Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Brian K. Plum
Name of the Holding Company Director and Official

President and Chief Executive Officer
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official

03/29/2017
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- ☒ is included with the FR Y-6 report
- ☐ will be sent under separate cover
- ☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID ____________

C.I. ____________

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2016
Month / Day / Year

No LEI
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Blue Ridge Bankshares, Inc.
Legal Title of Holding Company

17 West Main Street/P.O. Box 609
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Luray	VA	22835

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Amanda G. Story	Chief Financial Officer

540-843-5208
Area Code / Phone Number / Extension

540-743-5536
Area Code / FAX Number

astory@mybrb.com
E-mail Address

N/A
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes **0**

In accordance with the General Instructions for this report (check only one),

1. **a letter justifying this request is being provided along with the report** .... ☐
2. **a letter justifying this request has been provided separately** .... ☐

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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City State Zip Code

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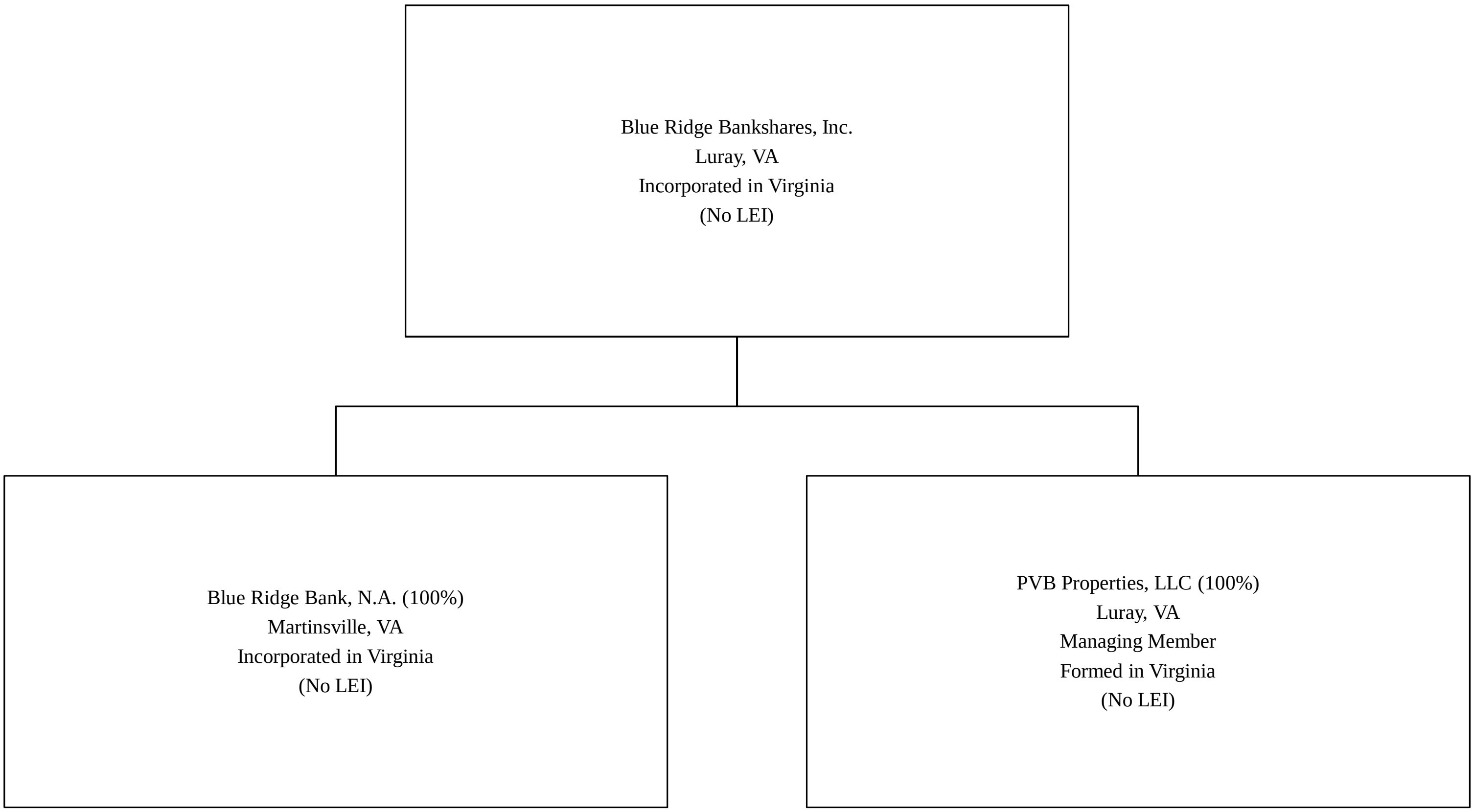
City State Zip Code

Physical Location (if different from mailing address)

Blue Ridge Bankshares, Inc.
Organizational Chart
FR Y-6 Item 2a



Results: A list of branches for your depository institution: BLUE RIDGE BANK, NATIONAL ASSOCIATION (ID_RSSD: 233527).
This depository institution is held by BLUE RIDGE BANKSHARES, INC. (1426960) of LURAY, VA.
The data are as of 12/31/2016. Data reflects information that was received and processed through 01/10/2017.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	233527	BLUE RIDGE BANK, NATIONAL ASSOCIATION	1 EAST MARKET STREET	MARTINSVILLE	VA	24112	MARTINSVILLE CITY	UNITED STATES	4618	0	BLUE RIDGE BANK, NATIONAL ASSOCIATION	233527	
OK		Full Service	2971234	BASSETT BRANCH	380 RIVERSIDE DR	BASSETT	VA	24055	HENRY	UNITED STATES	Not Required	Not Required	BLUE RIDGE BANK, NATIONAL ASSOCIATION	233527	
OK		Full Service	3811971	CHARLOTTESVILLE BRANCH	1807 SEMINOLE TRAIL	CHARLOTTESVILLE	VA	22901	ALBEMARLE	UNITED STATES	478997	4	BLUE RIDGE BANK, NATIONAL ASSOCIATION	233527	
OK		Full Service	3449048	DRAKES BRANCH	4677 MAIN STREET	DRAKES BRANCH	VA	23937	CHARLOTTE	UNITED STATES	Not Required	Not Required	BLUE RIDGE BANK, NATIONAL ASSOCIATION	233527	
OK		Full Service	4665685	HARRISONBURG BRANCH	563 NEFF AVENUE, SUITE B	HARRISONBURG	VA	22801	HARRISONBURG CITY	UNITED STATES	Not Required	Not Required	BLUE RIDGE BANK, NATIONAL ASSOCIATION	233527	
OK		Full Service	2856685	LURAY BRANCH	17 WEST MAIN STREET	LURAY	VA	22835	PAGE	UNITED STATES	Not Required	Not Required	BLUE RIDGE BANK, NATIONAL ASSOCIATION	233527	
OK		Full Service	3181003	MCGAHEYSVILLE BRANCH	9972 SPOTSWOOD TRAIL	MC GAHEYSVILLE	VA	22840	ROCKINGHAM	UNITED STATES	419197	3	BLUE RIDGE BANK, NATIONAL ASSOCIATION	233527	
OK		Full Service	3103265	SHENANDOAH BRANCH	600 SOUTH THIRD STREET	SHENANDOAH	VA	22849	PAGE	UNITED STATES	364016	2	BLUE RIDGE BANK, NATIONAL ASSOCIATION	233527	
OK		Full Service	3045655	STUART BRANCH	48 ANIMAL CLINIC ROAD	STUART	VA	24171	PATRICK	UNITED STATES	Not Required	Not Required	BLUE RIDGE BANK, NATIONAL ASSOCIATION	233527	

Blue Ridge Bankshares, Inc.
Principal Shareholders
FR Y-6 Item 3

5% or More Owned at Year-End

Shareholder Name	City/State of Residence	Citizenship	Number of Shares Owned	Percent of Shares Owned
Richard T. Spurzem	Charlottesville, VA/USA	United States of America	235,120	12.89%
Siena Capital	Chicago, IL/USA	United States of America	135,855	7.45%
Larry Dees *	Luray, VA/USA	United States of America	104,714	5.74%
Susan S. Dees *	Luray, VA/USA	United States of America	104,714	5.74%

5% or More Owned During the Year, But Not at Year-End

Shareholder Name	City/State of Residence		Number of Shares Owned	Percent of Shares Owned
		N/A		

Note: Blue Ridge Bankshares,Inc. has only one class of voting stock.

* Larry and Susan Dees are husband and wife. Though shares are individually owned, the ownership listed for each represents the combined interest.

Blue Ridge Bankshares, Inc.
List of Insiders
FR Y-6 Item 4

Name & Address (City, State, Country)	Principal Occupation if other than with Bank Holding Company	Title and Position with Bank Holding Company	Title and Position with Subsidiaries *	Title and Position with Other Businesses	Percentage of Voting Shares in Bank Holding Company	Percentage of Voting Shares; Subsidiaries **	Entities with 25% or more voting securities ownership
Ottis R. Barham, Jr. Culpeper, VA, USA	Retired	Director	Director	N/A	0.02%	0.00%	N/A
Hunter H. Bost Durham, NC, USA	Real estate and private equity investor	Director	Director	Manager Sherwood Partners, LLC. Manager Agua Properties, LLC. Manager Beaux Degas, LLC. Manager McDuff Capital	0.63%	0.00%	Sherwood Partners, LLC. (25%) McDuff Capital (50%)
Mensel D. Dean, Jr. Bridgewater, VA, USA	Certified Public Accountant	Director	Director	CPA PBMares, LLP	1.10%	0.00%	First Street Mill, LLC (25%) Flowers for the Moment, LLC (100%)
Larry Dees Luray, VA, USA	Retired	Chairman	Director	N/A	5.74%	0.00%	N/A
Kenneth E. Flynt Waynesville, NC, USA	Associate Dean	Director	Director	Associate Dean of the College of Business Western Carolina University	0.41%	0.00%	N/A
James E. Gander, II Luray, VA, USA	Farmer	Director	Director	N/A	0.59%	0.00%	N/A
John H. Graves Luray, VA, USA	President/ Chief Executive Officer	Director	Director	President/CEO Luray Caverns Corporation	0.07%	0.00%	Luray Caverns Corporation (33.3%)
Ronald D. Haley Stuart, VA USA	N/A	Director	Director President	N/A	0.32%	0.00%	N/A
Robert S. Janney Luray, VA, USA	Attorney	Director	Director	Manager Janney & Janney, PLC Owner Lex Properties Manager Janney Properties, LLC Vice-President Blue Ridge Land Title, Inc. Member Wasp Leg, LLC Manager Locke Willow Farm, LLC Manager Janney Investments, LLC	1.99%	0.00%	Janney & Janney, PLC (100%) Lex Properties (100%) Janney Properties, LLC (50%) Blue Ridge Land Title, Inc. (33.3%) Wasp Leg, LLC (100%) Locke Willow Farm, LLC (50%) Janney Investments, LLC (50%)
Richard L. Masincup Luray, VA, USA	Retired	Director	Director	N/A	2.63%	0.00%	N/A
Brian K. Plum Luray, VA, USA	N/A	Director President	Director Chief Executive Officer	Member GPSW Holdings, LLC Member Rocktown Holdings, LLC	0.31%	0.00%	GPSW Holdings, LLC (25%) Rocktown Holdings, LLC (50%)

