



Triad Centre III  
6070 Poplar Avenue  
Suite 200  
Memphis, TN 38119

office 901.624.5500  
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November 19, 2018

Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. is pleased to report continued strong results for the third quarter and nine months ended September 30, 2018. Net income for the third quarter of 2018 was \$1.5 million compared to \$1 million for the third quarter of 2017. For the nine months ended September 30, 2018 and 2017, net income was \$3.3 million and \$2.8 million, respectively. Tangible book value per share increased 12.4% to \$6.26 at September 30, 2018 from \$5.57 at December 31, 2017.

Evolve Bank & Trust's ("the Bank") net interest income grew 7.5% to \$5.1 million for the third quarter of 2018 compared to \$4.8 million for the third quarter of 2017. The Bank's net interest income for the nine months ended September 30, 2018 increased 9.9% to \$14.9 million compared to \$13.5 million for the same period in 2017. Non-Interest Income was \$10.6 million for the third quarter of 2018 compared to \$9.7 million for the same period in 2017. The increase in non-interest income is the result of the growth in both the Bank's Payment Processing Division and the Trust Division's Litigation Trust Services. The growth in non-interest income from Payment Processing and Trust Services was partially offset by a decline in mortgage banking revenues during the third quarter and for the nine months ended September 30, 2018. This decline is consistent with the industry due to rising interest rates and compressed margins. The Bank's total assets grew 7.1% to \$489.1 million at September 30, 2018 from \$456.9 million at December 31, 2017. The Bank's loan portfolio increased \$23.7 million, or 7.1%, to \$358.8 million at September 30, 2018 from \$335.1 million at December 31, 2017. Total deposits were \$385.8 million at September 30, 2018 compared to \$368.6 million at December 31, 2017.

The Bank's regulatory capital (Tier 1 leverage ratio) at September 30, 2018 was 8.21%. For more information regarding the Bank's financial performance for the third quarter and nine months ended September 30, 2018, please see the attached Financial Highlights table.

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

On September 15<sup>th</sup>, for the fifth year in a row, we sponsored the "Evolve Bank and Trust Cooper Young Festival". In its 31<sup>st</sup> year, this event has grown immensely and is one of Memphis's most highly attended festivals. Guests enjoyed an appealing mix of art, music and crafts presented by over 450 artisans from around the country. It is a true celebration of the arts, people and culture of Memphis.



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### **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 <https://banclist.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 services to our customers. As new and interesting concepts arise, please do not hesitate to reach out to us. 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,

A handwritten signature in blue ink that reads "B. Scot Lenoir". The signature is written in a cursive, flowing style.

B. Scot Lenoir  
Chairman  
Evolve Bancorp, Inc.



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**Evolve Bancorp and Evolve Bank & Trust**  
**Financial Highlights For the Nine Months Ended September 30, 2018**  
**(Unaudited)**

**Evolve Bancorp**

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

<b>Income Data</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
Net Income	\$ 3,348	\$ 2,786
<b>Balance Sheet Data</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Preferred Stock	\$ 4,476	\$ 6,476
Common Stockholders' Equity	30,053	28,340
Total Stockholders' Equity	34,529	34,816
Book Value per Common Share	\$ 6.83	\$ 6.11
Tangible Book Value per Common Share	\$ 6.26	\$ 5.57

**Evolve Bank and Trust**

*(Dollars in Thousands)*

<b>Income Data</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
Net Interest Income	\$ 14,882	\$ 13,547
Non Interest Income	29,823	31,484
Net Income	3,276	2,730
<b>Profitability Ratios</b>	<b>September 30, 2018</b>	<b>September 30, 2017</b>
Return on Average Assets	0.93%	0.82%
Return on Average Equity	10.76%	9.35%
Net Interest Margin	4.56%	4.35%
<b>Balance Sheet Data</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Portfolio Loans	\$ 358,804	\$ 335,069
Loans Held for Sale	64,509	60,127
Total Loans	423,313	395,196
Investment Securities	20,237	20,253
Total Assets	489,144	456,898
Total Deposits	385,845	368,649
Allowance for Loan Losses	6,286	6,368
<b>Balance Sheet Ratios</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Loans to Deposits	108.08%	105.47%
Non-Accrual Loans to Total Loans	0.89%	0.98%
ALLL/Gross Loans, excluding HFS	1.75%	1.90%
Tier 1 Leverage Ratio	8.21%	8.39%
Tier 1 Risk-Based Capital Ratio	10.00%	10.25%
Total Risk Based Capital Ratio	11.26%	11.51%



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

**Evolve Bancorp**

*(Dollars in Thousands)*

	2018			
	Q3	Q2	Q1	September YTD
<b>Income Data</b>				
Net Income	\$ 1,502	\$ 1,247	\$ 599	\$ 3,348

	2017			
	Q3	Q2	Q1	September YTD
<b>Income Data</b>				
Net Income	\$ 960	\$ 1,350	\$ 476	\$ 2,786

**Evolve Bank and Trust**

*(Dollars in Thousands)*

	2018			
	Q3	Q2	Q1	September YTD
<b>Income Data</b>				
Net Interest Income	\$ 5,110	\$ 5,074	\$ 4,698	\$ 14,882
Non Interest Income	10,630	11,500	7,693	29,823
Net Income	1,490	1,217	569	3,276

	2017			
	Q3	Q2	Q1	September YTD
<b>Income Data</b>				
Net Interest Income	\$ 4,753	\$ 4,604	\$ 4,190	\$ 13,547
Non Interest Income	9,741	11,826	9,917	31,484
Net Income	959	1,319	452	2,730