REVERE BANK

February 20, 2017

Dear Fellow Shareholder:

We are pleased to report a very strong and pivotal year for your bank. The progress made in 2016 has positioned Revere for substantial earnings growth in 2017 and beyond. Before we discuss our fourth quarter and in-depth annual financial results, we want to note a few of 2016's accomplishments:

1. Assets more than doubled to $1.894 billion from $847 million one year ago. This growth occurred as we partnered with two local banks, BlueRidge Bank ("BlueRidge") and Monument Bank ("Monument") and grew organically by over $300 million in assets.
2. Net income grew 41.5% for the year to $8.78 million. This occurred even with one-time, after-tax merger-related expenses totaling $1.6 million during the year.
3. Asset quality remained very strong with year end non-performing assets to total assets of 0.19% and loans past due more than 30 days to total loans of 0.25%.

Fourth Quarter Highlights:

- GAAP (Generally Accepted Accounting Principles) net income of $2.6 million was essentially the same as the third quarter with merger-related expenses roughly equal to the earnings produced from Monument.
- Core net income (excludes one-time merger-related expenses from GAAP net income) of $3.3 million increased 21.6% on a linked-quarter basis.
- Loans grew 40.1% on a linked-quarter basis primarily due to the Monument merger. Revere's organic (not related to acquisitions) loan growth was $44.8 million, or 4% on a linked-quarter basis.
- Deposits grew 44.2% on a linked-quarter basis primarily due to the Monument merger. Revere's organic deposit growth was $61.4 million, or 6% on a linked-quarter basis.
- We completed the operational and systems conversion of Monument Bank into Revere effective December 5, 2016.

Detailed Performance Discussion-Fourth Quarter and Annual Results

As mentioned above, we discuss both GAAP net income results as well as core net income (core net income excludes one-time merger-related expenses associated with both BlueRidge and Monument). This allows you to best compare our results to those from previous periods. We incurred pre-tax and after-tax merger-related expenses of $1.3 million and $724 thousand, respectively, during the fourth quarter and $2.6 million and $1.6 million, respectively, on a year-to-date basis.

- Fourth quarter core net income of $3.3 million was 103% greater than the fourth quarter of 2015, and 21.6% greater than the linked quarter. This occurred as strong loan growth and the associated net interest income increase outpaced continued pressure on our net interest margin. GAAP net income was $2.6 million or 58.6% above last year's fourth quarter and virtually the same as the linked quarter.
- Full year core net income of $10.4 million was 67.7% greater than the same period in 2015. This occurred for the same reasons mentioned above. Full year GAAP net income was $8.8 million or 41.5% greater than the same period in 2015.
- Total assets of $1.894 billion at December 31, 2016, increased by 123.5% or $1.047 billion since December 31, 2015. Approximately $232 million, or 22% of the asset growth is associated with the BlueRidge merger, and $513 million, or 49% of the asset growth is associated with the Monument merger. The remaining $302 million, or 29% of the asset growth is attributable to Revere's organic growth.
- Total loans of $1.588 billion at December 31, 2016, increased by 108.9% or $828 million since December 31, 2015. Approximately $192 million, or 23% of the loan growth is associated with the BlueRidge merger, and $409 million, or 49% of the loan growth is associated with the Monument merger. The remaining $227 million, or 27% of the loan growth is attributable to Revere's organic growth. Our loan pipeline is very substantial and momentum remains strong.
- Total deposits of $1.603 billion at December 31, 2016, increased by 128.2% or $900 million since December 31, 2015. Approximately $205 million, or 23% of the deposit growth is associated with the BlueRidge merger, and $430 million, or 48% of the deposit growth is associated with the Monument merger. The remaining $265 million, or 29% of the deposit growth is attributable to Revere's organic growth. Our deposit pipeline is healthy and growing.
- Our full year 2016 net interest margin was 3.73% compared to 3.94% for the same period in 2015. The year-over-year decline reflects an industry-wide margin compression in this prolonged, low rate environment as well as an increase in our cash position compared to last year. The linked-quarter margin decreased slightly from 3.70% to 3.68%. The last three quarters of 2016 include the benefits of fair market value (FMV) adjustments from the acquisitions within our net interest margin. We believe that margin compression will continue to be a challenge until interest rates materially increase and the yield curve steepens.

