

August 3, 2018

Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. is pleased to report solid earnings for the second quarter and first half of 2018. Net income for the second quarter of 2018 was \$1.2 million. For the six months ended June 30, 2018 and 2017, net income was \$1.8 million. Tangible book value per share increased 6.6% to \$5.94 at June 30, 2018 from \$5.57 at December 31, 2017.

Evolve Bank & Trust's ("the Bank") net interest income grew 10.2% to \$5.1 million for the second quarter of 2018 compared to \$4.6 million for the same period in 2017. The Bank's net interest income for the six months ended June 30, 2018 increased 11.1% to \$9.8 million compared to \$8.8 million for the same period in 2017. The Bank's net interest margin increased 30 bps to 4.56% in the first half of 2018 compared to the same period of the prior year due to higher interest rates. Total assets grew 3.5% to \$473 million at June 30, 2018 from \$456.9 million at December 31, 2017. The Bank's loan portfolio increased \$16.7 million, or 5%, to \$351.8 million at June 30, 2018 from \$335.1 million at December 31, 2017. Total deposits were \$369.5 million at June 30, 2018.

The Bank's regulatory capital (Tier 1 leverage ratio) at June 30, 2018 was 8.25%. For more information regarding the Bank's financial performance for the second quarter and first half of 2018, please see the attached Financial Highlights table.

### **EVOLVE IN THE NEWS**

For the first time, Evolve will be the presenting sponsor of The Halloran Centre Music Series in Memphis, TN. The 13-part genre-spanning music series begins with Grammy Award-winning country and roots artist **Rodney Crowell**. Other select highlights include actor Dennis Quaid as lead vocalist for his band **Dennis Quaid and the Sharks**; three-time Grammy nominated soul singer **Bettye LaVette**; **Music of the Knights**, a special celebration of the music of Sir Andrew Lloyd Webber, Sir Elton John, and Sir Paul McCartney; founding member of The Supremes **Mary Wilson**; the Grammy-nominated songwriter and pianist **Jim Brickman** on his Share the Love tour; Prince of Spanish Guitar **Benise**; and **The Orbert Davis Jazz Ensemble**.

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

In June, Evolve participated in the Arthritis Foundation's Walk to Cure Arthritis at AutoZone Park, Memphis, TN. Walk to Cure Arthritis is the Arthritis Foundation's nationwide signature event that unites communities across the country to put an end to arthritis. This event featured a three-mile and one-mile course, with arthritis information and activities for the entire family. Our team raised more than \$3,000.

We are excited to announce, for the fifth year in a row, we have renewed our title sponsorship of the “Evolve Bank & Trust Cooper Young Festival.” In its 31<sup>st</sup> year, this event has grown tremendously and is one of Memphis' most highly attended Festivals. On September 15<sup>th</sup>, over 130,000 guests will enjoy an appealing mix of art, music and crafts presented by over 435 artisans from around the country. It is a true celebration of the arts, people and culture of Memphis.

#### **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](tel:18772570854) and select option “2” for support. Also, feel free to contact Jennifer Nelson, Evolve Trust Services, at [901.260.9984](tel:9012609984) 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 services 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 and Evolve Bank & Trust**  
**Financial Highlights For the Six Months Ended June 30, 2018**  
**(Unaudited)**

**Evolve Bancorp**

*(Dollars in Thousands, except per share data)*

<b>Income Data</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Net Income	\$ 1,846	\$ 1,826

  

<b>Balance Sheet Data</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Preferred Stock	\$ 6,476	\$ 6,476
Common Stockholders' Equity	28,643	28,340
Total Stockholders' Equity	35,120	34,816
Book Value per Common Share	\$ 6.51	\$ 6.11
Tangible Book Value per Common Share	\$ 5.94	\$ 5.57

**Evolve Bank and Trust**

*(Dollars in Thousands)*

<b>Income Data</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Net Interest Income	\$ 9,772	\$ 8,794
Non Interest Income	19,193	21,743
Net Income	1,786	1,771

  

<b>Profitability Ratios</b>	<b>June 30, 2018</b>	<b>June 30, 2017</b>
Return on Average Assets	0.77%	0.81%
Return on Average Equity	8.87%	9.19%
Net Interest Margin	4.56%	4.26%

  

<b>Balance Sheet Data</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Portfolio Loans	\$ 351,806	\$ 335,069
Loans Held for Sale	62,561	60,127
Total Loans	414,367	395,196
Investment Securities	19,521	20,253
Total Assets	473,025	456,898
Total Deposits	369,538	368,649
Allowance for Loan Losses	6,435	6,368

  

<b>Balance Sheet Ratios</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
Loans to Deposits	110.39%	105.47%
Non-Accrual Loans to Total Loans	1.01%	0.98%
ALLL/Gross Loans, excluding HFS	1.83%	1.90%
Tier 1 Leverage Ratio	8.25%	8.39%
Tier 1 Risk-Based Capital Ratio	9.89%	10.25%
Total Risk Based Capital Ratio	11.15%	11.51%

**Evolve Bancorp and Evolve Bank & Trust  
2018 Financial Highlights  
(Unaudited)**

**Evolve Bancorp**

*(Dollars in Thousands)*

<b>Income Data</b>	<b>2018</b>		
	<b>Q2</b>	<b>Q1</b>	<b>June YTD</b>
Net Income	\$ 1,247	\$ 599	\$ 1,846

<b>Income Data</b>	<b>2017</b>		
	<b>Q2</b>	<b>Q1</b>	<b>June YTD</b>
Net Income	\$ 1,350	\$ 476	\$ 1,826

**Evolve Bank and Trust**

*(Dollars in Thousands)*

<b>Income Data</b>	<b>2018</b>		
	<b>Q2</b>	<b>Q1</b>	<b>June YTD</b>
Net Interest Income	\$ 5,074	\$ 4,698	\$ 9,772
Non Interest Income	11,500	7,693	19,193
Net Income	1,217	569	1,786

<b>Income Data</b>	<b>2017</b>		
	<b>Q2</b>	<b>Q1</b>	<b>June YTD</b>
Net Interest Income	\$ 4,604	\$ 4,190	\$ 8,794
Non Interest Income	11,826	9,917	21,743
Net Income	1,319	452	1,771