

SEACOAST BANKING CORP OF FLORIDA
 Form 4
 May 14, 2015

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 FOWLE STEPHEN A

2. Issuer Name and Ticker or Trading Symbol
 SEACOAST BANKING CORP OF FLORIDA [SBCF]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 05/12/2015

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 EVP & Chief Financial Officer

SEACOAST BANKING CORPORATION OF FLORIDA, P. O. BOX 9012

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ____ Form filed by More than One Reporting Person

STUART, FL 34995

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	05/12/2015		A ⁽¹⁾	51,078	\$ 14.84	51,078	D ⁽¹⁾

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FOWLE STEPHEN A SEACOAST BANKING CORPORATION OF FLORIDA P. O. BOX 9012 STUART, FL 34995			EVP & Chief Financial Officer	

Signatures

/s/ Sharon Mehl as Power of Attorney for Stephen A. Fowle 05/14/2015

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Represents unvested shares in a time-based restricted stock award granted under Seacoast's 2013 Long-Term Incentive Plan on May 12, (1) 2015 ("Grant Date"). As long as Mr. Fowle remains employed by the Company, one-third of these shares shall vest on March 15, 2016, and the remaining shares shall vest in equal increments on March 15, 2017 and March 15, 2018.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. e="border-top: 1px solid #000000">

See Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

**COMMUNITY BANKERS ACQUISITION CORP.
TRANSCOMMUNITY FINANCIAL CORPORATION
BOE FINANCIAL SERVICES OF VIRGINIA, INC.**

**UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2007**

	Community Bankers Acquisition Corp.(1)	TransCommunity Financial Corporation(2)	Pro Forma Acquisition Adjustments (In thousands, except share and per share data)	Pro Forma Combined (CBA & TFC)	BOE Financial Services of Virginia, Inc(3)	Pro Forma Acquisition Adjustments	Pro Forma Combined (CBA, TFC & BOE)
Interest income	\$1,429	\$8,133	\$(5)(H)	\$9,557	\$9,155	\$58(Q)	\$18,770
Interest expense		3,015	(73)(I)	2,942	4,228	51(R)	7,221
Net interest income	1,429	5,118	68	6,615	4,927	7	11,549
Provision for loan losses		512		512			512
Net interest income after provision for loan losses	1,429	4,606	68	6,103	4,927	7	11,037
Noninterest income		563		563	989		1,552
Noninterest expense	172	5,698		5,870	4,244		10,114
Amortization of intangibles			355(G)	355		606(P)	961
Total noninterest expense	172	5,698	355	6,225	4,244	606	11,075
Income (loss) before income taxes	1,257	(529)	(287)	441	1,672	(599)	1,514
Provision for income taxes	478			478	300	(204)(S)	574
Net income (loss) from continuing operations	779	(529)	(287)	(37)	1,372	(395)	940
Net (loss) from discontinued operations		(77)		(77)			(77)
Net income (loss)	\$779	\$(606)	\$(287)	\$(114)	\$1,372	\$(395)	\$863

**Net Income (Loss) Per
Common Share**

No conversions:

Basic	\$0.08	\$(0.12)	\$(0.002)	\$1.14	\$0.04
Diluted	0.07	(0.12)	(0.002)	1.13	0.04

Maximum conversions:

Basic			(0.001)		0.04
Diluted			(0.001)		0.04

**Weighted Average
Shares Outstanding**

No conversions:

Basic	9,375,000	4,587,000	15,888,540	1,208,732	22,811,915
Diluted	11,807,432	4,587,000	18,320,972*	1,215,455	25,282,855

Maximum conversions:

Basic			14,389,290		21,312,665
Diluted			16,821,722*		23,783,605

* Basic and diluted earnings per share same due to net loss.

(1) For the six month period ended September 30, 2007.

(2) For the six month period ended June 30, 2007.

(3) For the six month period ended June 30, 2007.

See Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

**COMMUNITY BANKERS ACQUISITION CORP.
TRANSCOMMUNITY FINANCIAL CORPORATION
BOE FINANCIAL SERVICES OF VIRGINIA, INC.**

**UNAUDITED PRO FORMA CONDENSED COMBINED
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDING MARCH 31, 2007**

	Community Bankers Acquisition Corp. (1)	TransCommunity Financial Corporation(2)	Pro Forma Acquisition Adjustments (In thousands, except share and per share data)	Pro Forma Combined (CBA & TFC)	BOE Financial Services of Virginia, Inc(3)	Pro Forma Acquisition Adjustments	Pro Forma Combined (CBA, TFC & BOE)
Interest income	\$ 2,269	\$ 14,307	\$(9)(H)	\$ 16,567	\$ 16,734	\$(117)(Q)	\$33,418
Interest expense		4,958	(146)(I)	4,812	6,972	(102)(R)	11,886
Net interest income	2,269	9,349	137	11,755	9,762	15	21,532
Provision for loan losses		493		493	125		618
Net interest income after provision for loan losses	2,269	8,856	137	11,262	9,637	15	20,914
Noninterest income		1,011		1,011	2,250		3,261
Noninterest expense	339	8,933		9,272	7,892		17,165
Amortization of intangibles			711(G)	711		1,213(P)	1,924
Total noninterest expense	339	8,933	711	9,983	7,892	1,213	19,088
Income from continuing operations before income taxes	1,930	934	(574)	2,290	3,995	(1,198)	5,087
Provision for income taxes	806	15		821	872	(407)(S)	1,286
Net income from continuing operations	1,124	919	(574)	1,469	3,123	(791)	3,801
Net (loss) from discontinued operations		(802)		(802)			(802)
Net income	\$ 1,124	\$ 117	\$(574)	\$ 667	\$ 3,123	\$(791)	\$2,999

**Net Income (Loss) Per
Common Share**

to conversions:

Basic	\$	0.14	\$	0.03	\$	0.05	\$	2.60	\$0.14
Diluted		0.11		0.03		0.04		2.58	0.13

Maximum conversions:

Basic						0.05			0.15
Diluted						0.04			0.14

**Weighted Average
Shares Outstanding**

to conversions:

Basic	7,997,740	4,581,741	14,503,812	1,201,465	21,385,563
Diluted	10,256,708	4,581,741	16,762,780	1,210,922	23,698,699

Maximum conversions:

Basic			13,004,562		19,886,313
Diluted			15,263,530		22,199,449

- (1) For the twelve month period ended March 31, 2007.
- (2) For the twelve month period ended December 31, 2006.
- (3) For the twelve month period ended December 31, 2006.

See Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

The pro forma information presented is not necessarily indicative of the results of operations or the combined financial position that would have resulted had the merger been consummated at the beginning of the periods indicated, nor is it necessarily indicative of the results of operations in future periods or the future financial position of the combined company. It is anticipated that the merger will be completed in the second quarter of 2008.

Note 1 Basis of Presentation and TransCommunity Acquisition

Basis of Presentation

The unaudited pro forma condensed combined consolidated financial statements give effect to the merger of Community Bankers and TransCommunity in a business combination accounted for as a purchase. As a result of the merger, TransCommunity common stock will be converted into Community Bankers.

TransCommunity Acquisition

Upon completion of the acquisition, each common share of TransCommunity is assumed to be converted into 1.42 common shares of Community Bankers.

The pro forma balance sheet reflects the proposed exchange ratio as if it had occurred on September 30, 2007 based on an estimated market value of Community Bankers common stock of \$7.42 per share. If the daily average closing price for Community Bankers common stock for the 20 consecutive days of trading in such stock ending five days before the closing date is less than \$7.42, Community Bankers will increase the exchange ratio resulting in Community Bankers issuing more shares of Community Bankers stock to TransCommunity stockholders such that the total minimum consideration would remain unchanged.

Transaction costs incurred in the merger are assumed to be \$1,000,000 for Community Bankers and \$400,000 for TransCommunity which are reflected as liabilities as of the merger date. TransCommunity does not anticipate incurring material non-recurring charges related to the merger.

No tax provision or deferred taxes are reflected in the pro forma acquisition adjustments due to the net operating losses previously incurred by TransCommunity and the uncertainty of realization of deferred taxes in future periods.

Pro Forma Adjustments

Described below is the pro forma estimate of the total purchase price of the transaction as well as the adjustment to allocate the purchase price based on the preliminary estimates of the fair values of the assets and liabilities of TransCommunity. This estimate does not include TransCommunity's plans to declare a one-time special dividend in the amount of \$0.25 per share to TransCommunity stockholders, which dividend would be paid immediately prior to the effective time of the merger of TransCommunity and Community Bankers. This dividend would be subject to regulatory approval and would only occur after all conditions to the closing are satisfied.

Estimated fair value of Community Bankers' common stock to be issued to TransCommunity's stockholders	\$ 48,328
Fair value of vested Community Bankers' common stock to be issued to TransCommunity's restricted stockholders	236
Fair value of vested Community Bankers' common stock to be issued to TransCommunity's option holders	2,900
Transaction related costs incurred by Community Bankers in the merger	1,000
Total purchase price paid by Community Bankers for TransCommunity	52,464
Less adjusted net assets of TransCommunity	(37,453)

Goodwill recorded in the merger	15,011
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The adjusted net assets of TransCommunity are determined as follows:

TransCommunity's stockholders' equity at September 30, 2007	29,932
Less special dividend of \$0.25 per share	(1,147)
Less transaction related costs incurred by TransCommunity in the merger	(400)
Adjustments for fair values of assets acquired and liabilities assumed	9,068
Adjusted net assets of TransCommunity	37,453

The fair value adjustments for the TransCommunity Corporation assets acquired and liabilities assumed are as follows:

Increase in loans	72
Decrease in securities	(44)
Core deposit intangible	5,684
Increase in deposits	(291)
Deferred income taxes	3,647
Total fair value adjustments	\$ 9,068

Estimated fair value of Community Bankers' common stock to be issued to TransCommunity's stockholders:

	Common Stock	Restricted Stock	Stock Options
Number of shares for TransCommunity	4,586,741	22,375	275,275
Exchange ratio	1.42	1.42	1.42

	6,513,172	31,773	390,891
Stock price	7.42	7.42	7.42
Estimated Fair Value	48,327,738	235,752	2,900,408

BOE Acquisition

Described below is the pro forma estimate of the total purchase price of the transaction as well as the adjustment to allocate the purchase price based on the preliminary estimates of the fair values of the assets and liabilities of BOE. BOE anticipates incurring non-recurring charges related to the merger. These charges are

estimated to be \$1,000,000 to be paid in the third and fourth quarters of 2008 and relate primarily to the termination of certain data processing contracts. BOE does not anticipate charges from the formation of employee contracts.

Estimated fair value of Community Bankers' common stock to be issued to BOE's stockholders	\$	51,479
Fair value of vested Community Bankers' common stock to be issued to BOE's option holders		1,248
Transaction related costs incurred by Community Bankers in the merger		1,000
Total purchase price paid by Community Bankers for BOE		53,727
Less adjusted net assets of BOE		(37,503)
Goodwill recorded in the merger		16,224

The adjusted net assets of BOE are determined as follows:		
BOE's stockholders' equity at September 30, 2007		29,348
Less transaction related costs incurred by BOE in the merger		(400)
Less non-recurring charges		(1,000)
Adjustments for fair values of assets acquired and liabilities assumed		9,555
Adjusted net assets of BOE		37,503

The fair value adjustments for the BOE assets acquired and liabilities assumed are as follows:		
Decrease in loans		(299)
Decrease in securities		(51)
Core deposit intangible		9,702
Decrease in deposits		203
Total fair value adjustments	\$	9,555

Estimated fair value of Community Bankers' common stock to be issued to BOE's stockholders:	Common Stock	Stock Options
Number of shares for BOE	1,211,267	29,359
Exchange ratio	5.7278	5.7278
Stock price	6,937,895	168,162
	7.42	7.42
Estimated Fair Value	51,479,182	1,247,766

Note 2 Description of Pro Forma Acquisition Adjustments

The purchase accounting and pro forma adjustment related to the unaudited pro forma condensed combined consolidated balance sheet and income statements are described below:

- A. Issuance of 6,544,945 shares of Community Bankers \$0.01 par value common stock with an effective date value of \$7.42 per shares, combined with the value of vested options issued to TransCommunity option holders.
- A.1 A1 Payment of special dividend of \$0.25 per share to TransCommunity stockholders prior to the effective time of the merger.
- B. To record the release of funds held in trust.
- C. To record liabilities incurred for transaction costs.

- D. To eliminate TransCommunity's equity accounts.
- E. To record fair value adjustments to TransCommunity's assets acquired and liabilities assumed.
- F. To record goodwill.
- G. To record amortization of the core deposit intangible using the straight-line method over a eight-year life.
- H. To reduce interest income for the effects the fair value adjustments to loans and securities over a three year period.
- I. To reduce interest expense for the effects of the fair value adjustments to deposits over a two year period.
- J1. Assuming maximum approval, to reclassify common stock subject to redemption to permanent equity.
- J2. Assuming minimum approval, to record refund of funds to converting stockholders, representing 19.99%.
- K. Issuance of 6,937,895 shares of Community Bankers \$0.01 par value common stock with an effective date value of \$7.42 per shares, combined with the value of vested options issued to BOE option holders.
- L. To record liabilities incurred for transaction costs.
- L1. To record liabilities for non-recurring charges.
- M. To eliminate BOE's equity accounts.
- N. To record fair value adjustments to BOE's assets acquired and liabilities assumed.
- O. To record goodwill.
- P. To record amortization of the core deposit intangible using the straight-line method over a eight-year life.
- Q. To reduce interest income for the effects the fair value adjustments to loans and securities over a three year period.
- R. To reduce interest expense for the effects of the fair value adjustments to deposits over a two year period.
- S. Tax effect of adjustments.

DESCRIPTION OF SECURITIES OF COMMUNITY BANKERS

General

Community Bankers is authorized to issue 50,000,000 shares of common stock, par value \$.01, and 5,000,000 shares of preferred stock, par value \$.01. After the merger with BOE, Community Bankers will have approximately shares of common stock outstanding. No shares of preferred stock are currently outstanding. Community Bankers common stock is listed on the American Stock Exchange under the symbol BTC.

Units

Each unit consists of one share of common stock and one redeemable warrant. Each redeemable warrant entitles the holder to purchase one share of common stock at an exercise price of \$5.00 per share. Community Bankers units are listed on the American Stock Exchange under the symbol BTC.U.

Common Stock

Community Bankers stockholders are entitled to one vote for each share held of record on all matters to be voted on by stockholders. In connection with the vote required for the merger, all of Community Bankers directors and officers have indicated they will vote in favor of the merger.

Community Bankers board of directors is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors.

If Community Bankers is forced to dissolve and liquidate and the dissolution and liquidation were to be approved by stockholders owning a majority of Community Bankers common stock upon Community Bankers failure to timely complete the merger with TransCommunity, holders of common stock issued in its initial public offering would be entitled to receive their proportionate share of the trust account (including any interest not released to Community Bankers, net of taxes, and the deferred underwriting discount) plus any remaining assets less amounts Community Bankers pays, or reserves to pay, for all of its liabilities and obligations. These liabilities and obligations include Community Bankers corporate expenses arising during its remaining existence and the costs associated with its dissolution and liquidation. To the extent that funds reserved to pay obligations or liabilities are not subsequently used for such purpose, the funds will be available for distribution to Community Bankers holders of common stock issued in its initial public offering. Community Bankers insiders agreed to waive their rights to share in any liquidating distribution with respect to common stock owned by them prior to consummation of Community Bankers initial public offering in the event Community Bankers is not able to timely complete the merger with TransCommunity. In addition, I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc. the representatives of the underwriters in Community Bankers initial public offering agreed to forfeit any rights to or claims against the portion of the trust account attributable to the underwriters discount in the event Community Bankers is not able to timely complete the merger with TransCommunity.

Community Bankers stockholders have no conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock, except that holders of common stock issued in Community Bankers initial public offering, other than those shares acquired by Community Bankers insiders, who have waived such rights, have the right to have their shares of common stock converted to cash equal to their pro rata portion of the Community Bankers trust account if they properly elect such conversion and vote against a business

combination such as the merger with TransCommunity which is ultimately approved and completed. Holders of common stock issued in Community Bankers initial public offering who convert their stock into cash equal to a pro rata portion of the Community Bankers trust account will continue to own their redeemable warrants and have the right to sell, transfer or exercise such redeemable warrants.

Preferred Stock

Community Bankers certificate of incorporation authorizes the issuance of 5,000,000 shares of blank check preferred stock with such designations, rights and preferences as may be determined from time to time by

Community Bankers' board of directors. Accordingly, Community Bankers' board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of common stock, although the underwriting agreement executed in connection with Community Bankers' initial public offering prohibits Community Bankers, prior to completion of the merger with TransCommunity, from issuing preferred stock which participates in any manner in the proceeds of the trust account, or that votes separately or as a class with the common stock on the merger. The issuance of preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of Community Bankers. Although there are no shares of preferred stock outstanding and Community Bankers does not currently intend to issue any shares of preferred stock, there is no assurance that Community Bankers will not do so in the future.

Redeemable Warrants

Community Bankers currently has 7,500,000 redeemable warrants outstanding. Each redeemable warrant entitles the registered holder to purchase one share of Community Bankers' common stock at a price of \$5.00 per share, subject to adjustment as discussed below, at any time commencing upon the completion of the merger with TransCommunity, provided a current prospectus is available as discussed below. The redeemable warrants will expire on June 4, 2011 at 5:00 p.m., New York City time. Community Bankers warrants are listed on the American Stock Exchange under the symbol BTC.W.

An additional 525,000 warrants relating to Community Bankers common stock may be issued upon exercise of the unit purchase option issued to I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc. the representatives of the underwriters, in connection with Community Bankers' initial public offering. The unit purchase option allows the I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc. representatives of the underwriters to purchase an aggregate of 525,000 units, at a purchase price of \$10.00 per unit, including 525,000 warrants, each of which allows the representatives of the underwriters to purchase one share of Community Bankers common stock at a price of \$7.50 per share.

Provided Community Bankers obtains the prior consent of the I-Bankers Securities, Inc., one of the representatives of the underwriters in Community Bankers' initial public offering, Community Bankers may call the outstanding redeemable warrants, including those issuable upon exercise of the purchase option described above, but excluding those warrants repurchased by Community Bankers Acquisition, LLC, an affiliate of Gary A. Simanson, Community Bankers' president and chief executive officer, and by the representatives of the underwriters in Community Bankers' initial public offering so long as such warrants are held by the representatives of the underwriters, for redemption:

in whole and not in part;

at a price of \$.01 per warrant at any time after the redeemable warrants become exercisable;

upon not less than 30 days' prior written notice of redemption to each warrant holder; and

if, and only if, the reported last sale price of the common stock equals or exceeds \$11.50 per share, for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to warrant holders and a registration statement is in effect with respect to the shares of common stock underlying the warrants.

If the foregoing conditions are satisfied and Community Bankers calls the warrants for redemption, each warrant holder shall then be entitled to exercise his or her warrant, prior to the date scheduled for redemption, by payment of the exercise price in cash. In addition, Community Bankers may elect to permit the exercise of warrants called for

redemption on a cashless basis. Exercises on a cashless basis enable the holder to exercise the warrants without paying the cash exercise price of the warrants. In a cashless exercise, the warrant holder is able to acquire a number of shares of common stock equal to the inherent value of the warrants to be exercised (the aggregate fair market value of the common stock that may be acquired upon the exercise of the warrants minus the total exercise price of the warrants) divided by the value of the common stock. The value of the common stock will be determined using the average reported last sale price of the common stock for the ten trading days ending on the third business day prior to the notice of redemption to warrant holders. In the notice of redemption, Community Bankers will provide to each warrant holder the value of the common stock and the number of shares of

Community Bankers common stock that such warrant holder would receive upon exercise of the warrants on a cashless basis.

The exercise price and number of shares of common stock issuable on exercise of the redeemable warrants may be adjusted in certain circumstances including in the event of a stock dividend, or Community Bankers recapitalization, reorganization, merger or consolidation. However, the redeemable warrants will not be adjusted for issuances of common stock, preferred stock or other securities at a price below their respective exercise prices.

The redeemable warrants may be exercised upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, by certified check payable to us, for the number of redeemable warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock or any voting rights until they exercise their redeemable warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the redeemable warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No redeemable warrants will be exercisable unless at the time of exercise a prospectus relating to common stock issuable upon exercise of the redeemable warrants is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the redeemable warrants. Under the terms of the warrant agreement, Community Bankers has agreed to meet these conditions and use commercially reasonable efforts to maintain a current prospectus relating to common stock issuable upon exercise of the redeemable warrants until the expiration of the redeemable warrants. However, Community Bankers cannot assure you that it will be able to do so. The redeemable warrants may be deprived of any value and the market for the redeemable warrants may be limited if the prospectus relating to the common stock issuable upon the exercise of the redeemable warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the redeemable warrants reside.

No fractional shares will be issued upon exercise of the redeemable warrants. However, if, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, Community Bankers will, upon exercise, round to the nearest whole number of shares of common stock to be issued to the warrant holder.

Community Bankers Transfer Agent and Warrant Agent

The transfer agent for Community Bankers securities and warrant agent for its redeemable warrants is Continental Stock Transfer & Trust Company, New York, New York.

LEGAL MATTERS

The validity of the shares of Community Bankers common stock to be issued in connection with the merger will be passed upon for Community Bankers by Nelson Mullins Riley & Scarborough LLP, 101 Constitution Avenue, N.W., Suite 900, Washington, D.C. 20001. In addition, certain U.S. federal income tax consequences of the merger will be passed upon for Community Bankers by Nelson Mullins Riley & Scarborough LLP and for BOE by LeClairRyan, A Professional Corporation.

EXPERTS

The financial statements of Community Bankers for the year ended March 31, 2007, appearing in this joint proxy statement/prospectus and in the registration statement have been included herein in reliance upon the report of Miller, Ellin & Company LLP, an independent registered public accounting firm, given on the authority of such firm as

experts in accounting and auditing. The financial statements of Community Bankers for the year ended March 31, 2006, appearing in this joint proxy statement/prospectus and in the registration statement have been included herein in reliance upon the report of Yount, Hyde & Barbour, PC, an independent registered public accounting firm, given on the authority of such firm as experts in accounting and auditing.

The financial statements of TransCommunity for the years ended December 31, 2006 and December 31, 2005, appearing in this joint proxy statement/prospectus and in the registration statement have been included herein in reliance upon the report of McGladrey & Pullen, LLP, an independent registered public accounting firm, given on the authority of such firm as experts in accounting and auditing. The financial statements of TransCommunity for

the year ended December 31, 2004, appearing in this joint proxy statement/prospectus and in the registration statement have been included herein in reliance upon the report of S.B. Hoover & Company, LLP, an independent registered public accounting firm, given on the authority of such firm as experts in accounting and auditing.

The financial statements of BOE for the years ended December 31, 2006, December 31, 2005, and December 31, 2004, appearing in this joint proxy statement/prospectus and in the registration statement have been included herein in reliance upon the report of Yount, Hyde & Barbour, P.C., an independent registered public accounting, given on the authority of such firm as experts in accounting and auditing.

PROPOSAL TO AUTHORIZE ADJOURNMENT OF THE COMMUNITY BANKERS SPECIAL MEETING

General

If, at the Community Bankers special meeting, the number of shares of Community Bankers common stock, present in person or by proxy, is insufficient to constitute a quorum or the number of shares of Community Bankers common stock voting in favor is insufficient to adopt the merger agreement and to adopt the amendment to the certificate of incorporation, Community Bankers management intends to move to adjourn the special meeting in order to enable the Community Bankers board of directors to solicit additional proxies. In that event, Community Bankers will ask its stockholders to vote only upon the adjournment proposal and not the proposals relating to adoption of the merger agreement and the adoption of the amendment to the certificate of incorporation.

In this proposal, Community Bankers is asking you to grant discretionary authority to the holder of any proxy solicited by the Community Bankers board of directors so that such holder can vote in favor of the proposal to adjourn the special meeting to solicit additional proxies. If the stockholders of Community Bankers approve the adjournment proposal, Community Bankers could adjourn the special meeting, and any adjourned session of the special meeting, and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders who have previously voted. Among other things, approval of the adjournment proposal could mean that, even if Community Bankers had received proxies representing a sufficient number of votes against any of the proposals to defeat the proposal, Community Bankers could adjourn the special meeting without a vote on the merger agreement proposal or any other proposal and seek to convince the holders of those shares to change their votes to votes in favor of the approval of the merger agreement.

Generally, if the special meeting is adjourned, no notice of the adjourned meeting is required to be given to stockholders, other than an announcement at the special meeting of the place, date and time to which the meeting is adjourned. However, Community Bankers bylaws provide that if the adjournment is for more than 30 days, or if after adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting will be given to each stockholder of record entitled to vote at the adjourned meeting.

Vote Required

Under Community Bankers bylaws, the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of Community Bankers common stock present in person or represented by proxy at the special meeting, whether or not a quorum is present. Abstentions and broker non-votes will not affect the vote on the adjournment proposal.

Board Recommendation

The Community Bankers board of directors recommends a vote FOR the proposal to authorize the board of directors to adjourn the special meeting of stockholders to allow time for the further solicitation of proxies to approve the adoption of the merger agreement and the adoption of the amendment to the certificate of incorporation.

**PROPOSAL TO AUTHORIZE ADJOURNMENT
OF THE BOE SPECIAL MEETING**

General

If, at the BOE special meeting, the number of shares of BOE common stock, present in person or by proxy, is insufficient to constitute a quorum or the number of shares of BOE common stock voting in favor of approval of the merger agreement is insufficient to approve the merger agreement, BOE management intends to move to adjourn the special meeting in order to enable the BOE board of directors to solicit additional proxies. In that event, BOE will ask its stockholders to vote only upon the adjournment proposal and not the proposal relating to the approval of the merger agreement.

In this proposal, BOE is asking you to grant discretionary authority to the holder of any proxy solicited by the BOE board of directors so that such holder can vote in favor of the proposal to adjourn the special meeting to solicit additional proxies. If the stockholders of BOE approve the adjournment proposal, BOE could adjourn the special meeting, and any adjourned session of the special meeting, and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders who have previously voted. Among other things, approval of the adjournment proposal could mean that, even if BOE had received proxies representing a sufficient number of votes against approval of the merger agreement to defeat the merger agreement proposal, BOE could adjourn the special meeting without a vote on the merger agreement proposal and seek to convince the holders of those shares to change their votes to votes in favor of the approval of the merger agreement.

Generally, if the special meeting is adjourned, no notice of the adjourned meeting is required to be given to stockholders, other than an announcement at the special meeting of the place, date and time to which the meeting is adjourned. However, BOE's bylaws provide that if the special meeting is adjourned to a date more than 120 days after the date fixed for the original meeting, notice of the adjourned meeting will be given as in the case of the original meeting.

Vote Required

Approval of the proposal to authorize the board of directors to adjourn the special meeting of stockholders requires that the votes cast favoring the action to exceed the votes cast opposing the action, whether or not a quorum is present.

Board Recommendation

The BOE board of directors recommends a vote FOR the proposal to authorize the board of directors to adjourn the special meeting of stockholders to allow time for the further solicitation of proxies to approve the merger agreement.

OTHER MATTERS

Neither the Community Bankers board of directors nor the BOE board of directors know of any matters to be presented at their respective special meetings other than the proposals described in this joint proxy statement/prospectus. If any other matters are properly brought before either special meeting or any adjournment of either meeting, the enclosed proxy will be deemed to confer discretionary authority on the individuals named as proxies to vote the shares represented by the proxy as to any such matters.

WHERE YOU CAN FIND MORE INFORMATION

Community Bankers has filed a registration statement on Form S-4 to register the issuance of Community Bankers common stock to be issued to BOE's stockholders in the merger. This joint proxy statement/prospectus is a part of that registration statement and constitutes a prospectus of Community Bankers, a proxy statement for Community Bankers special meeting and a proxy statement of BOE for BOE's special meeting of stockholders. As

allowed by SEC rules, this joint proxy statement/prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement.

Each of Community Bankers, TransCommunity and BOE files reports, proxy statements, and other information with the SEC. You may inspect or copy these materials at the Public Reference Room at the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the SEC public reference room. Community Bankers', TransCommunity's and BOE's public filings are also available to the public from commercial document retrieval services and at the Internet web site maintained by the SEC at <http://www.sec.gov>. BOE's public filings are also available at the Internet website of BOE at <http://www.boefinancial.com>.