- Full year net interest income increased 65.1% or $18.7 million year to date compared to the same period in 2015. Approximately $4.3 million, or 23% of the increase, is associated with the Monument acquisition. Approximately $6.4 million, or 34% of the increase, is associated with the BlueRidge acquisition. The remaining $8.0 million, or 43%, is attributed to Revere's organic growth.
- Full year non-interest expense increased 74.6% or $13 million year to date compared to the same 2015 period. Included in the increase were $2.6 million in merger-related costs for the BlueRidge and Monument transactions. The core non-interest expense increase of $10.4 million was 60% higher than the same 2015 period and indicates economies of scale benefits as asset growth was 123.5% over the same period.
- Our full year efficiency ratio increased to 62.20% from 58.61%. On a linked-quarter basis our efficiency ratio increased to 68.21% from 54.77% due to Monument one-time merger-related expenses. Excluding merger-related expenses, our core efficiency ratio for the year and current quarter would have been 56.87% and 60.63% respectively.
- Credit quality remains very strong. There were $3 thousand in charge-offs for the fourth quarter and $3.9 million of loans were past due 30 days or more at quarter-end. Non-accrual loans at December 31, 2016 totaled $3.6 million. The resulting ratio of non-performing assets to total assets stood at 0.19% at quarter-end and remains among the best in the industry. The allowance for loan losses was 0.77% of loans outstanding at quarter-end compared to 0.99% as of September 30, 2016. As part of purchase accounting, BlueRidge's and Monument's allowances for loan losses were eliminated and a credit mark was established against the acquired loan books. If we adjust for these credit marks our allowance to loan loss coverage ratio would have been 1.26%.
- The bank remains "Well Capitalized" at quarter-end with a tier 1 leverage ratio of 7.78% and a total capital ratio of 11.79%.
- 2016's net income increased 41.5% on a GAAP basis as compared to the same period last year and our EPS increased 1.7% to $1.25 from $1.23 in 2015. We anticipated this modest EPS growth due to the BlueRidge and Monument one-time merger-related expenses; an additional one million shares issued in the first half of 2015; 1.13 million shares issued to former BlueRidge shareholders on March 23, 2016; and 3.09 million shares issued to former Monument shareholders on October 1, 2016.
- A detailed profit and loss statement and balance sheet can be accessed by clicking on the link below.

We are very optimistic moving into 2017 as we plan to realize the positive income impact from our 2016 asset growth and the two partnerships we entered into with BlueRidge and Monument. We will be very deliberate with our loan portfolio mix and pricing as the market reacts to what has become a fairly volatile interest rate environment which now appears to be climbing throughout the interest rate curve.

We are fortunate to now be one of the largest banks headquartered in Maryland. With that size and ability to lend even more capital to our business clients, we're going to focus on our primary mission – to help small and medium-sized businesses and their owners grow and become even more successful. We contribute to our local economy by providing these clients with loans and helping them maximize their use of cash and deposits. We keep this mission simple and aspire to improve our execution every day.

Our journey of building a great bank and increasing shareholder value continues. Thank you for your continued support and please contact us anytime.

Sincerely,

Drew

Ken

Andrew F. Flott

Co-President & CEO
Office: (240) 264-5340
Cell: (301) 980-6030
Andrew.Flott@RevereBank.com

Kenneth C. Cook

Co-President & CEO
Office: (240) 264-5372
Cell: (301) 980-7507
Kenneth.Cook@RevereBank.com

