

October 28, 2016

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Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. continued its strong performance through the third quarter of 2016. Net income for the nine months ended September 30, 2016 was \$2,088,735 which was a 20% increase over net income for the nine months ended September 30, 2015 of \$1,743,290. Book value per share increased 7.5% to \$5.48 at September 30, 2016 from \$5.10 at December 31, 2015.

Evolve Bank and Trust's ("the Bank") total assets increased 12% to \$ 412 million at September 30, 2016 from \$368 million at December 31, 2015. Total loans increased \$59 million or 20% to \$362 million from \$303 million at December 31, 2015. Total deposits were \$300 million at September 30, 2016 compared to \$267 million at December 31, 2015.

The Bank's regulatory capital (Tier 1 leverage ratio) remained strong at September 30, 2016 at 8.01%. For more information regarding the Bank's financial performance for the first three quarters of 2016, please see the attached Financial Highlights table.

#### **EVOLVE IN THE NEWS**

From a small group who wanted to find a better way to treat customers and offer the best financial services, Evolve has grown to over 400 employees with offices across the country. This past September, John Chandler moved to Nashville to be closer to his family and transitioned to a new role within the company helping the team in our Reverse Mortgage Department. As John moves into the next phase of his life and career, it cannot be overstated how much of an impact his leadership, friendship, and loyalty have meant to Evolve and to all of us who have had the privilege of working with him.

We wish John all the best in his new role and in his move to Nashville. Thanks for everything you have done over the years and for what you will continue to do to support the team!

In other exciting news, we are pleased to announce that Craig Dodds has joined us as our new Head of Mortgage Operations. Craig comes to Evolve with over 30 years of mortgage banking experience and has held senior management positions with companies such as Chase, Amerisave, and PHH. He has been responsible for both operations and production areas of the mortgage business. He and his wife currently live in Jacksonville, Florida, and will be relocating to Memphis. Craig joined us Tuesday, September 27th and he has hit the ground running.

Last but certainly not least, we are in the final stages of a complete rebuild and overhaul of our company website. We have been working with Loaded for Bear ([www.wearelfb.com](http://www.wearelfb.com)) for the last several months to complete this undertaking. This has been a massive project with a lot of moving parts. We know this will be a great new tool

for Evolve and our customers. We will be officially launching the new site next month and are eager to show the hard work that has gone into the new design.

### **CORPORATE SPONSORSHIPS AND COMMUNITY GIVING**

On Saturday, September 17th, we had another stellar turnout for the 29<sup>th</sup> Annual Evolve Bank & Trust Cooper-Young Festival. The morning started out with a little rain but turned out to be a gorgeous day for 110,000 people from all across the Mid-South who came out and enjoyed the fresh air, arts and crafts, and a good time in general.

For the second year-in-a-row, Evolve was one of the presenting sponsors for Art on Fire at the Dixon Gallery and Gardens. The proceeds raised from this event all go towards funding the many wonderful education programs that the Dixon provides.

### **WANT TO BUY OR SELL EVOLVE STOCK?**

Our partnership with *Community Bank List* is a valuable service, and we trust this partnership is providing you with a convenient and transparent marketplace to post notices to buy or sell Evolve Bancorp stock. Through our agreement with *Community Bank List*, you may post your listings at no cost by entering our exclusive access code [EVOLVE] for any listing (buying or selling) of Evolve Bancorp shares.

We are pleased to offer this service to you and hope that you will take advantage of it. On the Investor Relations page of [www.getevolved.com](http://www.getevolved.com), you will find a link to [www.communitybanklist.com](http://www.communitybanklist.com) where you can create a free profile to begin viewing and posting share offers. For help getting started, please call *Community Bank List* at 1.877.257.0854 and select option "2" for support. Also, feel free to contact Jennifer Nelson, Evolve Trust Services, at 901.260.9984 or [jnelson@getevolved.com](mailto:jnelson@getevolved.com), and she will be happy to assist you.

### **HOW CAN YOU HELP EVOLVE AND YOUR INVESTMENT?**

At Evolve, we are continually looking for new opportunities to grow and ways to improve our service to our customers. As new and interesting concepts arise, please do not hesitate to reach out to us. We are always happy to hear your thoughts.

As always, we welcome your observations, concerns and questions. For current information about everything happening at Evolve, please visit us at [www.getevolved.com](http://www.getevolved.com) and follow us on Facebook at [www.facebook.com/getevolved](http://www.facebook.com/getevolved), Twitter at [www.twitter.com/getevolved1925](http://www.twitter.com/getevolved1925), Instagram at [www.instagram.com/evolve1925](http://www.instagram.com/evolve1925) or on LinkedIn at [www.linkedin.com/company/evolve-bank-and-trust](http://www.linkedin.com/company/evolve-bank-and-trust).

Sincerely,



B. Scot Lenoir  
Chairman  
Evolve Bancorp, Inc.

**Evolve Bancorp & Evolve Bank & Trust**  
**Financial Highlights for the Nine Months Ended**  
(Unaudited)

**Evolve Bancorp**

<b>Income Data</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
Net income	\$2,088,735	\$1,743,289

<b>Balance Sheet Data</b>	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Preferred Stock	\$ 6,749,000	\$ 8,349,000
Common Stockholders' Equity	25,313,701	23,466,213
Total Stockholders' Equity	32,062,701	31,815,213
Book value per common share	\$5.48	\$ 5.10

**Evolve Bank & Trust**

<b>Income Data</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
Net Interest Income	\$ 11,206,150	\$ 10,347,697
Non-Interest Income	36,452,203	34,758,959
Net Income	2,099,506	1,750,001

**Profitability Ratios**

Return on Average Assets	0.74%	0.63%
Return on Average Equity	7.86%	6.58%
Net Interest Margin	4.32%	4.01%

<b>Balance Sheet Data</b>	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Total Loans	\$362,343,498	\$303,227,711
Investment Securities	18,703,670	19,243,204
Total Assets	411,978,876	367,679,838
Total Deposits	300,016,900	266,707,393
Allowance for Loan Losses	5,500,946	4,710,272

<b>Ratios</b>	<b>September 30, 2016</b>	<b>December 31, 2015</b>
Loans to Deposits	118.94%	111.93%
Non-Accruing Loans to Total Loans	0.62%	1.36%
ALLL/Gross Loans, excluding HFS	2.01%	2.08%
Tier 1 Leverage Ratio	8.01%	9.00%
Tier 1 Risk-Based Capital Ratio	10.11%	12.00%
Total Risk Based Capital Ratio	11.38%	13.26%