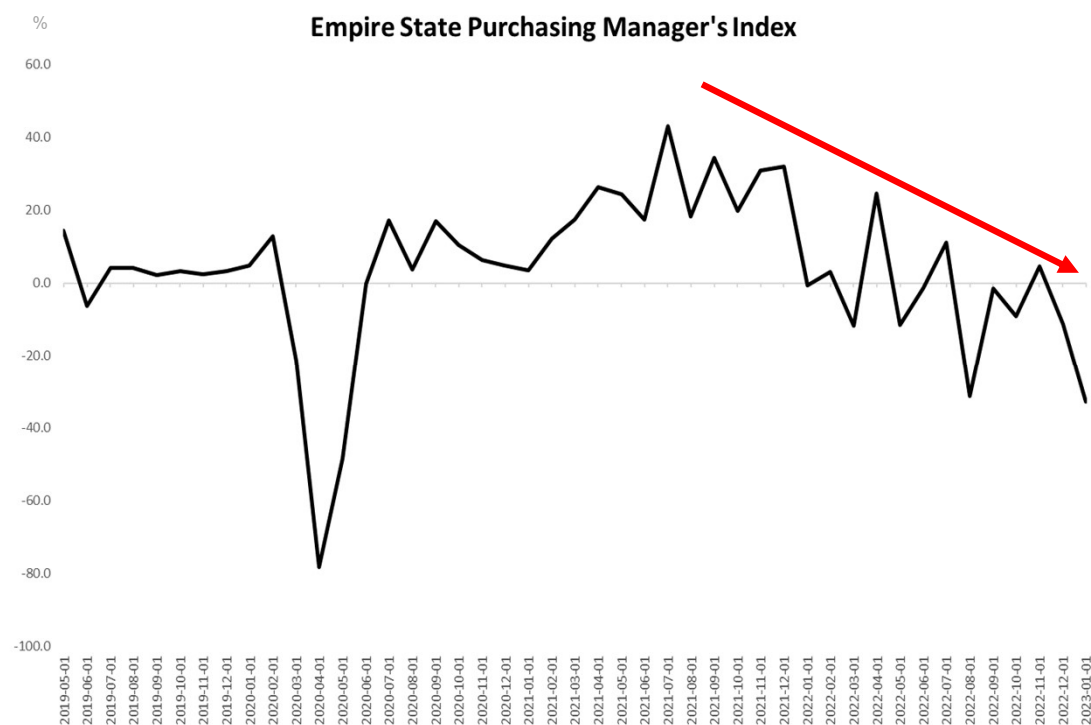
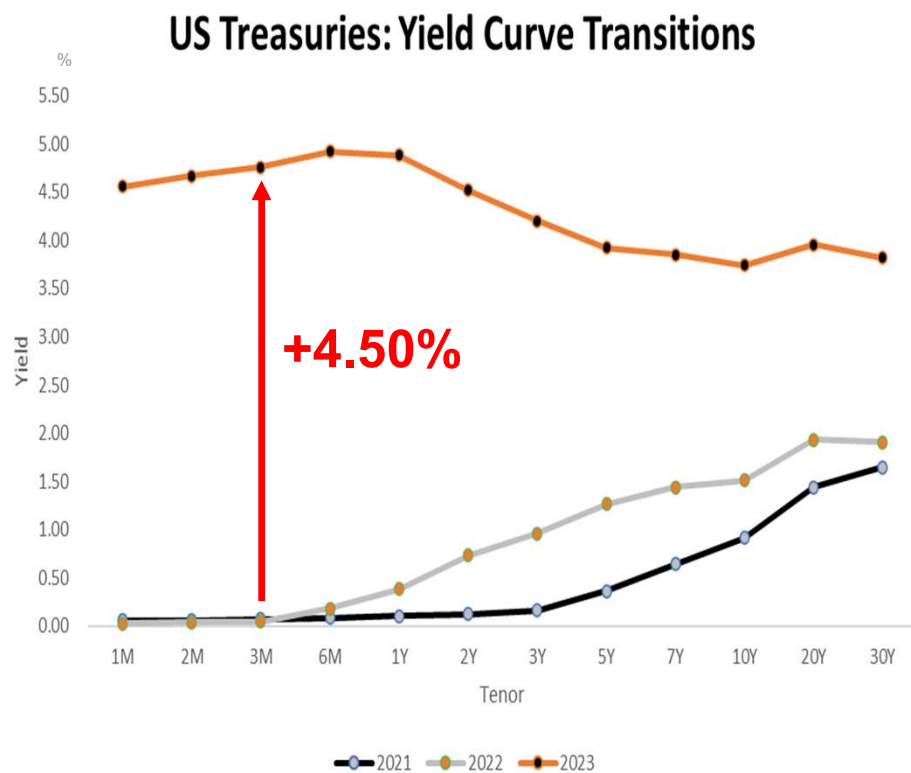
# Industry Overview & Competitive Positioning



*Evans Bank's loan book facing rising delinquencies, net interest margin compression, and slowing mortgage growth*



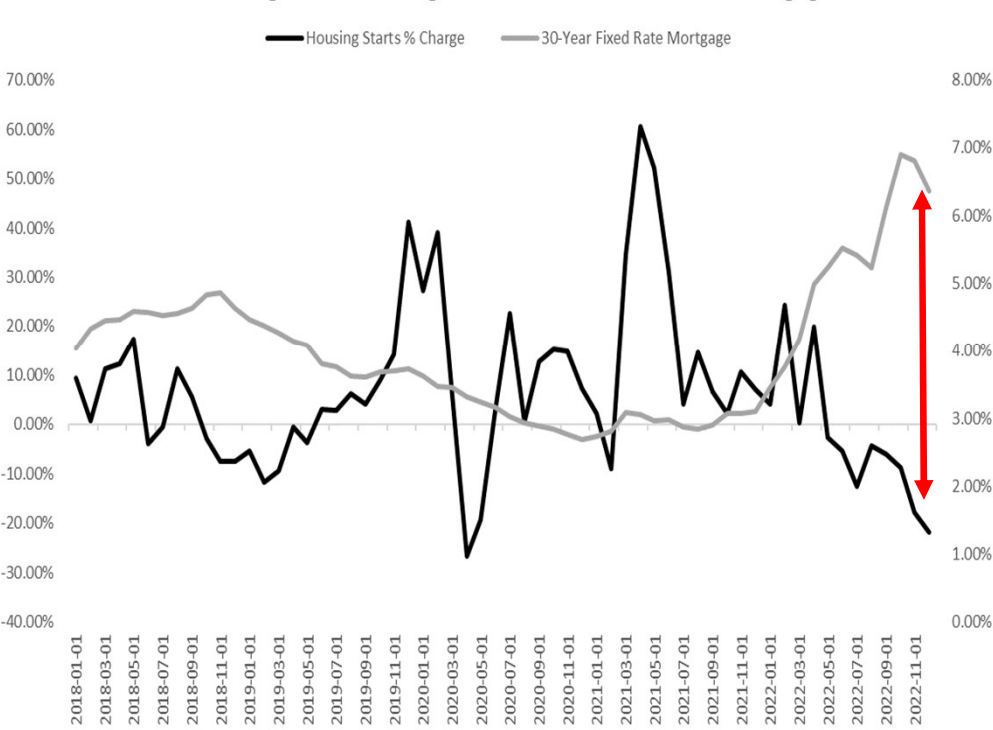
## Industry Analysis



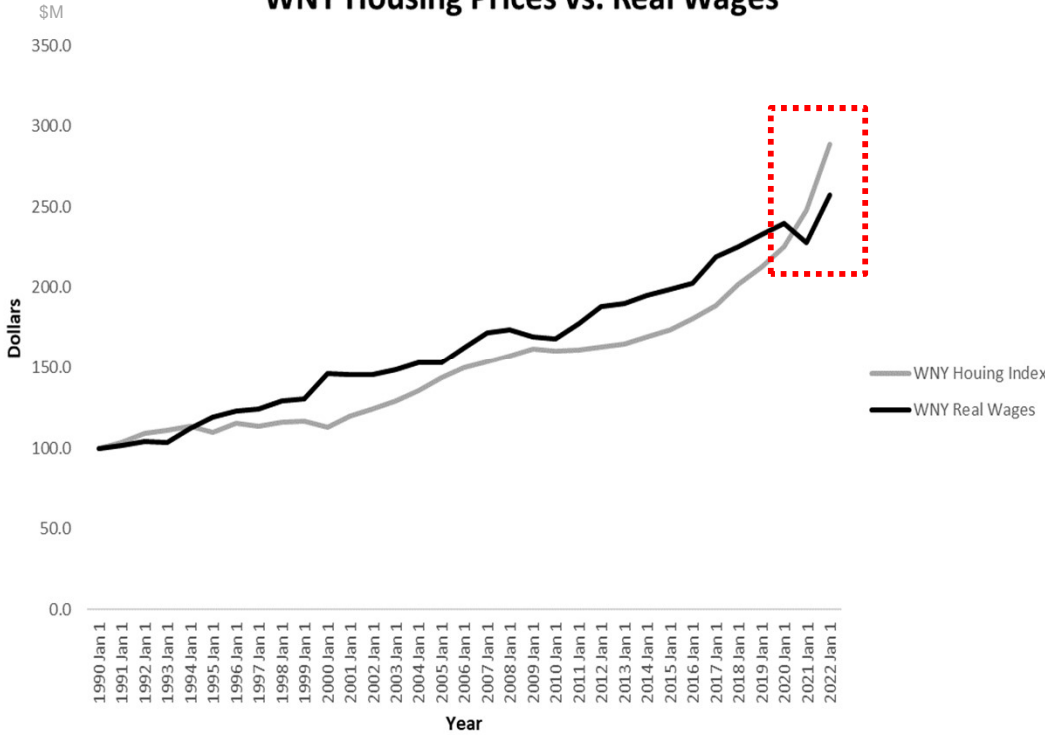
Yield Curve impacting EVBN's profitability, while commercial activity dwindles

