

Eagle Financial Services, Inc.

Investor Deck

As of 12/31/19

Eagle Financial Services, Inc.

Forward Looking Statements

- The Company makes forward-looking statements that are subject to risks and uncertainties. These forward-looking statements include statements regarding profitability, liquidity, adequacy of capital, the allowance for loan losses, interest rate sensitivity, market risk, growth strategy, and financial and other goals. The words, “believes,” “expects,” “may,” “will,” “should,” “projects,” “contemplates,” “anticipates,” “forecasts,” “intends,” or other similar words or terms are intended to identify forward-looking statements. These forward-looking statements are subject to significant uncertainties.

- Because of these uncertainties, actual future results may be materially different from the results indicated by these forward-looking statements. In addition, past results of operations do not necessarily indicate future results. The following presentation should be read in conjunction with the consolidated financial statements and related notes and risk factors included in the Company’s Form 10-K for the year ended December 31, 2018 and other reports filed with the Securities and Exchange Commission.

Eagle Financial Services, Inc.

2019 Q4 and Full Year Highlights:

	Q4	Annual
Net income, (000's)	$ 2,831	$ 9,759
Diluted EPS	$ 0.83	$ 2.84
Dividend, per common share	$ 0.26	$ 1.00
Net interst margin	3.90%	4.02%
Loan growth, gross (000's)	$ 6,479	$ 37,933
Deposit growth (000's)	$ 36,144	$ 68,440

