



April 27, 2018

Dear Fellow Shareholder:

We are pleased to report a strong start for your bank in 2018. Our continued strong balance sheet growth and forward momentum have provided for significant earnings growth. This quarter's earnings are the first to have the added benefit of a lower corporate tax rate as a result of the Tax Cuts and Jobs Act passed in December of 2017. We believe that we are well positioned for continued earnings growth and are optimistic about our Bank's future.

**Key Performance Highlights for First Quarter 2018:**

- GAAP (Generally Accepted Accounting Principles) net income of \$6.56 million increased 86.3% over the same period last year and increased 137.5% over the fourth quarter of 2017.
- GAAP earnings per share (EPS) of \$0.66 increased 81.7% over the same period last year and increased 135.6% over the fourth quarter of 2017.
- Both last year's first quarter and fourth quarter had one-time expense items. The first quarter of 2017 included \$261 thousand in after-tax merger charges. The fourth quarter of 2017 included additional tax expense of \$2.41 million as we adjusted our deferred tax asset for the reduced corporate tax rate. After adjusting for each of these occurrences, our 2018 first quarter net income increased by 73.4% over last year and EPS increased by 69.1%; and linked quarter net income increased 26.8% and EPS by 25.8%.
- For 2018, due to the reduced corporate tax rate, the best apples-to-apples, year-over-year comparison of earnings results is pre-tax net income. Pre-tax net income of \$8.72 million was 50.3% greater than the first quarter last year and 2.6% greater than the fourth quarter of 2017. After adjusting for last year's first quarter merger cost pre-tax net income grew 39.9% over last year's first quarter.
- Period-end loans grew 14.4% or \$237.4 million compared to the first quarter last year and 3.8% or \$68.8 million on a linked-quarter basis. Our pipeline and momentum remain strong.
- Period-end deposits grew 13.5% or \$224.8 million compared to the first quarter last year and 5.2% or \$93.0 million on a linked-quarter basis. Our deposit pipeline is strong even while competition is increasing in this rising rate environment.

- Period-end assets grew 12.5% or \$243.2 million compared to the first quarter last year and 4.5% or \$93.8 million on a linked-quarter basis. At quarter-end our assets were \$2.19 billion.
- The first quarter net interest margin was 3.79% compared to 3.74% for the same period in 2017 and 3.78% for the linked quarter. While these numbers indicate a stable net interest margin, we are experiencing some pressure on our cost of funds and are monitoring our margin closely.
- Net interest income in the first quarter increased 16.3% or \$2.7 million compared to the first quarter of 2017 and 2.7% or \$515 thousand on a linked-quarter basis, even with two fewer days in the March versus December quarter.
- GAAP non-interest expense in the first quarter decreased 2.5% or \$262 thousand compared to the same period in 2017. Excluding merger-related costs in the first quarter of 2017, non-interest expense would have increased 1.65% or \$168 thousand compared to same period in 2017—still much lower than our 12.5% asset growth. On a linked-quarter basis non-interest expense increased 0.4% or \$46 thousand.
- On a linked-quarter basis our efficiency ratio improved to 51.69% from 52.96%.
- Credit quality remains very strong. Loans past due 30 days or more at quarter-end were \$8.1 million with about half of the loans in this category in process of being administratively renewed at quarter end. Non-accrual loans at March 31, 2018, totaled \$1.9 million. The resulting ratio of non-performing assets to total assets stood at 0.10% at quarter-end and remains among the best in the industry. The allowance for loan losses was 0.84% of loans outstanding at quarter-end compared to 0.82% as of December 31, 2017. If we adjust for the remaining credit marks associated with our two acquisitions, our allowance for loan losses coverage ratio would have been 1.13%.
- The Bank remains “Well Capitalized” at quarter-end with a tier 1 leverage ratio of 7.89% and a total risk-based capital ratio of 11.25%.
- A detailed profit and loss statement and balance sheet is enclosed.

We remain very optimistic about 2018 and beyond. We will continue to be very deliberate with our loan portfolio mix and pricing as the market reacts to the rising rate environment. As always, we remain committed to maintaining strong loan and asset quality.

