Investor Presentation

June 30, 2022



Eagle Financial Services, Inc.

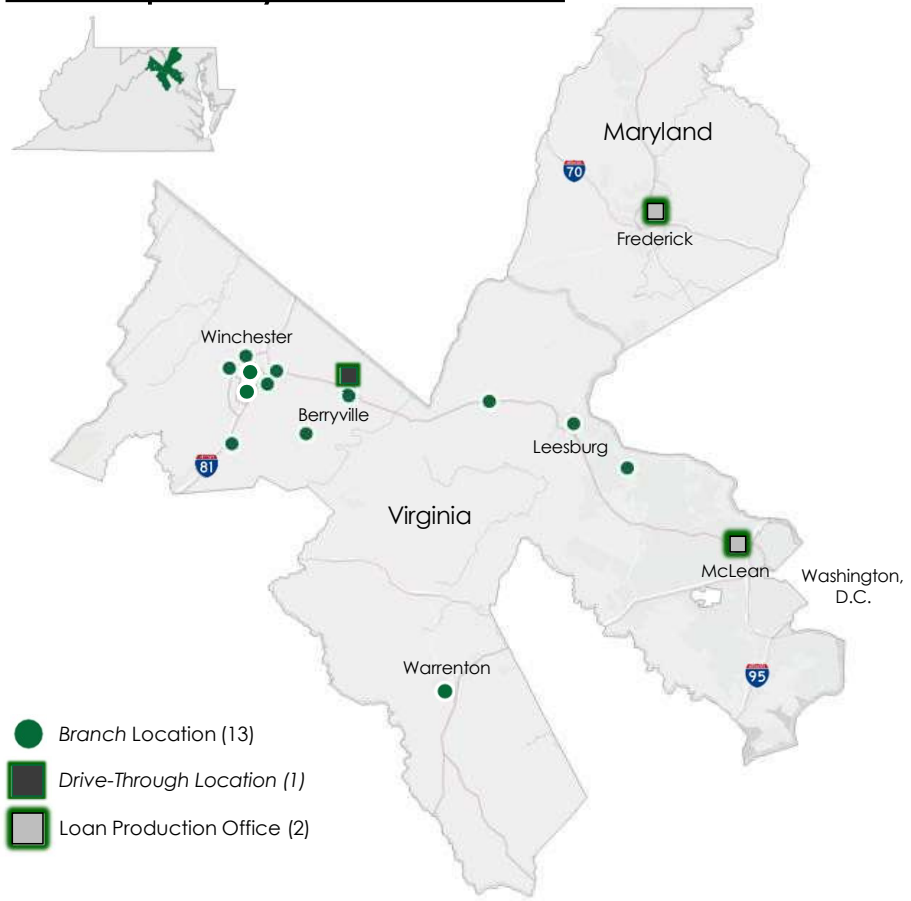
Eagle Financial Services, Inc.

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, 2021, and other reports filed with the Securities and Exchange Commission.

Company Overview



1) This is a non-GAAP financial measure. See slide 29 for a reconciliation
2) NPAs exclude restructured assets
Note: Warrenton branch opened in the second quarter 2022; Warrenton Trust Office was open as of December 31, 2021

EFSI Financial Snapshot

As of or for the Quarter Ended June 30, 2022

Balance Sheet	**Total Assets**	**$1.4B**
	Total Net Loans	**$1.1B**
	Total Deposits	**$1.2B**
	Assets Under Management	**$428M**
2022 Profitability	**NIM**	**3.70%**
	ROAA	**1.16%**
	ROAE	**15.86%**
	Efficiency Ratio[1]	**66.7%**
Regulatory Capital	**TCE / TA[1]**	**7.09%**
	Tier 1 Leverage	**8.34%**
	Tier 1 Capital Ratio	**9.67%**
	Total Capital Ratio	**11.32%**
Asset Quality	**NCOs / Average Loans**	**-0.02%**
	NPAs / Assets[2]	**0.15%**
	Loan Loss Reserves / Gross Loans	**0.88%**

Company Overview (cont.)