Total Assets $877MM

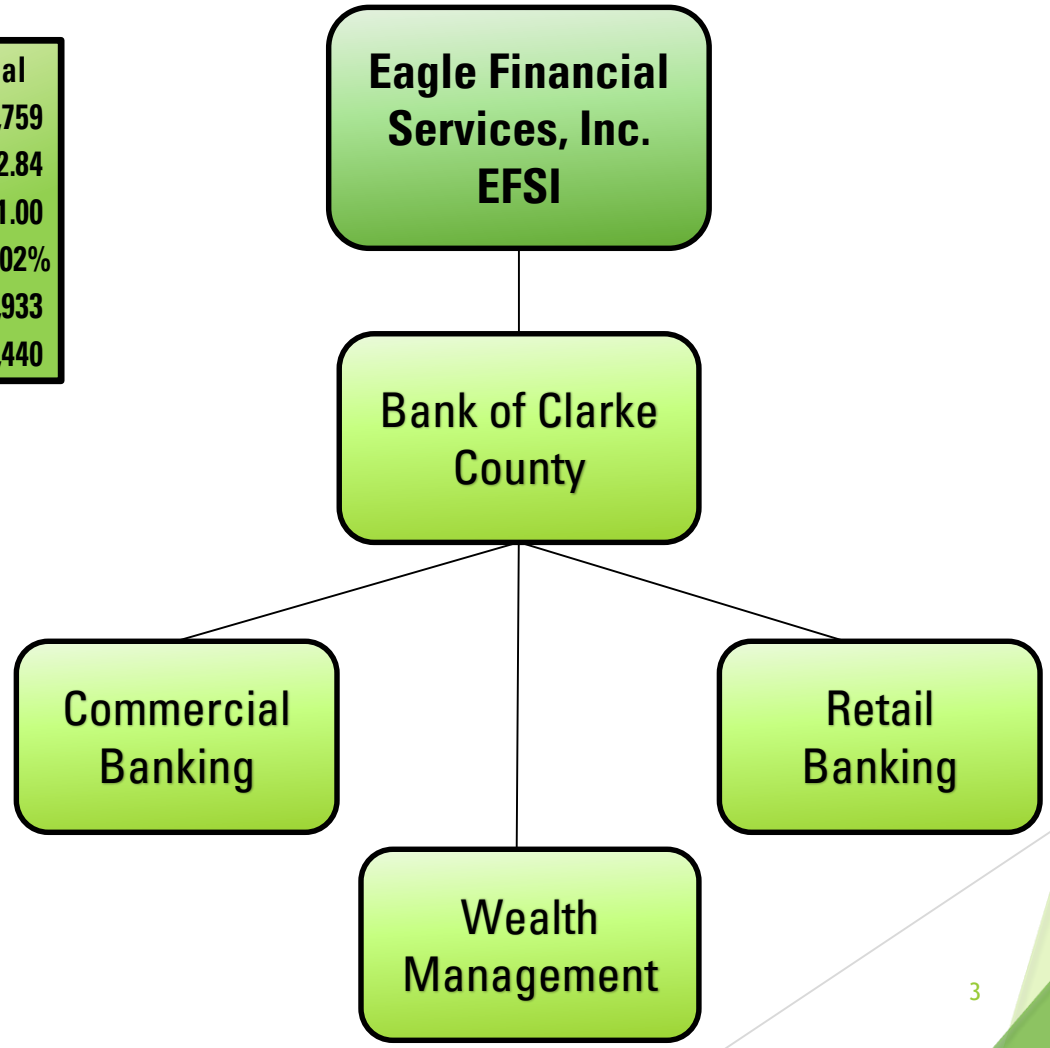
12 Retail Banking Offices

Total Loans $645MM

Core Deposits $745MM

Trust Assets $160MM

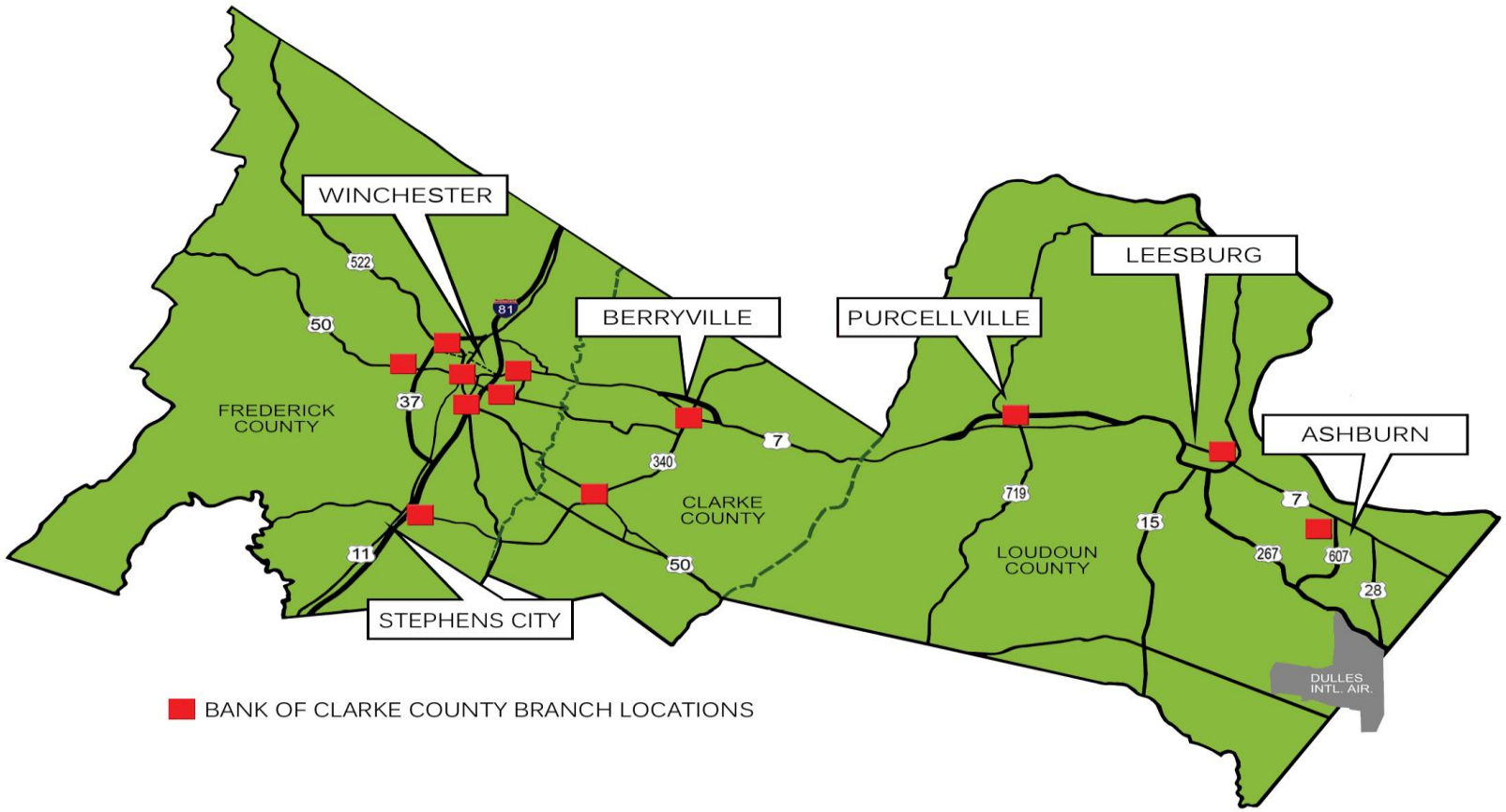
** Amounts as of 12/31/2019*



Eagle Financial Services, Inc.

Market Presence

The Bank has an East to West market span covering over 50 miles and three Counties.



Eagle Financial Services, Inc.

Management Team

Executive	Position	Industry Experience	Background
Brandon C. Lorey	President & CEO	29 years	United Bank, H&R Block Bank, Chevy Chase FSB
Kathleen J. Chappell	EVP & CFO	30 years	Middleburg Financial Corp, Yount, Hyde & Barbour, P.C.
Joe T. Zmitrovich	EVP & Chief Revenue Officer	26 years	BB&T, SECU of Maryland, Legg Mason, First National Bank of Maryland/Allfirst
Carl A. Esterhay	EVP & Senior Trust Officer	35 years	Attorney, Norwest Bank, Wells Fargo, Regions Bank
John E. Hudson	EVP & CMO	36 years	Bank of Clarke County
Kaley P. Crosen	EVP & CHRO	33 years	Jefferson National Bank, First Union Bank, Dominion Bank
Todd A. Braithwaite	SVP & CTO	30+ years in IT Industry overall, 20 years in IT Banking Industry	Sysorex Info. Systems, O'Sullivan Corporation, Middleburg Bank
Aaron Poffinberger	SVP & CRO	15 years	Yount, Hyde & Barbour, P.C.
James S. George, II	SVP & CCO	37 years	Farmers & Merchants, National Bank of Hamilton, F&M Bank, BB&T

Eagle Financial Services, Inc.