# Industry Analysis

US Housing Starts % Change YoY vs. 30-Year Fixed Rate Mortgage



WNY Housing Prices vs. Real Wages

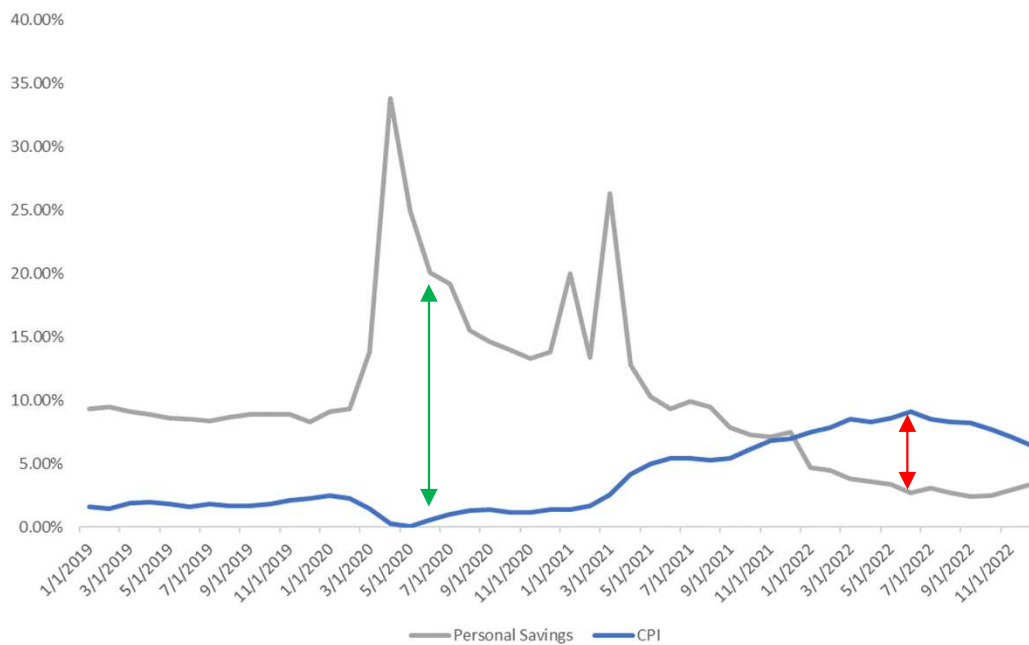


Housing starts decline as rates hit highs; housing prices reflect increased debt, not consumer strength

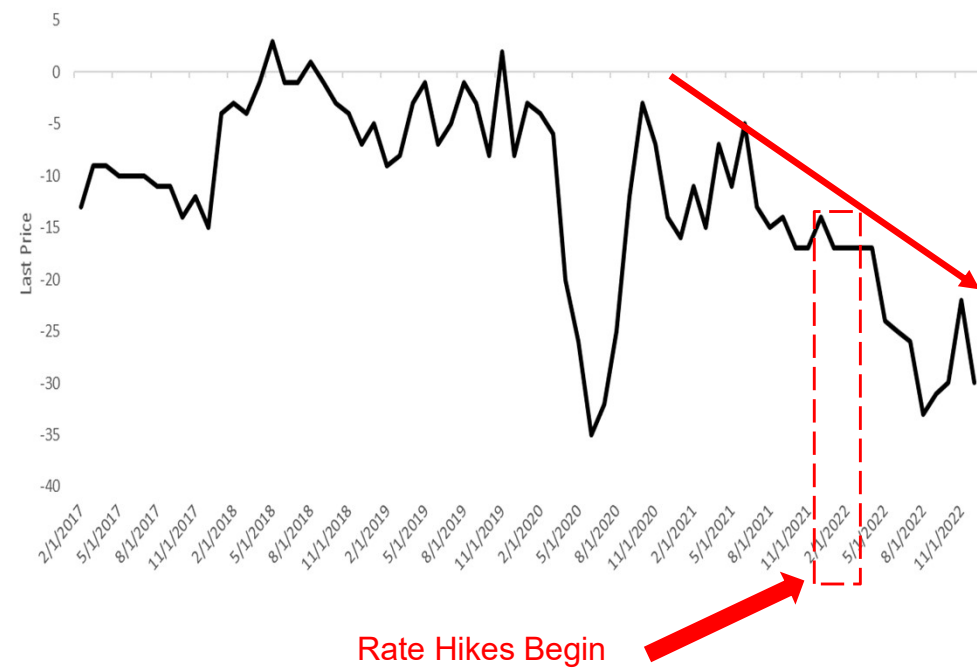


## Industry Analysis

CPI vs. Personal Savings as a % of Disposable Personal Income



NFIB Small Business Actual Earnings Changes



Rate Hikes Begin

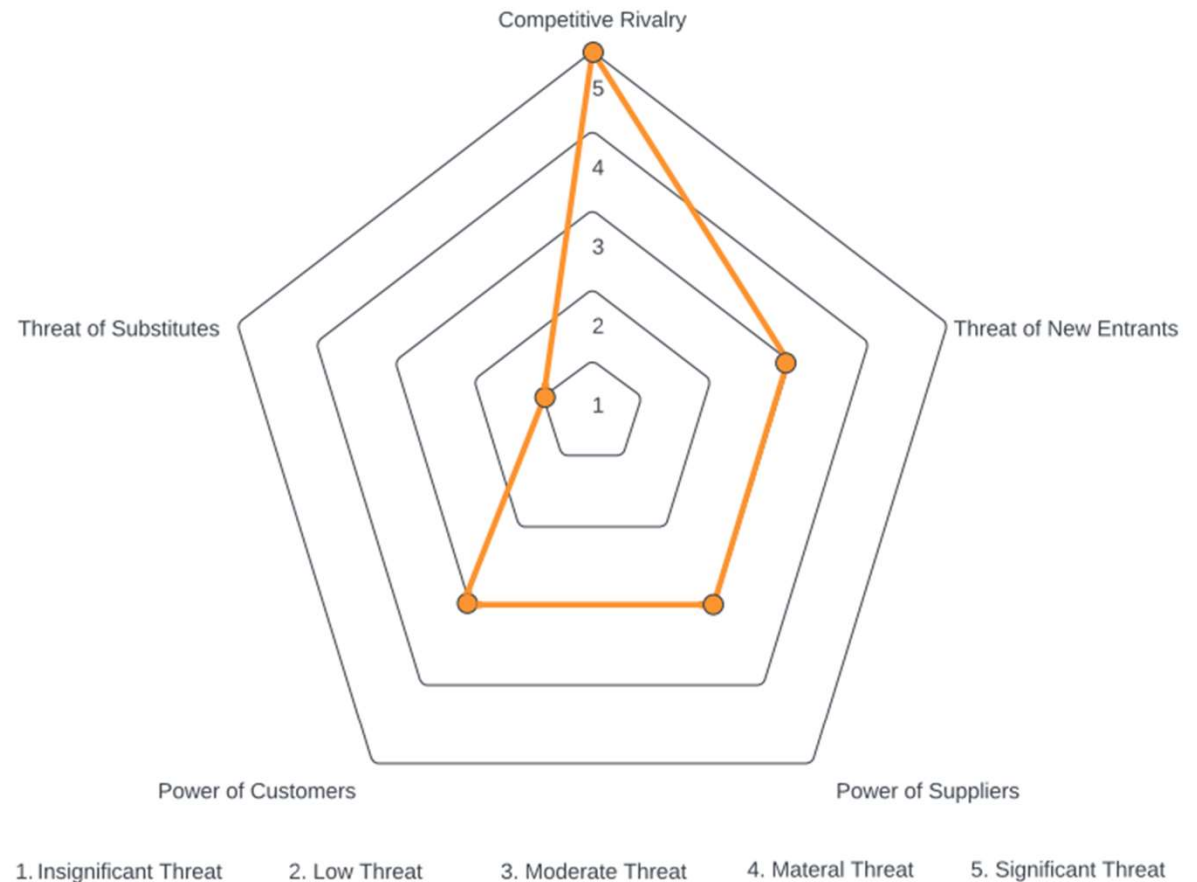
Inflation causing consumer spending fatigue, causing business headwinds to intensify

## Competitive Positioning

**Competitive Rivalry:** Significant  
**Threat of New Entrants:** Moderate  
**Power of Suppliers:** Moderate  
**Power of Customers:** Moderate  
**Threat of Substitutes:** Insignificant

“This market is consolidated over a period of time with people like M&T and First Niagara, and to a lesser extent in this market, Community Bank systems. There is really not a lot of opportunity to do meaningful things”

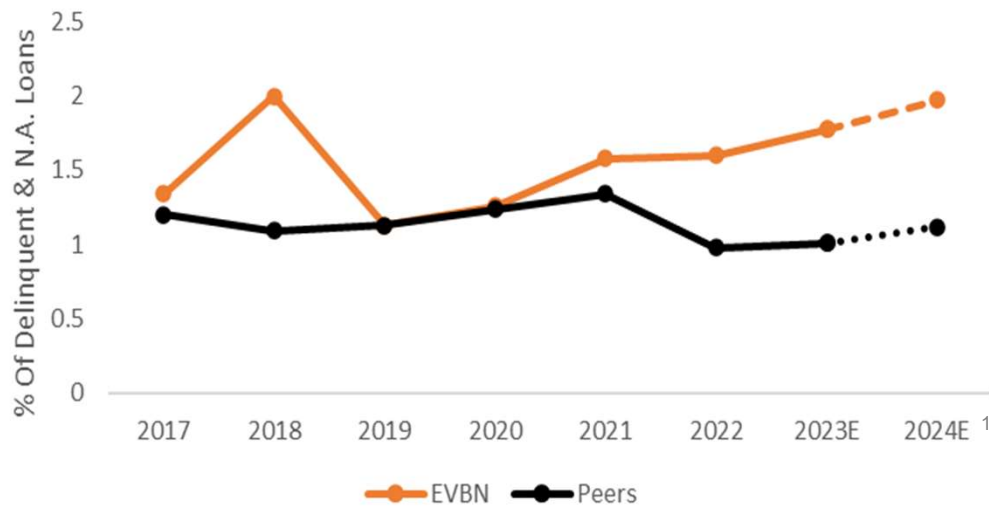
- David Nasca (CEO) Q2, 2022 Conference Call



