



February 12, 2016

Dear Fellow Shareholder:

We are pleased to report continued strong results in the fourth quarter and for 2015. These include a significant increase in net income, continued solid credit metrics and substantial loan and deposit growth. Net income for the fourth quarter was \$1.64 million representing a 21.2% increase over last year's fourth quarter and a 1.8% increase over the third quarter's net income. The linked quarterly income growth occurred despite an 8.2% increase in the loan loss provision expense (due to strong loan demand) and \$175 thousand in pre-tax merger-related expenses. This marks our 20th consecutive quarter of profitability. Full year 2015 net income was \$6.2 million or 37.7% higher than the \$4.5 million earned during 2014.

Key Performance Highlights:

- Total assets at December 31, 2015 increased by 31.9% to \$847.4 million as compared to \$642.5 million as of December 31, 2014.
- Total loans of \$760.2 million at December 31, 2015 increased by 28.4% or \$168.2 million since December 31, 2014 and 7.3% or \$51.7 million in the fourth quarter. Our loan pipeline is substantial and momentum remains strong.
- Total deposits of \$702.3 million at December 31, 2015 increased by 26.7% or \$147.9 million since December 31, 2014 and 5.0% or \$33.7 million during the fourth quarter.
- The bank's year-to-date net interest margin was 3.94% compared to 4.02% for the same period of 2014 and was 3.90% in the fourth quarter versus 3.89% in the third quarter. The year-over-year decrease is reflective of industry wide margin compression being experienced in this continued low interest rate environment. We are experiencing loan pricing pressure and more competition on most new deals. Even so, our net interest margin compares favorably to our peer group.
- Net interest income, the bank's main source of income, increased 31.6% or \$6.9 million in 2015 compared to 2014, and 7.7% or \$564 thousand on a linked quarter basis—both as a result of very strong loan growth during the respective periods.
- Non-interest expense increased by 27.6% or \$3.8 million in 2015 compared to 2014. These increased operating expenses are appropriate relative to our significant asset growth during the past 12 months. Included in the increase is a total of \$186 thousand in one-time charges and costs related to the BlueRidge transaction.
- The bank's year-to-date efficiency ratio improved to 58.61% from 60.43% during the same period last year. On a linked quarter basis our efficiency ratio increased to 57.69% from 56.67%, but excluding merger costs our efficiency ratio for the quarter would have been 55.55%.
- Credit quality remains very strong. Charge-offs during the quarter were \$178 thousand (0.02% of loans), and there were \$183 thousand in loans past due 30 days or more at quarter-end. Non-accrual loans at December 31 totaled \$1.63 million. The resulting ratio of non-performing assets to total assets stood at 0.19% at quarter-end and remains among the best in the industry. The allowance for loan losses was 1.16% of loans outstanding at quarter-end compared to 1.21% as of December 31, 2014.

- The bank remains “Well Capitalized” at quarter-end with a leverage ratio of 8.96% and a total risk-based capital ratio of 11.68%.
- While 2015’s net income increased 37.7% to \$6.2 million, our earnings per share (EPS) increased 17.2% to \$1.23 from \$1.05 for the same period last year. This occurred as earnings are now spread over an additional one million shares issued in the first half of 2015.
- A detailed profit and loss statement and balance sheet are attached to this letter.

On October 19th we announced the planned merger with and acquisition of BlueRidge Bank. We are delighted to inform you that both Revere Bank and BlueRidge Bank shareholders voted to approve this Agreement and Plan of Merger at special shareholder meetings held today. This is a strong market deal as the majority of BlueRidge’s business clients are along the I-270 Corridor. We expect the combined banks’ clients to benefit from a significantly higher lending capacity as well as additional branch and service convenience.

Finally, loan demand continues to outpace core deposit growth and we would appreciate any deposits and deposit referrals you may have. To help drive deposits we have just introduced a special, limited time **Presidents’ Day Bump Up CD**, featuring a **1.50% APY** on new money for 24 months, with the opportunity to increase your rate one time during the term of your CD. This is a very attractive offer and we encourage you, your contacts, and friends and family to take advantage of it. Contact your banking officer or any of our branches for additional information.

Our journey of building a great bank continues and we remain very optimistic about the future. Thank you for your support and we welcome your comments anytime.