Long Range Strategic Objectives

Objective	Description
Enhance and Expand Revenue Drivers	Continue long standing tradition of matching loan growth with sustainable core deposit growth while identifying areas to expand non-interest income
Improve Efficiency and Productivity	Increased utilization of existing technology to foster drivers of revenue efficiently
Evolve to a high performing Bank	Grow operating revenue, maximize operating earnings, grow tangible book value and increase the dividend annually
Advance Culture and Employee Engagement	Invest in our people, systems, and technology to grow revenue, improve the customer experience, and preserve the "customer first" value system

Eagle Financial Services, Inc.

Strategic Priorities

Deposits

- Integrated Cash Management
- Call, Click, or Come Over Account Opening
- Enhanced Online/Mobile Functionality

Lending

- C&I / SBA Focus
- Eastern Region Expansion through Commercial Lending
- Call, Click, or Come Over Account Opening

Fee Drivers

- Loan Level Hedging
- Mortgage Secondary Enhancements
- Optimized Fee Structure across Products

Finance

- Enhanced Expense Management
- Optimization of Investment Portfolio
- Enriched Budget Process

Eagle Financial Services, Inc.

Market Presence

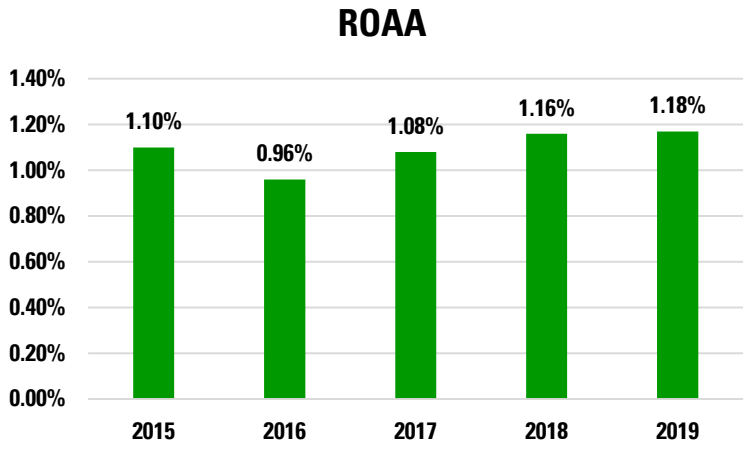
Markets	Population ages 35-54	Household Income	BOCC Deposit Market Share
Frederick	23,290	$72,100	29.16%
Winchester	6,847	$49,600	10.13%
Clarke	3,756	$76,400	80.34%
Loudoun	133,474	$136,200	2.01%
Fairfax	330,217	$118,000	n/a
Washington DC	181,127	$80,200	n/a