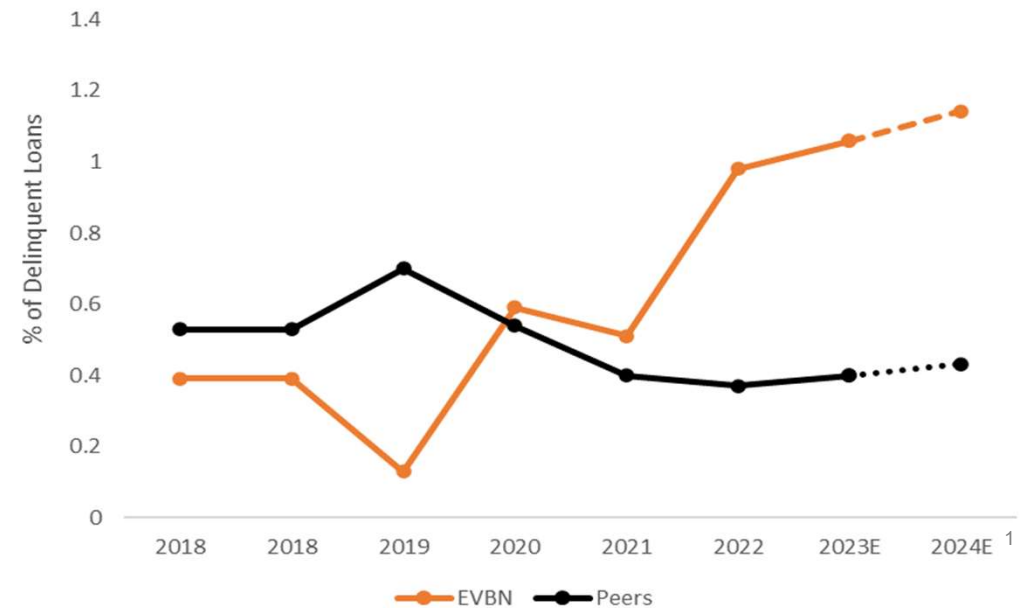


## Competitive Positioning

**EVBN Total LN & LS 90+ Days Due & Nonaccrual vs. Peers**



**EVBN Loans 30-89 Days Past Due vs. Peers**



**Rising delinquencies are imminent despite return to “normal levels”**

<sup>1</sup>: Forecasts are derived from RIT Team Estimates

Source: FFIEC Custom Peer Reports & Team Calculations



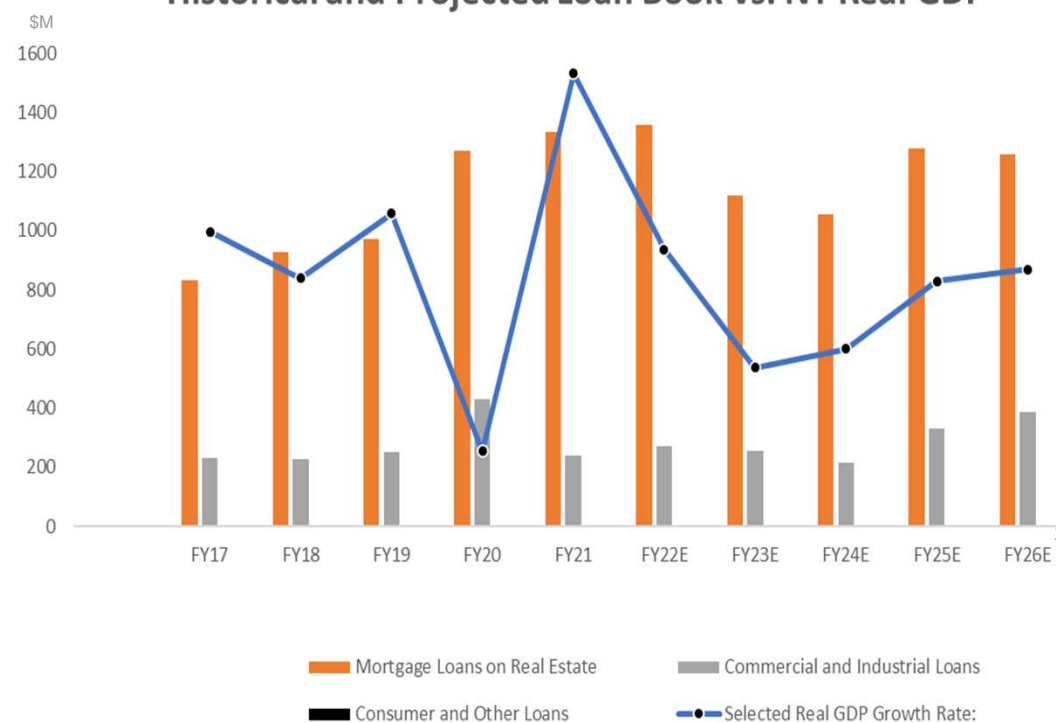
# Financial Analysis & Valuation

*U.S. recession provides significant headwinds for Evans Bank*

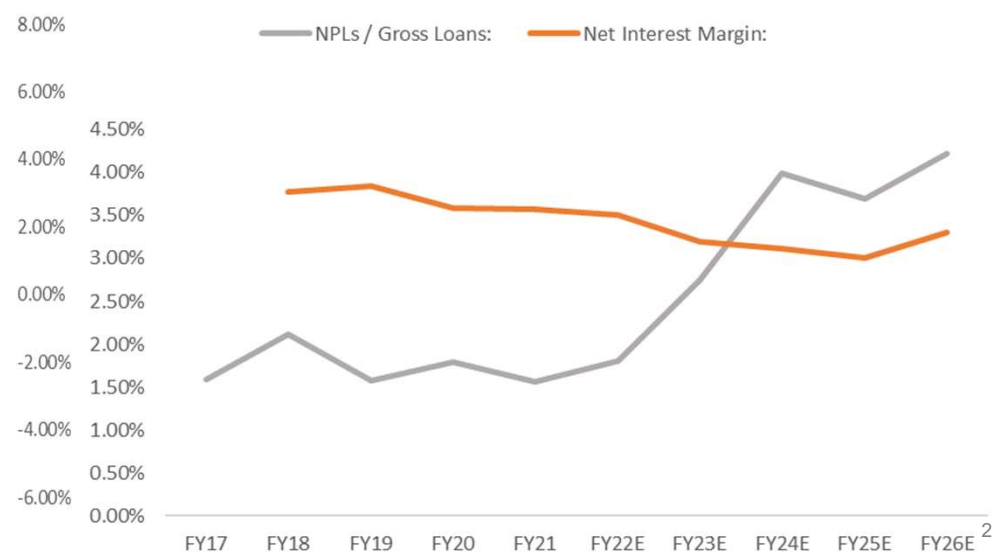


## Financial Analysis

### Historical and Projected Loan Book vs. NY Real GDP



### Non Performing Loans vs. NIM



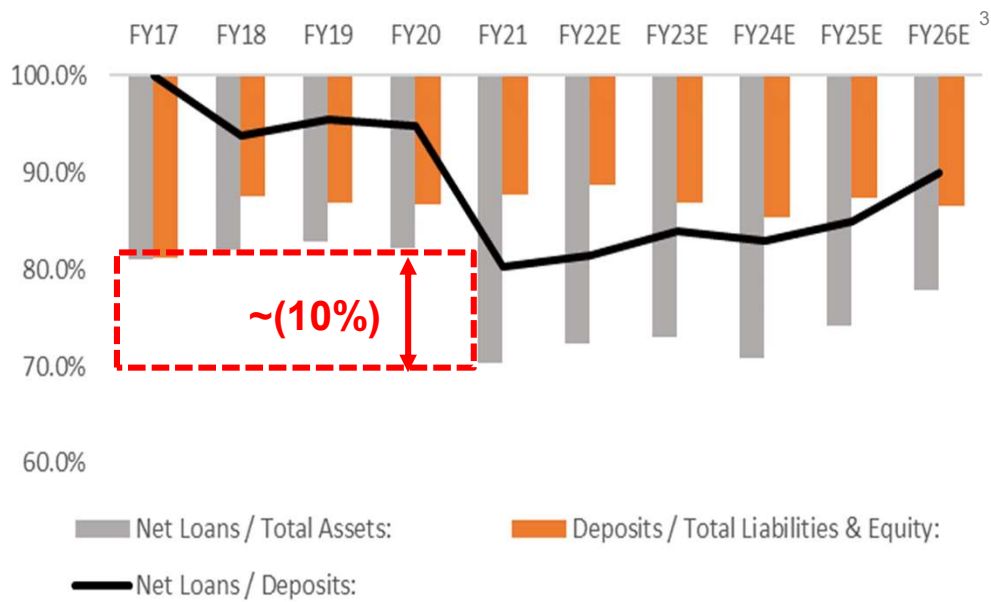
Expected GDP decline to impair EVBN loan book causing NPLs to rise

<sup>2</sup>: Forecasts are derived from RIT Team Estimates

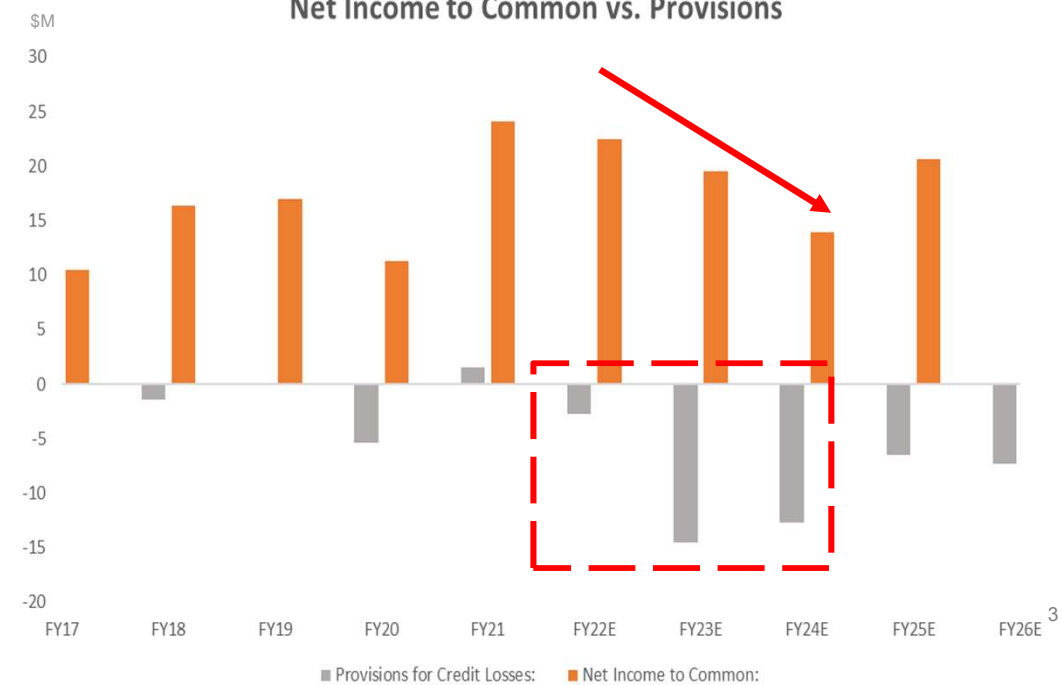
Source: Bloomberg, Company Filings, Team Calculations

## Financial Analysis

### Summary of KPIs



### Net Income to Common vs. Provisions



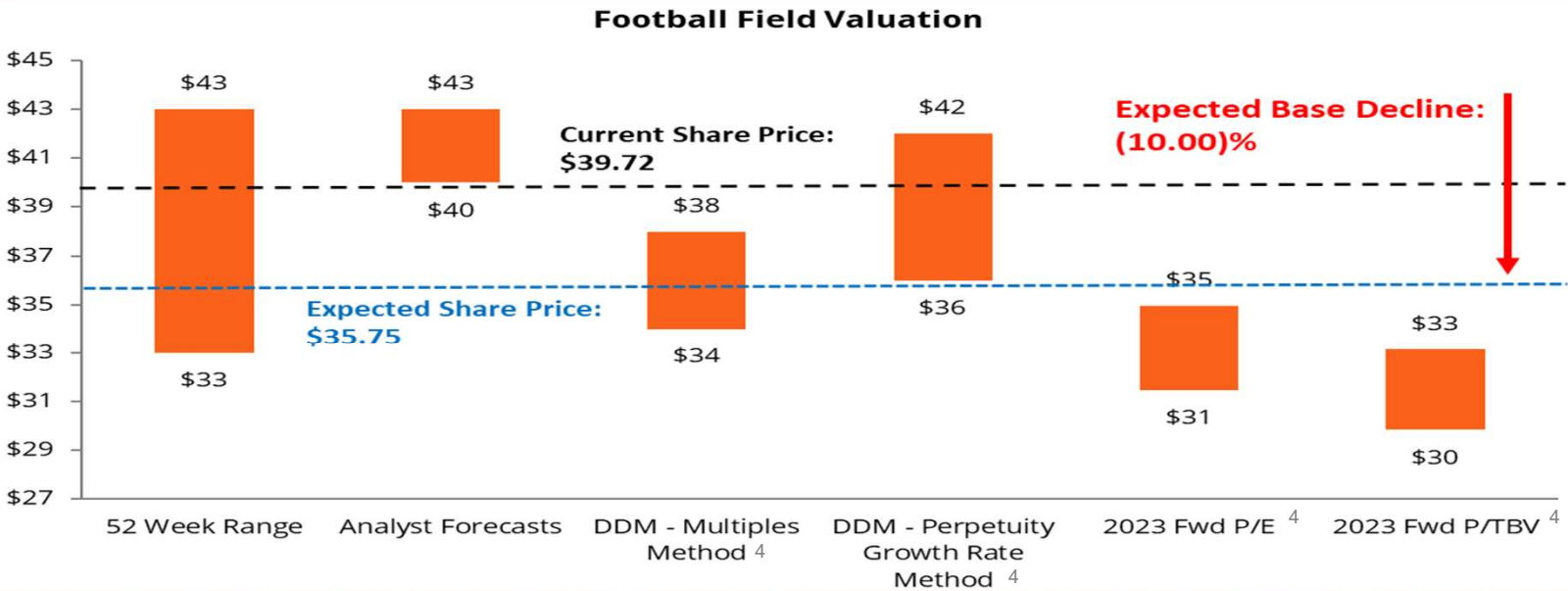
Deposits remain steady while loan base volatility entails increased provisions