Blue Ridge Bankshares, Inc.
List of Insiders
FR Y-6 Item 4

Name & Address (City, State, Country)	Principal Occupation if other than with Bank Holding Company	Title and Position with Bank Holding Company	Title and Position with Subsidiaries *	Title and Position with Other Businesses	Percentage of Voting Shares in Bank Holding Company	Percentage of Voting Shares; Subsidiaries **	Entities with 25% or more voting securities ownership
Richard T. Spurzem Charlottesville, VA, USA	Real Estate Investor	Principal Shareholder	N/A	President Neighborhood Properties, Inc. President Neighborhood Development, Inc. Manager Neighborhood Investments, LLC Manager Neighborhood Investments-JR, LLC Manager Neighborhood Investments-BL, LLC Manager Neighborhood Investments-GP, LLC President Neighborhood Investments-WA, Inc. Manager Neighborhood Investments-TC, LLC President Longwood Homeowners' Association, Inc. Manager Neighborhood Investments-RH, LLC President Neighborhood Investments-PP, Inc. Manager Neighborhood Investments-WP, LLC Manager Neighborhood Investments-DMV, LLC Manager Neighborhood Investments-LL, LLC Manager Neighborhood Investments-CA, LLC Manager Waynesboro Village, LLC Manager Tarleton Square Land, LLC Manager Neighborhood Investments-NP, LLC Manager Sandbox, LLC	12.89%	0.00%	Neighborhood Properties, Inc. (100%) Neighborhood Development, Inc. (100%) Neighborhood Investments, LLC (100%) Neighborhood Investments-JR, LLC (100%) Neighborhood Investments-BL, LLC (100%) Neighborhood Investments-GP, LLC (100%) Neighborhood Investments-WA, Inc. (100%) Neighborhood Investments-TC, LLC (100%) Longwood Homeowners' Association, Inc. (100%) Neighborhood Investments-RH, LLC (100%) Neighborhood Investments-PP, Inc. (100%) Neighborhood Investments-WP, LLC (51%) Neighborhood Investments-DMV, LLC (51%) Neighborhood Investments-LL, LLC (51%) Neighborhood Investments-CA, LLC (51%) Waynesboro Village, LLC (49.9%)
William W. Stokes Charlottesville, VA, USA	Chief Financial Officer	Director	Director	Chief Financial Officer Bio-Cat, Inc.	0.11%	0.00%	N/A
Amanda G. Story Luray, VA, USA	N/A	Corporate Secretary Chief Financial Officer	Chief Financial Officer	N/A	0.02%	0.00%	N/A
Malcolm R. Sullivan, Jr. Harrisonburg, VA, USA	President/ Chief Executive Officer	Director	Director	Chairman of Board Sullivan Mechanical Contractors, Inc. Manager Sullivan Group, LLC Manager Sullivan Group II, Inc. Manager Fox Trot Farm, LLC	0.32%	0.00%	Sullivan Group II, Inc. (50%) Fox Trot Farm, LLC (50%)

* All subsidiary titles are with Blue Ridge Bank, N.A.
** All subsidiaries are 100% owned by Blue Ridge Bankshares, Inc.

BLUE RIDGE
BANKSHARES, INC.

2016

ANNUAL
REPORT

PARENT COMPANY OF

Blue Ridge Bank
Since 1893

TO OUR SHAREHOLDERS

Blue Ridge Bankshares, Inc. had a momentous year in 2016. The Company closed out its acquisition of River Bancorp, Inc., which was announced at the end of the 1st Quarter and closed in the 4th Quarter. The Company earned approximately $689,000 for the year. Earnings per share decreased from $1.79 in 2015 to $0.46 in 2016. This decline in earnings was an expected result due to the additional costs assumed and common shares issued to execute the merger. The acquisition was done as part of the Company's strategic initiative of growing in a measured manner to create additional shareholder value and better serve our customers and communities.

As you examine this report you will notice significant growth in many areas of the balance sheet and income statement, which is largely attributable to the merger. The Company acquired total assets of approximately $114 million and assumed total liabilities of approximately $103 million in the acquisition. Prior to the merger, the Company surpassed total assets of $300 million by the end of the 3rd Quarter, which represented growth of approximately $35 million, or 13.1%. Total organic and merger related asset growth for 2016 was $149.2 million, with a majority of that increase in held for investment loans totaling $112.7 million and available for sale loans totaling $15.3 million. On the liability side, growth in total deposits was $144.4 million, with $23.9 million representing noninterest-bearing deposits. Prior to the merger, the Company grew total deposits by approximately $42.2 million or 21.1%. Growth in noninterest demand deposits continues to be the primary goal, as the value of such growth is hugely impactful on profitability and the overall value and success of the Company.

The culmination of the acquisition of River Bancorp, Inc. and the merger of Blue Ridge Bank and River Community Bank, N.A, was a huge milestone for the Company. We feel the combined institution is well positioned for continued growth and innovation and are enthusiastic about the expanded footprint and the opportunity to develop new customer relationships. We believe the integration of the mortgage division across the Company's full footprint will provide additional opportunities for income growth and a higher level of relationship capture for the bank.

We remain eager to see what the long-term impacts of the 2016 election are. Optimism for the industry has risen to the highest level in years as many bankers and investors alike anticipate changes to regulatory and tax policies that should be beneficial to our industry. While we are hopeful that we see some much needed reform in the treatment of community banks and a reduction in our corporate tax rate, we continue to approach our job as business as usual and are not counting on policy changes to save the day. The increase in the yield curve (to still historically low levels) should help to improve industry profitability, but it may also produce some short-term disruption in certain lines of business such as mortgage originations.

It is with great joy and sadness that we announce the retirement of Ronald D. Haley at the end of March 2017. Ron served diligently and faithfully throughout the history of River Bancorp, Inc. and River Community Bank, N.A., and he was an incredibly important piece in ensuring and helping to execute a smooth merger in 2016. Ron has not only served his banks well throughout his career, but he has been a tireless champion and advocate of the banking industry, spending countless hours working on behalf of improving conditions for all banks. His presence will be missed not only at our bank, but by bankers across the Commonwealth of Virginia. We could not be happier for Ron and his family as he embarks on this new journey. We wish him all the best in his much-deserved retirement.

As we move into 2017, we continue to look for new solutions for our current and future customers. If you have any suggestions of how we can better position ourselves to serve the needs of our customers, please pass those along. This is your Company and we urge you to be engaged and advocate on behalf of Blue Ridge Bank. On that note, please make sure your accounts are with Blue Ridge Bank and encourage friends and family to bank with us. Our success is the direct result of the trust and dedication of our shareholders and customers, and the dedication and faithful service of our employees. Together, we continue to build upon the strong foundation of those who came before us looking with great anticipation to the possibilities of 2017 and beyond. Thank you for your continued support. We are humbled by your devotion.

Please always feel free to contact me with any ideas or questions you have. I can be reached by phone at 540-743-6521 or by e-mail at bplum@mybrb.com. I would love to hear from you.

Sincerely,

Brian K Plum

Brian K. Plum
President and Chief Executive Officer

BLUE RIDGE BANKSHARES, INC.
FINANCIAL HIGHLIGHTS

	2016	2015	2014	2013	2012
For The Year					
Net income	$ 688,728	$ 2,498,105	$ 2,029,062	$ 1,844,604	$ 1,516,362
Net income available to common stockholders	688,728	2,453,105	1,984,062	1,637,349	1,318,942
Common stock dividends paid	708,443	611,430	412,934	318,223	282,574
Earnings per common share	0.46	1.79	2.11	1.75	1.40
Dividends per common share	0.47	0.46	0.44	0.34	0.30
At Year End					
Total assets	$ 418,124,046	$ 268,910,152	$ 239,353,596	$ 214,724,007	$ 208,228,537
Total investments	42,607,381	37,957,139	37,056,056	47,712,416	56,372,941
Net loans held for investment	317,614,392	204,936,540	184,723,649	153,786,879	136,138,597
Deposits	340,874,155	196,491,845	183,898,642	168,345,328	168,737,648
Total stockholders' equity	33,627,105	24,100,824	24,786,488	19,229,543	18,494,435
Common stockholders' equity	33,627,105	24,100,824	20,286,488	14,729,543	13,994,435
Book value per common share	18.43	17.20	15.97	15.76	14.85
Number of common stock shares outstanding	1,824,757	1,401,511	1,270,555	934,539	942,221
Key Ratios					
Return on average assets	0.20%	0.98%	0.89%	0.87%	0.74%
Return on average equity	2.39%	10.22%	9.22%	9.78%	8.44%
Return on average common equity	2.39%	11.05%	11.33%	11.40%	9.79%
Total stockholders' equity to assets	8.04%	8.96%	10.36%	8.96%	8.88%
Common stockholders' equity to assets	8.04%	8.96%	8.48%	6.86%	6.72%
Increase in assets	55.49%	12.35%	11.47%	3.12%	4.20%
Change in earnings per common share	-74.30%	-15.17%	20.57%	25.00%	22.81%
Increase in book value per share	7.16%	7.68%	1.30%	6.12%	8.10%

BLUE RIDGE BANKSHARES, INC.
PARENT OF
BLUE RIDGE BANK, NATIONAL ASSOCIATION
LURAY, VIRGINIA

FINANCIAL STATEMENTS

December 31, 2016

CONTENTS

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Blue Ridge Bankshares, Inc.
Luray, Virginia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Blue Ridge Bankshares, Inc. and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of income, changes in stockholders' equity, comprehensive income, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Blue Ridge Bankshares, Inc. and subsidiaries as of December 31, 2015 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
March 10, 2017

BLUE RIDGE BANKSHARES, INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and 2015

ASSETS	2016	2015
Cash and due from banks (Note 3)	$ 14,098,449	$ 7,265,264
Federal funds sold	1,726,000	582,000
Investment securities		
Securities available for sale (at fair value) (Note 4)	26,748,394	21,089,617
Securities held to maturity (fair value of $13,193,364 in 2016, $14,616,354 in 2015) (Note 4)	12,971,598	14,226,788
Restricted investments	2,887,389	2,640,734
Total Investment Securities	42,607,381	37,957,139
Loans held for sale (Note 5)	24,655,901	9,314,638
Loans held for investment (Note 5)	319,627,525	207,284,260
Allowance for loan losses (Note 5)	(2,013,133)	(2,347,720)
Net Loans Held for Investment	317,614,392	204,936,540
Bank premises and equipment, net (Note 6)	2,506,399	2,039,816
Bank owned life insurance (Note 1)	4,516,310	2,414,246
Goodwill (Note 12)	1,707,284	366,300
Core Deposit Intangible	1,134,590	-
Other assets	7,557,340	4,034,209
Total Assets	$ 418,124,046	$ 268,910,152
LIABILITIES		
Deposits		
Demand deposits		
Noninterest bearing	$ 60,137,568	$ 36,168,631
Interest bearing	95,253,117	48,514,321
Savings deposits	24,176,888	14,973,385
Time deposits (Note 7)	161,306,582	96,835,508
Total Deposits	340,874,155	196,491,845
Other borrowed funds (Note 8)	32,623,264	37,959,419
Subordinated debt, net of issuance costs (Note 9)	9,698,790	9,664,908
Other liabilities	1,300,732	693,156
Total liabilities	384,496,941	244,809,328
STOCKHOLDERS' EQUITY		
Common stock and related surplus, no par value; authorized 5,000,000 shares; outstanding - 1,824,757 and 1,401,511, respectively (Note 10)	16,270,152	7,080,669
Contributed equity	131,357	42,887
Retained earnings	17,666,715	17,686,430
Accumulated other comprehensive income	(143,025)	(200,956)
	33,925,199	24,609,030
Unearned ESOP shares	(298,094)	(508,206)
Total Stockholders' Equity	33,627,105	24,100,824
Total Liabilities and Stockholders' Equity	$ 418,124,046	$ 268,910,152

The accompanying notes are an integral part of this statement.