Eagle Financial Services, Inc. (OTCQX: EFSI)

Bank of Clarke County

Commercial Banking

- 13 branches and 2 LPOs with four permanent commercial lenders
- Seasoned lenders with market and various industry experience
- Government Contract lending
- Business online banking
- Mobile for business
- Cash/Treasury management

Retail Banking

- 13 branches
- Call center
- Online and mobile banking
- Online deposit account opening
- Online mortgage and automated credit card applications

Wealth Management

- Traditional trust and administrative services to local clients
- Two investment advisors (brokerage personnel) serving Eastern and Western markets of the Bank
- Five Trust Department personnel with average experience of 20+ years
- New trust office opened in Warrenton, VA

EFSI History and Overview

- EFSI was incorporated in 1991
- 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 Winchester City, VA and Frederick County markets
- In 2010, began expansion into the Northern VA markets
- In 2021, opened an LPO in Frederick, MD and a Trust office in Warrenton, VA
- Substantial level of insider ownership ~ 13%
- $874k net recoveries for last two years
- Consistent high level of core deposits resulting in low cost of funds ~13bps

Executive Team



Brandon Lorey
President, Chief Executive Officer and Director

Mr. Lorey has been the President and Chief Executive Officer of both the Company and Bank of Clarke County since July 2019. Prior to joining the Company in 2019, he had served as Executive Vice President, Head of Consumer Banking of United Bank, a $7.3 billion asset bank headquartered in Connecticut. Prior to joining United Bank, 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

Ms. 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 her employment with Middleburg Financial Corporation, she had been employed by Yount, Hyde and Barbour, P.C., a regional accounting firm in Winchester, Virginia.



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

Ms. Crosen has served as Secretary of the Company and as Executive Vice President and Chief Human Resources Officer of the Bank since 2019. 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 Officer

Ms. Purrington has served as Executive Vice President and Chief Fiduciary Officer since joining the Bank 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 in addition to serving as Market Trust Director for the Northeast Region of U.S. Trust Bank of America from 2005 to 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 since 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.



Marianne Schmidt
Senior Vice President and Chief Marketing Officer

Ms. Schmidt is the latest addition to the executive team, joining the Bank in 2022 as Chief Marketing Officer. She spent 25 years on Wall Street, holding marketing leadership positions at J.P. Morgan Chase, Citigroup, Bank of America-Merrill Lynch and most recently, Folio Financial, which was acquired by Goldman Sachs.

Investment Highlights

- Record of sustained profitability
- Diversified markets in VA's fastest growing MSAs
- Experienced management with ability to build value
- 140-year-old bank delivering high tech, yet personalized service – Call, click or come in
- Substantial level of inside ownership at 13%

Long Range Strategic Objectives

Eagle Financial Services, Inc.

Enhance and Expand Revenue Drivers	➢ Continue long standing tradition of funding loan growth with core deposit growth while identifying areas to expand non-interest income
Improve Productivity	➢ Increase utilization of existing technology to drive revenue and further lower expenses
Excel as a High Performing Bank	➢ Increase operating revenue, maximize operating earnings, grow tangible book value
Advance Culture and Employee Engagement	➢ Invest in people, systems, and technology to grow revenue, improve the customer experience, and preserve the "customer first" value system

Strategic Priorities

Eagle Financial Services, Inc.

Deposits

- Integrated Cash Management
- Enhanced Online / Mobile Functionality
- Enhanced product set to leverage and attract most profitable customer segments

Lending

- C&I/SBA Focus
- Eastern Region Expansion through Commercial Lending
- Hire experienced bankers and credit specialists
- LPOs in Tysons, VA and Frederick, MD
- Government contract lending

Fee Drivers

- Loan Level Hedging
- Secondary Mortgage
- Marine Finance
- Optimized Fee Structure
- Trust / Financial Advisory growth
- Expanded Wealth Management
- Credit Card Portfolio

Finance / Technology

- Enhanced Expense Management
- Optimization of Investment Portfolio
- Call, Click or Come in account opening
- Online Banking Enhancements including investment in Ncino, a leader in Cloud banking
- Real Time Video Chat
- Fintech Investment

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

Market Presence

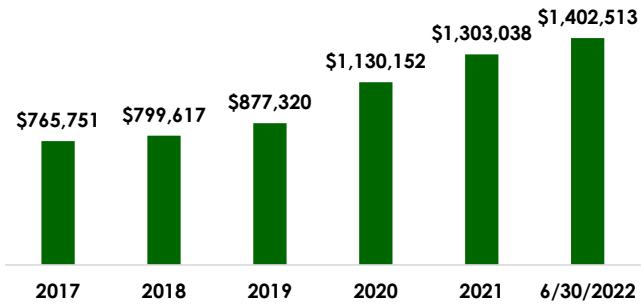
County, ST	Market Rank	Branches (#)	Deposit Market Share (%)	'22 – '27 Proj. Pop Change (%)	'22 Median HHI ($)	'22 – '27 Proj. HHI Growth (%)
Active Branch Markets						
Frederick, VA	2	5	27.74%	6.07%	$90,002	6.88%
Clarke, VA	1	3	83.61	3.20	93,075	9.16
Loudoun, VA	8	3	2.87	6.65	162,430	9.20
Winchester (City), VA	2	2	11.16	2.51	67,511	8.65
EFSI Avg.				**4.67%**	**$103,305**	**8.43%**
Virginia Avg.				**3.51%**	**$84,251**	**10.00%**
National Avg.				**3.21%**	**$72,465**	**12.10%**
LPO & Prospective Markets						
Fairfax, VA[1]	--	1	--	3.10%	$137,035	7.95%
Frederick, MD[1]	--	1	--	6.78	112,074	11.14
Fauquier, VA[2]	--	--	--	4.32	112,709	9.58
Washington, DC	--	--	--	(1.41)	102,806	13.15