# Valuation

Terminal P / TBV Multiple (Terminal Value Calculated Using the Multiples Method):

Initial Cost of Equity (Declines by 0.05% Annually in Phases 2 and 3):											
	5.30%	5.55%	5.80%	6.05%	6.30%	6.55%	6.80%	7.05%	7.30%	7.55%	7.80%
2.00 x	\$ 48.96	\$ 47.50	\$ 46.08	\$ 44.71	\$ 43.39	\$ 42.12	\$ 40.89	\$ 39.70	\$ 38.55	\$ 37.43	\$ 36.36
1.90 x	46.98	45.58	44.23	42.93	41.67	40.45	39.27	38.14	37.04	35.98	34.95
1.80 x	45.01	43.67	42.39	41.14	39.94	38.78	37.66	36.58	35.53	34.52	33.54
1.70 x	43.03	41.76	40.54	39.36	38.22	37.11	36.05	35.02	34.02	33.06	32.13
1.60 x	41.05	39.85	38.69	37.57	36.49	35.44	34.43	33.46	32.51	31.60	30.72
1.50 x	39.08	37.94	36.85	35.79	34.76	33.78	32.82	31.90	31.00	30.14	29.31
1.40 x	37.10	36.03	35.00	34.00	33.04	32.11	31.21	30.34	29.49	28.68	27.90
1.30 x	35.13	34.12	33.15	32.22	31.31	30.44	29.59	28.78	27.99	27.22	26.48
1.20 x	33.15	32.21	31.31	30.43	29.59	28.77	27.98	27.22	26.48	25.76	25.07



We calculate a target price of \$35.75, a 10.00% downside to the close of \$39.72

<sup>4</sup>: Forecasts are derived from RIT Team Estimates  
Source: Bloomberg, Company Filings, Team Calculations

# Relative Valuation and Estimates

Relative Valuation	Market Data	Financial Ratios			
Company	IEA/IBL	P/E	P/TBVPS	ROE	ROA
Evans Bank	1.35x	9.87	1.56	13.25%	1.03%
Northwest Bank	1.38x	13.60	1.68	8.96%	1.03%
Chemung Canal Trust Company	1.47x	8.56	1.71	15.24%	1.01%
Five Star Bank	1.67x	9.95	2.06	23.01%	1.60%
Tompkins Community Bank	1.51x	13.31	2.20	12.65%	1.02%
M&T Bank	1.72x	11.37	1.84	11.76%	1.51%
25th Percentile	1.37x	9.54	1.65	11.06%	1.02%
Median	1.49x	10.66	1.78	12.95%	1.03%
75th Percentile	1.68x	13.38	2.10	17.18%	1.53%

Valuation	Calculated Expected Price	Weights
Dividend Discount Model - Multiples Method <sup>5</sup>	\$ 36.43	50%
Dividend Discount Model - Perpetuity Growth Rate Method <sup>5</sup>	\$ 39.17	20%
52 Week Range	\$ 37.61	0%
Analyst Forecast	\$ 41.50	0%
2023 Fwd P/E <sup>5</sup>	\$ 33.21	15%
2023 Fwd P/TBVPS <sup>5</sup>	\$ 31.49	15%
<b>Total Expected Share Price</b>	<b>\$ 35.75</b>	

## Relative Valuation Metrics

<sup>5</sup>: Forecasts are derived from RIT Team Estimates  
Source: Bloomberg, Company Filings, Team Calculations



# Investment Risks & Recommendation

*What headwinds face our thesis and what we expect*



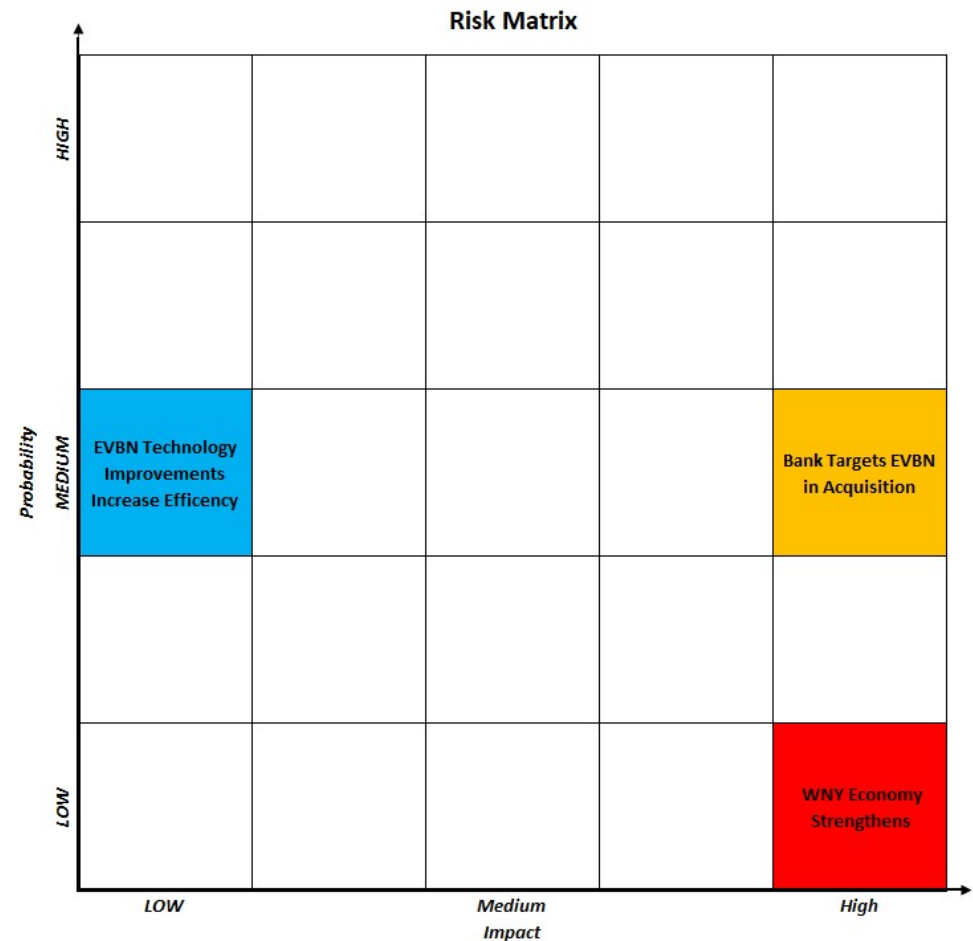
## Investment Risks

### Buyout Risk:

If a recession occurs, EVBN could have an attractive price.

### “Soft Landing” is achieved:

Federal Reserve becomes “dovish” and begins QE *or* inflation returns to normal; businesses thrive



Don't invest in Evans Bank - the risks outweigh the potential reward.

## Recommendation

What is the market not seeing?

Amid intense competition, Evans Bank is not ideal for investment, especially given a looming downturn

Stagnant market share by deposits since 2008 due to intense competition

Rising delinquencies, net interest margin compression, and slowing mortgage growth in Evans Bank's loan book

U.S. recession provides significant headwinds for Evans Bank

We recommend to SELL at a target price of \$35.75

## Appendix

1. Loan Book Projections.....	pg.23
1. Historical and Pro Forma Loan Book .....	<a href="#">pg.24</a>
2. Real GDP Historical and Projected .....	<a href="#">pg.25</a>
3. WNY Addressable Loan Market Assumptions .....	<a href="#">pg.26</a>
4. Historical + Pro Forma Charge-Offs and Allowance for Loan Losses.....	<a href="#">pg.27</a>
2. Operating Model .....	pg.28
1. Interest Earning Assets .....	<a href="#">pg.29</a>
2. Interest Bearing Liabilities .....	<a href="#">pg.30</a>
3. Income Statement Drivers .....	<a href="#">pg.31</a>
4. Balance Sheet Drivers .....	<a href="#">pg.32</a>
5. Dividend and Capital .....	<a href="#">pg.33</a>
6. Historical and Pro Forma Income Statement .....	<a href="#">pg.34</a>
7. Historical and Pro Forma Balance Sheet .....	<a href="#">pg.35</a>
3. DDM Model Assumptions.....	pg.36
1. DDM Model Assumptions .....	<a href="#">pg.37</a>
2. DDM Model Build-Out .....	<a href="#">pg.38</a>
3. Relative Valuation .....	<a href="#">pg.41</a>
4. WACC .....	<a href="#">pg.42</a>



# **Loan Book Projections**

23

## Historical and Pro Forma Loan Book

	Historical - Net of Charge-Offs						Projected - Prior to Charge-Offs				
	FY17	FY18	FY19	FY20	FY21		FY22E	FY23E	FY24E	FY25E	FY26E
<b>Gross Loans (Millions):</b>											
Mortgage Loans on Real Estate	\$ 830.26	\$ 926.77	\$ 971.87	\$ 1,268.30	\$ 1,335.18	\$	1,359.42	\$ 1,119.62	\$ 1,054.44	\$ 1,279.25	\$ 1,259.45
Commercial and Industrial Loans	\$ 232.21	\$ 226.06	\$ 251.20	\$ 430.35	\$ 237.08		271.3	254.6	213.7	331.7	385.1
Consumer and Other Loans	\$ 1.65	\$ 1.52	\$ 1.93	\$ 0.15	\$ 0.72		1.0	0.0	0.0	0.6	1.8
<b>Total Loans and Advances to Customers:</b>	<b>1,064.1</b>	<b>1,154.3</b>	<b>1,225.0</b>	<b>1,698.8</b>	<b>1,573.0</b>		<b>1,631.7</b>	<b>1,374.2</b>	<b>1,268.1</b>	<b>1,611.5</b>	<b>1,646.3</b>