When deciding how to cast your vote, you should rely only on the information contained in this joint proxy statement/prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated _____, 2008. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than such date, and neither the mailing of this joint proxy statement/prospectus to stockholders nor the issuance of Community Bankers common stock shall create any implication to the contrary.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this joint proxy statement/prospectus, or the solicitation of a proxy, in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this joint proxy statement/prospectus nor any distribution of securities pursuant to this joint proxy statement/prospectus, under any circumstances, creates any implication that there has been no change in the information set forth or incorporated into this joint proxy statement/prospectus by reference or in our affairs since the date of this joint proxy statement/prospectus. The information contained in this joint proxy statement/prospectus with respect to Community Bankers was provided by Community Bankers and the information contained in this joint proxy statement/prospectus with respect to BOE was provided by BOE.

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**COMMUNITY BANKERS ACQUISITION CORP. CONDENSED UNAUDITED FINANCIAL
STATEMENTS**

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COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

BALANCE SHEETS

	September 30, 2007 (Unaudited)	March 31, 2007 (Audited)
ASSETS		
Current assets:		
Cash	\$ 397,225	\$ 676,183
Cash and United States Treasury securities held in trust fund	57,937,087	58,118,729
Prepaid expenses	687,000	17,500
Total current assets	59,021,312	58,812,412
Total Assets	\$ 59,021,312	\$ 58,812,412
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Income taxes payable	\$ 244,692	\$ 806,000
Deferred payment to underwriter	2,100,000	2,100,000
Accrued expenses		9,185
Total Current Liabilities	2,344,692	2,915,185
Common stock, subject to conversion, 1,499,250 shares at conversion value	11,581,624	11,617,934
Commitments		
STOCKHOLDERS EQUITY		
Preferred stock, \$0.01 par value Authorized 5,000,000 shares; none issued		
Common stock, \$0.01 par value Authorized 50,000,000 shares; Issued and outstanding, 9,375,000 shares (which includes 1,499,250 shares subject to conversion)	93,750	93,750
Additional paid-in capital	43,097,755	43,061,444
Earnings accumulated during the development stage	1,903,491	1,124,099
Total Stockholders Equity	45,094,996	44,279,293
Total Liabilities and Stockholders Equity	\$ 59,021,312	\$ 58,812,412

See accompanying notes to financial statements.

COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

STATEMENTS OF INCOME (UNAUDITED)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Cumulative Period from April 6, 2005 (Inception) to September 30, 2007
Interest on cash and short-term investments held in trust	\$ 1,428,970	\$ 868,096	\$ 3,697,730
Operating costs	171,886	93,132	510,548
Income before taxes	1,257,084	774,964	3,187,182
Provision for income taxes	477,692	294,486	1,283,691
Net income	\$ 779,392	\$ 480,478	\$ 1,903,491
Weighted average shares outstanding-basic	9,375,000	7,520,455	5,812,913
Weighted average shares outstanding- diluted	11,807,432	9,731,315	8,154,729
Net income per share-basic	\$ 0.08	\$ 0.06	\$ 0.33
Net income per share-diluted	\$ 0.07	\$ 0.05	\$ 0.23

See accompanying notes to financial statements.

COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

STATEMENTS OF STOCKHOLDERS EQUITY

	Common Stock		Additional Paid-In Capital	Earnings Accumulated During the Development Stage	Stockholders Equity
	Shares	Amount			
Balance at March 31, 2006 (audited)	1,875,000	18,750	28,125		46,875
Sale of 7,500,000 units, net of underwriters discount and offering expenses (includes 1,499,250 shares subject to possible conversion)	7,500,000	75,000	54,651,153		54,726,153
Less: proceeds subject to possible redemption of 1,499,250 shares, 19.99% of public shares are subject to redemption			(11,617,934)		(11,617,934)
Proceeds from issuance of option			100		100
Net income				1,124,099	1,124,099
Balance at March 31, 2007 (audited)	9,375,000	93,750	43,061,444	1,124,099	44,279,293
Revaluation of shares subject to redemption			36,311		36,311
Net income				779,392	779,392
Balance at September 30, 2007 (unaudited)	9,375,000	\$ 93,750	\$ 43,097,755	\$ 1,903,491	\$ 45,094,996

See accompanying notes to financial statements.

COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Months Ended September 30, 2007	Six Months Ended September 30, 2006	Cumulative Period April 6, 2005 (Inception) to September 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 779,392	\$ 480,478	1,903,491
(Increase) in prepaid expenses	(669,500)	(70,000)	(687,000)
Increase (decrease) in accrued expenses and income tax payable	(570,492)	62,818	(244,693)
Net Cash (Used in) Provided by Operating Activities	(460,600)	347,660	1,461,184
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) in cash and securities held in trust fund	181,642	(57,018,096)	57,937,087
Net Cash (Used in) Investing Activities	181,642	(57,018,096)	57,937,087
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of common stock			46,875
Gross proceeds from initial public offering		60,000,000	60,000,000
Proceeds from note payable to stockholder		20,000	40,000
Payment of note payable to stockholder		(40,000)	(40,000)
Proceeds from issuance of underwriters purchase option		100	100
Payment of costs of the public offering		(2,745,248)	(3,173,847)
Net Cash Provided by (Used in) Financing Activities		57,234,852	56,873,128
NET INCREASE IN CASH	(278,958)	564,416	397,225
CASH AT BEGINNING OF PERIOD	676,183	2,360	
CASH AT END OF PERIOD	\$ 397,225	\$ 566,776	\$ 397,225

NON-CASH FINANCING ACTIVITY

Accrual of deferred payment to underwriter	\$		\$	2,100,000	\$	2,100,000
Decrease in value of common stock subject to conversion	\$	36,310	\$		\$	36,310

See accompanying notes to financial statements.

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COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. ORGANIZATION, BUSINESS OPERATIONS

The condensed financial statements at September 30, 2007 and for the three- and six-month periods ended September 30, 2007 and September 30, 2006, are unaudited and include the accounts of Community Bankers Acquisition Corp. (a corporation in the development stage). The condensed balance sheet at March 31, 2007, has been derived from the audited financial statements included in Community Bankers Annual Report on Form 10-K. The results of Community Bankers operations for the interim period are not necessarily indicative of the operating results for the full year. The accompanying unaudited interim consolidated financial statements and related notes should be read in conjunction with the financial statements and notes thereto included in Community Bankers Annual Report on Form 10-K for the year ended March 31, 2007.

In the opinion of management, all adjustments (consisting of normal accruals) have been made that are necessary to present fairly the financial position of Community Bankers as of September 30, 2007, and the results of its operations and its cash flows for the three and six months ended September 30, 2007. Until the announcement on September 6, 2007, that Community Bankers had entered into an agreement and plan of merger with a target company, Community Bankers efforts had been primarily organizational, activities relating to its initial public offering and searching for and identifying targets for an initial business combination. Until the consummation of a business combination, Community Bankers expects interest earned on the offering proceeds held in trust to be its primary source of income.

The statements and related notes have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations.

Community Bankers was incorporated in Delaware on April 6, 2005 as a blank check company whose objective is to merge with or acquire an operating commercial bank or bank holding company. As discussed in Note 6, Community Bankers issued a press release and filed a Current Report on Form 8-K on September 7, 2007, reporting that Community Bankers has entered into an agreement and plan of merger with TransCommunity Financial Corporation. Community Bankers fiscal year end has been changed from March 31 to December 31.

The registration statement for Community Bankers initial public offering was declared effective June 5, 2006. Community Bankers consummated the initial public offering on June 8, 2006 and received net proceeds of \$54,950,000 which is discussed in Note 2. Community Bankers management has broad discretion with respect to the specific application of the net proceeds of this initial public offering, although substantially all of the net proceeds are intended to be generally applied toward consummating a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business whose objective is to operate a commercial bank or bank holding company (Business Combination). There is no assurance that Community Bankers will be able to successfully effect a Business Combination. Upon the closing of the initial public offering, \$56,450,000 of the proceeds, including \$2,100,000 attributable to the underwriters discount which the representatives of the underwriters have agreed to defer until the initial Business Combination, are being held in a trust account (Trust Fund) and invested in U.S. government securities or other high-quality, short term interest-bearing investments, until the earlier of (1) the consummation of its first Business Combination or (2) distribution of the Trust Account as described below; provided, however, that up to \$1,129,000 of interest income, net of taxes payable on interest earned on the Trust Account, may be released to Community Bankers periodically to cover its operating expenses. The remaining proceeds and any interest released to

Community Bankers to cover its operating expenses will be used to pay for business, legal and accounting due diligence on prospective mergers or acquisitions and continuing general and administrative expenses. Community Bankers, after signing a definitive agreement for the Business Combination, will submit such transaction for stockholder approval. In the event that stockholders owning 20% or more of the outstanding stock excluding, for this purpose, those persons who were stockholders immediately prior to the initial public offering, both vote against the Business Combination and exercise their conversion

COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

rights, the Business Combination will not be consummated. All of Community Bankers' stockholders prior to the initial public offering, including all of the officers and directors of Community Bankers (Initial Stockholders), have agreed to vote all of their founding shares of common stock either for or against the Business Combination as determined by the majority of the votes cast by the holders of the common stock who purchase shares sold in the initial public offering (Public Stockholders) with respect to a Business Combination. After consummation of Community Bankers' first Business Combination, these voting safeguards no longer apply.

With respect to the first Business Combination which is approved and consummated, any Public Stockholder, other than Community Bankers' Initial Stockholders, who vote against the Business Combination may demand that Community Bankers redeem his or her shares. The per share redemption price will equal the amount in the Trust Fund as of the record date for determination of stockholders entitled to vote on the Business Combination divided by the number of shares of common stock held by Public Stockholders at the consummation of the initial public offering. Accordingly, Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek redemption of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Fund computed without regard to the shares held by Initial Stockholders.

Community Bankers' Certificate of Incorporation provides that in the event that Community Bankers does not consummate a Business Combination by the later of (1) 18 months after the consummation of the initial public offering or (2) 24 months after the consummation of the initial public offering in the event that either a letter of intent, an agreement in principle or a definitive agreement to complete the Business Combination was executed but was not consummated within such 18-month period (such later date being referred to as the Termination Date), the board of directors will adopt a resolution, within 15 days thereafter, finding Community Bankers' dissolution advisable and provide notice as promptly thereafter as practicable to stockholders in connection with Community Bankers' dissolution in accordance with Section 275 of the Delaware General Corporation Law. In the event that Community Bankers is so dissolved, Community Bankers shall promptly adopt and implement a plan of distribution which provides that only the holders of shares sold in the initial public offering shall be entitled to receive liquidating distributions and Community Bankers shall pay no liquidating distributions with respect to any other shares of capital stock of Community Bankers. In the event of liquidation, it is likely that the per share value of residual assets remaining available for distribution (including Trust Fund assets) will be less than the initial public offering price per share in the initial public offering (assuming no value is attributed to the Redeemable Warrants contained in the Units sold in the initial public offering as described in Note 2).

2. INITIAL PUBLIC OFFERING

On June 8, 2006, Community Bankers sold 7,500,000 units (Units) in the initial public offering. Each Unit consists of one share of Community Bankers' common stock, \$0.01 par value, and one Redeemable Common Stock Purchase Warrant (Warrant). Each Warrant will entitle the holder to purchase from Community Bankers one share of common stock at an exercise price of \$5.00 commencing on the completion of a Business Combination and expiring five years from the date of the initial public offering. The Warrants will be redeemable by Community Bankers at a price of \$0.01 per Warrant upon 30 days' notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$11.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of the redemption is given.

In addition, Community Bankers sold to I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc. or their designees, for \$100, an option to purchase up to 525,000 units in the aggregate. The units issuable upon exercise of this option are identical to those offered in this initial public offering, except that each of the warrants underlying this option entitles the holder to purchase one share of common stock at a price of \$7.50. This option is exercisable at \$10.00 per unit commencing on the later of the consummation of a Business Combination or one year from the date of the initial public offering. This option expires June 4, 2011. In lieu of the

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COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

payment of the exercise price, this option may be converted into units on a net-share settlement or cashless exercise basis to the extent that the market value of the units at the time of conversion exceeds the exercise price of this option. This option may only be exercised or converted by the option holder and cannot be redeemed by Community Bankers for cash.

3. NOTE PAYABLE

Community Bankers Acquisition, LLC, an affiliate of Community Bankers president and one of its stockholders, has entered into a revolving credit agreement with Community Bankers in the amount of \$100,000. Advances under the credit facility were \$40,000. The loan was non-interest bearing and was repaid on June 29, 2006.

4. RELATED PARTY TRANSACTIONS

Community Bankers presently occupies office space provided by an affiliate of Community Bankers president and an Initial Stockholder. Such affiliate has agreed that, until the acquisition of a target business by Community Bankers, it will make such office space, as well as certain office and secretarial services, available to Community Bankers, as may be required by Community Bankers from time to time. Community Bankers has agreed to pay such affiliate \$7,500 per month for such services commencing June 5, 2006. At September 30, 2007, an aggregate of \$180,000 has been paid.

5. CAPITAL STOCK

Common Stock

Community Bankers is authorized to issue 50,000,000 shares of common stock. Stockholders are entitled to one vote for each share held of record on all matters to be voted on by stockholders. Stockholders have no conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock, except that Public Stockholders have the right to have their shares of common stock converted to cash equal to their pro rata share of the trust fund if they both elect such conversion within the prescribed time period and they subsequently vote against the Business Combination and the Business Combination is ultimately approved and completed. Assuming the Business Combination is not timely completed and Community Bankers dissolution is approved by Community Bankers stockholders in accordance with Delaware law, Public Stockholders will be entitled to receive their proportionate share of the Trust Fund (including any interest not released to us, net of taxes, and the deferred underwriting discount). In addition, Public Stockholders will be entitled to receive a pro rata portion of Community Bankers remaining assets not held in trust, less amounts Community Bankers pay, or reserve to pay, for all of Community Bankers liabilities and obligations. Initial Stockholders have agreed to waive their rights to share in any liquidating distribution with respect to common stock owned by them prior to consummation of the initial public offering in the event Community Bankers is not able to timely complete a Business Combination.

Pursuant to letter agreements with Community Bankers, the Initial Stockholders have waived their right to receive distributions with respect to their founding shares upon Community Bankers liquidation.

Preferred Stock

Community Bankers is authorized to issue 5,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

The agreement with the underwriters prohibits Community Bankers, prior to a Business Combination, from issuing preferred stock without the consent of the Representatives of the underwriters.

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COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)

6. PROPOSED BUSINESS COMBINATION

On September 5, 2007, Community Bankers entered into an agreement and plan of merger with TransCommunity. The agreement and plan of merger sets forth the terms and conditions of Community Bankers' acquisition of TransCommunity through the merger of TransCommunity with and into Community Bankers. TransCommunity Bank, N.A., a wholly owned subsidiary of TransCommunity, will become a wholly owned subsidiary of the surviving company in the merger.

Under the terms of the agreement and plan of merger, Community Bankers will issue to the shareholders of TransCommunity, for each share of TransCommunity's common stock that they own, 1.4200 shares of Community Bankers' common stock (the Exchange Ratio), subject to adjustment as described below. If the daily average closing price for Community Bankers' common stock for the 20 consecutive days of trading in such stock ending five days before the closing date is less than \$7.42, Community Bankers will increase the Exchange Ratio to the quotient obtained by dividing \$10.5364 by such daily average closing price.

In addition, at the effective time of the merger, each outstanding option to purchase shares of TransCommunity's common stock under any of TransCommunity's stock plans shall vest pursuant to its terms and shall be converted into an option to acquire the number of shares of Community Bankers' common stock equal to the number of shares of common stock underlying the option multiplied by the Exchange Ratio. The exercise price of each option will be adjusted accordingly.

The agreement and plan of merger also provides for Community Bankers' headquarters to move to the headquarters of TransCommunity. Following the consummation of the merger, the Board of Directors of the surviving company will consist of ten directors, four of whom will be nominated by Community Bankers and six of whom will be nominated by TransCommunity. In addition, the chief executive officer and chief financial officer of TransCommunity will take those positions with the surviving company, and Community Bankers' chief executive officer will become the surviving company's chief strategic officer.

Consummation of the merger is subject to a number of customary conditions including the approval of the merger by the shareholders of each of TransCommunity and Community Bankers and the receipt of all required regulatory approvals. In addition, closing of the transaction is also conditioned on holders of fewer than 20% of the shares of Community Bankers' common stock voting against the transaction and electing to convert their shares of Community Bankers' common stock into cash. Pursuant to the agreement and plan of merger either party may terminate the agreement and plan of merger in the event the merger is not consummated by May 31, 2008. As a result of the execution of the agreement and plan of merger, pursuant to Community Bankers' certificate of incorporation, it has until June 7, 2008 to complete the transaction before it would otherwise be required to liquidate.

7. COMMITMENTS

On September 5, 2007, Community Bankers entered into an agreement with Keefe, Bruyette & Woods to provide financial advisory and investment banking services to Community Bankers in connection with the proposed merger with TransCommunity discussed in Note 6. Community Bankers paid \$125,000 upon execution of the agreement and, in the event that the business combination with TransCommunity is consummated, it will pay a cash fee to Keefe,

Bruyette & Woods at closing of \$375,000.

In addition, Community Bankers agreed to pay to I-Bankers Securities, Inc. serving as the underwriting syndicate's representative, \$2,100,000 attributable to the underwriters' discount which the representatives of the underwriters have agreed to defer until the initial Business Combination. Until a Business Combination is completed, these funds are held in the Trust Account. If Community Bankers does not complete a Business Combination, then the 2% deferred discount will become part of the funds returned to Community Bankers' Public Stockholders from the trust account upon its liquidation as part of any plan of dissolution and distribution approved by Community Bankers' stockholders.

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COMMUNITY BANKERS ACQUISITION CORP. AUDITED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Community Bankers Acquisition Corp.

We have audited the accompanying balance sheet of Community Bankers Acquisition Corp. (a corporation in the development stage) as of March 31, 2007 and the related statements of income, stockholders' equity and cash flows for the year ended March 31, 2007 and the period from April 6, 2005 (inception) to March 31, 2007. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The Corporation is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Bankers Acquisition Corp. as of March 31, 2007 and the results of its operations and its cash flows for the year ended March 31, 2007 and the period from April 6, 2005 (inception) to March 31, 2007, in conformity with U.S. generally accepted accounting principles.

/s/ Miller Ellin & Company, LLP

June 19, 2007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Community Bankers Acquisition Corp.

We have audited the accompanying balance sheet of Community Bankers Acquisition Corp. (a corporation in the development stage) as of March 31, 2006, and the related statements of income, stockholders' equity and cash flows for the period from April 6, 2005 (inception) to March 31, 2006. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The Corporation is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Bankers Acquisition Corp. as of March 31, 2006 and the results of its operations and its cash flows for the period from April 6, 2005 (inception) to March 31, 2006, in conformity with U.S. generally accepted accounting principles.

/s/ Yount, Hyde & Barbour, PC

Winchester, Virginia

April 18, 2006 (except for Note 1 and Note 3 as to which the date is June 1, 2006)

COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

BALANCE SHEETS

	March 31, 2007	March 31, 2006
ASSETS		
Current assets:		
Cash	\$ 676,183	\$ 2,360
Cash and United States Treasury securities held in trust fund	58,118,729	
Prepaid expenses	17,500	
Total current assets	58,812,412	2,360
Deferred offering costs		434,597
Total Assets	\$ 58,812,412	\$ 436,957
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Income taxes payable	\$ 806,000	\$
Note payable		20,000
Deferred payment to underwriter	2,100,000	
Accrued expenses	9,185	370,082
Total Current Liabilities	2,915,185	390,082
Common stock, subject to conversion, 1,499,250 shares at conversion value	11,617,934	
Commitments		
STOCKHOLDERS EQUITY		
Preferred stock, \$0.01 par value Authorized 5,000,000 shares; none issued		
Common stock, \$0.01 par value Authorized 50,000,000 shares; Issued and outstanding, 9,375,000 shares in 2007 and 1,875,000 in 2006 (which includes 1,499,250 shares subject to conversion)	93,750	18,750
Additional paid-in capital	43,061,444	28,125
Earnings accumulated during the development stage	1,124,099	
Total Stockholders Equity	44,279,293	46,875
Total Liabilities and Stockholders Equity	\$ 58,812,412	\$ 436,957

See accompanying notes to financial statements.

COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

STATEMENTS OF INCOME

	Year Ended March 31, 2007	For the Period from April 6, 2005 (Inception) to March 31, 2006	Cumulative Period from April 6, 2005 (Inception) to March 31, 2007
Other income:			
Interest on cash and short-term investments held in trust	\$ 2,268,760	\$	\$ 2,268,760
Operating costs	338,661		338,661
Income before taxes	1,930,099		1,930,099
Provision for income taxes	806,000		806,000
Net income	\$ 1,124,099	\$	\$ 1,124,099
Weighted average shares outstanding			
Basic	7,997,740	1,807,292	4,913,793
Diluted	10,256,708	1,807,292	7,192,761
Net income per share-basic	\$ 0.14	\$	\$ 0.23
Net income per share-diluted	\$ 0.11	\$	\$ 0.16

See accompanying notes to financial statements.

COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

STATEMENTS OF STOCKHOLDERS EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Earnings Accumulated During the Development Stage	Stockholders Equity
Balance at April 6, 2005 (date of inception)		\$	\$	\$	\$
Issuance of common stock to initial stockholders	1,875,000	18,750	28,125		46,875
Net income					
Balance at March 31, 2006	1,875,000	18,750	28,125		46,875
Sale of 7,500,000 units, net of underwriters' discount and offering expenses (includes 1,499,250 shares subject to possible conversion)	7,500,000	75,000	54,651,153		54,726,153
Less: proceeds subject to possible redemption of 1,499,250 shares, 19.99% of public shares are subject to redemption			(11,617,934)		(11,617,934)
Proceeds from issuance of option			100		100
Net income				1,124,099	1,124,099
Balance at March 31, 2007	9,375,000	\$ 93,750	\$ 43,061,444	\$ 1,124,099	\$ 44,279,293

See accompanying notes to financial statements.

COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

STATEMENTS OF CASH FLOWS

	Year Ended	For the	Cumulative
	March 31, 2007	Period	Period
	March 31, 2007	from	from
	March 31, 2007	April 6, 2005	April 6, 2005
	March 31, 2007	(Inception) to	(Inception) to
	March 31, 2007	March 31,	March 31, 2007
	March 31, 2007	2006	March 31, 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,124,099	\$	\$ 1,124,099
(Increase) in prepaid expenses	(17,500)		(17,500)
Increase (decrease) in accrued expenses and income tax payable	445,103	370,082	815,185
Net Cash Provided by Operating Activities	1,551,702	370,082	1,921,784
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) in cash and securities held in trust fund	(58,118,729)		(58,118,729)
Net Cash (Used in) Investing Activities	(58,118,729)		(58,118,729)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of common stock		46,875	46,875
Gross proceeds from initial public offering	60,000,000		60,000,000
Proceeds from note payable to stockholder	20,000	20,000	40,000
Payment of note payable to stockholder	(40,000)		(40,000)
Proceeds from issuance of underwriters purchase option	100		100
Payment of costs of the public offering	(2,739,250)	(434,597)	(3,173,847)
Net Cash Provided by (Used in) Financing Activities	57,240,850	(367,722)	56,873,128
NET INCREASE IN CASH	673,823	2,360	676,183
CASH AT BEGINNING OF PERIOD	2,360		
CASH AT END OF PERIOD	\$ 676,183	\$ 2,360	\$ 676,183
NON-CASH FINANCING ACTIVITY			
Accrual of deferred payment to underwriter	\$ 2,100,000	\$	\$ 2,100,000

See accompanying notes to financial statements.

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COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION, BUSINESS OPERATIONS

The Corporation was incorporated in Delaware on April 6, 2005 as a blank check company whose objective is to merge with or acquire an operating commercial bank or bank holding company. The Corporation has neither engaged in any operations nor generated revenue to date other than interest income. The Corporation's fiscal year end is March 31.

The registration statement for the Corporation's initial public offering (Offering) was declared effective June 5, 2006. The Corporation consummated the Offering on June 8, 2006 and received net proceeds of \$54,950,000 which is discussed in Note 3. The Corporation's management has broad discretion with respect to the specific application of the net proceeds of this Offering, although substantially all of the net proceeds are intended to be generally applied toward consummating a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business whose objective is to operate a commercial bank or bank holding company (Business Combination). There is no assurance that the Corporation will be able to successfully effect a Business Combination. Upon the closing of the Offering, \$56,450,000 of the proceeds, including \$2,100,000 attributable to the underwriters discount which the representatives of the underwriters have agreed to defer until the initial Business Combination, are being held in a trust account (Trust Account) and invested in U.S. government securities or other high-quality, short term interest-bearing investments, until the earlier of (1) the consummation of its first Business Combination or (2) distribution of the Trust Account as described below; provided, however, that up to \$1,129,000 of interest income, net of taxes payable on interest earned on the Trust Account, may be released to the Corporation periodically to cover its operating expenses. The balance in the Trust Account as of March 31, 2007 was \$58,118,729. Interest released to the Corporation to cover its operating expenses and the proceeds of the Offering that were not deposited in the Trust Account will be used to pay for business, legal and accounting due diligence on prospective mergers or acquisitions and continuing general and administrative expenses. The Corporation, after signing a definitive agreement for the Business Combination, will submit such transaction for stockholder approval. In the event that stockholders owning 20% or more of the outstanding stock excluding, for this purpose, those persons who were stockholders immediately prior to the Offering, both vote against the Business Combination and exercise their conversion rights, the Business Combination will not be consummated. All of the Corporation's stockholders prior to the Offering, including all of the officers and directors of the Corporation (Initial Stockholders), have agreed to vote all of their founding shares of common stock either for or against the Business Combination as determined by the majority of the votes cast by the holders of the common stock who purchase shares sold in this Offering (Public Stockholders) with respect to a Business Combination. After consummation of the Corporation's first Business Combination, these voting safeguards no longer apply.

With respect to the first Business Combination which is approved and consummated, any Public Stockholder, other than the Corporation's Initial Stockholders, who voted against the Business Combination may demand that the Corporation redeem his or her shares. The per share redemption price will equal the amount in the Trust Fund as of the record date for determination of stockholders entitled to vote on the Business Combination divided by the number of shares of common stock held by Public Stockholders at the consummation of the Offering. Accordingly, Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders may seek redemption of their shares in the event of a Business Combination. Such Public Stockholders are entitled to receive their per share interest in the Trust Fund computed without regard to the shares held by Initial Stockholders. In this

respect, \$11,617,934 has been classified as common stock subject to possible conversion at March 31, 2007.

The Corporation's Certificate of Incorporation provides that in the event that the Corporation does not consummate a Business Combination by the later of (1) 18 months after the consummation of the Offering or (2) 24 months after the consummation of the Offering in the event that either a letter of intent, an agreement in principle or a definitive agreement to complete the Business Combination was executed but was not consummated within such 18-month period (such latter date being referred to as the Termination Date), the board of directors will adopt a resolution, within 15 days thereafter, finding the Corporation's dissolution advisable and provide notice

COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

as promptly thereafter as practicable to stockholders in connection with our dissolution in accordance with Section 275 of the Delaware General Corporation Law. In the event that the Corporation is so dissolved, the Corporation shall promptly adopt and implement a plan of distribution which provides that only the Public Stockholders shall be entitled to receive liquidating distributions and the Corporation shall pay no liquidating distributions with respect to any other shares of capital stock of the Corporation. In the event of liquidation, it is likely that the per share value of residual assets remaining available for distribution (including Trust Fund assets) will be less than the initial public offering price per share in the Offering (assuming no value is attributed to the Redeemable Warrants contained in the Units sold in the Offering as described in Note 3).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements include the accounts of the Corporation. The Corporation has not commenced operations effective March 31, 2007. All activity through March 31, 2007, is related to the Corporation's formation and the Offering.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual amounts could differ from those estimates.

Cash Equivalents

The Corporation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to credit risk consist of cash and cash equivalents. The Corporation's policy is to limit the amount of credit exposure to any one financial institution and place investments with financial institutions evaluated as being creditworthy, or in short-term money market funds which are exposed to minimal interest rate and credit risk.

Income Taxes

The Corporation recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Corporation's financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

Earnings per Common Share

Basic earnings per share (EPS) is computed by dividing net income applicable to common stock by the weighted average common shares outstanding during the period. Diluted EPS reflects the additional dilution for all potentially dilutive securities such as stock warrants.

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COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

Recently Issued Accounting Standards

Management does not believe that any recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying financial statements.