www.RevereBank.com

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

	Twelve Months Ended			Quarter Ended				
	12/31/16	12/31/15	YoY Δ	12/31/16	09/30/16	LQ Δ	12/31/15	QoQ Δ
Operating Results								
Net Interest Income	$ 47,415	$ 28,712	65.1%	$ 16,549	$ 11,513	43.7%	$ 7,873	110.2%
Provision for Loan Loss	3,533	2,001	76.6%	$ 1,023	$ 1,045	-2.1%	$ 676	51.3%
Net Interest Income after Provision	43,882	26,711	64.3%	$ 15,526	$ 10,468	48.3%	$ 7,197	115.7%
Non-Interest Income	1,397	951	46.9%	$ 604	$ 315	91.7%	$ 282	114.5%
Non-Interest Expense	30,360	17,385	74.6%	$ 11,700	$ 6,478	80.6%	$ 4,705	148.7%
Pretax Net Income	14,919	10,277	45.2%	$ 4,430	$ 4,305	2.9%	$ 2,774	59.7%
Income Tax Expense	6,142	4,075	50.7%	$ 1,822	$ 1,696	7.5%	$ 1,130	61.3%
Net Income	$ 8,777	$ 6,202	41.5%	$ 2,608	$ 2,609	0.0%	$ 1,644	58.6%
Per-Share Data								
Earnings per share	$ 1.25	$ 1.23	1.7%	$ 0.27	$ 0.40	-32.1%	$ 0.31	-11.6%
Earnings per share - diluted	$ 1.17	$ 1.16	0.9%	$ 0.26	$ 0.37	-29.7%	$ 0.29	-10.3%
Book value per share	$ 17.51	$ 13.75	27.3%	$ 17.51	$ 15.55	12.6%	$ 13.75	27.3%
Tangible Book Value	$ 14.26	$ 13.75	3.7%	$ 14.26	$ 15.02	-5.1%	$ 13.75	3.7%
Selected Balance Sheet Data								
Loans	$ 1,588,424	$ 760,248	108.9%	$ 1,588,424	$ 1,134,128	40.1%	$ 760,248	108.9%
Assets	$ 1,894,287	$ 847,394	123.5%	$ 1,894,287	$ 1,327,309	42.7%	$ 847,394	123.5%
Deposits	$ 1,602,685	$ 702,290	128.2%	$ 1,602,685	$ 1,111,605	44.2%	$ 702,290	128.2%
Stockholders' equity	$ 168,759	$ 73,581	129.4%	$ 168,759	$ 101,400	66.4%	$ 73,581	129.4%
Performance Ratios			BP			BP		
Return on Average Assets (annualized)	0.66%	0.83%	(17)	0.55%	0.82%	(27)	0.80%	(25)
Return on Average Equity (annualized)	7.85%	9.37%	(152)	6.11%	10.28%	(417)	8.88%	(277)
Net Interest Margin	3.73%	3.94%	(21)	3.68%	3.70%	(2)	3.90%	(22)
Net Interest Yield	3.59%	3.84%	(25)	3.48%	3.60%	(12)	3.81%	(33)
Efficiency Ratio	62.20%	58.61%	359	68.21%	54.77%	1,344	57.69%	1,052
Credit Quality Ratios								
Loans past due more than 30 days to total loans	0.25%	0.02%	22	0.25%	0.00%	25	0.02%	22
Non accrual loans to total loans	0.23%	0.21%	1	0.23%	0.13%	10	0.21%	1
Allowance for loan loss to total loans	0.77%	1.16%	(39)	0.77%	0.99%	(22)	1.16%	(39)
Non performing assets to total assets	0.19%	0.19%	(0)	0.19%	0.11%	8	0.19%	(0)
Net charge-offs to total loans	0.01%	0.06%	(5)	0.01%	0.01%	(0)	0.02%	(1)
Regulatory Capital ratios								
Tier 1 leverage ratio	7.78%	8.96%	(118)	7.78%	7.77%	1	8.96%	(118)
Common equity tier 1 capital ratio	9.10%	10.44%	(134)	9.10%	8.71%	39	10.44%	(134)
Tier 1 capital ratio	9.10%	10.44%	(134)	9.10%	8.71%	39	10.44%	(134)
Total capital ratio	11.79%	11.68%	11	11.79%	12.48%	(69)	11.68%	11
Number of Employees	198	98	102.0%	198	132	50.0%	98	

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 potentially dilutive common shares under the Treasury Stock Method
Book value per share	Stockholders' equity divided by shares outstanding
Tangible book value per share	Stockholders' equity less core deposit intangible asset and goodwill divided by shares outstanding

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
Net charge-offs to total loans	Gross loan charge-offs less recoveries as a percentage of average YTD loans

Regulatory Capital ratios

Tier 1 leverage ratio	Period end tier 1 capital (as defined by FDIC) divided by average assets for leverage purposes (as defined by FDIC)
Common equity tier 1 capital ratio	Period end common equity tier 1 capital (as defined by the FDIC) divided by period end risk weighted assets (as defined by the FDIC)
Tier 1 capital ratio	Period end tier 1 capital (as defined by the FDIC) divided by period end risk weighted assets (as defined by risk weighted assets)
Total capital ratio	Period end total 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
QoQ Δ	Current quarter compared to the same quarter last year
BP	Basis point - A basis point is equivalent to 1 one hundred of 1 percent.