## Real GDP – Historical and Projected

New York State Real GDP Growth Rates:										
Base						2.2%	(1.3%)	(0.8%)	1.3%	1.6%
Upside						(0.5%)	(2.3%)	(1.8%)	(0.8%)	-
Downside						1.0%	1.5%	1.0%	2.6%	2.2%
Selected Real GDP Growth Rate:	2.7%	1.3%	3.3%	(3.8%)	7.4%	2.2%	(1.3%)	(0.8%)	1.3%	1.6%



# WNY Addressable Lending Market

## WNY Total Addressable Loan Markets by Segment:

Mortgage Loans on Real Estate	16,184.2	16,763.3	18,079.0	23,378.6	24,014.1	24,362.4	21,531.1	20,277.8	23,689.9	26,796.7
Commercial and Industrial Loans	13,091.7	13,742.1	15,726.3	20,411.9	19,858.8	22,610.9	21,216.8	21,369.6	23,689.9	24,068.9
Consumer and Other Loans	6,758.9	6,992.4	7,404.1	8,763.7	9,739.7	9,872.3	8,643.9	5,459.4	6,159.4	8,825.3

<b>Total Addressable Lending Market:</b>	<b>36,034.9</b>	<b>37,497.9</b>	<b>41,209.3</b>	<b>52,554.1</b>	<b>53,612.5</b>	<b>56,845.6</b>	<b>51,391.8</b>	<b>47,106.8</b>	<b>53,539.1</b>	<b>59,690.9</b>
--	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

## WNY Addressable Lending Market Sizes as %'s of Nominal GDP:

Mortgage Loans on Real Estate	1.12%	1.15%	1.20%	1.61%	1.54%	1.5%	1.4%	1.3%	1.5%	1.7%
Commercial and Industrial Loans	0.91%	0.94%	1.04%	1.41%	1.27%	1.4%	1.4%	1.4%	1.5%	1.5%
Consumer and Other Loans	0.47%	0.48%	0.49%	0.60%	0.63%	0.6%	0.6%	0.4%	0.4%	0.6%

## Historical + Pro Forma Charge-Offs and Allowance for Loan Losses

Charge-Offs & Loan Loss Reserves:	Historical					Projected				
	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
<b>Provisions for Credit Losses:</b>										
Mortgage Loans on Real Estate	\$ (0.18)	\$ 1.98	\$ 0.23	\$ 5.04	\$ (0.41)	\$ 2.02	\$ 12.40	\$ 10.87	\$ 5.83	\$ 6.35
Commercial and Industrial Loans	0.9	(0.67)	(0.3)	0.4	(1.2)	0.6	2.1	1.9	0.7	0.9
Consumer and Other Loans	0.1	0.1	0.2	(0.1)	0.1	0.1	0.0	0.0	0.0	0.1
<b>Total Provisions for Credit Losses:</b>	<b>0.7</b>	<b>1.4</b>	<b>0.1</b>	<b>5.4</b>	<b>(1.5)</b>	<b>2.7</b>	<b>14.5</b>	<b>12.7</b>	<b>6.5</b>	<b>7.3</b>
<b>Allowance for Loan Losses:</b>										
<b>Beginning Allowance for Loan Losses:</b>	<b>13.9</b>	<b>14.0</b>	<b>14.8</b>	<b>15.2</b>	<b>20.4</b>	<b>18.4</b>	<b>20.5</b>	<b>26.0</b>	<b>34.8</b>	<b>41.1</b>
(-) Net Charge-Offs (Provisions Utilized):	(1.0)	(0.7)	(0.5)	(0.3)	(0.6)	(0.6)	(9.0)	(4.0)	(0.3)	(0.5)
(+) Provisions Acquired:	0.4	0.1	0.8	0.2	0.1	-	-	-	-	-
(+) Provisions for Credit Losses:	0.7	1.4	0.1	5.4	(1.5)	2.7	14.5	12.7	6.5	7.3
<b>Ending Allowance for Loan Losses:</b>	<b>14.0</b>	<b>14.8</b>	<b>15.2</b>	<b>20.4</b>	<b>18.4</b>	<b>20.5</b>	<b>26.0</b>	<b>34.8</b>	<b>41.1</b>	<b>47.9</b>
Net Charge-Offs % Average Gross Loans:			0.04%	0.02%	0.03%	0.04%	0.60%	0.30%	0.02%	0.03%
Expectation						0.04%	0.60%	0.30%	0.02%	0.03%
<b>Provisions for Credit Losses % Average Loan Balances:</b>										
Mortgage Loans on Real Estate			0.02%	0.45%	(0.03%)	0.15%	1.00%	1.00%	0.50%	0.50%
Expectation						0.15%	1.00%	1.00%	0.50%	0.50%
Commercial and Industrial Loans			(0.13%)	0.11%	(0.37%)	0.25%	0.80%	0.80%	0.25%	0.25%
Expectation						0.25%	0.80%	0.80%	0.25%	0.25%
Consumer and Other Loans			9.46%	(6.07%)	28.97%	8.00%	8.00%	8.00%	8.00%	8.00%
Expectation						8.00%	8.00%	8.00%	8.00%	8.00%

# Operating Model

28

# Interest Earning Assets

Interest-Earning Assets (IEA) and Interest-Bearing Liabilities (IBL):	Historical					Projected				
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Average Annual 3 month Libor Spread (Post 2020 90 Day SOI)	1.26%	2.30%	2.33%	0.85%	0.04%	3.80%	4.60%	3.60%	2.62%	2.60%
Base						3.80%	4.60%	3.60%	2.62%	2.60%
Upside						3.00%	3.50%	3.20%	2.00%	2.00%
Downside						4.00%	5.00%	6.00%	5.00%	3.00%
<b>INTEREST-EARNING ASSETS (IEA):</b>										
Gross Loans:										
Mortgage Loans on Real Estate	\$ 830.26	\$ 926.77	\$ 971.87	\$ 1,268.30	\$ 1,335.18	\$ 1,358.89	\$ 1,112.27	\$ 1,051.15	\$ 1,279.02	\$ 1,259.07
Commercial and Industrial Loans	\$ 232.21	\$ 226.06	\$ 251.20	\$ 430.35	\$ 237.08	\$ 271.22	\$ 252.93	\$ 213.03	\$ 331.60	\$ 384.99
Consumer and Other Loans	\$ 1.65	\$ 1.52	\$ 1.93	\$ 0.15	\$ 0.72	\$ 0.99	\$ 0.01	\$ 0.01	\$ 0.62	\$ 1.76
<b>Total Gross Loans:</b>	<b>1,064.1</b>	<b>1,154.3</b>	<b>1,225.0</b>	<b>1,698.8</b>	<b>1,573.0</b>	<b>1,631.1</b>	<b>1,365.2</b>	<b>1,264.2</b>	<b>1,611.2</b>	<b>1,645.8</b>
Loans and Advances to Banks:	40.4	120.6	138.3	73.4	465.5	167.6	193.1	207.6	221.4	251.0
Investment Securities - Available for Sale:	-	-	-	-	-	-	-	-	-	-
Derivative Financial Instruments:	-	-	-	-	-	-	-	-	-	-
<b>Total Interest-Earning Assets (IEA):</b>	<b>1,104.5</b>	<b>1,274.9</b>	<b>1,363.3</b>	<b>1,772.2</b>	<b>2,038.5</b>	<b>1,798.7</b>	<b>1,558.3</b>	<b>1,471.8</b>	<b>1,832.7</b>	<b>1,896.9</b>
<b>Average Interest-Earning Assets (IEA):</b>	<b>1,189.7</b>	<b>1,319.1</b>	<b>1,319.1</b>	<b>1,567.7</b>	<b>1,905.3</b>	<b>1,918.6</b>	<b>1,678.5</b>	<b>1,515.0</b>	<b>1,652.2</b>	<b>1,864.8</b>
<b>Risk-Weighted Assets (RWA):</b>	<b>125.3</b>	<b>136.4</b>	<b>150.9</b>	<b>181.9</b>	<b>200.4</b>	<b>191.4</b>	<b>158.9</b>	<b>141.3</b>	<b>188.8</b>	<b>197.3</b>
<b>RWA % IEA:</b>	<b>11.343%</b>	<b>10.699%</b>	<b>11.066%</b>	<b>10.265%</b>	<b>9.832%</b>	<b>10.6%</b>	<b>10.2%</b>	<b>9.6%</b>	<b>10.3%</b>	<b>10.4%</b>
<b>Interest Income Earned On (in Millions):</b>										
Gross Loans:										
Mortgage Loans on Real Estate	78.0%	37.2	41.6	47.0	50.5	56.9	63.0	59.3	51.9	58.4
Commercial and Industrial Loans	21.8%	10.4	11.6	13.1	14.1	15.9	13.0	13.1	11.6	17.9
Consumer and Other Loans	0.2%	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.0	0.3
<b>Total Gross Loans:</b>	<b>47.7</b>	<b>53.3</b>	<b>60.2</b>	<b>64.8</b>	<b>73.0</b>	<b>76.2</b>	<b>72.5</b>	<b>63.6</b>	<b>67.3</b>	<b>76.6</b>
Loans and Advances to Banks:	-	-	-	-	-	10.6	7.5	6.3	4.7	5.1
Investment Securities - Available for Sale:	-	-	-	-	-	-	-	-	-	-
Derivative Financial Instruments:	-	-	-	-	-	-	-	-	-	-
<b>Total Interest-Earning Assets (IEA):</b>	<b>47.7</b>	<b>53.3</b>	<b>60.2</b>	<b>64.8</b>	<b>73.0</b>	<b>86.8</b>	<b>80.0</b>	<b>69.9</b>	<b>71.9</b>	<b>81.7</b>
<b>Average Yield Earned On:</b>										
Gross Loans:										
Mortgage Loans on Real Estate		4.7%	4.9%	4.5%	4.4%	4.7%	4.8%	4.8%	4.6%	4.6%
Commercial and Industrial Loans		5.1%	5.5%	4.1%	4.8%	5.1%	5.0%	5.0%	5.0%	5.0%
Consumer and Other Loans		5.2%	5.4%	9.7%	26.1%	23.0%	23.0%	23.0%	23.0%	23.0%
		N/A	N/A	N/A	N/A					
		N/A	N/A	N/A	N/A					
<b>Total Gross Loans:</b>	<b>4.8%</b>	<b>5.1%</b>	<b>4.4%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>4.7%</b>
Loans and Advances to Banks:	-	-	-	-	-	3.4%	4.2%	3.2%	2.2%	2.2%
Investment Securities - Available for Sale:	-	N/A	N/A	N/A	N/A	-	-	-	-	-
Derivative Financial Instruments:	-	N/A	N/A	N/A	N/A	0.038	4.6%	3.6%	2.6%	2.6%
<b>Total Interest-Earning Assets (IEA):</b>	<b>4.5%</b>	<b>4.6%</b>	<b>4.1%</b>	<b>3.8%</b>	<b>4.5%</b>	<b>4.8%</b>	<b>4.8%</b>	<b>4.6%</b>	<b>4.4%</b>	<b>4.4%</b>
<b>LIBOR Spread / SOFR Spread on Yield Earned :</b>										
Gross Loans:										
Mortgage Loans on Real Estate				3.7%	4.3%	3.8%	2.9%	2.8%	3.0%	3.1%
Commercial and Industrial Loans				3.3%	4.7%	1.3%	0.4%	1.4%	2.4%	2.4%
Consumer and Other Loans				8.8%	26.0%	19.2%	18.4%	19.4%	20.4%	20.4%
				N/A	N/A					
				N/A	N/A					
<b>Total Gross Loans:</b>	<b>2.5%</b>	<b>2.7%</b>	<b>3.6%</b>	<b>4.4%</b>	<b>4.4%</b>	<b>1.0%</b>	<b>0.2%</b>	<b>1.2%</b>	<b>2.1%</b>	<b>2.1%</b>
Loans and Advances to Banks:	(2.3%)	(2.3%)	(0.9%)	(0.0%)	(0.0%)	(0.4%)	(0.4%)	(0.4%)	(0.4%)	(0.4%)
Investment Securities - Available for Sale:	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Derivative Financial Instruments:	-	-	-	-	-	-	-	-	-	-
<b>Total Interest-Earning Assets (IEA):</b>	<b>2.2%</b>	<b>2.2%</b>	<b>3.3%</b>	<b>3.8%</b>	<b>0.7%</b>	<b>0.2%</b>	<b>1.0%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>1.8%</b>



