



July 31, 2017

Dear Fellow Shareholder:

We are pleased to report strong GAAP (Generally Accepted Accounting Principles) results as well as core results for the second quarter and the first half of 2017 in net income, loan growth, and deposit growth. GAAP and core results for the quarter are identical as second quarter one-time merger expenses are considered immaterial. We begin the third quarter with strong momentum and continued optimism about the future.

**Quarterly Highlights 6-30-17:**

- GAAP net income of \$4.87 million increased 38.1% compared with the first quarter and year to date grew 135.6% compared to the first six months of 2016.
- Core net income (excludes one-time merger charges from GAAP net income) of \$4.87 million increased 28.7% compared with the first quarter and year to date grew 105.0% compared to the first six months of 2016.
- Period-end assets grew 4.8% compared to the linked quarter and increased 66.1% since June 30, 2016. We surpassed the \$2 billion asset level during the quarter and on June 30 our assets were \$2.04 billion.
- Period-end loans grew 3.1% compared to the linked quarter and increased 59.3% since June 30, 2016.
- Period-end deposits grew 3.8% compared to the linked quarter and increased 66.3% since June 30, 2016.

**Detailed Performance Discussion**

As mentioned above, we discuss both GAAP net income results as well as core net income results (excludes one-time merger related costs associated with both BlueRidge Bank [“BlueRidge”] and Monument Bank [“Monument”]). This allows you to best compare our results to those from previous

periods. We incurred de minimis pre-tax and after-tax merger charges during the second quarter, and \$430 thousand and \$258 thousand, respectively, on a year-to-date basis.

- Second quarter core net income of \$4.87 million was 110.8% greater than the second quarter of 2016 and 28.7% greater than the linked quarter. This occurred as strong loan production and associated interest income growth, combined with merger expense synergies, more than offset a slight net interest margin decline as compared to 2016. GAAP net income was \$4.87 million or 127.9% above last year's second quarter and 38.1% greater than the linked quarter.
- Year-to-date core net income of \$8.65 million was 105.0% greater than the same period in 2016. This occurred for the same reasons mentioned above. GAAP net income year to date was \$8.39 million or 135.6% greater than the same period in 2016.
- Total assets of \$2.04 billion at quarter-end increased by 66.1% or \$814 million since June 30, 2016. Approximately \$513 million or 63.0% of the asset growth is associated with the Monument merger. The remaining \$301 million or 27.0% of the asset growth is attributable to Revere's organic growth. On a linked-quarter basis assets grew 4.8% or \$95 million.
- Total loans of \$1.70 billion at quarter-end increased by 59.3% or \$631.9 million since June 30, 2016. Approximately \$409 million or 64.7% of the loan growth is associated with the Monument merger. The remaining \$222.9 million or 35.3% of the loan growth is attributable to Revere's organic growth. On a linked-quarter basis loans grew 3.1% or \$51.3 million. Our pipeline is very substantial and momentum remains strong.
- Total deposits of \$1.73 billion at quarter-end increased 66.3% or \$688.4 million since June 30, 2016. Approximately \$430 million or 62.5% of the deposit growth is associated with the Monument merger. The remaining \$258.4 million or 37.5% is attributable to Revere's organic growth. On a linked-quarter basis deposits grew 3.8% or \$63.9 million. Our deposit pipeline and momentum continues to strengthen.
- The second quarter net interest margin was 3.79% compared to 3.81% for the same period in 2016 and 3.74% for the linked quarter. All periods include some accretion of fair market value adjustments related to the two mergers over the past year. About half of the five basis point improvement on a linked-quarter basis was associated with the recapture of non accrual interest on a specific loan. Much of the remaining linked-quarter improvement was associated with recent prime rate increases and their effect on our floating rate loan portfolio. However, margin compression challenges will continue until there is a material steepening of the yield curve.

