

April 5, 2022

Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. ("EBI") is pleased to announce outstanding financial results for the full year of 2021. Net income for the year ended December 31, 2021, was \$13.0 million compared to \$11 million for the prior year, an increase of \$2.0 million or 17.8%. Diluted earnings per share for the full year of 2021 increased 14.0% to \$2.45 from \$2.15 for the same period in 2020. Tangible book value per share increased 25.8% to \$12.76 at December 31, 2021 from \$10.14 at December 31, 2020.

Net interest income for the year ended December 31, 2021, increased \$2.3 million, or 10.3%, to \$24.4 million from \$22.2 million for the same period in 2020. Noninterest income increased \$14.2 million, or 17.3%, in 2021 to \$96.6 million from \$82.4 million in 2020. The increase in noninterest income was driven by exceptional growth in fee income from the Open Banking Division ("OBD"). The OBD noninterest income increased \$10.7 million, or 55.7%, to \$29.8 million in 2021 compared to \$19.2 million in 2020. The OBD noninterest income includes revenues generated from providing wire transfers, ACH processing, debit and credit card issuance and acquiring, and other payment processing solutions. The OBD processed 316.8 million transactions during the full year of 2021 compared to 159.4 million transactions for the same period in 2020, an increase of 98.8%. The Mortgage Division had another strong year in 2021 resulting in noninterest income increasing to \$58.0 million from \$56.8 million in 2020. In 2021, \$1.7 billion mortgage loans were produced compared to \$1.5 billion mortgage loans in 2020, an increase of \$221.5 million, or 15.0%. Noninterest expense for the full year of 2021 increased by \$14.5 million or 16.3% to \$103 million from \$88.5 million for the same period of 2020. The OBD accounted for \$9.4 million of the increase in noninterest expense in 2021 as it expanded its infrastructure to support growth.

Total assets increased \$98.3 million, or 14.2%, to \$789.9 million at December 31, 2021 from \$691.6 million at December 31, 2020. The increase was primarily the result of a \$83.1 million increase in portfolio loans and a \$77.4 million increase in other assets partially offset by a \$57.6 million decrease in Mortgage loans held for sale and a \$41.1 million decrease in SBA Payroll Protection Program loans. The increase in portfolio loans was primarily driven by a \$45.8 million increase in Bank Division portfolio loans and a \$37.3 million increase in OBD credit card receivables and commercial loans. Total deposits increased \$112.1 million, or 21.8%, to \$626.4 million at December 31, 2021 from \$514.3 million at December 31, 2020. Total equity increased \$13.5 million to \$64.0 million at December 31, 2021 from \$50.5 million at December 31, 2020, an increase of 26.6%.

Evolve Bank & Trust's Return on Average Assets was 1.82% for the year ended December 31, 2021, compared to 1.87% for the same period in 2020. Return on Average Equity was 20.60% for the year ended December 31, 2021, compared to 22.41% for the same period in 2020, and regulatory capital (Tier 1 leverage ratio) at December 31, 2021 was 9.82%.

For more information regarding the financial position at December 31, 2021 and the financial performance for the three months and year ended December 31, 2021 of Evolve Bancorp. Inc., please see the attached Consolidated Balance Sheets and Consolidated Income Statements. In addition, see the attached Evolve Bank & Trust Financial Highlights.

### **EVOLVE NEWS: NEW OPEN BANKING PRESIDENT & NEW CTO**

**Hank Word** has been appointed **President, Open Banking Division**. Hank joined Evolve in 2014 as Senior Vice President of Technology and System Strategies. Four years ago, he was named Evolve's first SVP, Chief Technology Officer, and soon after, led the Bank Operations team. Hank is one of the original stakeholders in the development of the Open Banking division and its evolving team. Before joining Evolve, he served as SVP of Information Technology at Paragon National Bank. Hank attended the University of Memphis.