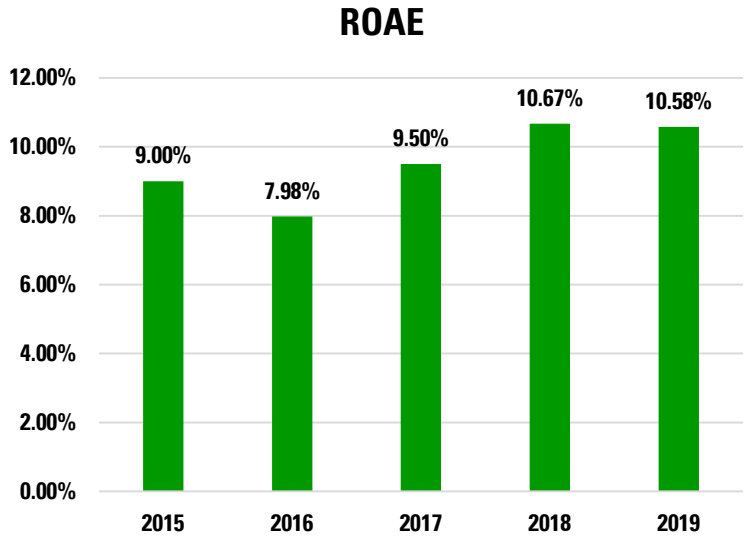
Current operational markets

Opportunity markets

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Earnings & Profitability



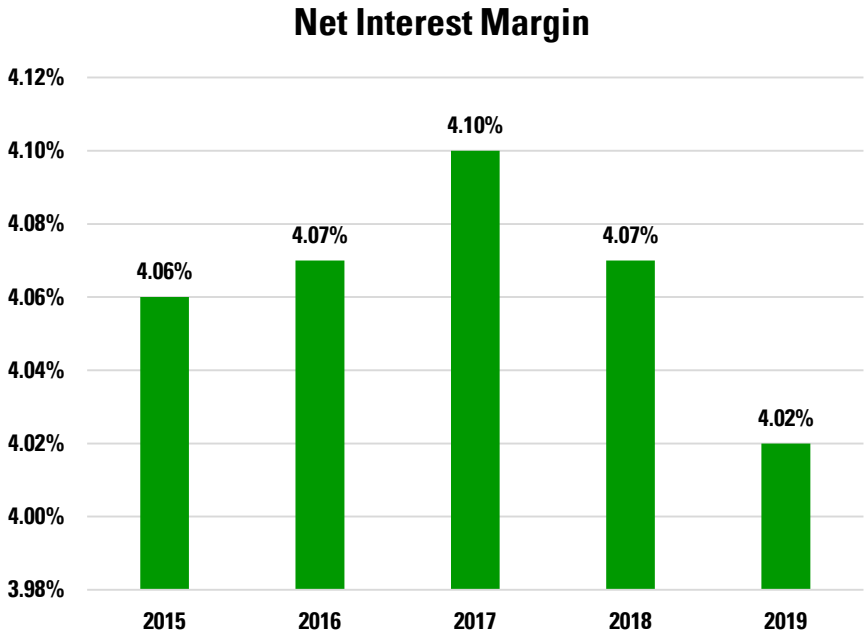




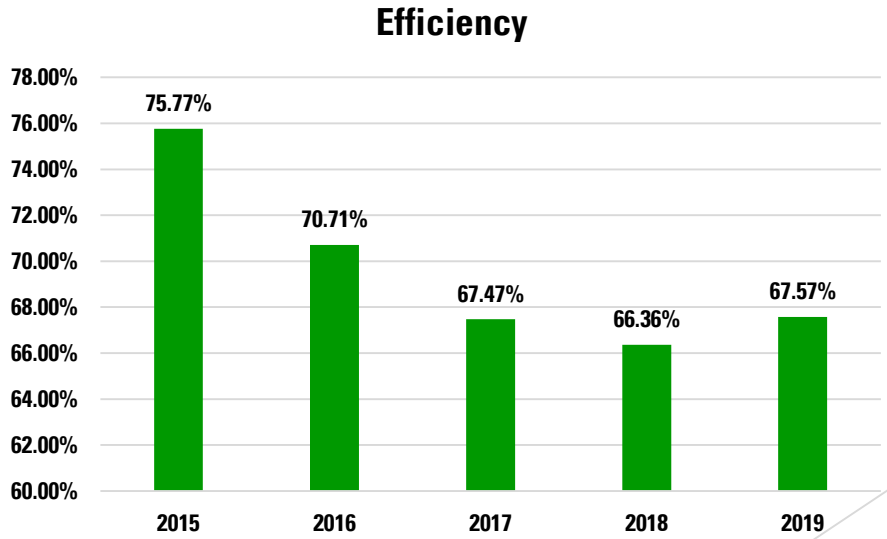
The Company has maintained consistent profitability over the past several years, with ROAA near or above 1.0%.

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Earnings & Profitability

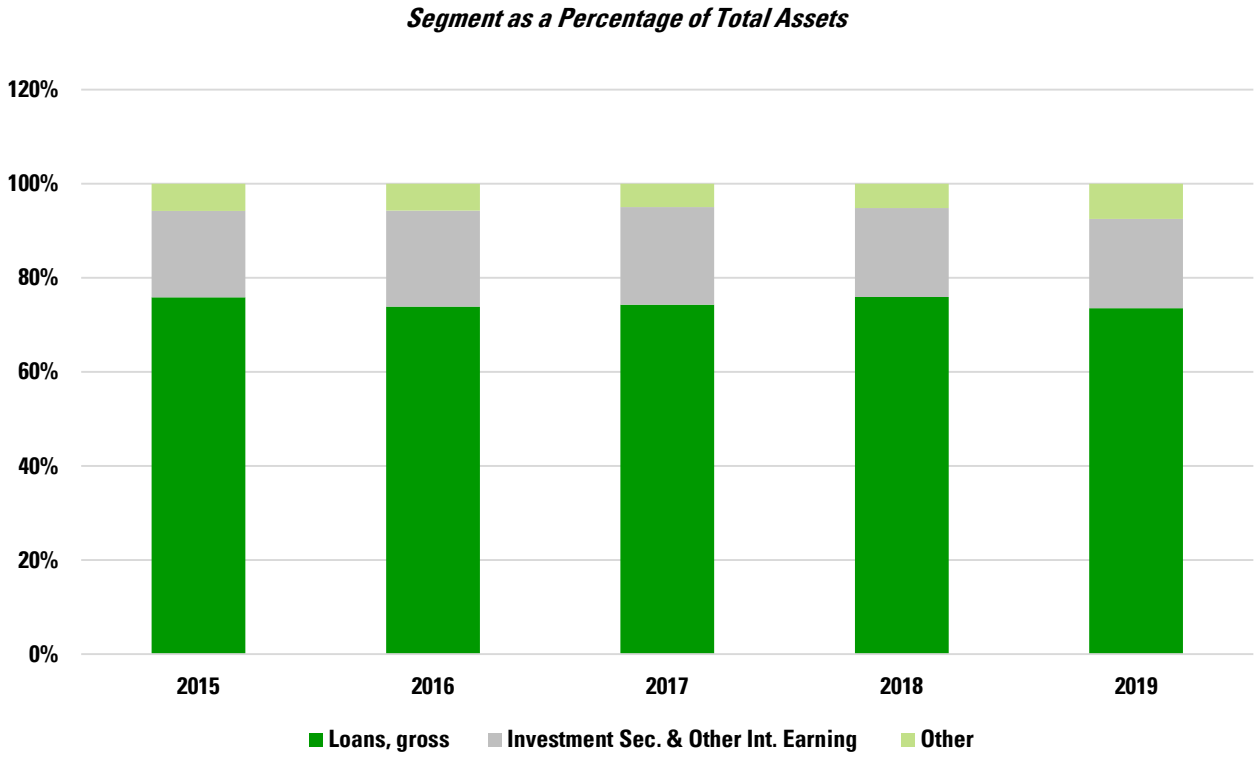


The Company has maintained a strong net interest margin by managing its loan and deposit pricing. Attention has also been given to overhead costs to return efficiency to a targeted level.