Before we close we would like to mention two matters. First, we are committed to our promise of a more liquid investment for our shareholders. We are traded in the Over the Counter (OTC) market under the REVB trading symbol. While the trading volume is low, it is increasing. Please contact Kulley Bancroft at 240-264-5425 or [kulley.bancroft@reverebank.com](mailto:kulley.bancroft@reverebank.com) if you have questions or would like assistance.

Secondly, we would like to remind you to please vote your recently delivered Revere Bank proxies. Voting is easy and can be done via the internet (**preferred method**), return mail or telephone. Those

details are provided in the Notice of Annual Meeting materials you received. It is very important that you vote as we need a majority of shares outstanding represented in order to conduct the Annual Meeting on May 15, 2018, at the Revere Bank boardroom at 2101 Gaither Road in Rockville, Maryland. If you need information regarding the proxy materials or the Annual Meeting, please contact Kulley Bancroft at 240-264-5425 or [kulley.bancroft@reverebank.com](mailto:kulley.bancroft@reverebank.com).

We are fortunate to be one of the largest banks headquartered in Maryland. With our size and ability to lend even more capital to our business clients, we are focused on our primary mission—to help community-based businesses and their owners in our market grow and become even more successful. 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,



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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)

	Three Months Ended			Quarter Ended	
	03/31/18	03/31/17		12/31/17	
<b>Operating Results</b>					
			YoY Δ		LQ Δ
Net Interest Income	\$ 19,438	\$ 16,720	16.3%	\$ 18,923	2.7%
Provision for Loan Loss	953	858	11.1%	651	46.4%
Net Interest Income after Provision	18,485	15,862	16.5%	18,272	1.2%
Non-Interest Income	584	552	5.7%	530	10.2%
Non-Interest Expense	10,349	10,611	-2.5%	10,303	0.4%
Pretax Net Income	8,720	5,803	50.3%	8,499	2.6%
Income Tax Expense	2,161	2,281	-5.3%	5,737	-62.3%
Net Income	\$ 6,559	\$ 3,522	86.3%	\$ 2,762	137.5%
<b>Per-Share Data</b>					
Earnings per share	\$ 0.66	\$ 0.36	81.7%	\$ 0.28	135.6%
Earnings per share - diluted	\$ 0.63	\$ 0.35	80.0%	\$ 0.27	0.0%
Book value per share	\$ 19.56	\$ 17.89	9.3%	\$ 19.11	2.4%
Tangible Book Value	\$ 16.45	\$ 14.68	12.1%	\$ 15.94	3.2%
<b>Selected Balance Sheet Data</b>					
Loans	\$ 1,883,521	\$ 1,646,162	14.4%	\$ 1,814,692	3.8%
Assets	\$ 2,192,638	\$ 1,949,401	12.5%	\$ 2,098,845	4.5%
Deposits	\$ 1,888,126	\$ 1,663,294	13.5%	\$ 1,795,092	5.2%
Stockholders' equity	\$ 195,135	\$ 173,363	12.6%	\$ 188,277	3.6%
<b>Performance Ratios</b>					
			BP		BP
Return on average assets (annualized)	1.23%	0.75%	49	0.52%	71
Return on average equity (annualized)	13.85%	8.32%	554	5.78%	808
Net interest margin	3.79%	3.74%	6	3.78%	1
Net interest yield	3.66%	3.54%	12	3.59%	7
Efficiency ratio	51.69%	61.43%	(974)	52.96%	(127)
<b>Credit Quality Ratios</b>					
Loans past due more than 30 days to total loans	0.43%	0.15%	28	0.03%	40
Non accrual loans to total loans	0.10%	0.10%	(0)	0.12%	(2)
Allowance for loan loss to total loans	0.84%	0.79%	5	0.82%	2
Non performing assets to total assets	0.10%	0.09%	1	0.11%	(2)
Net charge-offs to total loans	0.00%	0.00%	(0)	0.02%	(2)
<b>Regulatory Capital Ratios</b>					
Tier 1 leverage ratio	7.89%	7.70%	19	7.75%	14
Common equity tier 1 capital ratio	8.82%	8.81%	1	8.73%	9
Tier 1 capital ratio	8.82%	8.81%	1	8.73%	9
Total capital ratio	11.25%	11.46%	(21)	11.21%	4
<b>Number of Employees</b>	215	206	4.4%	205	0.0%



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 restructured loans in compliance with negotiated terms 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.