



October 30, 2017

Dear Fellow Shareholder:

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

#### **Quarterly Highlights 9-30-17:**

- GAAP net income of \$5.12 million increased 5.3% compared with the second quarter and year to date grew 119.0% to \$13.51 million compared to the first nine months of 2016.
- Core net income (excludes one-time, merger-related charges from GAAP net income) of \$5.12 million increased 5.3% compared with the second quarter and year to date grew 96.2% to \$13.87 million compared to the first nine months of 2016.
- Period-end loans grew 3.3% compared to the linked quarter and increased 54.6% since September 30, 2016.
- Period-end deposits grew 1.8% compared to the linked quarter and increased 58.2% since September 30, 2016.
- Period-end assets grew 1.3% compared to the linked quarter and increased 56.0% since September 30, 2016. At quarter-end our assets were \$2.07 billion.

#### **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 minimal pre-tax and after-tax merger-related charges during the third quarter and year to date, \$593 thousand and \$362 thousand, respectively.

- Third quarter core net income of \$5.12 million was 86.9% greater than the third quarter of 2016 and 5.3% greater than the linked quarter. Strong loan growth and associated interest income growth, combined with merger-related synergies and positive operating leverage, led to our strong financial outcome. GAAP net income was \$5.12 million or 96.3% above last year's third quarter and 5.3% greater than the linked quarter.
- Year-to-date core net income of \$13.87 million was 96.2% greater than the same period in 2016. This occurred for the same reasons mentioned above. GAAP net income year to date was \$13.51 million or 119.0% greater than the same period in 2016.
- Total loans of \$1.75 billion at quarter-end increased by 54.6% or \$619.5 million since September 30, 2016. Approximately \$409 million or 66.0% of the loan growth is associated with the Monument merger. The remaining \$210.5 million or 34.0% of the loan growth is attributable to Revere's organic growth. On a linked-quarter basis loans grew 3.3% or \$56.1 million. Our pipeline is substantial and momentum remains strong.
- Total deposits of \$1.76 billion at quarter-end increased 58.2% or \$647.1 million since September 30, 2016. Approximately \$430 million or 66.5% of the deposit growth is associated with the Monument merger. The remaining \$217.1 million or 33.5% is attributable to Revere's organic growth. On a linked-quarter basis deposits grew 1.8% or \$31.5 million. Our deposit pipeline and momentum continues to strengthen. Our dependency on non-core funding has dropped throughout 2017 as we have been significantly more successful raising deposits locally.
- Total assets of \$2.07 billion at quarter-end increased by 56.0% or \$744 million since September 30, 2016. Approximately \$513 million or 69.0% of the asset growth is associated with the Monument merger. The remaining \$231 million or 31.0% of the asset growth is attributable to Revere's organic growth. On a linked-quarter basis assets grew 1.3% or \$27 million.
- The third quarter net interest margin was 3.80% compared to 3.70% for the same period in 2016 and 3.79% for the linked quarter. All periods include some accretion of fair market value adjustments related to the two mergers over the past year. However, margin compression challenges will continue until there is a material steepening of the yield curve.
- Net interest income increased 71.5% or \$22.1 million year to date compared to the same period in 2016. This growth is a result of the two acquisitions and the previously discussed balance sheet

growth. On a linked-quarter basis net interest income increased by 5.6% or \$988 thousand, primarily as a result of quarterly loan growth.

- Non-interest expense increased by 64.4% or \$12.02 million year to date compared to the same period in 2016. Included in the increase were \$593 thousand of merger-related costs from last year's acquisitions. On a linked-quarter basis non-interest expense increased 3.9% or \$385 thousand.
- The year-to-date efficiency ratio improved to 56.26% from 58.94% during the same period last year. On a linked-quarter basis our efficiency ratio improved to 53.57% from 54.16%. Excluding merger-related expenses our core efficiency ratio for the first nine months would have been 55.17%.
- Credit quality remains very strong. There were \$105 thousand in charge-offs for the third quarter and \$1.24 million of loans were past due 30 days or more at quarter-end. Non-accrual loans at September 30, 2017 totaled \$2.52 million. The resulting ratio of non-performing assets to total assets stood at 0.12% at quarter-end and remains among the best in the industry. The allowance for loan losses was 0.82% 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 1.17% at September 30, 2017.
- The bank remains "Well Capitalized" at quarter-end with a tier 1 leverage ratio of 7.78% and a total risk-based capital ratio of 11.40%.
- As mentioned above, our year-to-date net income increased 119.0% on a GAAP basis as compared to the same period last year. Our earnings per share increased a more modest, yet very strong, 39.1% to \$1.39 from \$1.00 for the first nine months. 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 4.8% to \$0.53 from \$0.50.