1) Loan production office
2)Fauquier County is home to the Company's Trust Office in Warrenton, VA; the Company opened a full-service branch here in early 2Q2022 Note: Deposit and demographic data as of June 30, 2021
Source: S&P Global Market Intelligence

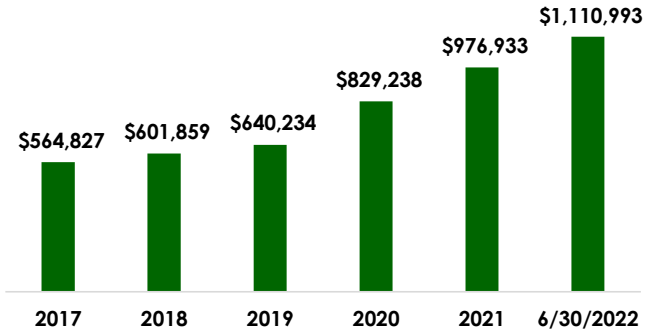
Balance Sheet Trends (000's)

Eagle Financial Services, Inc.

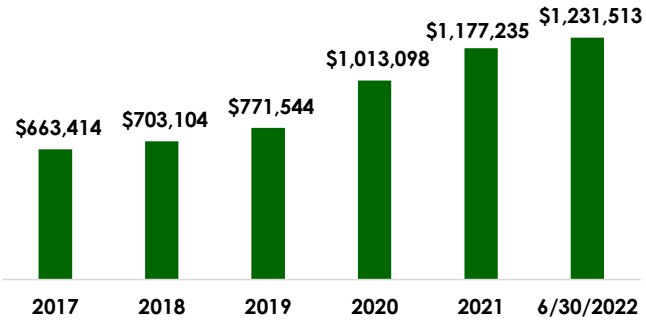
Total Assets



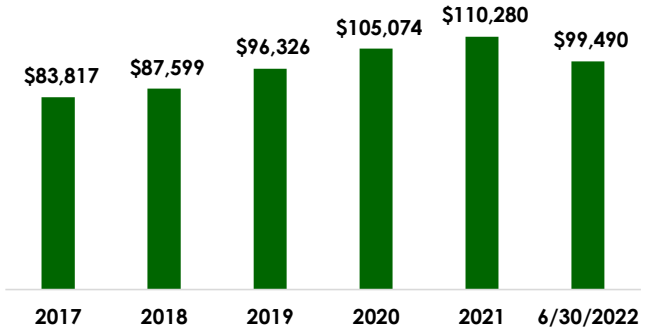
Net Loans HFI



Total Deposits



Total Equity

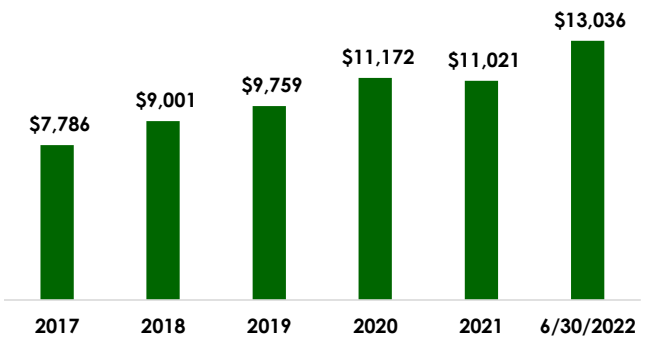


- Total assets increased 7.6% or $99.5M from year end 2021
- Over the same time period, net loans increased 13.7% or $134.1M. Excluding PPP, net loans increased 28.5% from YE 2020 to YE 2021, from $748M to $961M
- Deposits increased 4.6% or $54.3M from year end 2021 while total equity decreased from the impact of unrealized losses in the investment portfolio at 6/30/22

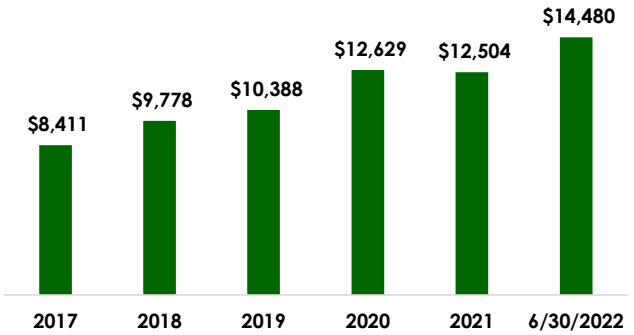
Consistent Earnings & Profitability

Eagle Financial Services, Inc.

