



Triad Centre III
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May 21, 2021

Dear valued Shareholders, Customers and Friends:

Evolve Bancorp, Inc. is pleased to announce excellent financial results and continued growth for the first quarter of 2021. Net income for the three months ended March 31, 2021 was \$4.3 million compared to \$907,372 for the same period in 2020. Tangible book value per share increased 8.5% to \$11.00 at March 31, 2021 from \$10.14 at December 31, 2020.

Net interest income for the first quarter of 2021 increased to \$6.3 million from \$4.7 million for the same period of 2020 as a result of loan growth and reduced deposit costs. Noninterest income increased 103.0% to \$25.8 million for the three months ended March 31, 2021 compared to \$12.7 million for the same period in 2020. 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 first quarter of 2021, the Mortgage Division closed \$533.7 million of mortgage loans compared to \$174.7 million of mortgage loans for the same period of the prior year. Our Payment Processing Division processed 9.9 million ACH transactions during the three months ended March 31, 2021 compared to 5.5 million transactions for the same period in 2020.

Total assets declined 3.0% to \$670.9 million at March 31, 2021 from \$691.6 million at December 31, 2020. The decline was primarily the result of a decrease in mortgage loans held for sale of \$23.4 million. Total deposits decreased 3.4% to \$496.8 million at March 31, 2021 from \$514.3 million at December 31, 2020.

Evolve Bank & Trust's return on Average Assets was 2.45% for the quarter ended March 31, 2021 compared to .74% for the same period in 2020. Return on Average Equity was 29.76% for the quarter ended March 31, 2021 compared to 7.60% for the same period in 2020, and regulatory capital, (Tier 1 leverage ratio), at March 31, 2021 was 9.01%.

For more information regarding the financial performance of Evolve Bancorp. Inc. for the first quarter of 2021, 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

Recently, Don Clanton, SBA Lending Division President, announced he would retire at the end of May. Don will remain on Evolve's Board of Directors. He has served as leader of the division since 2018 and on the Board since 2005. Don has almost 50 years of experience in banking and investment banking. In 2018, Don retired as the Chief Operating Officer of Duncan-Williams, Inc., an investment banking firm based in Memphis. Prior to serving as the firm's COO, he was Executive Vice President of Capital Markets. Don has served as President of the Memphis Investment Bankers Association and was a member of FINRA's Business Conduct Board. Currently, he is active in the Bond Dealers of America and is also a member of the National Civil Rights Museum Board of Directors. Don is also a proud graduate of Mississippi State University. In his retirement, he plans to travel with his wife, Cecilia, and spend time with family and friends.

George Andreus has been named the new President of the SBA Lending Division. In 2019, George was named Chief Operations Officer and National Sales Manager for the division. Since joining Evolve in 2017, George has not only built out a robust nationwide sales force and helped grow the division, but he has also implemented new strategies to improve operations resulting in a more efficient loan process. George has more than 30 years of experience in the financial industry. His start in the SBA sector was as Vice President of Business Development at GE Capital. While there, George consistently ranked in the top 10 to 25% in production during his six-year tenure. As East Region Sales Manager at CIT Small Business Lending, George was only one of two managers selected for their "Admirals Club Award" for managerial excellence. As Director of SBA lending at Homebanc N.A., he grew the division to be the #1 Florida based 7a lender. He was also instrumental in building the origination team at Ready Capital which is now a top 100 Lender Nationally.

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.



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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,

