

June 6, 2022

Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. ("EBI") is pleased to announce its financial results for the first quarter of 2022. Net income for the quarter ended March 31, 2022 was \$1.4 million compared to \$4.3 million for the first quarter of 2021. Diluted earnings per share for the first quarter of 2022 was \$0.26 compared to \$0.82 for the same period in 2021. Tangible book value per share was \$12.79 at March 31, 2022 compared to \$12.76 at December 31, 2021.

Net interest income for the quarter ended March 31, 2022, decreased \$0.3 million, or 4.6%, to \$6.0 million from \$6.3 million for the same period in 2021. Noninterest income decreased \$6.6 million, or 25.4%, to \$19.3 million for the first quarter of 2022 from \$25.8 million in the first quarter of 2021. The decrease in noninterest income was due primarily to a decrease in mortgage revenue caused by a sudden significant increase in mortgage interest rates. This decrease was partially offset by strong growth in fee income from the Open Banking Division ("OBD"). Mortgage noninterest income decreased \$10.3 million, or 56.8%, to \$7.9 million during Q1 of 2022 from \$18.2 million in Q1 of 2021. In the first quarter of 2022, mortgage loan closings were \$281.0 million compared to \$533.7 million for the same period in 2021. The OBD noninterest income increased \$4.2 million, or 83.8%, to \$9.3 million in Q1 of 2022 compared to \$5.0 million in Q1 of 2021. 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 113.2 million transactions during the first quarter of 2022 compared to 62.8 million transactions for the same period in 2021, an increase of 80.2%. Noninterest expense for the first quarter decreased by \$3.0 million, or 11.3%, to \$23.3 million from \$26.3 million for the same period of 2021.

Total assets decreased \$12.3 million, or 1.6%, to \$777.7 million at March 31, 2022 from \$789.9 million at December 31, 2021. The decrease was primarily the result of a \$65.0 million decrease in mortgage loans held for sale which was partially offset by a \$46.6 million increase in investments held to maturity. Portfolio loans grew \$12.7 million during the first quarter of 2022. Total deposits decreased \$34.1 million, or 5.4%, to \$592.3 million at March 31, 2022 from \$626.4 million at December 31, 2021. In March of 2022, EBI issued \$10.5 million of subordinated notes.

The proceeds will be available to be contributed to Evolve Bank & Trust as capital to support future growth of assets and earnings. Total equity increased \$1.3 million to \$65.3 million at March 31, 2022 from \$64.0 million at December 31, 2021, an increase of 2.0%.

Evolve Bank & Trust's Return on Average Assets was 0.74% for the quarter ended March 31, 2022, compared to 2.45% for the same period in 2021. Return on Average Equity was 8.04% for the quarter ended March 31, 2022, compared to 29.76% for the same period in 2021, and regulatory capital, Tier 1 leverage ratio, at March 31, 2022 was 9.34%.

For more information regarding the financial position at March 31, 2022 and the financial performance for the three months ended March 31, 2022 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 SBA PRESIDENT

Davina Bergin has been named **President of Evolve's SBA Lending Division**. Davina has more than 30 years of experience in SBA Lending. Most recently, she was Senior Vice President, Chief Development Officer for immito, LLC. Davina has also served in numerous senior management roles including Senior Vice President, SBA Production Director for Umpqua Bank; Vice President, SBA Market Manager, Rabobank; Executive Vice President, Coast National Bank; and Vice President, SBA Lending Mission Community Bank. Davina has served on the board of the National Association of Government Guaranteed Lenders ("NAGGL") for more than 20 years and is the recipient of their Legislative Advocate of the Year award. [Read the news release here.](#)

EVOLVE NEWS: EVOLVE JOINS BANKING-as-a-SERVICE ASSOCIATION

Evolve Bank & Trust has joined the newly launched Banking-as-a-Service ("BaaS") Association. The group was formed by Bankers Helping Bankers, a bankers' only social+ platform for collaboration and education. [Read the news release here.](#)

EVOLVE NEWS: NACHA'S TOP 50 LIST

For the second year in a row, Evolve Bank & Trust ranked on Nacha's list of the Top 50 Financial Institution ACH Originators by volume. Our growth in ACH origination was up by more than 58%! [Watch a special message](#) from Scot Lenoir, Scott Stafford and Hank Word.



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EVOLVE NEWS: NEW PARTNERSHIP WITH MARQETA

We are proud to announce a new partnership with Marqeta that will give our customers more banking solutions. As an experienced fintech sponsor bank, Evolve Bank & Trust partners with forward-thinking, industry disruptive companies that look to innovate the banking industry. Read more about the new partnership [here](#).

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](#), 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. 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.