Before we close we would like to mention one other matter with an impending deadline. If you are a founding shareholder of Revere, you 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 final quarter 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 as well as a maturing economic recovery.

Our journey of building a great bank and increasing shareholder value continues. This journey now includes over 210 colleagues working hard to help our clients and increase shareholder value every day. 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.



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

	Nine Months Ended				Quarter Ended				QoQ Δ	
	09/30/17		09/30/16		09/30/17		06/30/17			
			YoY Δ			YoY Δ		YoY Δ		
<b>Operating Results</b>										
Net Interest Income	\$ 52,932	\$ 30,866	71.5%	\$ 18,600	\$ 17,612	5.6%	\$ 11,513	61.6%		
Provision for Loan Loss	2,508	2,510	-0.1%	783	867	-9.7%	1,045	-25.1%		
Net Interest Income after Provision	50,424	28,356	77.8%	\$ 17,817	\$ 16,745	6.4%	\$ 10,468	70.2%		
Non-Interest Income	1,610	793	103.1%	495	563	-12.0%	315	57.0%		
Non-Interest Expense	30,684	18,660	64.4%	10,229	9,844	3.9%	6,478	57.9%		
Pretax Net Income	21,350	10,489	103.6%	\$ 8,083	\$ 7,464	8.3%	\$ 4,305	87.7%		
Income Tax Expense	7,841	4,320	81.5%	2,961	2,599	13.9%	1,696	74.6%		
Net Income	\$ 13,509	\$ 6,169	119.0%	\$ 5,122	\$ 4,865	5.3%	\$ 2,609	96.3%		
<b>Per-Share Data</b>										
Earnings per share	\$ 1.39	\$ 1.00	39.1%	\$ 0.53	\$ 0.50	4.8%	\$ 0.40	31.2%		
Earnings per share - diluted	\$ 1.31	\$ 0.93	40.9%	\$ 0.50	\$ 0.47	6.4%	\$ 0.37	35.1%		
Book value per share	\$ 18.94	\$ 15.55	21.8%	\$ 18.94	\$ 18.44	2.7%	\$ 15.55	21.8%		
Tangible Book Value	\$ 15.75	\$ 15.02	4.9%	\$ 15.75	\$ 15.20	3.6%	\$ 15.02	4.9%		
<b>Selected Balance Sheet Data</b>										
Loans	\$ 1,753,601	\$ 1,134,128	54.6%	\$ 1,753,601	\$ 1,697,466	3.3%	\$ 1,134,128	54.6%		
Assets	\$ 2,070,939	\$ 1,327,309	56.0%	\$ 2,070,939	\$ 2,043,941	1.3%	\$ 1,327,309	56.0%		
Deposits	\$ 1,758,726	\$ 1,111,605	58.2%	\$ 1,758,726	\$ 1,727,243	1.8%	\$ 1,111,605	58.2%		
Stockholders' equity	\$ 185,506	\$ 101,400	82.9%	\$ 185,506	\$ 179,407	3.4%	\$ 101,400	82.9%		
<b>Performance Ratios</b>										
Return on Average Assets (annualized)	0.91%	0.73%	18	0.99%	0.99%	0	0.82%	18		
Return on Average Equity (annualized)	10.17%	8.93%	124	11.08%	11.01%	7	10.28%	80		
Net Interest Margin	3.78%	3.76%	2	3.80%	3.79%	1	3.70%	10		
Net Interest Yield	3.58%	3.65%	(7)	3.60%	3.59%	1	3.60%	0		
Efficiency Ratio	56.26%	58.94%	(268)	53.57%	54.16%	(59)	54.77%	(120)		
<b>Credit Quality Ratios</b>										
Loans past due more than 30 days to total loans	0.07%	0.01%	6	0.07%	0.03%	4	0.00%	7		
Non accrual loans to total loans	0.14%	0.13%	1	0.14%	0.22%	(7)	0.13%	1		
Allowance for loan loss to total loans	0.82%	0.99%	(16)	0.82%	0.81%	1	0.99%	(16)		
Non performing assets to total assets	0.12%	0.11%	1	0.12%	0.18%	(6)	0.11%	1		
Net charge-offs to total loans	0.02%	0.01%	0	0.01%	0.01%	(0)	0.01%	(1)		
<b>Regulatory Capital ratios</b>										
Tier 1 leverage ratio	7.78%	7.77%	1	7.78%	7.77%	1	7.77%	1		
Common equity tier 1 capital ratio	8.86%	8.71%	15	8.86%	8.81%	5	8.71%	15		
Tier 1 capital ratio	8.86%	8.71%	15	8.86%	8.81%	5	8.71%	15		
Total capital ratio	11.40%	12.48%	(108)	11.40%	11.40%	-	12.48%	(108)		
<b>Number of Employees</b>	206	132	56.1%	206	204	1.0%	132			



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 one hundred of 1 percent.