Eagle Financial Services, Inc.

Earnings Deck

JUNE 30, 2021

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, 2020, and other reports filed with the Securities and Exchange Commission.

Eagle Financial Services, Inc.

Bank of Clarke County

Commercial Banking

- Seasoned lenders with market and various industry experience
- Gov Con…
- 12 branches and 2 LPOs
- Business online banking
- Mobile for business
- Cash/Treasury management

Retail Banking

- 12 branches
- Call center
- Online and mobile banking
- Online deposit account opening
- Online mortgage application

Wealth Management

- Traditional trust and administrative services to local clients
- Three investment advisors serving Eastern and Western markets of the Bank
- New office opening in Warrenton, VA

Executive Team:

Eagle Financial Services, Inc.



Brandon Lorey
President, Chief Executive Officer and Director

Mr. Lorey has been the President and Chief Executive Officer of both the Company and its subsidiary bank, Bank of Clarke County since July 2019. Prior to joining the Company in 2019, he served as Executive Vice President, Head of Consumer Banking of United Bank, a $7.3 billion asset bank headquartered in Connecticut, since 2015. Previously, he served as Executive Vice President, Consumer Lending from April 2014 to June 2015, as Senior Vice President, Head of Consumer Lending from February 2013 to April 2014. Prior to joining United Bank and its predecessors, he served as Chief Credit and Lending Officer for H&R Block Bank in Kansas City, Senior Vice President at Sovereign Bank in Pennsylvania and held various roles at Chevy Chase Bank, a Federal Savings Bank in Maryland, including Vice President of risk, finance, operations and direct sales.



Kathleen Chappell
Executive Vice President and Chief Financial Officer

Mrs. Chappell has served as Executive Vice President and Chief Financial Officer of the Company and the Bank since 2019. Previously, she served as Senior Vice President and Chief Financial Officer of the Company and the Bank from 2009 to 2019. From 2005 to 2008 she served as Senior Vice President and Chief Financial Officer of Middleburg Financial Corporation. Prior to she employment with Middleburg Financial Corporation, she had been employed by Yount, Hyde and Barbour, P.C., a regional accounting firm in Winchester, VA.



Joe Zmitrovich
Executive Vice President and Chief Banking Officer

Mr. Zmitrovich has served as Executive Vice President and Chief Banking Officer of the Bank since 2019. Previously, he served as Senior Vice President and Chief Lending Officer of the Bank from 2016 to 2019. From 2015 to July 2016, he served as Market President of the Southern Pennsylvania region for BB&T. From 2008 to 2015 he served as Senior Vice President and Commercial Executive for Susquehanna Bank.



Kaley Crosen
Executive Vice President and Chief Human Resource Officer

Mrs. Crosen has served as Secretary of the Company and as Executive Vice President and Chief Human Resources Officer of the Bank since 2019. Previously, she served as Senior Vice President and Human Resources Director from 2008 to 2019. Ms. Crosen served as Vice President of Human Resources from 1999 to 2008



Debra Purrington
Executive Vice President and Chief Fiduciary

Purrington has served as Executive Vice President and Chief Fiduciary since joining the Bank of Clarke County in 2021. Previously, she was SVP Director of Trust Services at The Fauquier Bank. Before moving to Virginia in 2019, Debra practiced fiduciary law in Massachusetts for many years and also served as Market Trust Director for the Northeast Region of U.S. Trust Bank of America from 2005 through 2014.



Todd Braithwaite
Executive Vice President and Chief Technology Officer

Mr. Braithwaite has been Executive Vice President and Chief Technology Officer since 2019. Prior to that time, he served as Vice President / Director of IT. From 2000 to 2014 he served as Vice President of IT for Middleburg Bank. Mr. Braithwaite joined the bank in 2015.



Aaron Poffinberger
Executive Vice President and Chief Risk Officer

Mr. Poffinberger has been Executive Vice President, Chief Risk Officer sine 2019. Before that time, he served as Vice President / Internal Audit. From 2004 to 2015 he served as Audit manager for Yount, Hyde and Barbour. Mr. Poffinberger joined the bank in 2015.



