PUBLIC DISCLOSURE

April 1, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Virginia

3198421

11730 Hull Street Road

Midlothian, Virginia 23112

Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to bank capacity and demand for credit in the local assessment area.
- A substantial majority of the institution's small business loans were originated within its assessment area.
- The bank's lending to businesses with revenues of $1 million or less is excellent when considering the various proxies for demand.
- The bank's geographic distribution performance is considered reasonable.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

Bank of Virginia (BVA) was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). BVA is required to report certain information regarding its home mortgage lending in accordance with HMDA; however, a review of the bank's reported HMDA lending in 2010 and 2011 indicates that the bank originated a total of only 19 such loans, and of those, only six were for consumer purposes, while the remaining 13 were for business purposes, such as for investment property. Given these factors, the bank's HMDA lending was not considered during the evaluation. Based on the number of new loans originated by the institution, small business loans were identified as the primary credit product for the bank and that lending activity is considered in the evaluation. As such, the analysis included all 109 small business loans originated by the institution from January 1, 2010, through December 31, 2011.

DESCRIPTION OF INSTITUTION

BVA is headquartered in Midlothian, Virginia, and operates four branch offices in central Virginia. The bank is a subsidiary of Cordia Bancorp, Inc., a single-bank holding company also headquartered in Midlothian, Virginia. The institution's previous CRA rating, dated January 26, 2009, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of December 31 2012, BVA held assets totaling $180 million, of which 78% were net loans and 10.3% were securities. As of the same date, deposits totaled $154.5 million. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (using gross loans) as of December 31, 2012, is represented in the following table:

Composition of Loan Portfolio

Loan Type	12/31/2012	
	$(000s)	%
Secured by 1-4 Family dwellings	44,790	31.2
Multifamily	3,233	2.2
Construction and Development	3,375	2.3
Commercial & Industrial/ NonFarm NonResidential	92,029	64.1
Consumer Loans and Credit Cards	305	0.2
Agricultural Loans/ Farmland	0	0.0
All Other	1	0.0
Total	***143,733***	***100.0***

As reflected in the preceding table, the largest loan category within the bank's loan portfolio is commercial and industrial/nonfarm nonresidential loans. The composition of the portfolio is consistent with the number of new loans recently extended by the bank, and consequently led to the selection of small business lending for consideration in the evaluation. Though loans secured by one- to four-family dwellings comprise the second largest proportion of the loan portfolio, as previously mentioned, a review of the bank's Home Mortgage Disclosure Act data indicates very minimal volume, which would have precluded the ability to draw meaningful conclusions from analysis of those loans. Therefore, the loans are not included in the evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN RICHMOND, VIRGINIA MSA

BVA operates four branches in the Richmond, Virginia Metropolitan Statistical Area (MSA). Since the previous evaluation, the bank closed one branch office located in an upper-income census tract in Chesterfield County, Virginia. The branch closure did not necessitate changes to the composition of the bank's assessment area. As of June 30, 2012, the bank ranked 15th out of 32 institutions in local deposit market share with .2% of deposits within the assessment area. The following table reflects the cities and counties that currently comprise the bank's assessment area.

Assessment Area	County/City	Census Tracts
Richmond, VA MSA	Chesterfield County	All
	Colonial Heights	All
	Henrico County	All
	Hopewell	All
	Petersburg	All
	Richmond	All

According to the 2000 census data, the assessment area has a population of 792,984 and a median housing value of $109,871. The owner-occupancy rate for the assessment area is 60.5%, which is below the owner-occupancy rate for the Richmond, VA MSA (64.6%) and the Commonwealth of Virginia (63.3%). Within the assessment area, 7.5% of families are considered below the poverty level, which is slightly above the percentage for the MSA (6.9%) and the commonwealth (7%). The 2010 and 2011 HUD estimated median family incomes for the MSA equal $73,900 and 74,600, respectively. The table on the following page provides pertinent demographic data for the assessment area based upon both 2000 census data and, in the case of businesses, 2011 Dun & Bradstreet (D&B) data.