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Asset Mix

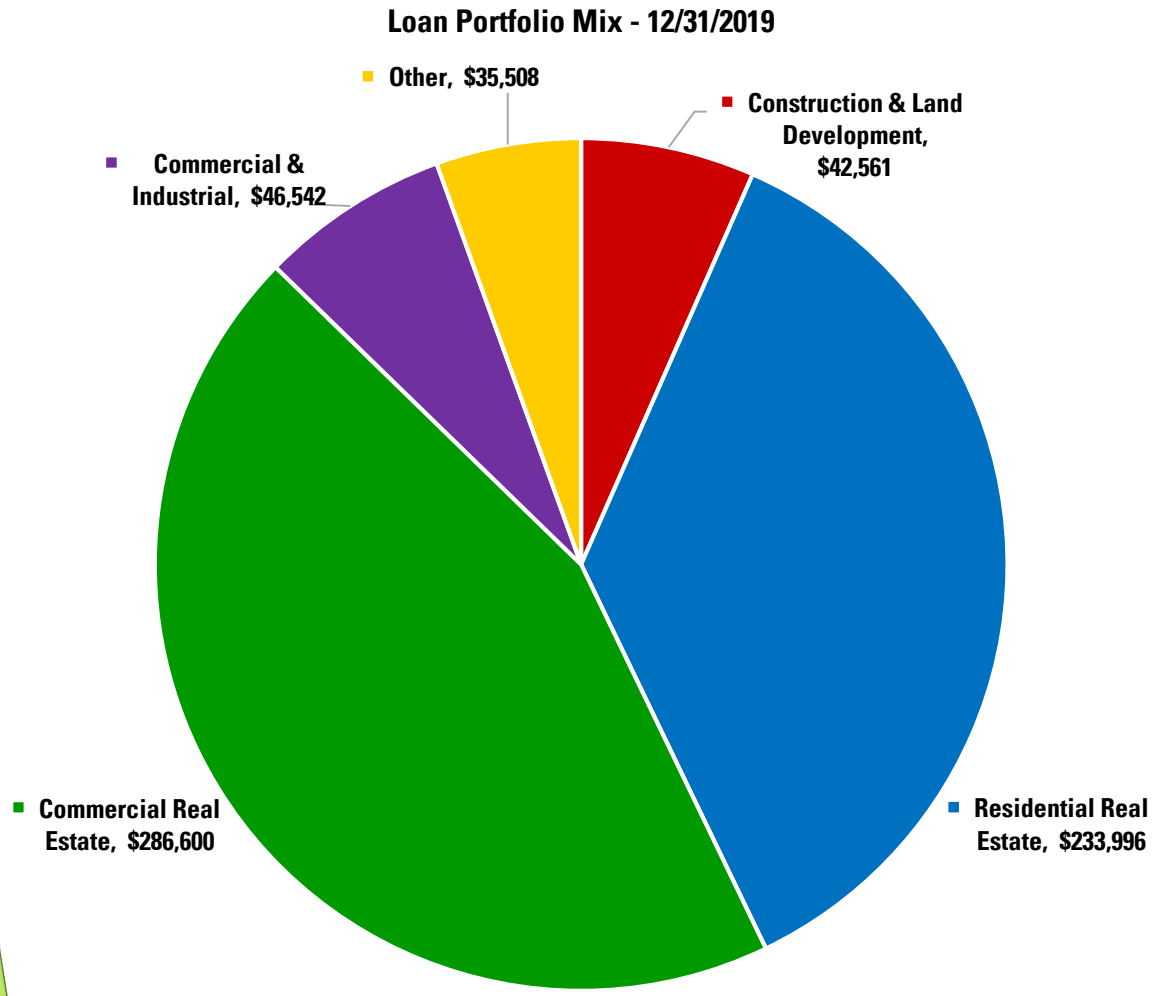


	2015	2016	2017	2018	2019
Loan to Deposits	90%	86%	86%	86%	88%
Loan to Total Assets	76%	74%	74%	76%	73%

** excludes wholesale funding*

The Company has maintained a stable mix of its assets over recent years with the majority focused in its loan portfolio, where available funding can be invested back into the communities the Bank serves.

Eagle Financial Services, Inc.

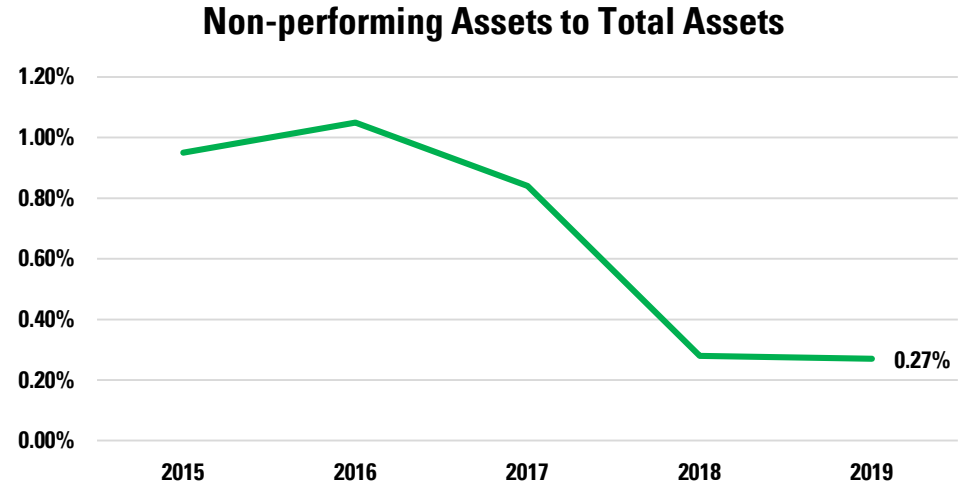


Loan Portfolio Mix (000's)

