



Triad Centre III
6070 Poplar Avenue
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Memphis, TN 38119

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May 11, 2020

Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. is pleased to announce our financial results for the first quarter of 2020. Net income for the three months ended March 31, 2020 increased 51.4% to \$907,372 from \$599,474 for the same period in 2019. Tangible book value per share increased to \$7.84 at March 31, 2020 from \$7.66 at December 31, 2019.

Evolve Bank & Trust's ("the Bank") Non-Interest Income increased 51.3% to \$12.7 million for the three months ended March 31, 2020 compared to \$8.4 million for the same period in 2019. The increase is primarily the result of continued growth in transaction volumes and related income from the Bank's Payment Processing Division. Net interest income for the three months ended March 31, 2020 was \$4.8 million compared to \$4.6 million for the same period in 2019.

The Bank's total assets grew 8.0% to \$487.0 million at March 31, 2020 from \$451.3 million at December 31, 2019. The Bank's loan portfolio was \$355.0 million at March 31, 2020 compared to \$361.8 million at December 31, 2019. Total deposits were \$372.7 million at March 31, 2020 compared to \$373.6 million at December 31, 2019.

The Bank's regulatory capital (Tier 1 leverage ratio) at March 31, 2020 remained strong at 9.24%. For more information regarding the Bank's financial performance for the first quarter of 2020, please see the attached Financial Highlights table.

CORONAVIRUS UPDATE

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.

Evolve is reviewing strategies to reopen the lobbies to our Home Loan, Financial and Banking Centers. Senior Management is developing a multi-tiered plan to open our physical locations to customers with social distancing guidance in place. These plans will be announced to all personnel and customers in advance.



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PAYCHECK PROTECTION PROGRAM (PPP)

Evolve was part of a limited group of local community banks to participate in the SBA's Paycheck Protection Program. Evolve has funded a significant amount of loans for small businesses around the country since the inception of the program. The response was overwhelming, and the feedback was incredible. It wasn't just existing customers of Evolve who benefited. A special education program inquired about the PPP at other banks and was turned down. Evolve funded their loan within days. Virginia Erxlebenk, Director of Center for Learning Unlimited, said, "You are an angel for our program for special kiddos who have no voice!"

ONWARD & UPWARD

Evolve announced the appointment of **John Workhoven** as **Fair Lending Officer**. John spent the last 25 years with First Horizon (Tennessee) Bank, Memphis. During his tenure, he served in Operations, Retail and Product Strategy. For the last seven years, he was Vice President, Fair Lending Officer and HMDA Compliance Manager. In 2018, John managed the implementation of the new HMDA rule changes across eight origination systems and platforms. Under his direction, First Horizon received positive reviews on all fair lending examinations. Prior to First Horizon, John served as Vice President Branch Sales Manager for Union Planters Bank, Memphis. John received his Bachelor of Business Administration from the University of Memphis.

EVOLVE IN THE NEWS

PaymentsSource.com has named our very own **Donna Embry**, Senior Vice President, Global Payment Strategies, to their 2020 list of The Most Influential Women in Payments. Donna joined Evolve in 2018. Across her career, she has held multiple leadership positions in the payments industry, including Chief Payments Officer for Payment Alliance International, Executive Vice President, Product and Marketing for Vital Processing, and Senior Vice President, Electronic Banking for PNC Bank.

The Evolve Bank & Trust Cooper Young Festival is pleased to announce that local Memphian and Cooper Young resident, John McIntire, has been named the 2020 Poster Artist. The Festival will be celebrated on Saturday, September 19th from 9 a.m. to 7 p.m. with a rain date of Sunday, September 20th. A backup date of Saturday, October 31st has been identified if there is a need to reschedule due to the COVID-19.



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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 Three Months Ended March 31, 2020
(Unaudited)

Evolve Bancorp

(Dollars in Thousands, except per share data)

Income Data	March 31, 2020	March 31, 2019
Net Income	\$ 907	\$ 599
Balance Sheet Data	March 31, 2020	December 31, 2019
Preferred Stock	\$ 4,476	\$ 4,476
Common Stockholders' Equity	35,997	35,174
Total Stockholders' Equity	40,473	39,650
Book Value per Common Share	\$ 8.43	\$ 8.24
Tangible Book Value per Common Share	\$ 7.84	\$ 7.66

Evolve Bank and Trust

(Dollars in Thousands)

Income Data	March 31, 2020	March 31, 2019
Net Interest Income	\$ 4,791	\$ 4,628
Non Interest Income	12,720	8,406
Net Income	867	652
Profitability Ratios	March 31, 2020	March 31, 2019
Return on Average Assets	0.74%	0.56%
Return on Average Equity	7.60%	6.14%
Net Interest Margin	4.47%	4.36%
Balance Sheet Data	March 31, 2020	December 31, 2019
Portfolio Loans	\$ 355,014	\$ 361,824
Loans Held for Sale	43,786	27,449
Total Loans	398,800	389,273
Investment Securities	13,654	9,804
Total Assets	486,982	451,290
Total Deposits	372,671	373,643
Allowance for Loan Losses	6,369	6,345
Balance Sheet Ratios	March 31, 2020	December 31, 2019
Net Loans to Deposits	105.30%	102.48%
Non-Accrual Loans to Total Loans	0.72%	0.83%
ALLL/Gross Loans, excluding HFS	1.79%	1.75%
Tier 1 Leverage Ratio	9.24%	8.57%
Tier 1 Risk-Based Capital Ratio	11.53%	11.25%
Total Risk Based Capital Ratio	12.78%	12.50%