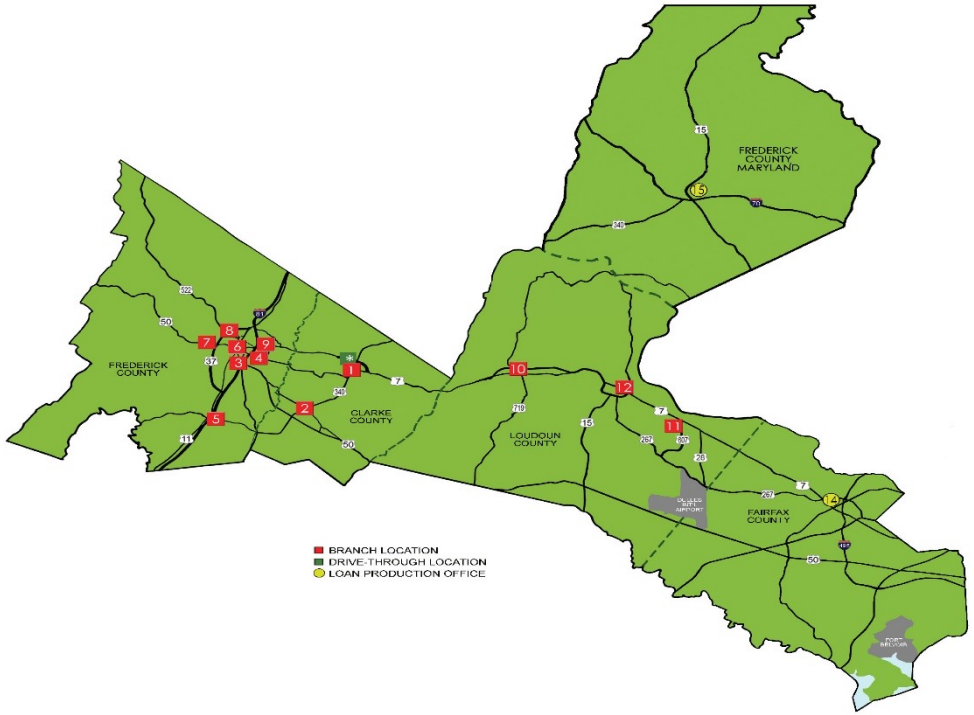
James George. II
Executive Vice President and Chief Credit Officer

Mr. George has served as Executive Vice President, Chief Credit Officer since 2019. Prior to that time, Mr. George served as Senior Credit Officer. Prior to joining the Bank in 2014, he was the Senior Credit Officer of the Blue Ridge region of BB&T.

Company Overview

Eagle Financial Services, Inc.

Geographic Presence[1]



2021 Q2

$1.2B	$869M	$1.1B	$185M
TOTAL ASSETS	TOTAL NET LOANS	TOTAL DEPOSITS	AUM

1) Opened and additional LPO in Frederick, MD August 2021

EFSI History and Financial Snapshot

- Bank of Clarke County was established in 1881 and has operated successfully for over 140 years
- Headquartered in Berryville, VA
- Operated solely in Clarke County until 1992 when expanded West into the Winchester City, VA and Frederick County markets
- In 2010, began expansion into the Northern VA markets
- Consistent high level of core deposits - current COF 18bps

Financial Snapshot as of and for the Six Months Ended June 30, 2021

YTD Profitability	NIM	3.59%
	ROAA	1.01%
	ROAE	11.19%
	Efficiency Ratio	67.07%
Regulatory Capital	TCE / TA [2]	8.83%
	Tier 1 Leverage	8.88%
	Tier 1 Capital Ratio	11.87%
	Total Capital Ratio	12.78%
Asset Quality	MRQ NCOs / Average Loans	0.01%
	NPAs / Assets	0.44%
	Loan Loss Reserves / Gross Loans	0.92%

Eagle Financial Services, Inc.

Market Presence:

Markets	Population ages 35-54*	Household Income**	BOCC Deposit Market Share	
Frederick, VA	22,621	$78,002	30.17%	Current operational markets
Winchester	10,856	$58,818	10.50%	
Clarke	3,707	$80,023	79.08%	
Loudoun	135,362	$142,299	2.55%	
Fairfax	326,142	$124,831	0%	Opportunity markets
Washington DC	183,398	$86,420	0%	
Frederick, MD	90,897	$97,730	0%	

*2019, Census Reporter **2019, US Census Bureau

Company Overview:

Eagle Financial Services, Inc.