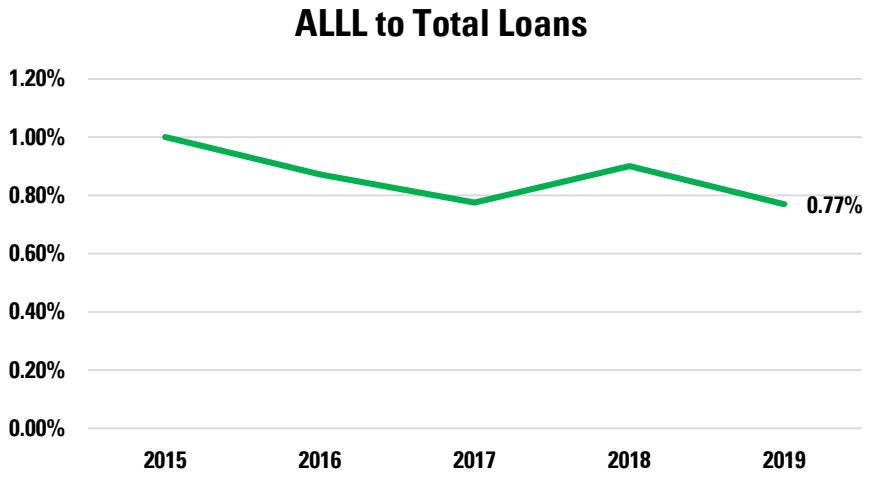
Gross loans have increased $37.9 million since 12/31/18. That growth has occurred mostly in the C&I and CRE categories.

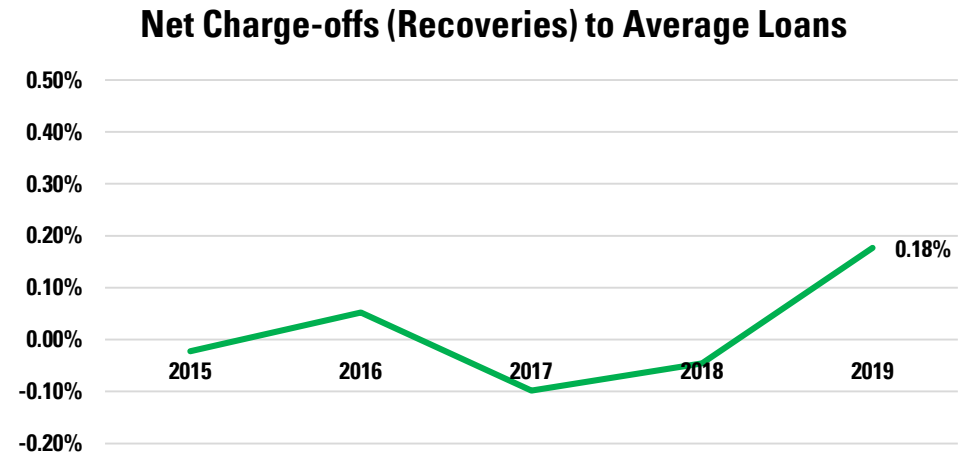
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Asset Quality



*Non-performing assets are comprised of non-accrual loans, other real estate owned and repossessed assets

