RESOURCE BANK

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

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

Proudly located in St. Tammany & Washington Parishes

Bogalusa Office:

402 Avenue B

Covington Offices:

70533 Highway 21

5100 Village Walk, Ste. 102

Franklinton Office:

950 10th Avenue

Mandeville Offices:

2190 N. Causeway Blvd., Ste. 100

68177 Hwy. 59

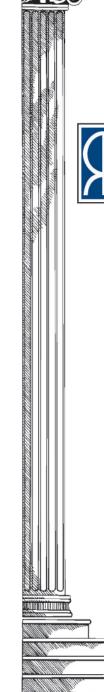
1695 W. Causeway Appr.

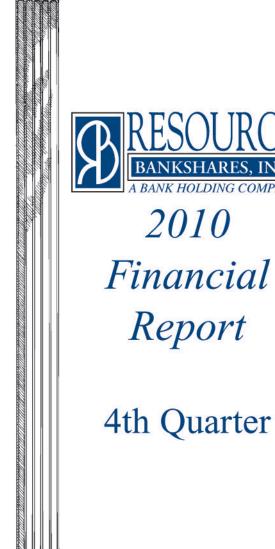
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2283 Gause Blvd. East



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, 2010

Dear Shareholder:

We are pleased to report that your Bank continues to perform in a very positive manner. At year end deposits were \$322,049,942, an increase of 13.28% over last year. Loans at year end were \$319,634,872, up 4.6%. Total assets were \$379,680,603, up 3.50%. Bankshares' earnings were our best ever, at \$3,649,555, an increase of 30.76% over 2009, resulting in an increase of \$2.52 per share, fully diluted, in the book value of your stock. Total bank only capital is now \$38,688,527, or 10.19%, well above the average of institutions in our market.

As the New Year begins, we see significant opportunity for your Company. Competitive conditions continue to change and the economy in our market now appears to be improving. We are ready for the challenge and will make the most of it for you, our shareholders. We are working closely with existing customers and reaching out at every opportunity to gain new customers and market share. The time is right and your team is prepared to make the most of it.

While we use carefully prepared market studies and published data in our planning, the best sources for new growth are our present customers and you, our shareholders. As you see or hear of opportunities for us to be of service to potential new customers, please let us know. We will respond promptly and let you know the results. Together, we make an unbeatable team.

Thank you, and a Happy and Prosperous New Year!

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

P.S. We continue to receive the Bauer Financial rating of "Five Star" for Superior Performance and Strength

RESOURCE BANKSHARES, INC. Holding Holding STATEMENT OF FINANCIAL CONDITION (in thousands) Company Consolidated Company Consolidated 12/31/2010 12/31/2009 (unaudited) (unaudited) ASSETS Cash & due from banks \$3,979 \$7,157 Interest bearing deposits in other banks 8,223 Fed Funds Sold 7,830 Investment & Equity in Resource Trust I & II 217 217 Investment securities available-for-sale 31,345 26,621 Other stocks, at cost 2,028 3,091 Loans, less allowances for loan losses 319,635 305,577 (2010 Allowance for loan losses \$ 2,517,141) (2009 Allowance for loan losses \$ 2,412,492) Bank premises & equipment, net of accumulated depreciation 8,828 9,200 Deferred Tax receivable 1,223 Accrued interest receivable 1,272 Other Assets 1,362 2,053 2,324 Other real estate owned 3,067 TOTAL ASSETS \$379,681 365,772 LIABILITIES Deposits Demand deposit accounts \$50,900 \$48,558 NOW accounts 111,897 87,788 Money market accounts 55,616 46,753 Saving accounts 9,495 9,036 Certificates of Deposits \$100,000 & over 56,712 55,667 Other Certificates of Deposit 37,430 36,502 **Total Deposits** 322,050 284,304 Accrued expenses and other liabilities 807 747 Deferred Tax Pavable 53 Accrued Interest Payable 291 333 Fed funds purchased 25 25 Interest Payable on Debentures Trust Preferred Securities Payable I 3,093 3.093 Trust Preferred Securities Payable II 4,124 4,124 Other borrowed funds 17,000 44,000 **Total Liabilities** 347,390 336,679 STOCKHOLDERS' EOUITY Common Stock; \$ 1.00 par value; 2,000,000 shares authorized; 1.282 1,267 1,276,942 and 1,261,621 shares issued and outstanding at December 31, 2010 and 2009, respectively As of December 31, 2010, 1,282,144 issued; however with 5,202 shares are held 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 (528)15,074 Capital surplus 15,246 Treasury Stock (182)(182)Retained Earnings 12,784 9.993 Earnings year to date (* Bank Only \$3,798,726 year to date) 3,650 2,791 Net unrealized holding gains (Losses) on securities 39 150 32,291 **Total Equity Capital** 29,093 TOTAL LIABILITIES AND STOCKHOLDERS EQUITY \$379,681 \$365,772 Stockholder's Equity (Book value per share-undiluted) 25.70 23.06 25.25 22.73 Stockholder's Equity (Book value per share diluted) Quarterly Return on Average Assets (ROA) (*Bank Only as of 12/31/10) 0.96% 1.01% Quarterly Efficiency Ratio (*Bank Only as of 12/31/10) 67.05% 65.96% End of Year Return on Average Assets (ROA) (Bank Only as of 12/31/10) 1.00% 0.80% End of Year Efficiency Ratio (Bank Only as of 12/31/10) 67.57% 68.42%