Exchange	OTCQX
Ticker Symbol	EFSI
Market Price	$34.10
Common Shares Outstanding	3,437,782
Market Capitalization	$119 Million
Insider Ownership	22.00%
Institutional Ownership	1.40%
Cash Dividend (annual)	$1.10
Dividend Yield	3.30%
Average Monthly Volume	18,500
Fully Diluted EPS at 6/30/21	$1.71
Tangible Book Value	$31.59
Total Risk-Based Capital Ratio	12.80%
Tier I Risk-Based Capital Ratio	11.90%
Tier I Leverage Ratio	8.90%

- Strong capital position
- Growing earnings
- Consecutive annual cash dividend increases since 1986

Strategic Priorities:

Eagle Financial Services, Inc.

Deposits	Lending	Fee Drivers	Finance/ Technology
➢ Integrated Cash Management ➢ Enhanced Online/Mobile Functionality ➢ Enhanced product set to leverage and attract most profitable customer segments	➢ C&I/SBA Focus ➢ Eastern Region Expansion through Commercial Lending ➢ Team lift out of experienced bankers and credit specialists	➢ Loan Level Hedging ➢ Mortgage Secondary ➢ Marine Finance ➢ Optimized Fee Structure ➢ Trust/Financial Advisory growth	➢ Enhanced Expense Mgmt. ➢ Optimization of Invest Portfolio ➢ Call, Click or Come in a/c Opening ➢ Online Banking Enhancements ➢ Real Time Video Chat ➢ Fintech Invest

Building life-long relationships to be the leading business partner and employer in the markets that we serve

Eagle Financial Services, Inc.

Long Range Strategic Objectives:

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

Investment Rationale:

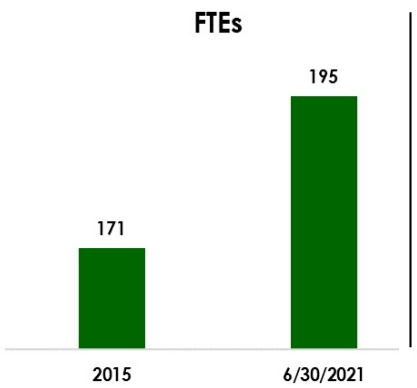
Eagle Financial Services, Inc.

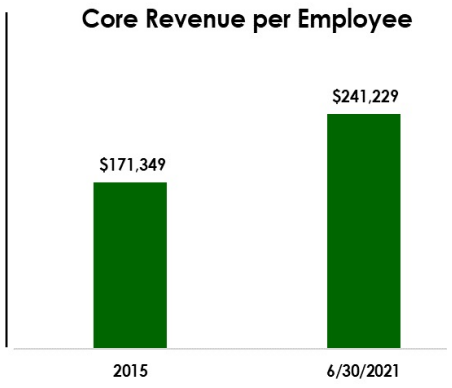
- Record of sustained profitability
- Substantial level of inside ownership at 22%
- Diversified markets in VA's fastest growing MSAs
- Experienced management with ability to build value
- 140-year-old bank delivering high tech, yet continued personalized service- call, click or come in

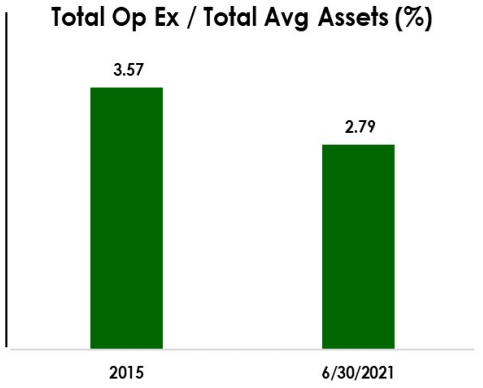
Earnings, Profitability and Growth

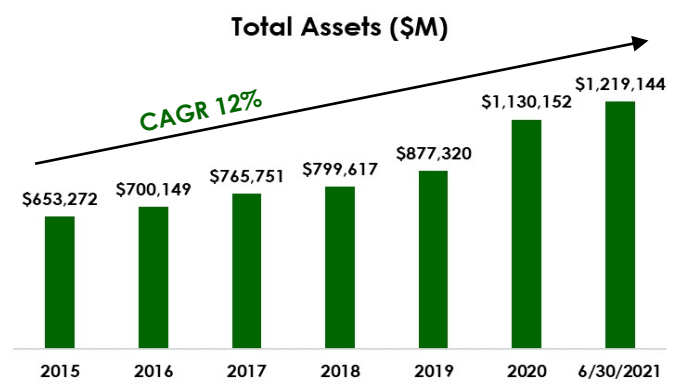
Eagle Financial Services, Inc.