BLUE RIDGE BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME
December 31, 2016 and 2015

	2016	2015
INTEREST INCOME		
Interest and fees on loans held for investment	$ 11,752,919	$ 9,584,629
Interest and fees on loans held for sale	457,849	75,728
Interest on federal funds sold	12,993	3,655
Interest and dividends on taxable investment securities	930,177	721,115
Interest and dividends on nontaxable investment securities	280,772	284,107
Total Interest Income	13,434,710	10,669,234
INTEREST EXPENSE		
Interest on savings and interest bearing demand deposits	416,083	219,955
Interest on time deposits	1,453,674	1,262,851
Interest on borrowed funds	1,211,365	561,703
Total Interest Expense	3,081,122	2,044,509
Net Interest Income	10,353,588	8,624,725
PROVISION FOR LOAN LOSSES	926,000	320,000
Net Interest Income after Provision for Loan Losses	9,427,588	8,304,725
OTHER INCOME		
Service charges on deposit accounts	395,597	304,153
Earnings on investment in life insurance	102,064	64,501
Gain on sale of other real estate owned	4,436	-
Small business investment company fund income	138,888	313,155
Mortgage brokerage income	446,116	-
Gain on sale of mortgages	928,210	-
Other noninterest income	476,047	463,509
Total Other Income	2,491,358	1,145,318
OTHER EXPENSES		
Salaries and employee benefits	4,984,080	2,703,414
Occupancy and equipment expenses	796,010	567,429
Data processing	891,086	455,603
Communications	215,321	173,456
Advertising expense	329,341	367,385
Debit card expenses	158,878	149,878
Directors fees	150,100	124,000
Audits and examinations	83,440	89,099
Loss on disposal of assets	1,025	-
Other taxes and assessments	512,840	460,376
Other contractual services	1,474,347	213,751
Other noninterest expense	1,080,299	599,420
Total Other Expenses	10,676,767	5,903,811
Income before Income Taxes	1,242,179	3,546,232
INCOME TAX EXPENSE (Note 15)	553,451	1,048,127
Net Income	688,728	2,498,105
Dividends to Preferred Stockholders	-	(45,000)
Net Income Available to Common Stockholders	$ 688,728	$ 2,453,105
Earnings per Share	$ 0.46	$ 1.79
Weighted Average Shares Outstanding	1,485,001	1,370,656

The accompanying notes are an
integral part of this statement.

BLUE RIDGE BANKSHARES, INC.
CONSOLIDATED STAEMENTS OF COMPREHENSIVE INCOME
December 31, 2016 and 2015

	2016	2015
Net Income	$ 688,728	$ 2,498,105
Other comprehensive income:		
Gross unrealized gains arising during the period	96,651	98,542
Adjustment for income tax expense	(38,720)	(34,823)
	57,931	63,719
Other comprehensive income, net of tax	57,931	63,719
Comprehensive income	$ 746,659	$ 2,561,824

The accompanying notes are an
integral part of this statement.

BLUE RIDGE BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
December 31, 2016 and 2015

	Preferred Stock	Common Stock & Related Surplus	Contributed Equity	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned ESOP Shares	Total
Balance, December 31, 2014	$ 225,000	$ 5,306,408	$ 4,275,000	$ 15,844,755	$ (264,675)	$ (600,000)	$ 24,786,488
Comprehensive Net Income							
Net income	-	-	-	2,498,105	-	-	2,498,105
Changes in unrealized gains on securities available for sale, net of deferred income tax liability of $34,823	-	-	-	-	63,719	-	63,719
Total Comprehensive Income	-	-	-	-	-	-	2,561,824
Issuance of common stock (130,956 shares), net of capital raise expenses of $59,123	-	1,774,261	-	-	-	-	1,774,261
Redemption of preferred stock and contributed equity	(225,000)	-	(4,275,000)	-	-	-	(4,500,000)
Release of unearned ESOP shares	-	-	42,887	-	-	91,794	134,681
Preferred stock dividends	-	-	-	(45,000)	-	-	(45,000)
Common stock dividends	-	-	-	(611,430)	-	-	(611,430)
Balance, December 31, 2015	-	7,080,669	42,887	17,686,430	(200,956)	(508,206)	24,100,824
Comprehensive Net Income							
Net income	-	-	-	688,728	-	-	688,728
Changes in unrealized gains on securities available for sale, net of deferred income tax liability of $38,720	-	-	-	-	57,931	-	57,931
Total Comprehensive Income	-	-	-	-	-	-	746,659
Isssuance of common stock (423,246 shares)	-	9,189,483	-	-	-	-	9,189,483
Release of unearned ESOP shares	-	-	88,470	-	-	210,112	298,582
Preferred stock dividends	-	-	-	-	-	-	-
Common stock dividends	-	-	-	(708,443)	-	-	(708,443)
Balance, December 31, 2016	$ -	$ 16,270,152	$ 131,357	$ 17,666,715	$ (143,025)	$ (298,094)	$ 33,627,105

The accompanying notes are an
integral part of this statement.

BLUE RIDGE BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 688,728	$ 2,498,105
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	926,000	320,000
Deferred income taxes	(261,330)	69,738
Net increase in loans held for sale	(4,207,314)	(9,314,638)
Gain on disposition of assets	1,025	-
Gain on sale of other real estate owned	4,436	-
Depreciation	292,919	269,793
Investment amortization expense, net	187,015	203,566
Amortization of debt refinancing fees	76,167	76,167
Amortization of subordinated debt issuance costs	33,882	3,721
Amortization of other intangibles	79,410	-
(Increase) Decrease in other assets	(142,313)	65,999
Increase (Decrease) in accrued expenses	15,414	(81,712)
Income from life insurance investments	(102,064)	(64,501)
Release of unearned ESOP shares	298,582	134,681
Total adjustments	(2,798,171)	(8,317,186)
Net Cash Used in Operating Activities	(2,109,443)	(5,819,081)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of securities available for sale	(4,831,435)	(5,358,301)
Proceeds from calls, maturities, sales, paydowns and maturities of securities available for sale	4,282,576	4,199,501
Proceeds from calls, maturities, sales, paydowns and maturities of securities held for investment	1,150,000	625,179
(Increase) Decrease in federal funds sold	568,000	(40,000)
Net increase in loans held for investment	(24,575,253)	(20,532,891)
Purchase of bank premises and equipment	(347,230)	(102,792)
Capital calls of SBIC funds and other investments	(402,255)	(183,692)
Nonincome distributions from limited liability companies	3,291	146,068
Purchase of bank owned life insurance	(2,000,000)	-
Net cash used in acquisition	(834,735)	-
(Increase) Decrease in restricted investments	353,425	(472,486)
Net Cash Used in Investing Activities	(26,633,616)	(21,719,414)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in demand and savings deposits	49,911,236	16,091,614
Net change in time deposits	(3,214,227)	(3,498,411)
Federal Home Loan Bank advances	36,400,000	31,000,000
Federal Home Loan Bank repayments	(46,600,000)	(22,928,571)
Issuance of subordinated debt	-	10,000,000
Payment of subordinated debt issuance costs	-	(338,813)
Preferred stock dividends paid	-	(45,000)
Common stock dividends paid	(708,443)	(611,430)
Redemption of preferred stock	-	(4,500,000)
Issuance of common stock	-	1,774,261
Repayment of contingent ESOP liability	(212,322)	(81,775)
Net Cash Provided by Financing Activities	35,576,244	26,861,875
CASH AND CASH EQUIVALENTS		
Net increase in cash and cash equivalents	6,833,185	(676,620)
Cash and Cash Equivalents, Beginning of Year	7,265,264	7,941,884
Cash and Cash Equivalents, End of Year	$ 14,098,449	$ 7,265,264

The accompanying notes are an
integral part of this statement.

BLUE RIDGE BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
December 31, 2016 and 2015

	2016	2015
SUPPLEMENTAL INFORMATION		
Interest Paid	$ 2,998,945	$ 2,035,732
Income taxes paid	1,000,000	750,000
Real estate acquired by foreclosure	611,456	-
Assets acquired in acquisition	114,818,734	
Liabilities assumed in acquisition	103,277,463	

The accompanying notes are an
integral part of this statement.

Note 1. Nature of Operations and Significant Accounting Policies:

Nature of Operations:

Blue Ridge Bankshares, Inc. ("Company") through Blue Ridge Bank, N.A. ("Bank") operates under a national charter and provides commercial banking services and mortgage lending services. As a nationally chartered institution, the Bank is subject to regulation by the Office of the Comptroller of the Currency. The Bank provides commercial banking services to customers located primarily in the Piedmont, Southside, and Shenandoah Valley regions of the Commonwealth of Virginia with a commercial loan production office in Greensboro, North Carolina. Mortgage lending services are provided in these regions as well with additional mortgage offices located across North Carolina.

Consolidation Policy:

The consolidated financial statements include the accounts of Blue Ridge Bankshares, Inc. and its wholly-owned subsidiaries, Blue Ridge Bank, N.A. and PVB Properties, LLC. All significant intercompany balances and transactions have been eliminated.

Use of Estimates in the Preparation of Financial Statements:

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts in those statements. Actual results could differ significantly from those estimates. A material estimate that is particularly susceptible to significant changes is the determination of the allowance for loan losses, which is sensitive to changes in local and national economic conditions.

Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand and correspondent balances in other financial institutions.

Investment Securities:

Management determines the appropriate classification of securities at the time of purchase. If management has the intent and the Company has the ability at the time of purchase to hold securities until maturity, they are classified as held to maturity and carried at amortized historical cost. Securities not intended to be held to maturity are classified as available for sale and carried at fair value. Securities available for sale are intended to be used as part of the Company's asset and liability management strategy and may be sold in response to changes in interest rates, prepayment risk or other similar factors.

Amortization of premiums and accretion of discounts on securities are reported as adjustments to interest income using the effective interest method. Realized gains and losses on dispositions are based on the net proceeds and the adjusted book value of the securities sold using the specific identification method. Unrealized gains and losses on investment securities available for sale are based on the difference between book value and fair value of each security. These gains and losses are credited or charged to shareholders' equity, whereas realized gains and losses flow through the Company's current earnings.

Note 1. Nature of Operations and Significant Accounting Policies (Continued):

Loans Held for Sale:

Mortgage loans originated or purchased and intended for sale in the secondary market are carried at the lower of cost or estimated market value in the aggregate. As all of these loans are under agreements to sell to investors at the time of origination, the agreed upon sales price is considered fair value. This amount is generally the loan's principal amount. Changes in fair value are recognized in the Gain on Sale of Mortgages on the Consolidated Statements of Income.

Loans Held for Investment:

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for loan losses and any deferred fees or costs. Interest income is accrued on the unpaid principal balance. Loan origination fees and costs are deferred and recognized as an adjustment of the yield (interest income) of the related loans. The Company is generally amortizing these amounts over the contractual life of the loan that are carried on the balance sheet net of any unearned discount and the allowance for loan losses. Interest income on loans is based generally on the daily amount of principal outstanding.

The accrual of interest on impaired loans is discontinued when, in the opinion of management, the interest income recognized will not be collected. Receipts on impaired loans are applied to principal until the loan is brought current and collection is reasonably assured. Loans are considered past due based on the contractual terms of the loan.

