



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

office 901.624.5500
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March 24, 2021

Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. is proud to announce strong financial results and continued growth for the fourth quarter of 2020. Net income for the three months ended December 31, 2020 was \$3.1 million compared to \$1.1 million for the same period in 2019. Tangible book value per share increased 32.4% to \$10.14 at December 31, 2020 from \$7.66 at December 31, 2019.

Net interest income for the fourth quarter of 2020 increased to \$6.3 million from \$4.8 million for the same period of 2019 as a result of reduced funding costs. Noninterest income increased 81.0% to \$24.1 million for the three months ended December 31, 2020 compared to \$13.3 million for the same period in 2019. The growth is the result of a higher volume of mortgage loans originated and sold by our Mortgage Division and the continued growth in revenue from our Payment Processing Division related to ACH, debit card/credit card sponsorship, card issuance, deposit, and technology services. During the fourth quarter of 2020, the Mortgage Division closed \$478.3 million of mortgage loans compared to \$186.2 million of mortgage loans for the same period of the prior year. Our Payment Processing Division processed 8.8 million ACH transactions during the three months ended December 31, 2020 compared to 4.7 million transactions for the same period in 2019.

Total assets grew 53.2% to \$691.6 million at December 31, 2020 from \$451.4 million at December 31, 2019. The growth was primarily the result of an increase in mortgage loans held for sale of \$172.1 million as well as \$52.5 million of new Payroll Protection Program loans. Total deposits grew 37.7% to \$514.3 million at December 31, 2020 from \$373.5 million at December 31, 2019.

Net income for the year ended December 31, 2020 increased 133.6% to \$11.0 million from \$4.7 for the same period in 2019. Net interest income for 2020 increased to \$22.2 million from \$19.2 million in 2019. Noninterest income increased 89.2% to \$82.4 million in 2020 compared to \$43.5 million in 2019. During fiscal 2020, the Mortgage Division closed \$1.5 billion of mortgage loans compared to \$658.4 million for 2019. In 2020, the Payment Processing Division processed 27.3 million ACH transactions compared to 12.0 million ACH transactions in 2019.

Evolve Bank & Trust's return on Average Assets was 1.87% for the year ended December 31, 2020 compared to .97% for the same period in 2019. Return on Average Equity was 22.41% for the year ended December 31, 2020 compared to 10.79% for the same period in 2019, and regulatory capital, (Tier 1 leverage ratio), at December 31, 2020 was 8.54%.

For more information regarding the financial performance of Evolve Bancorp, Inc. for the fourth quarter and year ended December 31, 2020, please see the attached Consolidated Balance Sheets and Consolidated Income Statements. In addition, see the attached Evolve Bank & Trust Financial Highlights.



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EVOLVE NEWS

Evolve is expanding its partnership with the Stripe Banking Platform. Stripe allows online platforms to offer their customers an interest-earning account, bill pay, and faster access to funds. Evolve fulfills various compliance and regulatory requirements to make it easy for platform customers using the Stripe Banking API to embed banking experiences into their products. [Click here](#) to read more about it in the Wall Street Journal. [Click here](#) to watch a featured segment on CNBC.

Evolve has earned the 2021 Top Workplaces USA award. We have also been named a Top Workplaces USA in the Financial Services Industry. Top Workplaces USA offers national recognition for large organizations and those that may have operations in multiple markets. The award is based solely on the feedback our employees offered through an annual survey we administered just a few months ago. Congratulations to our valued team members!

Evolve will launch a centralized Customer Call Center (CCC) by the end of the second quarter of 2021. Planning for the new call center has been underway for the past few months. The goal is to consolidate incoming customer calls that are currently being received by multiple internal teams and platforms. To start, the new CCC will first provide support to Evolve's existing retail banking customers. Soon after, the call center will be expanded and offered as a customizable product to our Payment Processing partners.

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.



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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.

About Evolve Bank & Trust:

[Evolve Bank & Trust](#), a technology focused financial services organization and Banking-as-a-Service (“BaaS”) provider, is a best in class financial institution offering specialized services in [Payment Processing Solutions](#), [Banking](#), [Mortgage](#), [SBA Lending](#) and [Trust](#). Evolve is recognized as a global leader in the Payment Processing industry delivering ACH, Debit/Credit Sponsorship, Card Issuance and unique technology strategies to clients around the world. Evolve has been voted a Top Workplace seven years in a row and has been named in Inc. Magazine’s 5000 List of the fastest growing companies. For more information about Evolve, go to: www.getevolved.com.



