REVERE BANK

February 8, 2018

Dear Fellow Shareholder:

We are pleased to report very strong 2017 results for your bank. The progress made in 2017 has positioned Revere for substantial earnings growth in 2018 and beyond. Before we discuss our fourth quarter and annual financial results in-depth, we want to note a few of 2017's highlights:

1. Net income grew 85.4% for the year to $16.27 million. This occurred even with a one-time income tax expense of $2.41 million associated with the recently enacted Tax Cuts and Jobs Act.
2. Pre-tax net income grew 100.1% for the year to $29.85 million.
3. Loan, deposit and asset growth were all very strong during the year. Loans grew $226.3 million or 14.2%, deposits grew $192.4 million or 12.0%, and assets grew $204.6 million or 10.8%.
4. Asset quality remained very strong with year-end non-performing assets to total assets of 0.11%, and loans past due more than 30 days to total loans of 0.03%.
5. Growth momentum is strong as we begin 2018 with very substantial loan and deposit pipelines.

<u>Fourth Quarter Highlights:</u>

On December 22, 2017, the Tax Cuts and Jobs Act was enacted lowering the U.S. corporate tax rate by 14%, from 35% to 21%. Therefore, we were required to reduce the valuation of our net deferred tax asset by the 14% reduction as a one-time, $2.41 million income tax expense. We estimate that this $2.41 million charge to net income in 2017 will be recovered during the first half of 2018 via higher net income as a result of the lower income tax rates effective January 1, 2018. We have added pre-tax net income into our discussions in order to provide the best apples-to-apples comparison of our performance results.

- Net income of $2.76 million was 5.9% greater than the fourth quarter last year but 46.1% less than the third quarter this year, primarily due to the one–time, $2.41 million income tax expense mentioned above.
- Pre-tax net income of $8.5 million was 91.9% greater than the fourth quarter last year and 5.1% greater than the third quarter this year.
- On a linked-quarter basis our efficiency ratio improved to 52.96% from 53.57%.

- Period-end loans grew 14.2% or $226.3 million compared to last year and 3.5% or $61.1 million on a linked-quarter basis.
- Period-end deposits grew 12.0% or $192.4 million compared to last year and 2.1% or $36.4 million on a linked-quarter basis.
- Period-end assets grew 10.8% compared to last year and 1.3% or $27.9 million on a linked-quarter basis. At quarter-end our assets were $2.10 billion.

Detailed Performance Discussion of Our Annual Results

To simplify our discussions we will note here that we incurred pre-tax and after-tax merger-related expenses of $744 thousand and $446 thousand, respectively, during the year. No other mention of these one-time expenses will be discussed below. As mentioned above, we will discuss both net income and pre-tax net income so the one-time tax expense increase at year-end does not overcomplicate our results.

- Net income of $16.27 million was 85.4% greater than 2016.
- Pre-tax net income of $29.85 million was 100.1% greater than 2016. This occurred primarily as our average assets, and the associated net interest income realized from those assets, were dramatically higher in 2017 than 2016. We acquired two whole banks during 2016 plus had strong organic growth. Average assets were $1.32 billion in 2016 even as we ended the 2016 year at $1.89 billion in assets. Average assets were $2.01 billion in 2017 or 52.0% higher than the previous year. A vast majority of the average asset growth was in loans, our highest yielding asset, which drove revenue and our net income.
- Total assets of $2.10 billion at December 31, 2017, increased by 10.8% or $204.6 million since December 31, 2016.
- Total loans of $1.81 billion at December 31, 2017, increased by 14.2% or $226.3 million since December 31, 2016. Our loan pipeline is very substantial and momentum remains strong. As interest rates rose in 2017 and continue to climb in 2018, we have found pricing competition to be intense as our industry adapts to the rising rate environment.
- Total deposits of $1.80 billion at December 31, 2017, increased by 12.0% or $192.4 million since December 31, 2016. We are particularly pleased with two aspects of our deposit growth in 2017. First, combined interest-bearing and non-interest-bearing checking accounts increased 18.3% or $67.9 million in 2017. Our goal is to continue to grow these transaction accounts at a faster pace than our overall deposits. They are valuable to us relative to relationship building and in controlling our

overall cost of funding. Second, we're pleased that our core deposits (all deposits less wholesale deposits) also grew faster than total deposits. Core deposits grew 14.6% or $218.4 million in 2017. Our deposit pipeline is healthy and growing.

- The 2017 net interest margin was 3.78% compared to 3.73% for the same period in 2016.
- Net interest income increased 51.5% or $24.4 million year over year. This increase is primarily associated with the very significant increase in average earning assets in 2017 and the five basis point increase in our net interest margin.
- Non-interest expense increased 35.0% or $10.63 million year over year.
- Our efficiency ratio improved to 55.39% from 62.20% in 2016.
- Credit quality remains very strong. There were $275 thousand in charge-offs for the fourth quarter and $575 thousand of loans were past due 30 days or more at year-end. Non-accrual loans at December 31, 2017, totaled $2.21 million. The resulting ratio of non-performing assets to total assets stood at 0.11% at year-end and remains among the best in the industry. The allowance for loan losses was 0.82% of loans outstanding at year-end and remained unchanged from the previous quarter. If we adjust for the credit marks associated with our two whole bank acquisitions in 2016, our allowance to loan loss coverage ratio would have been 1.14% on December 31, 2017.
- The bank remains "Well Capitalized" at year-end with a tier 1 leverage ratio of 7.75% and a total risk-based capital ratio of 11.21%.
- Earnings per share (EPS) increased 33.7% to $1.67 from $1.25 in 2016. The very strong EPS growth was less than net income growth as shares were issued to purchase two banks in 2016, which significantly increased average shares outstanding in 2017.
- A detailed profit and loss statement and balance sheet is enclosed.

