REVERE BANK

July 30, 2013

Dear Fellow Shareholder:

We are pleased to report another strong quarter of both income and balance sheet growth. Pretax net income for the second quarter was $927 thousand versus $716 thousand last quarter and $319 thousand for the second quarter last year. This was our tenth consecutive quarter of profitability. Year-to-date pretax net income was $1.64 million, or 226% higher than the $503 thousand earned during the first six months of 2012. In June of 2012 we recognized the benefit of our net deferred tax asset and began to recognize income tax expense. Therefore, for 2013, the best comparison to 2012 is pretax net income which excludes this extraordinary income event. With that said, year-to-date net income was $1.0 million compared to $3.1 million for the same period last year after recognizing the net effect of the $2.6 million deferred tax asset mentioned above.

We closed the second quarter with $475.9 million in assets, $375.5 million in loans and $421.7 million in deposits. Assets and deposits were both inflated at quarter-end due to a $26.2 million temporary non-interest bearing escrow deposit account opened in late February. After adjusting out the temporary funds, deposits have grown 35.7% or $104.1 million since June 30, 2012, and 9.6% or $34.7 million during the second quarter of 2013. Loans have grown 31.6% or $90.2 million since June 30, 2012, and 6.5% or $23.0 million during the second quarter. Our pipelines are at all time highs.

Our net interest margin for the second quarter was 3.49% compared to 3.59% for the first quarter of 2013. However, after adjusting for the large escrow account and its 20 basis point short term incremental interest spread, our net interest margin would have been 3.71% compared to 3.70% last quarter. On an adjusted year-to-date basis our net interest margin would have been 3.71% versus 3.81% for the first six months of 2012. Our associated net interest income, due to significant balance sheet growth, grew 8.1% on a linked quarter basis and year to date increased 36.6% or $1.99 million to $7.43 million from $5.44 million last year. We mentioned last quarter that margin compression continued due to increased competition by banks regaining their appetite for lending and a common view by many that we are in a protracted low rate environment. In late May the yield curve steepened significantly as the Federal Reserve Chairman indicated that some monetary policy support might be reduced earlier than many had believed. As a result, intermediate- and long-term rates increased and this movement, should it materially hold, may give us and other banks increased loan pricing and improved margins.

Non-interest expense increased by 2.9% or $77 thousand on a linked quarter basis and year to date increased 24.7% or $1.08 million over the same period last year due to increased operating expenses necessary to support our significant growth. Our efficiency ratio (the smaller the better) improved to 68.2% in the second quarter and year to date improved to 70.0% from 78.2% for the same period last year.

Our credit quality remains very strong. Net charge-offs on a year-to-date basis total just $32 thousand. We had two loan customers past due at quarter-end totaling $703 thousand or 0.19% of loans. We had three real estate secured loan customers on non-accrual at quarter-end totaling $1.54 million. The resulting ratio of non-performing loans to total loans stood at 0.41% at quarter-end. The allowance for loan losses was 1.38% of loans outstanding at quarter-end. We are committed to maintaining high credit quality and the continuous management of our loan portfolio.

As we mature in age and depth, we are focused on balancing asset growth with increasing profitability. It has been an exciting first half of 2013. We continue to have many opportunities within our market and remain very positive about 2013 and beyond. We know small- and medium-sized business owners want to deal with experienced commercial bankers who will invest the time to understand their business and customize loan and deposit solutions to help them become even more successful. We're here to meet that need.

We're also expanding. Plans are being finalized to add a new branch and commercial banking location in Northern Montgomery County and we expect to occupy the space in the fourth quarter.

On behalf of our colleagues and directors, thank you for your continued support and referrals. We welcome your comments and invite you to do all of your banking with us. Please contact us at anytime.

Sincerely,

Drew

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Revere Bank

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

	Six Months Ended 06/30/13	Six Months Ended 06/30/12	YoY Δ	Quarter Ended 06/30/13	Quarter Ended 03/31/13	LQ Δ
Operating Results			YoY Δ			LQ Δ
Net Interest Income	$ 7,428	$ 5,437	36.6%	$ 3,859	$ 3,569	8.1%
Provision for Loan Loss	700	720	-2.8%	365	335	9.0%
Net Interest Income after Provision	6,728	4,717	42.6%	3,494	3,234	8.0%
Non-Interest Income	378	169	123.1%	203	175	16.0%
Non-Interest Expense	5,463	4,383	24.7%	2,770	2,693	2.9%
Pretax Net Income	1,643	503	226.3%	927	716	29.4%
Income Tax Expense	640	(2,600)	-124.6%	362	278	30.3%
Net Income	$ 1,003	$ 3,103	-67.7%	$ 565	$ 438	28.8%
Per-Share Data						
Earnings per share	$ 0.248	$ 0.983	-74.8%	$ 0.140	$ 0.115	21.0%
Earnings per share - diluted	$ 0.227	$ 0.881	-74.2%	$ 0.128	$ 0.105	21.7%
Book value per share	$ 10.23	$ 9.36	9.3%	$ 10.23	$ 10.16	0.7%
Book value per share - diluted	$ 10.21	$ 9.42	8.3%	$ 10.21	$ 10.14	0.6%
Selected Balance Sheet Data						
Loans	$ 375,493	$ 285,312	31.6%	$ 375,493	$ 352,490	6.5%
Assets	$ 475,859	$ 340,928	39.6%	$ 475,859	$ 443,783	7.2%
Deposits	$ 421,670	$ 291,411	44.7%	$ 421,670	$ 387,013	9.0%
Stockholders' equity	$ 43,860	$ 29,529	48.5%	$ 43,860	$ 43,546	0.7%
Performance Ratios			BP			BP
Return on Average Assets (annualized)	0.46%	2.12%	(166)	0.49%	0.42%	7
Return on Average Equity (annualized)	4.93%	23.10%	(1,816)	5.13%	4.69%	44
Net Interest Margin	3.54%	3.81%	(27)	3.49%	3.59%	(10)
Net Interest Yield	3.41%	3.71%	(30)	3.37%	3.45%	(8)
Efficiency Ratio	69.99%	78.18%	(819)	68.20%	71.92%	(372)
Credit Quality Ratios						
Loans past due more than 30 days to total loans	0.19%	0.00%	19	0.19%	0.03%	16
Non accrual loans to total loans	0.41%	0.00%	41	0.41%	0.44%	(3)
Allowance for loan loss to total loans	1.38%	1.25%	12	1.38%	1.37%	1
Non performing assets to total assets	0.32%	0.00%	32	0.32%	0.35%	(3)
Regulatory Capital ratios						
Core capital (leverage) ratio	9.53%	8.94%	59	9.53%	10.25%	(72)
Tier 1 risk-based capital ratio	11.77%	9.85%	192	11.77%	12.28%	(51)
Total risk-based capital ratio	13.03%	11.08%	195	13.03%	13.53%	(50)
Number of Employees	67	58	15.5%	67	62	8.1%

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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 total "in the money versus book value" stock options granted
Book value per share	Stockholders' equity divided by shares outstanding
Book value per share - diluted	Stockholders' equity plus cash derived from execution of all "in the money versus book value" stock options granted divided by shares outstanding plus total "in the money versus book value" stock options granted
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
Regulatory Capital ratios	
Core capital (leverage) ratio	Period end equity divided by period end assets
Tier 1 risk-based capital ratio	Period end tier 1 capital (as defined by the FDIC) divided by period end assets
Total risk-based capital ratio	Period end total regulatory 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
BP	Basis point - A basis point is equivalent to 1 one hundred of 1 percent.