

RESOURCE BANKSHARES, INC.

Directors

Richard F. Knight, Chairman David A. Briggs, Jr. Dennis E. Crowe Chandler Craig, Jr. Maura W. Donahue

G. Chris Keller, Jr., Vice Chairman Michael B. Burris Katherine M. Gibert David D. Lindsey James E. Walther, III, Emeritus

RESOURCE BANK

Executive Officers

G. Chris Keller, Jr., Chief Executive Officer Chandler Craig, Jr., President David D. Lindsey, Executive Vice President, Chief Financial Officer Pat Campbell, Executive Vice President, Chief Lending Officer Doug M. Ferrer, Executive Vice President, Chief Credit Officer Curt W. Keay, Executive Vice President, Chief Administrative Officer

Branch Locations

Bogalusa Office: 402 Avenue B

Covington Offices: 70533 Highway 21

5100 Village Walk, Suite 102

Franklinton Office: 950 10th Avenue

Metairie Office: 111 Veterans Memorial Blvd., Suite 804

Mandeville Offices: 2190 N. Causeway Blvd., Suite. 100

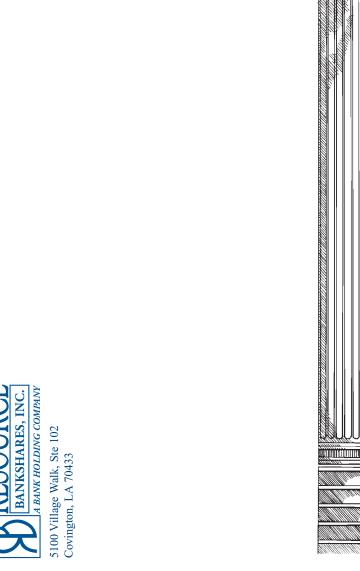
68177 Highway 59

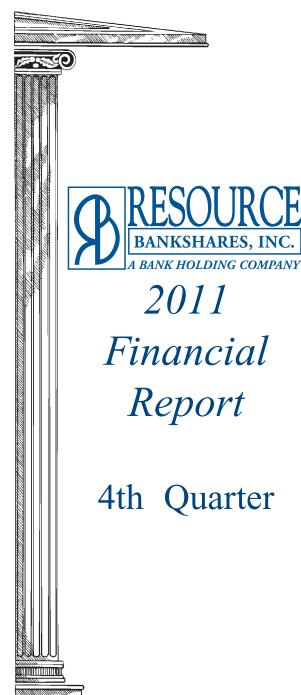
1695 W. Causeway Approach

Slidell Office: 2283 Gause Blvd. East



Visit us online at www.BankOnResource.com www.BankOnResource.mobi from your mobile device email: info@BankOnResource.com or call (985) 801-1888







December 31, 2011

Dear Shareholder:

Our bank continues to perform at a very high level in an increasingly competitive market. Through improved operating efficiencies and prudent management of your assets by your Resource Team, we ended the year with our best year ever. Total assets, deposits, loans and earnings are all well ahead of last year.

Total Assets at year end were \$431,398,079, up 13.62% over year end 2010. Deposits, at \$371,421,480 increased a healthy 15.33% over last year. Loan demand still has not fully returned to our market, nevertheless we increased our loan portfolio by 5.18% to \$336,189,231. Bankshares Earnings were \$3,968,334, up 8.73% over last year and our best earnings year ever. As a result, total shareholder equity is now \$36,840,312, an increase of 14.09%. Equity per share, fully diluted, is now \$28.25 versus \$25.25 last year. Our Efficiency Ratio is now at 65.40%, a number that continues to improve. Liquidity is very good and capital is strong. As a result of all of the above, our Return on Assets for the year was 1.01%, a very good number in the current banking environment.

Construction of our full service Branch on Veterans Boulevard in Metairie is now well underway. We expect to take occupancy and open in late spring. We are excited and optimistic about the opportunities this new market presents and are putting in place a team of seasoned bankers who have established relationships in the Jefferson and Orleans markets. We will keep you informed as matters progress and hope to see some of you at the ribbon cutting.

As always, we thank you for your loyalty and support. After all, you too are part of the Resource Team. Whenever the opportunity presents itself, we urge you to share with your friends, neighbors and business associates all of the advantages of doing business with a true community bank. We have often said we are "Your Bank for Our Community". Thank you.

Sincerely yours,

Richard F. Knight Chairman of the Board G. Chris Keller CEO

RESOURCE BANKSHARES, INC.		
STATEMENT OF FINANCIAL CONDITION (in thousands)	Holding Company Consolidated 12/31/2011	Holding Company Consolidate 12/31/2010
ASSETS	(unaudited)	(unaudited)
Cash & due from banks Interest bearing deposits in other banks	\$13,726 54	\$3,979 94
Fed Fund Sold	31,335	7,830
Investment & Equity in Resource Trust I & II	217	217
Investment securities held-to-maturity Investment securities available-for-sale	34,513	31,345
Other stocks, at cost	1,686	2,028
Loans, less allowance for loan losses	336,189	319,635
(2011 allowance for loan losses \$3,014,005) (2010 allowance for loan losses \$2,517,141)		
Bank premises & equipment, net of accumulated depreciation	8,998	8,828
Deferred Tax receivable	23	24
Accrued interest receivable Prepaid Debt Issuance Costs, net of accumulated amortization	1,290	1,272
Other Assets	814	1,362
Other real estate owned	2,553	3,067
TOTAL ASSETS	\$431,398	\$379,681
LIABILITIES		
Deposits	ØC4 222	050,000
Demand deposit accounts NOW accounts	\$64,333 149,489	\$50,900 111,897
Money market accounts	68,515	55,616
Saving accounts	10,951	9,495
Certificates of Deposit \$100,000 & over	42,118	56,712
Other certificates of deposit Total Deposits	36,015	37,430
Accrued expenses and other liabilities	\$371,421 692	\$322,050 807
Deferred Tax Payable A BANK HOLDING	-	307
Accrued Interest Payable	202	291
Fed funds purchased	-	
Interest Payable on Debentures Trust Preferred Securities Payable I	26 3,093	25 3,093
Trust Preferred Securities Payable II	4,124	4,124
Other borrowed funds	15,000	17,000
Total Liabilities	\$394,558	\$347,390
STOCKHOLDERS' EQUITY		
Common Stock; \$ 1.00 par value;	4.000	
2,000,000 shares authorized;1,294,687 and 1,276,942 shares issued and outstanding at December 31, 2011 and 2010, respectively.	1,300	1,282
As of 12/31/11, 1,299,889 issued; with 5,202 shares in Treasury Stock		
Preferred Stock; \$ 1.00 par value;		
100,000 shares authorized; no shares issued or outstanding	-	-
Less: Notes Receivable for purchase of common stock	(459)	(528)
Capital surplus Treasury Stock	15,417 (182)	15,246 (182)
Retained Earnings	16,433	12,784
Earning year to date (*Bank Only \$ 4,104,858 year to date)	3,968	3,650
Net unrealized holding gains (losses) on securities	363	39
Total Equity Capital	36,840	32,291
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY Stockholder's Equity (Book value per share-undiluted)	\$431,398 28.81	\$379,681 25.70
Stockholder's Equity (Book value per share diluted)	28.25	25.25
Quarterly Return on Average Assets (ROA) (Bank Only as of 12/31/11)	1.06%	0.96%
Quarterly Efficiency Ratio (Bank Only as of 12/31/11)	64.25%	67.05%