Significant investments in people and technology, along with market expansion and more diversified revenue sources, has driven solid balance sheet and earnings growth



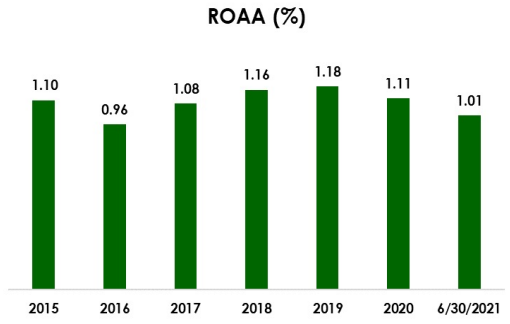


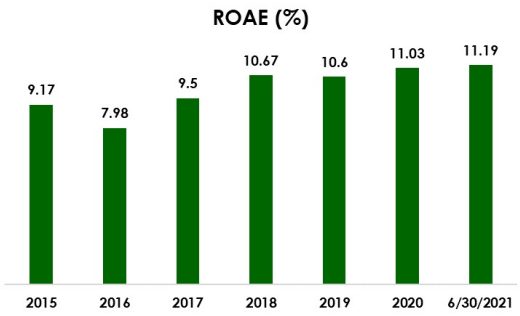




Investments, expansion and diversification

- Opened first Winchester, VA branch 1992
- Expanded into Loudoun Co. VA in 2010
- NCino
- LVF – Marine Finance
- Secondary Mortgage
- LPOs in Tysons, VA and Frederick, MD
- Gov Con lending
- Expanding Wealth Management



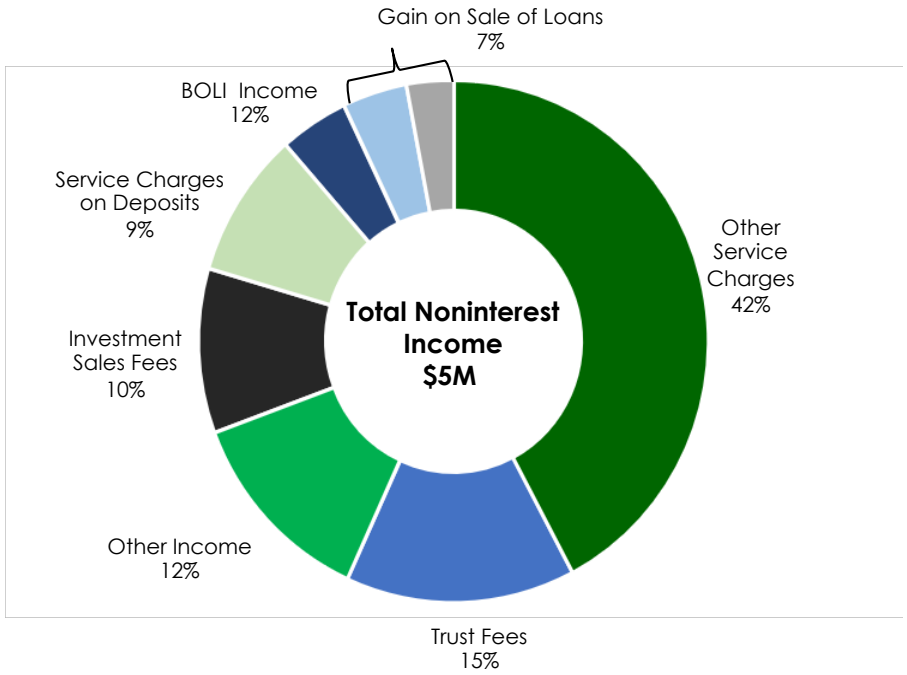


Despite rapid growth, margin compression and sizeable investments in infrastructure, the Company reports consistent profitability

Diversified Revenue

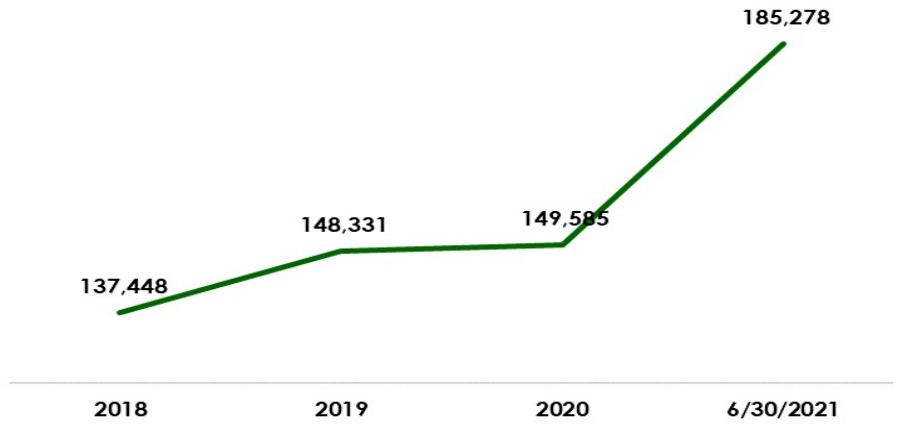
Eagle Financial Services, Inc.

