

Dear Fellow Shareholder:

We are very pleased to report that your bank continued to maintain strong growth trends in net income, loans and deposits during the first quarter of 2012. Net income for the first quarter was \$184 thousand versus \$13 thousand for the first quarter of 2011. This was our fifth consecutive quarter of profitability.

We closed the first quarter with \$307.8 million in assets, \$244.7 million in loans and \$266.3 million in deposits. Loans have grown 63.2% or \$94.8 million since March 31, 2011 and 10.1% or \$22.4 million during the first quarter of 2012. Deposits have grown 65.6% or \$105.5 million since March 31, 2011 and 16.0% or \$36.8 million during the first quarter of 2012. Our pipelines and momentum in both areas remain very strong.

Our net interest margin for the first quarter was 3.89% as compared to 3.58% for the same period last year. The higher margin, combined with our significant balance sheet growth, resulted in net interest income increasing 64.1% or \$996 thousand during the quarter to \$2.55 million from \$1.55 million for the same period last year.

Non interest expense increased by 48.1% or \$686 thousand compared to the same period last year. These increased operating expenses are necessary to support our significant growth. Efficiency ratio is a calculation that measures how many cents it takes in operating expenses to generate a dollar in net revenue. Our ratio (the smaller the better) improved to 80.4% in the first quarter from 89.0% during the same period last year. This indicates we are deploying our operating expenses in an appropriately trending manner and benefiting from the economies of scale that come from growth.

Our credit quality remained very strong during the period as we ended the quarter with no non-performing loans. During the period we had no charge offs and only one small loan of \$41 thousand was past due more than 30 days at quarter end. Our credit statistics are among the best in the country and will be difficult to sustain at such a pristine level over the long term. We take credit quality very seriously and will always strive to be among the best. The allowance for loan losses stood at 1.30% of loans outstanding at quarter end.

Additional progress occurred during the quarter. We leased space for expansion across the street from our Laurel office as we have outgrown our current administrative office space. In the past 12 months we have grown from 36 to 54 employees bank wide. A number of these new colleagues are in our Laurel office; the new space will house many of them and provide for additional planned head count growth.

We have recently added two senior relationship managers to our Anne Arundel Team – Mike Schonfeld and Emil Keller. These veteran commercial bankers are already helping expand our client list throughout Anne Arundel and surrounding counties.

Furthermore, we are working on a new capital campaign to begin in the second half of 2012 to help fund our continued growth. In this mega bank marketplace there is an incredible demand by small business owners to deal with broadly experienced commercial bankers who can and will customize loan and cash management solutions to help businesses become even more successful. We're here to meet that demand while providing superior returns for our shareholders. More details on the campaign will be forthcoming as plans are finalized. We hope you will consider increasing your investment in Revere Bank.

Before we close this letter we wanted to remind you of one other important matter. You should have received your Revere Bank proxy materials within the past week or so. We are asking you to vote on several matters, one of which is an amendment to increase the number of our authorized Revere Bank shares. Approving a larger number of authorized shares will enable us to raise future capital, allowing us to continue our strong growth. Please take the time to vote on this and the other motions put forth to you as a shareholder – thanks!

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,



Andrew F. Flott
Chief Executive Officer
(240) 264-5340
Andrew.Flott@RevereBank.com



Kenneth C. Cook
President and Vice Chairman
(240) 264-5372
Kenneth.Cook@RevereBank.com



**Statement of Income and Expense
(Unaudited)**

(Dollars in thousands)	Three months ended 31-Mar 2012	Three months ended 31-Mar 2011
Interest Income		
Interest and fees on loans	\$ 3,064	\$ 1,894
Interest on securities	192	259
Interest on federal funds sold and other	4	4
Total interest income	<u>3,260</u>	<u>2,157</u>
Interest Expense		
Interest on deposits	692	598
Interest on other borrowed funds	19	6
Total Interest expense	<u>711</u>	<u>604</u>
Net Interest Income	2,549	1,553
Provision for loan loss	330	165
Net Interest Income after Provision	<u>2,219</u>	<u>1,388</u>
Other Income		
Non-Interest Income	67	50
Gain on Sale of Securities	11	2
Total other income	<u>78</u>	<u>52</u>
Non-Interest Expense		
Salaries and employee benefits	1,306	866
Occupancy and equipment	304	221
Other non-interest expense	503	340
Total Non-Interest Expense	<u>2,113</u>	<u>1,427</u>
Net Income (Loss)	<u>\$ 184</u>	<u>\$ 13</u>
Taxes	-	-
Net Income (Loss) after taxes	<u>\$ 184</u>	<u>\$ 13</u>
Net Income (Loss) before provision for loan loss	<u>\$ 514</u>	<u>\$ 178</u>
Efficiency Ratio	80.43%	88.91%



**Balance Sheet
(Unaudited)**

(Dollars in thousands)	March 31, 2012	March 31, 2011
Assets		
Cash and due from banks	\$ 31,664	\$ 3,829
Federal funds sold	-	450
Investment portfolio	31,874	33,640
Loans	244,699	149,939
Allowance for loan loss	(3,188)	(1,922)
Other assets	2,727	2,146
Total Assets	\$ 307,776	\$ 188,082
Liabilities and Stockholder's Equity		
Non-interest bearing deposits	\$ 27,824	\$ 20,082
Interest bearing deposits	238,456	140,676
Total deposits	266,280	160,758
Federal funds purchased and other borrowings	14,000	7,520
Other liabilities	665	433
Total Liabilities	280,945	168,711
Stockholders' equity	26,831	19,371
Total Liabilities and Stockholder's Equity	\$ 307,776	\$ 188,082
Capital Ratios		
Tier 1 leverage ratio	9.42%	10.47%
Tier 1 risk-based capital ratio	10.57%	12.02%
Total risk-based capital ratio	11.82%	13.25%
Asset Quality		
Non accrual loans	\$ -	\$ 296
Total non-performing assets	\$ -	\$ 296