Allowance for Loan Losses:

The allowance for loan losses is maintained at a level believed to be adequate by management to absorb probable losses inherent in the portfolio and is based on the size and current risk characteristics of the loan portfolio, an assessment of individual problem loans and actual loss experience, current economic events in specific industries and other pertinent factors such as regulatory guidance and general economic conditions. The allowance is established through a provision for loan losses charged to earnings. Loans identified as losses and deemed uncollectible by management are charged to the allowance. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is evaluated on a regular basis by management.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as impaired, for which an allowance is established when the fair value of the loan is lower than its carrying value. The general component covers non-impaired loans and is based on historical loss experience adjusted for qualitative factors. Historical losses are categorized into risk-similar loan pools and a loss ratio factor is applied to each group's loan balances to determine the allocation. The loss ratio factor is based on average loss history for the current year and at least two prior years.

Note 1. Nature of Operations and Significant Accounting Policies (Continued):

Qualitative and environmental factors include external risk factors that management believes affect the overall lending environment of the Company. Environmental factors that management of the Company routinely analyze include levels and trends in delinquencies and impaired loans, levels and trends in charge-offs and recoveries, trends in volume and terms of loans, effects of changes in risk selection and underwriting practices, experience, ability, depth of lending management and staff, national and local economic trends, conditions such as unemployment rates, housing statistics, banking industry conditions, and the effect of changes in credit concentrations. Determination of the allowance is inherently subjective as it requires significant estimates, including the amounts and timing of expected future cash flows on impaired loans, estimated losses on pools of homogeneous loans based on historical loss experience and consideration of current economic trends, all of which may be susceptible to significant change.

There have been no significant changes to the methods used to determine the allowance for loan losses during the years ended December 31, 2016 and 2015.

Loan Charge-off Policies:

Consumer loans are generally fully or partially charged down to the fair value of collateral securing the asset when the loan is 120 days past due unless the loan is well secured and in the process of collection. All other loans are generally charged down to the net realizable value when the loan is 90 days past due or when current information confirms all or part of a specific loan to be uncollectible.

Bank Owned Life Insurance:

The Bank owns and is the beneficiary of several single premium life insurance contracts insuring key employees of the Bank. The policies are stated at cash surrender value, with changes in value recorded in income for the year.

Small Business Investment Company (SBIC) Fund Income:

The Bank has an interest in several Small Business Investment Company funds. The Bank's obligations to these funds are satisfied in the form of capital calls that occur during the commitment period. Two-thirds of income distributions from these funds are shown as a reduction to the Bank's principal investment. The remaining one-third is recognized as income until the investment principal has been recovered. At that time, all distributions in excess of initial investment are recognized as income.

Advertising Costs:

Advertising costs are expensed as incurred.

Bank Premises and Equipment:

Bank premises and equipment are stated at cost, less any accumulated depreciation. Depreciation is recognized over the estimated useful lives of the assets on a straight-line basis. Maintenance and repairs are charged to operations as incurred. Gains and losses on dispositions are reflected in noninterest income or expense.

Note 1. Nature of Operations and Significant Accounting Policies (Continued):

Other Real Estate Owned (Foreclosed Assets):

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Expenses associated with the maintenance and upkeep of Other Real Estate Owned are recorded as Other Real Estate Expense.

Assets acquired through loan foreclosure that are guaranteed by governmental agencies are carried as a receivable for the value which is guaranteed. The remainder of the asset is recorded at fair value at the date of foreclosure and valuations are periodically performed by management. The assets are carried at the lower of carrying amount or fair value less cost to sell.

Income Taxes:

Amounts provided for income tax expense are based on income reported for financial statement purposes rather than amounts currently payable under income tax laws. Deferred taxes, which arise principally from temporary differences between the period in which certain income and expenses are recognized for financial accounting purposes and the period in which they affect taxable income, are included in the amounts provided for income taxes.

Earnings Per Share:

Earnings per share are based on the weighted average number of shares outstanding.

Financial Instruments:

In the ordinary course of business the Bank has entered into commitments to extend credit. Such financial instruments are recorded in the financial statements when they are funded.

Reclassified Amounts:

Certain amounts have been reclassified from prior year financial statements to ensure consistent presentation with current year amounts. These reclassifications are for presentation purposes, and have no impact on overall financial information.

Subsequent Events:

Subsequent events have been evaluated through March 10, 2017, the date the financial statements were available to be issued.

Note 2. Acquisition

On October 20, 2016, the Company completed the acquisition of River Bancorp, Inc. ("River"), the holding company for River Community Bank, N.A., pursuant to the terms of the Agreement and Plan of Reorganization dated March 30, 2016. Under the agreement, River's shareholders had the right to receive, at the holder's election, either $16.57 per share in cash or 0.8143 shares of Blue Ridge Bankshares, Inc. common stock, subject to the allocation and proration procedures set forth in the agreement, plus cash in lieu of fractional shares.

A summary of the assets received and liabilities assumed and related adjustments are as follows:

	As Recorded by River Bancorp, Inc.	Adjustments		As Recorded by Blue Ridge Bankshares, Inc.
Assets				
Cash and due from banks	$ 2,858,037	$ -		$ 2,858,037
Investment securities available-for-sale	5,111,322	-		5,111,322
Federal Funds Sold	1,712,000	-		1,712,000
Restricted equity securities	583,850	-		583,850
Available-for-sale loans	11,133,949	-		11,133,949
Held-for-investment loans	89,721,946	(693,347)	(1)	89,028,599
Furniture, Fixtures, and equipment	673,956	(260,660)	(2)	413,296
Accrued interest receivable	349,946	-		349,946
Core deposit intangible	-	1,214,000	(3)	1,214,000
Other assets	2,700,988	(287,253)	(4)	2,413,735
Total assets acquired	$ 114,845,994	$ (27,260)		114,818,734
Liabilities				
Deposits	97,685,301	-		97,685,301
Borrowings	5,000,000	-		5,000,000
Other liabilities	592,162	-		592,162
Total liabilities assumed	$ 103,277,463	$ -		103,277,463
Net assets acquired				11,541,271
Total consideration paid				12,882,255
Goodwill				$ 1,340,984

Explanation of adjustments:

(1) Adjustment to reflect estimated fair value of loans of $557,000, credit mark on loan portfolio of $(2,178,814), and elimination of River's allowance for loan and lease losses of $928,467.
(2) Adjustment to reflect estimated fair value of furniture, fixtures, and equipment.
(3) Adjustment to reflect recording of core deposit intangible.
(4) Adjustment to reflect recording of credit mark on other real estate owned $(227,186) and adjustment to deferred taxes related to acquisition of $(60,067).

A summary of the consideration paid is as follows:

Common stock issued (423,246 shares)	$ 9,189,483
Cash payments to common shareholders	3,692,772
Total consideration paid	$ 12,882,255

Note 2. Acquisition (Continued)

This acquisition expands the Company's commercial banking presence in the Southside region of Virginia through the addition of four branches and introduces a commercial loan production office in Greensboro, North Carolina. Mortgage loan production offices were also introduced in these locations and across North Carolina.

The following table presents unaudited pro forma results of operations for the periods presented as if the River Bancorp, Inc. acquisition had been completed on January 1, 2015. The pro forma results of operations include the historical accounts of the Company and River Bancorp, Inc., and pro-forma adjustments may be required. The pro forma information is intended for informational purposes only and is not necessarily indicative of our future operating results or operating results that would have occurred had the acquisition been completed at the beginning of 2015. No assumptions have been applied to the pro forma results of operations regarding possible revenue enhancements, expense efficiencies or asset dispositions. Transaction-related costs related to the acquisition are not reflected in the pro-forma amounts.

	Pro Forma for the Year Ended December 31, 2016	Pro Forma for the Year Ended December 31, 2015
Revenues (net interest income plus noninterest income)	$ 22,050,000	$ 22,722,000
Net income	$ 3,065,000	$ 3,903,000

Note 3. Cash and Due From Banks

The Bank has compensating balance agreements with its correspondent bank and The Federal Reserve Bank of Richmond. The total included in cash and due from banks related to these agreements at December 31, 2016 and 2015 was $275,000.

Note 4. Investment Securities

The amortized cost and fair values of investment securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2016				
Available for Sale				
State and municipal	$ 1,323,150	$ -	$ -	$ 1,323,150
U.S. Treasury and Agencies	3,374,881	-	39,043	3,335,838
Mortgage backed securities	16,985,263	45,062	389,633	16,640,692
Corporate bonds	4,600,000	12,455	24,395	4,588,060
Equity securities	679,169	181,485	-	860,654
	26,962,463	239,002	453,071	26,748,394
Held to Maturity				
State and municipal	12,971,598	245,336	23,570	13,193,364
	12,971,598	245,336	23,570	13,193,364
Total Investment Securities	$ 39,934,061	$ 484,338	$ 476,641	$ 39,941,758

Note 4. Investment Securities (Continued)

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2015				
Available for Sale				
Mortgage backed securities	$ 17,962,482	$ 18,080	$ 408,767	$ 17,571,795
Corporate bonds	3,100,000	49,686	4,750	3,144,936
Equity securities	335,636	37,250	-	372,886
	21,398,118	105,016	413,517	21,089,617
Held to Maturity				
State and municipal	14,226,788	400,840	11,274	14,616,354
	14,226,788	400,840	11,274	14,616,354
Total Investment Securities	$ 35,624,906	$ 505,856	$ 424,791	$ 35,705,971

Proceeds from sales, calls and maturities of available for sale securities during 2016 and 2015 were $4,282,576 and $4,199,501, resulting in no gain or loss in either year.

During 2016 and 2015, held to maturity securities with book values of $1,150,000 and $625,179, respectively, were either called or matured resulting in no gain or loss for either year.

Investment securities with an approximate fair value of $15,867,000 and $7,170,000, at December 31, 2016 and 2015, respectively, were pledged to secure public deposits and for other purposes required by law and as collateral for the Bank's line of credit with the Federal Home Loan Bank of Atlanta.

The amortized cost and fair value of investment securities at December 31, 2016, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without prepayment penalties.

	Securities Available for Sale		**Securities Held to Maturity**	
	Amortized Cost	**Fair Value**	**Amortized Cost**	**Fair Value**
Amounts maturing:				
Within one year	$ 238,957	$ 240,193	$ -	$ -
After one year through five years	556,301	556,174	1,752,808	1,815,575
After five years through ten years	10,797,561	10,759,432	6,168,034	6,259,450
After ten years	14,690,475	14,331,941	5,050,756	5,118,339
	26,283,294	25,887,740	12,971,598	13,193,364
Equity investments with no maturity	679,169	860,654	-	-
Total	$ 26,962,463	$ 26,748,394	$ 12,971,598	$ 13,193,364

Note 4. Investment Securities (Continued)

Information pertaining to securities with gross unrealized losses aggregated by investment category and length of time that securities have been in a continuous loss position is as follows:

December 31, 2016	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
State and Municipal	$ 982,830	$ (23,570)	$ -	$ -	$ 982,830	$ (23,570)
U.S. Treasury and Agency	835,958	(39,043)	-	-	835,958	(39,043)
Mortgage backed	5,471,092	(163,339)	6,711,335	(226,294)	12,182,427	(389,633)
Corporate bonds	1,478,730	(21,270)	246,875	(3,125)	1,725,605	(24,395)
Total	$ 8,768,610	$ (247,222)	$ 6,958,210	$ (229,419)	$ 15,726,820	$ (476,641)

December 31, 2015	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
State and Municipal	$ 1,433,825	$ (11,275)	$ -	$ -	$ 1,433,825	$ (11,275)
Mortgage backed	3,651,215	(53,239)	12,719,106	(355,528)	16,370,321	(408,767)
Corporate bonds	747,500	(2,500)	497,750	(2,250)	1,245,250	(4,750)
Total	$ 5,832,540	$ (67,014)	$ 13,216,856	$ (357,778)	$ 19,049,396	$ (424,792)

Management evaluates securities for other-than-temporary impairment on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At December 31, 2016, the Company had securities which have depreciated 3.03% in value from the amortized cost. Included in this total are fourteen securities that have been in a continuous loss position for more than twelve months. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As management has the ability and intent to hold debt securities until maturity, or for the foreseeable future if classified as available-for-sale, no declines are deemed to be other-than-temporary.