Sincerely,



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

	Twelve Months Ended			Quarter Ended				
	12/31/15	12/31/14	YoY Δ	12/31/15	09/30/15	12/31/14	QoQ Δ	
Operating Results								
Net Interest Income	\$ 28,712	\$ 21,815	31.6%	\$ 7,873	\$ 7,309	7.7%	\$ 6,204	26.9%
Provision for Loan Loss	2,001	1,479	35.3%	\$ 676	\$ 625	8.2%	\$ 487	38.8%
Net Interest Income after Provision	26,711	20,336	31.4%	\$ 7,197	\$ 6,684	7.7%	\$ 5,717	25.9%
Non-Interest Income	951	739	28.6%	\$ 282	\$ 275	2.4%	\$ 197	43.1%
Non-Interest Expense	17,385	13,630	27.6%	\$ 4,705	\$ 4,298	9.5%	\$ 3,709	26.8%
Pretax Net Income	10,277	7,445	38.0%	\$ 2,774	\$ 2,661	4.2%	\$ 2,205	25.8%
Income Tax Expense	4,075	2,940	38.6%	\$ 1,130	\$ 1,045	8.1%	\$ 848	33.3%
Net Income	\$ 6,202	\$ 4,505	37.7%	\$ 1,644	\$ 1,616	1.8%	\$ 1,357	21.2%
Per-Share Data								
Earnings per share	\$ 1.23	\$ 1.05	17.2%	\$ 0.31	\$ 0.30	1.7%	\$ 0.32	-2.4%
Earnings per share - diluted	\$ 1.16	\$ 0.99	17.2%	\$ 0.29	\$ 0.29	0.0%	\$ 0.30	-3.3%
Book value per share	\$ 13.75	\$ 11.84	16.1%	\$ 13.75	\$ 13.45	2.2%	\$ 11.84	16.1%
Selected Balance Sheet Data								
Loans	\$ 760,248	\$ 592,096	28.4%	\$ 760,248	\$ 708,512	7.3%	\$ 592,096	28.4%
Assets	\$ 847,394	\$ 642,462	31.9%	\$ 847,394	\$ 794,843	6.6%	\$ 642,462	31.9%
Deposits	\$ 702,290	\$ 554,390	26.7%	\$ 702,290	\$ 668,634	5.0%	\$ 554,390	26.7%
Stockholders' equity	\$ 73,581	\$ 51,109	44.0%	\$ 73,581	\$ 71,926	2.3%	\$ 51,109	44.0%
Performance Ratios								
Return on Average Assets (annualized)	0.83%	0.81%	2	0.80%	0.84%	(5)	0.86%	(7)
Return on Average Equity (annualized)	9.37%	9.27%	9	8.88%	8.98%	(10)	10.62%	(174)
Net Interest Margin	3.94%	4.02%	(9)	3.90%	3.89%	1	4.04%	(14)
Net Interest Yield	3.84%	3.91%	(7)	3.81%	3.80%	1	3.94%	(13)
Efficiency Ratio	58.61%	60.43%	(182)	57.69%	56.67%	102	57.95%	(26)
Credit Quality Ratios								
Loans past due more than 30 days to total loans	0.02%	0.02%	1	0.02%	0.00%	2	0.02%	1
Non accrual loans to total loans	0.21%	0.15%	7	0.21%	0.24%	(3)	0.15%	7
Allowance for loan loss to total loans	1.16%	1.21%	(6)	1.16%	1.17%	(1)	1.21%	(6)
Non performing assets to total assets	0.19%	0.14%	6	0.19%	0.22%	(2)	0.14%	6
Net charge-offs to total loans	0.06%	0.00%	6	0.02%	0.03%	(1)	0.00%	2
Regulatory Capital ratios								
Core capital (leverage) ratio	8.96%	8.15%	81	8.96%	9.38%	(42)	8.15%	81
Common equity tier 1 ratio	10.44%	N/A	-	10.44%	10.99%	-	N/A	-
Tier 1 risk-based capital ratio	10.44%	8.84%	160	10.44%	10.99%	(55)	8.84%	160
Total risk-based capital ratio	11.68%	10.09%	159	11.68%	12.24%	(56)	10.09%	159
Number of Employees								
	98	88	11.4%	98	98	0.0%	88	



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

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

Core capital (leverage) ratio	Period end equity divided by period end assets
Common Tier 1 Equity	Period end common tier 1 equity (as defined by the FDIC) divided by period end risk weighted assets (as defined by the FDIC)
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
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.