3. INITIAL PUBLIC OFFERING

On June 8, 2006, the Corporation sold 7,500,000 units (Units) in the Offering. Each Unit consists of one share of the Corporation's common stock, \$0.01 par value, and one Redeemable Common Stock Purchase Warrant (Warrant). Each Warrant will entitle the holder to purchase from the Corporation one share of common stock at an exercise price of \$5.00 commencing on the later of the completion of a Business Combination or one year from the effective date of the Offering and expiring five years from the date of the Offering. The Warrants will be redeemable by the Corporation at a price of \$0.01 per Warrant upon 30 days' notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$11.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of the redemption is given.

In addition, the Corporation sold to I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc. or their designees, for \$100, an option to purchase up to 525,000 units in the aggregate. The units issuable upon exercise of this option are identical to those offered in this Offering, except that each of the warrants underlying this option entitles the holder to purchase one share of common stock at a price of \$7.50. This option is exercisable at \$10.00 per unit commencing on the later of the consummation of a Business Combination or one year from the date of the Offering. This option expires June 4, 2011. In lieu of the payment of the exercise price, this option may be converted into units on a net-share settlement or cashless exercise basis to the extent that the market value of the units at the time of conversion exceeds the exercise price of this option. This option may only be exercised or converted by the option holder and cannot be redeemed by the Corporation for cash.

The sale of the option to the representatives of the underwriters is accounted for as an equity transaction in accordance with Emerging Issues Task Force No. 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company's Own Stock*, and measured at its fair value. As a result, the Corporation's cash position and stockholders' equity increased by the \$100 proceeds from the sale. The Corporation accounted for the fair value of the option as an expense of the Offering. The Corporation has determined based upon a trinomial model that the estimated fair value of the option on the date of sale was approximately \$2.4145 per unit or an aggregate of \$1,267,613 assuming an expected life of five years, volatility of 32.371% and a risk-free interest rate of 4.929%. Although an expected life of five years was used, if the Corporation does not consummate a Business Combination within the prescribed time period and liquidate, this option would become worthless.

Because the Corporation does not have a trading history, the Corporation estimated the potential volatility of its common stock price using the average volatility of ten publicly-traded banking institutions with market capitalizations ranging from \$64 million to \$288 million with an average of \$149 million. The Corporation believes that the average volatility of these representative institutions is a reasonable benchmark to use in estimating the expected volatility of its common stock after consummation of a Business Combination, because these sample institutions are operating banks or bank holding companies that are similar in size to target business acquisitions. The volatility calculation of 32.371% was derived using the volatility of representative banks. This calculation used the daily closing prices for the

five year period ended April 30, 2006. Using a higher volatility would have the effect of increasing the implied value of this option.

Pursuant to Rule 2710(g)(1) of the NASD Conduct Rule, the option to purchase 525,000 units is deemed to be underwriting compensation and therefore upon exercise the underlying shares and warrants are subject to a 180-day lock-up. Additionally, the option may not be sold, transferred, assigned, pledged or hypothecated for a one-year period (including the foregoing 180-day period) following the date of the Offering.

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COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

Although this option and its underlying securities have been registered by the Corporation, the Corporation has granted to the holders of this option demand and piggy back registration rights until the later of five years from the date of the Offering or one year after the warrants are exercised with respect to the securities directly and indirectly issuable upon exercise of this option. The Corporation will bear all fees and expenses attendant to registering the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of this option shall be adjusted in certain circumstances including in the event of a stock dividend, or the Corporation's recapitalization, reorganization, merger or consolidation. However, no adjustments to this option will be made for issuances of common stock at a price below the exercise price of this option.

4. DEFERRED OFFERING COSTS

Deferred offering costs consisted principally of legal and other offering expenses incurred through March 31, 2006 that were related to the Offering and were charged to capital upon receipt of the capital raised.

5. NOTE PAYABLE

Community Bankers Acquisition, LLC, an affiliate of the Corporation's president and one of its stockholders, entered into a revolving credit agreement with the Corporation in the amount of \$100,000. Advances under the credit facility were \$40,000. The loan was non-interest bearing and was repaid on June 29, 2006.

6. RELATED PARTY TRANSACTIONS

The Corporation presently occupies office space provided by an affiliate of the Corporation's president and an Initial Stockholder. Such affiliate has agreed that, until the acquisition of a target business by the Corporation, it will make such office space, as well as certain office and secretarial services, available to the Corporation, as may be required by the Corporation from time to time. The Corporation has agreed to pay such affiliate \$7,500 per month for such services commencing June 5, 2006. At March 31, 2007, an aggregate of \$75,000 has been paid.

7. CAPITAL STOCK

Common Stock

The Corporation is authorized to issue 50,000,000 shares of common stock. Stockholders are entitled to one vote for each share held of record on all matters to be voted on by stockholders. Stockholders have no conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock, except that Public Stockholders have the right to have their shares of common stock converted to cash equal to their pro rata share of the trust fund if they both elect such conversion within the prescribed time period and they subsequently vote against the Business Combination and the Business Combination is ultimately approved and completed. Assuming the Business Combination is not timely completed and the Corporation's dissolution is approved by our stockholders in accordance with Delaware law, Public Stockholders will be entitled to receive their proportionate share of the Trust Fund (including any interest not released to us, net of taxes, and the deferred underwriting discount). In addition, Public Stockholders will be entitled to receive a pro rata portion of our remaining

assets not held in trust, less amounts Community Bankers pay, or reserve to pay, for all of our liabilities and obligations. Initial Stockholders have agreed to waive their rights to share in any liquidating distribution with respect to common stock owned by them prior to consummation of the Offering in the event the Corporation is not able to timely complete a Business Combination.

Pursuant to letter agreements with the Corporation, the Initial Stockholders have waived their right to receive distributions with respect to their founding shares upon the Corporation's liquidation.

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COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

Preferred Stock

The Corporation is authorized to issue 5,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

The agreement with the underwriters prohibits the Corporation, prior to a Business Combination, from issuing preferred stock without the consent of the representatives of the underwriters.

8. INCOME TAX

Effective April 1, 2007, the Corporation adopted the provisions of Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the Company's financial statements in accordance with FASB Statement 109, Accounting for Income Taxes, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Management has evaluated and concluded that there are no significant uncertain tax positions requiring recognition in the Corporation's financial statements as of April 1, 2007. The evaluation was performed for the tax year ended March 31, 2006, which remains subject to examination for Federal and state purposes as of March 31, 2007.

The Corporation's policy is to classify assessments, if any, for tax related interest as interest expense and penalties as general and administrative expenses.

The components of the provision for income tax is as follows:

	Year Ended March 31, 2007	For the Period from April 6, 2005 (Inception) to March 31, 2006
Federal		
Current	\$ 690,000	\$
Deferred		
	690,000	
State		
Current	116,000	
Deferred		

116,000

\$ 806,000 \$

There were no deferred tax assets or liabilities at March 31, 2007 and 2006.

9. PER SHARE INFORMATION

In accordance with SFAS No. 128, Earnings Per Share, basic earnings per common share (Basic EPS) is computed by dividing the net income by the weighted-average number of shares outstanding. Diluted earnings per common share (Diluted EPS) is computed by dividing the net income by the weighted-average number of common shares and dilutive common share equivalents and warrants then outstanding. SFAS No. 128 requires the presentation of both Basic EPS and Diluted EPS on the face of the Corporation's Statements of Income.

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COMMUNITY BANKERS ACQUISITION CORP.
(A Corporation in the Development Stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

The following table sets forth the computation of basic and diluted per share information:

	Twelve Months Ended March 31, 2007	For the Period from April 6, 2005 (Inception) to March 31, 2007
Numerator:		
Net Income	\$ 1,124,099	\$ 1,124,099
Denominator:		
Weighted-average common shares outstanding	7,997,740	4,913,793
Dilutive effect of warrants	2,278,968	2,278,968
Weighted-average common shares outstanding, assuming dilution	10,256,708	7,192,761
Net Income Per Share:		
Basic	\$.14	\$.23
Diluted	\$.11	\$.16

**TRANSCOMMUNITY FINANCIAL CORPORATION CONDENSED UNAUDITED FINANCIAL
STATEMENTS**

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TRANSCOMMUNITY FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
September 30, 2007 and December 31, 2006

	September 30, 2007	December 31, 2006
	(Dollars in thousands)	
ASSETS		
Cash and due from banks	\$ 6,051	\$ 3,669
Federal funds sold	4,061	1,422
Total cash and cash equivalents	10,112	5,091
Securities available for sale, at fair value	10,314	13,597
Securities held to maturity, fair value of \$6,356 and \$21,286 at September 30, 2007 and December 31, 2006, respectively	6,400	21,420
Loans	189,003	151,399
Allowance for loan losses	(2,663)	(2,065)
Total loans, net	186,340	149,334
Premises and equipment, net	7,114	6,689
Other investments	938	896
Assets from discontinued operations, net		88
Other assets	1,830	1,330
Total assets	\$ 223,048	\$ 198,445
LIABILITIES		
Deposits:		
Demand:		
Noninterest bearing	\$ 22,575	\$ 20,450
Interest bearing	33,802	37,850
Savings	10,357	9,478
Time	125,230	97,195
Total deposits	191,964	164,973
Note payable		500
Federal funds purchased		1,517
Accrued interest payable	656	540
Liabilities from discontinued operations, net		10
Accrued expenses and other liabilities	496	352
Total liabilities	193,116	167,892

STOCKHOLDERS EQUITY

Common stock (25,000,000 shares authorized \$.01 par value) 4,586,741 and 4,581,741 shares issued and outstanding at September 30, 2007 and December 31, 2006, respectively	46	46
Additional paid in capital	39,904	39,809
Accumulated deficit	(10,027)	(9,262)
Accumulated other comprehensive income (loss)	9	(40)
 Total stockholders equity	 29,932	 30,553
 Total liabilities and stockholders equity	 \$ 223,048	 \$ 198,445

See accompanying notes to unaudited consolidated financial statements.

TRANSCOMMUNITY FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

For the Nine Months Ended September 30, 2007 and 2006

	For the Nine Months Ended September 30, 2007 September 30, 2006 (Dollars and shares in thousands except for per share data)	
Interest and dividend income		
Interest on loans, including fees	\$ 11,616	\$ 9,064
Interest on federal funds sold	458	826
Interest on debt securities	538	545
Dividends on equity securities	37	31
 Total interest income	 12,649	 10,466
Interest expense		
Interest on deposits	4,717	3,108
Interest on other borrowed funds	48	476
 Total interest expense	 4,765	 3,584
 Net interest income	 7,884	 6,882
Provision for loan losses	1,134	311
 Net interest income after provision for loan losses	 6,750	 6,571
 Noninterest income		
Bank service charges and fees	832	768
 Total noninterest income	 832	 768
 Noninterest expense		
Salaries and employee benefits	4,063	3,494
Occupancy expenses	533	494
Equipment expenses	527	438
Other operating expenses	3,149	2,258
 Total noninterest expense	 8,272	 6,684
 (Loss) income from continuing operations before income taxes	 (690)	 655
Income tax expense		
Net (loss) income from continuing operations	(690)	655

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Net loss from discontinued operations	(77)	(651)
Net (loss) income	\$ (767)	\$ 4
Net (loss) income per share from continuing operations (basic and diluted)	\$ (0.15)	\$ 0.14
Net (loss) income per share (basic and diluted)	\$ (0.17)	\$ 0.00
Weighted average number of shares outstanding	4,587	4,582

See accompanying notes to unaudited consolidated financial statements.

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TRANSCOMMUNITY FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the Nine Months Ended September 30, 2007 and 2006

	For the Nine Months Ended	
	September 30,	September 30,
	2007	2006
	(Dollars and shares in thousands)	
Operating activities:		
Net (loss) income	\$ (767)	\$ 4
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Provision for loan losses	1,134	346
Amortization of security premiums and accretion of discounts, net	(14)	18
Depreciation	419	414
Stock-based compensation expense	57	27
Loss on disposition of property		(7)
(Increase) Decrease in other assets	(498)	360
Increase in interest payable	116	205
Increase (Decrease) accrued expenses and other liabilities	134	(75)
Net cash provided by (used in) operating activities	581	1,292
Investing activities:		
Purchase of securities held to maturity	(6,000)	(43,000)
Purchase of securities available for sale	(18,522)	(13,250)
Proceeds from maturities of securities held to maturity	21,025	52,000
Proceeds from maturities of securities available for sale	21,863	3,000
Purchase of other investments	(42)	(121)
Net increase in loans	(38,122)	(16,585)
Purchase of premises and equipment	(774)	(196)
Net cash used in investing activities	(20,572)	(18,152)
Financing activities:		
Net (decrease) increase in federal funds purchased	(1,517)	854
Proceeds from stock options exercised	38	
Net (decrease) increase in note payable	(500)	475
Net decrease in secured borrowings		(1,435)
Net decrease in noninterest bearing and interest bearing demand deposits	(1,923)	(6,363)
Net increase (decrease) in savings deposits	879	(282)
Net increase in time deposits	28,035	20,378
Net cash (used in) provided by financing activities	25,012	13,627

Net increase (decrease) in cash and cash equivalents	5,021	(3,233)
Cash and cash equivalents:		
Beginning of the period	5,091	16,816
End of the period	\$ 10,112	\$ 13,583
Supplemental disclosures of cash flow information:		
Interest paid	\$ 4,650	\$ 3,387

See accompanying notes to unaudited consolidated financial statements.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

NOTE 1 Principles of Consolidation and Basis of Presentation:

The accompanying unaudited consolidated financial statements include the accounts of TransCommunity Financial Corporation (TransCommunity or the Company) and its consolidated subsidiary TransCommunity Bank, N.A., which includes Main Street Mortgage and Investment Corporation (Main Street Mortgage), a former wholly-owned subsidiary that discontinued operations in December 2006. All significant intercompany transactions and balances associated with consolidated subsidiaries have been eliminated.

The consolidated financial statements of TransCommunity conform to accounting principles generally accepted in the United States of America, to general industry practices, and the instructions for Form 10-Q and Regulation S-X. In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position at September 30, 2007, and the results of operations for the three-month and nine-month periods ended September 30, 2007 and 2006. The Consolidated Statement of Financial Condition at December 31, 2006 was derived from audited financial data. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities in the financial statements, and the disclosure of revenue and expense during the reporting periods. The assumptions are based on information available as of the date of the financial statements and could differ from actual results. The results for the interim periods are not necessarily indicative of annual performance. The notes included herein should be read in conjunction with the notes to consolidated financial statements included in the audited December 31, 2006 financial statements for TransCommunity, which statements were included in TransCommunity's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the Securities and Exchange Commission (the Commission).

NOTE 2 Impacts of Certain Accounting Pronouncements:

In September 2006, the FASB released SFAS No. 157, Fair Value Measurement, which provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The Statement also responds to investors' requests for more information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect that fair value measurements have on earnings. SFAS No. 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years. SFAS No. 157 is effective for TransCommunity for years beginning after January 1, 2008, and interim periods within that year. TransCommunity is in the process of evaluating the impact that the adoption of SFAS No. 157 will have on its consolidated financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities. This Statement permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. This Statement is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. TransCommunity is currently in the process of evaluating the impact that the adoption will have on its consolidated financial position and results of operations.

NOTE 3 Investment Securities:

The carrying values, unrealized gains, unrealized losses and approximate fair values of investment securities at September 30, 2007 and December 31, 2006 are shown in the table below. As of September 30, 2007, 18 U.S. Agency Securities with a carrying value of \$13.7 million were pledged as collateral for borrowings and public funds.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Securities Available for Sale
September 30, 2007

	Amortized Cost	Gross Unrealized Gains (Dollars in thousands)	Gross Unrealized Losses	Fair Value
Gov t-sponsored enterprises-discount notes*	\$ 1,000	\$	\$ (1)	\$ 999
Gov t-sponsored enterprises-notes*	9,305	23	(13)	9,315
Total Securities Available for Sale	\$ 10,305	\$ 23	\$ (14)	\$ 10,314

Securities Held to Maturity
September 30, 2007

	Amortized Cost	Gross Unrealized Gains (Dollars in thousands)	Gross Unrealized Losses	Fair Value
Gov t-sponsored enterprises-discount notes*	\$	\$	\$	\$
Gov t-sponsored enterprises-notes*	6,400		(44)	6,356
Total Securities Held to Maturity	\$ 6,400	\$	\$ (44)	\$ 6,356

Securities Available for Sale
December 31, 2006

	Amortized Cost	Gross Unrealized Gains (Dollars in thousands)	Gross Unrealized Losses	Fair Value
Gov t-sponsored enterprises-discount notes*	\$ 7,213	\$	\$ (7)	\$ 7,206
Gov t-sponsored enterprises-notes*	6,424		(33)	6,391
Total Securities Available for Sale	\$ 13,637	\$	\$ (40)	\$ 13,597

**Securities Held to Maturity
December 31, 2006**

	Amortized Cost	Gross Unrealized Gains (Dollars in thousands)	Gross Unrealized Losses	Fair Value
Gov t-sponsored enterprises-discount notes*	\$ 13,008	\$	\$ (12)	\$ 12,996
Gov t-sponsored enterprises-notes*	8,412		(122)	8,290
Total Securities Held to Maturity	\$ 21,420	\$	\$ (134)	\$ 21,286

* FHLB

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Investments in an unrealized loss position that are considered temporarily impaired at September 30, 2007 and December 31, 2006, segregated between investments sustaining unrealized losses for periods less than twelve months and twelve months or greater, are displayed in the following tables:

**Securities Available for Sale
September 30, 2007**

Description of securities:	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(Dollars in thousands)					
Gov t-sponsored enterprises-notes*	\$ 792	\$ (13)	\$	\$	\$ 792	\$ (13)
Gov t-sponsored enterprises-discount notes*	999	(1)			999	(1)
Total	\$ 1,791	\$ (14)	\$	\$	\$ 1,791	\$ (14)

**Securities Held to Maturity
September 30, 2007**

Description of securities:	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(Dollars in thousands)					
Gov t-sponsored enterprises-notes*	\$ 6,356	\$ (44)	\$	\$	\$ 6,356	\$ (44)
Gov t-sponsored enterprises-discount notes*						
Total	\$ 6,356	\$ (44)	\$	\$	\$ 6,356	\$ (44)

**Securities Available for Sale
December 31, 2006**

Description of securities:	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(Dollars in thousands)					
Gov t-sponsored enterprises-notes*	\$ 4,990	\$ (4)	\$ 1,401	\$ (29)	\$ 6,391	\$ (33)
Gov t-sponsored enterprises-discount notes*	7,206	(7)			7,206	(7)
Total	\$ 12,196	\$ (11)	\$ 1,401	\$ (29)	\$ 13,597	\$ (40)

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Securities Held to Maturity
December 31, 2006

Description of securities:	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(Dollars in thousands)					
Gov t-sponsored enterprises-notes*	\$ 1,999	\$ (1)	\$ 6,291	\$ (121)	\$ 8,290	\$ (122)
Gov t-sponsored enterprises-discount notes*	12,996	(12)			12,996	(12)
Total	\$ 14,995	\$ (13)	\$ 6,291	\$ (121)	\$ 21,286	\$ (134)

* Issued by the Federal Home Loan Bank (FHLB)

The September 30, 2007 unrealized loss was the aggregate of 11 U.S. Agency notes, none of which had a continuous loss period of more than 12 months. The December 31, 2006 unrealized loss was the aggregate of 20 U.S. Agency notes, of which 11 had a continuous loss period of more than 12 months. The unrealized loss positions in both years were primarily related to interest rate movements as there is minimal credit risk exposure in these investments. All securities are investment grade or better. No impairment loss has been recognized on these securities because management has both the intent and the ability to hold these securities until maturity or call dates.

Management evaluates securities for other-than-temporary impairment at least 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 TransCommunity's subsidiary bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

NOTE 4 Stock Based Compensation:***2001 Stock Option Plan***

A stock option plan was adopted by the Board of Directors of the Bank of Powhatan on May 8, 2001 (the 2001 Plan). This 2001 Plan was adopted by TransCommunity effective August 15, 2001 in connection with the reorganization in which the Bank of Powhatan became a subsidiary of TransCommunity. The purpose of the 2001 Plan was to reward employees and directors for services rendered and to foster the success of TransCommunity and its subsidiary by providing incentives to employees and directors that will promote the alignment of their personal financial interest

with the long-term financial success of TransCommunity and its subsidiaries and with growth in shareholder value. The 2001 Plan provided that options for up to 330,000 shares of TransCommunity common stock may be issued. Under the 2001 Plan, annual grants of stock options were limited to 10,000 shares for each employee and 7,500 shares for each director. The exercise price may not be less than 100% of the fair market value of the shares on the grant date. Unless the Compensation Committee of TransCommunity's Board of Directors determines otherwise, one-third of a grant becomes vested and exercisable on each of the first three anniversaries of the initial grant date. Each grant becomes fully vested and exercisable in the event of a change in control of TransCommunity. All options are subject to exercise or forfeiture if TransCommunity's capital falls below its minimum requirements, as determined by its primary regulator, and TransCommunity's primary regulator so directs. At September 2007, options to acquire 275,275 shares were outstanding, of which 233,275 were exercisable at that date.

Effective January 1, 2006, TransCommunity adopted SFAS No. 123R, Share-Based Payment, using the modified prospective transition method. SFAS No. 123R requires companies to calculate compensation expense arising from stock-based compensation based on the respective fair values of awards at grant date.

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of the options granted is shown in the following table:

	Nine Months Ended September 30,	
	2007	2006
Outstanding at January 1	\$ 246,625	\$ 281,425
Granted	56,000	5,000
Exercised	(5,000)	
Lapsed	(22,350)	(1,200)
Options outstanding at September 30	275,275	285,225
Options exercisable at September 30	233,275	274,492
Weighted average exercise price	\$ 9.97	\$ 9.95
Weighted average remaining contracted life at September 30	55 months	79 months

The weighted-average grant date fair value of 56,000 options granted under the 2001 Plan during the nine months ended September 30, 2007, was \$2.43 per share, which equaled \$136,080. The weighted average exercise price of options granted during the nine months ended September 30, 2007, was \$8.53 per share.

Options granted under the Plan generally expire ten years after the date of grant and are granted at market value of the stock on the date of grant. Option terms are determined by the Compensation Committee of TransCommunity's Board of Directors at the time of the grant. TransCommunity utilizes the Black Scholes model to calculate fair values of options awarded. This model requires assumptions as to expected volatility, dividends, terms and risk free rates.

Assumptions used for the periods covered herein are outlined in the following table:

	Nine Months Ended	
	September 30, 2007	September 30, 2006
Expected volatility	20%	5%
Expected dividend	0	0
Expected term (years)	5	10
Risk free rate	4.6%	4.6%

Expected volatilities are based on volatility trends of similar entities in the region, as defined by the SNL Mid-Atlantic Bank Index. Expected dividends reflect the experience of TransCommunity's common stock. Expected terms represent the period of time that options granted are expected to be outstanding. The risk free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the appropriate life of each option.

On May 29, 2007, shareholders approved the TransCommunity Financial Corporation 2007 Equity Compensation Plan. As a result, TransCommunity will not make any more stock option grants under the 2001 Plan.

2007 Equity Compensation Plan

On May 29, 2007, the shareholders of TransCommunity approved the TransCommunity Financial Corporation 2007 Equity Compensation Plan (the 2007 Plan). The complete text of the 2007 Plan was filed as an exhibit to the Form 10-Q dated June 30, 2007. The following general description of the principal features of the 2007 Plan is qualified in its entirety by reference to such exhibit. Additional information with respect to the 2007 Plan is included in TransCommunity s proxy statement for its 2007 annual meeting of shareholders, as filed with the Commission on April 23, 2007.

The 2007 Plan authorizes the Compensation Committee of TransCommunity s Board of Directors to grant one or more of the following awards to directors, officers, key employees, consultants and advisors to TransCommunity

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and its subsidiary who are designated by the Compensation Committee: options; stock appreciation rights; stock awards; performance share awards; incentive awards; and stock units. The Compensation Committee will administer the 2007 Plan.

TransCommunity is authorized to issue under the 2007 Plan up to 250,000 shares of its common stock. Generally, if an award is forfeited, expires or terminates, the shares allocated to that award under the 2007 Plan may be reallocated to new awards under the 2007 Plan. Shares surrendered pursuant to the exercise of a stock option or other award or in satisfaction of tax withholding requirements under the 2007 Plan may also be reallocated to other awards. The 2007 Plan provides that if there is a stock split, stock dividend or other event that affects TransCommunity's capitalization, appropriate adjustments will be made in the number of shares that may be issued under the 2007 Plan and in the number of shares and price of all outstanding grants and awards made before such event.

The 2007 Plan also provides that no award may be granted more than 10 years after the earlier of the date that it is approved by TransCommunity's shareholders or the date it is adopted by TransCommunity's Board of Directors, which was February 28, 2007.

The Board of Directors may amend or terminate the 2007 Plan at any time, provided that no such amendment will be made without shareholder approval if (i) the amendment would increase the aggregate number of shares of TransCommunity common stock that may be issued under the 2007 Plan (other than as permitted under the 2007 Plan), (ii) the amendment changes the class of individuals eligible to become participants or (iii) such approval is required under any applicable law, rule or regulation.

On July 25, 2007, agreements with market presidents and corporate senior officers were executed for restricted stock awards totaling 22,375 shares under the 2007 Plan. The agreements grant fifty percent of the restricted stock on a three year vesting schedule as follows:

Date	Percentage
March 1, 2008	20%
March 1, 2009	20%
March 1, 2010	60%

The remaining one-half of the restricted stock will be issued March 1, 2010 if corporate pretax income for 2009 equals or exceeds \$3.0 million.

During the third quarter of 2007, TransCommunity recorded expenses of \$23 thousand related to stock based compensation, and \$57 thousand for the nine months ended September 30, 2007.

NOTE 5 Earnings (Losses) Per Share:

Basic earnings (losses) per share (EPS) are computed by dividing net income or loss by the weighted average number of shares outstanding during the period. Diluted EPS is computed using the weighted average number of common shares outstanding during the period, including the effect of dilutive potential common shares outstanding attributable

to stock awards. Reported basic and dilutive earnings per share are the same as the effect on EPS of TransCommunity's outstanding stock options would be antidilutive.

NOTE 6 Business Segments:

Currently, the holding company operates as a shell company with all operations performed by its subsidiary bank and recorded in its records. All operations are reported under the Community Banking segment.

Previously, TransCommunity had two reportable business segments: Community Banking and TransCommunity as reported June 30, 2007. The Community Banking segment consisted of TransCommunity's four subsidiary banks which were consolidated in June 2007, each of which provided loan, deposit, mortgage and

TRANSCOMMUNITY FINANCIAL CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

investment services to retail and commercial customers in their respective market areas. TransCommunity consisted of the parent company, which wholly owned, the consolidated bank. All operations are now performed within the bank.

During 2006, TransCommunity had two additional business segments, Main Street Mortgage, which provided a variety of mortgage loan products across the country under the exemption granted as a subsidiary of a nationally-chartered bank, and Financial Services, which offered trust, asset management and securities and insurance brokerage services. The activities of both of these business segments were discontinued during 2006. The services previously provided by both of these business segments have been transferred to the Community Banking segment. Segment information previously reported is as follows:

	For Nine Months Ended September 30, 2006				
	Community Banking	Main Street	Trans- Community	Eliminations	Consolidated
	(Dollars in thousands)				
Net interest income (expense)	\$ 6,539	\$ (30)	\$ 343	\$	\$ 6,852
Provision for loan losses	(310)	(36)			(346)
Noninterest income	734	1,773	339	(305)	2,541
Noninterest expense	(4,610)	(2,359)	(2,425)	351	(9,043)
Income (loss) from subsidiaries			1,701	(1,701)	
Net income (loss) from continuing operations	2,353	(652)	(42)	(1,655)	4
Net loss from discontinued operations					
Net income (loss)	\$ 2,353	\$ (652)	(42)	\$ (1,655)	\$ 4
Total Assets	\$ 184,484	\$ 211	\$ 30,692	\$ (22,005)	\$ 193,382

NOTE 7 Secured Borrowings:

As of the reported dates, there were no secured borrowings.