Assessment Area Demographics

Richmond, VA MSA (Based on 2000 Census Boundar and 2011 D&B information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	26	12.5	15,247	7.4	5,186	34.0	41,171	20.0
Moderate	48	23.1	41,079	19.9	5,437	13.2	36,627	17.8
Middle	79	38.0	81,181	39.4	3,708	4.6	45,740	22.2
Upper	54	26.0	68,525	33.3	1,114	1.6	82,494	40.0
NA	1	0.5	0	0.0	0	0.0		
Total	*208*	*100.0*	*206,032*	*100.0*	*15,445*	*7.5*	*206,032*	*100.0*
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	8,441	4.2	25,316	8.0	8,605	34.0	71,055	22.5
Moderate	32,353	15.9	68,643	21.7	10,760	15.7	56,202	17.8
Middle	85,222	42.0	127,854	40.4	8,551	6.7	61,454	19.4
Upper	77,039	37.9	94,516	29.9	3,351	3.5	127,618	40.3
NA	0	0.0	0	0.0	0	0.0		
Total	*203,055*	*100.0*	*316,329*	*100.00*	*31,267*	*9.9*	*316,329*	*100.0*
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = $1 Million		Over $1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	5,383	9.6	4,566	8.9	512	15.9	305	14.8
Moderate	9,123	16.2	8,097	15.9	670	20.8	356	17.3
Middle	21,400	38.0	19,453	38.1	1,163	36.1	784	38.1
Upper	20,430	36.2	18,951	37.1	868	26.9	611	29.7
NA	25	0.0	17	0.0	8	0.2	0	0.0
Total	*56,361*	*100.0*	*51,084*	*100.0*	*3,221*	*100.0*	*2,056*	*100.0*
Percentage of Total Businesses:				90.6		5.7		3.6

**NA-Tracts without household or family income as applicable*

The bank's market is located in central Virginia with leading employment industries including government, health care, financial services, retail services, and education. The largest employers include Capital One Financial Corporation (financial services), Virginia Commonwealth University Health System (health care), Walmart (retail), Dominion Resources, Inc. (utilities), and SunTrust Banks, Inc. (banking). Recent area unemployment rates are depicted in the following table:

Unemployment Rate Trend								
Geographic Area	March 2009	Sept 2009	March 2010	Sept 2010	March 2011	Sept 2011	March 2012	Sept 2012
Chesterfield County	6.6%	7.1%	7.2%	6.6%	6.3%	6.2%	5.6%	5.5%
Colonial Heights	7.6%	8.6%	8.6%	8.2%	7.6%	7.7%	6.5%	6.8%
Henrico County	6.9%	7.5%	7.2%	6.6%	6.2%	6.3%	5.5%	5.5%
Hopewell	10.7%	10.5%	11.1%	11.6%	10.6%	10.7%	8.7%	8.2%
Petersburg	13.1%	14.0%	13.3%	12.8%	11.1%	12.4%	11.5%	10.1%
Richmond	9.2%	10.3%	10.7%	10.4%	9.1%	9.5%	8.1%	8.5%
Richmond, VA MSA	7.4%	8%	8.2%	7.5%	7%	7%	6.2%	6.2%
Commonwealth of Virginia	6.9%	7.1%	7.6%	6.7%	6.4%	6.5%	6%	5.7%

As reflected in the table, area unemployment rates have generally been trending downward since September 2010. Though rates in many localities within the assessment area had risen to higher levels during the early stages of the economic recession, employment opportunities are currently improving as indicated by the decreasing unemployment rate trend.

An individual knowledgeable of the local market area was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact stated that the local economy is improving, and attributed the improvement to the readiness of the area for businesses to begin immediate construction of new facilities because land already zoned for commercial use and located in close proximity to the interstate is somewhat plentiful. The contact further noted that unemployment rates are reaching the levels that existed prior to the recession. The need for small business financing still persists, but the contact remained optimistic about the local economy due to recent business activity and overall the contact suggested that area financial institutions continue to adequately meet local credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Performance under the lending test considers the bank's loan-to-deposit ratio, level of lending in the bank's assessment area, and performance for both borrower and geographic lending distributions. Area demographic, available market aggregate, and Dun & Bradstreet (D&B) business data are used as proxies for demand when evaluating the bank's performance. Demographic data are from the 2000 census, while D&B business data are from 2011. Aggregate small business data utilized during the evaluation are from 2010 and 2011. The aggregate small business lending data includes all lenders subject to reporting small business data. BVA is not subject to CRA reporting requirements; therefore, the bank's small business lending activity is not included in the aggregate data.

The distribution of small business lending considers as an element of performance context that throughout the bank's assessment area, a high volume of small business lending activity is noted for specialized lenders who tend to originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans. Not only do such loans tend to be smaller, but when included in the aggregate, these reporters often tend to depress the proportion of reported loans to businesses with revenues of $1 million or less because many of the loans reported by these card lenders do not include revenue information.

While small business loan data from calendar years 2010 and 2011 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2011 is presented in the lending tables. In instances where the loan performance during 2010 varies significantly from the performance in 2011, such variances and the corresponding impact on the overall performance are discussed.