Noninterest Income Q2 2021



2020 Noninterest Income to Total Revenue: 19.4%

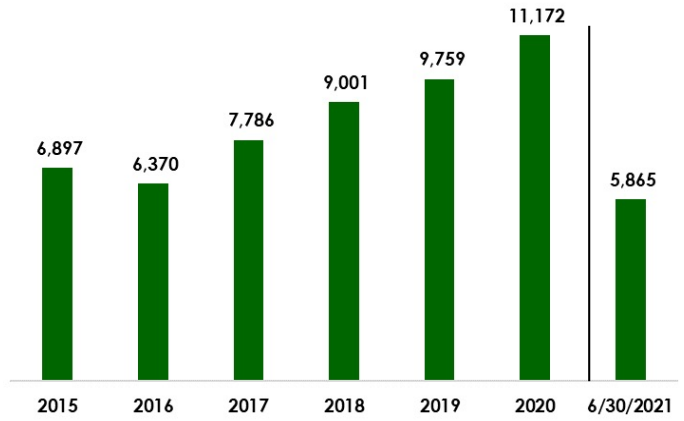
Total Assets Under Management ($M)



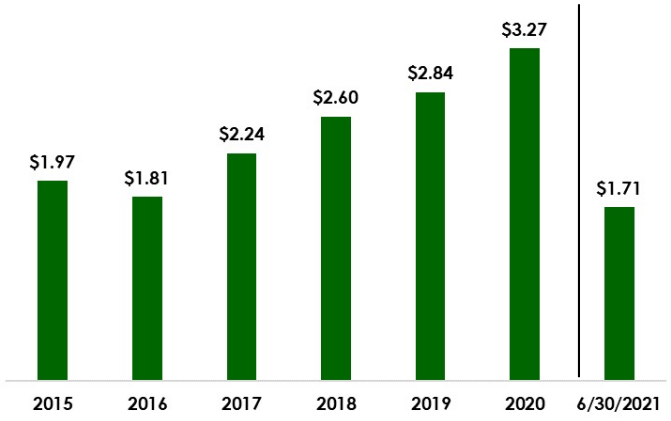
- Investments in BOLI made in 2020 ($12M)and 2021($10M)
- Secondary mortgage department built out and began selling loans Q2 2021
- Marine loan sales began Q2 2021
- Recent expansion of Wealth Management division
- ODP revenue enhancements
- Credit card portfolio

Consistent Earnings & Profitability

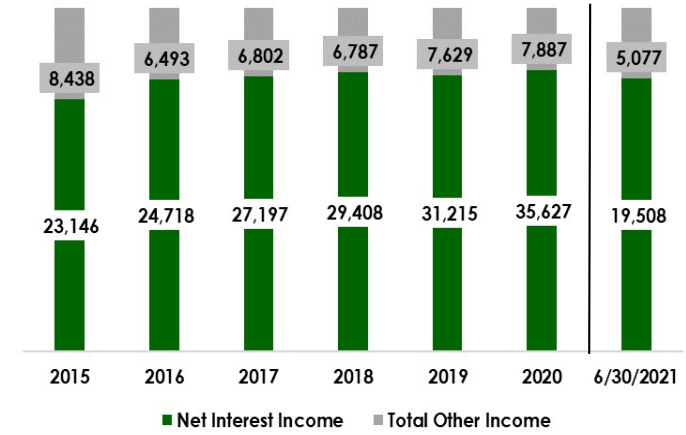
Net Income ($M)



