

BLUE RIDGE BANKSHARES, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2012

Note 3. Investment Securities (Continued):

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, 2012, the Company had securities which have depreciated .7% in value from the amortized cost. 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 4. Loans Receivable and Related Allowance for Loan Losses

The following table summarizes the primary segments of the loan portfolio as of December 31, 2012 and 2011 (in thousands):

	<u>Individually Evaluated for Impairment</u>	<u>Collectively Evaluated for Impairment</u>	<u>Total</u>
December 31, 2012			
Residential loans	\$ 2,876	\$ 48,740	\$ 51,616
Commercial real estate loans			
Non owner-occupied & multi-family	3,085	22,755	25,840
Owner-occupied & farmland	1,798	17,957	19,755
Construction loans			
Residential construction loans	-	569	569
Commercial construction & raw land loans	-	7,744	7,744
Home equity loans	23	2,220	2,243
Consumer loans	-	1,832	1,832
Commercial/farm loans	-	7,710	7,710
Municipal/other loans	1,133	9,003	10,136
Unearned income on loans	-	(317)	(317)
Total	<u>\$ 8,915</u>	<u>\$ 118,213</u>	<u>\$ 127,128</u>

Unearned income on loans at December 31, 2012 is the result of deferred loan fees of \$487,046 and deferred loan costs of \$170,227.