



July 31, 2014

Dear Fellow Shareholder:

We are very pleased to report Revere Bank's strong second quarter and year-to-date results. These include a significant increase in income, continued solid credit metrics and substantial loan and deposit growth. Net income for the second quarter was \$988 thousand representing a 75% increase over last year's second quarter net income and a slight increase over the first quarter's net income. Year-to-date net income was \$1.97 million or 97% higher than the \$1.00 million earned during the first six months of 2013. Our very significant loan growth near quarter-end provides us with strong earnings momentum as we enter the third quarter.

We closed the second quarter with \$558.6 million in assets, \$490.6 million in loans and \$491.6 million in deposits. Loans have grown 30.6% or \$115.1 million since June 30, 2013 and 7.8% or \$35.6 million in the second quarter. After making an adjustment for a \$26.2 million temporary deposit we held this time last year, deposits have grown 24.3% or \$96.1 million since June 30, 2013 and 9.5% or \$42.7 million during the second quarter. Our loan pipeline is strong and momentum in both loans and deposits remains healthy.

Our second quarter net interest margin was 3.96% compared to 3.71% for the second quarter of 2013 (adjusted for last year's temporary deposit) and 4.05% on a linked quarter basis. The year-to-date net interest margin was 4.00% versus 3.71% (adjusted) for the first six months of 2013. Associated net interest income, due to balance sheet growth and year-to-date margin expansion, grew 5.4% on a linked quarter basis and year-to-date increased 33.4% or \$2.48 million to \$9.91 million from \$7.43 million last year.

Non interest expense increased 6.7% or \$206 thousand on a linked quarter basis and year-to-date increased 16.6% or \$907 thousand over the same period last year. Second quarter expenses were significantly higher for two reasons. First, we successfully upgraded our IT systems during the quarter resulting in a one-time expense of \$30 thousand. Secondly, we opened our new Gaithersburg location in April giving us a new branch and additional commercial banking office space. The move resulted in additional rent and occupancy expense in the quarter of \$46 thousand over the first quarter and with our continuing growth we expect to absorb this expense base quickly. As a result of these two items our linked quarter efficiency ratio increased slightly to 62.4% while year-to-date improved to 62.0% from 70.0% for the same period last year.

Our credit quality remains very strong. Net charge offs on a year-to-date basis total just \$52 thousand. We had \$18 thousand in loans past due 30 days or more at quarter-end. We had non-accrual loans of \$51 thousand at quarter-end. The resulting ratio of non-performing assets to total assets stood at 0.01% at quarter-end and is among the best in the industry. The allowance for loan losses was 1.29% of loans outstanding at quarter-end. We are committed to maintaining high credit quality and the continuous management of our growing loan portfolio.

The first half of 2014 has been very exciting. We've grown in profitability and size as well as in talent through the addition of new colleagues. We are very optimistic about the second half of 2014 and beyond. We know small and medium sized business owners want to deal with experienced commercial

bankers who will invest the time to listen and customize loan and deposit solutions to help their business – that’s what our bankers do. Likewise, Revere Bank is well positioned to take advantage of the emerging new client acquisition opportunities being created by the increased bank merger and acquisition activity underway in our trade area.

Finally, almost all of our business is attributable to referrals from customers, business advisors such as CPA’s and attorneys, board members and shareholders. Every business and individual needs a bank – and we appreciate any referrals you direct our way. And we invite you, as co-owners of Revere, to do all of your banking with us.

On behalf of our colleagues and directors, thank you for your continued support. We welcome your comments and please contact us anytime.

Sincerely,



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Financial Highlights (Unaudited)
(Dollars in thousands except per-share data)