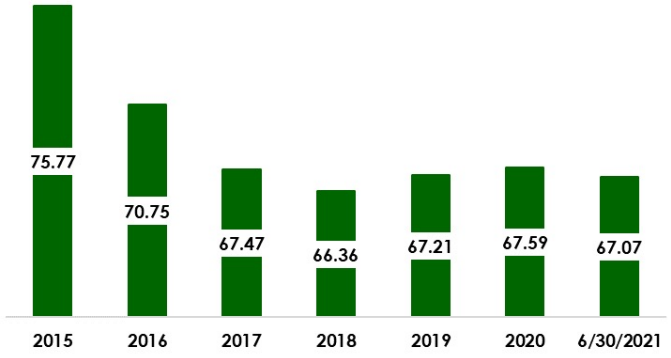
Earnings per Share



Pre-Provision Net Revenue ($M)



Efficiency

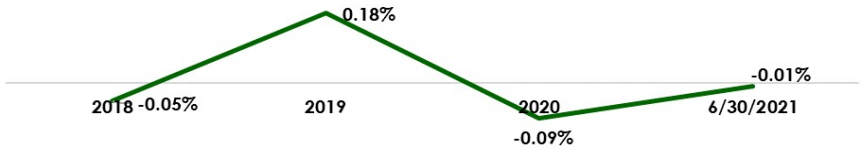


- The Company has maintained strong earnings and consistent returns to its shareholders while making investments in systems, infrastructure and expanding further into Northern Virginia and Frederick, MD
- Other revenue sources have been enhanced with the expansion of the Company's Wealth Management division and the build out of Secondary Mortgage and Marine Finance business lines

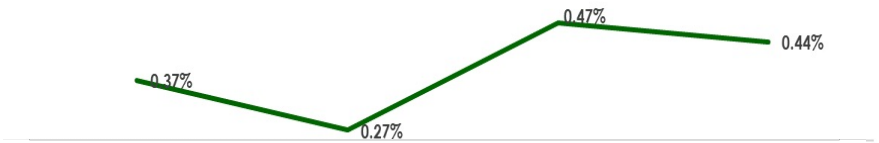
Loan Portfolio

Eagle Financial Services, Inc.