Note 5. Loans Receivable and Related Allowance for Loan Losses

The following table summarizes the primary segments of the loan portfolio (in thousands):

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
December 31, 2016			
Residential loans	$ -	$ 103,926	$ 103,926
Commercial real estate loans			
Non owner-occupied & multi-family	-	53,941	53,941
Owner-occupied & farmland	-	60,648	60,648
Construction loans			
Residential construction	-	5,116	5,116
Commercial construction & raw land	-	17,736	17,736
Home equity loans	-	11,529	11,529
Consumer loans	-	16,104	16,104
Commercial/farm loans	-	37,410	37,410
Municipal/other loans	-	13,538	13,538
Unearned income on loans	-	(320)	(320)
Total	$ -	$ 319,628	$ 319,628

	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
December 31, 2015			
Residential loans	$ 325	$ 77,115	$ 77,440
Commercial real estate loans			
Non owner-occupied & multi-family	369	36,747	37,116
Owner-occupied & farmland	-	27,873	27,873
Construction loans			
Residential construction	-	3,305	3,305
Commercial construction & raw land	-	13,890	13,890
Home equity loans	-	6,877	6,877
Consumer loans	-	16,309	16,309
Commercial/farm loans	-	10,414	10,414
Municipal/other loans	705	13,567	14,272
Unearned income on loans	-	(212)	(212)
Total	$ 1,399	$ 205,885	$ 207,284

To allow management to better monitor risk and performance, the Bank's loan portfolio is disaggregated to a level that is consistent with applicable call report codes. In general, the loan portfolio is segmented into the following categories: (i) the commercial loan portfolio; (ii) the commercial real estate loan portfolio; (iii) the municipal loan portfolio; (iv) the consumer loan portfolio; and, (v) the residential loan portfolio; however, each category may consist of multiple call report codes.

Note 5. Loans Receivable and Related Allowance for Loan Losses (Continued)

The commercial loan segment consists of loans made for the purpose of financing the activities of commercial customers. The commercial real estate ("CRE") loan segment includes both non-owner occupied and owner occupied CRE loans, in addition to multifamily residential and commercial real estate construction loans. The municipal loan segment includes loans made to local governments and governmental authorities in the normal course of their operations. The consumer loans consist of motor vehicle loans, savings account loans, personal lines of credit, overdraft loans, other types of secured consumer loans, and unsecured personal loans. The residential loan segment is made up of fixed rate and adjustable rate single-family amortizing term loans, which are primarily first liens, and also includes the Bank's home equity loan portfolio, which are generally second liens.

Management establishes the allowance for loan losses based upon its evaluation of the pertinent factors underlying the types and quality of loans in the portfolio. Commercial loans and commercial real estate loans are reviewed on a regular basis with a focus on larger loans along with loans which have experienced past payment or financial deficiencies. Certain loans including commercial and other loans which are experiencing payment or financial difficulties, loans in industries for which economic trends are negative and loans which are of heightened concern to management are included on the Bank's "watch list". Watch list loans, if significant, and larger commercial loans and commercial real estate loans which are 90 days or more past due are selected for impairment testing. These loans are analyzed to determine if they are "impaired", which means that it is probable that all amounts will not be collected according to the contractual terms of the loan agreement.

Factors considered by management in evaluating impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. The Bank does not separately evaluate individual consumer and residential mortgage loans for impairment, unless such loans are part of a larger relationship that is impaired, or are classified as a troubled debt restructuring agreement.

Once the determination has been made that a loan is impaired, the determination of whether a specific allocation of the allowance is necessary is measured by comparing the recorded investment in the loan to the fair value of the loan using one of three methods: (a) the present value of expected future cash flows discounted at the loan's effective interest rate; (b) the loan's observable market price; or (c) the fair value of the collateral less selling costs. The method is selected on a loan-by-loan basis, with management primarily utilizing the fair value of collateral method, which is required for loans that are collateral dependent. The evaluation of the need and amount of a specific allocation of the allowance and whether a loan can be removed from impairment status is made on a monthly basis. The Bank's policy for recognizing interest income on impaired loans does not differ from its overall policy for interest recognition.

The Bank had zero and $1,399,000 in loans individually evaluated for impairment as of December 31, 2016 and 2015, respectively.

Note 5. Loans Receivable and Related Allowance for Loan Losses (Continued)

Loans acquired in a transfer, including business combinations, where there is evidence of credit deterioration since origination and it is probable at the date of acquisition that we will not collect all contractually required principal and interest payments, are accounted for as purchased impaired loans. Purchased impaired loans are initially recorded at fair value, which includes estimated future credit losses expected to be incurred over the life of the loan. Accordingly, the historical allowance for credit losses related to these loans is not carried over.

Management uses a nine point internal risk rating system to monitor the credit quality of the overall loan portfolio. The first five categories are considered not criticized, and are aggregated as “Pass” rated. The criticized rating categories utilized by management generally follow Bank regulatory definitions. The Special Mention category includes assets that are currently protected but are potentially weak, resulting in an undue and unwarranted credit risk, but not to the point of justifying a Substandard classification. Loans in the Substandard category have well-defined weaknesses that jeopardize the orderly liquidation of the debt, and have a distinct possibility that some loss will be sustained if the weaknesses are not corrected. All loans greater than 90 days past due are considered Substandard. Loans in the Doubtful category have all the weaknesses found in Substandard loans, with the added provision that the weaknesses make collection of debt in full highly questionable and improbable. Any portion of a loan that has been charged off is placed in the Loss category.

To help ensure that risk ratings are accurate and reflect the present and future capacity of borrowers to repay a loan as agreed, the Bank has a structured loan rating process with both internal and external oversight. The Bank’s loan officers are responsible for the timely and accurate risk rating of the loans in their portfolios at origination and on an ongoing basis. The loan processing department confirms the appropriate risk grade at origination and monitors all subsequent changes to risk ratings. The Bank’s Loan Committee reviews risk grades when approving a loan and approves all risk rating changes, except those made within the pass risk ratings. The Bank engages an external consultant to conduct loan reviews on an annual basis of all relationships greater than $1,400,000. The internal audit function of the Bank reviews a sample of new loans throughout the year. The Bank’s process requires the review and evaluation of an impaired loan to be updated at least quarterly. Loans in the Special Mention and Substandard categories that are collectively evaluated for impairment are given separate consideration in the determination of the allowance.

The following table presents the classes of the loan portfolio summarized by the aggregate Pass, Watch and the criticized categories of Special Mention, Substandard, and Doubtful within the internal watch risk rating system as of December 31, 2016 and 2015 (in thousands):

Note 5. Loans Receivable and Related Allowance for Loan Losses (Continued)

	Pass	Watch/ Special Mention	Substandard	Doubtful	Total
December 31, 2016					
Commercial real estate loans					
Non owner-occupied & multi-family	$ 52,839	$ 1,102	$ -	$ -	$ 53,941
Owner-occupied & farmland	54,860	3,876	1,912	-	60,648
Construction loans					
Residential construction loans	5,116	-	-	-	5,116
Commercial construction & raw land loans	16,698	40	998	-	17,736
Commercial/farm loans	34,794	1,400	1,216	-	37,410
Municipal/other loans	13,538	-	-	-	13,538
	177,845	6,418	4,126	-	188,389
Less: Unearned revenue	(109)	-	-	-	(109)
Total	$177,736	$ 6,418	$ 4,126	$ -	$ 188,280

	Pass	Watch/ Special Mention	Substandard	Doubtful	Total
December 31, 2015					
Commercial real estate loans					
Non owner-occupied & multi-family	$ 35,873	$ 1,153	$ 90	$ -	$ 37,116
Owner-occupied & farmland	25,876	1,997	-	-	27,873
Construction loans					
Residential construction loans	3,305	-	-	-	3,305
Commercial construction & raw land loans	13,871	12	7	-	13,890
Commercial/farm loans	16,293	11	-	5	16,309
Municipal/other loans	13,566	706	-	-	14,272
	108,784	3,879	97	5	112,765
Less: Unearned revenue	(19)	-	-	-	(19)
Total	$108,765	$ 3,879	$ 97	$ 5	$ 112,746

The following table presents (in thousands) the classes of the loan portfolio for which loan performance is the primary credit quality indicator as of December 31, 2016 and 2015:

	Residential Loans	Home Equity Loans	Consumer Loans	Total
December 31, 2016				
Performing loans	$ 103,617	$ 11,332	$ 16,040	$ 130,989
Non-performing loans	309	197	64	570
	103,926	11,529	16,104	131,559
Less: Unearned revenue	(298)	30	57	(211)
Total	$ 103,628	$ 11,559	$ 16,161	$ 131,348

Note 5. Loans Receivable and Related Allowance for Loan Losses (Continued)

	Residential Loans	Home Equity Loans	Consumer Loans	Total
December 31, 2015				
Performing loans	$ 77,191	$ 6,877	$ 10,365	$ 94,433
Non-performing loans	249	-	49	298
	77,440	6,877	10,414	94,731
Less: Unearned revenue	(120)	(14)	(59)	(193)
Total	$ 77,320	$ 6,863	$ 10,355	$ 94,538

An allowance for loan and lease losses ("ALLL") is maintained to absorb losses from the loan portfolio. The ALLL is based on management's continuing evaluation of the risk characteristics and credit quality of the loan portfolio, assessment of current economic conditions, diversification and size of the portfolio, adequacy of collateral, past and anticipated loss experience, and the amount of non-performing loans. Management further monitors the performance and credit quality of the loan portfolio by analyzing the age of the portfolio as determined by the length of time a recorded payment is past due. The following table presents the classes of the loan portfolio summarized by the aging categories of performing loans and nonaccrual loans as of December 31, 2016 and 2015 (in thousands):

December 31, 2016	Current	30-59 Days Past Due	60 - 89 Days Past Due	90 Days+ Past Due	Total Past Due	Non-Accrual	Total Loans
Residential loans	$ 101,470	$ 1,017	$ 480	$ 650	$ 2,147	$ 309	$ 103,926
Commercial real estate loans							
Non owner-occupied/multi-family	53,224	717	-	-	717	-	53,941
Owner-occupied & farmland	60,111	400	137	-	537	-	60,648
Construction loans							
Residential construction loans	5,116	-	-	-	-	-	5,116
Commercial construction & raw land loans	17,696	-	-	-	-	40	17,736
Home equity loans	11,333	-	-	-	-	197	11,530
Consumer loans	15,107	540	260	133	933	64	16,104
Commercial/farm loans	37,062	211	-	-	211	136	37,409
Municipal/other loans	13,538	-	-	-	-	-	13,538
Unearned income on loans	(320)	-	-	-	-	-	(320)
Total	$ 314,337	$ 2,885	$ 877	$ 783	$ 4,545	$ 746	$ 319,628

Note 5. Loans Receivable and Related Allowance for Loan Losses (Continued)

December 31, 2015	Current	30-59 Days Past Due	60 - 89 Days Past Due	90 Days+ Past Due	Total Past Due	Non-Accrual	Total Loans
Residential loans	$ 76,969	$ 222	$ -	$ -	$ 222	$ 249	$ 77,440
Commercial real estate loans							
Non owner-occupied/multi-family	36,359	757	-	-	757	-	37,116
Owner-occupied & farmland	27,873	-	-	-	-	-	27,873
Construction loans							
Residential construction loans	3,305	-	-	-	-	-	3,305
Commercial construction & raw land loans	13,878	-	-	-	-	12	13,890
Home equity loans	6,877	-	-	-	-	-	6,877
Consumer loans	9,852	413	78	22	513	49	10,414
Commercial/farm loans	16,235	-	-	-	-	74	16,309
Municipal/other loans	14,272	-	-	-	-	-	14,272
Unearned income on loans	(212)	-	-	-	-	-	(212)
Total	$ 205,408	$ 1,392	$ 78	$ 22	$ 1,492	$ 384	$ 207,284

The classes described above provide the starting point for the ALLL analysis. Management tracks the historical net charge-off activity by loan class. A historical charge-off factor is calculated and applied to each class. Loans that are collectively evaluated for impairment are analyzed with general allowances being made as appropriate. For general allowances, historical loss trends are used in the estimation of losses in the current portfolio. Other qualitative factors are also considered.