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 8 Capital:

TransCommunity's consolidated regulatory capital levels are displayed in the following table:

	September 30, 2007	December 31, 2006
	(Dollars in thousands)	
Tier 1 Leverage Capital Ratio		
Amount	\$ 29,923	\$ 30,457
Actual Ratio	13.62%	15.86%
Minimum Capital Requirement	4.00%	4.00%
Tier 1 Risk-Based Capital Ratio		
Amount	\$ 29,923	\$ 30,457
Actual Ratio	13.85%	17.16%
Minimum Capital Requirement	4.00%	4.00%
Total Risk-Based Capital Ratio		
Amount	\$ 32,586	\$ 32,522
Actual Ratio	15.09%	18.32%
Minimum Capital Requirement	8.00%	8.00%
Capital ratios:		
Average equity to average assets	14.41%	15.79%
Leverage ratio	13.62%	15.86%
Tier 1 risk-based capital ratio	13.85%	17.16%
Total risk-based capital ratio	15.09%	18.32%

NOTE 9 Litigation:

In the ordinary course of operations, TransCommunity and its subsidiaries may be parties to various legal proceedings. The following matters involve pending or potential claims:

Minter Lawsuit. On November 2, 2006, James L. Minter filed a lawsuit against TransCommunity and William C. Wiley, the former Chief Executive Officer and Chairman of the Board of Directors of TransCommunity, in the Circuit Court of the County of Powhatan in Virginia. The suit arises out of the Bank's purchase of Main Street Mortgage and Investment Corporation in early 2001. Minter alleges that in late 2000 Wiley withheld information concerning the value of Main Street Mortgage from the Bank's board of directors and that the Bank would not have acquired Main Street Mortgage if the valuation had been provided to the Bank's board. Minter's suit claims that TransCommunity aided and abetted and conspired with Wiley in his misrepresentation of Main Street Mortgage's value. Minter's suit also alleges that the December 2005 separation agreement between TransCommunity and Wiley improperly released claims TransCommunity had against Wiley arising out of Wiley's alleged concealment of the Main Street Mortgage valuation from the Bank's board in late 2000. Minter seeks unspecified rescissionary and compensatory damages, unspecified treble damages and punitive damages of \$350,000 against each defendant, jointly and severally and with interest. Minter also seeks to recover his attorneys' fees.

TransCommunity moved for a dismissal of the lawsuit, brought claims against Minter for breach of fiduciary duty related to his use of confidential Company information for personal gain and removed him from the board of the Bank of Powhatan. In response to TransCommunity's motion to dismiss the lawsuit, on August 8, 2007, the court dismissed the two counts that Minter had asserted against TransCommunity. The court, however, permitted Minter to replead the count in which Minter alleged that TransCommunity aided and abetted Wiley in his allegedly fraudulent conduct.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Minter amended his complaint, and the only claim against TransCommunity is based on TransCommunity's alleged derivative liability for Wiley's conduct. The underlying factual allegations are the same; however, Minter now alleges that TransCommunity is liable for Wiley's conduct because he was acting as an agent of TransCommunity. TransCommunity has again moved for a dismissal of Minter's claim. A hearing on TransCommunity's motion is set for December 7, 2007.

TransCommunity believes that, insofar as it concerns TransCommunity, Minter's suit is without merit.

Based on the facts presently known, TransCommunity believes it has limited liability exposure arising from this lawsuit. However, since the case is in the early stages, TransCommunity is unable to evaluate the likelihood of an unfavorable outcome or to estimate the amount or range of potential loss, if any, in this matter.

NOTE 10 Pending Merger:

On September 5, 2007, TransCommunity entered into an Agreement and Plan of Merger with Community Bankers. The Merger Agreement sets forth the terms and conditions of Community Bankers' acquisition of TransCommunity through the merger of TransCommunity with and into Community Bankers. TransCommunity Bank, N.A., a wholly-owned subsidiary of TransCommunity, will become a wholly-owned subsidiary of Community Bankers in the Merger.

Under the terms of the Merger Agreement, Community Bankers will issue to the shareholders of TransCommunity, for each share of TransCommunity's common stock that they own, 1.4200 shares of Community Bankers' common stock (the Exchange Ratio), subject to adjustment as described below. If the daily average closing price for Community Bankers' common stock for the 20 consecutive days of trading in such stock ending five days before the closing date is less than \$7.42, Community Bankers will increase the Exchange Ratio to the quotient obtained by dividing \$10.5364 by such daily average closing price. There will be no adjustment if such daily average closing price is \$7.42 or greater.

In addition, at the effective time of the Merger, each outstanding option to purchase shares of TransCommunity's common stock under any of TransCommunity's stock plans shall vest pursuant to its terms and shall be converted into an option to acquire the number of shares of Community Bankers' common stock equal to the number of shares of TransCommunity's common stock underlying the option multiplied by the Exchange Ratio. The exercise price of each option will be adjusted accordingly.

The Merger Agreement also provides for the headquarters of the resulting company to be located at the headquarters of TransCommunity. Following the consummation of the Merger, the Board of Directors of Community Bankers will consist of 10 directors, four of whom will be nominated by Community Bankers and six of whom will be nominated by TransCommunity. In addition, the chief executive officer and chief financial officer of TransCommunity will take those positions with Community Bankers, and the chief executive officer of Community Bankers will become its chief strategic officer.

Consummation of the Merger is subject to a number of customary conditions including the approval of the Merger by the shareholders of each of TransCommunity and Community Bankers and the receipt of all required regulatory approvals. The Merger is expected to be completed in the fourth quarter of 2007.

A copy of the Merger Agreement and related documents can be found in the Form 8-K filed September 6, 2007.

NOTE 11 Subsequent Events:

None.

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**TRANSCOMMUNITY FINANCIAL CORPORATION CONSOLIDATED AUDITED FINANCIAL
STATEMENTS**

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Report of the Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
TransCommunity Financial Corporation
Glen Allen, Virginia

We have audited the accompanying consolidated balance sheets of TransCommunity Financial Corporation and Subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of operations, changes in stockholders equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TransCommunity Financial Corporation and Subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for the years ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, in 2006 TransCommunity Financial Corporation and Subsidiaries adopted Statement of Financial Accounting Standards No. 123R, Share-Based Payment.

Richmond, Virginia
April 13, 2007

S.B. HOOVER & COMPANY, L.L.P.

Certified Public Accountants

124 Newman Avenue Harrisonburg, Virginia 22801-4004 (540)434-6736 FAX (540)434-3097

The Board of Directors and Stockholders
TransCommunity Financial Corporation
Richmond, Virginia

We have audited, before the effects of the adjustments for the correction of the error described in Note 25, the consolidated statement of operations, changes in stockholders' equity, and cash flows of TransCommunity Financial Corporation for the year ended December 31, 2004 (the 2004 financial statements before the effects of the adjustments discussed in Note 25 are not presented herein). The 2004 consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, except for the error described in Note 25, the 2004 financial statements present fairly, in all material respects, and the results of operations and its cash flows of TransCommunity Financial Corporation for the year ended December 31, 2004 in conformity with U.S. generally accepted accounting principles.

We were not engaged to audit, review or apply any procedures to the adjustments for the correction of the error described in Note 25 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by McGladrey & Pullen, LLP.

/s/ S. B. Hoover & Company, L.L.P.

Harrisonburg, Virginia

March 20, 2005 (except for reclassification of discontinued operations as described in Notes 1 and 14, as to which date is April 12, 2007)

Members of the American Institute of Certified Public Accountants and Virginia Society of Certified Public Accountants

TRANSCOMMUNITY FINANCIAL CORPORATION**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

	2006	2005
	(Dollars in thousands)	
ASSETS		
Cash and due from banks	\$ 3,669	\$ 4,132
Federal funds sold	1,422	12,684
Total cash and cash equivalents	5,091	16,816
Securities available for sale, at fair value	13,597	5,355
Securities held to maturity, fair value of \$21,286 and \$25,722 at December 31, 2006 and 2005, respectively	21,420	25,882
Loans	151,399	134,930
Allowance for loan losses	(2,065)	(1,602)
Total loans, net	149,334	133,328
Premises and equipment, net	6,689	6,841
Other investments	896	536
Assets from discontinued operations, net	88	835
Other assets	1,330	1,055
Total assets	\$ 198,445	\$ 190,648
LIABILITIES		
Deposits:		
Demand:		
Noninterest bearing	\$ 20,450	\$ 17,253
Interest bearing	37,850	46,144
Savings	9,478	9,471
Time	97,195	73,735
Total deposits	164,973	146,603
Federal funds purchased	1,517	272
Note payable	500	
Secured borrowings		12,515
Accrued interest payable	540	302
Liabilities from discontinued operations, net	10	202
Accrued expenses and other liabilities	352	384
Total liabilities	167,892	160,278
Commitments and Contingencies (Notes 19 and 20)		

STOCKHOLDERS EQUITY

Common stock (25,000,000 shares authorized - \$.01 par value) 4,581,741 shares issued and outstanding at December 31, 2006 and 2005, respectively	46	46
Additional paid in capital	39,809	39,778
Accumulated deficit	(9,262)	(9,379)
Accumulated other comprehensive loss	(40)	(75)
Total stockholders equity	30,553	30,370
Total liabilities and stockholders equity	\$ 198,445	\$ 190,648

See accompanying notes to consolidated financial statements.

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TRANSCOMMUNITY FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2006, 2005 and 2004

	2006	2005	2004
	(Dollars in thousands, except per share data)		
Interest and dividend income			
Interest on loans, including fees	\$ 12,366	\$ 9,683	\$ 6,369
Interest on federal funds sold	1,115	678	89
Interest on debt securities taxable	765	561	413
Dividends on equity securities	61	35	23
Total interest and dividend income	14,307	10,957	6,894
Interest expense			
Interest on deposits	4,475	2,888	1,783
Interest on secured borrowings	471	550	112
Interest on other borrowed funds	12	59	99
Total interest expense	4,958	3,497	1,994
Net interest income	9,349	7,460	4,900
Provision for loan losses	493	266	549
Net interest income after provision for loan losses	8,856	7,194	4,351
Noninterest income			
Bank service charges and fees	1,011	791	762
Total noninterest income	1,011	791	762
Noninterest expense			
Salaries and employee benefits	4,711	5,118	4,003
Occupancy expenses	689	614	502
Equipment expenses	600	596	549
Other operating expenses	2,933	3,006	2,347
Total noninterest expense	8,933	9,334	7,401
Income (loss) from continuing operations before income taxes	934	(1,349)	(2,288)
Income tax expense	(15)		
Net Income (loss) from continuing operations	919	(1,349)	(2,288)
Net loss from discontinued operations	(802)	(423)	(293)

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Net income (loss)	\$	117	\$	(1,772)	\$	(2,581)
Net income (loss) per share from continuing operations (basic and diluted)	\$	0.20	\$	(0.41)	\$	(1.08)
Net income (loss) per share (basic and diluted)	\$	0.03	\$	(0.53)	\$	(1.22)
Weighted average number of shares outstanding		4,581,741		3,315,479		2,114,275

See accompanying notes to consolidated financial statements.

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TRANSCOMMUNITY FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Years Ended December 31, 2006, 2005, and 2004

	Shares of Common Stock	Common Stock Subscriptions	Common Stock	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
	Stock	Subscriptions	Stock	Capital	Deficit	(Loss)	Total
	(Dollars in thousands)						
Balance, December 31, 2003	2,068	\$	\$ 21	\$ 19,916	\$ (5,026)	\$ (10)	\$ 14,901
Net loss					(2,581)		(2,581)
Unrealized loss on securities available for sale						(34)	(34)
Total comprehensive loss							(2,615)
Subscriptions received		2,743					2,743
Common stock issued	183	(2,743)	2	2,556			(185)
Deferred compensation expense				95			95
Balance, December 31, 2004	2,251	\$	\$ 23	\$ 22,567	\$ (7,607)	\$ (44)	\$ 14,939
Balance, December 31, 2004	2,251	\$	\$ 23	\$ 22,567	\$ (7,607)	\$ (44)	\$ 14,939
Net loss					(1,772)		(1,772)
Unrealized loss on securities available for sale						(31)	(31)
Total comprehensive loss							(1,803)
Subscriptions received		19,040					19,040
Common stock issued	2,343	(19,040)	23	17,307			(1,710)
Common stock repurchased	(12)			(172)			(171)
Deferred compensation expense				76			76
Balance, December 31, 2005	4,582	\$	\$ 46	\$ 39,778	\$ (9,379)	\$ (75)	\$ 30,370

Balance, December 31, 2005	4,582	\$		\$	46	\$	39,778	\$	(9,379)	\$	(75)	\$	30,370
Net income									117				117
Unrealized gain on securities available for sale											35		35
Total comprehensive income													152
Stock based compensation expense							31						31
Balance, December 31, 2006	4,582	\$		\$	46	\$	39,809	\$	(9,262)	\$	(40)	\$	30,553

See accompanying notes to consolidated financial statement.

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TRANSCOMMUNITY FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2006, 2005 and 2004

	2006	2005	2004
	(Dollars in Thousands)		
Operating activities:			
Net income (loss) from continuing operations	\$ 117	\$ (1,772)	(2,581)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Provision for loan losses	526	331	654
Amortization of security premiums and accretion of discounts, net	(4)	7	(72)
Depreciation	555	538	418
Deferred compensation expense		76	95
Stock-based compensation expense	31		
Loss(Gain) on disposition of property	22	2	(1)
Decrease (increase) in other assets	324	(288)	(194)
Increase (decrease) in accrued interest payable	238	96	
(Decrease) increase in accrued expenses and other liabilities	(224)	71	242
Net cash provided by (used in) operating activities	1,585	(939)	(1,439)
Investing activities:			
Purchase of securities held to maturity	(56,025)	(71,200)	(23,137)
Purchase of securities available for sale	(22,967)	(9,000)	(21,101)
Proceeds from maturities of securities held to maturity	60,500	55,200	30,750
Proceeds from maturities of securities available for sale	14,750	18,500	5,506
Proceeds from sale of securities available for sale		3,000	
Purchase of other investments	(360)	(28)	(150)
Net (increase) decrease in loans	(27,562)	(23,015)	(46,089)
Proceeds from sale of premises and equipment	48		2
Purchase of premises and equipment, net	(376)	(1,402)	(1,472)
Net cash used in investing activities	(31,992)	(27,945)	(55,692)
Financing activities:			
Net change in federal funds purchased	1,245	(2,005)	1,776
Net proceeds from offering of common stock		19,040	2,743
Costs of stock offering		(1,710)	(186)
Net other borrowings (repayments)	500	(1,450)	252
Common stock repurchase		(173)	
Net (decrease) increase in secured borrowings	(1,434)	5,296	7,219
Net (decrease) increase in noninterest bearing and interest bearing demand deposits	(5,096)	11,244	24,675

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Net increase in savings deposits	7	969	2,676
Net increase in time deposits	23,460	10,729	13,636
Net cash provided by financing activities	18,682	41,940	52,791
Net (decrease) increase in cash and cash equivalents	(11,725)	13,055	(4,340)
Cash and cash equivalents:			
Beginning of the period	16,816	3,760	8,100
End of the period	\$ 5,091	\$ 16,816	\$ 3,760
Supplemental disclosures of cash flow information:			
Interest paid	\$ 4,737	\$ 3,402	\$ 1,933
Non-cash investing and financing transactions:			
Transferred of secured borrowing due to loan participation agreement becoming eligible for sales accounting treatment in accordance with Statement 140. (See Notes 9 and 25)	11,081		

See accompanying notes to consolidated financial statements.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 NATURE OF OPERATIONS:

TransCommunity Financial Corporation (TransCommunity or the Company) is a bank holding company whose principal activity is the formation, ownership and operation of independently-managed community banks.

TransCommunity's first subsidiary, the Bank of Powhatan, N.A. (Bank of Powhatan), was organized as a national banking association in 1999, and commenced operations on March 20, 2000. TransCommunity's second subsidiary, Bank of Goochland, N.A. (Bank of Goochland), was organized and incorporated during 2002, and commenced operations on November 25, 2002. On April 19, 2004, TransCommunity established its third independent community bank in the central Virginia area, the Bank of Louisa, N.A. (Bank of Louisa), TransCommunity initially established the Bank of Louisa in July 2003 as a branch of Bank of Powhatan. The assets and liabilities of this branch office were transferred to Bank of Louisa contemporaneously with the receipt by that bank of its independent national banking charter in April 2004. On December 11, 2006, TransCommunity commenced the operations of the Bank of Rockbridge, its fourth subsidiary bank (Bank of Rockbridge together with Bank of Powhatan, Bank of Goochland, and Bank of Louisa, the banks.)

TransCommunity's subsidiary banks are subject to regulation by the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Virginia Bureau of Financial Institution, and the Board of Governors of the Federal Reserve System. The banks provide general banking services to individuals, small- and medium-size businesses and the professional communities of Powhatan, Goochland, Rockbridge, and Louisa Counties of Virginia and surrounding areas.

On January 1, 2001, the Bank of Powhatan purchased Main Street Mortgage and Investment Corporation (Main Street) which became a wholly-owned subsidiary of the bank. Main Street originated commercial and residential real estate loans for investors throughout the state. However, in November of 2006, the Board of Directors voted to discontinue the operations of Main Street.

During 2004, TransCommunity applied for and received authority to offer trust services through each of its national bank subsidiaries. TransCommunity Investment Advisors, Inc., an investment advisory subsidiary, was formed to handle asset management and TransCommunity Investment Services, an insurance agency and investment broker, was established to broaden the scope of financial services available through each of the subsidiary banks. During the fourth quarter of 2005, the Board of Directors directed management to discontinue the operations of these non-bank activities.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of financial presentation The accounting and reporting policies of the Company and its subsidiaries conform to accounting principles generally accepted in the United States of America (US GAAP) and predominant practices within the banking industry. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions also affect reported amounts of revenues and expenses during the

reporting period. Actual results could differ from those estimates.

The principal estimate that is particularly susceptible to significant change in the near term relates to the allowance for loan losses. The evaluation of the adequacy of the allowance for loan losses includes an analysis of the individual loans and overall risk characteristics and size of the different loan portfolios, and takes into consideration current economic and market conditions, the capability of specific borrowers to pay specific loan obligations, and current loan collateral values.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral. Actual losses on specific loans, which also are encompassed in the analysis, may vary from estimated losses.

Principles of consolidation The consolidated financial statements include the accounts of the Company, which is a bank holding company that owns all of the outstanding common stock of its banking subsidiaries, Bank of Powhatan, Bank of Goochland, Bank of Louisa, Bank of Rockbridge, and Main Street Mortgage and Investment Corporation, Inc., a wholly-owned subsidiary of Bank of Powhatan. All significant inter-company balances and transactions have been eliminated.

Business segments SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information establishes standards for the way public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosure about products and services, geographic areas, and major customers. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and assess performance. The statement also requires that public enterprises report a measure of segment profit or loss, certain specific revenue and expense items and segment assets. It also requires that information be reported about revenues derived from the enterprises' products or services, or about the countries in which the enterprises earn revenues and hold assets, and about major customers, regardless of whether the information is used in making operating decisions. The accounting policies of the segments are the same as those described in this Note.

Management has determined that the Company has two current reportable segments, Community Banking and TransCommunity (the holding company). All of the Company's subsidiary banks' activities are interrelated, and each of their activities is dependent and assessed based on how each of the subsidiary banks' consolidated activities for the Company supports the others. For example, commercial lending is dependent upon the ability of the subsidiary banks to fund themselves with retail deposits and other borrowings and to manage interest rate and credit risk. This situation is also similar for consumer and residential mortgage lending. Accordingly, all significant operating decisions are based upon analysis of the consolidated operations of the subsidiary banks as a consolidated segment. The current operations of the holding company are identified as a segment due to their consolidated support services supplied to the subsidiary banks and the cost related to those support services as an operating unit.

The Company has also reported in the past several operating segments that have been discontinued. These discontinued operating segments within the Company's operations, although no longer in existence, will be segregated for comparative reasons and to identify the discontinued operations impact on the company's past operations.

The financial statement information of the parent company is included as a reportable segment. This segment is principally involved with providing managerial support and the operation of the shared services platform for the other reportable segments.

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables present revenues, expenses and net income (loss) for the years 2006 and 2005 and total assets at the respective year-ends for our business segments. All significant inter-segment accounts and transactions have been eliminated.

	For Year Ended December 31, 2006					
	Community Banking	Main Street	Financial Services	Trans- Community	Eliminations	Consolidated
	(Dollars in thousands)					
Net interest income (expense)	\$ 8,922	\$	\$	\$ 427	\$	\$ 9,349
Provision for loan losses	(493)					(493)
Noninterest income	975			441	(405)	1,011
Noninterest expense	(6,174)			(3,222)	463	(8,933)
Income tax expense				(15)		(15)
Income (loss) from subsidiaries	(802)			2,428	(1,626)	
Net income (loss) from continuing operations	2,428			59	(1,568)	919
Net loss from discontinued operations		(802)				(802)
Net income (loss) before taxes	\$ 2,428	\$ (802)	\$	59	\$ (1,568)	\$ 117
Total Assets	\$ 198,111	\$ 88	\$	\$ 246	\$	\$ 198,445

	For Year Ended December 31, 2005					
	Community Banking	Main Street	Financial Services	Trans- Community	Eliminations	Consolidated
	(Dollars in thousands)					
Net interest income (expense)	\$ 7,305	\$	\$	\$ 155	\$	\$ 7,460
Provision for loan losses	(266)					(266)
Noninterest income	678		278	312	(477)	791
Noninterest expense	(5,909)		(376)	(3,586)	537	(9,334)
Income (loss) from subsidiaries	(84)				(1,263)	
Net income (loss) from continuing operations	1,724		(98)	(1,772)	(1,203)	(1,349)
Net loss from discontinued operations		(84)	(339)			(423)
Net income (loss)	\$ 1,724	\$ (84)	\$ (437)	(1,772)	\$ (1,203)	\$ (1,772)

Total Assets \$ 178,963 \$ 1,219 \$ 151 \$ 30,559 \$ (20,244) \$ 190,648

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	For Year Ended December 31, 2004					
	Community Banking	Main Street	Financial Services	Trans- Community	Eliminations	Consolidated
	(Dollars in thousands)					
Net interest income (expense)	\$ 4,949	\$	\$	\$ (49)	\$	\$ 4,900
Provision for loan losses	(549)					(549)
Noninterest income	760		8	500	(506)	762
Noninterest expense	(5,352)		(68)	(2,555)	574	(7,401)
Income (loss) from subsidiaries	10			(477)	467	
Net income (loss) from continuing operations	(182)		(60)	(2,581)	535	(2,288)
Net income (loss) from discontinued operations		10	(303)			(293)
Net income (loss)	\$ (182)	\$ 10	\$ (363)	(2,581)	\$ 535	\$ (2,581)
Total Assets	\$ 150,296	\$ 1,492	\$	\$ 16,472	\$ (17,993)	\$ 150,267

Investment securities The Company accounts for its investment securities in accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Investment securities that the Company has the ability and intent to hold to maturity are classified as held-to-maturity and are stated at cost, adjusted for premium amortization and discount accretion. Securities which are held for indefinite periods of time which management intends to use as part of its asset/liability management strategy, or that may be sold in response to changes in interest rates, changes in prepayment risk, increased capital requirements or other similar factors, are classified as available-for-sale and are carried at fair market value. Net unrealized gains and losses for such securities, net of income tax effect, are charged/credited directly to accumulated other comprehensive income (loss), a component of shareholders' equity. Securities transactions are accounted for on a trade date basis. Gains or losses on disposition of investment securities are based on the net proceeds and the adjusted carrying amount of the securities sold using the specific identification method.

As of December 31, 2006 and 2005, the Company did not have any foreign investment securities or securities designated as trading account investments.

SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activity*, established accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS No. 133 was amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*. The Company's adoption of SFAS No. 133, as amended, did not have a material impact on its financial condition or results of operations. The

Company did not have any derivatives at December 31, 2006 and 2005.

The Company adopted EITF 03-1, *The Meaning of Other than Temporary Impairment and Its Application to Certain Investments*, as of December 31, 2003. EITF 03-1 includes certain required quantitative and qualitative disclosures for investment securities accounted for under SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, that are impaired at the balance sheet date, but an other-than-temporary impairment has not been recognized. In November 2005, the FASB issued Staff Position FSP No. FAS 115-1 and FAS 124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*. This FSP provides guidance on determining when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. The FSP also provides accounting considerations subsequent to the recognition of an other-than-temporary impairment and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The Company adopted FSP

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

No. FAS 115-1 and FAS 124-1 as of December 31, 2005. The disclosures required under EITF 03-1 and FSP No. FAS 115-1 and FAS 124-1 are included in these consolidated financial statements.

Loans and allowance for loan losses Loans that management has the intent and the ability to hold for the foreseeable future or until maturity or payoff are stated at the amount of unpaid principal net of unearned discount, unamortized loan fees and loan origination costs and an allowance for loan losses. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that the collectibility of principal is unlikely. The allowance for loan losses is maintained at a level that management considers adequate to provide for credit losses inherent in the loan portfolios at the reporting date. The level of the allowance is based on management's evaluation of risk of loss in the loan portfolios after consideration of prevailing and anticipated economic conditions, including estimates and appraisals, among other items, known or anticipated at each reporting date. On a periodic basis during the year, management makes credit reviews of the loan portfolios designed to identify any changes in the loans since initial booking impacting their quality rating. This review is designed to identify potential changes to the loan loss reserve.

Interest income on loans is credited to operations based upon the principal amount outstanding. The net amounts of origination fees, origination costs and commitment fees are deferred and recognized over the lives of the related loans and leases as adjustments of yield. When management believes there is sufficient doubt as to the ultimate collectibility of interest on any loan, the accrual of applicable interest is discontinued. A loan is generally classified as nonaccrual when principal and interest have consistently been in default for a period of 90 days or more or because of deterioration in the financial condition of the borrower, and payment in full of principal or interest is not expected. Loans past due 90 days or more and still accruing interest are loans that are generally well-secured and expected to be restored to a current status in the near future or are in the process of collection. In all cases, loans are placed on nonaccrual or are charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Company follows SFAS No. 114, *Accounting by Creditors for Impairment of a Loan*, as amended by SFAS No. 118, *Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures*. This standard requires that certain impaired loans be measured based on the present value of expected future cash flows discounted at the loan's effective interest rates, except that as a practical expedient, a creditor may measure impairment based on a loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. Regardless of the measurement method, a creditor must measure impairment based on the fair value of the collateral when the creditor determines that foreclosure is probable.

Premises and equipment Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed primarily on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the lease or estimated useful life, whichever is shorter.

The Company follows SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS No. 144 retained the existing requirements to recognize and measure the impairment of long-lived assets to be

held and used or to be disposed of by sale. SFAS No. 144 also changed the requirements relating to reporting the effects of a disposal or discontinuation of a segment of a business.

Transfers of Financial Assets The Company follows SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities a replacement of SFAS No. 125 (Statement 140). Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

TransCommunity serves as the lead bank in certain loan transactions where they sell a portion of the loans to other participating banks. For loans participated with other banks, TransCommunity collects payments of principal and interest from the borrowers and distributes the participating bank's interest to them on a pro rata basis.

TransCommunity does not have any servicing agreements related to these participation loans. Accordingly, there are no servicing assets or liabilities recorded. Any retained interests in participation loans are included in total loans in the accompanying consolidated balance sheets and are accounted for consistent with the accounting policies applied to all loans.

Goodwill and intangible assets SFAS No. 141, *Business Combinations*, requires that the purchase method of accounting be used for all business combinations. For purchase acquisitions, the Company is required to record assets acquired, including identifiable intangible assets, and liabilities assumed at their fair value, which in many instances involves estimates based on third party valuations, such as appraisals, or internal valuations based on discounted cash flow analysis or other valuation techniques. SFAS No. 142, *Goodwill and Other Intangible Assets*, prescribes the accounting for goodwill and intangible assets subsequent to initial recognition. The provisions of SFAS No. 142 discontinue the amortization of goodwill and intangible assets with indefinite lives but require at least an annual impairment review, and more frequently if certain impairment indicators are in evidence. The Company adopted SFAS 147, *Acquisitions of Certain Financial Institutions*, on January 1, 2002 and determined that core deposit intangibles will continue to be amortized over the estimated useful life.

Income taxes The Company accounts for income taxes under the liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates that expects to be in effect when these differences reverse. Deferred tax expense is the result of changes in deferred tax assets and liabilities. The principal types of accounts resulting in differences between assets and liabilities for financial statement and tax return purposes are the allowance for loan losses, interest income on nonaccrual loans, depreciation and amortization, difference between book and tax bases of assets acquired and net operating loss carryforwards. The Company and its subsidiaries file a consolidated federal income tax return.

Statements of cash flows Cash and cash equivalents are defined as the sum of cash on hand, non interest-bearing amounts due from banks and federal funds sold. Generally, federal funds are sold for a one-day period.