Net Charge-offs/(Recoveries)/Average Loans

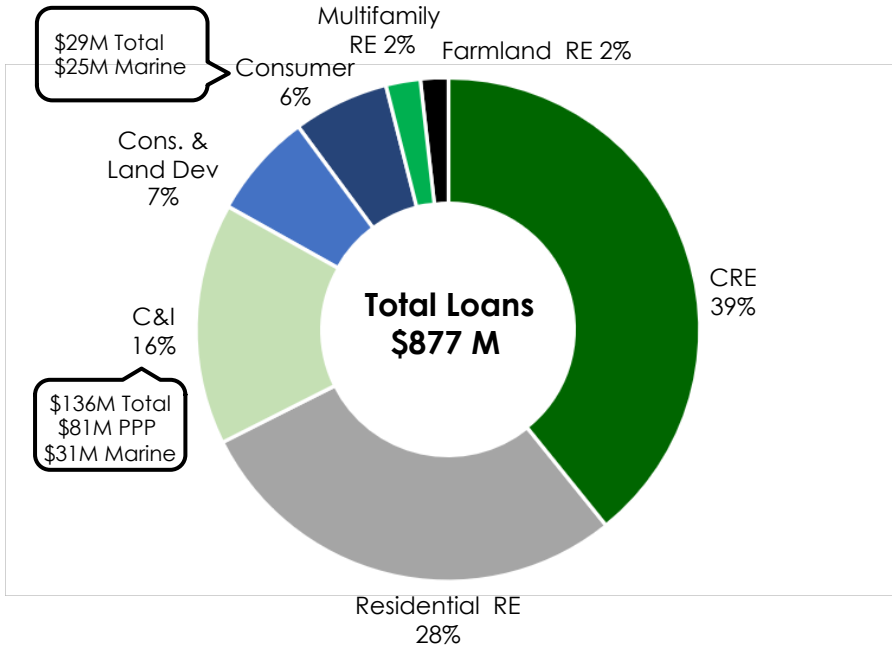


NPAs/Assets



Historical Yield on Loans

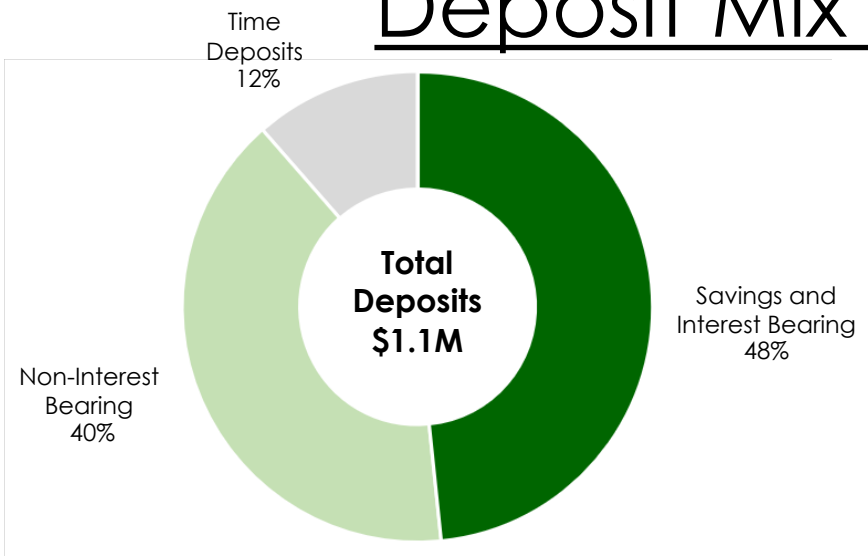


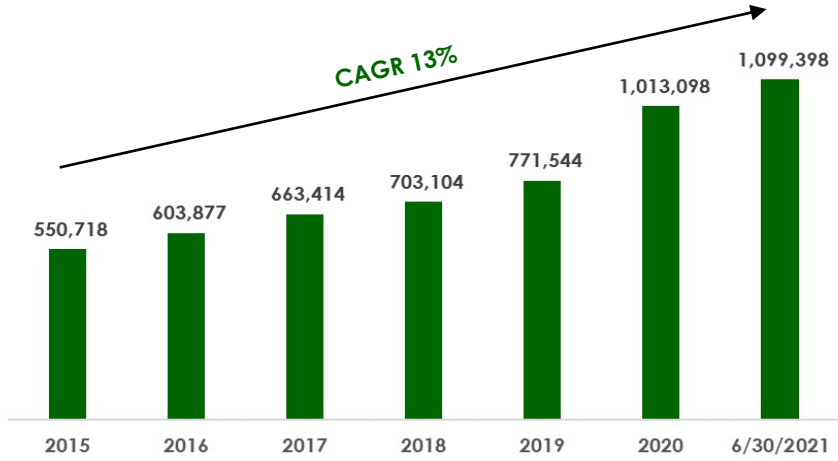


Loan Portfolio Highlights

- History of strong asset quality and very low charge off levels
- 8.6% 5yr. CAGR (excluding PPP)
- Total of $132M in PPP loans originated; $48M remains at 6/30/21
- Niche portfolio with Marine; total of $56M at 6/30/21
- Frederick, MD LPO opened August 2021
- YTD net loan growth of $45M after $84M in YTD PPP forgiveness

Deposit Mix & Cost of Funds

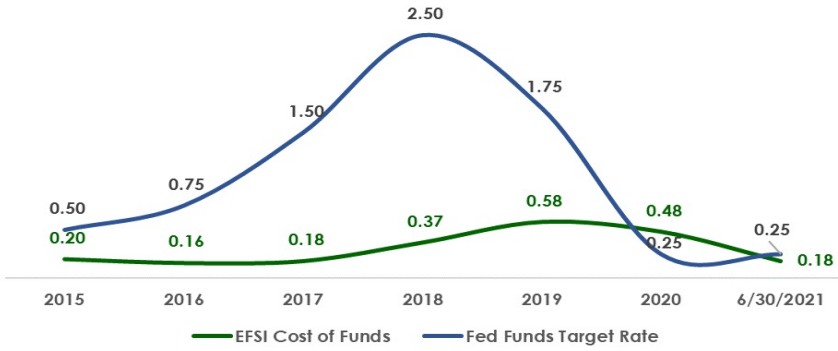




Deposit/Funding

- Disciplined pricing and COF management – 18bps at 6/30/21
- Company has not relied on wholesale funding since 2015
- Recently expanded cash management product suite
- Focus on commercial deposits as commercial loan portfolio grows
- Available online account opening for consumer customers
- Lower cost deposits from Western market fund Eastern market loan growth

Cost of Total Deposits/Fed Funds Target Rate



EFSI COVID Response

Eagle Financial Services, Inc.