- Net interest income increased 77.4% or \$14.98 million year to date compared to the same period in 2016. This growth is a result of the two mergers and the previously discussed balance sheet growth. On a linked-quarter basis net interest income increased by 5.3% or \$892 thousand as a result of quarterly loan growth and the margin expansion.
- Non-interest expense increased by 67.9% or \$8.27 million year to date compared to the same period in 2016. Included in the increase were \$430 thousand of merger-related costs from last year's mergers. On a linked-quarter basis non-interest expense declined 7.2% or \$767 thousand. Excluding merger costs in both periods, non-interest expense declined 3.2% or \$337 thousand.
- The year-to-date efficiency ratio decreased to 57.71% from 61.43% during the same period last year. On a linked-quarter basis our efficiency ratio improved to 54.16% from 61.43%. Excluding merger-related expenses our core efficiency ratio for the first six months would have been 56.49%.
- Credit quality remains very strong. There were \$164 thousand in charge-offs for the second quarter and \$479 thousand of loans were past due 30 days or more at quarter-end. Non-accrual loans at June 30, 2017 totaled \$3.7 million. The resulting ratio of non-performing assets to total assets stood at 0.18% at quarter-end and remains among the best in the industry. The allowance for loan losses was 0.81% of loans outstanding at quarter-end. 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 the remaining credit marks our allowance for loan losses coverage ratio would have been 1.20% at June 30.
- The bank remains "Well Capitalized" at quarter-end with a tier 1 leverage ratio of 7.77% and a total risk-based capital ratio of 11.40%.
- As mentioned above, our year-to-date net income increased 135.6% on a GAAP basis as compared to the same period last year. Our earnings per share increased a more modest yet very strong 45.6% to \$0.87 from \$0.59 for the first half. Earnings per share growth is less than net income growth as 4.3 million new shares were issued in 2016 associated with the two mergers. On a linked-quarter basis earnings per share increased 37.7% to \$0.50 from \$0.36.

Before we close we would like to mention one other matter. If you are a founding shareholder of Revere, you likely were issued warrants when you purchased Revere Bank stock. The warrants allow you to purchase a certain number of additional shares at \$10.00 per share. These warrants expire on November 20, 2017. If you have not redeemed your warrants and wish to do so, please notify Kulley

Bancroft at (240) 264-5425 or at [Kulley.Bancroft@RevereBank.com](mailto:Kulley.Bancroft@RevereBank.com) and she will help you facilitate the transaction. All founding shareholder warrant transactions must be finalized by the November 20, 2017 deadline.

We are very optimistic about Revere's future as we enter the second half of 2017. We will continue to be very deliberate with our loan portfolio mix and pricing as the market reacts to an ongoing volatile interest rate environment.

Our journey of building a great bank and increasing shareholder value continues. This journey now includes over 200 colleagues working hard to help our clients and increase shareholder value everyday. Thank you for your continued support and please contact us anytime.

Sincerely,



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#### **Forward-Looking Statements**

This press release and other statements made from time to time by Revere Bank contain express and implied statements relating to our future financial condition, results of operations, credit quality, corporate objectives, and other financial and business matters, which are considered forward-looking statements. These forward-looking statements are necessarily speculative and speak only as of the date made, and are subject to numerous assumptions, risks and uncertainties, all of which may change over time. Actual results could differ materially from those expected or implied by such forward-looking statements. Risks and uncertainties which could cause our actual results to differ materially and adversely from such forward-looking statements include economic conditions affecting the financial industry; changes in interest rates and shape of the yield curve; credit risk associated with our lending activities; risks relating to our market area, significant real estate collateral and the real estate market; operating, legal and regulatory risk; fiscal and monetary policy; economic, political and competitive forces affecting our business; our ability to identify and address cyber-security risks; and that management's analysis of these risks and factors could be incorrect, and/or that the strategies developed to address them could be unsuccessful. Any statements made that are not historical facts should be considered to be forward-looking statements. You should not place undue reliance on any forward-looking statements. We undertake no obligation to update forward-looking statements or to make any public announcement when we consider forward-looking statements to no longer be accurate, whether as a result of new information of future events, except as may be required by applicable law or regulation.