"Pass" rated credits are segregated from "Criticized" credits for the application of qualitative factors. Management has identified a number of qualitative factors which it uses to supplement the historical charge-off factor because these factors are likely to cause estimated credit losses associated with the existing loan pools to differ from historical loss experience. The qualitative factors are evaluated quarterly and updated using information obtained from internal, regulatory, and governmental sources. The Bank's qualitative factors consist of: changes in lending policies and procedures, changes in international, national, regional, and local conditions, changes in the nature and volume of the portfolio and terms of loans, changes in the experience, depth, and ability of lending management, changes in the volume and severity of past due loans and other similar conditions, changes in the quality of the organization's loan review system, changes in the value of underlying collateral for dependent loans, the existence and effect of any concentrations of credit and changes in the levels of such concentrations, and the effect of other external factors.

Management reviews the loan portfolio on a monthly basis using a defined, consistently applied process in order to make appropriate and timely adjustments to the ALLL. When information confirms all or part of specific loans to be uncollectible, these amounts are promptly charged off against the ALLL.

Note 5. Loans Receivable and Related Allowance for Loan Losses (Continued)

The following tables summarize the primary segments of the ALLL, segregated into the amount required for loans individually evaluated for impairment and the amount required for loans collectively evaluated for impairment as of December 31, 2016 and 2015. Activity in the allowance is presented for the each of the twelve months ended December 31, 2016 and 2015 (in thousands):

	Commercial	Commercial Real Estate	Consumer	Residential	Municipal	Total
ALLL Balance at December 31, 2015	$ 418	$ 680	$ 476	$ 487	$ 287	$ 2,348
Charge-offs	(330)	-	(307)	-	(689)	(1,326)
Recoveries	1	-	64	-	-	65
Provision	205	(22)	398	(122)	467	926
ALLL Balance at December 31, 2016	$ 294	$ 658	$ 631	$ 365	$ 65	$ 2,013
Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -
Collectively evaluated for impairment	$ 294	$ 658	$ 631	$ 365	$ 65	$ 2,013

	Commercial	Commercial Real Estate	Consumer	Residential	Municipal	Total
ALLL Balance at December 31, 2014	$ 415	$ 746	$ 208	$ 484	$ 268	$ 2,121
Charge-offs	-	-	(113)	-	-	(113)
Recoveries	-	-	20	-	-	20
Provision	3	(66)	361	3	19	320
ALLL Balance at December 31, 2015	$ 418	$ 680	$ 476	$ 487	$ 287	$ 2,348
Individually evaluated for impairment	$ -	$ 45	$ -	$ 40	$ 250	$ 335
Collectively evaluated for impairment	$ 418	$ 635	$ 476	$ 447	$ 37	$ 2,013

The following is a summary of the changes in the allowance for loan losses for the years ended December 31, 2016 and 2015 (in thousands):

	2016	2015
Balance, beginning	$ 2,348	$ 2,121
Charge-offs	(1,326)	(113)
Recoveries	65	20
Provision	926	320
Balance, ending	$ 2,013	$ 2,348

Note 5. Loans Receivable and Related Allowance for Loan Losses (Continued)

The allowance for loan losses is based on estimates, and actual losses will vary from current estimates. Management believes that the granularity of the homogeneous pools and the related historical loss ratios and other qualitative factors, as well as the consistency in the application of assumptions, result in an ALLL that is representative of the risk found in the components of the portfolio at any given date.

At December 31, 2016 loans with a carrying amount of $94.0 million were pledged to secure short-term and long-term borrowings with the Federal Home Loan Bank.

Loans held for sale includes the Bank's commitment to purchase up to $20,000,000 in residential mortgage loan fundings originated primarily in Virginia, Pennsylvania, New Jersey, California and Florida by another financial institution. The Bank reviews loan documentation for each specific mortgage prior to funding to ensure it conforms to the terms of the agreement. The mortgages funded through this program must have already obtained a purchase commitment (takeout) from another financial institution as part of the conditions of the Bank's funding. The Bank also has an in-house residential mortgage loan division that originates loans held for sale primarily in North Carolina, Virginia, and Georgia. The balance of loans held for sale was $24,655,901 and $9,314,638 at December 31, 2016 and 2015, respectively.

Nonaccrual loans were approximately $1,049,000 and $384,000 at December 31, 2016 and 2015, respectively. The Bank is not committed to lend additional funds to borrowers whose loans are considered impaired or whose loans have been modified.

Note 6. Bank Premises and Equipment

Bank premises and equipment are summarized as follows:

	2016	2015
Buildings and land	$ 2,509,609	$ 2,188,154
Furniture, fixtures and equipment	2,451,289	2,167,081
Software	297,057	154,837
Total Cost	5,257,955	4,510,072
Less: Accumulated depreciation	(2,751,556)	(2,470,256)
Total, net of depreciation	$ 2,506,399	$ 2,039,816

Depreciation expense for 2016 and 2015 was $292,919 and $269,793, respectively.

Note 7. Time Deposits

The aggregate amounts of certificates of deposit, with a minimum denomination of $250,000 were $31,947,000 and $15,189,000 at December 31, 2016 and 2015, respectively.

Time deposits include brokered deposits purchased through the Certificate of Deposit Account Registry Service (CDARS). The balance of these time deposits was $2,283,251 and $2,680,886 at December 31, 2016 and 2015, respectively. As long as the Bank maintains its current rating through CDARS rating service, it may purchase deposits up to 15% of its assets as of the most recent quarter end. At December 31, 2016, the Bank could have purchased up to approximately $62,000,000 in deposits through CDARS. The decision to utilize this funding depends on the Bank's liquidity needs and the pricing of CDARS deposits compared to other potential funding sources.

At December 31, 2016, the scheduled maturities of time deposits are as follows:

	Maturities
2017	$ 73,187,080
2018	26,262,066
2019	22,006,334
2020	15,953,868
2021	23,050,632
2022 and beyond	846,602
Total	$ 161,306,582

Note 8. Borrowings

The Bank has a line of credit from the Federal Home Loan Bank of Atlanta (FHLB) secured by the Bank's real estate loan portfolio and certain pledged securities. The FHLB will lend up to 25% of the Bank's total assets at the prior quarter end, subject to certain eligibility requirements, including adequate collateral. At December 31, 2016, the Bank had borrowings from FHLB that totaled $32,457,000. The interest rate on the borrowings range from .64% to 3.95% depending on structure and maturity. The borrowings also required the Bank to own $1,722,600 of FHLB stock. This amount is included with restricted investments on the consolidated balance sheets.

During 2012, the Bank refinanced $11,000,000 of its fixed rate debt to take advantage of the low rate interest environment by extending maturities. The refinancing of this debt created fees of approximately $457,000, which were capitalized according to accounting standards and are included on the balance sheet as a reduction of the outstanding principal. This amount is being amortized over the life of the new debt.

Note 8. Borrowings (Continued)

The principal on FHLB borrowings matures as follows:

	Maturities
2017	$ 8,500,000
2018	14,957,000
2019	9,000,000
Total principal	32,457,000
Capitalized refinancing fees	(139,639)
FHLB borrowings, net	$ 32,317,361

At December 31, 2015, the Bank had fixed rate advances from FHLB totaling $37,441,194.

In December 2014, the Company issued stock as part of a private placement capital raise. The Bank's Employee Stock Ownership Plan ("ESOP") purchased stock as part of this raise and borrowed $600,000 from Community Bankers' Bank to fund the purchase. The loan carries an interest rate of 4.50% and is to be repaid in seven annual installments of principal and interest. The Company has guaranteed the loan, which carried a balance of $305,903 and $518,225 at December 31, 2016 and 2015, respectively. The balance is included in other borrowed funds on the consolidated balance sheet. Repayment of the loan comes from the Bank's annual discretionary contribution to the ESOP, as well as the Bank's matching component to employee's elective deferrals into the 401(k) plan, the proceeds of which are contributed to the ESOP. The shares purchased with the proceeds of this loan are being used as collateral and are therefore restricted. A prorated portion of the restricted shares are released each year as the loan is repaid. The Company also pledged securities from its AFS portfolio with an approximate fair value of $302,000. These securities are included in restricted investments on the consolidated balance sheet.

In addition the Bank has established lines of credit for federal funds purchases of $15,000,000 with its correspondent banks. The balance was zero at December 31, 2016 and December 31, 2015.

Note 9. Subordinated Debt

On November 20, 2015, the Company entered into a Subordinated Note Purchase Agreement (the "Purchase Agreement") with 14 institutional accredited investors under which the Company issued an aggregate of $10,000,000 of subordinated notes (the "Notes") to the institutional accredited investors. The Notes have a maturity date of December 1, 2025. The Notes bear interest, payable on the 1st of June and December of each year, commencing June 1, 2016, at a fixed rate of 6.75% per year for the first five years, and thereafter will bear a floating interest rate of LIBOR plus 512.8 basis points. The Notes are not convertible into common stock or preferred stock and are not callable by the holders. The Company has the right to redeem the Notes, in whole or in part, without premium or penalty, at any interest payment date on or after December 1, 2020 and prior to the maturity date, but in all cases in a principal amount with integral multiples of $1,000, plus interest accrued and unpaid through the date of redemption. If an event of default occurs, such as the bankruptcy of the Company, the holder of a Note may declare the principal amount of the Note to be due and immediately payable. The Notes are unsecured, subordinated obligations of the Company and will rank junior in right of payment to the Company's existing and future senior indebtedness. The Notes qualify as Tier 2 capital for regulatory reporting.

Note 9. Subordinated Debt (Continued)

As part of the transaction, the Company incurred issuance costs totaling $338,813. These costs are being amortized over the life of the Notes. The following table summarizes the balance of the Notes and related issuance costs at December 31, 2016 and 2015:

	2016	2015
Subordinated debt	$ 10,000,000	$ 10,000,000
Unamortized issuance costs	(301,210)	(335,092)
Subordinated debt, net	$ 9,698,790	$ 9,664,908

Note 10 Common Stock

The Company has 5,000,000 shares of no par value authorized common stock of which 1,824,757 and 1,401,511 shares were issued and outstanding at December 31, 2016 and 2015, respectively.