Institutional

256 loan deferrals ($107M)
- 2 Remaining as of 6/30 with balances totaling $45K
- No delinquencies on loans that have come out of deferral period

Significant portfolio stress modeling and active communication with all borrowers

Early adopter of PPP
- $132MM funding (1300+ loans)
- 250+ new relationships through PPP with over 75% now converted to the Bank with active cash management and ancillary products
- Recognized $1.9MM in PPP fee income through in 2020 and $2.0MM YTD 2021

Main Street Lending Program
- One of seven banks in the state offering the program

Employee / Customer

Drive-thru and by appointment only from March through July
- Deployed video banking technology and expanded online deposit account opening to new customers

Re-opened lobbies in July as Virginia moved into Phase 3

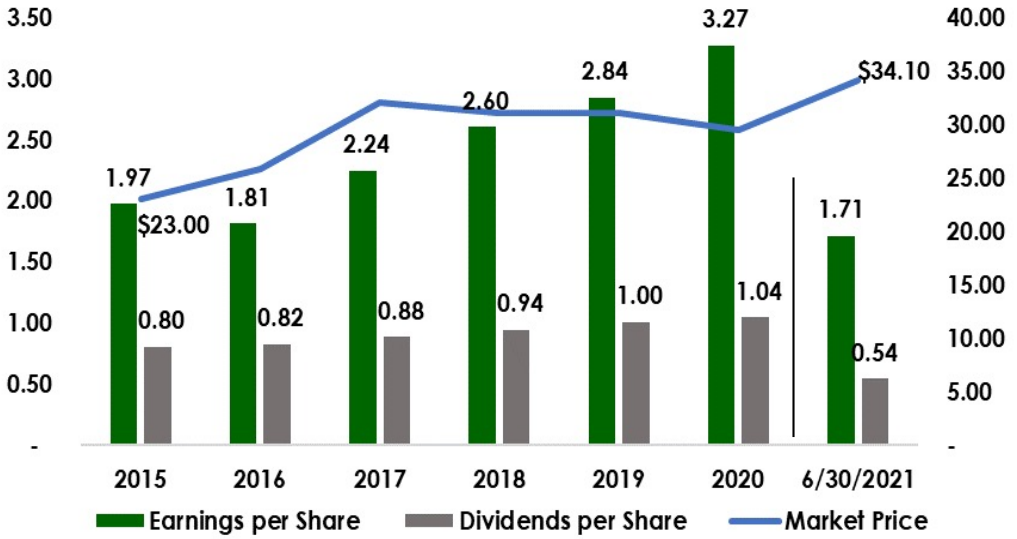
In 2020, moved 70% of back-office work force to remote work; today we have returned to work –onsite/ hybrid/remote- as determined by Dept. Mgrs.

Special payments made to essential employees who remained customer facing

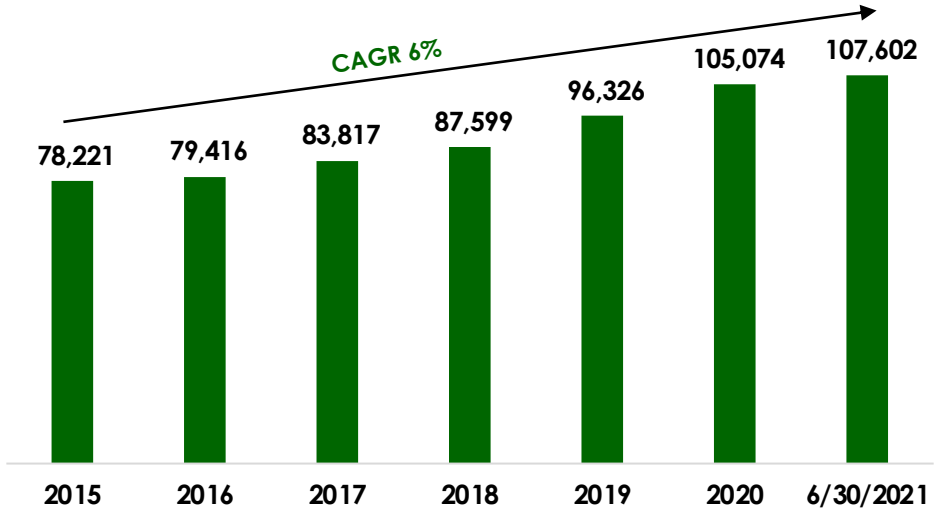
Multiple financial education seminars held to help local business through pandemic and PPP process

Capital

EFSI, per share data



Consolidated Equity ($M)



12.8%	11.9%	8.9%
TOTAL RISK BASED CAPITAL	TIER I RISK BASED	TIER I LEVERAGE

Eagle Financial Services, Inc.

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