Loan-To-Deposit Ratio

As of December 31, 2012, the institution's loan-to-deposit ratio equaled 90.9% and averaged 77.6% for a 16-quarter period ending December 31, 2012. In comparison, the quarterly average loan-to-deposit ratios for all banks headquartered in metropolitan areas of Virginia and of similar asset size to BVA ranged from 78% to 84.9% during the same time period. Since March 31, 2008, the bank's assets, loans, and deposits have decreased 10.8%, 6.8%, and 8.1%, respectively. When considering the institution's growth, size, branch locations, and financial capacity, BVA's loan-to-deposit ratio is considered reasonable.

Lending In Assessment Area

To determine the institution’s volume of lending within its assessment area, the geographic location of small business loans were considered. The lending distribution inside and outside of the bank’s assessment area is reflected in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	$(000)	%	#	%	$(000)	%
Small Business	89	81.7	17,727	82.8	20	18.3	3,692	17.2

As indicated in the above table, a substantial majority of the number (81.7%) and the dollar amount (82.8%) of small business loans considered in the evaluation were extended to borrowers located in the bank's assessment area. Overall, the institution's level of lending within its assessment areas is considered highly responsive to community credit needs.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

Distribution of Lending by Loan Amount and Size of Business

Richmond, VA MSA (2011)								
	Bank				Aggregate*			
by Revenue	#	%	$(000s)	% $	#	%	$(000s)	% $
$1 Million or Less	15	46.9	1,571	29.0	5,809	45.3	232,329	34.7
Over $1 Million	17	53.1	3,843	71.0	NA	NA	NA	NA
Unknown	*0*	*0.0*	*0*	*0.0*	NA	NA	NA	NA
by Loan Size								
$100,000 or less	16	50.0	821	15.2	11,511	89.8	168,953	25.3
$100,001-$250,000	7	21.9	1,132	20.9	579	4.5	104,552	15.6
$250,001-$1 Million	9	28.1	3,460	63.9	732	5.7	395,352	59.1
Total	***32***	***100.0***	***5,413***	***100.0***	***12,822***	***100.0***	***668,857***	***100.0***

** No data is available for Aggregate loans with Revenues over $1 million and those with Unknown revenues*

D&B data indicates that 90.6% of all local businesses have revenues that do not exceed $1 million per year. According to 2011 aggregate small business data, 45.3% of reported loans were to businesses with annual revenues of $1 million or less. The remaining loans were to businesses that either had revenues exceeding $1 million or had unknown revenues. During 2011, a group of traditional bank lenders, which excludes credit card specialty lenders, originated 49.9% of reported small business loans to businesses with annual revenues of $l million or less. Taking this into account as an element of performance context, the bank's extension of 46.9% of its small business loans to businesses with annual revenues of $1 million or less is considered reasonable.

During 2010, the bank’s volume of lending to small businesses was greater, extending 57 loans totaling $12.3 million. The bank’s level of lending to businesses with revenues of $1 million or less (66.7%) significantly exceeded the percentage of loans made by a group of traditional bank lenders in 2010 (45.3%). This performance level is considered excellent.

Overall, the bank's small business lending performance is considered excellent, as significantly more weight is given to the 2010 performance level due to the larger dollar volume of loans originated that year.

Geographic Distribution of Loans

Distribution of Small Business Loans by Income Level of Census Tract

Richmond, VA MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
Low	2	6.3	936	17.3	1,104	8.7	84,164	12.6
Moderate	4	12.5	305	5.6	1,762	13.9	120,029	18.0
Middle	16	50.0	2,486	45.9	4,424	34.9	222,799	33.4
Upper	10	31.2	1,686	31.2	5,385	42.5	240,941	36.0
*NA**	*0*	*0.0*	*0*	*0.0*	*4*	*0.0*	180	*0.0*
Total	***32***	***100.0***	***5,413***	***100.0***	***12,679***	***100.0***	***667,933***	***100.0***

**NA-Tracts without household or family income as applicable*
Loans where the geographic location is unknown are excluded from this table.

The bank's level of small business lending in low-income census tracts (6.3%) lagged the percentage of area businesses located in such areas (9.6%) and the aggregate lending level (8.7%). In moderate-income tracts, the bank's lending (12.5%) was comparable to the aggregate lending level (13.9%) while lagging the percentage of area businesses located in such tracts (16.2%). The bank's performance was substantially similar in 2010. Overall, BVA's small business lending distribution by income level of census tract is considered reasonable.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

(i) Low-or moderate-income geographies;

(ii) Designated disaster areas; or

(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-

a. Rates of poverty, unemployment, and population loss; or
b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending Test (and if applicable, consideration of investments and services) is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units**.**

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution’s CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in ‘loans to small farms’ as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.