

Colonial Virginia Bank (OTCQB: CNVB; Gloucester, VA) has agreed to merge with Xenith Bankshares, Inc. (NASDAQ: XBKS; Richmond, VA)

Deal Value: Approximately \$9.8 million

Sandler O'Neill served as financial advisor to Colonial Virginia Bank in connection with the transaction. This transaction is Sandler O'Neill's 122nd bank or thrift transaction nationwide since January 1, 2011, more than any other investment bank during that time period.¹ Since January 1, 2011, Sandler O'Neill has advised on 37 bank or thrift transactions in the Southeast, more than any other investment bank during that time period.¹

Richmond, Va., March 21, 2014 – Xenith Bankshares, Inc. (NASDAQ:XBKS), parent company to Xenith Bank, and Colonial Virginia Bank (“CVB”) 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 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 their strong franchise in Gloucester and expanding their 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. 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 headquartered in Ruther Glen, Virginia.”

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, which was not possible for us independently.”

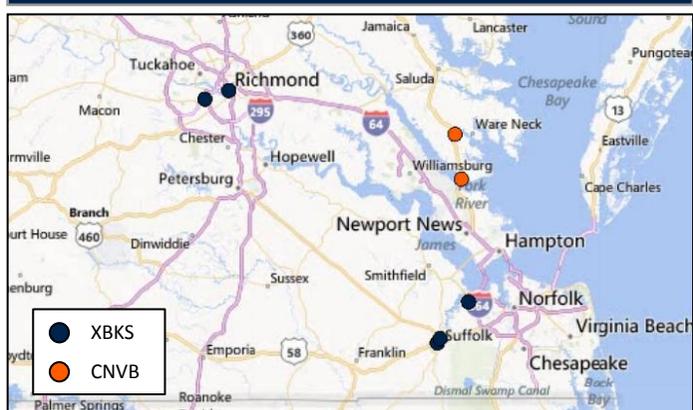
The combined bank would have approximately \$795 million in total assets, \$608 million in net loans, and \$669 million in deposits, based on reported amounts as of December 31, 2013. Under the terms of the merger agreement, Xenith Bankshares, Inc. will acquire 100% of the stock of CVB and CVB shareholders 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 be immediately accretive to earnings, excluding deal-related costs, and initially dilutive to tangible book value, to be earned back in 15 months after closing, for Xenith Bankshares, Inc., as the holding company for the combined bank.

Financial Highlights

<i>(Dollars in millions)</i>	XBKS	CNVB
Total Assets	\$680	\$115
Gross Loans	\$542	\$73
Total Deposits	\$569	\$99
Total Equity	\$88	\$12
TCE / TA	9.59%	10.56%

¹ Excludes terminated transactions and self-advisory roles
 Note: Financial data as of 12/31/13
 Source: SNL Financial

Pro Forma Branch Map



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