

Directors

G. Chris Keller, Jr., Chairman
David A. Briggs, Jr.
Dennis E. Crowe
Maura W. Donahue

Chandler Craig, Jr., Vice Chairman Michael B. Burris, Lead Director 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

Pat Campbell, Executive Vice President, Chief Lending Officer
Douglas M. Ferrer, Executive Vice President, Chief Credit Officer
Julie C. Cervantes, CPA, Executive Vice President, Chief Financial Officer
Lynn Kennedy, Executive Vice President, Chief Operations Officer

Branch Locations

Bogalusa Office: 402

402 Avenue B

CBD Office:

412 Magazine Street

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:

68177 Highway 59

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1695 W. Causeway Approach

Slidell Office:

2283 Gause Blvd. East

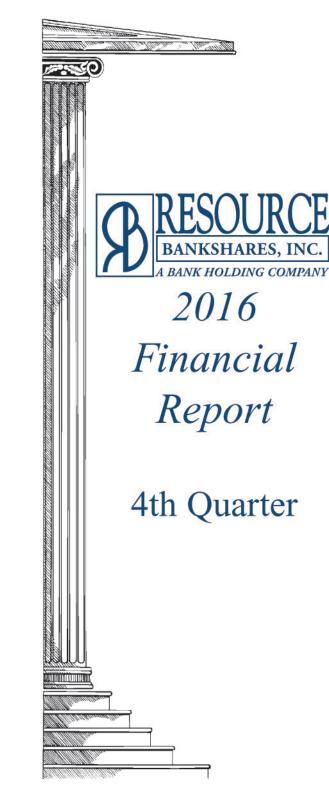
Baton Rouge Office:

4317-B Bluebonnet Blvd.



Visit us online at www.resource.bank email: info@resource.bank or call (985) 801-1888 PRESORTED STANDARD U.S. POSTAGE PAID JEW ORLEANS, LV

RETURN SERVICE REQUESTED







December 31, 2016

Dear Shareholder:

Your bank had a tremendous year in 2016. We maintained a high level of earnings while expanding into a new market and adding bankers in our existing markets. Resource grew in all of our markets with the highest level of growth coming from the Southshore.

Our year end return on assets was 1.08 percent. We grew assets to \$618 million; an increase of just under 10 percent. Loans grew 11.72 percent to \$529 million, while non-performing loans shrank to a minimal level. Deposits grew to \$513 million, an increase of 8.27 percent. Total stockholders' equity increased 9.90 percent, of which we distributed 25.04 percent of 2016 net income in the form of dividends to you, the shareholder. We closed out the year with a very healthy capital position of 11.43 percent of total assets.

Our new facility in Baton Rouge is progressing with the foundation well under way. We expect to move in by the end of 2017. The temporary facility in Baton Rouge continues to provide us with new opportunities.

We plan to build on our momentum from 2016 throughout 2017. As always we thank you for your support.

Yours truly,

G. Chris Keller, Jr.

CEO & Chairman of the Board

Chandler Craig, Jr.

President & Vice Chairman of the Board

RESOURCE BANKSHARES, INC. Holding Holding STATEMENT OF FINANCIAL CONDITION (in thousands) Company Consolidated Company Consol 12/31/2016 12/31/2015 12/31/2015 ASSETS (unaudited) (unaudited) Cash & due from banks \$7,661 \$7.358 Interest bearing deposits in other banks 175 57 21,325 23,763 Fed funds sold 36,974 35,699 Investment securities: Available-for-sale, at fair value Other stocks, at cost 2,523 2.381 Loans, less allowance for loan losses 529,238 473,709 (12/31/16 Allowance for loan losses \$ 3,659,297) (12/31/15 Allowance for loan losses \$ 3,427,044) Bank premises & equipment, net of accumulated depreciation 17,002 16,234 Deferred tax receivable 86 Accrued interest receivable 1.512 1.478 Other real estate owned 1.296 1,461 Other assets 760 751 TOTAL ASSETS \$618,599 \$562,844 LIABILITIES Deposits Demand deposit accounts \$116,613 \$107,184 NOW accounts 224,970 208,867 Money market accounts 91.749 78.515 22,649 Saving accounts 19,646 Certificates of deposits \$100,000 & over 34,161 35,125 Other certificates of deposit 23,098 24,709 513,240 474,046 **Total Deposits** Accrued expenses and other liabilities 2,432 825 Deferred tax payable 254 390 Accrued interest payable 93 93 Other borrowed funds 30,000 20,000 495,354 **Total Liabilities** 546,019 STOCKHOLDERS' EQUITY Common stock; \$1.00 par value; 2,000,000 shares authorized; 1.595 1,564 1,595,013 and 1,564,380 shares issued and outstanding at December 31, 2016 and December 31, 2015, respectively. Preferred stock; \$0.00 par value; 100,000 shares authorized; no shares issued or outstanding Stock subscription receivable (858)(807)Capital surplus 26,979 26,189 Treasury stock Retained earnings 38,683 33,903 Earnings year to date (*Bank only \$6,390,770 year to date) 6,349 6,370 Net unrealized gains (losses) on securities held (168)271 Total Stockholders' Equity 72,580 67,490 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$618,599 \$562,844 Book Value per Share-Undiluted \$45.50 \$43.14 Book Value per Share-Diluted \$44.69 \$42.16 Quarterly Return on Average Assets (ROA) (*Bank only as of December 31) 1.11% 1.18% Quarterly Efficiency Ratio (*Bank only as of December 31) 61.46% 60.17% End of Year Return on Average Assets (ROA) (* Bank only as December 31) 1.08% 1.13% End of Year Efficiency Ratio (*Bank only as of December 31) 64.68% 62.74%

Required notes, statement of cash flows and statement of changes in stockholders' equity are not included.