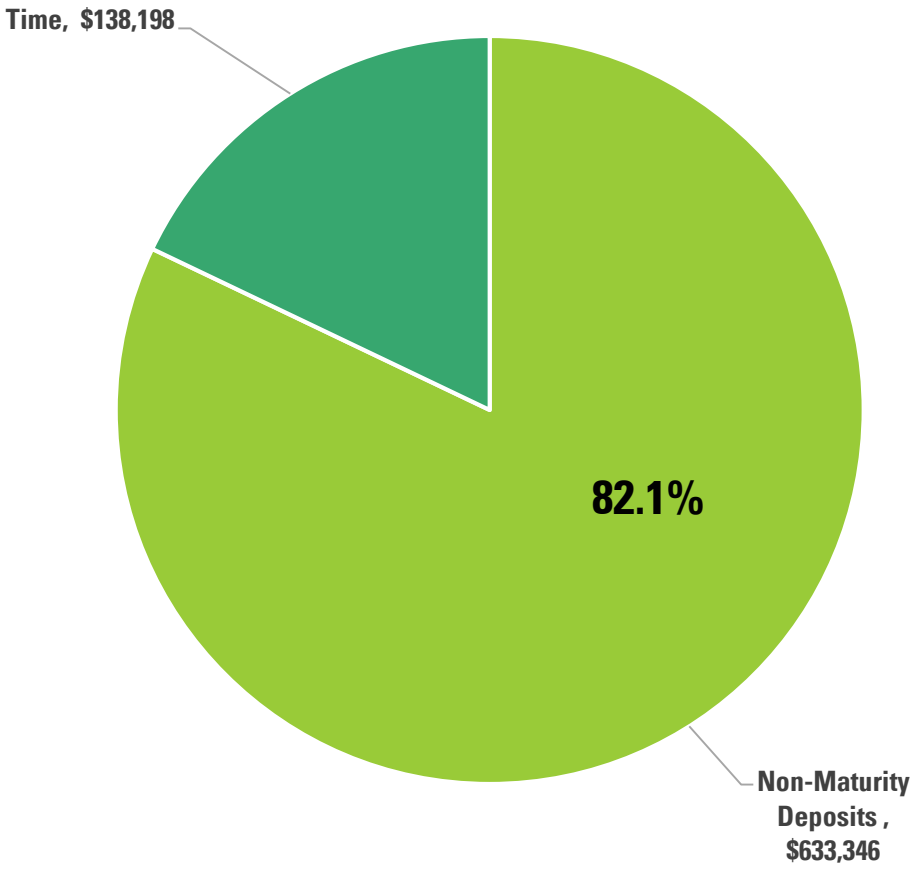




Consistent, conservative lending and underwriting practices combined with focus on delinquency and other asset quality drivers has resulted in lower levels of non-performing assets and minimal loan charges offs in recent years.

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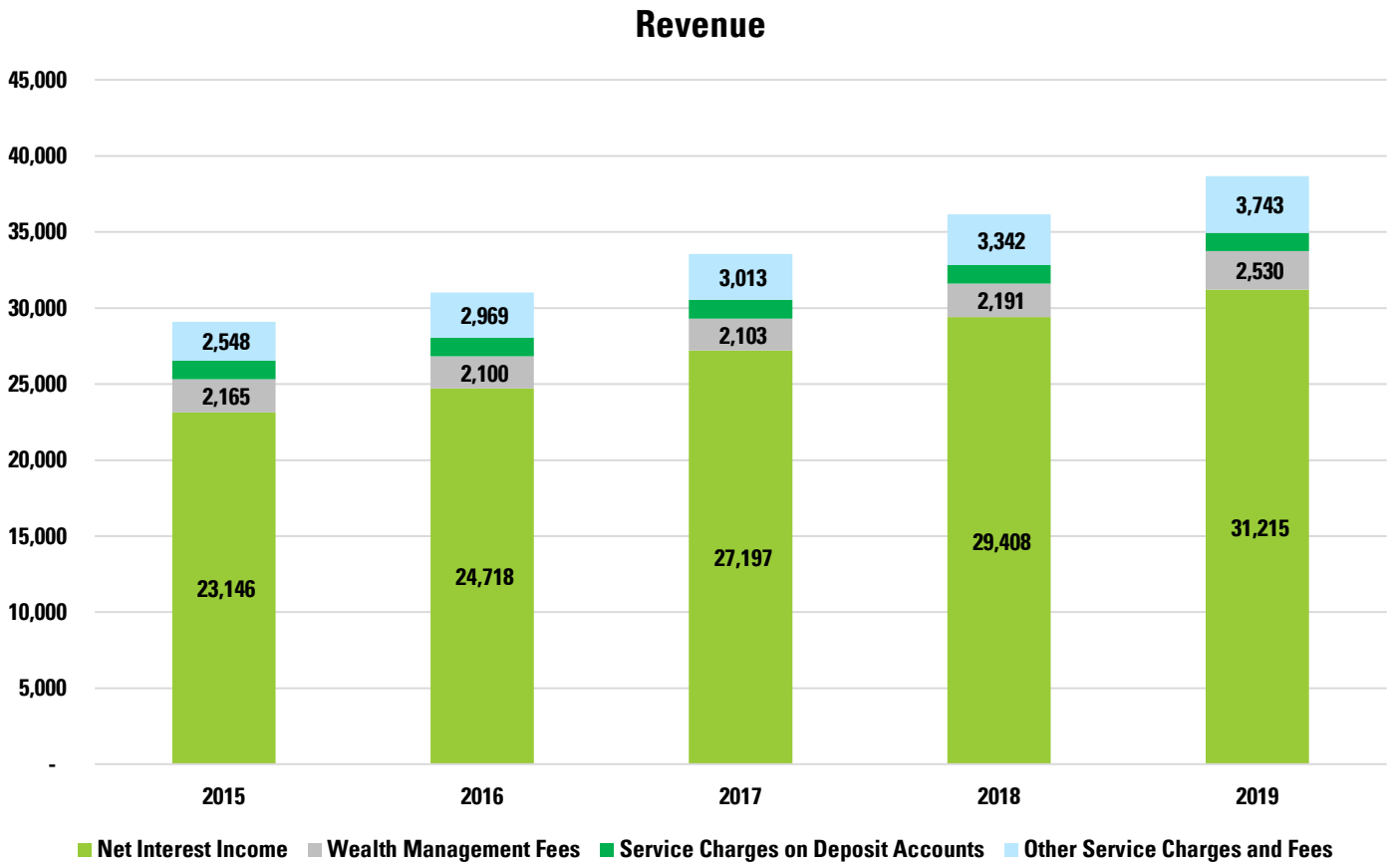
Deposit Mix & Cost of Funds



Total deposits have increased $68.4 million since 12/31/18. The 82% of lower cost non-maturity deposits helps the Company to keep its total cost of funds low, thereby supporting the net interest margin.

Total cost of funds at 12/31/2019 was 0.58% - which is among the lowest in the State of Virginia.