	Six Months Ended		YoY Δ	Quarter Ended		LQ Δ
	06/30/14	06/30/13		06/30/14	03/31/14	
Operating Results						
Net Interest Income	\$ 9,907	\$ 7,428	33.4%	\$ 5,084	\$ 4,823	5.4%
Provision for Loan Loss	562	700	-19.7%	320	242	32.2%
Net Interest Income after Provision	9,345	6,728	38.9%	4,764	4,581	4.0%
Non-Interest Income	368	378	-2.6%	184	184	0.5%
Non-Interest Expense	6,370	5,463	16.6%	3,288	3,082	6.7%
Pretax Net Income	3,343	1,643	103.4%	1,660	1,683	-1.4%
Income Tax Expense	1,371	640	114.4%	672	699	-3.9%
Net Income	\$ 1,972	\$ 1,003	96.7%	\$ 988	\$ 984	0.5%
Per-Share Data						
Earnings per share	\$ 0.457	\$ 0.248	84.5%	\$ 0.229	\$ 0.228	0.2%
Earnings per share - diluted	\$ 0.409	\$ 0.220	85.8%	\$ 0.205	\$ 0.204	0.2%
Book value per share	\$ 11.10	\$ 10.23	8.6%	\$ 11.10	\$ 10.85	2.4%
Book value per share - diluted	\$ 11.01	\$ 10.21	7.9%	\$ 11.01	\$ 10.78	2.1%
Selected Balance Sheet Data						
Loans	\$ 490,555	\$ 375,493	30.6%	\$ 490,555	\$ 455,000	7.8%
Assets	\$ 558,558	\$ 475,859	17.4%	\$ 558,558	\$ 512,412	9.0%
Deposits	\$ 491,580	\$ 421,670	16.6%	\$ 491,580	\$ 448,841	9.5%
Stockholders' equity	\$ 48,133	\$ 43,860	9.7%	\$ 48,133	\$ 46,839	2.8%
Performance Ratios						
			BP			BP
Return on Average Assets (annualized)	0.77%	0.46%	31	0.75%	0.80%	(6)
Return on Average Equity (annualized)	8.42%	4.93%	349	8.29%	8.56%	(27)
Net Interest Margin	4.00%	3.54%	47	3.96%	4.05%	(9)
Net Interest Yield	3.89%	3.41%	48	3.83%	3.94%	(11)
Efficiency Ratio	61.99%	69.99%	(800)	62.40%	61.56%	84
Credit Quality Ratios						
Loans past due more than 30 days to total loans	0.00%	0.19%	(18)	0.00%	0.00%	0
Non accrual loans to total loans	0.01%	0.41%	(40)	0.01%	0.02%	(1)
Allowance for loan loss to total loans	1.29%	1.38%	(9)	1.29%	1.33%	(4)
Non performing assets to total assets	0.01%	0.32%	(31)	0.01%	0.02%	(1)
Regulatory Capital ratios						
Core capital (leverage) ratio	9.02%	9.53%	(51)	9.02%	9.34%	(32)
Tier 1 risk-based capital ratio	9.79%	11.77%	(198)	9.79%	10.27%	(48)
Total risk-based capital ratio	11.04%	13.03%	(199)	11.04%	11.52%	(48)
Number of Employees						
	79	67	17.9%	79	76	3.9%



Financial Highlights
Glossary of Select Terms

Operating Results

Net Interest Income	Interest income minus interest expense
Provision for Loan Loss	Current period expense for possible future problem loans

Per-Share Data

Earnings per share	Net income divided by YTD average shares outstanding
Earnings per share - diluted	Net income divided by the YTD average of shares outstanding plus total "in the money versus book value" stock options granted
Book value per share	Stockholders' equity divided by shares outstanding
Book value per share - diluted	Stockholders' equity plus cash derived from execution of all "in the money versus book value" stock options granted divided by shares outstanding plus total "in the money versus book value" stock options granted

Performance Ratios

Return on Average Assets (annualized)	Net income annualized divided by YTD average assets
Return on Average Equity (annualized)	Net income annualized divided by YTD average equity
Net Interest Margin	Net interest income divided by YTD average earning assets
Net Interest Yield	Net interest income divided by YTD average assets
Efficiency Ratio	Ratio of operating expense to net interest income plus non interest income

Credit Quality Ratios

Non accrual loans to total loans	Loans on which we no longer accrue interest due to credit concerns divided by period end total loans
Non performing assets to total assets	Investments on which we no longer accrue interest due to default concerns plus non accrual loans plus other real estate owned divided by period end total assets

Regulatory Capital ratios

Core capital (leverage) ratio	Period end equity divided by period end assets
Tier 1 risk-based capital ratio	Period end tier 1 capital (as defined by the FDIC) divided by period end assets
Total risk-based capital ratio	Period end total regulatory capital (as defined by the FDIC) divided by period end risk weighted assets (as defined by the FDIC)

Other

YoY Δ	Year over year change
YTD Δ	Year to date change
LQ Δ	Linked quarter change
BP	Basis point - A basis point is equivalent to 1 one hundred of 1 percent.