Note 11. Other Real Estate Owned (Foreclosed Assets)

The Bank had the following amounts in Other Real Estate Owned at December 31, 2016 and 2015:

	Estimated Realizable Value	
Real Estate Held	2016	2015
1-4 Family	$ 611,456	$ 70,000

The estimated realizable value is the net amount Bank management expects to realize from the sale of the foreclosed upon real estate. The net realizable amount takes into account realtor commissions and other anticipated costs associated with the disposition of real estate. Adjustments to reduce the loan balance to net realizable value at the time the properties were acquired were made to the Allowance for Loan Losses. Bank Management continues to monitor the properties for changes in value. Any decline in value would be charged to operations.

Expenses associated with the maintenance and upkeep of Other Real Estate Owned are recorded as Other Real Estate Expense. The balance of Other Real Estate Owned is included with other assets on the Company's consolidated balance sheets.

Foreclosed assets guaranteed by governmental agencies and not included in the above total, amounted to $719,014 at December 31, 2016.

Note 12. Goodwill

The balance in goodwill is the result of a branch acquisition in Charlottesville in 2011 and the acquisition of River Bancorp, Inc. in 2016 as described in Note 2. The purpose of these acquisitions was to expand the geographic service area by targeting attractive markets with potential to provide continued balance sheet growth and new opportunities for the Company. Bank management will evaluate at least annually the recorded value of the goodwill. In the event the asset suffers a decline in value based on criteria established in governing accounting standards, an impairment will be recorded.

Goodwill	**2016**	**2015**
Charlottesville Branch Acquisition	$ 366,300	$ 366,300
River Bancorp, Inc. Acquisition	1,340,984	-
	$ 1,707,284	$ 366,300

Note 13. Disclosures About Fair Value of Financial Instruments

In accordance with the requirements of U.S. GAAP, fair value disclosure estimates are being made for like-kind financial instruments. Fair value estimates are based on present value of expected future cash flows, quoted market prices of similar financial instruments, if available, and other valuation techniques. These valuations are significantly affected by the discount rates, cash flow assumptions and risk assumptions used. Therefore, the fair value estimates may not be substantiated by comparison to independent markets and are not intended to reflect the proceeds that may be realizable in an immediate settlement of the financial instruments.

U.S. GAAP excludes certain items from the disclosure requirements, and accordingly, the aggregate fair value of amounts presented do not represent the underlying value of the Company. Management does not have the intention to dispose of a significant portion of its financial instruments and, therefore, the unrealized gains or losses should not be interpreted as a forecast of future earnings and cash flows.

The following table represents the estimates of fair value of financial instruments as of December 31, 2016 and 2015:

	2016		**2015**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial Assets				
Cash and short-term investments	$ 14,098,449	$ 14,098,449	$ 7,265,264	$ 7,265,264
Federal funds sold	1,726,000	1,726,000	582,000	582,000
Investment securities	42,607,381	42,829,147	37,957,139	38,346,705
Loans held for sale	24,655,901	24,655,901	9,314,638	9,314,638
Net loans held for investment	317,614,392	325,438,099	204,936,540	211,798,362
Accrued interest receivable	1,296,268	1,296,268	873,295	873,295
Bank-owned life insurance	4,516,310	4,516,310	2,414,246	2,414,246
Financial Liabilities				
Deposits	340,874,155	340,272,000	196,491,845	196,578,000
Other borrowed funds	32,623,264	32,905,903	37,959,419	38,487,225
Subordinated debt, net	9,698,790	9,698,790	9,664,908	9,664,908
Accrued interest payable	233,929	233,929	149,590	149,590

Note 13. Disclosures About Fair Value of Financial Instruments (Continued)

The following methods and assumptions are used to estimate the fair value of financial instruments:

Cash and short term investments: The carrying amount for cash and short-term investments is a reasonable estimate of fair value. Short-term investments consist of certificates of deposit in other banks.

Investment securities: Fair values for investment securities are based on quoted market prices, if available. If market prices are not available, quoted market prices of similar securities are used.

Loans held for sale: Loans held for sale are usually held for a short period of time ranging from 10 to 60 days. The carrying value of these loans approximates their fair value.

Loans held for investment: The fair value of loans held for investment is based on a discounted value of the estimated future cash flow expected to be received through the earlier of the loan payout or the loan repricing date. The interest rate applied in the discounted cash flow method reflects average current rates on similar loans adjusted for relative risk and maturity. Fair values of impaired loans are estimated based on estimates of net realization of underlying collateral.

Deposits: The carrying amount is considered a reasonable estimate of fair value for demand and savings deposits and other variable rate deposit accounts. The fair value of fixed maturity certificates of deposit is estimated by a discounted cash flow method using the interest rates currently offered for deposits of similar remaining maturities.

Other borrowed funds: The fair value of fixed maturity obligations is estimated by a discounted cash flow method using the interest rates currently offered for borrowings of similar remaining maturities.

Accrued interest receivable and payable: The carrying amounts of accrued interest receivable and payable approximate their fair values.

Bank-owned life insurance: The carrying and fair value amount of bank-owned life insurance is based on the present value of the receivable from the executive. The cash surrender values of the policies exceed the carrying amounts as of the balance sheet date.

Off-balance sheet instruments: The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit standing of the customers. The amount of fees currently charged on commitments is determined to be insignificant and therefore the fair value and carrying value of off-balance sheet instruments are not shown.

Note 14. Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liabilities, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following sections provide a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Securities: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds, mortgage products and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions and certain corporate, asset backed and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy. Currently, all of the Company's securities are considered to be Level 2 securities.

Fair values of assets and liabilities measured on a recurring basis at December 31, 2016 and 2015 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
December 31, 2016				
Available for-sale securities	$ 26,748,394	$ -	$ 26,748,394	$ -
Bank-owned life insurance	4,516,310	-	4,516,310	-
Total	$ 31,264,704	$ -	$ 31,264,704	$ -
December 31, 2015				
Available for-sale securities	$ 21,089,617	$ -	$ 21,089,617	$ -
Bank-owned life insurance	2,414,246	-	2,414,246	-
Total	$ 23,503,863	$ -	$ 23,503,863	$ -

(Continued)

Note 14. Fair Value Measurements (Continued)

Gains and losses (realized and unrealized) included in earnings for the year are reported in noninterest income as follows:

December 31, 2016:	
Total gains included in earnings for the year	$ -
Change in unrealized gains or losses relating to assets still held at year end	$ 96,651
December 31, 2015:	
Total gains included in earnings for the year	$ -
Change in unrealized gains or losses relating to assets still held at year end	$ 98,542

Fair values of assets measured on a non-recurring basis at December 31, 2016 and 2015 are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	**(Level 1)**	**(Level 2)**	**(Level 3)**
December 31, 2016				
Other real estate owned	$ 611,456	$ -	$ -	$ 611,456
Total	$ 611,456	$ -	$ -	$ 611,456
December 31, 2015				
Other real estate owned	$ 70,000	$ -	$ -	$ 70,000
Total	$ 70,000	$ -	$ -	$ 70,000

For level 3 assets and liabilities measured at fair value on a recurring basis or non-recurring basis as of December 31, the significant unobservable inputs used in the fair value measurements were as follows:

	Fair Value At December 31, 2016	**Valuation Technique**	**Significant Unobservable Inputs**	**Range**
Other real estate owned	$ 611,456	Discounted appraised value	Discounted for selling costs and age of appraisals	15%-35%

	Fair Value At December 31, 2015	**Valuation Technique**	**Significant Unobservable Inputs**	**Range**
Other real estate owned	$ 70,000	Discounted appraised value	Discounted for selling costs and age of appraisals	15%-35%

Note 15. Income Taxes

A reconciliation between the amount of total income taxes and the amount computed by multiplying income by the applicable federal income tax rates is as follows:

	2016	2015
Income taxes computed at the applicable federal income tax rate	$ 426,230	$ 1,218,557
Tax exempt municipal income	(146,711)	(153,461)
Income from life insurance	(34,702)	(21,930)
Nondeductible merger expenses	311,140	-
Other, net	(2,506)	4,961
Income Tax Expense	$ 553,451	$ 1,048,127

The current and deferred components of income tax expense are as follows:

	2016	2015
Current tax expense	$ 292,121	$ 1,117,865
Deferred tax expense	261,330	(69,738)
Income Tax Expense	$ 553,451	$ 1,048,127

Deferred tax assets have been provided for temporary differences related to the allowance for loan losses, recognition of loan fee income, and deferred compensation agreements. Deferred tax liabilities have been provided for temporary differences related to depreciation and unrealized securities gains.

The net deferred tax asset was made up of the following:

	2016	2015
Deferred tax assets	$ 1,008,318	$ 1,317,608
Deferred tax liabilities	(349,083)	(340,238)
Net Deferred Tax Asset	$ 659,235	$ 977,370

This amount has been included as part of other assets on the balance sheet.

The federal and Virginia income tax returns of the Company for 2013 to 2016 are subject to examination by the Internal Revenue Service and the Virginia Department of Taxation.

Note 16. Employee Benefits

The Bank has a 401(k) Profit Sharing Plan that covers eligible employees. Employees may make voluntary contributions subject to certain limits based on federal tax laws. The Bank matches 100 percent of an employee's contribution up to five percent of his or her salary following one year of continuous service and the benefits vest immediately. The Bank's Board of Directors may make additional contributions at its discretion. Employees become eligible to participate in the discretionary contributions after one year of continuous service and the benefits vest over a five-year period. For the years ended December 31, 2016 and 2015, total expenses attributable to this plan were $142,565 and $157,621, respectively.

Note 16. Employee Benefits (Continued)

In 2013, the Company established an Employee Stock Ownership Plan (ESOP) that covers eligible employees. Benefits in the Plan vest over a five-year period. Contributions to the plan are made at the discretion of the Board of Directors, and may include both the matching component to employees' elective deferrals into the 401(k) plan and discretionary profit contributions. In December 2014, the ESOP borrowed $600,000 and used the proceeds to purchase 42,857 common shares from the Company. Shares purchased with the borrowed funds are allocated and released to participants over the repayment period of the loan using a formula that considers current contributions to service the debt compared to total expected future contributions. As of December 31, 2016, 21,565 shares had been released from the suspended shares resulting in a remaining balance of 21,292 unallocated ESOP shares. The fair value of unallocated shares as of December 31, 2016 was $420,517. All shares issued to and held by the Plan are considered outstanding in the computation of earnings per share. The Plan or the Company is required to purchase shares from separated employees at a price determined by a third party appraisal.

The Company recognized discretionary expenses of $46,000 and $65,000 for contributions to the Plan in 2016 and 2015, respectively. Compensation expense with regards to allocated shares is determined based on the fair value of the stock at the date of allocation and totaled $291,000 for 2016 and $126,000 for 2015, respectively. Dividends on shares released are recorded as dividends paid on common stock in the statement of Stockholders' Equity (totaled approximately $8,000 in 2016) and dividends on unreleased shares are recorded as compensation expense (totaled approximately $13,000 in 2016). The Plan held 53,200 total shares of Company stock at December 31, 2016 and 2015.

Note 17. Financial Instruments With Off-Balance-Sheet Risk

In the normal course of business, to meet credit needs of customers, the Bank has made commitments to extend credit of $33,830,000 and $19,465,000 as of December 31, 2016 and 2015, respectively. These commitments represent a credit risk which is not recognized in the consolidated balance sheet. The Bank uses the same credit policies in making commitments as it does for the loans reflected in the balance sheet. Commitments to extend credit are generally made for a period of one year and interest rates are determined when funds are disbursed. Collateral and other security for the loans are determined on a case-by-case basis. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The distribution of commitments to extend credit approximates the distribution of loans outstanding.