Other real estate owned Other real estate owned is recorded at lower of cost or market value less costs of disposal. When property is acquired, the excess, if any, of the loan balance over fair market value is charged to the allowance for loan losses. Periodically thereafter, the asset is reviewed for subsequent declines in the estimated fair market value. Subsequent declines, if any, holding costs and gains and losses on subsequent sale are included in the consolidated statements of operations. At December 31, 2006 and 2005, the Company held no other real estate owned.

Marketing costs The Company expenses marketing costs as incurred. Marketing expenses for the years ended December 31, 2006, 2005, and 2004 were approximately \$221 thousand, \$428 thousand and \$373 thousand, respectively.

Earnings per share Basic earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted average common shares outstanding during the period. Diluted earnings per share takes into account the potential dilution that could occur if stock options or other contracts to issue common stock were exercised and converted into common stock. Stock options for 241,725, 256,325 and 317,375 shares of common stock were not considered in computing diluted earnings per share for 2006, 2005 and 2004, respectively, because they were antidilutive.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Stock based compensation In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123R, Share-Based Payment, that addresses the accounting for share-based payment transactions in which an enterprise exchanges its equity instruments for goods and services. The Statement eliminates the ability to account for share-based compensation transactions using Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and requires instead that such transactions be accounted for using a fair-value-based method. SFAS No. 123R required implementation by the beginning of the first fiscal year that begins after June 15, 2005. On January 1, 2006, TransCommunity implemented SFAS No. 123R using the modified prospective transition method. By implementing SFAS No. 123R, TransCommunity recorded \$31 thousand of additional compensation expense during the year ended December 31, 2006, resulting from the application of fair-value-based accounting to its stock-based compensation programs. See Note 16 for more information about TransCommunity's stock-based compensation programs.

Comprehensive income (loss) The Company follows the disclosure provisions of SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 requires the reporting of comprehensive income which includes net income (loss) as well as certain other items that result in a change to shareholders' equity during the period.

Reclassifications and restatements Certain reclassifications have been made in the 2004 and 2005 financial statements to conform to the classifications used in 2006. Additionally, certain restatements were made to 2005 and 2004 financial statements as discussed in Note 25.

New Accounting Pronouncements In May 2005, the FASB issued Statement No. 154, *Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3* (SFAS 154). SFAS 154 changes the accounting for and reporting of a voluntary change in accounting principle and replaces ABP Opinion No. 20, *Accounting Changes* and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*. Under Opinion No. 20, most changes in accounting principle were reported in the income statement of the period of change as a cumulative adjustment. However, under SFAS 154, a voluntary change in accounting principle must be shown retrospectively in the financial statements, if practicable, for all periods presented. In cases where retrospective application is impracticable, an adjustment to the assets, liabilities and a corresponding adjustment to retained earnings can be made as of the beginning of the earliest period for which retrospective application is practicable rather than being reported in the income statement. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years after December 15, 2005. The Company does not anticipate this revision will have a material effect on its financial position or results of operations.

In February 2006, FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments - an Amendment of FASB Statements No. 133 and 140* (SFAS 155). SFAS 155 amends FASB Statements No. 133, *Accounting for Derivative Instruments and Hedging Activities*, and No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. SFAS 155 resolves issues addressed in Statement 133 Implementation Issue No. D1, *Application of Statement 133 to Beneficial Interests in Securitized Financial Assets*. SFAS 155 provides a fair value measurement option for certain hybrid financial instruments that contain an embedded derivative that would otherwise require bifurcation. Adoption of SFAS 155 is required as of the beginning of the first fiscal year beginning subsequent to September 15, 2006. The Company does not anticipate the adoption of SFAS 155 in January 2007 will have a material effect on its financial position or results of operations.

In March 2006, FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets – an Amendment of FASB Statement No. 140* (SFAS 156). SFAS 156 amends FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities* , with respect to the accounting for separately recognized servicing assets and servicing liabilities. SFAS 156 requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract to be initially measured at fair value, if practicable. SFAS 156 also permits entities to subsequently measure servicing assets and liabilities using an amortization method or fair value measurement method. Under the amortization method, servicing assets and liabilities are amortized in proportion to and over the estimated period of

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

servicing. Under the fair value measurement method, servicing assets are measured at fair value at each reporting date and changes in fair value are reported in net income for the period during which the change occurs. Adoption of SFAS 156 is required as of the beginning of the first fiscal year beginning subsequent to September 15, 2006. Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided the entity has not yet issued financial statements, including interim financial statements, for any period of that fiscal year. The Company does not anticipate the adoption of SFAS 156 in January 2007 will have a material effect on its financial position or results of operations.

In September 2006, the FASB released SFAS No. 157, *Fair Value Measurement*, which provides guidance for using fair value to measure assets and liabilities. SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The standard also responds to investors' requests for more information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect that fair value measurements have on earnings. SFAS No. 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. SFAS No. 157 is effective for financial statements issued for financial years beginning after November 15, 2007, and interim periods within those years. SFAS No. 157 is effective for the Company for years beginning after January 1, 2008, and interim periods within that year. The Company is in the process of evaluating the impact that the adoption of SFAS No. 157 will have on its consolidated financial position and results of operations.

In June 2006, FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. Earlier application of the provisions of this interpretation is encouraged if the enterprise has not yet issued financial statements, including interim statements, in the period this interpretation is adopted. TransCommunity has evaluated FIN 48 and concluded that the adoption of this interpretation will have no material impact on its financial statements.

In February 2007, the FASB issued SFAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities*. This standard permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. This Statement is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of SFAS 157 *Fair Value Measurement*. The Company is currently in the process of evaluating the impact that the adoption will have on its consolidated financial position and results of operations.

NOTE 3 RESTRICTIONS ON CASH AND DUE FROM BANKS:

The Banks are required to maintain average cash balances on hand or with the Federal Reserve Bank. At December 31, 2006, these reserve balances amounted to \$190 thousand. At December 31, 2005, these reserve balances amounted to \$173 thousand.

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 4 INVESTMENT SECURITIES:

The amortized cost and estimated fair value of securities are as follows:

Securities Available for Sale December 31, 2006

	Amortized Cost	Gross Unrealized Gains (Dollars in thousands)	Gross Unrealized Losses	Fair Value
U.S. Agency discount notes	\$ 7,213	\$	\$ (7)	\$ 7,206
U.S. Agency notes	6,424		(33)	6,391
Total Securities Available for Sale	\$ 13,637	\$	\$ (40)	\$ 13,597

Securities Held to Maturity December 31, 2006

	Amortized Cost	Gross Unrealized Gains (Dollars in thousands)	Gross Unrealized Losses	Fair Value
U.S. Agency discount notes	\$ 13,008	\$	\$ (12)	\$ 12,996
U.S. Agency notes	8,412		(122)	8,290
Total Securities Held to Maturity	\$ 21,420	\$	\$ (134)	\$ 21,286

Securities Available for Sale December 31, 2005

	Amortized Cost	Gross Unrealized Gains (Dollars in thousands)	Gross Unrealized Losses	Fair Value
U.S. Agency notes	5,430		\$ (75)	5,355
Total Securities Available for Sale	\$ 5,430	\$	\$ (75)	\$ 5,355

Securities Held to Maturity December 31, 2005

	Amortized Cost	Gross Unrealized Gains (Dollars in thousands)	Gross Unrealized Losses	Fair Value
U.S. Agency discount notes	\$ 19,482	\$	\$ (11)	\$ 19,471
U.S. Agency notes	6,400		(149)	6,251
Total Securities Held to Maturity	\$ 25,882	\$	\$ (160)	\$ 25,722

The amortized cost and fair value of investment securities at December 31, 2006, by contractual maturity, are shown in the following schedule. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Amortized Cost	Fair Value	Weighted Average Yield
	(Dollars in thousands)		
Securities Available for Sale			
Due within one year	\$ 10,329	\$ 10,317	5.08%
Due after one year through five years	3,308	3,280	4.56%
Due after five years through ten years			
Total Securities Available for Sale	\$ 13,637	\$ 13,597	4.95%
Securities Held to Maturity			
Due within one year	\$ 15,020	\$ 15,008	5.10%
Due after one year through five years	5,400	5,294	3.90%
Due after five years through ten years	1,000	984	4.73%
Total Securities Available for Sale	\$ 21,420	\$ 21,286	4.79%

At December 31, 2006 and 2005 gross unrealized losses totaled \$174 thousand and \$235 thousand, respectively. Securities in an unrealized loss position at December 31, 2006 and 2005 are shown below.

Securities Available for Sale

	Less than 12 Months Unrealized		12 Months or More Unrealized		Total Unrealized	
	Fair Value	Loss	Fair Value	Loss	Fair Value	Loss
December 31, 2006	(Dollars in thousands)					
Description of securities:						
US Agency notes	\$ 4,990	(4)	\$ 1,401	\$ (29)	\$ 6,391	\$ (33)
US Agency discount notes	7,206	(7)			7,206	(7)
Total	\$ 12,196	\$ (11)	\$ 1,401	\$ (29)	\$ 13,597	\$ (40)

Securities Held to Maturity

Less than 12 Months	12 Months or More	Total
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December 31, 2006	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized	
	Value	Loss	Value	Loss	Value	Loss	
			(Dollars in thousands)				
Description of securities:							
US Agency notes	\$ 1,999	(1)	\$ 6,291	\$ (121)	\$ 8,290	\$ (122)	
US Agency discount notes	12,996	(12)			12,996	(12)	
Total	\$ 14,995	\$ (13)	\$ 6,291	\$ (121)	\$ 21,286	\$ (134)	
December 31, 2005							
Description of securities:							
US Agency notes	\$ 5,066	(59)	\$ 6,540	\$ (164)	\$ 11,606	\$ (223)	
US Agency discount notes	19,471	(12)			19,471	(12)	
Total	\$ 24,537	\$ (71)	\$ 6,540	\$ (164)	\$ 31,077	\$ (235)	

The 2006 unrealized loss is the aggregate of 20 U.S. Agency notes, of which 11 have a continuous loss period of more than 12 months. The 2005 unrealized loss is the aggregate of 18 U.S. Agency notes, of which 11 have a

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

continuous loss period of more than 12 months. The unrealized loss positions in both years were primarily related to interest rate movements as there is minimal credit risk exposure in these investments. All securities are investment grade or better. No impairment loss has been recognized on these securities because management has both the intent and the ability to hold these securities until maturity or call dates.

Management evaluates securities for other-than-temporary impairment at least 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 TransCommunity's subsidiary banks to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The carrying amount (which approximates fair value) of securities pledged by the banks to secure public deposits amounted to \$11.3 million and \$11.8 million at December 31, 2006 and 2005, respectively.

TransCommunity's subsidiary banks are required to hold stock in the Federal Reserve Bank. The investment in Federal Reserve Bank stock is recorded at cost of \$831 thousand and \$536 thousand as of December 31, 2006 and 2005, respectively. The Company also held \$65 thousand in Virginia Bankers Association Title Insurance Company Stock at year end 2006, which are classified as Other Investments in the Consolidated Balance Sheet.

NOTE 5 LOANS:

Loans receivable outstanding at December 31, 2006 and 2005 are summarized as follows:

	At December 31,	
	2006	2005
	(Dollars in thousands)	
Real estate:		
Construction	\$ 21,348	\$ 16,041
Residential	29,007	25,147
Commercial	60,571	65,470
Commercial, industrial and agricultural	31,284	20,205
Consumer and installment	8,725	7,436
All other	464	631
Total Loans	\$ 151,399	\$ 134,930

At December 31, 2006 and 2005, the total recorded investment in loans in nonaccrual status amounted to \$920 thousand and \$25 thousand, respectively, and the total recorded investment in loans past due 90 days or more and still accruing interest amounted to approximately \$41 thousand and \$140 thousand, respectively. These nonaccrual and past due loans consist of smaller balance homogenous loans that are collectively evaluated for impairment.

TransCommunity's banking subsidiaries have entered into transactions with certain directors, executive officers, significant stockholders, and their affiliates. Such transactions were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features.

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The aggregate amount of loans to such related parties at December 31, 2006 and 2005 was as follows:

	2006	2005
	(Dollars in thousands)	
Beginning balance	\$ 7,659	\$ 4,449
Add: Advances	8,659	6,024
Less: Repayments	8,580	2,814
Ending balance	\$ 7,738	\$ 7,659

NOTE 6 ALLOWANCE FOR LOAN LOSSES:

A summary of the changes in the allowance for the loan losses is shown in the following schedule:

	At December 31,		
	2006	2005	2004
	(Dollars in thousands)		
Allowance for loan losses, January 1	\$ 1,602	\$ 1,401	\$ 870
Provision charged to expense	493	266	549
Net loans charged off	(30)	(65)	(18)
Allowance for loan losses, December 31	\$ 2,065	\$ 1,602	\$ 1,401
Allowance for loan losses to total loans	1.36%	1.19%	1.25%

NOTE 7 PREMISES AND EQUIPMENT:

Premises and equipment at December 31, 2006 and 2005 are summarized as follows:

	At December 31,	
	2006	2005
	(Dollars in thousands)	
Land and improvements	\$ 1,722	\$ 1,722
Buildings	4,243	4,164
Furniture and equipment	2,788	2,559
Construction in progress	37	12
	8,790	8,457
Accumulated depreciation	(2,101)	(1,616)

Net premises and equipment	\$ 6,689	\$ 6,841
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The depreciation expense on premises and equipment for 2006, 2005 and 2004 was \$555 thousand, \$538 thousand and \$418 thousand, respectively.

Construction in progress at December 31, 2006 includes blueprint plans to add on to the current Bank of Powhatan structure.

Construction in progress at December 31, 2005 included leasehold improvements to the Bank of Powhatan which were completed during 2006.

NOTE 8 TIME DEPOSITS:

The aggregate amount of time deposits with a minimum denomination of \$100 thousand was \$43.7 million and \$28.2 million at December 31, 2006 and 2005, respectively.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

At December 31, 2006, the scheduled maturities of certificates of deposit were as follows:

		(Dollars in thousands)
2007	\$	48,401
2008		21,722
2009		11,486
2010		9,642
2011		5,944
Total	\$	97,195

NOTE 9 NOTES PAYABLE AND SECURED BORROWINGS:

Notes Payable On July 21, 2006, Main Street Mortgage and Financial Corporation entered into a \$500 thousand unsecured revolving line of credit fully guaranteed by TransCommunity. This fully drawn line of credit, due upon demand, required monthly interest only payments based on the prime rate as published by the *Wall Street Journal*, which was 8.25% at December 31, 2006. Interest was paid as agreed by Main Street until year-end 2006, when it discontinued operations and TransCommunity assumed the note. During 2006, interest expense associated with this line of credit was \$18 thousand and is included in the results of discontinued operations. Starting January 2007, TransCommunity continued interest payments until March 2007, when the note was paid in full.

Secured Borrowings Secured borrowings amounted to \$12.5 million at December 31, 2005. Pursuant to SFAS Statement 140, certain loan participation agreements did not qualify for sale accounting due to buyback provisions included within the agreement, thus the Company had not surrendered control over the transferred loans and had accounted for the transfers as secured borrowings. During September 2006, the Company amended all participation loan agreements such that as of September 29, 2006, all loan participation agreements became eligible for sale accounting in accordance with Statement 140 and as a result the secured borrowings were short-term in nature.

NOTE 10 CAPITAL STOCK:

TransCommunity is authorized to issue up to 25,000,000 shares of common stock, \$.01 par value per share, and up to 5,000,000 shares of preferred stock, \$.01 par value per share. At December 31, 2006 and December 31, 2005 TransCommunity had 4,581,741 shares of common stock issued and outstanding, respectively. On the same dates no shares of preferred stock were issued or outstanding.

During the period June 2004 to February 2005, TransCommunity sold 225,528 shares of common stock in a non-underwritten public offering, at a purchase price of \$15 per share. Additionally, 100 shares of common stock were issued in 2005 in connection with an option exercise by one option holder. These shares were issued at an option exercise price of \$10.00 per share. In July 2005, TransCommunity sold 2,300,000 shares of common stock in an underwritten public offering to a limited number of institutional investors at a purchase price of \$8.00 per share. The

minimum share purchase requirement in the offering was 25,000 shares per investor.

In November 2005, TransCommunity repurchased 11,500 shares of common stock issued in the 2004-2005 non-underwritten offering from one person residing in a jurisdiction in which such shares had not been properly registered for sale. The shares were repurchased at the original issue price at \$15 per share.

NOTE 11 DIVIDEND LIMITATIONS:

A principal source of funds for TransCommunity in future years is anticipated to be dividends paid by its subsidiary banks. Dividends paid by the banks are limited by banking regulations. Approval of the Comptroller of the Currency is required if the dividends declared by a national bank, in any year, exceed the sum of (1) net income

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

for the current year and (2) income, net of dividends, for the preceding two years. No dividends were paid to TransCommunity in 2006.

In January of 2007, the Bank of Powhatan and the Bank of Goochland each paid TransCommunity a \$300 thousand dividend out of their respective retained earnings.

TransCommunity may not pay a dividend while there is an accumulated deficit.

NOTE 12 INCOME TAXES:

The components of income tax expense are as follows:

	Year Ended December 31,		
	2006	2005	2004
Current expense	\$ 15	\$	\$
Deferred expense			
Net Income tax expense	\$ 15	\$	\$

The components of the deferred tax assets and liabilities at December 31, 2006 and 2005 are as follows:

	At December 31,	
	2006	2005
	(Dollars in thousands)	
Deferred tax assets:		
Allowance for loan loss	\$ 558	\$ 533
Organization costs		16
Charitable contribution carryover	27	25
Stock compensation award		81
Stock based compensation	12	
Goodwill	81	
Net operating loss carryforwards	2,904	2,816
Alternative minimum tax credit	15	
Unrealized loss on available for sale securities	13	25
Total deferred tax asset	3,610	3,496
Less: Valuation allowance	(3,387)	(3,203)
	223	293

Deferred tax liabilities:

Goodwill		29
Depreciation	223	264
Net deferred tax asset	\$	\$

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the differences between the actual income tax benefit and the amounts computed using the federal statutory tax rates:

	At December 31,		
	2006	2005	2004
	(Dollars in thousands)		
Income tax expense (benefit) at the applicable federal tax rate	\$ 45	\$ (602)	\$ (878)
Change in valuation allowance for deferred taxes	184	589	869
True up of prior year net deferred tax assets	(251)		
Nondeductible expenses	22	13	9
Alternative minimum tax	15		
Income tax expense (benefit)	\$ 15	\$	\$

The true up of prior year net deferred tax assets, totaling \$251,000, reflected in the preceding table principally represents a net increase in deferred tax assets associated with the income tax effects of adjustments made to temporary differences related to net operating loss carry forwards and allowances for loan losses.

At December 31, 2006, TransCommunity had total net operating loss carryforwards of \$7.5 million which begin to expire after December 31, 2020.

For the year ended December 31, 2006, TransCommunity generated taxable income of \$1 million which is fully offset by available net operating losses generated in prior years. However, as a result of a 90% limitation with respect to deducting alternative minimum tax net operating loss carryovers, TransCommunity's current expense for income taxes for the year ended December 31, 2006 is \$15 thousand in alternative minimum tax. TransCommunity may be subject to the alternative minimum tax in future years.

The net deferred tax assets at December 31, 2006 and 2005, consisted primarily of the tax effect of net operating loss carryforwards incurred in years after December 31, 2000. The net deferred tax assets recognized, at December 31, 2006 and 2005, are fully offset by a valuation allowance since, at this time, there is insufficient evidence to conclude that TransCommunity will produce continuing and sufficient taxable income in the future to utilize its net operating losses and other deductible temporary differences.

The Company issued common stock in 2002 and 2005 resulting in a more than 50% change in ownership. As a result, utilization of certain of the Company's net operating losses incurred in the periods prior to the changes are limited under Internal Revenue Code § 382 as to the amount that can be used to offset taxable income in subsequent years. In 2005, the Company incurred approximately \$656 thousand of net operating loss after the change of control. Taxable income in future years that exceed the annual § 382 limit and the post change of control net operating loss will be taxed at regular corporate tax rates.

NOTE 13 CONCENTRATION OF CREDIT RISK:

Most of the banks' loans are made to customers in the banks' trade areas. Accordingly, the ultimate collectibility of the banks' loan portfolio is susceptible to changes in local economic conditions. The types of loans made by the banks are described in Note 5. Collateral required by the banks is determined on an individual basis depending on the nature of the loan and the financial condition of the borrower. TransCommunity has a concentration of loans secured by real estate. At December 31, 2006, real estate loans represented 73.3% of the loans in the consolidated portfolio. Real estate lending by the banks generally consists of commercial real estate loans, construction and development loans, and residential and home equity loans.

The Company maintains deposits at other high credit quality commercial banks that may, at times, exceed federally insured limits.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 14 SELECTED FINANCIAL DATA FOR DISCONTINUED OPERATIONS:

Pursuant to SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the following information and related financial data is provided for operating segments where operations were discontinued during the years ended December 31, 2006 and 2005.

On November 29, 2006, the TransCommunity board of directors directed the Company's management to close Main Street Mortgage, a mortgage brokerage company, enabling it to better align TransCommunity's operations with its community banking focus. Main Street Mortgage had operated as a wholly-owned subsidiary of the Bank of Powhatan, a wholly-owned subsidiary of TransCommunity, since 2001.

During the fourth quarter of 2005, the TransCommunity board of directors voted to discontinue offering the trust banking, asset management and insurance and securities brokerage services being offered through TransCommunity's financial services operating segment.

(Loss) Gain from discontinued operations

	Years Ended December 31,		
	2006	2005	2004
	(In thousand dollars)		
Main Street	\$ (802)	\$ (84)	\$ 10
Financial Services		(339)	(303)
	\$ (802)	\$ (423)	\$ (293)

Financial data for discontinued operations Main Street Mortgage

	Years Ended December 31,		
	2006	2005	2004
	(In thousand dollars)		
Interest Income	\$ 6	\$ 16	\$ 36
Interest Expense	(46)	(63)	(61)
Net Interest Income (Expense)	(40)	(47)	(25)
Provision for Loan Losses	(33)	(64)	(105)
Net Interest Income (Expense) after Provision	(73)	(111)	(130)
Noninterest Income	1,881	3,983	3,351
Salaries and employee benefits	(1,723)	(3,091)	(2,544)

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Occupancy expenses	(177)	(226)	(182)
Equipment costs	(107)	(116)	(97)
Other operating expenses	(603)	(523)	(388)
Gain (loss) from discontinued operations	\$ (802)	\$ (84)	\$ 10
Cash	\$	\$	\$
Loans Receivable	18	69	213
Premises and Equipment	67	164	206
Other Assets	3	602	601
Total Assets	\$ 88	\$ 835	\$ 1,020
Note Payable	\$	\$	\$
Accrued Expenses and Other Liabilities	10	202	291
Total Equity	78	633	729
Total Liabilities and Equity	\$ 88	\$ 835	\$ 1,020

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Summary financial data for discontinued operations Financial Services

	Years Ended December 31,		
	2006	2005	2004
	(In thousand dollars)		
Noninterest Income	\$	\$ 29	\$ 11
Salaries and employee benefits		(288)	(212)
Occupancy expenses		(30)	(43)
Equipment costs		(4)	(8)
Other operating expenses		(46)	(51)
 Gain (loss) from discontinued operations	 \$	 \$ (339)	 \$ (303)

Financial Services reported no assets or liabilities in either 2005 or 2004

NOTE 15 GOODWILL:

During the second quarter of 2006, TransCommunity completed an impairment test of its goodwill in accordance with the specific requirements of SFAS No. 142 *Goodwill and Other Intangible Assets*. This Statement addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17,

Intangible Assets. It addresses how intangible assets that are acquired individually or with a group of other assets should be accounted for in financial statements upon their acquisition. This Statement also addresses how goodwill and other intangible assets should be accounted for after they have been initially recognized in the financial statements. Based on second quarter personnel changes and a continued deterioration of the financial condition of Main Street Mortgage, the Company believed the \$321 thousand of goodwill reported as other assets associated with the acquisition of Main Street Mortgage should be tested for impairment. The Company used a valuation approach which included comparisons of historical forecasts to actual results and earnings forecasts for the next year to determine if the fair value of the subsidiary exceeded the book value. Because goodwill is defined as the excess of the cost of an acquired entity over the fair value of all identifiable tangible and intangible assets acquired and the liabilities assumed, the Company was required to calculate the fair value of such assets and liabilities for Main Street Mortgage. Through this process, the Company concluded that the entire \$321 thousand of goodwill was impaired and this amount was charged to operating expenses during the second quarter of 2006.

NOTE 16 STOCK OPTION PLAN:

Under the Company's Stock Option Plan (the Plan), the Company may grant options to its directors, officers and employees for up to 330,000 of common stock. Annual grants of stock options are limited to 10,000 shares for each employee and 7,500 shares for each director. Both incentive stock options and non-qualified stock options may be granted under the plan. Effective January 1, 2006, the Company adopted SFAS No. 123(R), *Share-Based Payment*, which requires that compensation cost relating to share-based payment transactions be recognized in the financial statements with measurement based upon the fair value of the equity or liability instruments issued.

The Plan was adopted by the Board of Directors of the Bank of Powhatan on May 8, 2001. This Plan was adopted by TransCommunity effective August 15, 2001 in connection with the Reorganization whereby the Bank of Powhatan became a subsidiary of TransCommunity. The purpose of the Plan is to reward employees and directors for services rendered and investment risks undertaken to date and to promote the success of TransCommunity and its subsidiaries by providing incentives to employees and directors that will promote the alignment of their personal financial interest with the long-term financial success of TransCommunity, its subsidiaries and with growth in shareholder value. The exercise price may not be less than 100% of the fair market value of the shares on the grant date. Unless the Stock Option Committee determines otherwise, one-third of a grant becomes vested and exercisable on each of the first three anniversaries of the initial grant date. Each grant becomes fully vested and exercisable in the event of a change in control of TransCommunity. All options are subject to exercise or

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

forfeiture if TransCommunity's capital falls below its minimum requirements, as determined by its primary regulator, and TransCommunity's primary regulator so directs. The Plan will expire on May 7, 2011, unless terminated sooner by the Board of Directors.

The following table illustrates the effect on net loss and loss per share as if TransCommunity had applied the fair value recognition provisions of FASB Statement No. 123, *Accounting for Stock-Based Compensation*, to the stock option plan.

	2005	2004
	(Dollars in thousands)	
Net income (loss), as reported	\$ (1,772)	\$ (2,581)
Deduct: total stock-based employee compensation expense determined under fair value based method	(144)	(346)
Pro Forma Net Income (Loss)	\$ (1,916)	\$ (2,927)
Earnings (Loss) per Share:		
Basic and diluted as reported	\$ (0.53)	\$ (1.22)
Basic and diluted pro forma	\$ (0.58)	\$ (1.38)

The fair value of each option granted is estimated on the date of grant using the Black Scholes Option Pricing method with the following assumptions:

	For the Years Ended		
	2006	2005	2004
Expected volatility	0.7%	N/A	N/A
Expected dividend	0	N/A	N/A
Expected term (years)	10	N/A	N/A
Risk free rate	4.4%	N/A	N/A

The expected volatility is based on historical volatility of comparable peer banks. The risk free interest rates for periods within the contractual life of the awards are based on the U.S. Treasury yield curve at the time of the grant. The expected life is based on the historical exercise experience. The dividend yield assumption is based on the Company's history and expectation of dividend payouts.

A summary of the options granted is shown in the following table:

	2006		2005		2004	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding at beginning of the year	256,325	\$ 10.00	317,375	\$ 10.00	318,675	\$ 10.00
Granted	5,000	\$ 7.65				
Forfeited	(167)	\$ 10.00				
Exercised			(100)	\$ 10.00		
Expired	(14,433)	\$ 10.00	(60,950)	\$ 10.00	(1,300)	\$ 10.00
Outstanding at end of the year	246,725	\$ 9.95	256,325	\$ 10.00	317,375	\$ 10.00
Options exercisable at end of year	241,358	\$ 9.95	245,593	\$ 10.00	161,275	\$ 10.00
Weighted-average fair value per option of options granted during the year	\$ 2.70		\$		\$	
Weighted average remaining contracted life for outstanding and exercisable shares at December 31	72 months		84 months		96 months	

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The total intrinsic value of the options outstanding and exercisable as of December 31, 2006, was \$7 thousand, which is related solely to options granted in 2006. As of December 31, 2006, there was \$5 thousand of total unrecognized compensation expense related to nonvested options, respectively, which will be recognized over a weighted-average period of 3.5 months.