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**

	March 31, 2021 <u>(unaudited)</u>	December 31, 2020 <u>(audited)</u>
ASSETS		
Total cash and cash equivalents	\$ 74,942,743	\$ 52,487,283
Securities available for sale, at fair value	15,603,561	27,011,757
Restricted equity securities, at cost	3,218,450	3,194,750
Mortgage loans held for sale, at fair value	173,022,826	196,449,039
SBA loans held for sale	2,975,150	2,984,702
Loans, net of allowance of \$7,110,617 at 2021 and \$7,032,617 at 2020	322,464,173	325,945,493
Payroll Protection Program (PPP) Loans	47,673,030	52,475,074
Premises and equipment, net	4,738,789	4,929,467
Other assets	26,271,095	26,138,190
	<u>\$ 670,909,817</u>	<u>\$ 691,615,755</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Noninterest bearing demand deposits	\$ 317,164,813	\$ 218,736,861
Interest-bearing	179,676,629	295,564,437
Total deposits	496,841,442	514,301,298
Federal home loan bank advances	40,000,000	45,000,000
FRB PPP liquidity facility	46,333,530	52,598,374
Notes Payable	5,080,000	5,080,000
Other liabilities	27,831,692	24,087,960
Total liabilities	616,086,664	641,067,632
Shareholders Equity		
Preferred Stock, Class A	3,377,475	3,377,475
Common Stock of 4,450,710 shares outstanding at 2021 and 4,404,272 at 2020	4,937,304	4,884,804
Treasury Stock	(2,495,314)	(2,411,962)
Additional paid-in capital	10,764,218	10,571,494
Retained earnings	37,888,593	33,614,079
Accumulated other comprehensive income	350,877	512,233
Total shareholders' equity	54,823,153	50,548,123
	<u>\$ 670,909,817</u>	<u>\$ 691,615,755</u>
Total liabilities and shareholders' equity	<u>\$ 670,909,817</u>	<u>\$ 691,615,755</u>
Book value per share	\$ 11.56	\$ 10.71
Tangible book value per share	11.00	10.14



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

(unaudited)

	Three Months Ended	
	March 31,	
	2021	2020
Interest income		
Loans	\$ 6,663,701	\$ 5,404,055
Investment securities	77,476	64,562
Other	20,749	75,626
Total interest income	6,761,926	5,544,243
Interest expense		
Deposits	230,345	653,292
FHLB advances and other borrowed funds	237,053	166,526
Total interest expense	467,398	819,818
Net interest income	6,294,528	4,724,425
Provision for loan losses	-	238,863
Net interest income after provision for loan losses	6,294,528	4,485,562
Noninterest income		
Mortgage	18,190,516	5,961,589
Payment Processing/Bank	7,629,607	6,758,479
Noninterest income	25,820,123	12,720,068
Noninterest expense		
Salaries, commissions, and employee benefits	19,939,995	10,142,693
Occupancy and equipment	1,066,634	939,460
Other	5,283,949	4,868,095
Noninterest expense	26,290,578	15,950,248
Income before income taxes	5,824,073	1,255,382
Income tax expense	1,507,340	348,010
Net income	\$ 4,316,733	\$ 907,372
Earnings per share basic	\$ 0.96	\$ 0.20
Earnings per share diluted	\$ 0.82	\$ 0.18



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EVOLVE BANK & TRUST FINANCIAL HIGHLIGHTS

(dollars in thousands)
(unaudited)

Balance Sheet Data	March 31, 2021	December 31, 2020
Portfolio Loans (Excluding PPP Loans)	\$ 329,575	\$ 332,975
PPP Loans	47,673	52,475
Mortgage Loans Held for Sale	173,023	196,449
SBA Loans Held for Sale	2,975	2,985
Total Loans	553,246	584,884
Investment Securities	15,604	27,012
Total Assets	670,844	691,611
Total Deposits	497,530	514,782
Net Loans to Deposits	109.77%	112.25%
Net Loans to Deposits Excluding PPP Loans	100.19%	102.06%
Capital Ratios	March 31, 2021	December 31, 2020
Tier 1 Leverage Ratio	9.01%	8.54%
Tier 1 Risk-Based Capital Ratio	12.96%	12.15%
Total Risk Based Capital Ratio	14.21%	13.41%
Asset Quality	March 31, 2021	December 31, 2020
Allowance for Loan Losses (ALL)	\$ 7,111	\$ 7,033
Non Accrual Loans	3,369	3,544
Other Real Estate Owned	735	735
Non-Accrual Loans to Total Loans	0.61%	0.61%
ALL (Excluding HFS & PPP)	2.16%	2.11%
Profitability Ratios	3 Months Ended March 31, 2021	3 Months Ended March 31, 2020
Return on Average Assets	2.45%	0.74%
Return on Average Equity	29.76%	7.60%
Net Interest Margin	4.04%	4.47%