



December 31, 2012

Dear Shareholder:

We are pleased and proud to share with you two pieces of great news about your Company. We ended 2012 with the best earnings in our fourteen year history and, as a result, are able to declare and pay our first dividend. Total assets, loans, deposits, earnings and capital are all at historic highs. Total assets at year end were \$474,047,485, up 9.89% over 2011. Deposits ended the year at \$410,256,445 an increase of 10.46% over last year. Loan growth was equally strong, with total loans at \$372,088,023, up 10.68%. Together these performance numbers resulted in earnings for the year, after taxes and Trust Preferred Debt Service, of \$4,490,296, a healthy increase of 13.16%. Loan quality remains excellent, with very few past dues.

As a result of all of the above, our Capital ended the year at \$41,791,228, up 13.44% over last year. Book value per share, diluted, is \$30.97, up 10.85% over last year's value of \$27.94. In past years, we have not been able to pay a dividend since our growth was so strong that all earnings were needed to keep our capital strong enough to support our rapid and solid growth. This year we are able to pay a dividend and at the same time maintain a strong capital position. Accordingly your Board of Directors has declared a cash dividend of twenty five cents (\$.25) per share, payable on March 31, 2013 to shareholders of record as of February 28, 2013.

Our new branch in Metairie continues to grow at a good pace. Those of our shareholders on the Southshore and those who have friends and business interests there can enhance this growth by bringing us business and recommending Resource to others. For this, we thank you, as do all of your fellow shareholders.

We will do all in our power to continue the Bank's very positive growth and profitability. With your help and support, it will happen.

Thank you.

Richard F. Knight
Chairman of the Board

G. Chris Keller
CEO

RESOURCE BANKSHARES, INC.

STATEMENT OF FINANCIAL CONDITION (in thousands)

ASSETS

	Holding Company Consolidated 12/31/2012 (unaudited)	Holding Company Consolidated 12/31/2011 (unaudited)
Cash & due from banks	\$15,846	\$13,726
Interest bearing deposits in other banks	108	54
Fed Fund Sold	28,786	31,335
Investment & Equity in Resource Trust I & II	217	217
Investment securities held-to-maturity	-	-
Investment securities available-for-sale	40,681	34,513
Other stocks, at cost	1,445	1,686
Loans, less allowance for loan losses (2012 allowance for loan losses \$2,909,437) (2011 allowance for loan losses \$3,014,005)	372,088	336,189
Bank premises & equipment, net of accumulated depreciation	10,360	8,998
Deferred Tax receivable	85	23
Accrued interest receivable	1,406	1,290
Prepaid Debt Issuance Costs, net of accumulated amortization	-	-
Other Assets	384	814
Other real estate owned	2,641	2,553
TOTAL ASSETS	\$474,047	\$431,398

CURRENT LIABILITIES

Deposits

Demand deposit accounts	\$75,121	\$64,333
NOW accounts	178,855	149,489
Money market accounts	69,217	68,515
Saving accounts	13,208	10,951
Certificates of Deposit \$100,000 & over	40,530	42,118
Other certificates of deposit	33,326	36,015
Total Deposits	\$410,257	\$371,421
Accrued expenses and other liabilities	1,628	692
Deferred Taxes Payable	-	-
Accrued Interest Payable	130	202
Fed funds purchased	-	-
Interest Payable on Debentures	24	26
Trust Preferred Securities Payable I	3,093	3,093
Trust Preferred Securities Payable II	4,124	4,124
Other borrowed funds	13,000	15,000
Total Liabilities	\$432,256	\$394,558

STOCKHOLDERS' EQUITY

Common Stock; \$ 1.00 par value; 2,000,000 shares authorized; 1,331,688 and 1,294,687 shares issued and outstanding at December 31, 2012 and 2011, respectively. As of 12/31/12: 1,336,890 issued; however 5,202 shares are in Treasury Stock	1,337	1,300
Preferred Stock; \$ 1.00 par value; 100,000 shares authorized; no shares issued or outstanding	-	-
Less: Notes Receivable for purchase of common stock	(826)	(459)
Capital surplus	15,966	15,417
Treasury Stock	(182)	(182)
Retained Earnings	20,402	16,433
Earning year to date (*Bank Only \$ 4,641,170 year to date)	4,490	3,968
Net unrealized holding gains (losses) on securities	604	363
Total Equity Capital	41,791	36,840

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY

Stockholder's Equity (Book value per share-undiluted)	31.38	28.45
Stockholder's Equity (Book value per share diluted)	30.97	27.94
Quarterly Return on Average Assets (ROA) (Bank Only as of 12/31/12)	1.03%	1.06%
Quarterly Efficiency Ratio (Bank Only as of 12/31/12)	62.93%	64.25%
End of Year Return on Average Assets (ROA) (Bank Only as of 12/31/12)	1.02%	1.01%
End of Year Efficiency Ratio (Bank Only as of 12/31/12)	65.24%	65.40%

RESOURCE BANKSHARES, INC.

Directors

Richard F. Knight, Chairman *G. Chris Keller, Jr., Vice Chairman*
David A. Briggs, Jr. *Michael B. Burris*
Dennis E. Crowe *Katherine M. Gibert*
Chandler Craig, Jr. *David D. Lindsey*
Maura W. Donahue *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

Branch Locations

Bogalusa Office: 402 Avenue B
Covington Offices: 70533 Highway 21
 5100 Village Walk, Suite 102
Franklinton Office: 950 10th Avenue
Metairie Office: 321 Veterans Memorial Blvd., Suite 101
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
email: info@BankOnResource.com or call (985) 801-1888

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PAID
NEW ORLEANS, LA
PERMIT NO. 1273



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2012 Financial Report

4th Quarter