## Interest Bearing Liabilities

INTEREST-BEARING LIABILITIES (IBL):										
Deposits:	1,051.2	1,215.1	1,267.4	1,771.4	1,937.0	1,977.8	1,593.5	1,469.5	1,831.3	1,760.0
Due to Banks:	88.3	10.0	10.0	44.7	32.9	-	-	-	-	-
Subordinated Notes:	11.3	11.3	11.3	30.9	31.0	33.0	34.1	35.7	38.6	40.7
<b>Total Interest-Bearing Liabilities (IBL):</b>	<b>1,150.8</b>	<b>1,236.4</b>	<b>1,288.8</b>	<b>1,847.0</b>	<b>2,000.9</b>	<b>2,010.8</b>	<b>1,627.6</b>	<b>1,505.2</b>	<b>1,869.9</b>	<b>1,800.7</b>
<b>Avg. Interest-Bearing Liabilities (IBL):</b>		<b>1,193.6</b>	<b>1,262.6</b>	<b>1,567.9</b>	<b>1,923.9</b>	<b>2,005.9</b>	<b>1,819.2</b>	<b>1,566.4</b>	<b>1,687.6</b>	<b>1,835.3</b>
Interest Expense Paid On:										
Deposits:	(4.9)	(8.4)	(11.9)	(7.7)	(2.9)	(53.8)	(53.6)	(45.9)	(45.4)	(49.4)
Due to Banks:	(0.4)	(0.6)	(0.2)	(0.3)	(0.3)	(0.6)	-	-	-	-
Subordinated Notes:	(0.4)	(0.5)	(0.6)	(1.0)	(1.6)	(1.9)	(1.9)	(1.9)	(1.9)	(1.9)
Other:	-	-	-	-	-	-	-	-	-	-
<b>Total Interest-Bearing Liabilities (IBL):</b>	<b>(5.7)</b>	<b>(9.5)</b>	<b>(12.7)</b>	<b>(9.1)</b>	<b>(4.8)</b>	<b>(56.4)</b>	<b>(55.5)</b>	<b>(47.8)</b>	<b>(47.3)</b>	<b>(51.3)</b>
Average Deposits - Fixed vs. Variable Rates:										
Fixed-Rate Deposits:	829.0	977.0	1,029.7	1,302.9	1,454.3	1,957.4	1,785.6	1,531.5	1,650.4	1,795.6
Variable-Rate Deposits:	N/A	N/A	-	-	-	-	-	-	-	-
<b>Total:</b>			<b>1,029.7</b>	<b>1,302.9</b>	<b>1,454.3</b>	<b>1,957.4</b>	<b>1,785.6</b>	<b>1,531.5</b>	<b>1,650.4</b>	<b>1,795.6</b>
% Fixed-Rate:			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% Variable:			-	-	-	-	-	-	-	-
Average Interest Rate Paid On:										
Fixed-Rate Deposits:	0.7%	1.0%	0.5%	0.2%	2.8%	3.0%	3.0%	2.8%	2.8%	
Variable-Rate Deposits:	0.7%	1.0%	0.5%	0.2%	3.8%	4.6%	3.6%	2.6%	2.6%	
Due to Banks:	1.1%	1.8%	1.1%	0.8%	3.8%	4.6%	3.6%	2.6%	2.6%	
Subordinated Notes:	4.7%	5.0%	4.8%	5.2%	6.0%	6.0%	6.0%	6.0%	6.0%	
<b>Total Interest-Bearing Liabilities (IBL):</b>	<b>0.8%</b>	<b>1.0%</b>	<b>0.6%</b>	<b>0.2%</b>	<b>2.8%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>2.8%</b>	<b>2.8%</b>	
LIBOR Spread on Interest Paid On:										
Fixed-Rate Deposits:				3.0%	4.0%	5.0%	5.0%	4.5%	4.0%	
Variable-Rate Deposits:	(1.6%)	(1.4%)	(0.3%)	0.1%	-	-	-	-	-	
Due to Banks:			0.3%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	
Subordinated Notes:			4.0%	5.2%	7.0%	7.0%	7.0%	7.0%	7.0%	
<b>Total Interest-Bearing Liabilities (IBL):</b>	<b>(1.5%)</b>	<b>(1.3%)</b>	<b>(0.3%)</b>	<b>0.2%</b>	<b>(1.0%)</b>	<b>(1.6%)</b>	<b>(0.5%)</b>	<b>0.2%</b>	<b>0.2%</b>	

## Income Statement Drivers

Income Statement Drivers:	Historical					Projected				
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Other Revenue and Expenses:</b>										
Fee Income % Average Gross Loans:	N/A	-	-	-	-	-	-	-	-	-
Fee Expense % Average Gross Loans:	N/A	-	-	-	-	0.1%	0.1%	0.1%	0.1%	0.1%
Operating Lease Rental Income Growth Rate:	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
Other Income Growth Rate:	N/A	17.1%	18.7%	0.9%	3.3%	5.0%	1.0%	1.0%	1.0%	1.0%
Depreciation % Operating Lease Rental Income:	N/A	N/A	N/A	N/A	N/A	-	-	-	-	-
<b>Non-Interest Expenses:</b>										
Employee Count:	350	350	350	350	378	378	378	378	378	378
Revenue per Employee:	157,200	180,954	200,391	222,911	242,413	245,000	250,000	240,000	230,000	235,000
Staff Costs per Employee:	68,929	78,320	84,651	94,257	102,148	102,148	102,148	102,148	102,148	102,148
Staff Costs % of Net Revenue:	43.8%	43.3%	42.2%	42.3%	42.1%	41.9%	43.2%	48.7%	47.2%	42.2%
Other Administrative Expenses % Revenue:	7.6%	7.1%	7.1%	6.5%	6.4%	18.9%	7.5%	7.5%	7.5%	7.5%
Non-Operating-Lease Depreciation % Revenue:	-	-	-	-	-	-	-	-	-	-
Amortization % Revenue:	0.2%	0.4%	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Provision for Liabilities and Charges % Revenue:	-	-	-	-	-	-	-	-	-	-
Operating Lease Rentals % Revenue:	5.8%	4.9%	4.9%	5.5%	5.1%	5.3%	5.3%	5.3%	5.3%	5.3%
Fair Value Losses on Financial Instruments	-	-	-	-	-	-	-	-	-	-
Acquisition Costs:	-	-	(0.2)	(6.0)	-	-	-	-	-	-
Impairment of Intercompany Balance:	-	(1.0)	-	-	-	-	-	-	-	-
Effective Tax Rate:	33.2%	12.2%	23.5%	12.2%	24.7%	24.7%	24.7%	24.7%	24.7%	24.7%

## Balance Sheet Drivers

BS Drivers:	Historical					Projected				
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Balance Sheet Drivers:</b>										
<b>Assets:</b>										
Cash and Balances at Central Banks % Deposits:	1.3%	1.2%	0.8%	0.8%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%
Investment Securities - AFS % Deposits:	-	-	-	-	-	10.0%	10.0%	10.0%	10.0%	10.0%
Derivative Financial Instruments % Deposits:	-	-	-	-	-	-	-	-	-	-
Other Assets % Growth:		(0.7%)	1.1%	48.9%	93.2%	(1.5%)	(8.0%)	(2.0%)	5.0%	10.0%
Mandatory Central Bank Balances % Cash:				5.1%	17.2%	0.7%	0.9%	1.1%	1.3%	1.5%
<b>Liabilities:</b>										
Net Loans % Customer Deposits:	99.9%	93.8%	95.5%	94.7%	80.3%	81.4%	84.0%	83.0%	85.0%	90.0%
Subordinated Increase % Gross Loans Increase:	1.1%	-	-	4.1%	(0.1%)	0.3%	0.3%	0.3%	0.3%	0.3%
Derivative Financial Instruments % Gross Loans:	-	-	-	-	-	-	-	-	-	-
Other Liabilities % Gross Loans:	2.5%	1.7%	1.9%	1.7%	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%
<b>Balancers: Loans and Advances to Banks and Amounts Due to Banks:</b>										
Total Assets + Prior Loans and Adv. to Banks:	0	0	0	0	0	2,228.8	1,835.5	1,721.5	2,098.4	2,034.4
Total L&E + Prior Due to Banks:	0	0	0	0	0	2,261.7	1,835.4	1,721.4	2,098.1	2,033.9
Increase in Loans and Advances to Banks:		0.0	(0.0)	(0.0)	-					
Increase in Due to Banks:		(78.3)	-	34.7	(11.8)					

# Dividends and Capital

Dividends and Capital:	Historical					Projected				
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Pre-Dividend and Stock Repurchase CET 1:						188.9	191.3	178.4	193.2	203.3
Risk-Weighted Assets (RWA):	125.3	136.4	150.9	181.9	200.4	191.4	158.9	141.3	188.8	197.3
Required CET 1 Capital %:						4.5%	4.5%	4.5%	4.5%	4.5%
Capital Conservation Buffer:						2.5%	1.5%	1.5%	1.5%	1.5%
Countercyclical Buffer:						1.0%	2.0%	2.0%	2.0%	2.0%
Systemically Important Financial Inst. Buffer:						-	-	-	-	-
Bank's Discretionary Buffer:						5.0%	5.0%	5.0%	5.0%	5.0%
<b>Targeted Common Equity Tier 1 (CET1) Ratio:</b>						<b>13.0%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>13.0%</b>
Minimum CET1 Required:						24.9	20.7	18.4	24.5	25.6
<b>Capital Available for Dividends:</b>						<b>164.0</b>	<b>170.6</b>	<b>160.0</b>	<b>168.7</b>	<b>177.7</b>
Targeted Dividend Payout Ratio:			30%	54%	27%	31.2%	25.0%	25.0%	28.0%	30.0%
Targeted Dividends:						6.7	4.6	3.3	5.5	7.6
Issued Dividends:						6.7	4.6	3.3	5.5	7.6