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**EVOLVE BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS**

	December 31, 2020 <u>(audited)</u>	December 31, 2019 <u>(audited)</u>
ASSETS		
Total cash and cash equivalents	\$ 52,487,283	\$ 34,328,529
Securities available for sale, at fair value	27,011,757	9,803,865
Restricted equity securities, at cost	3,194,750	1,736,150
Mortgage loans held for sale, at fair value	196,449,039	24,331,675
SBA loans held for sale	2,984,702	3,117,621
Loans, net of allowance of \$7,032,617 at 2020 and \$6,344,929 at 2019	325,945,493	355,486,463
Payroll Protection Program (PPP) Loans	52,475,074	-
Premises and equipment, net	4,929,467	5,709,820
Other assets	26,138,190	16,855,741
	<u>691,615,755</u>	<u>451,369,864</u>
Total assets	<u>\$ 691,615,755</u>	<u>\$ 451,369,864</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Noninterest bearing demand deposits	\$ 218,736,861	\$ 186,783,348
Interest-bearing	295,564,437	186,760,807
Total deposits	<u>514,301,298</u>	<u>373,544,155</u>
Federal home loan bank advances	45,000,000	15,000,000
FRB PPP liquidity facility	52,598,374	-
Notes Payable	5,080,000	5,940,000
Other liabilities	24,087,960	17,235,289
Total liabilities	<u>641,067,632</u>	<u>411,719,444</u>
Shareholders Equity		
Preferred Stock, Class A	3,377,475	3,377,475
Preferred Stock, Series A	-	1,099,000
Common Stock of 4,404,272 shares outstanding at 2020 and 4,266,476 at 2019	4,884,804	4,736,065
Treasury Stock	(2,411,962)	(2,347,945)
Additional paid-in capital	10,571,494	9,823,585
Retained earnings	33,614,079	22,869,082
Accumulated other comprehensive income	512,233	93,158
Total shareholders' equity	<u>50,548,123</u>	<u>39,650,420</u>
Total liabilities and shareholders' equity	<u>\$ 691,615,755</u>	<u>\$ 451,369,864</u>
Book value per share	\$ 10.71	\$ 8.24
Tangible book value per share	10.14	7.66



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**EVOLVE BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED INCOME STATEMENTS**
(unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Interest income				
Loans	\$ 6,713,545	\$ 5,816,749	\$ 24,403,409	\$ 23,515,737
Investment securities	81,515	102,250	319,905	424,227
Other	23,774	74,317	142,457	301,756
Total interest income	6,818,834	5,993,316	24,865,771	24,241,720
Interest expense				
Deposits	270,654	966,015	1,699,146	4,116,029
FHLB advances and other borrowed funds	269,340	206,097	1,014,843	963,779
Total interest expense	539,994	1,172,112	2,713,989	5,079,808
Net interest income	6,278,840	4,821,204	22,151,782	19,161,912
Provision for loan losses	600,000	383,815	1,041,672	945,160
Net interest income after provision for loan losses	5,678,840	4,437,389	21,110,110	18,216,752
Noninterest income				
Mortgage	16,575,881	6,851,420	56,811,061	24,595,132
Payment Processing/Bank	7,504,887	6,451,067	25,570,728	18,946,952
Noninterest income	24,080,768	13,302,487	82,381,789	43,542,084
Noninterest expense				
Salaries, commissions, and employee benefits	17,239,494	9,712,151	60,810,894	36,427,868
Occupancy and equipment	1,064,264	949,444	4,015,113	3,861,068
Other	7,250,612	5,460,394	23,697,940	14,984,644
Noninterest expense	25,554,370	16,121,989	88,523,947	55,273,580
Income before income taxes	4,205,238	1,617,887	14,967,952	6,485,256
Income tax expense	1,132,598	476,081	3,960,666	1,773,029
Net income	\$ 3,072,640	\$ 1,141,806	\$ 11,007,286	\$ 4,712,227
Earnings per share basic	\$ 0.70	\$ 0.25	\$ 2.51	\$ 1.03
Earnings per share diluted	\$ 0.60	\$ 0.22	2.15	0.92



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EVOLVE BANK & TRUST FINANCIAL HIGHLIGHTS

(dollars in thousands)
(unaudited)

Balance Sheet Data	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Portfolio Loans (Excluding PPP Loans)	\$ 332,975	\$ 361,824
PPP Loans	52,475	-
Mortgage Loans Held for Sale	196,449	24,331
SBA Loans Held for Sale	2,985	3,118
Total Loans	584,884	389,273
Investment Securities	27,012	9,804
Total Assets	691,611	451,290
Total Deposits	514,782	373,643
Net Loans to Deposits	112.25%	102.48%
Net Loans to Deposits Excluding PPP Loans	102.06%	102.48%
Capital Ratios	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Tier 1 Leverage Ratio	8.54%	8.57%
Tier 1 Risk-Based Capital Ratio	12.15%	11.25%
Total Risk Based Capital Ratio	13.41%	12.50%
Asset Quality	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Allowance for Loan Losses (ALL)	\$ 7,033	\$ 6,345
Non Accrual Loans	3,544	3,235
Other Real Estate Owned	735	666
Non-Accrual Loans to Total Loans	0.61%	0.83%
ALL (Excluding HFS & PPP)	2.11%	1.75%
Profitability Ratios	<u>12 Months Ended December 31, 2020</u>	<u>12 Months Ended December 31, 2019</u>
Return on Average Assets	1.87%	0.97%
Return on Average Equity	22.41%	10.79%
Net Interest Margin	4.18%	4.41%