Note 18. Commitments and Contingencies

In the ordinary course of business, the Bank has various outstanding commitments and contingent liabilities that are not reflected in the accompanying consolidated financial statements. The commitments include a total of $1,833,414 for its interest in six Small Business Investment Company (SBIC) funds. The Bank funded $1,466,586 of its total $3,500,000 investment prior to December 31, 2016, and anticipates capital calls for the remaining amount to occur during the next one to three years. Management does not anticipate any loss resulting from these commitments.

Note 18. Commitments and Contingencies (Continued)

The Bank sells mortgage loans to unrelated investors. In the event the Bank is not able to deliver certain loan closing documents within the specified time period, the Corporation may be required to repurchase some of these loans.

Note 19. Lease Commitments

Various facilities are leased under noncancellable operating leases with initial remaining terms in excess of one year and an option for renewal. In addition to minimum rentals, certain leases have escalation clauses and include provisions for additional payments to cover taxes, insurance, and maintenance. Rental expense for 2016 and 2015 was $298,274 and $178,470, respectively.

At December 31, 2016, the aggregate future minimum rental commitments (base rents) under this noncancellable operating lease are as follows:

	Annual Payments
For the year ending December 31,	
2017	$ 708,792
2018	499,360
2019	398,856
2020	364,536
2021	282,667
Thereafter	650,082
Total	$ 2,904,293

Note 20. Concentration of Credit Risk

The majority of the Bank's loans are made to customers in the Bank's trade area and a substantial portion of the loans are secured by real estate. Accordingly, the ultimate collectability of the Bank's loan portfolio is susceptible to changes in local economic conditions including the agribusiness sector and the real estate market. A summary of loans by type is shown in Note 5. Collateral required by the Bank is determined on an individual basis depending on the nature of the loan and the financial condition of the borrower. In addition, investment in state and municipal securities include governmental entities within the Bank's market area.

Note 21. Transactions With Related Parties

During the year, officers, directors, and principal shareholders and their related interests were customers of and had transactions with the Bank during the normal course of business. These transactions were made on substantially the same terms as those prevailing for other customers and did not involve any abnormal risk. Loan transactions to such related parties are shown in the following schedule:

	2016	2015
Total loans, beginning of year	$ 6,244,000	$ 5,613,000
Advances	4,291,000	3,394,000
Curtailments	(2,750,000)	(2,763,000)
Total loans, end of year	$ 7,785,000	$ 6,244,000

The Bank held related party deposits of approximately $5,556,000 and $3,163,000 at December 31, 2016 and 2015, respectively.

Note 22. Regulatory Matters

The principal source of funds of Blue Ridge Bankshares, Inc. is dividends paid by its subsidiary bank. The various regulatory authorities impose restrictions on dividends paid by a national bank. A national bank cannot pay dividends (without the consent of the Comptroller of the Currency) in excess of the total net profits (net income less dividends paid) of the current year to date and the combined retained net profits of the previous two years. As of January 1, 2017, the Bank could pay dividends to Blue Ridge Bankshares, Inc. of approximately $4,992,000 without the permission of regulatory authorities. The ability to pay such a dividend would additionally be affected by the subsidiary bank's capital availability.

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum ratios (set forth in the following table) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 2016, that the Bank meets all capital adequacy requirements to which it is subject.

Note 22. Regulatory Matters (Continued)

The Bank is considered well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Bank will have to maintain minimum total risk-based, Tier 1 risk-based, Common Equity Tier 1, and Tier 1 leverage ratios as disclosed in the table below. There are no conditions or events since the most recent notification that management believes have changed the Bank's prompt corrective action category.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under the Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2016						
Total risk based capital						
(To risk rated assets)						
Blue Ridge Bankshares	$ 35,759	11.99%	$ 23,862	8.0%	N/A	N/A
Blue Ridge Bank, N.A.	$ 41,900	14.11%	$ 23,749	8.0%	$ 29,687	10.0%
Tier I capital						
(To risk rated assets)						
Blue Ridge Bankshares	$ 33,746	11.31%	$ 17,896	6.0%	N/A	N/A
Blue Ridge Bank, N.A.	$ 39,887	13.44%	$ 17,812	6.0%	$ 23,749	8.0%
Common equity tier 1 capital						
(To risk rated assets)						
Blue Ridge Bankshares	$ 33,746	11.31%	$ 13,422	4.5%	N/A	N/A
Blue Ridge Bank, N.A.	$ 39,887	13.44%	$ 13,359	4.5%	$ 19,296	6.5%
Tier I capital						
(To average assets)						
Blue Ridge Bankshares	$ 33,746	10.27%	$ 13,150	4.0%	N/A	N/A
Blue Ridge Bank, N.A.	$ 39,887	9.64%	$ 16,550	4.0%	$ 20,687	5.0%

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under the Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2015						
Total risk based capital						
(To risk rated assets)						
Blue Ridge Bankshares	$ 26,570	14.05%	$ 15,124	8.0%	N/A	N/A
Blue Ridge Bank	$ 30,774	16.45%	$ 14,962	8.0%	$ 18,703	10.0%
Tier I capital						
(To risk rated assets)						
Blue Ridge Bankshares	$ 24,222	12.81%	$ 11,343	6.0%	N/A	N/A
Blue Ridge Bank	$ 28,436	15.20%	$ 11,222	6.0%	$ 14,962	8.0%
Common equity tier 1 capital						
(To risk rated assets)						
Blue Ridge Bankshares	$ 24,222	12.81%	$ 8,507	4.5%	N/A	N/A
Blue Ridge Bank	$ 28,436	15.20%	$ 8,416	4.5%	$ 12,157	6.5%
Tier I capital						
(To average assets)						
Blue Ridge Bankshares	$ 24,222	9.53%	$ 10,165	4.0%	N/A	N/A
Blue Ridge Bank	$ 28,436	10.86%	$ 10,476	4.0%	$ 13,095	5.0%

Note 22. Regulatory Matters (Continued)

On July 7, 2013 the Federal Reserve Board approved the Basel III Final Rule which began implementation January 1, 2015. The desired overall objective of Basel III is to improve the banking sector's ability to absorb shocks arising from financial and economic stress. The Final Rule changed minimum capital ratios and raised the Tier 1 Risk Weighted Assets to 6% from 4%. In addition, the new rules require a bank to maintain a capital conservation buffer that started at 0.625% beginning in 2016 and reaches 2.50% by 2019. The phase in of this buffer began in 2015 with complete compliance required by 2019. Generally, the Basel III Final Rule will require banks to maintain higher levels of common equity and regulatory capital.

Note 23. Recent Accounting Pronouncements and Changes

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017. ASU No. 2015-14 issued in August 2015 deferred the effective date of this Update to annual reporting periods beginning after December 15, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The adoption of this ASU is not expected to have a material effect on the Company's current financial position or results of operations; however, it may impact the reporting of future financial statement disclosures.

In January 2016, ASU No. 2016-01 Financial Instruments – Overall (Subtopic 825-10) was issued by the FASB. The amendments address certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments will be effective for fiscal years beginning after December 15, 2018. The Company is currently evaluating the impact of these amendments on its financial statements.

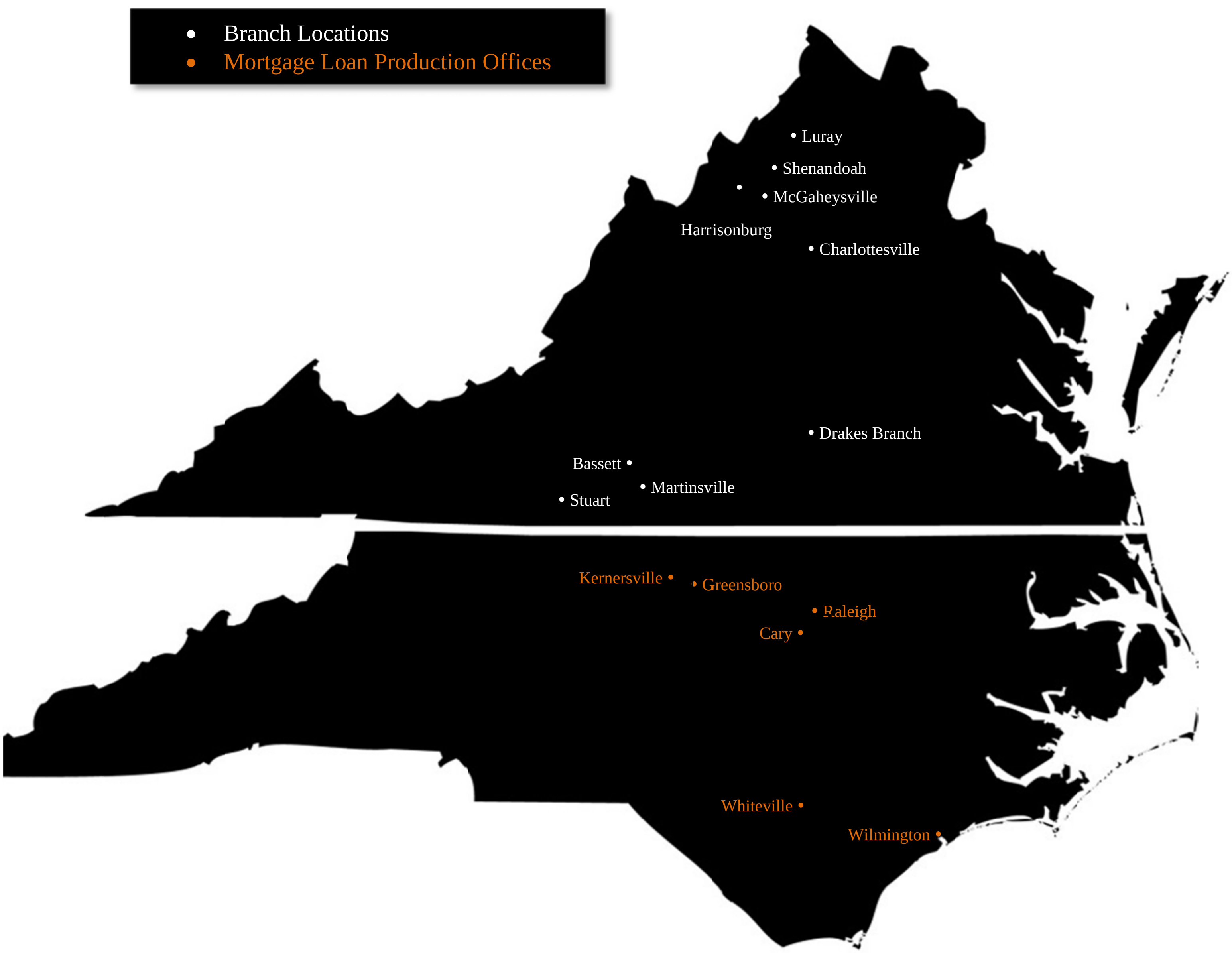
In June 2016, ASU No. 2016-13 Financial Instruments – Credit Losses (Topic 326) was issued by the FASB. The ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The ASU is effective for the Bank in fiscal years beginning after December 15, 2020. Early application will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

Other accounting standards have been issued by the FASB that are not currently applicable to the Company or are not expected to have a material impact on the Company's financial statements.

BOARD OF DIRECTORS

Ottis R. Barham, Jr.
Hunter H. Bost
Robert B. Burger, Jr.
Mensel D. Dean, Jr.
Larry Dees
Kenneth E. Flynt
James E. Gander, II
John H. H. Graves
Ronald D. Haley
Robert S. Janney
Richard L. Masincup
Brian K. Plum
William W. Stokes
Malcolm R. Sullivan, Jr.

LOCATIONS



* Commercial loan production offices also located in Martinsville and Greensboro in addition to branch locations.