# Historical and Pro Forma Income Statement

Income Statement:	Historical					Projected				
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>Net Interest Income:</b>										
(+) Interest Income:	\$ 47.75	\$ 57.61	\$ 64.74	\$ 68.83	\$ 77.58	\$ 86.81	\$ 80.02	\$ 69.89	\$ 71.94	\$ 81.65
(-) Interest Expense:	(5.7)	(9.5)	(12.7)	(9.1)	(4.8)	(14.5)	(10.6)	(10.8)	(10.5)	(10.8)
<b>Total Net Interest Income:</b>	<b>42.017</b>	<b>48.1</b>	<b>52.1</b>	<b>59.8</b>	<b>72.8</b>	<b>72.3</b>	<b>69.4</b>	<b>59.0</b>	<b>61.5</b>	<b>70.9</b>
<b>Net Income from Operating Leases:</b>										
(+) Operating Lease Rental Income:	-	-	-	-	-	-	-	-	-	-
(+) Other Income:	13.0	15.2	18.1	18.2	18.8	19.8	20.0	20.2	20.4	20.6
(-) Depreciation on Operating Leases:	-	-	-	-	-	-	-	-	-	-
<b>Total Net Income from Operating Leases:</b>	<b>13.0</b>	<b>15.2</b>	<b>18.1</b>	<b>18.2</b>	<b>18.8</b>	<b>19.8</b>	<b>20.0</b>	<b>20.2</b>	<b>20.4</b>	<b>20.6</b>
<b>Net Fee and Commission Income:</b>										
(+) Fee and Commission Income:	-	-	-	-	-	-	-	-	-	-
(-) Fee and Commission Expense:	-	-	-	-	-	-	-	-	-	-
<b>Net Fee and Commission Income:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(-) Fair Value Losses on Financial Instruments:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue (Net Operating Income):</b>	<b>55.0</b>	<b>63.3</b>	<b>70.1</b>	<b>78.0</b>	<b>91.6</b>	<b>92.1</b>	<b>89.4</b>	<b>79.2</b>	<b>81.9</b>	<b>91.5</b>
(-) Provisions for Credit Losses:	(0.7)	(1.4)	(0.1)	(5.4)	1.5	(2.7)	(14.5)	(12.7)	(6.5)	(7.3)
(-) Provision for Liabilities and Charges:	-	-	-	-	-	-	-	-	-	-
<b>Non-Interest Expenses:</b>										
(-) Acquisition Costs:	-	-	(0.2)	(6.0)	-	-	-	-	-	-
(-) Staff Costs:	(24.1)	(27.4)	(29.6)	(33.0)	(38.6)	(38.6)	(38.6)	(38.6)	(38.6)	(38.6)
(+) Profit on Disposal of Fixed Assets:	-	-	-	-	-	0.5	0.4	0.4	0.4	0.5
(-) Depreciation (Excluding Operating Leases):	-	-	-	-	-	-	-	-	-	-
(-) Amortization of Intangible Assets:	(0.1)	(0.3)	(0.4)	(0.5)	(0.5)	(0.6)	(0.6)	(0.5)	(0.5)	(0.6)
(-) Operating Lease Rentals - Land and Buildings:	(3.2)	(3.1)	(3.4)	(4.3)	(4.7)	(4.8)	(4.7)	(4.2)	(4.3)	(4.8)
(-) Impairment of Intercompany Balance:	-	(1.0)	-	-	-	-	-	-	-	-
(-) Other Administrative Expenses:	(4.2)	(4.5)	(5.0)	(5.1)	(5.8)	(17.4)	(6.7)	(5.9)	(6.1)	(6.9)
<b>Total Non-Interest Expenses:</b>	<b>(38.6)</b>	<b>(43.3)</b>	<b>(47.8)</b>	<b>(59.8)</b>	<b>(61.2)</b>	<b>(61.0)</b>	<b>(50.2)</b>	<b>(48.9)</b>	<b>(49.2)</b>	<b>(50.4)</b>
<b>Pre-Tax Income:</b>	<b>15.7</b>	<b>18.6</b>	<b>22.2</b>	<b>12.8</b>	<b>31.9</b>	<b>28.4</b>	<b>24.7</b>	<b>17.6</b>	<b>26.1</b>	<b>33.7</b>
(-) Income Tax Expense / (+) Tax Benefit:	(5.2)	(2.3)	(5.2)	(1.6)	(7.9)	(6.0)	(5.2)	(3.7)	(5.5)	(7.1)
<b>Net Income to Common:</b>	<b>10.479</b>	<b>16.4</b>	<b>17.0</b>	<b>11.2</b>	<b>24.043</b>	<b>22.4</b>	<b>19.5</b>	<b>13.9</b>	<b>20.6</b>	<b>26.6</b>
Weighted Average Shares:	4.9	4.9	5.0	5.3	5.5	5.5	5.5	5.5	5.5	5.5
Ending Common Shares:	4.9	4.9	5.0	5.3	5.5	5.5	5.5	5.5	5.5	5.5
<b>Earnings Per Share (EPS):</b>	<b>\$ 2.16</b>	<b>\$ 3.34</b>	<b>\$ 3.44</b>	<b>\$ 2.13</b>	<b>\$ 4.37</b>	<b>\$ 4.08</b>	<b>\$ 3.54</b>	<b>\$ 2.53</b>	<b>\$ 3.74</b>	<b>\$ 4.82</b>

## Historical and Pro Forma Balance Sheet

Balance Sheet:	Historical					Projected				
	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>ASSETS:</b>										
Cash and Balances at Central Banks:	\$ 13.75	\$ 14.00	\$ 10.58	\$ 13.70	\$ 9.86	\$ 12.68	\$ 10.22	\$ 9.42	\$ 11.74	\$ 11.28
Loans and Advances to Banks:	-	0.0	0.0	-	-	-	-	-	-	-
Investment Securities - Available for Sale:	-	-	-	-	-	-	-	-	-	-
Derivative Financial Instruments:	-	-	-	-	-	-	-	-	-	-
<b>Gross Loans:</b>	<b>1,064.1</b>	<b>1,154.3</b>	<b>1,225.0</b>	<b>1,698.8</b>	<b>1,573.0</b>	<b>1,631.1</b>	<b>1,364.6</b>	<b>1,254.5</b>	<b>1,597.6</b>	<b>1,631.9</b>
(-) Allowance for Loan Losses:	(14.0)	(14.8)	(15.2)	(20.4)	(18.4)	(20.5)	(26.0)	(34.8)	(41.1)	(47.9)
<b>Net Loans:</b>	<b>1,050.1</b>	<b>1,139.6</b>	<b>1,209.8</b>	<b>1,678.4</b>	<b>1,554.5</b>	<b>1,610.6</b>	<b>1,338.5</b>	<b>1,219.7</b>	<b>1,556.5</b>	<b>1,584.0</b>
Property, Plant and Equipment (PP&E):	10.6	10.5	13.8	19.3	17.8	16.4	15.1	13.9	12.6	11.3
Other Intangible Assets:	8.6	13.0	12.5	15.0	14.3	16.4	18.3	20.1	21.9	23.9
Deferred Tax Assets:	-	-	-	-	-	0.6	1.1	1.5	2.0	2.7
Other Assets:	212.7	211.2	213.5	317.8	614.1	572.1	452.1	456.8	493.2	400.8
<b>Total Assets:</b>	<b>\$ 1,295.63</b>	<b>\$ 1,388.21</b>	<b>\$ 1,460.23</b>	<b>\$ 2,044.12</b>	<b>\$ 2,210.64</b>	<b>\$ 2,228.73</b>	<b>\$ 1,835.39</b>	<b>\$ 1,721.34</b>	<b>\$ 2,098.07</b>	<b>\$ 2,033.93</b>
<b>LIABILITIES &amp; EQUITY:</b>										
<b>Liabilities:</b>										
Deposits:	\$ 1,051.23	\$ 1,215.06	\$ 1,267.44	\$ 1,771.41	\$ 1,937.04	\$ 1,977.72	\$ 1,593.48	\$ 1,469.52	\$ 1,831.22	\$ 1,759.99
Due to Banks:	88.3	10.0	10.0	44.7	32.9	-	-	-	-	-
Subordinated Notes:	11.3	11.3	11.3	30.9	31.0	33.0	34.1	35.7	38.6	40.7
Derivative Financial Instruments:	-	-	-	-	-	-	-	-	-	-
Other Liabilities:	26.5	20.2	23.0	28.2	25.9	27.0	22.6	20.7	26.4	27.0
<b>Total Liabilities:</b>	<b>1,177.3</b>	<b>1,256.6</b>	<b>1,311.8</b>	<b>1,875.2</b>	<b>2,026.7</b>	<b>2,037.7</b>	<b>1,650.2</b>	<b>1,526.0</b>	<b>1,896.3</b>	<b>1,827.6</b>
<b>Equity:</b>										
Share Capital & Share Premium:	2.4	2.4	2.5	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Reserves:	59.4	61.2	63.3	76.4	78.8	78.8	78.8	78.8	78.8	78.8
Retained Earnings:	56.5	68.0	82.7	89.8	102.4	117.8	132.4	142.9	157.7	176.4
<b>Total Equity:</b>	<b>118.3</b>	<b>131.6</b>	<b>148.5</b>	<b>168.9</b>	<b>183.9</b>	<b>191.0</b>	<b>185.2</b>	<b>195.4</b>	<b>201.8</b>	<b>206.3</b>
<b>Total Liabilities &amp; Equity:</b>	<b>\$ 1,295.63</b>	<b>\$ 1,388.21</b>	<b>\$ 1,460.23</b>	<b>\$ 2,044.12</b>	<b>\$ 2,210.64</b>	<b>\$ 2,228.73</b>	<b>\$ 1,835.39</b>	<b>\$ 1,721.37</b>	<b>\$ 2,098.08</b>	<b>\$ 2,033.91</b>

# **DDM Model Assumptions**

# DDM Model Assumptions

Dividend Discount Model (DDM) - Key Assumptions:										
Model Assumptions:		Final Year Total Asset Growth Rate:		Total Asset Growth:						
Initial Cost of Equity:	6.80%	Base	4.0%	Base	6.0%	5.5%	5.0%	4.0%	4.0%	4.0%
Annual Reduction in Cost of Equity:	0.05%	Upside	3.5%	Upside	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
		Downside	4.5%	Downside	10.0%	10.0%	9.5%	9.0%	8.5%	8.0%
		Selected:	4.0%	Selected:	6.0%	5.5%	5.0%	4.0%	4.0%	4.0%
		Final Year ROTCE:		Return on Tangible Common Equity (ROTCE):						
		Base	7.5%	Base	11.2%	11.0%	11.0%	10.0%	9.0%	9.0%
		Upside	7.0%	Upside	10.0%	9.5%	9.5%	9.0%	8.5%	8.5%
		Downside	8.0%	Downside	12.0%	12.0%	11.7%	11.5%	11.0%	10.5%
Stub Period Fraction:	0.250	Selected:	7.5%	Selected:	11.2%	11.0%	11.0%	10.0%	9.0%	9.0%
									7.5%	7.5%
										7.5%



