



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

office 901.624.5500
fax 901.624.5540

March 20, 2020

Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. is pleased to announce excellent financial results for 2019. Net income for the year ended December 31, 2019 was \$4.7 million, which represents a 10.0% increase over the prior year net income of \$4.3 million. Tangible book value per share increased 18.2% to \$7.66 at December 31, 2019 from \$6.48 at December 31, 2018.

Evolve Bank & Trust's ("the Bank") return on average equity increased to 10.79% for 2019 from 10.41% for 2018. Return on average assets increased to 0.97% in 2019 from 0.91% in 2018. The Bank's net interest margin was 4.41% for 2019 compared to 4.50% for 2018.

Non-Interest Income increased 13% to \$43.5 million for the year ended December 31, 2019 compared to \$38.5 million in 2018. The increase was driven by the growth of our payment processing division.

The Bank's total assets were \$451.3 million at December 31, 2019 compared to \$474.4 million at December 31, 2018. The Bank's loan portfolio was \$361.8 million at December 31, 2019 compared to \$365.2 million at December 31, 2018. Total deposits were \$373.6 million at December 31, 2019 compared to \$383.8 million at December 31, 2018.

The Bank's regulatory capital (Tier 1 leverage ratio) at December 31, 2019 was 8.57%. For more information regarding the Bank's financial performance for the fourth quarter and year ended December 31, 2019, please see the attached Financial Highlights table.

CORONAVIRUS PRECAUTIONS

Our leadership team is committed to the wellbeing of our customers and employees. We continue to follow developments regarding the Coronavirus Pandemic (COVID-19). The health and safety of our employees and customers are our number one priority. We will monitor and follow all directives from the [Centers for Disease Control \(CDC\)](#), [World Health Organization \(WHO\)](#) and all government health agencies.

While the actual impact of the Coronavirus is unknown at this time, Evolve has proactively reviewed our business continuity plans and do not anticipate any scenario that would impede our ability to service our customers. We have prepared and tested our readiness and capacity to respond to scenarios like this.



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Evolve's strategically located datacenter is structured to provide uninterrupted service during natural disasters and incidents like the Coronavirus outbreak. Our Customer Service Department that our customers depend on remains fully staffed, and we expect no disruption in support.

Our Safety and Soundness Communications Committee has met and developed a plan to take precautions:

- All non-essential Evolve business related travel has been postponed until further notice. The lobbies in all Banking and Financial Centers, including the SBA Lending Center, are closed.
- Customers are being directed to conduct business by utilizing our drive-thrus (where applicable) and via mobile banking on our website and app. Drive-thru hours were extended 8am-6pm Monday-Friday.
- The second floor of 6070 Poplar Triad III is accessible to employees only.
- Visitors are restricted to essential vendors only.
- More than 50% of our corporate employees are working remotely.

We believe we are well equipped to respond to the possible impact with operational redundancies, a customer-focused team and proven business continuity plans. We will continue to operate as normal and will provide alerts should that change.

ONWARD & UPWARD

Evolve announced the appointment of **Mark Donovan as Chief Credit Officer**, succeeding Dan Springfield. After a stellar 40-year career in banking, Mr. Springfield is retiring to spend more time with his family.

Mr. Springfield joined Evolve in 2012 and has been instrumental in strengthening the Bank's credit culture by establishing standards of excellence and best practices for assessing risk in lending. Prior to joining Evolve, Mr. Springfield served in a variety of executive roles at First Horizon National Corporation.

Mr. Donovan has nearly 25 years of experience in the retail banking sector as well as business and private banking. After completing his MBA at Wake Forest University, he took a position as Vice President of Credit Administration for Main Street Bank, Covington, GA. During the last 17 years, Mr. Donovan has held several senior credit positions, the last 10 as the Chief Credit Officer with First Landmark Bank, A Division of National Bank of Commerce. Mr. Donovan received a Bachelor of Science in Business Administration from Salisbury University, and in 2008, he completed the Graduate School of Banking program at Louisiana State University.



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Evolve appointed **Henry A. “Rusty” Barham III as General Counsel.** Rusty is a seasoned executive with more than 30 years of experience in Legal, Risk and Compliance Management. He has an incredible track record including leading a successful turnaround, reorganization and rebuilding effort for multiple banks, including two national banks faced with cease and desist orders related to BSA/AML non-compliance findings. Most recently, Rusty served as Executive Vice President, Regulatory and Consumer Affairs for Simmons Bank, a \$21 billion asset sized commercial and retail financial institution that is headquartered in Little Rock with a presence in eight states. While there, he oversaw the entire legal division including Compliance, Fair Lending, Fraud and CRA. Rusty received his Bachelor of Science in Zoology and his Juris Doctor from Louisiana State University. He is a Certified Anti-Money Laundering Specialist (CAMS). Rusty is a member of the Louisiana Bar Association and has been admitted to U.S. District Courts for the Eastern, Middle and Western Districts of Louisiana.