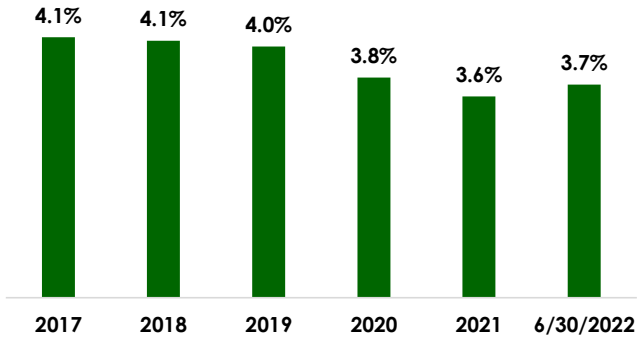
Net Income[1] (000's)



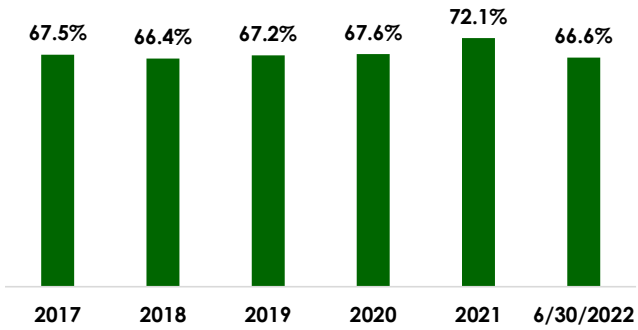
Pre-Provision Net Revenue[1] (000's)



Net Interest Margin (%)



Efficiency Ratio (%)[2]

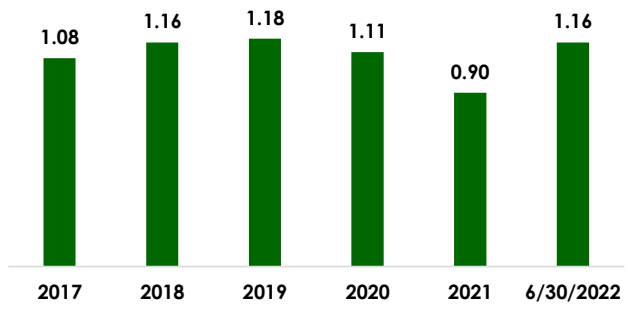


- The Company has maintained strong earnings while making investments in systems, infrastructure, and expansions further into Northern Virginia and Frederick, MD
- Other revenue sources have been enhanced with the expansion of the Company's Wealth Management division and the build-out of Secondary Mortgage and Marine Finance business lines
- The recent significant investments in technology and infrastructure are expected to improve both short-and-long term productivity

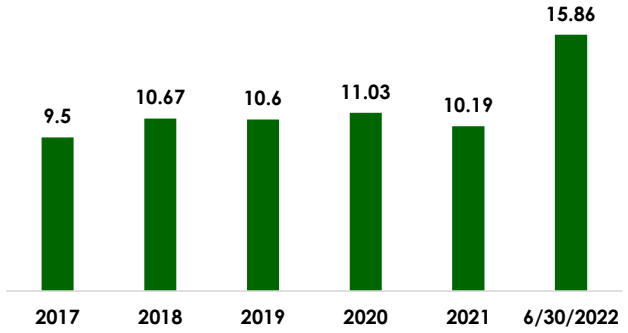
1) Annualized at 6/30/2022
2) This is a non-GAAP financial measure. See slide 20 for a reconciliation

Consistent Earnings & Profitability (cont.)

