

Hampton Roads Bankshares, Inc. (NASDAQ: HMPR; Virginia Beach, VA) has agreed to acquire Xenith Bankshares, Inc. (NASDAQ: XBKS; Richmond, VA)

Deal Value: Approximately \$107.2 million

Sandler O'Neill acted as exclusive financial advisor and rendered a fairness opinion to Hampton Roads Bankshares, Inc. in this transaction. This transaction represents Sandler O'Neill's 66th bank or thrift transaction nationwide since January 1, 2015 representing \$22.5 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period.¹

Since January 1, 2014, Sandler O'Neill has advised the Buyer or Seller on every transaction in North Carolina, South Carolina or Virginia with a deal value greater than \$100 million. There have been 12 such transactions with an aggregate deal value over \$3.9 billion.¹

VIRGINIA BEACH, VA, AND RICHMOND, VA, February 10, 2016 – Hampton Roads Bankshares, Inc. (“HRB”) (Nasdaq: HMPR), the holding company for the Bank of Hampton Roads, and Xenith Bankshares, Inc. (“Xenith”) (Nasdaq: XBKS), the holding company for Xenith Bank, today jointly announced that they have reached a definitive agreement to merge. The transaction has been unanimously approved by the Boards of Directors of each company. The combination, with pro forma total assets of \$2.9 billion and combined deposits of \$2.5 billion, will create the second-largest community bank by deposits in the Virginia Beach/Norfolk/Newport News MSA and the fifth-largest community bank by deposits in the Commonwealth of Virginia.

Under the terms of the agreement, Xenith shareholders will receive 4.4 shares of HRB common stock for each share of Xenith common stock. Based on the closing price of the HRB's common stock on February 10, 2016, the transaction will be valued at approximately \$107.2 million. Upon closing, HRB shareholders and Xenith shareholders will own approximately 74% and 26%, respectively, of the stock in the combined company. The combined company, which will adopt the Xenith Bankshares name for the holding company and the Xenith Bank name for all banking operations, will be governed by a 13 person Board of Directors, consisting of 8 directors from HRB and 5 directors from Xenith. Headquarters for the combined organization will be in Richmond, Virginia. The combined company will trade on the Nasdaq under the symbol XBKS. T. Gaylon Layfield, III, currently President and Chief Executive Officer of Xenith, will serve as Chief Executive Officer of the combined company and Donna Richards, currently President of the Bank of Hampton Roads, will serve as President and Chief Operating Officer. Layfield and Richards each bring over 30 years of commercial banking experience, as well as unique and distinct business backgrounds and skill sets. “This leadership team is experienced and ready to lead the organization,” said Charles M. Johnston, HRB’s Chairman of the Board and Interim CEO. He added, “With Gaylon serving as CEO and Donna serving as President, I have full confidence that this partnership will achieve great success in the future, creating value for all of our stakeholders.” Mr. Johnston intends to retire from the company and the Board at the closing of this transaction.

The combined company expects to realize cost savings equal to approximately 10% of the combined company’s expense base as a result of rationalization of operations. The cost savings are expected to generate earnings per share accretion for shareholders of both companies. Post-closing, the combined company is expected to have a Tangible Common Equity/Total Assets ratio in excess of 13%. The transaction is expected to be substantially accretive to tangible book value per share of both companies given the anticipated recovery of a deferred tax asset. The combination is subject to regulatory approval, approval of HRB’s and Xenith’s shareholders and other customary closing conditions. The transaction is expected to close in the third quarter of 2016.

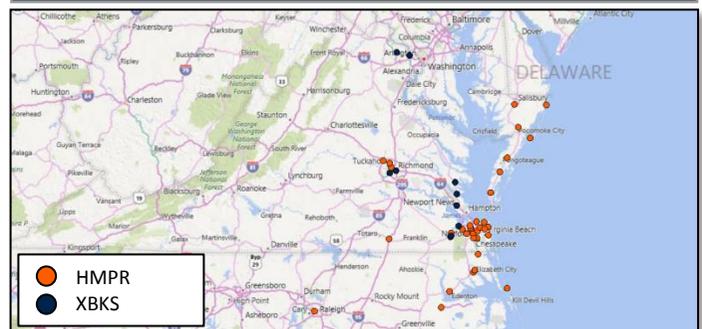
Financial Highlights

(Dollars in millions)

	HMPR	XBKS
Total Assets	\$1,978	\$971
Gross Loans	\$1,581	\$761
Total Deposits	\$1,687	\$825

*(1) Excludes terminated transactions and self-advisory roles
Note: Financial data as of September 30, 2015; Source: SNL Financial*

Pro Forma Branch Map



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