[www.RevereBank.com](http://www.RevereBank.com)



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

	Six Months Ended			Quarter Ended			
	06/30/17	06/30/16	YoY Δ	06/30/17	03/31/17	06/30/16	QoQ Δ
<b>Operating Results</b>							
Net Interest Income	\$ 34,332	\$ 19,353	77.4%	\$ 17,612	\$ 16,720	\$ 10,975	60.5%
Provision for Loan Loss	1,725	1,465	17.7%	867	858	840	3.2%
Net Interest Income after Provision	32,607	17,888	82.3%	\$ 16,745	\$ 15,862	\$ 10,135	65.2%
Non-Interest Income	1,115	478	133.0%	563	552	263	114.3%
Non-Interest Expense	20,455	12,182	67.9%	9,844	10,611	6,655	47.9%
Pretax Net Income	13,267	6,184	114.5%	\$ 7,464	\$ 5,803	\$ 3,743	99.4%
Income Tax Expense	4,880	2,624	85.9%	2,599	2,281	1,608	61.6%
Net Income	\$ 8,387	\$ 3,560	135.6%	\$ 4,865	\$ 3,522	\$ 2,135	127.9%
<b>Per-Share Data</b>							
Earnings per share	\$ 0.87	\$ 0.59	45.6%	\$ 0.50	\$ 0.36	\$ 0.33	52.7%
Earnings per share - diluted	\$ 0.82	\$ 0.55	49.1%	\$ 0.47	\$ 0.35	\$ 0.31	51.6%
Book value per share	\$ 18.44	\$ 15.16	21.6%	\$ 18.44	\$ 17.89	\$ 15.16	21.6%
Tangible Book Value	\$ 15.20	\$ 14.62	3.9%	\$ 15.20	\$ 14.68	\$ 14.62	3.9%
<b>Selected Balance Sheet Data</b>							
Loans	\$ 1,697,466	\$ 1,065,517	59.3%	\$ 1,697,466	\$ 1,646,162	\$ 1,065,517	59.3%
Assets	\$ 2,043,941	\$ 1,230,350	66.1%	\$ 2,043,941	\$ 1,949,401	\$ 1,230,350	66.1%
Deposits	\$ 1,727,243	\$ 1,038,822	66.3%	\$ 1,727,243	\$ 1,663,294	\$ 1,038,822	66.3%
Stockholders' equity	\$ 179,407	\$ 98,668	81.8%	\$ 179,407	\$ 173,363	\$ 98,668	81.8%
<b>Performance Ratios</b>							
Return on Average Assets (annualized)	0.87%	0.68%	19	0.99%	0.75%	0.72%	27
Return on Average Equity (annualized)	9.69%	8.14%	155	11.01%	8.32%	8.76%	224
Net Interest Margin	3.76%	3.79%	(3)	3.79%	3.74%	3.81%	(2)
Net Interest Yield	3.57%	3.69%	(12)	3.59%	3.54%	3.71%	(12)
Efficiency Ratio	57.71%	61.43%	(372)	54.16%	61.43%	59.22%	(506)
<b>Credit Quality Ratios</b>							
Loans past due more than 30 days to total loans	0.03%	0.09%	(6)	0.03%	0.15%	0.09%	(6)
Non accrual loans to total loans	0.22%	0.15%	7	0.22%	0.10%	0.15%	7
Allowance for loan loss to total loans	0.81%	0.96%	(15)	0.81%	0.79%	0.96%	(15)
Non performing assets to total assets	0.18%	0.13%	5	0.18%	0.09%	0.13%	5
Net charge-offs to total loans	0.01%	0.00%	1	0.01%	0.00%	0.00%	1
<b>Regulatory Capital ratios</b>							
Tier 1 leverage ratio	7.77%	7.98%	(21)	7.77%	7.70%	7.98%	(21)
Common equity tier 1 capital ratio	8.81%	9.36%	(55)	8.81%	8.81%	9.36%	(55)
Tier 1 capital ratio	8.81%	9.36%	(55)	8.81%	8.81%	9.36%	(55)
Total capital ratio	11.40%	10.38%	102	11.40%	11.46%	10.38%	102
<b>Number of Employees</b>	204	130	56.9%	204	206	130	-1.0%



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 $\Delta$	Year over year change
YTD $\Delta$	Year to date change
LQ $\Delta$	Linked quarter change
QoQ $\Delta$	Current quarter compared to the same quarter last year
BP	Basis point - A basis point is equivalent to 1 one hundred of 1 percent.