We are very optimistic moving into 2018 as we are realizing the positive income impact from our asset growth over the past two years. We have been and will continue to be very deliberate with our loan portfolio mix and pricing as the market reacts to the rising rate environment. And, we will remain committed to maintaining strong loan and asset quality.

We are fortunate to 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,

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

Forward-Looking Statements

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

	Twelve Months Ended			Quarter Ended				
	12/31/17	12/31/16	YoY Δ	12/31/17	09/30/17	LQ Δ	12/31/16	QoQ Δ
Operating Results								
Net Interest Income	$ 71,855	$ 47,415	51.5%	$ 18,923	$ 18,600	1.7%	$ 16,549	14.3%
Provision for Loan Loss	3,159	3,533	-10.6%	651	$ 783	-16.9%	$ 1,023	-36.4%
Net Interest Income after Provision	68,696	43,882	56.5%	$ 18,272	$ 17,817	2.6%	$ 15,526	17.7%
Non-Interest Income	2,140	1,397	53.2%	530	$ 495	7.0%	$ 604	-12.3%
Non-Interest Expense	40,987	30,360	35.0%	10,303	$ 10,229	0.7%	$ 11,700	-11.9%
Pretax Net Income	29,849	14,919	100.1%	$ 8,499	$ 8,083	5.1%	$ 4,430	91.9%
Income Tax Expense	13,578	6,142	121.1%	5,737	$ 2,961	93.8%	$ 1,822	214.8%
Net Income	$ 16,271	$ 8,777	85.4%	$ 2,762	$ 5,122	-46.1%	$ 2,608	5.9%
Per-Share Data								
Earnings per share	$ 1.67	$ 1.25	33.7%	$ 0.28	$ 0.53	-46.5%	$ 0.27	3.3%
Earnings per share - diluted	$ 1.60	$ 1.17	36.8%	$ 0.27	$ 0.50	-46.0%	$ 0.26	3.8%
Book value per share	$ 19.11	$ 17.51	9.1%	$ 19.11	$ 18.94	0.9%	$ 17.51	9.1%
Tangible Book Value	$ 15.94	$ 14.26	11.8%	$ 15.94	$ 15.75	1.3%	$ 14.26	11.8%
Selected Balance Sheet Data								
Loans	$ 1,814,692	$ 1,588,424	14.2%	$ 1,814,692	$ 1,753,601	3.5%	$ 1,588,424	14.2%
Assets	$ 2,098,845	$ 1,894,287	10.8%	$ 2,098,845	$ 2,070,939	1.3%	$ 1,894,287	10.8%
Deposits	$ 1,795,092	$ 1,602,685	12.0%	$ 1,795,092	$ 1,758,726	2.1%	$ 1,602,685	12.0%
Stockholders' equity	$ 188,277	$ 168,759	11.6%	$ 188,277	$ 185,506	1.5%	$ 168,759	11.6%
Performance Ratios			BP			BP		
Return on Average Assets (annualized)	0.81%	0.66%	15	0.52%	0.99%	(47)	0.55%	(2)
Return on Average Equity (annualized)	9.01%	7.85%	116	5.78%	11.08%	(530)	6.11%	(33)
Net Interest Margin	3.78%	3.73%	5	3.78%	3.80%	(2)	3.68%	10
Net Interest Yield	3.58%	3.59%	(1)	3.59%	3.60%	(2)	3.48%	11
Efficiency Ratio	55.39%	62.20%	(680)	52.96%	53.57%	(61)	68.21%	(1,524)
Credit Quality Ratios								
Loans past due more than 30 days to total loans	0.03%	0.25%	(22)	0.03%	0.07%	(4)	0.25%	(22)
Non accrual loans to total loans	0.12%	0.23%	(10)	0.12%	0.14%	(2)	0.23%	(10)
Allowance for loan loss to total loans	0.82%	0.77%	5	0.82%	0.82%	(1)	0.77%	5
Non performing assets to total assets	0.11%	0.19%	(8)	0.11%	0.12%	(2)	0.19%	(8)
Net charge-offs to total loans	0.03%	0.01%	2	0.02%	0.01%	1	0.01%	1
Regulatory Capital ratios								
Tier 1 leverage ratio	7.75%	7.78%	(3)	7.75%	7.78%	(3)	7.78%	(3)
Common equity tier 1 capital ratio	8.73%	9.10%	(37)	8.73%	8.86%	(13)	9.10%	(37)
Tier 1 capital ratio	8.73%	9.10%	(37)	8.73%	8.86%	(13)	9.10%	(37)
Total capital ratio	11.21%	11.79%	(58)	11.21%	11.40%	(19)	11.79%	(58)
Number of Employees	205	198	3.5%	205	206	-0.5%	198	

REVERE BANK

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.