Evolve's new **Chief Technology Officer** is **Chris Staab**. Chris has more than 20 years of experience in financial services. Most recently, he served as the Chief Information Officer for Santander Bank. While there, Chris was responsible for providing management and leadership for Payment Technology leading a \$45MM multiyear effort to reimagine the payment technology infrastructure. He has held several other senior leadership roles including Executive Vice President, Enterprise Payments and Treasury Management at Capital One Financial Corporation, Executive Director, Global Banking Operations at Morgan Stanley and Vice President, Lending and Account Services at E\*Trade Financial. Chris received a Bachelor of Science in Business Administration from Boston University.

### **EVOLVE NEWS: EVOLVE NAMED TOP WORKPLACE**

Evolve has been named a [Top Workplace](#) for the eighth year in a row by [The Commercial Appeal](#) and a Top Workplace USA for the second year in a row. Top Workplace offers national recognition for organizations and are based solely on the feedback of our employees offered through a company-wide survey we administered just a few months ago. Only three Memphis-based companies were named on the list. [Click here to read more about the award.](#)



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## EVOLVE NEWS: NEW WEBSITE AND LOGO

In December, Evolve's website, [www.getevolved.com](http://www.getevolved.com), revealed an updated and refreshed design. It debuted with our new logo, new photos and colors as well as a redesigned navigation bar that has been relocated to the top of our homepage. Our online banking login is now front and center to provide a more user-friendly experience. It is better organized and concise. Clicking on [Open Banking](#) will take you to a uniquely designed micro-site created for our FinTech partners and audience. Evolvers from every division and department contributed to this project.

## WANT TO BUY OR SELL EVOLVE STOCK?

If you are interested in buying or selling Evolve Bancorp stock, please 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](http://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 [Open Banking](#), [Personal](#) and [Business Banking](#), [Mortgage](#), [SBA Lending](#), [Physicians Capital](#), [Community Funding](#) and [Trust](#). Evolve is recognized as a global leader in the payments industry delivering ACH, Debit/Credit Sponsorship, Card Issuance and unique technology strategies to clients around the world. Every year since 2013, Evolve has been voted a Top Workplace and has been named in Inc. Magazine's 5000 List of the fastest-growing private companies. For more information about Evolve, go to: [www.getevolved.com](http://www.getevolved.com).



[getevolved.com](http://getevolved.com)

**EVOLVE BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
(audited)

	December 31, 2021	December 31, 2020
<b>ASSETS</b>		
Total cash and cash equivalents	\$ 70,925,052	\$ 52,487,283
Securities available for sale, at fair value	41,877,304	27,011,757
Restricted equity securities, at cost	2,878,350	3,194,750
Mortgage loans held for sale, at fair value	138,856,689	196,449,039
SBA loans held for sale	7,401,075	2,984,702
Loans, net of allowance of \$8,052,413 at 2021 and \$7,032,617 at 2020	409,045,041	325,945,493
Payroll Protection Program (PPP) Loans	11,397,278	52,475,074
Premises and equipment, net	4,002,745	4,929,467
Other assets	103,546,294	26,138,190
Total assets	<u>\$ 789,929,828</u>	<u>\$ 691,615,755</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Noninterest bearing demand deposits	\$ 431,387,029	\$ 218,736,861
Interest-bearing	194,969,142	295,564,437
Total deposits	<u>626,356,171</u>	<u>514,301,298</u>
Federal home loan bank advances	40,000,000	45,000,000
Subordinated Debt	20,589,369	-
Notes payable and other borrowings	11,729,504	57,678,374
Other liabilities	27,248,550	24,087,960
Total liabilities	<u>725,923,594</u>	<u>641,067,632</u>
<b>Shareholders Equity</b>		
Preferred Stock, Class A	3,377,475	3,377,475
Common Stock of 4,554,460 shares outstanding at 2021 and 4,404,272 at 2020	5,041,054	4,884,804
Treasury Stock	(2,495,314)	(2,411,962)
Additional paid-in capital	11,391,726	10,571,494
Retained earnings	46,413,072	33,614,079
Accumulated other comprehensive income	278,221	512,233
Total shareholders' equity	<u>64,006,234</u>	<u>50,548,123</u>
Total liabilities and shareholders' equity	<u>\$ 789,929,828</u>	<u>\$ 691,615,755</u>
Book value per share	\$ 13.31	\$ 10.71
Tangible book value per share	12.76	10.14