ROAA (%)



ROAE (%)



Additional Growth Metrics



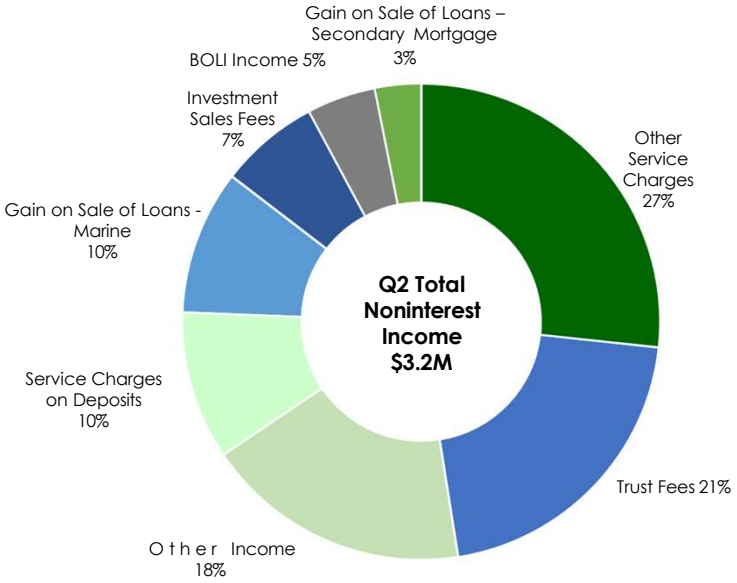
1) Excluding the 2021 one-time expense of $1.9M, ROAA and ROAE were 1.03% and 11.58%, respectively
2)Revenue calculated as net interest income plus noninterest income;

- Significant investments in people and technology, along with market expansion and more diversified revenue sources, has driven solid balance sheet and earnings growth
- Despite rapid growth, margin compression, and sizeable investments in infrastructure, the Company reports consistent profitability
- 2021 financial returns were impacted by a one-time legal expense; excluding these costs, ROAA and ROAE would have been 1.03% and 11.58%, respectively

Diversified Revenue

Eagle Financial Services, Inc.

Noninterest Income June 30, 2022

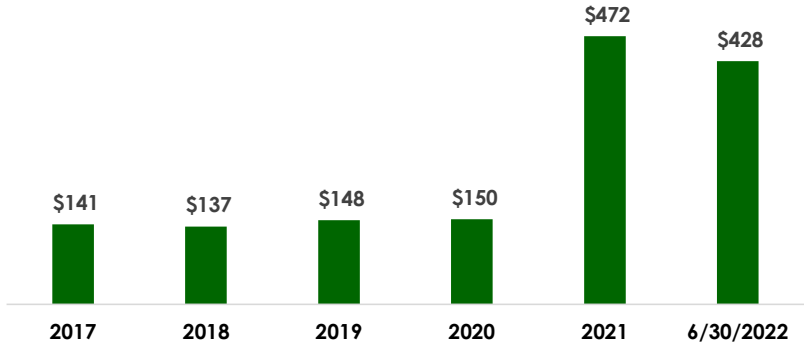


Annualized Q2 Noninterest Inc. to Total Revenue: 24.4%

Wealth Management Fees

2020 - $2.3M	2021 - $3.1M

Total Assets Under Management ($MM)

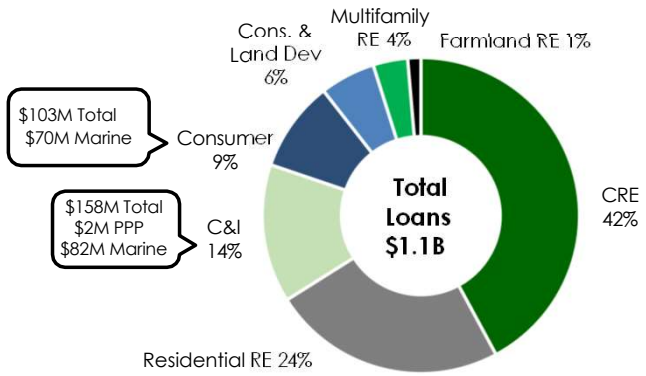


Noninterest Income Highlights

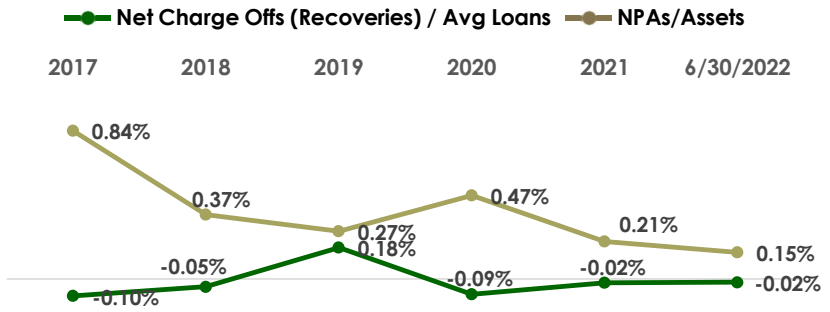
- Recent expansion of Wealth Management division with several new hires in 2020 and 2021
- Investments in BOLI made in 2020 ($12M) and 2021($10M)
- Secondary mortgage department built out in 2020 and began selling loans Q2 2021
- Marine loan sales began Q2 2021
- Credit card portfolio