Eagle Financial Services, Inc.



Revenue

Net interest income increased $1.8 million from 12/31/2018 while other fee income sources remained consistent with recent year levels.

Wealth Management Fees include income from fiduciary activities and fees from sales of non-deposit investment products

Eagle Financial Services, Inc.

Exchange	OTCQX
Ticker Symbol	EFSI
Market Price	$31.05
Common Shares Outstanding	3,430,103
Market Capitalization	$106.5 Million
Insider Ownership	22.0%
Institutional Ownership	1.2%
Cash Dividend	$1.00
Dividend Yield	3.2%
Average Monthly Volume	20,700
Fully Diluted EPS	$ 2.84
Tangible Book Value	$28.23
Total Risk-Based Capital Ratio	14.9%
Tier I Risk-Based Capital Ratio	14.1%
Tier I Leverage Ratio	11.0%

Information as of 12/31/2019, unless noted otherwise

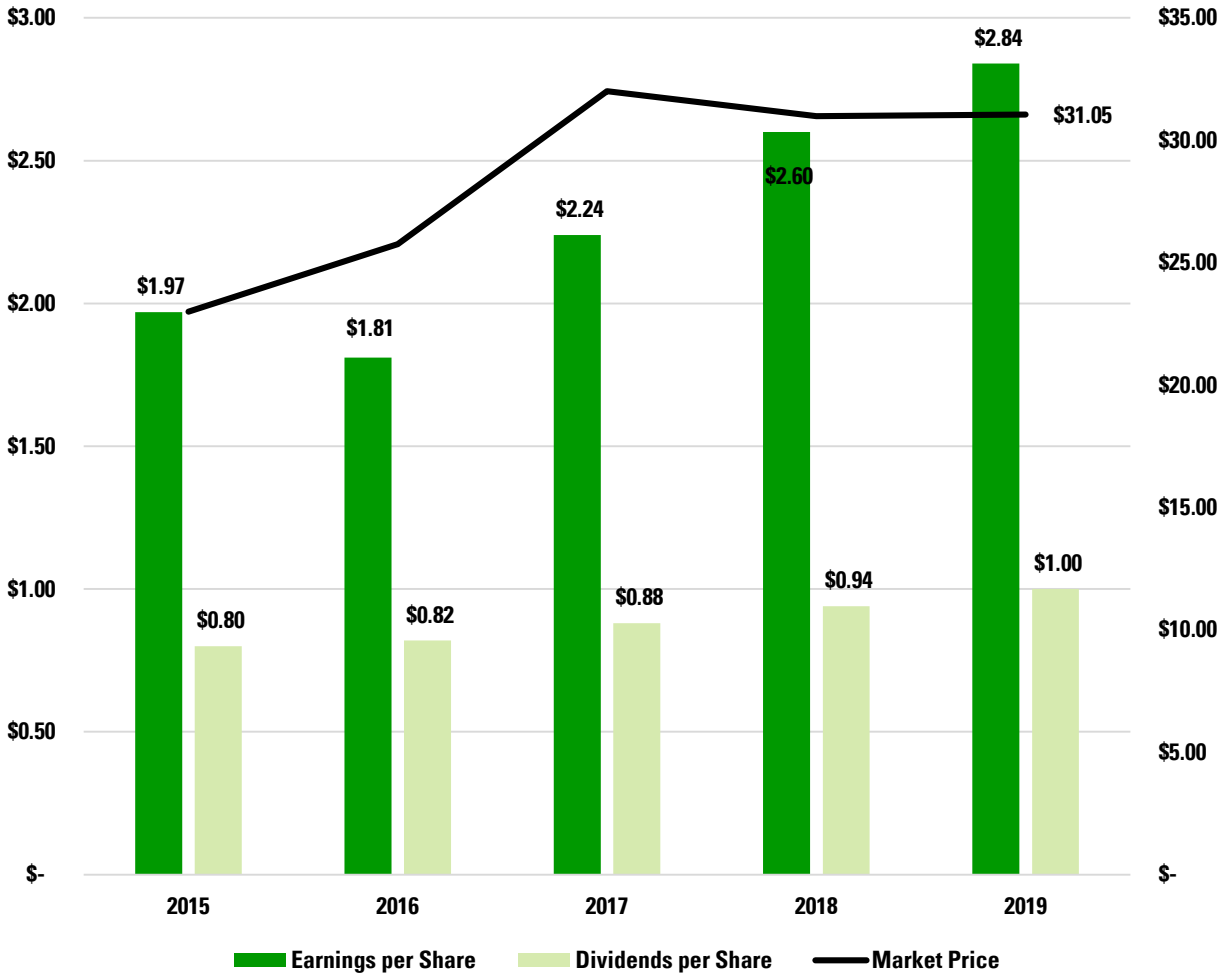
Capital

Consecutive annual cash dividend increases since 1986.

Values reflect a price to earnings of 10.93 and a price to tangible book value of 1.10.

Risk based capital levels exceed the Federal Reserve Bank's thresholds for well capitalized under the regulatory framework for prompt corrective action.

Eagle Financial Services, Inc.



Capital

The Company used $1.8 million to purchase 53,988 shares of its common stock during 2019. Since 2011, the Board of Directors has approved a stock repurchase plan. The Company believes the plan increases the stock's liquidity and assists individual shareholders with selling large blocks of stock.

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