Also, **Cecilia Russell** was appointed as **Chief Compliance Officer.** She has over 25 years of experience leading compliance, quality control and risk management at a variety of financial institutions. Most recently, Cecilia served as Vice President Internal Audit Manager for The Bancorp, Inc, Wilmington, DE. While there, she managed the Operations and Compliance Internal Audit Teams developing a continuing audit program using data analytics. Previously, Cecilia was Director of Compliance for WSFS Bank and Stonebridge Bank as well as Audit and Compliance Officer for Peoples Bank. She received a Master of Science in Information Systems and a Bachelor of Science in Business Administration Accounting from Widener University. Cecilia is also a Certified Financial Services Auditor.

EVOLVE IN THE NEWS

For the sixth year-in-a-row, Evolve was named a Top Workplace by the Memphis Commercial Appeal. The evaluation for the Top Workplace program is based upon feedback from an employee survey that we completed in mid-year of 2019.

We had more than 80% participation.

The following quote was given by one of our colleagues in the 2019 survey: "I have been in this industry for a very long time working for both very large companies and independently owned small broker firms. This is by far one of the best places I have worked." This is just one of the many positive statements made about Evolve.



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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 our website, you will find a link to [BankList.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 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 [Getevolved.com](#), follow us on [Facebook](#), [Twitter](#), [Instagram](#) and [LinkedIn](#).

Sincerely,

A handwritten signature in blue ink that reads 'B. Scot Lenoir'.

B. Scot Lenoir
Chairman
Evolve Bancorp, Inc.



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Evolve Bancorp and Evolve Bank & Trust
Financial Highlights For the Year Ended December 31, 2019
(Unaudited)

Evolve Bancorp

(Dollars in Thousands, except per share data)

Income Data	December 31, 2019	December 31, 2018
Net Income	\$ 4,712	\$ 4,282
Balance Sheet Data	December 31, 2019	December 31, 2018
Preferred Stock	\$ 4,476	\$ 4,476
Common Stockholders' Equity	35,174	31,141
Total Stockholders' Equity	39,650	35,617
Book Value per Common Share	\$ 8.24	\$ 7.04
Tangible Book Value per Common Share	\$ 7.66	\$ 6.48

Evolve Bank and Trust

(Dollars in Thousands)

Income Data	December 31, 2019	December 31, 2018
Net Interest Income	\$ 19,496	\$ 19,526
Non Interest Income	43,542	38,548
Net Income	4,697	4,266
Profitability Ratios	December 31, 2019	December 31, 2018
Return on Average Assets	0.97%	0.91%
Return on Average Equity	10.79%	10.41%
Net Interest Margin	4.41%	4.50%
Balance Sheet Data	December 31, 2019	December 31, 2018
Portfolio Loans	\$ 361,824	\$ 365,187
Loans Held for Sale	27,449	31,358
Total Loans	389,273	396,545
Investment Securities	9,804	21,262
Total Assets	451,290	474,411
Total Deposits	373,643	383,824
Allowance for Loan Losses	6,345	6,178
Balance Sheet Ratios	December 31, 2019	December 31, 2018
Net Loans to Deposits	102.48%	101.70%
Non-Accrual Loans to Total Loans	0.83%	0.92%
ALLL/Gross Loans, excluding HFS	1.75%	1.69%
Tier 1 Leverage Ratio	8.57%	8.58%
Tier 1 Risk-Based Capital Ratio	11.25%	10.49%
Total Risk Based Capital Ratio	12.50%	11.75%



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**Evolve Bancorp and Evolve Bank & Trust
2019 Financial Highlights
(Unaudited)**

Evolve Bancorp

(Dollars in Thousands)

Income Data	2019				2019 YTD
	Q4	Q3	Q2	Q1	
Net Income	\$ 1,142	\$ 1,739	\$ 1,232	\$ 599	\$ 4,712

Income Data	2018				2018 YTD
	Q4	Q3	Q2	Q1	
Net Income	\$ 934	\$ 1,502	\$ 1,247	\$ 599	\$ 4,282

Evolve Bank and Trust

(Dollars in Thousands)

Income Data	2019				2019 YTD
	Q4	Q3	Q2	Q1	
Net Interest Income	\$ 4,894	\$ 5,077	\$ 4,897	\$ 4,628	\$ 19,496
Non Interest Income	13,303	12,296	9,537	8,406	43,542
Net Income	1,182	1,691	1,172	652	4,697

Income Data	2018				2018 YTD
	Q4	Q3	Q2	Q1	
Net Interest Income	\$ 4,644	\$ 5,110	\$ 5,074	\$ 4,698	\$ 19,526
Non Interest Income	8,442	10,772	11,587	7,747	38,548
Net Income	990	1,490	1,217	569	4,266