Loan Portfolio

Loan Composition as of June 30, 20212



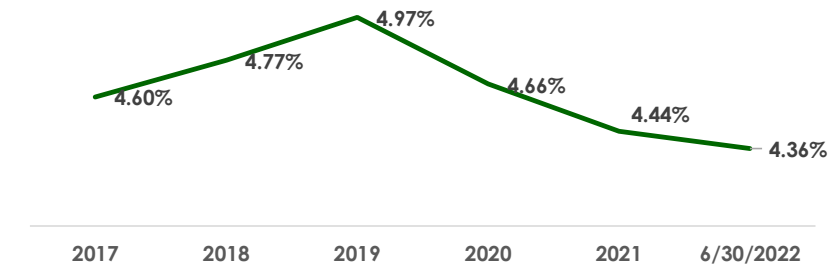
Historical Performance (%)



Loan Portfolio Highlights

- 83% Loan / Deposit ratio and 243% CRE Concentration ratio
- History of strong asset quality and very low charge-off levels
- Net loan growth of $99M in Q2 after $6.0M in PPP forgiveness; net loan growth of $152M in 2021 after $116M in PPP forgiveness
- Total of $132M in PPP loans originated; $2.4M remains at 6/30/22
- Niche portfolio with Marine; total of ~$151M at 6/30/22
- Frederick, MD LPO opened August 2021

Historical Average Yield on Loans (%)

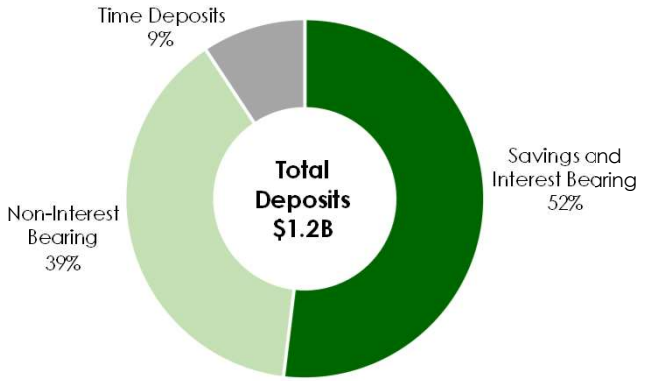


1) NPAs exclude restructured loans

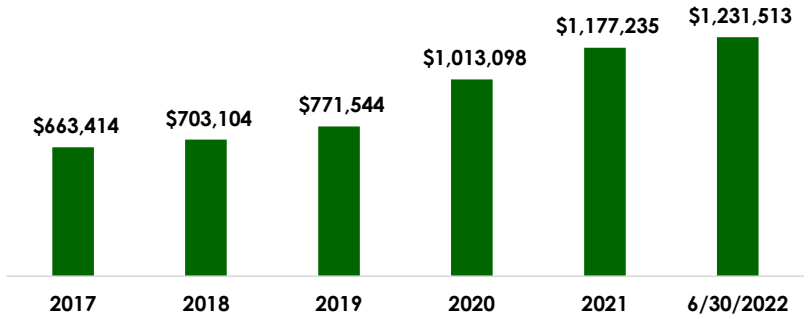
Deposit Portfolio

Eagle Financial Services, Inc.

Deposit Composition as of June 30, 2022



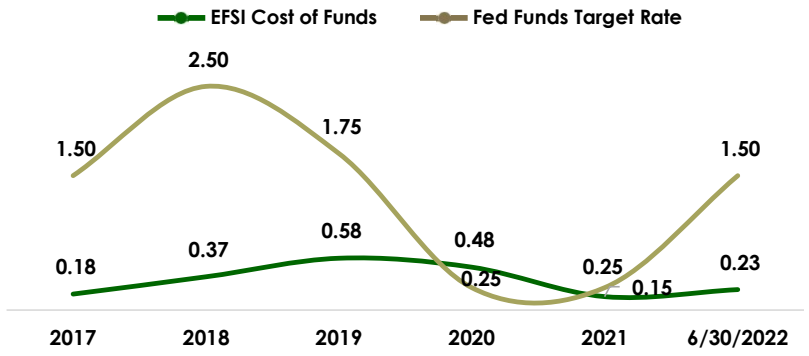
Total Deposits (000's)



Deposit & Funding

- Disciplined pricing and cost of fund management – 23bps at 6/30/22
- 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 consumers
- Lower cost deposits from Western market used to fund continued Eastern market loan growth

