



April 30, 2014

Dear Fellow Shareholder:

We are very pleased to report Revere Bank's strong first quarter results. These results include a significant increase in net income, solid growth in both deposits and loans, and continued strong credit quality metrics. Net income for the first quarter was \$984 thousand representing a 124.7% increase over last year's first quarter net income of \$438 thousand. On a linked quarter basis net income rose by 8.3% or \$75 thousand.

We closed the first quarter with \$512.4 million in assets, \$455.0 million in loans and \$448.8 million in deposits. After making an adjustment for a \$26.2 million temporary deposit we held this time last year, deposits have grown 24.4% or \$88.0 million since March 31, 2013 and 6.9% or \$28.8 million during the first quarter. Loans have grown 29.1% or \$102.5 million since March 31, 2013 and 2.8% or \$12.3 million in the first quarter following very high production in the fourth quarter of 2013. Our loan pipeline has been replenished and current momentum is strong in both loans and deposits.

Our net interest margin was 4.05% compared to 3.70% for the first quarter of 2013 (adjusted for last year's temporary deposit) and 4.01% for the previous linked quarter. Our associated net interest income for the quarter, due to balance sheet growth and net interest margin expansion, increased 35.1% or \$1.25 million versus the first quarter of 2013.

Non-interest expense increased by 14.4% or \$389 thousand compared to the same period last year, due to increased operating expenses necessary to support our significant 22.7% growth in assets net of the large temporary deposit. Our efficiency ratio improved to 61.6% in the first quarter from 71.9% during the same period last year. We continue to deploy additional operating expense dollars to support our growth and are realizing the economies of scale resulting from that growth.

Our credit quality remains very strong. We had no loans past due at quarter-end and no charge-offs during the quarter. We had non-accrual loans at quarter-end totaling \$103 thousand. The resulting ratio of non-performing assets to total assets stood at 0.02% at quarter-end and is among the best in the industry. The allowance for loan losses was 1.33% of loans outstanding at quarter-end.

We are committed to growing your bank and your investment. Already this year we have added several very experienced commercial bankers and support staff to our team. And we recently opened our newest office in Gaithersburg, located at 820 West Diamond Avenue. Our Montgomery County Commercial Banking team moved to the new office in March, and the accompanying branch will open May 7, 2014. This new location features a prominent building sign visible from I-270 North as you pass Exits 10 and 11. Please be sure to look for us when you travel I-270.

Before we close this letter we would like to remind you of several other important matters. First, within the past week or so, you should have received, via mail or from your broker electronically, your Revere Bank proxy materials and notice of our annual shareholder meeting. We are asking you to vote on two matters—please take the time to vote on the motions put forth to you as a shareholder. Voting is easy and can take place via return mail, telephone or online; those details are provided in the materials you received. Secondly, the Annual Meeting will be held on May 20, 2014, at Revere Bank headquarters in Laurel, MD. If you need information regarding the proxy materials or the annual meeting, please contact Janet Fink at (240) 264-5352 or [Janet.Fink@RevereBank.com](mailto:Janet.Fink@RevereBank.com).

Finally, we are currently offering several deposit promotions including business and personal checking and some of the highest certificate of deposit and money market rates in the region. Call us or visit our website at [www.RevereBank.com](http://www.RevereBank.com) for more information. Deposits fund our small business lending as we focus on helping businesses become even more successful in our community.

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,



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

	Quarter Ended				
	03/31/14	03/31/13		12/31/13	
<b>Operating Results</b>			YoY Δ		LQ Δ
Net Interest Income	\$ 4,823	\$ 3,569	35.1%	\$ 4,653	3.7%
Provision for Loan Loss	\$ 242	\$ 335	-27.8%	\$ 416	-41.8%
Net Interest Income after Provision	\$ 4,581	\$ 3,234	41.7%	\$ 4,237	8.1%
Non-Interest Income	\$ 184	\$ 175	5.1%	\$ 173	6.4%
Gain on sale of securities	\$ -			\$ -	
Non-Interest Expense	\$ 3,082	\$ 2,693	14.4%	\$ 2,834	8.8%
Pretax Net Income	\$ 1,683	\$ 716	135.1%	\$ 1,576	6.8%
Income Tax Expense	\$ 699	\$ 278	151.4%	\$ 667	4.8%
Net Income	\$ 984	\$ 438	124.7%	\$ 909	8.3%
<b>Per-Share Data</b>					
Earnings per share	\$ 0.228	\$ 0.115	98.3%	\$ 0.218	4.8%
Earnings per share - diluted	\$ 0.210	\$ 0.105	100.0%	\$ 0.200	5.1%
Book value per share	\$ 10.85	\$ 10.16	6.8%	\$ 10.61	2.2%
Book value per share - diluted	\$ 10.80	\$ 10.14	6.5%	\$ 10.56	2.1%
<b>Selected Balance Sheet Data</b>					
Loans	\$ 455,000	\$ 352,490	29.1%	\$ 442,662	2.8%
Assets	\$ 512,412	\$ 443,783	15.5%	\$ 483,234	6.0%
Deposits	\$ 448,841	\$ 387,013	16.0%	\$ 420,006	6.9%
Stockholders' equity	\$ 46,839	\$ 43,546	7.6%	\$ 45,641	2.6%
<b>Performance Ratios</b>			BP		BP
Return on Average Assets (annualized)	0.80%	0.42%	38	0.76%	4
Return on Average Equity (annualized)	8.56%	4.69%	388	7.90%	66
Net Interest Margin	4.05%	3.59%	46	4.01%	4
Net Interest Yield	3.94%	3.45%	49	3.90%	4
Efficiency Ratio	61.55%	71.92%	(1,036)	58.72%	283
<b>Credit Quality Ratios</b>					
Loans past due more than 30 days to total loans	0.00%	0.03%	(3)	0.00%	-
Non accrual loans to total loans	0.02%	0.44%	(42)	0.07%	(5)
Allowance for loan loss to total loans	1.33%	1.37%	(4)	1.31%	2
Non performing assets to total assets	0.02%	0.35%	(33)	0.06%	(4)
Net charge-offs to total loans	0.00%	0.00%	(0)	0.03%	(0)
<b>Regulatory Capital ratios</b>					
Core capital (leverage) ratio	9.34%	10.25%	(91)	9.66%	(32)
Tier 1 risk-based capital ratio	10.27%	12.28%	(201)	10.52%	(25)
Total risk-based capital ratio	11.52%	13.53%	(201)	11.77%	(25)
<b>Number of Employees</b>	76	63	20.6%	76	0.0%

# 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 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
Net charge-offs to total loans	Charged off loans net of recoveries on previously charged off loans during the period divided by total loans

### 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 - (current versus previous quarter)
BP	Basis point - A basis point is equivalent to 1 one hundred of 1 percent.