





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 (unaudited)	Holding Company Consolidated 12/31/2010 (unaudited)
<b>ASSETS</b>		
Cash & due from banks	\$13,726	\$3,979
Interest bearing deposits in other banks	54	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 (2011 allowance for loan losses \$3,014,005) (2010 allowance for loan losses \$2,517,141)	336,189	319,635
Bank premises & equipment, net of accumulated depreciation	8,998	8,828
Deferred Tax receivable	23	24
Accrued interest receivable	1,290	1,272
Prepaid Debt Issuance Costs, net of accumulated amortization	-	-
Other Assets	814	1,362
Other real estate owned	2,553	3,067
<b>TOTAL ASSETS</b>	<b>\$431,398</b>	<b>\$379,681</b>
<b>LIABILITIES</b>		
<b>Deposits</b>		
Demand deposit accounts	\$64,333	\$50,900
NOW accounts	149,489	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	36,015	37,430
<b>Total Deposits</b>	<b>\$371,421</b>	<b>\$322,050</b>
Accrued expenses and other liabilities	692	807
Deferred Tax Payable	-	-
Accrued Interest Payable	202	291
Fed funds purchased	-	-
Interest Payable on Debentures	26	25
Trust Preferred Securities Payable I	3,093	3,093
Trust Preferred Securities Payable II	4,124	4,124
Other borrowed funds	15,000	17,000
<b>Total Liabilities</b>	<b>\$394,558</b>	<b>\$347,390</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock; \$ 1.00 par value; 2,000,000 shares authorized; 1,294,687 and 1,276,942 shares issued and outstanding at December 31, 2011 and 2010, respectively. As of 12/31/11, 1,299,889 issued; with 5,202 shares in Treasury Stock	1,300	1,282
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	15,417	15,246
Treasury Stock	(182)	(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
<b>Total Equity Capital</b>	<b>36,840</b>	<b>32,291</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$431,398</b>	<b>\$379,681</b>
<b>Stockholder's Equity (Book value per share-undiluted)</b>	<b>28.81</b>	<b>25.70</b>
<b>Stockholder's Equity (Book value per share diluted)</b>	<b>28.25</b>	<b>25.25</b>
Quarterly Return on Average Assets (ROA) (Bank Only as of 12/31/11)	<b>1.06%</b>	<b>0.96%</b>
Quarterly Efficiency Ratio (Bank Only as of 12/31/11)	<b>64.25%</b>	<b>67.05%</b>