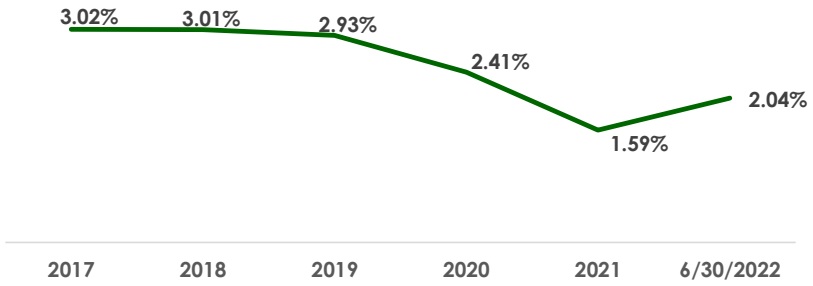
Cost of Total Deposits & Fed Funds Target Rate (%)



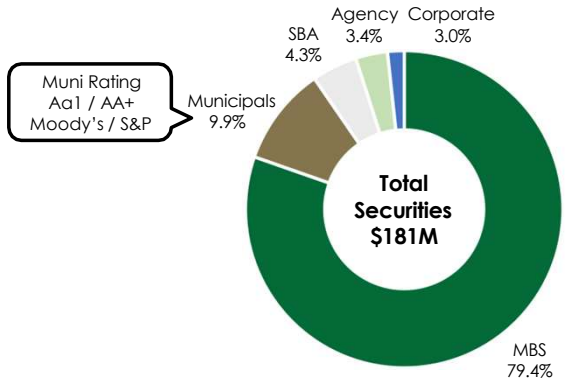
Investment Portfolio & Interest Rate Sensitivity

Eagle Financial Services, Inc.

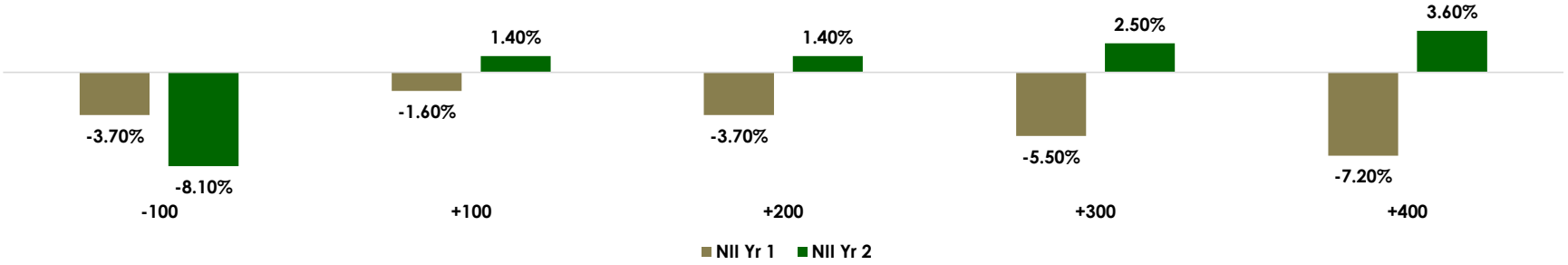
Average Yield on Securities (%)



Securities Portfolio as of June 30, 2022



Interest Rate Sensitivity as of June 30, 2022 (%)



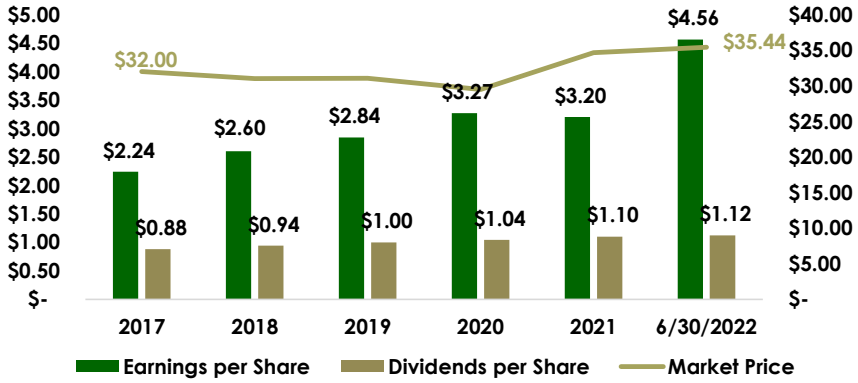
Funding and Sources of Liquidity

- $10.5M cash at the holding company as of June 30, 2022
- Dividend capacity from the bank to the holding company of $21.8M as of December 31, 2021
- Unused lines of credit to purchase federal funds from correspondent banks totaling $78.0M
- As of June 30, 2022, EFSI had no borrowings with the FHLB and a $60M irrevocable letter of credit with FHLB to secure public deposits; Remaining credit availability of $283.5M with the FHLB
- Total pledged securities of $8.0M as of June 30, 2022
- No holding company lines of credit or revolving lines