**EVOLVE BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED INCOME STATEMENTS**

(audited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Interest income				
Loans	\$ 6,323,301	\$ 6,713,545	\$ 25,799,860	\$ 24,403,409
Investment securities	75,482	81,515	302,177	319,905
Other	206,332	23,774	377,919	142,457
Total interest income	6,605,115	6,818,834	26,479,956	24,865,771
Interest expense				
Deposits	142,628	270,654	740,101	1,699,146
FHLB advances and other borrowed funds	356,080	269,340	1,303,040	1,014,843
Total interest expense	498,708	539,994	2,043,141	2,713,989
Net interest income	6,106,407	6,278,840	24,436,815	22,151,782
Provision for loan losses	440,381	600,000	564,979	1,041,672
Net interest income after provision for loan losses	5,666,026	5,678,840	23,871,836	21,110,110
Noninterest income				
Mortgage	13,207,106	16,575,881	57,966,227	56,811,061
Open Banking	8,184,491	6,067,261	29,836,261	19,162,177
Bank	1,840,894	1,437,626	8,822,798	6,408,551
Noninterest income	23,232,491	24,080,768	96,625,286	82,381,789
Noninterest expense				
Salaries, commissions, and employee benefits	16,696,236	17,239,494	72,320,355	60,810,894
Occupancy and equipment	1,094,159	1,064,264	4,605,192	4,015,113
Other	8,041,203	7,250,612	26,051,101	23,697,940
Noninterest expense	25,831,598	25,554,370	102,976,648	88,523,947
Income before income taxes	3,066,919	4,205,238	17,520,474	14,967,952
Income tax expense	802,544	1,132,598	4,552,607	3,960,666
Net income	\$ 2,264,375	\$ 3,072,640	\$ 12,967,867	\$ 11,007,286
Earnings per share basic	\$ 0.49	\$ 0.70	\$ 2.86	\$ 2.51
Earnings per share diluted	\$ 0.42	\$ 0.60	\$ 2.45	\$ 2.15

## EVOLVE BANK & TRUST FINANCIAL HIGHLIGHTS

(dollars in thousands)

(unaudited)

<b>Balance Sheet Data</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Portfolio Loans (Excluding PPP Loans)	\$ 417,098	\$ 332,975
PPP Loans	11,397	52,475
Mortgage Loans Held for Sale	138,856	196,449
SBA Loans Held for Sale	7,401	2,985
Total Loans	574,752	584,884
Investment Securities	41,877	27,012
Total Assets	788,114	691,611
Total Deposits	639,129	514,782
Net Loans to Deposits	88.67%	112.25%
Net Loans to Deposits Excluding PPP Loans	86.88%	102.06%
<b>Capital Ratios</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Tier 1 Leverage Ratio	9.82%	8.54%
Tier 1 Risk-Based Capital Ratio	12.60%	12.15%
Total Risk Based Capital Ratio	13.85%	13.41%
<b>Asset Quality</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Allowance for Loan Losses (ALL)	\$ 8,052	\$ 7,033
Non Accrual Loans	4,730	3,544
Other Real Estate Owned	615	735
Non-Accrual Loans to Total Loans	0.82%	0.61%
ALL to Total Loans (Excl HFS & PPP)	1.93%	2.11%
<b>Profitability Ratios</b>	<b>12 Months Ended December 31, 2021</b>	<b>12 Months Ended December 31, 2020</b>
Return on Average Assets	1.82%	1.87%
Return on Average Equity	20.60%	22.41%
Net Interest Margin	3.94%	4.18%