The following table summarizes nonvested restricted shares outstanding as of December 31, 2006 and the related activity during the year:

Nonvested Shares	Number of Shares	Weighted-Average Grant-Date Fair Value
Nonvested at January 1, 2006	15,565	\$ 10.00
Granted	5,000	\$ 7.65
Less: Vested	15,031	\$ 9.22
Forfeited	167	\$ 10.00
Nonvested at December 31, 2006	5,367	\$ 10.00

The Board awarded a former executive 25,000 restricted shares of TransCommunity stock. The shares became fully vested on December 31, 2005. The compensation cost related to the restricted stock award was expensed over the requisite service period. Deferred compensation expense of \$0, \$76 thousand, and \$95 thousand was recorded for 2006, 2005, and 2004, respectively.

NOTE 17 REGULATORY MATTERS:

Both TransCommunity and its subsidiaries are subject to various regulatory capital requirements administered by the federal banking agencies. If TransCommunity, or its subsidiary banks, fail to meet minimum capital requirements, its primary regulators can initiate certain mandatory and possible additional discretionary actions. If such actions are undertaken, they could have a direct material effect on TransCommunity's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, TransCommunity's subsidiary banks must meet specific capital guidelines that involve quantitative measures of each bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures are established by bank regulations to ensure capital adequacy. The Banks are required to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). At December 31, 2006 and 2005, management believes that the Company and the Banks met all capital adequacy requirements to which they are subject.

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The actual and required capital amounts and ratios for the years ended December 31, 2006 and 2005 for the Company and the Banks are as follows:

	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
As of December 31, 2006:						
Total Capital (to Risk Weighted Assets):						
Consolidated	\$ 32,522	18.32%	\$ 14,201	8.00%	\$ N/A	
Bank of Powhatan	8,425	12.85%	5,244	8.00%	6,555	10.00%
Bank of Goochland	10,611	13.07%	6,494	8.00%	8,117	10.00%
Bank of Louisa	5,193	18.29%	2,271	8.00%	2,839	10.00%
Bank of Rockbridge	7,919	361.60%	175	8.00%	219	10.00%
Tier 1 Capital (to Risk Weighted Assets):						
Consolidated	\$ 30,457	17.16%	\$ 7,100	4.00%	\$ N/A	
Bank of Powhatan	7,595	11.59%	2,622	4.00%	3,933	6.00%
Bank of Goochland	9,722	11.98%	3,247	4.00%	4,870	6.00%
Bank of Louisa	4,922	17.34%	1,135	4.00%	1,703	6.00%
Bank of Rockbridge	7,914	361.37%	88	4.00%	131	6.00%
Tier 1 Capital (to Average Assets):						
Consolidated	\$ 30,457	15.86%	\$ 7,677	4.00%	\$ N/A	
Bank of Powhatan	7,595	10.77%	2,821	4.00%	3,526	5.00%
Bank of Goochland	9,722	11.31%	3,437	4.00%	4,296	5.00%
Bank of Louisa	4,922	15.97%	1,232	4.00%	1,541	5.00%
Bank of Rockbridge	7,914	92.42%	343	4.00%	428	5.00%
As of December 31, 2005:						
Total Capital (to Risk Weighted Assets):						
Consolidated	\$ 31,556	19.92%	\$ 11,668	8.00%	\$ N/A	
Bank of Powhatan	7,523	12.72%	4,752	8.00%	5,940	10.00%
Bank of Goochland	7,204	10.16%	4,774	8.00%	5,968	10.00%
Bank of Louisa	5,059	19.94%	1,925	8.00%	2,406	10.00%
Tier 1 Capital (to Risk Weighted Assets):						
Consolidated	\$ 29,954	18.91%	\$ 5,834	4.00%	\$ N/A	
Bank of Powhatan	6,780	11.46%	2,376	4.00%	3,564	6.00%

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Bank of Goochland	6,536	9.22%	2,387	4.00%	3,581	6.00%
Bank of Louisa	4,812	18.96%	962	4.00%	1,444	6.00%
Tier 1 Capital (to Average Assets):						
Consolidated	\$ 29,954	17.59%	\$ 6,386	4.00%	\$ N/A	
Bank of Powhatan	6,780	9.55%	2,840	4.00%	3,551	5.00%
Bank of Goochland	6,536	9.12%	2,483	4.00%	3,103	5.00%
Bank of Louisa	4,812	16.13%	1,173	4.00%	1,467	5.00%

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of March 31, 2007, the most recent date of notification, the Office of the Comptroller of the Currency categorized all TransCommunity subsidiary national banks as Well Capitalized under the regulatory framework for prompt corrective action. To be categorized as Well Capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as shown in the above table. There are no conditions or events since this date that management believes have changed the category of any of its subsidiary banks.

NOTE 18 FAIR VALUE OF FINANCIAL INSTRUMENTS:

Statement of Financial Accounting Standards No. 107 (SFAS 107) *Disclosures About the Fair Value of Financial Statements* defines the fair value of a financial instrument as the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation sale. As the majority of the Banks' financial instruments lack an available trading market, significant estimates, assumptions and present value calculations are required to determine estimated fair value.

Changes in the assumptions or methodologies used to estimate fair values may materially affect the estimated amounts. Also, management is concerned that there may not be reasonable comparability between the Company and other financial institutions due to the wide range of permitted assumptions and methodologies in the absence of active markets. This lack of uniformity gives rise to a high degree of subjectivity in estimating financial instrument fair values.

TransCommunity has determined estimated fair values using the best available data and an estimation methodology suitable for each category of financial instruments. The estimation methodology used, the estimated fair values and the recorded carrying value of financial instruments at December 31, 2006 and 2005 are as follows:

	December 31, 2006		December 31, 2005	
	Estimated Fair Value (Dollars in thousands)	Carrying Value (Dollars in thousands)	Estimated Fair Value (Dollars in thousands)	Carrying Value (Dollars in thousands)
Financial assets:				
Cash and due from banks	\$ 3,669	\$ 3,669	\$ 4,132	\$ 4,132
Federal funds sold	1,422	1,422	12,684	12,684
Investment securities	34,883	35,017	31,077	31,237
Other Investments	896	896	536	536
Loans, net	149,233	149,334	134,693	133,328
Accrued interest receivable	874	874	808	808
Financial liabilities:				
Demand deposits:				
Noninterest bearing	\$ 20,450	\$ 20,450	\$ 17,253	\$ 17,253
Interest bearing	37,850	37,850	46,144	46,144
Savings deposits	9,478	9,478	9,471	9,471

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Time deposits	95,128	97,195	74,999	73,735
Federal funds purchased	1,517	1,517	272	272
Secured borrowings			12,515	12,515
Notes payable	500	500		
Accrued interest payable	540	540	302	302

The estimated fair values of investment securities are based on quoted market prices if available or on the quoted market prices of comparable instruments if quoted market prices are not available. The gross loan portfolio and time deposits are valued using a present value discounted cash flow method where market prices are not

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TRANSCOMMUNITY FINANCIAL CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

available. The discount rate used in these calculations is the estimated current market rate adjusted for credit risk. All other financial instruments have fair values that approximate the carrying value.

The fair value of commitments to extend credit and standby letters of credit are considered immaterial.

NOTE 19 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK:

In the normal course of business, the banks have outstanding commitments and contingent liabilities, such as commitments to extend credit and standby letters of credit, which are not included in the accompanying consolidated financial statements. The banks' exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. The banks use the same credit policies in making such commitments as it does for instruments that are included in the consolidated balance sheets.

Financial instruments whose contract amounts represent credit risk were as follows (dollars in thousands):

	December 31,	
	2006	2005
Commitments to extend credit	\$ 48,263	\$ 34,532
Standby letters of credit	5,026	4,370

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. 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 banks evaluate each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the banks upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the banks to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The banks' policy for obtaining collateral, and the nature of such collateral, is essentially the same as that involved in making commitments to extend credit.

NOTE 20 COMMITMENTS AND CONTINGENT LIABILITIES:

TransCommunity has entered into a master agreement with a third party to provide data processing services to the Company and its subsidiary banks. This agreement is for an initial period of 48 months. Unless written notice of non-renewal is provided by either party at least 180 days before expiration of any term, the agreement shall automatically renew for a period of 4 years. The current monthly expense associated with these agreements is approximately \$53 thousand and is based principally on the level of accounts at each subsidiary bank.

The Company and its subsidiaries lease banking facilities and other office space under operating leases that expire at various dates through 2014 and that contain certain renewal options. Total rent expense for office and equipment for the years ended December 31, 2006, 2005, and 2004 amounted to \$496 thousand, \$623 thousand, and \$531 thousand respectively.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Pursuant to the terms of non-cancelable lease agreements in effect at December 31, 2006, pertaining to premises, future minimum rent commitments under various operating leases are as follows:

	Dollars in thousands	
2007	\$	478
2008		448
2009		452
2010		409
2011		284
Thereafter		677
	\$	2,748

NOTE 21 OTHER OPERATING EXPENSES:

	2006	2005	2004
	(Dollars in thousands)		
Other Operating Expenses			
Charitable contributions	\$ 14	\$ 14	\$ 13
Consulting fees	134	170	40
Legal and Accounting Fees	815	917	427
Data Processing Fees	699	362	334
OCC and FDIC assessment	97	88	73
Other insurance	62	44	25
Subscriptions and membership dues	42	47	36
Training and personnel development	38	76	56
Travel, meals and entertainment	93	115	91
Other	939	1,173	1,252
Total	\$ 2,933	\$ 3,006	\$ 2,347

TRANSCOMMUNITY FINANCIAL CORPORATION**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE 22 PARENT CORPORATION ONLY FINANCIAL STATEMENTS:****TRANSCOMMUNITY FINANCIAL CORPORATION
PARENT COMPANY ONLY****BALANCE SHEETS
DECEMBER 31, 2006 AND 2005**

	2006	2005
	(Dollars in thousands)	
ASSETS		
Cash and due from banks	\$ 393	\$ 178
Federal funds sold	12	11,639
Total cash and cash equivalents	405	11,817
Property and equipment, net	295	375
Investment in subsidiaries	30,477	17,376
Due from subsidiaries	6	931
Other assets	92	61
Total assets	\$ 31,275	\$ 30,560
LIABILITIES		
Note payable	\$ 500	\$
Accounts payable		180
Accrued expenses and other liabilities	222	10
Total liabilities	722	190
STOCKHOLDERS EQUITY		
Common stock (25,000,000 shares authorized \$.01 par value) 4,581,741 shares issued and outstanding at December 31, 2006 and 2005, respectively	46	46
Additional paid in capital	39,809	39,778
Accumulated deficit	(9,262)	(9,379)
Accumulated other comprehensive loss	(40)	(75)
Total stockholders equity	30,553	30,370
Total liabilities and stockholders equity	\$ 31,275	\$ 30,560

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

TRANSCOMMUNITY FINANCIAL CORPORATION
PARENT COMPANY ONLYSTATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

	For the Years Ended December 31,		
	2006	2005	2004
	(Dollars in thousands)		
Income			
Interest income	\$ 429	\$ 207	\$ 18
Dividends from subsidiaries		770	560
Bank administration fee income	405	312	195
Recovery of start-up costs from subsidiary	3		230
Other	32		75
Total income	869	1,289	1,078
Expenses			
Salaries and employee benefits	1,614	1,978	1,381
Consulting fees	75	113	128
Legal and accounting fees	679	614	237
Equipment expenses	164	137	177
Rent	330	341	173
Advertising and public relations	88	91	80
Other operating expenses	274	363	379
Total expense	3,224	3,637	2,555
Net loss before income taxes	(2,355)	(2,348)	(1,477)
Income tax expense	(15)		
Loss before undistributed earnings (loss) of subsidiaries	(2,370)	(2,348)	(1,477)
Undistributed earnings (loss) of subsidiaries continuing operations	3,289	999	(811)
Undistributed earnings (loss) of subsidiaries discontinued operations	(802)	(423)	(293)
Net Income (Loss)	\$ 117	\$ (1,772)	\$ (2,581)

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

TRANSCOMMUNITY FINANCIAL CORPORATION
PARENT COMPANY ONLYSTATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

	For the Years Ended December 31,		
	2006	2005	2004
	(Dollars in thousands)		
Operating activities:			
Net loss	\$ 117	\$ (1,772)	\$ (2,581)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	100	81	61
Undistributed (earnings) loss of subsidiaries continuing operations	(3,289)	(999)	811
Undistributed (earnings) loss of subsidiaries discontinued operations	802	423	293
Deferred compensation expense		76	95
Stock Based compensation	31		
Loss (Gain) on disposition of property	9		
Net change in:			
Other assets	(31)	(23)	40
Accounts payable	(180)	97	5
Accrued expenses and other liabilities	212	8	(3)
Net cash used in operating activities	(2,229)	(2,109)	(1,279)
Investing activities:			
Investment in subsidiaries	(10,578)	(2,000)	(5,500)
Decrease in due from subsidiaries	925	(575)	(376)
Proceeds from sales of securities available for sale		3,000	
Proceeds from maturities of securities available for sale		3,000	
Purchases of securities available for sale		(6,000)	
Proceeds from the sale of premises and equipment	1		35
Payments for the purchase of premises and equipment	(31)	(78)	(265)
Net cash provided by investing activities	(9,683)	(2,653)	(6,106)
Financing activities:			
Proceeds from offering of common stock, net		17,330	2,557
Proceeds from line of credit	500		450
Repayment of line of credit		(1,450)	
Common stock repurchase		(172)	

Net cash provided by financing activities	500	15,708	3,007
Net (decrease) increase in cash and cash equivalents	(11,412)	10,946	(4,378)
Cash and cash equivalents:			
Beginning of the period	11,817	871	5,249
End of the period	\$ 405	\$ 11,817	\$ 871
Supplemental disclosures of cash flow information:			
Interest paid	\$ 2	\$ 51	\$ 67

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 23 DEFINED CONTRIBUTION PENSION PLAN:

TransCommunity has a defined contribution pension plan in the form of a 401(k) plan (the 401(k) Plan) covering substantially all of its employees. Under the 401(k) Plan, employees can contribute pretax salary dollars subject to Internal Revenue Service ceilings. TransCommunity matches the up to 4% of salaries contributed by their employees and additionally contributes 5% of compensation regardless of what the employee contributes. Total expenses for the 401(k) Plan for the years ended December 31, 2006, 2005, and 2004 was \$410 thousand, \$554 thousand, and \$370 thousand, respectively.

NOTE 24 SUBSEQUENT EVENTS

On January 30, 2007, the holding company received an annual dividend of \$300 thousand each from Bank of Powhatan and Bank of Goochland from each bank s reported 2006 net profits.

NOTE 25 CORRECTION OF AN ERROR

On August 11, 2006, the Company concluded that the previously issued financial statements contained in the Company s Annual Report on Form 10-KSB for the year ended December 31, 2005 should not be relied upon because of errors in those statements. The Company discovered that it had incorrectly accounted for loans subject to certain loan participation agreements entered into with third-party financial institutions since the second quarter of 2004. During the second quarter of 2004, the Company implemented an automated loan documentation system which contained the option to include certain language that provided for termination of the participation agreement. This right to repurchase the participated balance allows the Company to retain a level of control over the loans sold to third parties. This termination clause allowed the originating institution to repurchase the loans sold to third parties and thus the loan transfers did not qualify for sale accounting treatment under SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities a replacement of SFAS No. 125* . The Company had previously not reflected the participated balances of loans subject to these agreements on its balance sheet as required by SFAS No. 140.

On January 22, 2007, the Company filed an amended Annual Report on Form 10-KSB/A for the year ended December 31, 2005.

A summary of the restatements of the accompanying financial statements is as follows:

	As Previously Reported	Correction	As Amended
	(Dollars in thousands)		
For the year ended December 31, 2005:			
Loans	\$ 122,415	\$ 12,515	\$ 134,930
Secured borrowings		12,515	12,515
Interest on loans, including fees	\$ 9,133	\$ 550	\$ 9,683

Interest on secured borrowings			550		550
For the year ended December 31, 2004:					
Interest on loans, including fees	\$	6,257	\$	112	\$ 6,369
Interest on secured borrowings			112		112

NOTE 26 LITIGATION:

On June 14, 2006, an individual and a company controlled by the individual (Dean H. Gould and Cal-Flo Investments, LLC) filed a lawsuit against Main Street Mortgage & Investment Corporation (Main Street), a wholly-owned subsidiary of Bank of Powhatan, and five other defendants that are not affiliated with Main Street in the General Court of Justice, Superior Court Division, in Wake County, North Carolina. The lawsuit arises from

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

three properties on which Main Street originated mortgage loans. The loans at issue were made by third-party lenders, and neither the Company nor any of its subsidiary banks hold any of the loans for its own account. The plaintiffs allege that the defendants developed a fraudulent scheme to originate these mortgage loans through Main Street employing, with Main Street's knowledge, inflated appraisals and other devices that resulted in damages to the plaintiffs in the aggregate amount of \$100,000 to \$150,000. The plaintiffs have requested both compensatory and punitive damages.

Main Street filed an answer to the lawsuit and denies any liability. There has been no further activity in the lawsuit from any other party, and Main Street has ceased its business operations and filed for dissolution under applicable Virginia law.

At the present time, the case is in the early stages, there has been no discovery, and accordingly, the Company, with advice from its legal counsel, cannot conclude on the outcome or estimate any potential loss.

On November 2, 2006, James L. Minter filed a lawsuit against the Company and William C. Wiley, the former Chief Executive Officer and Chairman of the Board of Directors of the Company, in the Circuit Court of the County of Powhatan in Virginia. Mr. Minter was a director of Bank of Powhatan, a subsidiary of the Company (the Bank) until January 12, 2007, when he was removed by the Company. He was a former director of the Company until his resignation on March 29, 2006. Mr. Wiley resigned as the Company's Chief Executive Officer and from its board of directors in December 2005.

The suit arises out of the Bank's purchase of Main Street Mortgage and Investment Corporation in early 2001. Mr. Minter alleges that in late 2000 Wiley withheld information concerning the value of Main Street Mortgage from the Bank's board of directors and that the Bank would not have acquired Main Street Mortgage if the valuation had been provided to the bank's board. The Company acquired the stock of the Bank in August 2001, several months after the Bank acquired Main Street Mortgage. Mr. Minter's suit claims that the Company aided and abetted and conspired with Wiley in his misrepresentation of Main Street Mortgage's value.

In 2004 a committee of the Company's board of directors investigated the Bank's acquisition of Main Street Mortgage and concluded that Wiley had not defrauded the Bank's board and that any further action would not be in the Company's best interests. The committee reported its findings and recommendations to the boards of the Company and the Bank.

Mr. Minter's suit also alleges that the December 2005 separation agreement between the Company and William Wiley improperly released claims the Company had against Wiley arising out of Wiley's alleged concealment of the Main Street Mortgage valuation from the Bank's board in late 2000. The Company believes that it never had a claim against Wiley in connection with the Bank's acquisition of Main Street Mortgage and that the separation agreement did not release any claim the Bank may have had against Wiley.

Against Wiley, Minter alleges that (a) Wiley conspired to and engaged in a fraud on Minter by concealing and misrepresenting valuations regarding Main Street, (b) Wiley fraudulently induced Minter to invest in an entity unaffiliated with the Company and has engaged in conversion of certain of Minter's funds, and (c) Wiley breached his fiduciary duty to Minter, the Bank and the Company by concealing and misrepresenting valuations regarding Main Street. In the same proceeding, Minter has sued Wiley over a loss on an investment Minter made in 1999 in a business

Wiley owned or controlled. The Company has had no interest in that business.

Minter seeks unspecified recessionary and compensatory damages, unspecified treble damages and punitive damages of \$350,000 against each defendant, jointly and severally and with interest. Minter also seeks to recover his attorneys fees.

The Company believes, with advice from its legal counsel, insofar as it concerns the Company, Mr. Minter's suit is without merit.

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TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has moved for a dismissal; has brought claims against Mr. Minter for breach of fiduciary duty related to his use of confidential Company information for personal gain; and has removed him from the board of the Bank.

NOTE 27 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED):

A summary of unaudited selected quarterly financial data for the two years ended December 31, 2006 and 2005 is presented below.

	March 31, 2006	June 30, 2006	For the Quarters Ended September 30, 2006	December 31, 2006
	(Dollars in thousands)			
Summary results of operations data:				
Interest income	\$ 3,225	\$ 3,436	\$ 3,778	\$ 3,868
Interest expense	1,096	1,107	1,353	1,402
Net interest income	2,129	2,329	2,425	2,466
Provision for loan losses	52	92	167	182
Net interest income after provision for loan losses	2,077	2,237	2,258	2,284
Noninterest income	238	299	232	242
Noninterest expense	2,280	2,172	2,233	2,248
Income continuing operations	35	364	257	278
Income tax expense				15
Net income (loss) continuing operations	35	364	257	263
Net loss discontinued operations	(158)	(334)	(159)	(151)
Net (loss) income	\$ (123)	\$ 30	\$ 98	\$ 112
(Loss) earnings per share	\$ (0.03)	\$ 0.01	\$ 0.02	\$ 0.03

TRANSCOMMUNITY FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	March 31, 2005	For the Quarters Ended		December 31, 2005	
		June 30, 2005	September 30, 2005		
		(Dollars in thousands)			
Summary results of operations data:					
Interest income	\$ 2,250	\$ 2,535	\$ 2,927	\$ 3,245	
Interest expense	706	833	893	1,065	
Net interest income	1,544	1,702	2,034	2,180	
Provision for loan losses	49	58	88	71	
Net interest income after provision for loan losses	1,495	1,644	1,946	2,109	
Noninterest income	128	145	124	394	
Noninterest expense	1,981	2,307	2,104	2,942	
Net loss continuing operations	(358)	(518)	(34)	(439)	
Net loss discontinued operations	(115)	(84)	(38)	(186)	
Net loss	\$ (473)	\$ (602)	\$ (72)	\$ (625)	
(Loss) per share	\$ (0.21)	\$ (0.26)	\$ (0.02)	\$ (0.04)	

The table shown above presents the effects of discontinued operations of Main Street and Financial Services that were not previously reported in Form 10-QSB for 2005, and the effects of discontinued operations of Main Street reported on Form 10-Q in 2006.

**BOE FINANCIAL SERVICES OF VIRGINIA, INC. CONSOLIDATED UNAUDITED FINANCIAL
STATEMENTS**

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Preferred stock \$5 par value, authorized 1,000,000 shares; no shares issued and outstanding			
Common stock, \$5 par value, authorized 10,000,000 shares; issued and outstanding, 1,211,267 shares, 1,208,109 shares, and 1,203,857 shares, respectively	6,056	6,041	6,019
Additional paid-in capital	5,551	5,477	5,386
Retained earnings	18,542	17,256	16,814
Accumulated other comprehensive loss, net	(801)	(727)	(118)
Total stockholders' equity	\$ 29,348	\$ 28,047	\$ 28,101
Total liabilities and stockholders' equity	\$ 294,767	\$ 281,378	\$ 278,088

See accompanying notes to consolidated financial statements.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**CONSOLIDATED STATEMENTS OF INCOME**

	Nine Months Ended September 30	
	2007	2006
	(Unaudited)	
	(Dollars in thousands, except per share amounts)	
Interest and Dividend Income		
Interest and fees on loans	\$ 11,980	\$ 10,536
Interest and dividends on securities:		
U.S. Treasury	12	31
U.S. Government agencies	575	472
State and political subdivisions, nontaxable	1,017	1,025
State and political subdivisions, taxable	84	104
Other securities	134	139
Interest on federal funds sold	45	41
Total interest and dividend income	13,847	12,348
Interest Expense		
Interest on deposits	5,579	4,264
Interest on borrowings	838	682
Total interest expense	6,417	4,946
Net interest income	7,430	7,402
Provision for Loan Losses		125
Net interest income after provision for loan losses	7,430	7,277
Noninterest income		
Service charge income	797	779
Net security gains (losses)	(42)	(19)
Net gains on sales of loans	21	45
Net (losses) on sale of premises and equipment		(10)
Other income	647	494
Total noninterest income	1,423	1,289
Noninterest expenses		
Salaries	2,717	2,408
Employee benefits and costs	818	731
Occupancy expenses	373	309

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Furniture and equipment related expenses	340		330
Data processing	453		415
Stationery and printing	135		120
Postage	140		135
Bank franchise tax	183		178
Other operating expenses	1,219		1,058
Total noninterest expenses	6,378		5,684
Net income before income taxes	2,475		2,882
Income taxes	463		672
Net income	\$ 2,012	\$	2,210
Earnings Per Share, basic	\$ 1.66	\$	1.84
Earnings Per Share, diluted	\$ 1.66	\$	1.83

See accompanying notes to consolidated financial statements.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****Nine Months Ended September 30, 2007 and 2006**

	September 30, 2007	September 30, 2006
	(Unaudited)	
	(In thousands)	
Cash Flows from Operating Activities		
Net income	\$ 2,012	\$ 2,210
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	505	449
Origination of loans held for sale	(3,347)	(5,351)
Proceeds from sale of loans held for sale	3,347	5,335
Provision for loan losses		125
Net amortization on securities	102	141
Net (gain)/loss on sale of securities	42	19
(Gain) on sale of loans	(21)	(80)
Net loss on disposal of equipment	5	10
(Increase) decrease in accrued interest receivable and other assets	659	(171)
Increase in accrued expenses and other liabilities	170	23
Net cash provided by operating activities	\$ 3,474	\$ 2,710
Cash Flows from Investing Activities		
Proceeds from sale of securities available-for-sale	\$ 12,597	\$ 3,089
Proceeds from maturities and calls of securities available-for-sale	5,052	2,844
	(12,496)	(7,695)
Purchase of securities available-for-sale	(208)	(365)
Purchase of restricted securities	(19,282)	(7,272)
Net (increase) in loans to customers	(966)	(6,016)
Increase in federal funds sold		
Capital expenditures	(353)	(3,239)
Net cash (used in) investing activities	\$ (15,656)	\$ (18,654)
Cash Flows from Financing Activities		
Net increase in deposits	\$ 10,125	\$ 8,959
Issuance of Common Stock	89	151
Decrease in federal funds purchased	(3,207)	(1,810)
Increase in FHLB Advances	5,000	7,000
Dividends paid	(726)	(456)
Net cash provided by financing activities	\$ 11,281	\$ 13,844

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Net increase (decrease) in cash and cash equivalents	\$	(901)	\$	(2,100)
Cash and Cash Equivalents				
Beginning of period		5,520		7,365
End of period	\$	4,619	\$	5,265
Supplemental disclosure of cash flow information				
Cash paid during the year				
Interest	\$	6,357	\$	4,582
Income Taxes		490		685

See accompanying notes to consolidated financial statements.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.

**Consolidated Statements of Changes in Stockholders' Equity
For the Nine Month Periods Ended September 30, 2007 and 2006**

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss) (Unaudited) (In thousands)	Comprehensive Income	Total
Balance, December 31, 2005	\$ 5,990	\$ 5,264	\$ 15,060	\$ (80)		\$ 26,234
Comprehensive Income:						
Net income			2,210		\$ 2,210	2,210
Other comprehensive loss, net of tax:						
Unrealized loss on securities available for sale, net of deferred taxes					(50)	
Add: Reclassification adjustment, net of tax					12	
Other comprehensive loss, net of tax:				(38)	(38)	(38)
Total comprehensive income					\$ 2,172	
Cash dividends, \$0.38			(456)			(456)
Issuance of common stock	29	122				151
Balance, September 30, 2006	\$ 6,019	\$ 5,386	\$ 16,814	\$ (118)		\$ 28,101

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income	Total
Balance, December 31, 2006	\$ 6,041	\$ 5,477	\$ 17,256	\$ (727)		\$ 28,047
Comprehensive Income:						
Net income			2,012		\$ 2,012	2,012
Other comprehensive loss, net of tax:						
Unrealized loss on securities available for sale, net of deferred					(105)	

taxes

Add: Reclassification adjustment, net of tax						31	
Other Comprehensive loss, net of tax			(74)			(74)	(74)
Total comprehensive income						\$ 1,938	
Cash dividend, \$0.60 per share					(726)		(726)
Issuance of common stock	15	74					89
Balance, September 30, 2007	\$ 6,056	\$ 5,551	\$ 18,542	\$ (801)			\$ 29,348

See accompanying notes to consolidated financial statements.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements
(Unaudited)**

1. The accounting and reporting policies of BOE Financial Services of Virginia, Inc. (the Company) conform to accounting principles generally accepted in the United States of America and to the general practices within the banking industry. The interim financial statements have not been audited; however, in the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the consolidated financial statements have been included. Operating results for the three and nine month periods ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

These financial statements should be read in conjunction with the financial statements and the footnotes included in the Company's 2006 Annual Report to Shareholders. Certain reclassifications have been made to prior period balances to conform to the current period presentation.

