



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

office 901.624.5500  
fax 901.624.5540

March 21, 2019

Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. is pleased to announce excellent financial results for 2018. Net income for the year ended December 31, 2018 was \$4.3 million, which represents a 43.9% increase over the prior year net income of \$3 million. Tangible book value per share increased 16.3% to \$6.48 at December 31, 2018 from \$5.57 at December 31, 2017.

Evolve Bank & Trust's ("the Bank") return on average equity increased to 10.41% for 2018 from 7.55% for 2017. Return on average assets increased to 0.91% in 2018 from 0.67% in 2017. Net interest income for the year ended December 31, 2018 increased 7.5% to \$19.5 million compared to \$18.2 million for the same period in 2017. The increase in net interest income was the result of strong growth in the Bank's loan portfolio as well as an increase in the Bank's net interest margin to 4.50% in 2018 from 4.36% in 2017.

Non-Interest Income was \$38.5 million for the year ended December 31, 2018 compared to \$42 million for the same period in 2017. The decrease in non-interest income was due to a decline in mortgage banking revenues consistent with the industry due to rising interest rates and compressed margins. This decrease was partially offset by an increase in income from the Bank's Payment Processing Division and the Trust Division's Litigation Trust services.

The Bank's total assets grew 3.8% to \$474.4 million at December 31, 2018 from \$456.9 million at December 31, 2017. The Bank's loan portfolio increased \$30.1 million, or 9%, to \$365.2 million at December 31, 2018 from \$335.1 million at December 31, 2017. Total deposits increased to \$383.8 million at December 31, 2018 from \$368.6 million at December 31, 2017.

The Bank's regulatory capital (Tier 1 leverage ratio) at December 31, 2018 was 8.58%. For more information regarding the Bank's financial performance for the fourth quarter and year ended December 31, 2018, please see the attached Financial Highlights table.

#### **EVOLVE IN THE NEWS**

For the fifth 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 2018. We had more than 80% participation.



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

office 901.624.5500  
fax 901.624.5540

The following quote was given by one of our colleagues in the survey: "Evolve Bank & Trust is a great company to work for. The people openly welcome you whether you are new to the bank as a whole or new to the position you currently hold. The company strives for greatness." This is just one of the many positive statements made about Evolve.

#### **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 [www.getevolved.com](http://www.getevolved.com), you will find a link to <https://banclist.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 or [jnelson@getevolved.com](mailto:jnelson@getevolved.com), 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 [www.getevolved.com](http://www.getevolved.com) and follow us on Facebook at [www.facebook.com/getevolved](http://www.facebook.com/getevolved), Twitter at [www.twitter.com/getevolved1925](http://www.twitter.com/getevolved1925), Instagram at [www.instagram.com/evolve1925](http://www.instagram.com/evolve1925), or on LinkedIn at [www.linkedin.com/company/evolve-bank-and-trust](http://www.linkedin.com/company/evolve-bank-and-trust).

Sincerely,

B. Scot Lenoir  
Chairman  
Evolve Bancorp, Inc.



Triad Centre III  
6070 Poplar Avenue  
Suite 200  
Memphis, TN 38119  
office 901.624.5500  
fax 901.624.5540

**Evolve Bancorp and Evolve Bank & Trust  
Financial Highlights For the Year Ended December 31, 2018**

**Evolve Bancorp**

*(Dollars in Thousands, except per share data)*

<b>Income Data</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Net Income	\$ 4,282	\$ 2,976
<b>Balance Sheet Data</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Preferred Stock	\$ 4,476	\$ 6,476
Common Stockholders' Equity	31,141	28,340
Total Stockholders' Equity	35,617	34,816
Book Value per Common Share	\$ 7.04	\$ 6.11
Tangible Book Value per Common Share	\$ 6.48	\$ 5.57

**Evolve Bank and Trust**

*(Dollars in Thousands)*

<b>Income Data</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Net Interest Income	\$ 19,526	\$ 18,159
Non Interest Income	38,548	42,033
Net Income	4,266	2,959
<b>Profitability Ratios</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Return on Average Assets	0.91%	0.67%
Return on Average Equity	10.41%	7.55%
Net Interest Margin	4.50%	4.36%
<b>Balance Sheet Data</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Portfolio Loans	\$ 365,187	\$ 335,069
Loans Held for Sale	31,358	60,127
Total Loans	396,545	395,196
Investment Securities	21,262	20,253
Total Assets	474,411	456,898
Total Deposits	383,824	368,649
Allowance for Loan Losses	6,178	6,368
<b>Balance Sheet Ratios</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Net Loans to Deposits	101.70%	105.47%
Non-Accrual Loans to Total Loans	0.92%	0.98%
ALLL/Gross Loans, excluding HFS	1.69%	1.90%
Tier 1 Leverage Ratio	8.58%	8.39%
Tier 1 Risk-Based Capital Ratio	10.49%	10.25%
Total Risk Based Capital Ratio	11.75%	11.51%



Triad Centre III  
6070 Poplar Avenue  
Suite 200  
Memphis, TN 38119  
office 901.624.5500  
fax 901.624.5540

**Evolve Bancorp and Evolve Bank & Trust  
2018 Financial Highlights**

**Evolve Bancorp**  
*(Dollars in Thousands)*

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

  

<b>Income Data</b>	<b>2017</b>				
	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>2017 YTD</b>
Net Income	\$ 190	\$ 960	\$ 1,350	\$ 476	\$ 2,976

**Evolve Bank and Trust**  
*(Dollars in Thousands)*

<b>Income Data</b>	<b>2018</b>				
	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>2018 YTD</b>
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

  

<b>Income Data</b>	<b>2017</b>				
	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>2017 YTD</b>
Net Interest Income	\$ 4,612	\$ 4,753	\$ 4,604	\$ 4,190	\$ 18,159
Non Interest Income	9,539	9,820	12,103	10,571	42,033
Net Income	229	959	1,319	452	2,959