



Williams Mullen assists with sale of Colonial Virginia Bank to Xenith Bank

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Press release from Xenith Bankshares, Inc.

Xenith Bankshares, Inc., parent company to Xenith Bank, and Colonial Virginia Bank today announced the signing of a definitive merger agreement, whereby CVB will be merged with and into Xenith Bank. CVB operates two full-service branches in the Gloucester, Virginia area and one loan production office in Yorktown, Virginia. As of June 30, 2013, CVB had the largest share of deposits in Gloucester County, Virginia according to the Federal Deposit Insurance Corporation. As of December 31, 2013, CVB reported total assets of \$114.9 million, net loans of \$71.4 million, total deposits of \$99.5 million and equity of \$12.1 million.

"We view this transaction as an opportunity to grow and expand our competitive position in the Greater Hampton Roads, Virginia region, which is one of our target markets," said T. Gaylon Layfield, III, President and Chief Executive Officer of Xenith Bankshares, Inc. "We are excited about partnering with Colonial Virginia Bank to continue building its strong franchise in Gloucester and expanding its presence on the Peninsula. This acquisition enables us to continue to leverage the infrastructure we have built over the last several years, and we believe CVB is an excellent addition as we focus on building a strong Virginia-based regional bank. We believe this transaction will add value to our shareholders, as well as to those of CVB."

Layfield continued, "Robert L. Bailey, President and Chief Executive Officer of CVB, will join Xenith Bank's management team and lead the bank's activities in the Gloucester area and also in the Peninsula region of Virginia, which includes Williamsburg, Newport News, and Hampton. Before joining CVB, Mr. Bailey served for the previous eight years as President of Bank of Williamsburg/Bay Community Bank, wholly-owned subsidiaries of Union Bankshares, and subsequently as Regional President of Union Bankshares' Hampton Roads region after its merger with First Market Bank, creating Union First Market Bank."

Bailey commented, "The last few years have brought a historic amount of increased regulation, heightened competition from banks and non-banks, and a difficult economic environment. Across the country, community banks are partnering to improve efficiencies in order to overcome these challenges. We are excited to team with the professionals at Xenith, allowing us to maintain and

enhance our product offerings to the benefit of our shareholders, customers, and the community." He added, "Together we can build value faster than we could have independently."

The combined bank would have approximately \$795 million in total assets, \$608 million in net loans, and \$669 million in total deposits, based on reported amounts as of December 31, 2013. The merger agreement has been approved unanimously by the Boards of Xenith Bankshares, Inc. ("Xenith Bankshares"), Xenith Bank, and CVB. CVB shareholders holding approximately 13% of the outstanding shares of CVB's common stock have agreed to vote in favor of the merger. Under the terms of the merger agreement, Xenith Bankshares will acquire 100% of the stock of CVB and CVB shareholders will be entitled to receive 2.65 shares of Xenith Bankshares common stock for each share of CVB stock outstanding, subject to certain limits based on market prices. The transaction is expected to generate over twenty percent earnings accretion in 2014, excluding deal-related costs, mid-teens earnings accretion in 2015, and modest tangible book value dilution is expected to be earned back in less than 18 months.

The merger is expected to close in the second quarter of 2014. The transaction is subject to certain conditions, including state and federal bank regulatory approvals, approval by the shareholders of CVB, and other customary closing conditions.

Xenith Bankshares was advised by the investment banking firm of SunTrust Robinson Humphrey, Inc. and the law firm of Hunton & Williams LLP. CVB was advised by the investment banking firm of Sandler O'Neill & Partners, L.P. and the law firm of Williams Mullen.

About Xenith Bankshares, Inc.

Xenith Bankshares is the holding company for Xenith Bank. Xenith Bank is a full-service, locally-managed commercial bank, specifically targeting the banking needs of middle market and small businesses, local real estate developers and investors, private banking clients, and select retail banking clients. As of December 31, 2013, the company had total assets of \$680 million and total deposits of \$569 million. Xenith Bank's target markets are the Greater Washington, DC, Richmond, VA, and the Greater Hampton Roads, VA metropolitan statistical areas. The company is headquartered in Richmond, Virginia and currently has six branch locations in Tysons Corner, Richmond, and Suffolk, Virginia. Xenith Bankshares common stock trades on the NASDAQ Capital Market under the symbol "XBKS." For more information about Xenith Bankshares and Xenith Bank, visit the website:<https://www.xenithbank.com>.

About Colonial Virginia Bank

CVB's stock is listed for trading on the OTC Markets marketplace under the symbol "CNVB." Additional information regarding CVB's products and services is available on CVB's website at <http://www.colonialvabank.com>.

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