2. Earnings per share are based on the weighted average number of common shares and common stock equivalents outstanding during the applicable periods. Potential dilutive common stock had no material effect on income available to common shareholders. No shares were excluded from the calculation because the effect would be anti-dilutive.

	Nine Months Ended			
	September 30, 2007		September 30, 2006	
	Shares	Per Share	Shares	Per Share
Basic earnings per share	1,209,238	\$ 1.66	1,200,259	\$ 1.84
Effect of dilutive stock options	5,718		9,614	
Diluted earnings per share	1,214,956	\$ 1.66	1,209,873	\$ 1.83

	Three Months Ended			
	September 30, 2007		September 30, 2006	
	Shares	Per Share	Shares	Per Share
Basic earnings per share	1,210,233	\$ 0.53	1,202,243	\$ 0.59
Effect of dilutive stock options	3,462		8,065	
Diluted earnings per share	1,213,695	\$ 0.53	1,210,308	\$ 0.58

3. Loans are shown on the balance sheets net of unearned discounts and the allowance for loan losses. Interest is computed by methods which result in level rates of return on principal. Loans are charged off when in the opinion of management they are deemed to be uncollectable after taking into consideration such factors as the current financial condition of the customer and the underlying collateral and guarantees. Loan fees and origination costs are deferred and the net amount amortized as an adjustment of the related loans yield using the level yield method. Bank of Essex (the Bank), a wholly owned subsidiary of the Company, is amortizing these amounts over the contractual life of the related loans.

September 30, December 31, September 30,
2007 2006 2006
(Dollars in thousands)

Loans:			
Commercial	\$ 21,970	\$ 22,934	\$ 24,672
Real Estate	153,121	138,008	126,578
Real Estate construction	34,602	29,984	32,328
Installment & other loans	6,479	5,965	6,142
Total loans	216,172	196,891	189,720
Less allowance for loan losses	(2,672)	(2,400)	(2,366)
Net loans	\$ 213,500	\$ 194,491	\$ 187,354

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

4. The Company's allowance for loan losses was as follows at the dates indicated:

	September 30, 2007	December 31, 2006	September 30, 2006
	(Dollars in thousands)		
Balance January 1	\$ 2,400	\$ 2,249	\$ 2,249
Provision charged against income (loans)		125	125
Provision charged against income (overdrafts)	6		
Recoveries	427	164	81
Loans charged off	(161)	(138)	(89)
Balance at end of period	\$ 2,672	\$ 2,400	\$ 2,366

5. Defined Benefit Pension Plan

Components of Net Periodic Benefit Cost

	Pension Benefits			
	Nine Months Ended		Three Months Ended	
	September 30, 2007	2006	September 30, 2007	2006
	(In thousands)			
Service cost	\$ 246	\$ 273	82	\$ 91
Interest cost	204	183	68	61
Expected return on plan assets	(219)	(195)	(73)	(65)
Amortization of prior service cost	3	3	1	1
Amortization of net obligation at transition	(3)	(3)	(1)	(1)
Amortization of net loss	27	42	9	14
Net periodic benefit cost	\$ 258	\$ 303	\$ 86	\$ 101

Employer Contributions

The Company previously disclosed in its financial statements for the year ended December 31, 2006, that it expected not to contribute to its pension plan in 2007. As of September 30, 2007, no contributions have been made.

6. Stock Option Plans

During the fiscal year ended December 31, 2000, the Company adopted stock option plans for all employees and outside directors. The plans provide that 110,000 shares of the Company's common stock will be reserved for both incentive and non-statutory stock options to purchase common stock of the Company. The exercise price per share for incentive and non-statutory stock options shall not be less than the fair market value of a share of common stock on the date of grant, and may be exercised at such times as may be specified by the Board of Directors in the participant's stock option agreement. Each incentive and non-statutory stock option shall expire not more than ten years from the date the option is granted. The options vest at the rate of one quarter per year from the grant date.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

A summary of the status of the stock option plan activity for the nine months ended September 30, 2007 is summarized below:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, January 1, 2007	29,718	\$ 23.92		
Exercised (during the quarter ended September 30, 2007)	(359)	28.70		
Outstanding, September 30,	29,359	23.86	5.75 years	\$ 147,924
Exercisable, September 30,	29,359	23.86	5.75 years	\$ 147,924

The aggregate intrinsic value of a stock option in the table above represents the total pre-tax intrinsic value (the amount by which the current market value of the underlying stock exceeds the option price of the option) that would have been received by the option holders had all option holders exercised their options on September 30, 2007. This amount changes based on changes in the market value of the Company's stock.

The total intrinsic value of options exercised for the nine months ended September 30, 2007 was \$878.

No stock-based compensation expense was recorded for the quarter ended and nine months ended September 30, 2007 or 2006 as no options were granted and all outstanding options were fully vested.

7. Securities

Amortized costs and fair values of securities available for sale at September 30, 2007 and December 31, 2006 were as follows:

	Amortized Cost	September 30, 2007		Fair Value
		Gross Unrealized Gains	Gross Unrealized (Losses)	
		(In thousands)		
U.S. Treasury securities	\$ 499	\$	\$ (7)	\$ 492
U.S. Agency and mortgage-backed securities	11,421	2	(200)	11,223

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Obligations of state and political subdivisions	36,845	110	(431)	36,524
Corporate debt securities	702	6		708
Other equity securities	81	356	(2)	435
	\$ 49,548	\$ 474	\$ (640)	\$ 49,382

	December 31, 2006			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Treasury securities	\$ 999	\$	\$ (19)	\$ 980
U.S. Agency and mortgage-backed securities	15,374	11	(259)	15,126
Obligations of state and political subdivisions	38,298	247	(321)	38,224
Corporate debt securities	1,281	12	(5)	1,288
Other equity securities	65	280		345
	\$ 56,017	\$ 550	\$ (604)	\$ 55,963

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

The fair value and gross unrealized losses for securities available for sale, totaled by the length of time that individual securities have been in a continuous gross unrealized loss position, at September 30, 2007 and December 31, 2006 were as follows:

	Less than 12 Months		September 30, 2007		Total	
	Gross Unrealized		12 Months or More		Gross Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasury securities	\$	\$	\$ 492	\$ (7)	\$ 492	\$ (7)
U.S. Agency and mortgage-backed securities	5,886	(52)	8,215	(148)	14,101	(200)
Obligations of state and political subdivisions	8,925	(111)	14,813	(320)	23,738	(431)
Corporate debt securities						
Other equity securities	12	(2)			12	(2)
	\$ 14,823	\$ (165)	\$ 23,520	\$ (475)	\$ 38,343	\$ (640)

	Less than 12 Months		December 31, 2006		Total	
	Gross Unrealized		12 Months or More		Gross Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Treasury securities	\$ 497	\$ (3)	\$ 483	\$ (16)	\$ 980	\$ (19)
U.S. Agency and mortgage-backed securities	2,161	(9)	9,090	(250)	11,251	(259)
Obligations of state and political subdivisions	6,532	(27)	14,835	(294)	21,367	(321)
Corporate debt securities	497	(5)			497	(5)
Other equity securities						
	\$ 9,687	\$ (44)	\$ 24,408	\$ (560)	\$ 34,095	\$ (604)

Management continually monitors the fair value and credit quality of the Company's investment portfolio. No impairment is considered permanent as the Company has the positive ability and intent of holding the securities until

maturity or recovery of value.

Amortized costs and fair values of securities held to maturity at September 30, 2007 and December 31, 2006 were as follows:

	Amortized Cost	September 30, 2007 Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Agency and mortgage-backed securities	3,000		\$ (51)	\$ 2,949
	\$ 3,000	\$	\$ (51)	\$ 2,949

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

	Amortized Cost	December 31, 2006 Gross Unrealized Gains	December 31, 2006 Gross Unrealized (Losses)	Fair Value
U.S. Agency and mortgage-backed securities	3,000		\$ (51)	\$ 2,949
	\$ 3,000	\$	\$ (51)	\$ 2,949

The fair value and gross unrealized losses for securities held to maturity, totaled by the length of time that individual securities have been in a continuous gross unrealized loss position, at September 30, 2007 and December 31, 2006 were as follows:

	September 30, 2007					
	Less than 12 Months Gross Unrealized		12 Months or More Gross Unrealized		Total Gross Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Agency and mortgage-backed securities			\$ 2,949	\$ (51)	2,949	\$ (51)
	\$	\$	\$ 2,949	\$ (51)	\$ 2,949	\$ (51)

	December 31, 2006					
	Less than 12 Months Gross Unrealized		12 Months or More Gross Unrealized		Total Gross Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
U.S. Agency and mortgage-backed securities			\$ 2,949	\$ (51)	\$ 2,949	\$ (51)
	\$	\$	\$ 2,949	\$ (51)	\$ 2,949	\$ (51)

**BOE FINANCIAL SERVICES OF VIRGINIA, INC. CONSOLIDATED AUDITED FINANCIAL
STATEMENTS**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
BOE Financial Services of Virginia, Inc.
Tappahannock, Virginia

We have audited the accompanying consolidated balance sheets of BOE Financial Services of Virginia, Inc. and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of income, stockholders equity and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Corporation is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BOE Financial Services of Virginia, Inc. and subsidiaries as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As noted in Note 8 to the consolidated financial statements, the Corporation changed its method of accounting for its defined benefit pension plan to adopt Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R).

Winchester, Virginia
March 22, 2007

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Consolidated Balance Sheets
December 31, 2006 and 2005**

	2006	2005
ASSETS		
Cash and due from banks	\$ 5,520,191	\$ 7,365,111
Securities available for sale, at fair value	55,963,463	52,392,786
Securities held to maturity (fair value approximates \$2,949,000 in 2006 and \$2,932,500 in 2005)	3,000,000	3,000,000
Equity securities, restricted, at cost	1,552,500	1,188,200
Loans, net of allowance for loan losses of \$2,399,638 in 2006 and \$2,248,658 in 2005	194,490,988	180,207,461
Bank premises and equipment, net	10,453,561	7,656,421
Accrued interest receivable	1,362,989	1,190,466
Intangible assets, net	524,263	650,086
Other assets	8,510,146	8,280,231
Total assets	\$ 281,378,101	\$ 261,930,762
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 27,809,248	\$ 30,790,902
Interest-bearing	203,055,733	192,340,804
Total deposits	\$ 230,864,981	\$ 223,131,706
Federal funds purchased	3,207,000	1,810,000
Federal Home Loan Bank advances	12,000,000	5,000,000
Trust preferred capital notes	4,124,000	4,124,000
Accrued interest payable	851,114	526,095
Other liabilities	2,284,448	1,104,324
Total liabilities	\$ 253,331,543	\$ 235,696,125
Commitments and Contingent Liabilities		
Stockholders Equity		
Preferred stock, \$5 par value, authorized 100,000 shares; no shares issued and outstanding	\$	\$
Common stock, \$5 par value, authorized 10,000,000 shares; issued and outstanding 1,208,109 and 1,198,059 shares	6,040,545	5,990,295
Additional paid-in capital	5,476,874	5,264,250
Retained earnings	17,256,210	15,059,873
Accumulated other comprehensive loss, net	(727,071)	(79,781)

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Total stockholders' equity	\$ 28,046,558	\$ 26,234,637
Total liabilities and stockholders' equity	\$ 281,378,101	\$ 261,930,762

See Notes to Consolidated Financial Statements.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Consolidated Statements of Income**

Three Years Ended December 31, 2006

	2006	2005	2004
Interest and Dividend Income			
Interest and fees on loans	\$ 14,241,540	\$ 11,943,617	\$ 10,663,837
Interest and dividends on securities:			
U.S. Treasury	40,054	59,996	45,349
U.S. Government agencies	677,648	677,013	436,010
State and political subdivisions, nontaxable	1,379,808	1,346,092	1,228,077
State and political subdivisions, taxable	134,416	126,483	127,425
Other securities	183,447	150,215	321,596
Interest on federal funds sold	76,875	39,103	52,737
Total interest and dividend income	\$ 16,733,788	\$ 14,342,519	\$ 12,875,031
Interest Expense			
Interest on deposits	\$ 6,055,277	\$ 3,985,067	\$ 3,399,013
Interest on borrowings	916,525	483,444	207,224
Total interest expense	\$ 6,971,802	\$ 4,468,511	\$ 3,606,237
Net interest income	\$ 9,761,986	\$ 9,874,008	\$ 9,268,794
Provision for Loan Losses	125,000	240,400	305,000
Net interest income after provision for loan losses	\$ 9,636,986	\$ 9,633,608	\$ 8,963,794
Noninterest Income			
Service charge income	\$ 1,042,529	\$ 986,268	\$ 993,880
Net security gains (losses)	(13,060)	2,625	65,606
Net gains on sales of loans	60,717	55,774	56,981
Net gains (losses) on sale of premises and equipment	467,415	(23,017)	48,783
Other income	692,864	579,153	461,920
Total noninterest income	\$ 2,250,465	\$ 1,600,803	\$ 1,627,170
Noninterest Expenses			
Salaries	\$ 3,246,677	\$ 3,053,914	\$ 2,857,580
Employee benefits and costs	1,134,457	982,274	804,201
Occupancy expenses	422,793	330,219	342,340
Furniture and equipment related expenses	449,283	415,150	437,259
Data processing	554,996	530,033	471,357
Stationery and printing	172,436	138,403	180,004

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Postage	175,112	153,265	170,695
Bank franchise tax	238,179	221,950	214,457
Other operating expenses	1,498,637	1,436,547	1,404,262
Total noninterest expenses	\$ 7,892,570	\$ 7,261,755	\$ 6,882,155
Net income before income taxes	\$ 3,994,881	\$ 3,972,656	\$ 3,708,809
Income Taxes	872,023	871,890	823,314
Net income	\$ 3,122,858	\$ 3,100,766	\$ 2,885,495
Earnings Per Share, basic	\$ 2.60	\$ 2.60	\$ 2.43
Earnings Per Share, diluted	\$ 2.58	\$ 2.58	\$ 2.42

See Notes to Consolidated Financial Statements.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Consolidated Statements of Stockholders Equity
Three Years Ended December 31, 2006**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income	Total
Balance, December 31, 2003	\$ 5,915,735	\$ 5,008,853	\$ 10,693,464	\$ 1,303,696		\$ 22,921,748
Comprehensive income:						
Net income 2004			2,885,495		\$ 2,885,495	2,885,495
Other comprehensive loss, net of tax:						
Unrealized loss on securities available for sale, net of deferred taxes of \$240,479					(466,812)	
Less reclassification adjustment, net of taxes of \$22,306					(43,300)	
Other comprehensive loss, net of tax				(510,112)	\$ (510,112)	(510,112)
Total comprehensive income					\$ 2,375,383	
Cash dividends, \$0.63 per share			(747,240)			(747,240)
Fractional shares purchased under dividend reinvestment plan			(78)			(78)
Issuance of common stock under dividend reinvestment plan	15,120	69,375				84,495
Exercise of stock options	13,900	32,548				46,448
Balance, December 31, 2004	\$ 5,944,755	\$ 5,110,776	\$ 12,831,641	\$ 793,584		\$ 24,680,756
Comprehensive income:						
Net income 2005			3,100,766		\$ 3,100,766	3,100,766
Other comprehensive loss, net of tax:						

Unrealized loss on securities available for sale, net of deferred taxes of \$449,023					(871,632)	
Less reclassification adjustment, net of taxes of \$892					(1,733)	
Other comprehensive loss, net of tax				(873,365)	\$ (873,365)	(873,365)
Total comprehensive income					\$ 2,227,401	
Cash dividends, \$0.73 per share				(872,371)		(872,371)
Fractional shares purchased under dividend reinvestment plan				(163)		(163)
Issuance of common stock under dividend reinvestment plan	14,980	80,074				95,054
Exercise of stock options	30,560	73,400				103,960
Balance, December 31, 2005 (forwarded)	\$ 5,990,295	\$ 5,264,250	\$ 15,059,873	\$ (79,781)		\$ 26,234,637

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Consolidated Statements of Stockholders Equity (Continued)
Three Years Ended December 31, 2006**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income	Total
Balance, December 31, 2005 (brought forward)	\$ 5,990,295	\$ 5,264,250	\$ 15,059,873	\$ (79,781)		\$ 26,234,637
Comprehensive income:						
Net income 2006			3,122,858		\$ 3,122,858	3,122,858
Other comprehensive income, net of tax:						
Unrealized gain on securities available for sale, net of deferred taxes of \$18,848					36,588	
Add reclassification adjustment, net of taxes of \$4,440					8,620	
Other comprehensive income, net of tax:				45,208	\$ 45,208	45,208
Total comprehensive income					\$ 3,168,066	
Adjustment to initially apply SFAS No. 158, net of deferred taxes of \$356,742				(692,498)		(692,498)
Cash dividends, \$0.77 per share			(926,469)			(926,469)
Fractional shares purchased under dividend reinvestment plan			(52)			(52)
Issuance of common stock under dividend reinvestment plan	15,600	84,032				99,632
Exercise of stock options	34,650	128,592				163,242
Balance, December 31, 2006	\$ 6,040,545	\$ 5,476,874	\$ 17,256,210	\$ (727,071)		\$ 28,046,558

See Notes to Consolidated Financial Statements.

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Consolidated Statements of Cash Flows
Three Years Ended December 31, 2006**

	2006	2005	2004
Cash Flows from Operating Activities			
Net income	\$ 3,122,858	\$ 3,100,766	\$ 2,885,495
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	605,594	507,708	507,201
Origination of loans available for sale	(6,932,350)	(5,626,948)	(7,059,823)
Proceeds from sale of loans available for sale	6,993,067	6,043,365	6,756,161
Provision for loan losses	125,000	240,400	305,000
(Gains) losses on sale of securities	13,060	(2,625)	(65,606)
(Gains) losses on disposal of premises and equipment	(467,415)	23,017	(48,783)
(Gains) on sale of loans	(60,717)	(55,774)	(56,981)
Deferred income tax (benefit) expense	(287,988)	(126,218)	124,848
Amortization of premiums on securities	202,316	218,296	238,840
Accretion of discounts on securities	(17,936)	(20,990)	(24,244)
(Increase) decrease in accrued interest receivable and other assets	219,004	168,975	(213,122)
Increase (decrease) in accrued expenses and other liabilities	457,582	582,584	(26,976)
Net cash provided by operating activities	\$ 3,972,075	\$ 5,052,556	\$ 3,322,010
Cash Flows from Investing Activities			
Proceeds from sales, principal repayments, calls and maturities of securities available for sale	\$ 10,009,939	\$ 9,556,053	\$ 11,658,025
(Purchase) redemption of restricted equity securities	(364,300)	(355,400)	114,100
Purchase of securities available for sale	(13,711,239)	(8,511,555)	(15,335,053)
Purchase of securities held to maturity			(3,000,000)
Net (increase) decrease in loans to customers	(14,408,527)	(22,976,389)	604,930
(Increase) decrease in federal funds sold		5,064,000	(4,779,000)
Purchase of bank-owned life insurance		(5,500,000)	
Purchases of premises and equipment	(3,524,885)	(1,613,366)	(675,219)
Proceeds from disposal of premises and equipment	715,389		420,594
Net cash (used in) investing activities	\$ (21,283,623)	\$ (24,336,657)	\$ (10,991,623)

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Consolidated Statements of Cash Flows (Continued)**
Three Years Ended December 31, 2006

	2006	2005	2004
Cash Flows from Financing Activities			
Net increase in deposits	\$ 7,733,275	\$ 16,158,987	\$ 3,691,151
Increase in federal funds purchased	1,397,000	1,810,000	
Increase in Federal Home Loan Bank advances	7,000,000	5,000,000	
Dividends paid	(926,469)	(872,371)	(747,240)
Net proceeds from issuance of common stock	262,874	199,014	130,943
Cash paid for fractional shares	(52)	(163)	(78)
Net cash provided by financing activities	\$ 15,466,628	\$ 22,295,467	\$ 3,074,776
Net increase (decrease) in cash and cash equivalents	\$ (1,844,920)	\$ 3,011,366	\$ (4,594,837)
Cash and Cash Equivalents			
Beginning of year	7,365,111	4,353,745	8,948,582
End of year	\$ 5,520,191	\$ 7,365,111	\$ 4,353,745
Supplemental Disclosure of Cash Flow Information			
Cash paid during year:			
Interest	\$ 6,646,783	\$ 4,261,817	\$ 3,616,769
Income taxes	\$ 1,137,804	\$ 481,000	\$ 880,000
Noncash Investing and Financing Activities			
Unrealized gain (loss) on securities available for sale	\$ 68,496	\$ (1,323,280)	\$ (772,897)
Pension liability adjustment	\$ (1,049,240)	\$	\$

See Notes to Consolidated Financial Statements.

BOE FINANCIAL SERVICES OF VIRGINIA, INC.

Notes to Consolidated Financial Statements

Note 1. Nature of Banking Activities and Significant Accounting Policies

BOE Financial Services of Virginia, Inc. (the Corporation) is a bank holding company, which owns all of the stock of its sole subsidiaries, Bank of Essex (the Bank) and BOE Statutory Trust I (the Trust). The Bank provides commercial, residential and consumer loans, and a variety of deposit products to its customers in the Northern Neck and Richmond regions of Virginia.

Essex Services, Inc. is a wholly-owned subsidiary of the Bank and was formed to sell title insurance to the Bank's mortgage loan customers. Essex Services, Inc. also offers insurance and investment products through affiliations with two limited liability companies.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of BOE Financial Services of Virginia, Inc. and its wholly-owned subsidiary, Bank of Essex. All material intercompany balances and transactions have been eliminated in consolidation. FASB Interpretation No. 46 (R) requires that the Corporation no longer eliminate through consolidation the equity investment in BOE Statutory Trust I, which approximated \$124,000 at December 31, 2006 and 2005. The subordinated debt of the Trust is reflected as a liability of the Corporation.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost. Securities not classified as held to maturity, including equity securities with readily determinable fair values, are classified as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other than temporary impairment losses, management considers (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 Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Restricted Securities

The Corporation is required to maintain an investment in the capital stock of certain correspondent banks. The Corporation's investment in these securities is recorded at cost.

Loans

The Bank grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans. The ability of the Bank's debtors to honor their contracts is dependent upon the real estate and general economic conditions in the Bank's market area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.

Notes to Consolidated Financial Statements (Continued)

balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Consumer loans are typically charged off no later than 180 days past due. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all of the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio, based on an evaluation of the collectibility of existing loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses, and may require the Bank to make additions to the allowance based on their judgment about information available to them at the time of their examinations.

The allowance consists of specific, general and unallocated components. For loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. 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. Impairment is measured on a loan by loan basis for commercial and construction loans by either the present value of the expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

BOE FINANCIAL SERVICES OF VIRGINIA, INC.

Notes to Consolidated Financial Statements (Continued)

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Bank does not separately identify individual consumer and residential loans for impairment disclosures.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated market in the aggregate. Net unrealized losses are recognized through a valuation allowance by charges to income. Mortgage loans held for sale are generally sold with the mortgage servicing rights released by the Corporation.

The Corporation enters into commitments to originate certain mortgage loans whereby the interest rate on the loans is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. The period of time between issuance of a loan commitment and closing and the sale of the loan generally ranges from thirty to ninety days. The Corporation protects itself from changes in interest rates through the use of best efforts forward delivery commitments, whereby the Corporation commits to sell a loan at the time the borrower commits to an interest rate with the intent that the buyer has assumed interest rate risk on the loan. As a result, the Corporation is not exposed to losses nor will it realize significant gains related to its rate lock commitments due to changes in interest rates. The correlation between the rate lock commitments and the best efforts contracts is very high due to their similarity. Because of this high correlation, the gain or loss that occurs on the rate lock commitments is immaterial.

Bank Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation. Land is carried at cost. Depreciation of bank premises and equipment is computed on the straight-line method over estimated useful lives of 10 to 50 years for premises and 5 to 20 years for equipment, furniture and fixtures.

Costs of maintenance and repairs are charged to expense as incurred and major improvements are capitalized. Upon sale or retirement of depreciable properties, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in the determination of income.

Intangibles

Intangible assets consist of core deposit premiums from a branch acquisition. Intangible assets are being amortized on a straight-line basis over 15 years.

Other Real Estate

Real estate acquired through, or in lieu of, loan foreclosure is held for sale and is initially recorded at the lower of the loan balance or the fair value at the date of foreclosure net of estimated disposal costs, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of the carrying amount or the fair value less costs to sell. Revenues and expenses from operations and changes in the valuation allowance are included in other operating expenses. Costs to bring a property to salable condition are capitalized up to the fair value of the property while costs to maintain a property in salable condition are expensed as incurred. The Corporation had no other real estate at December 31, 2006 or 2005.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

Earnings Per Share

Basic earnings per share (EPS) is computed based on the weighted average number of shares outstanding and excludes any dilutive effects of options, warrants and convertible securities. Diluted earnings per share is computed in a manner similar to basic EPS, except for certain adjustments to the numerator and the denominator. Diluted EPS gives effect to all dilutive potential common shares that were outstanding during the period. Potential common shares that may be issued by the Corporation relate solely to outstanding stock options and are determined using the treasury stock method.

Stock-Based Compensation

At December 31, 2006, the Corporation had two stock-based compensation plans, which are described more fully in Note 9. Effective January 1, 2006, the Corporation adopted SFAS No. 123 (revised 2004), Share-Based Payment. SFAS No. 123R requires the costs resulting from all share-based payments to employees be recognized in the financial statements. Stock-based compensation is estimated at the date of grant using the Black-Scholes option valuation model for determining fair value. Prior to adopting SFAS No. 123R, the Corporation accounted for the plans under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations. No stock-based employee compensation cost was reflected in net income, as all options granted under the plans had an exercise price equal to the market value of the underlying common stock on the date of grant.

The following table illustrates the effect on net income and earnings per share as if the Corporation had applied the fair value recognition provisions of SFAS No. 123, *Accounting for Stock-Based Compensation*, to stock-based compensation for the years ended December 31, 2005 and 2004. No stock-based compensation expense was recognized for the year ended December 31, 2006 as no stock options were granted or vested. Effective December 22, 2005, the Corporation accelerated the vesting of all novested stock options under the stock-based compensation plans.

	Years Ended December 31,	
	2005	2004
Net income, as reported	\$ 3,100,766	\$ 2,885,495
Deduct total stock-based employee compensation expense determined under fair value based method for all awards, net of tax effect	(202,201)	(64,943)
Pro forma net income	\$ 2,898,565	\$ 2,820,552
Earnings per share:		
Basic as reported	\$ 2.60	\$ 2.43
Basic pro forma	\$ 2.43	\$ 2.38

Diluted as reported	\$	2.58	\$	2.42
Diluted pro forma	\$	2.41	\$	2.36

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Corporation has defined cash equivalents as those amounts included in the balance sheet caption Cash and due from banks.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)*****Advertising Costs***

The Corporation follows the policy of charging the costs of production of advertising to expense as incurred. Total advertising expense incurred for 2006, 2005 and 2004 was \$112,945, \$78,330 and \$93,578, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses.

Reclassifications

Certain reclassifications have been made to prior period balances to conform to the current year provisions.

Note 2. Securities

The amortized cost and fair value of securities available for sale as of December 31, 2006 and 2005, are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
2006				
U.S. Treasury securities	\$ 999,115	\$	\$ (19,340)	\$ 979,775
U.S. Agency and mortgage-backed securities	15,373,799	11,055	(259,158)	15,125,697
Obligations of state and political subdivisions	38,299,358	246,741	(320,870)	38,225,229
Corporate debt securities	1,280,598	12,902	(5,057)	1,288,443
Other equity securities	64,656	279,664		344,320
	\$ 56,017,526	\$ 550,362	\$ (604,425)	\$ 55,963,463
2005				
U.S. Treasury securities	\$ 1,748,174	\$	\$ (37,999)	\$ 1,710,175
U.S. Agency and mortgage-backed securities	12,885,090	5,490	(367,764)	12,522,816
Obligations of state and political subdivisions	36,833,547	363,291	(347,462)	36,849,376
Corporate debt securities	982,199	28,634		1,010,833
Other equity securities	64,656	234,930		299,586
	\$ 52,513,666	\$ 632,345	\$ (753,225)	\$ 52,392,786

The amortized cost and fair value of securities available for sale as of December 31, 2006, by contractual maturity are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations without any penalties.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

	Amortized Cost	Fair Value
Due in one year or less	\$ 9,092,411	\$ 9,070,047
Due after one year through five years	29,564,027	29,344,022
Due after five years through ten years	16,024,813	15,928,787
Due after ten years	1,271,619	1,276,287
Other equity securities	64,656	344,320
	\$ 56,017,526	\$ 55,963,463

At December 31, 2006 and 2005, the Corporation owned one U.S. Government Agency bond in the held to maturity classification with a book value of \$3,000,000. The market value of the bond was \$2,949,000 and \$2,932,500 at December 31, 2006 and 2005, respectively. The bond matures in 2024.