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EVOLVE BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 2022 (unaudited)	December 31, 2021 (audited)
ASSETS		
Total cash and cash equivalents	\$ 89,520,169	\$ 70,925,052
Securities available for sale, at fair value	15,391,890	41,877,304
Investments held to maturity	46,602,954	-
Restricted equity securities, at cost	3,016,400	2,878,350
Mortgage loans held for sale, at fair value	73,901,607	138,856,689
SBA loans held for sale	11,301,572	7,401,075
Loans, net of allowance of \$8,150,057 at 2022 and \$8,052,413 at 2021	421,735,401	409,045,041
Payroll Protection Program (PPP) Loans	5,970,633	11,397,278
Premises and equipment, net	4,853,525	4,002,745
Other assets	105,356,589	103,546,294
	<u>\$ 777,650,740</u>	<u>\$ 789,929,828</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Noninterest bearing demand deposits	\$ 332,831,409	\$ 431,387,029
Interest-bearing	259,453,525	194,969,142
Total deposits	<u>592,284,934</u>	<u>626,356,171</u>
Federal home loan bank advances	40,000,000	40,000,000
Subordinated Debt	31,100,468	20,589,369
Notes payable and other borrowings	7,582,034	11,729,504
Other liabilities	41,368,039	27,248,550
Total liabilities	<u>712,335,475</u>	<u>725,923,594</u>
Shareholders Equity		
Preferred Stock, Class A	3,377,475	3,377,475
Common Stock of 4,646,210 shares outstanding at 2022 and 4,554,460 at 2021	5,132,804	5,041,054
Treasury Stock	(2,495,314)	(2,495,314)
Additional paid-in capital	11,731,914	11,391,726
Retained earnings	47,786,798	46,413,072
Accumulated other comprehensive income	(218,412)	278,221
Total shareholders' equity	<u>65,315,265</u>	<u>64,006,234</u>
Total liabilities and shareholders' equity	<u>\$ 777,650,740</u>	<u>\$ 789,929,828</u>
Book value per share	\$ 13.33	\$ 13.31
Tangible book value per share	12.79	12.76

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

	Three Months Ended	
	March 31,	
	2022	2021
Interest income		
Loans	\$ 6,366,837	\$ 6,663,701
Investment securities	80,713	77,476
Other	50,817	20,749
Total interest income	6,498,367	6,761,926
Interest expense		
Deposits	133,814	230,345
FHLB advances and other borrowed funds	358,603	237,053
Total interest expense	492,417	467,398
Net interest income	6,005,950	6,294,528
Provision for loan losses	125,662	-
Net interest income after provision for loan losses	5,880,288	6,294,528
Noninterest income		
Mortgage	7,857,277	18,190,516
Open Banking	9,271,663	5,044,721
Bank	2,125,916	2,584,886
Noninterest income	19,254,856	25,820,123
Noninterest expense		
Salaries, commissions, and employee benefits	16,111,453	19,939,995
Occupancy and equipment	1,260,054	1,066,634
Other	5,950,035	5,283,949
Noninterest expense	23,321,542	26,290,578
Income before income taxes	1,813,602	5,824,073
Income tax expense	397,657	1,507,340
Net income	\$ 1,415,945	\$ 4,316,733
Earnings per share basic	\$ 0.30	\$ 0.96
Earnings per share diluted	\$ 0.26	\$ 0.82

EVOLVE BANK & TRUST FINANCIAL HIGHLIGHTS

(dollars in thousands)
(unaudited)

Balance Sheet Data	March 31, 2022	December 31, 2021
Portfolio Loans (Excluding PPP Loans)	\$ 429,885	\$ 417,098
PPP Loans	5,971	11,397
Mortgage Loans Held for Sale	73,902	138,856
SBA Loans Held for Sale	11,301	7,401
Total Loans	521,059	574,752
Investment Securities	61,506	41,877
Total Assets	777,087	788,114
Total Deposits	615,653	639,129
Net Loans to Deposits	83.31%	88.67%
Net Loans to Deposits Excluding PPP Loans	82.34%	86.88%
Capital Ratios	March 31, 2022	December 31, 2021
Tier 1 Leverage Ratio	9.34%	9.82%
Tier 1 Risk-Based Capital Ratio	12.64%	12.60%
Total Risk Based Capital Ratio	13.90%	13.85%
Asset Quality	March 31, 2022	December 31, 2021
Allowance for Loan Losses (ALL)	\$ 8,150	\$ 8,052
Non Accrual Loans	7,103	4,730
Other Real Estate Owned	615	615
Non-Accrual Loans to Total Loans	1.36%	0.82%
ALL to Total Loans (Excl HFS & PPP)	1.90%	1.93%
Profitability Ratios	3 Months Ended March 31, 2022	3 Months Ended March 31, 2021
Return on Average Assets	0.74%	2.45%
Return on Average Equity	8.04%	29.76%
Net Interest Margin	3.88%	4.04%