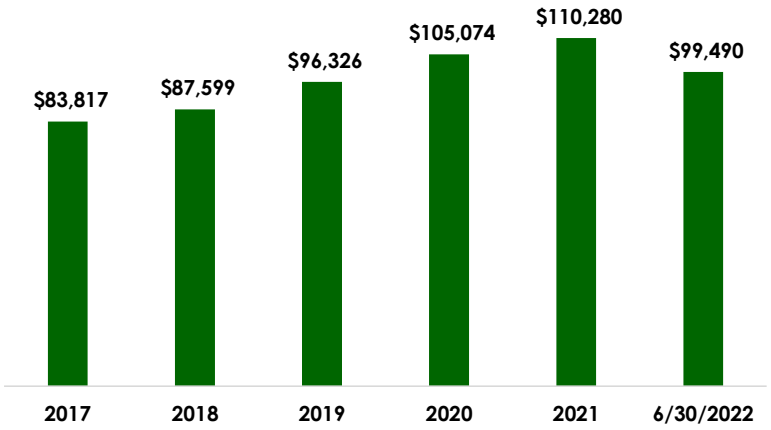
Capital

Eagle Financial Services, Inc.

EFSI, per share data



Consolidated Equity (000's)



Pre the one-time expense of $1.9M, 2021 Earnings per Share was $3.63; 6/30/2022 EPS and dividend per share annualized

	TOTAL RISK BASED CAPITAL	TIER I RISK BASED	TIER I LEVERAGE
EFSI	11.3%	9.7%	8.3%
Bank	12.1%	11.3%	9.9%

Appendix



Non-GAAP Reconciliation

Eagle Financial Services, Inc.

This presentation includes financial information determined by methods other than in accordance with U.S. generally accepted accounting principles ("GAAP"). The Company's management uses these non-GAAP measures in its analysis of the Company's performance. These measures should not be considered a substitute for GAAP basis measures nor should they be viewed as a substitute for operating results determined in accordance with GAAP. Management believes the presentation of the non-GAAP financial measures, which exclude the impact of the specified items, provides useful supplemental information that is essential to a proper understanding of the financial results of the Company. See below tables for additional information.

Dollars in thousands ($000)	For the Period Ended					
	2017	2018	2019	2020	2021	6/30/2022
Total Common Equity	83,817	87,599	96,326	105,074	110,280	99,490
Less: Goodw ill and Other Intangibles	-	-	-	-	-	-
Tangible Common Equity	**$83,817**	**$87,599**	**$96,326**	**$105,074**	**$110,280**	**$99,490**
Total Assets	765,751	799,617	877,320	1,130,152	1,303,038	1,402,513
Less: Goodw ill and Other Intangibles	-	-	-	-	-	-
Tangible Assets	**$765,751**	**$799,617**	**$877,320**	**$1,130,152**	**$1,303,038**	**$1,402,513**
Tangible Common Equity / Tangible Assets	**10.95%**	**10.96%**	**10.98%**	**9.30%**	**8.46%**	**7.09%**

Dollars in thousands ($000)	For the Period Ended					
	2017	2018	2019	2020	2021	6/30/2022
FTE Net Interest Income	27,835	29,795	31,553	35,876	41,171	11,944
Noninterest Income	6,780	6,879	7,759	8,579	11,320	3,860
Less : Gain (Loss) on Sale of Securities and Property	(23)	14	130	692	24	-
Less: Gain (Loss) on Foreclosure & Repo	(6)	-	-	(5)	-	-
Less: Life Insurance Proceeds	270	-	-	-	-	-
Less: Gain (Loss) on Redemption of TruPs	-	-	-	-	-	-
Adjusted Total Revenue	**$34,373**	**$36,661**	**$39,182**	**$43,768**	**$52,467**	**$15,804**
Noninterest Expense	23,190	25,195	26,776	29,441	38,049	10,528
Less: Loss (Gain) on Other Real Estate Owned	(1)	866	443	(143)	201	-
Less: Other One-Time I tems	-	-	-	-	1,900	-
Adjusted Noninterest Expense	**$23,191**	**$24,329**	**$26,333**	**$29,584**	**$35,948**	**$10,528**
Efficiency Ratio	**67.50%**	**66.40%**	**67.20%**	**67.60%**	**68.50%**	**66.62%**

Contacts

Brandon C. Lorey
President & CEO
blorey@bankofclarke.com
540-955-5227

Kate J. Chappell
EVP & CFO
kchappell@bankofclarke.com
540-955-5226