



February 20, 2012

Year End Letter

Dear Fellow Shareholder,

We are very pleased to report continued balance sheet and income growth during the fourth quarter of 2011, continuing the year's very positive trends. During the quarter loans grew by \$37.1 million, deposits grew by \$24.6 million and we had net income of \$105 thousand. Asset quality remained strong relative to peers and the banking industry. We ended the quarter with bank-wide momentum in the face of 2011's still fragile economy, a changing regulatory landscape and an uncertain political climate.

We closed the year with \$267.9 million in assets, \$222.3 million in loans, and \$229.5 million in deposits. On average from December 2010 to December 2011, loans grew by 71% and deposits grew by 48%. We continue to maintain good momentum in both areas and our pipeline is very strong. We have a highly experienced team of motivated and nimble bankers both on the street and in our back office creating and managing this growth and momentum.

We achieved profitability in the first quarter of 2011 and our net income of \$327 thousand for the year represents a \$1.47 million improvement over 2010. Net interest income in 2011 was \$7.8 million, a 70% increase over 2010. Our net interest margin was 3.76%, a 46 basis point increase over 2010. Effective margin management is a priority for us in 2012 as we balance incremental profitability and growth against capital needs.

As mentioned above, our credit quality remains very good, and we ended 2011 with no nonperforming loans. While these statistics are unsustainable over the long term, they are indicative of how seriously we take the health of the bank's loan portfolio. Our provision for loan losses was slightly higher than last year and we ended the year with a reserve equal to 1.29% of loans outstanding.

A detailed profit and loss statement and balance sheet follow this letter.

We also had several other accomplishments in 2011. We raised \$10.6 million in additional capital during the year exceeding our original goal by 76%. Our long term growth plans contemplate a new capital campaign in the second half of 2012. Details on this opportunity to increase your investment in Revere Bank will be communicated in the coming months.

Our third full-service branch office, Severna Park Gateway, opened in November. Located just northwest of Annapolis, this office signals our expansion into a new market area and greatly enhances our ability to serve customers and develop business in and around Anne Arundel County, Maryland. In addition to the branch, our Severna Park Gateway office is home

to a team of seasoned commercial bankers, and offers space for continued expansion. Please stop by to say “hello”—we are located at 8529 Veteran’s Highway, Millersville, MD 21108.

We continued to add proven relationship managers to the Revere Team during the year. Talented individuals also joined us in our credit and operations departments as we strive to provide superior service both internally and externally.

Our achievements in 2011 would not have occurred without the superb commitment and hard work of our colleagues. We are very appreciative of their contributions and are grateful to be on this journey with them.

We are highly optimistic about the future of Revere Bank. In 2012, our strategy will focus on quality loan growth, decreasing the cost of interest-bearing deposits, demand deposit account growth, and a balanced earning asset mix of loans and investments. We will insure the success of our strategy by maintaining superior credit quality, employing state of the art technology, and continuing to attract quality banking talent to develop business in the markets we serve.

Thank you for your continued support and confidence. We welcome your comments, questions and referrals. We also invite you to do all of your banking with us.

Please feel free to contact us at any time.

Sincerely,

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REVERE BANK

Balance Sheet (Unaudited)

(Dollars in thousands)	December 31, 2011	December 31, 2010
Assets		
Cash and due from banks	\$ 7,227	\$ 5,450
Federal funds sold	-	1,385
Investment portfolio	38,480	34,985
Loans	222,252	130,795
Allowance for loan loss	(2,858)	(1,709)
Other assets	2,790	2,231
Total Assets	\$ 267,891	\$ 173,137
Liabilities and Stockholder's Equity		
Non-interest bearing deposits	\$ 31,345	\$ 14,383
Interest bearing deposits	198,173	139,823
Federal funds purchased and other borrowings	11,083	3,000
Other liabilities	714	469
Total Liabilities	241,315	157,675
Stockholders' equity	26,576	15,462
Total Liabilities and Stockholder's Equity	\$ 267,891	\$ 173,137
Capital Ratios		
Tier 1 leverage ratio	10.31%	8.93%
Tier 1 risk-based capital ratio	11.60%	11.60%
Total risk-based capital ratio	12.85%	12.85%
Asset Quality		
Non accrual loans	\$ -	\$ 296
Total non-performing assets	\$ -	\$ 296



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

(Dollars in thousands)	Year Ended 31-Dec 2011	Year Ended 31-Dec 2010	Three months ended 31-Dec 2011	Three months ended 31-Dec 2010
Interest Income				
Interest and fees on loans	\$ 9,371	\$ 5,699	\$ 2,726	\$ 1,707
Interest on securities	991	1,188	232	282
Interest on due from and other	21	35	3	7
Total interest income	<u>10,383</u>	<u>6,922</u>	<u>2,961</u>	<u>1,996</u>
Interest Expense				
Interest on deposits	2,540	2,328	687	594
Interest on other borrowed funds	47	21	18	6
Total Interest expense	<u>2,587</u>	<u>2,349</u>	<u>705</u>	<u>600</u>
Net Interest Income	7,796	4,573	2,256	1,396
Provision for loan loss	1,127	1,008	357	240
Net Interest Income after Provision	<u>6,669</u>	<u>3,565</u>	<u>1,899</u>	<u>1,156</u>
Other Income				
Non-Interest Income	259	188	71	35
Gain on Sale of Securities	6	76	6	76
Total other income				
Non-Interest Expense				
Salaries and employee benefits	4,082	2,862	1,158	826
Occupancy and equipment	973	765	278	204
Other non-interest expense	1,552	1,347	435	371
Total Non-Interest Expense	<u>6,607</u>	<u>4,974</u>	<u>1,871</u>	<u>1,401</u>
Net Income (Loss)	<u>\$ 327</u>	<u>\$ (1,145)</u>	<u>\$ 105</u>	<u>\$ (134)</u>
Taxes	-	-	-	-
Net Income (Loss) after taxes	<u>\$ 327</u>	<u>\$ (1,145)</u>	<u>\$ 105</u>	<u>\$ (134)</u>
Net Income (Loss) before provision for loan loss	<u>\$ 1,454</u>	<u>\$ (137)</u>	<u>\$ 462</u>	<u>\$ 106</u>