## DDM Model – Base Case

### Terminal Value - Perpetuity Growth Rate Method:

Terminal P / TBV Multiple by ROTCE:	1.71 x
Terminal Value:	720.2

(+) PV of Terminal Value:	288.0
(+) Excess / (-) Deficit Capital:	-
(+) Sum of PV of Dividends:	90.2

<b>Implied Equity Value:</b>	<b>378.3</b>
------------------------------	--------------

<i>% of Implied Value from PV of TV:</i>	<i>76.1%</i>
--	--------------

Implied Share Price:	\$ 36.14
Bank's Current Share Price:	39.73

<b>Premium / (Discount) to Current:</b>	<b>(9.0%)</b>
---	---------------

### Terminal Value - Multiples Method:

Baseline Terminal P / TBV Multiple:	1.60 x
Terminal Value:	675.5

(+) PV of Terminal Value:	270.2
(+) Excess / (-) Deficit Capital:	-
(+) Sum of PV of Dividends:	90.2

<b>Implied Equity Value:</b>	<b>360.4</b>
------------------------------	--------------

<i>% of Implied Value from PV of TV:</i>	<i>75.0%</i>
--	--------------

Implied Share Price:	\$ 34.43
Bank's Current Share Price:	39.73

<b>Premium / (Discount) to Current:</b>	<b>(13.3%)</b>
---	----------------

## DDM Model – Bear Case

### Terminal Value - Perpetuity Growth Rate Method:

Terminal P / TBV Multiple by ROTCE:	1.98 x
Terminal Value:	859.9
(+) PV of Terminal Value:	343.9
(+) Excess / (-) Deficit Capital:	-
(+) Sum of PV of Dividends:	97.7
<b>Implied Equity Value:</b>	<b>441.6</b>
<i>% of Implied Value from PV of TV:</i>	<i>77.9%</i>
Implied Share Price:	\$ 42.19
Bank's Current Share Price:	39.73
<b>Premium / (Discount) to Current:</b>	<b>6.2%</b>

### Terminal Value - Multiples Method:

Baseline Terminal P / TBV Multiple:	1.75 x
Terminal Value:	761.2
(+) PV of Terminal Value:	304.4
(+) Excess / (-) Deficit Capital:	-
(+) Sum of PV of Dividends:	97.7
<b>Implied Equity Value:</b>	<b>402.1</b>
<i>% of Implied Value from PV of TV:</i>	<i>75.7%</i>
Implied Share Price:	\$ 38.42
Bank's Current Share Price:	39.73
<b>Premium / (Discount) to Current:</b>	<b>(3.3%)</b>

## DDM Model Build-Out

Dividend Discount Model:	Historical	Projected														
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Net Income to Common:	\$ 24.04	\$ 22.43	\$ 19.50	\$ 13.93	\$ 20.64	\$ 26.63	\$ 27.58	\$ 29.40	\$ 31.41	\$ 30.42	\$ 28.99	\$ 30.61	\$ 32.32	\$ 28.30	\$ 29.61	\$ 30.97
% Growth:	N/A	(6.7%)	(13.1%)	(28.6%)	48.2%	29.0%	3.6%	6.6%	6.8%	(3.1%)	(4.7%)	5.6%	5.6%	(12.4%)	4.6%	4.6%
Full-Year Dividends:	6.5	7.0	4.9	3.5	5.8	8.0	10.2	10.9	11.6	11.3	10.7	11.3	12.0	10.5	11.0	11.5
% Growth:	N/A	6.9%	(30.3%)	(28.6%)	66.0%	38.2%	27.7%	6.6%	6.8%	(3.1%)	(4.7%)	5.6%	5.6%	(12.4%)	4.6%	4.6%
Targeted Payout Ratio:							37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%
Actual Payout Ratio:	27.2%	31.2%	25.0%	25.0%	28.0%	30.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%
Dividends For Remaining Period in Year:		14.0	4.9	3.5	5.8	8.0	10.2	10.9	11.6	11.3	10.7	11.3	12.0	10.5	11.0	11.5
Beginning Common Shareholders' Equity:		183.9	199.3	214.0	224.4	239.3	257.9	275.3	293.8	313.6	332.8	351.0	370.3	390.7	408.5	427.2
(+) Net Income to Common:		22.4	19.5	13.9	20.6	26.6	27.6	29.4	31.4	30.4	29.0	30.6	32.3	28.3	29.6	31.0
(+) Stock Issuances:		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) Common Dividends:		(7.0)	(4.9)	(3.5)	(5.8)	(8.0)	(10.2)	(10.9)	(11.6)	(11.3)	(10.7)	(11.3)	(12.0)	(10.5)	(11.0)	(11.5)
Ending Common Shareholders' Equity:	183.9	199.3	214.0	224.4	239.3	257.9	275.3	293.8	313.6	332.8	351.0	370.3	390.7	408.5	427.2	446.7
(-) Goodwill & Other Intangibles:	(14.3)	(16.4)	(18.3)	(20.1)	(21.9)	(23.9)	(16.8)	(17.7)	(18.6)	(19.3)	(20.1)	(20.9)	(21.8)	(22.6)	(23.5)	(24.5)
Common Equity Tier 1 (CET 1):	169.6	183.0	195.6	204.3	217.4	234.0	258.5	276.1	295.0	313.4	330.9	349.4	368.9	385.9	403.6	422.2
Targeted Common Equity Tier 1 (CET1) Ratio:		9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Actual Common Equity Tier 1 (CET 1) Ratio:	13.3%	13.3%	13.3%	13.3%	13.3%	13.3%	14.0%	13.5%	13.7%	14.0%	14.3%	14.5%	14.7%	14.8%	14.9%	15.0%
Total Assets:	1,554.6	1,610.6	1,338.5	1,219.7	1,556.6	1,584.0	1,679.1	1,771.4	1,860.0	1,934.4	2,011.8	2,092.2	2,175.9	2,263.0	2,353.5	2,447.6
% Growth:	(6.8%)	3.6%	(16.9%)	(8.9%)	27.6%	1.8%	6.0%	5.5%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Risk-Weighted Assets (RWA):	200.4	191.4	158.9	141.3	188.8	197.3	184.7	203.7	213.9	222.5	231.4	240.6	250.2	260.2	270.6	281.5
RWA % Total Assets:	12.9%	11.9%	11.9%	11.6%	12.1%	12.5%	11.0%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
% Growth:	9.8%	10.6%	10.2%	9.6%	10.3%	10.4%	(6.4%)	10.3%	5.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Goodwill & Other Intangibles % Total Assets:	0.92%	1.02%	1.37%	1.64%	1.40%	1.51%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Return on Tangible Common Equity:	13.6%	12.0%	10.4%	7.3%	10.4%	13.0%	11.2%	11.0%	11.0%	10.0%	9.0%	9.0%	9.0%	7.5%	7.5%	7.5%
Discount Period (With Stub Period):		1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00	13.00	14.00	15.00
Mid-Year Discount Period:		0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50	10.50	11.50	12.50	13.50	14.50
PV of Dividends:		13.5	4.4	3.0	4.6	5.9	7.1	7.1	7.1	6.5	5.8	5.7	5.7	4.7	4.6	4.5
Cost of Equity:		6.80%	6.80%	6.80%	6.80%	6.80%	6.75%	6.70%	6.65%	6.60%	6.55%	6.50%	6.45%	6.40%	6.35%	6.30%
		1.03	1.10	1.18	1.26	1.34	1.44	1.53	1.63	1.74	1.86	1.98	2.10	2.24	2.38	2.53

## Relative Valuation

Relative Valuation	Market Data		Financial Ratios						
Company	Price(\$/Share)	Total Earning Assets / Total Liabilities	P/E	P/TBVPS	ROE	ROA	Net Interest Margin	Loan Losses	
Evans Bank	39.37	1.35x	9.87	1.56	13.25%	1.03%	3.10%	1.48%	
Northwest Bank	13.90	1.38x	13.60	1.68	8.96%	1.03%	3.61%	0.12%	
Chemung Canal Trust Company	51.40	1.47x	8.56	1.71	15.24%	1.01%	3.13%	0.45%	
Five Star Bank	26.64	1.67x	9.95	2.06	23.01%	1.60%	3.56%	0.01%	
Tompkins Community Bank	75.35	1.51x	13.31	2.20	12.65%	1.02%	3.15%	0.54%	
M&T Bank	154.98	1.72x	11.37	1.84	11.76%	1.51%	4.10%	1.85%	
25th Percentile	23.46	1.37x	9.5425	1.65	11.06%	1.02%	3.12%	0.09%	
Median	45.39	1.49x	10.66	1.78	12.95%	1.03%	3.36%	0.50%	
75th Percentile	95.26	1.68x	13.38	2.10	17.18%	1.53%	3.73%	1.57%	



# WACC

Period: 2021 A

Filing Status: Most Recent

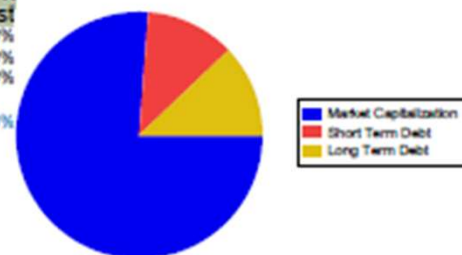
Cost of Capital

	Weight	Cost	Weight x Cost
Equity	76.20%	8.60%	6.50%
Debt	23.80%	1.20%	0.30%
Preferred Equity	0.00%	0.00%	0.00%

WACC

6.8%

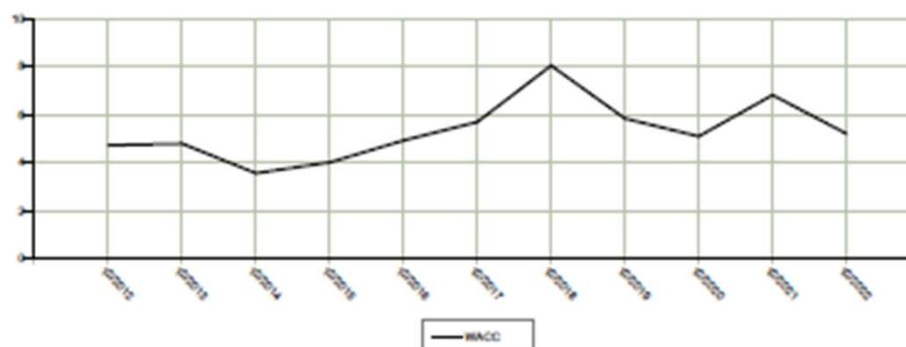
Capital Structure Graph



Capital Structure

	Millions of USD	
Market Capitalization	221.00	76.20%
Short Term Debt	34.00	11.70%
Long Term Debt	35.10	12.10%
Preferred Equity	0.00	0.00%
<b>Total</b>	<b>290.00</b>	<b>100.00%</b>

Historical Graph



Economic Value Added

	Millions of USD
Net Operating Profit	30.32
Cash Operating Taxes	8.10
NOPAT	22.22
Total Investment Capital	263.53
Capital Charge	17.98
<b>Economic Value Added</b>	<b>4.24</b>
ROIC	8.43%
EVA Spread	1.61%