Proceeds from sales, principal repayments, calls and maturities of securities available for sale during 2006, 2005 and 2004 were \$10,009,939, \$9,566,053 and \$11,658,025, respectively. Gross realized gains of \$18,804, \$11,960 and \$101,138 and gross realized losses of \$31,864, \$9,335 and \$35,532 were recognized on those sales for the years ended December 31, 2006, 2005 and 2004, respectively. The tax provision (benefit) applicable to these net realized gains amounted to \$(4,440), \$892 and \$22,306, respectively.

Securities with amortized costs of \$7,682,899 and \$8,422,978 at December 31, 2006 and 2005 were pledged to secure public deposits and for other purposes required or permitted by law.

A summary of investments in an unrealized loss position at December 31, 2006 and 2005 follows:

	Duration of the Unrealized Loss			
	Less Than 12 Months		12 Months or More	
	Fair Value	Unrealized (Losses)	Fair Value	Unrealized (Losses)
2006				
U.S. Treasury securities	\$ 497,150	\$ (3,337)	\$ 482,625	\$ (16,003)
U.S. Agency and mortgage- backed securities	2,160,944	(9,264)	9,089,792	(249,894)
Obligations of state and political subdivisions	6,532,392	(26,997)	14,835,564	(293,873)
Corporate securities	496,950	(5,057)		
Total temporarily impaired securities	\$ 9,687,436	\$ (44,655)	\$ 24,407,981	\$ (559,770)
2005				
U.S. Treasury securities	\$	\$	\$ 1,710,175	\$ (37,999)

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U.S. Agency and mortgage- backed securities	6,452,591	(159,992)	5,876,641	(207,772)
Obligations of state and political subdivisions	9,992,617	(160,577)	5,940,175	(186,885)
Total temporarily impaired securities	\$ 16,445,208	\$ (320,569)	\$ 13,526,991	\$ (432,656)

The unrealized losses in the investment portfolio as of December 31, 2006, are generally a result of market fluctuations that occur daily. The unrealized losses are from 120 securities that are all of investment grade, backed by insurance, U.S. government agency guarantees, or the full faith and credit of local municipalities throughout the United States. The Corporation has the ability and intent to hold these securities to maturity. Market prices are affected by conditions beyond the control of the Corporation. Investment decisions are made by the management group of the Corporation and reflect the overall liquidity and strategic asset/liability objectives of the Corporation. Management analyzes the securities portfolio frequently and manages the portfolio to provide an overall positive impact to the Corporation's income statement and balance sheet.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)****Note 3. Loans**

Major classifications of loans are summarized as follows:

	December 31,	
	2006	2005
	(In thousands)	
Mortgage loans on real estate:		
Residential 1-4 family	\$ 56,264	\$ 48,898
Commercial	73,594	62,580
Construction	29,984	32,084
Equity lines of credit	8,150	9,818
Commercial loans	22,934	22,873
Consumer installment loans:		
Personal	5,036	5,276
Credit cards	929	927
	\$ 196,891	\$ 182,456
Less: Allowance for loan losses	2,400	2,249
Loans, net	\$ 194,491	\$ 180,207

A summary of the transactions affecting the allowance for loan losses is as follows:

	2006	2005	2004
Balance, beginning of year	\$ 2,248,658	\$ 2,088,329	\$ 2,128,254
Provision for loan losses	125,000	240,400	305,000
Loans charged off	(137,873)	(158,810)	(429,781)
Recoveries of loans previously charged off	163,853	78,739	84,856
Balance, end of year	\$ 2,399,638	\$ 2,248,658	\$ 2,088,329

The following is a summary of information pertaining to impaired loans:

	December 31,		
	2006	2005	2004

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Impaired loans with a valuation allowance	\$ 1,635,400	\$ 1,517,800	\$ 2,823,700
Impaired loans without a valuation allowance	120,700	223,200	
Total impaired loans	\$ 1,756,100	\$ 1,741,000	\$ 2,823,700
Valuation allowance related to impaired loans	\$ 567,700	\$ 536,300	\$ 606,345

	2006	2005	2004
Nonaccrual loans	\$	\$ 150,418	\$ 240,935
Loans past due ninety days or more and still accruing	101,560	259,500	100,236
Average balance of impaired loans	1,748,550	2,394,350	2,610,500
Interest income recognized on impaired loans	175,261	195,899	168,359
Interest income recognized on a cash basis on impaired loans	158,889	195,899	168,359

The Corporation has not committed to lend additional funds to these debtors.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)****Note 4. Premises and Equipment**

A summary of the cost and accumulated depreciation of bank premises and equipment at December 31, 2006 and 2005 follows:

	2006	2005
Land	\$ 2,629,218	\$ 2,729,218
Buildings	7,849,978	3,940,808
Furniture and fixtures	4,847,910	4,278,944
Construction in progress	11,203	1,317,470
	\$ 15,338,309	\$ 12,266,440
Accumulated depreciation	4,884,748	4,610,019
	\$ 10,453,561	\$ 7,656,421

Depreciation expense for the years ended December 31, 2006, 2005 and 2004, amounted to \$479,771, \$381,885 and \$381,377, respectively.

Note 5. Deposits

The aggregate amount of time deposits in denominations of \$100,000 or more at December 31, 2006 and 2005 was \$43,980,269 and \$39,864,361, respectively.

The scheduled maturities of time deposits at December 31, 2006 are as follows:

2007	\$ 113,762,513
2008	20,731,324
2009	3,289,543
2010	2,547,793
2011	1,638,744
	\$ 141,969,917

At December 31, 2006 and 2005, overdraft demand deposits reclassified to loans totaled \$101,649 and \$71,186, respectively.

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)****Note 6. Income Taxes**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities follows:

	2006	2005
Deferred tax assets:		
Allowance for loan losses	\$ 636,072	\$ 594,442
Deferred compensation	224,155	163,578
Nonaccrual loan interest		5,168
Unrealized loss on securities available for sale	18,382	41,099
Accrued pension	365,304	
	\$ 1,243,913	\$ 804,287
Deferred tax liabilities:		
Depreciation	\$ 249,319	\$ 300,430
Discount accretion on securities	15,366	19,173
Partnership losses	59,352	57,599
Prepaid pension		129,222
Other	21,983	21,983
	\$ 346,020	\$ 528,407
Net deferred tax assets	\$ 897,893	\$ 275,880

Allocation of the income tax expense between current and deferred portions is as follows:

	2006	2005	2004
Current tax provision	\$ 1,160,011	\$ 998,108	\$ 698,466
Deferred tax (benefit) expense	(287,988)	(126,218)	124,848
	\$ 872,023	\$ 871,890	\$ 823,314

The following is a reconciliation of the expected income tax expense with the reported expense for each year:

2006	2005	2004
-------------	-------------	-------------

Statutory Federal income tax rate	34.0%	34.0%	34.0%
(Reduction) in taxes resulting from:			
Municipal interest	(10.3)	(10.6)	(10.5)
Other, net	(1.9)	(1.5)	(1.3)
Effective income tax rate	21.8%	21.9%	22.2%

Note 7. Federal Home Loan Bank Advances and Lines of Credit

The Corporation had advances on lines of credit with the Federal Home Loan Bank of Atlanta that totaled \$12,000,000 and \$5,000,000 at December 31, 2006 and 2005, respectively. The weighted average interest rate on these advances was 4.75%. One advance totaling \$7,000,000 matures in 2007 with the remaining \$5,000,000 advance maturing in 2015. Advances on the lines are secured by all of the Corporation's first lien loans on one-to-four unit single-family dwellings. As of December 31, 2006, the book value of these loans totaled approximately

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.

Notes to Consolidated Financial Statements (Continued)

\$42,804,000. The amount of available credit is limited to seventy-five percent of qualifying collateral. Any borrowings in excess of the qualifying collateral require pledging of additional assets.

The Corporation has unsecured lines of credit with correspondent banks available for overnight borrowing totaling approximately \$16,500,000. At December 31, 2006, \$3,207,000 had been drawn on these lines of credit.

Note 8. Employee Benefit Plans

The Corporation has a noncontributory, defined benefit pension plan for all full-time employees over 21 years of age. Benefits are generally based upon years of service and the employees' compensation. The Corporation funds pension costs in accordance with the funding provisions of the Employee Retirement Income Security Act.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

The following tables provide a reconciliation of the changes in the plan's benefit obligations and fair value of assets over the years ending December 31, 2006, 2005 and 2004, computed as of October 1, 2006, 2005 and 2004, respectively:

	2006	2005	2004
Change in Benefit Obligation			
Benefit obligation, beginning	\$ 4,289,019	\$ 3,561,978	\$ 3,066,325
Service cost	363,570	308,269	245,785
Interest cost	245,828	212,894	198,503
Actuarial loss	(332,800)	233,774	460,162
Benefits paid	(27,896)	(27,896)	(408,797)
Benefit obligation, ending	\$ 4,537,721	\$ 4,289,019	\$ 3,561,978
Change in Plan Assets			
Fair value of plan assets, beginning	\$ 3,071,341	\$ 2,545,270	\$ 1,921,202
Actual return on plan assets	251,931	342,457	241,058
Employer contributions	167,914	211,510	791,807
Benefits paid	(27,896)	(27,896)	(408,797)
Fair value of plan assets, ending	\$ 3,463,290	\$ 3,071,341	\$ 2,545,270
Funded Status			
Unrecognized net actuarial loss	\$ (1,074,431)	\$ (1,217,678)	\$ (1,016,708)
Unrecognized net obligation at transition		1,428,442	1,378,746
Unrecognized prior service cost		(19,208)	(22,408)
		20,595	24,026
(Accrued) prepaid benefit cost at October 1	\$ (1,074,431)	\$ 212,151	\$ 363,656
Contributions made in December		167,914	211,510
(Accrued) prepaid benefit cost at December 31	\$ (1,074,431)	\$ 380,065	\$ 575,166
Amounts Recognized in the Balance Sheet			
Other assets	\$	\$ 380,065	\$ 575,166
Other liabilities	1,074,431		
Amounts Recognized in Accumulated Comprehensive Income (Loss)			
Net loss	\$ 1,048,084	\$	\$
Prior service cost	17,164		
Net obligation at transition	(16,008)		
Total amount recognized	\$ 1,049,240	\$	\$

The accumulated benefit obligation for the defined benefit pension plan was \$2,741,049, \$2,416,644 and \$1,945,342 at September 30, 2006, 2005 and 2004, respectively.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

The following table provides the components of net periodic benefit cost for the plan for the years ended December 31, 2006, 2005 and 2004:

	2006	2005	2004
Components of Net Periodic Benefit Cost			
Service cost	\$ 363,570	\$ 308,269	\$ 245,785
Interest cost	245,828	212,894	198,503
Expected return on plan assets	(259,903)	(215,187)	(212,210)
Amortization of prior service cost	3,431	3,431	3,431
Amortization of net obligation at transition	(3,200)	(3,200)	(3,200)
Recognized net actuarial loss	55,530	56,808	37,694
Net periodic benefit cost	\$ 405,256	\$ 363,015	\$ 270,003
Other Changes in Plan Assets and Benefit Obligations Recognized in Accumulated Other Comprehensive Income (Loss)			
Net loss	\$ 1,048,084	\$	\$
Prior service cost	17,164		
Net obligation at transition	(16,008)		
Deferred income tax benefit	(356,742)		
Total recognized in other comprehensive (loss)	692,498	\$	\$
Total recognized in net periodic benefit cost and accumulated other comprehensive (loss)	\$ 1,097,754	\$ 363,015	\$ 270,003

The weighted-average assumptions used in the measurement of the Corporation's benefit obligation are shown in the following table:

	2006	2005	2004
Discount rate	6.00%	5.75%	6.00%
Expected return on plan assets	8.50%	8.50%	8.50%
Rate of compensation increase	5.00%	5.00%	5.00%

The weighted-average assumption used in the measurement of the Corporation's net periodic benefit cost are shown in the following table:

	2006	2005	2004
Discount rate	5.75%	6.00%	6.50%
Expected return on plan assets	8.50%	8.50%	8.50%
Rate of compensation increase	5.00%	5.00%	5.00%

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

**Incremental Effect of Applying SFAS No. 158
on Individual Line Items in the Consolidated Balance Sheet
December 31, 2006**

	Before Application of SFAS No. 158	Adjustments	After Application of SFAS No. 158
Other assets (deferred income taxes)	\$ 8,153,404	\$ 356,742	\$ 8,510,146
Other liabilities (pension liability)	1,235,208	1,049,240	2,284,448
Accumulated other comprehensive (loss)	(34,573)	(692,498)	(727,071)
 Total stockholders' equity	 \$ 28,739,056	 \$ (692,498)	 \$ 28,046,558

Long-Term Rate of Return

The plan sponsor selects the expected long-term rate of return on assets assumption in consultation with their investment advisors and actuary. This rate is intended to reflect the average rate of earnings expected to be earned on the funds invested or to be invested to provide plan benefits. Historical performance is reviewed, especially with respect to real rates of return (net of inflation), for the major asset classes held or anticipated to be held by the trust, and for the trust itself. Undue weight is not given to recent experience that may not continue over the measurement period, with higher significance placed on current forecasts of future long-term economic conditions.

Because assets are held in a qualified trust, anticipated returns are not reduced for taxes. Further, solely for this purpose, the plan is assumed to continue in force and not terminate during the period during which assets are invested. However, consideration is given to the potential impact of current and future investment policy, cash flow into and out of the trust, and expenses (both investment and non-investment) typically paid from plan assets (to the extent such expenses are not explicitly estimated within periodic cost).

Asset Allocation

The pension plan's weighted-average asset allocations at September 30, 2006 and 2005, by asset category are as follows:

	2006	2005
Asset Category		
Mutual funds - fixed income	30%	34%
Mutual funds - equity	56%	66%
Cash and equivalents	14%	0%

The trust fund is sufficiently diversified to maintain a reasonable level of risk without imprudently sacrificing return, with a targeted asset allocation of 40% fixed income and 60% equities. The investment manager selects investment fund managers with demonstrated experience and expertise, and funds with demonstrated historical performance, for the implementation of the plan's investment strategy. The investment manager will consider both actively and passively managed investment strategies and will allocate funds across the asset classes to develop an efficient investment structure.

It is the responsibility of the trustee to administer the investments of the trust within reasonable costs, being careful to avoid sacrificing quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to the trust.

The Corporation does not expect to contribute to its pension plan in 2007.

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

Estimated future benefit payments, which reflect expected future service, as appropriate, are as follows:

2007	\$ 38,876
2008	61,624
2009	67,432
2010	87,686
2011	104,130
2012-2016	1,124,836

401(k) Plan

The Corporation has also adopted a contributory 401(k) profit sharing plan which covers substantially all employees. The employee may contribute up to 15% of compensation, subject to statutory limitations. The Corporation matches 50% of employee contributions up to 4% of compensation. The plan also provides for an additional discretionary contribution to be made by the Corporation as determined each year. The amounts charged to expense under this plan for the years ended December 31, 2006, 2005 and 2004 were \$53,642, \$47,963 and \$44,085, respectively.

Deferred Compensation Agreements

The Corporation has deferred compensation agreements with certain key employees and the Board of Directors. The retirement benefits to be provided are fixed based upon the amount of compensation earned and deferred. Deferred compensation expense amounted to \$268,011, \$56,593 and \$3,612 for the years ended December 31, 2006, 2005 and 2004, respectively. These contracts are funded by life insurance policies.

Note 9. Stock Option Plans

During the year ended December 31, 2000, the Corporation adopted stock option plans for all employees and outside directors. The plans provide that 110,000 shares of the Corporation's common stock will be reserved for both incentive and non-statutory stock options to purchase common stock of the Corporation. The exercise price per share for incentive stock options and non-statutory stock options shall not be less than the fair market value of a share of common stock on the date of grant, and may be exercised at such times as may be specified by the Board of Directors in the participant's stock option agreement. Each incentive and non-statutory stock option shall expire not more than ten years from the date the option is granted. The options vest at the rate of one quarter per year from the grant date. Effective December 22, 2005, the Compensation Committee of the Board of Directors approved the acceleration of vesting of all unvested stock options under the plans.

A summary of the status of the stock plans follows:

Number	Weighted Average Exercise	Weighted Average Remaining Contractual	Aggregate Intrinsic
--------	---------------------------------	---	------------------------

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	of Shares	Price	Term	Value
Outstanding at beginning of year	37,589	\$ 23.87		
Granted				
Exercised	(6,930)	23.56		
Forfeited	(941)	24.80		
Outstanding at year end	29,718	23.92	6.5 years	\$ 206,250
Exercisable at year end	29,718	23.92	6.5 years	\$ 206,250

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

The aggregate intrinsic value of a stock option in the table above represents the total pre-tax intrinsic value (the amount by which the current market value of the underlying stock exceeds the exercise price of the option) that would have been received by option holders had all option holders exercised their options on December 31, 2006. This amount changes based on changes in the market value of the Corporation's stock.

The total intrinsic value of options exercised during the year ended December 31, 2006 was \$61,250.

The weighted average fair value of options granted during the year ended December 31, 2004 was \$8.22 and was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions. There were no option grants during the years ended December 31, 2006 and 2005.

Dividend yield	2.64%
Expected life	9.7 years
Expected volatility	25.86%
Risk-free interest rate	4.45%

Note 10. Earnings Per Share

The following shows the weighted average number of shares used in computing earnings per share and the effect on the weighted average number of shares of diluted potential stock. Potential dilutive common stock had no effect on income available to common stockholders.

	2006		2005		2004	
	Shares	Per Share	Share	Per Share	Shares	Per Share
Basic earnings per share	1,201,465	\$ 2.60	1,193,467	\$ 2.60	1,185,952	\$ 2.43
Effect of dilutive stock options	9,457		10,258		8,559	
Diluted earnings per share	1,210,922	\$ 2.58	1,203,725	\$ 2.58	1,194,511	\$ 2.42

The Corporation granted options to employees and directors to purchase 3,797 shares on average during the year ended December 31, 2004 that were not included in the computation of diluted earnings per share because the exercise price of those options exceeded the average market price of the common shares during the year. No options were excluded from the computation for the years ended December 31, 2006 and 2005.

Note 11. Related Party Transactions

In the ordinary course of business, the Bank has and expects to continue to have transactions, including borrowings, with its executive officers, directors, and their affiliates. All such loans are made on substantially the same terms as

those prevailing at the time for comparable loans to unrelated persons. Loans to such borrowers are summarized as follows:

	2006	2005
Balance, beginning of year	\$ 2,677,102	\$ 2,007,294
Principal additions	1,336,758	2,005,289
Repayments and reclassifications	(1,128,828)	(1,335,481)
Balance, end of year	\$ 2,885,032	\$ 2,677,102

Note 12. Commitments and Contingent Liabilities

In the normal course of business, there are outstanding various commitments and contingent liabilities, such as guarantees, commitments to extend credit, etc., which are not reflected in the accompanying consolidated financial

BOE FINANCIAL SERVICES OF VIRGINIA, INC.

Notes to Consolidated Financial Statements (Continued)

statements. The Bank does not anticipate losses as a result of these transactions. See Note 15 with respect to financial instruments with off-balance-sheet risk.

As members of the Federal Reserve System, the Bank is required to maintain certain average reserve balances. For the final weekly reporting period in the years ended December 31, 2006 and 2005, the aggregate amount of daily average required balances were approximately \$632,000 and \$995,000, respectively.

The Bank is required to maintain certain required reserve balances with a correspondent bank. Those required balances were \$250,000 at December 31, 2006 and 2005.

Note 13. Dividend Limitations on Affiliate Bank

Transfers of funds from the banking subsidiary to the parent corporation in the form of loans, advances and cash dividends are restricted by federal and state regulatory authorities. As of December 31, 2006, the aggregate amount of unrestricted funds, which could be transferred from the banking subsidiary to the parent corporation, without prior regulatory approval, totaled \$7,129,004 (25.4% of net assets).

Note 14. Concentration of Credit Risk

The Bank has a diversified loan portfolio consisting of commercial, real estate and consumer (installment) loans. Substantially all of the Bank's customers are residents or operate business ventures in its market area consisting of Essex, King William, Hanover, Henrico and adjacent counties. Therefore, a substantial portion of its debtors' ability to honor their contracts and the Bank's ability to realize the value of any underlying collateral, if needed, is influenced by the economic conditions in this market area.

The Bank maintains a portion of its cash balances with several financial institutions located in its market area. Accounts at each institution are secured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured balances were approximately \$996,000 and \$1,978,000 at December 31, 2006 and 2005, respectively.

Note 15. Financial Instruments With Off-Balance-Sheet Risk

The Bank is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

A summary of the contract amounts of the Bank's exposure to off-balance-sheet risk as of December 31, 2006 and 2005, is as follows:

	2006	2005
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	\$ 45,251,000	\$ 40,381,000
Standby letters of credit	4,971,000	4,602,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. 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 Bank

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.

Notes to Consolidated Financial Statements (Continued)

evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties.

Unfunded commitments under commercial lines-of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines-of-credit are generally uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's evaluation of the counterparty. Since most of the letters of credit are expected to expire without being drawn upon, they do not necessarily represent future cash requirements.

Note 16. Minimum Regulatory Capital Requirements

The Corporation (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation's and Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Corporation and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). Management believes, as of December 31, 2006 and 2005, that the Corporation and Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2006, the most recent notification from the Federal Reserve Bank categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Corporation's and the Bank's actual capital amounts and ratios as of December 31, 2006 and 2005, are also presented in the table.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

	Actual		Minimum Capital Requirement		Minimum To be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in thousands)						
As of December 31, 2006:						
Total Capital (to Risk Weighted Assets)						
Consolidated	\$ 34,679	16.4%	\$ 16,919	8.00%	N/A	N/A
Bank of Essex	\$ 33,869	16.1%	\$ 16,866	8.00%	\$ 21,083	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	\$ 32,559	15.4%	\$ 8,460	4.00%	N/A	N/A
Bank of Essex	\$ 31,874	15.1%	\$ 8,433	4.00%	\$ 12,650	6.00%
Tier 1 Capital (to Average Assets)						
Consolidated	\$ 32,559	11.7%	\$ 11,162	4.00%	N/A	N/A
Bank of Essex	\$ 31,874	11.4%	\$ 11,162	4.00%	\$ 13,953	5.00%
As of December 31, 2005:						
Total Capital (to Risk Weighted Assets)						
Consolidated	\$ 31,788	15.7%	\$ 16,224	8.00%	N/A	N/A
Bank of Essex	\$ 31,141	15.4%	\$ 16,205	8.00%	\$ 20,256	10.00%
Tier 1 Capital (to Risk Weighted Assets)						
Consolidated	\$ 29,944	14.8%	\$ 8,112	4.00%	N/A	N/A
Bank of Essex	\$ 29,297	14.5%	\$ 8,102	4.00%	\$ 12,154	6.00%
Tier 1 Capital (to Average Assets)						
Consolidated	\$ 29,944	11.6%	\$ 10,369	4.00%	N/A	N/A
Bank of Essex	\$ 29,297	11.3%	\$ 10,369	4.00%	\$ 12,961	5.00%

Note 17. Fair Value of Financial Instruments and Interest Rate Risk

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Corporation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. SFAS No. 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Corporation.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Short-Term Investments

For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

Securities

For securities held for investment purposes, fair values are based on quoted market prices or dealer quotes.

Restricted Securities

The carrying value of restricted securities approximates their fair value based on the redemption provisions of the respective entity.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.

Notes to Consolidated Financial Statements (Continued)

Loans Receivable

For certain homogeneous categories of loans, such as some residential mortgages, and other consumer loans, fair value is estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposit Liabilities

The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

Long-Term Borrowings

The fair values of the Corporation's long-term borrowings are estimated using discounted cash flow analyses based on the Corporation's current incremental borrowing rates for similar types of borrowing arrangements.

Accrued Interest

The carrying amounts of accrued interest approximate fair value.

Off-Balance-Sheet Financial Instruments

The fair value of commitments to extend credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

The fair value of stand-by letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reporting date.

At December 31, 2006 and 2005, the fair values of loan commitments and stand-by letters of credit were deemed to be immaterial.

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

The carrying amounts and estimated fair values of the Corporation's financial instruments are as follows:

	2006		2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(In thousands)			
Financial assets:				
Cash and short-term investments	\$ 5,520	\$ 5,520	\$ 7,365	\$ 7,365
Securities	58,963	58,912	55,393	55,325
Restricted securities	1,553	1,553	1,188	1,188
Loans, net of allowance	194,491	196,078	180,207	182,006
Accrued interest receivable	1,363	1,363	1,190	1,190
Financial liabilities:				
Deposits	\$ 230,865	\$ 231,034	\$ 223,132	\$ 222,479
Federal funds purchased	3,207	3,207	1,810	1,810
Federal Home Loan Bank				
Bank advances	12,000	11,637	5,000	4,647
Trust preferred capital notes	4,124	4,152	4,124	4,161
Accrued interest payable	851	851	526	526

The Corporation assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Corporation's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Corporation. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Corporation's overall interest rate risk.

Note 18. Trust Preferred Capital Notes

On December 12, 2003, BOE Statutory Trust I, a wholly-owned subsidiary of the Corporation, was formed for the purpose of issuing redeemable capital securities. On December 12, 2003, \$4.1 million of trust preferred securities were issued through a direct placement. The securities have a LIBOR-indexed floating rate of interest. During the years ended December 31, 2006 and 2005, the weighted-average interest rate was 8.47% and 6.29%. The securities have a mandatory redemption date of December 12, 2033 and are subject to varying call provisions beginning December 12, 2008. The principal asset of the Trust is \$4.1 million of the Corporation's junior subordinated debt securities with the like maturities and like interest rates to the capital securities.

The trust preferred notes may be included in Tier 1 capital for regulatory capital adequacy determination purposes up to 25% of Tier 1 capital after its inclusion. The portion of the trust preferred not considered as Tier 1 capital may be included in Tier 2 capital. At December 31, 2006 and 2005, all trust preferred notes were included in Tier 1 capital.

The obligations of the Corporation with respect to the issuance of the Capital Securities constitute a full and unconditional guarantee by the Corporation of the Trust's obligations with respect to the Capital Securities.

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BOE FINANCIAL SERVICES OF VIRGINIA, INC.**Notes to Consolidated Financial Statements (Continued)**

Subject to certain exceptions and limitations, the Corporation may elect from time to time to defer interest payments on the junior subordinated debt securities, which would result in a deferral of distribution payments on the related Capital Securities.

Note 19. Parent Corporation Only Financial Statements

**BOE FINANCIAL SERVICES OF VIRGINIA, INC.
(Parent Corporation Only)**

**Balance Sheets (Condensed)
December 31, 2006 and 2005**

	2006	2005
ASSETS		
Cash	\$ 124,813	\$ 137,129
Investment in subsidiaries	31,485,295	29,710,691
Securities available for sale, at fair value	344,320	299,586
Other assets	322,160	302,051
Total assets	\$ 32,276,588	\$ 30,449,457
LIABILITIES AND STOCKHOLDERS EQUITY		
Trust preferred capital notes	\$ 4,124,000	\$ 4,124,000
Other liabilities	106,030	90,820
Stockholders equity	28,046,558	26,234,637
Total liabilities and stockholders equity	\$ 32,276,588	\$ 30,449,457

BOE FINANCIAL SERVICES OF VIRGINIA, INC.
(Parent Corporation Only)

Statements of Income (Condensed)
Three Years Ended December 31, 2006

	2006	2005	2004
Income:			
Dividends from subsidiary	\$ 900,000	\$ 870,000	\$ 755,743
Dividends on other securities	15,310	11,399	7,481
Total income	\$ 915,310	\$ 881,399	\$ 763,224
Expenses:			
Interest expense	\$ 338,615	\$ 263,223	\$ 187,004
Other	23,000	23,000	31,015
Total expenses	\$ 361,615	\$ 286,223	\$ 218,019
Income before allocated tax benefit and undistributed income of subsidiary	\$ 553,695	\$ 595,176	\$ 545,205
Allocated income tax benefit	117,743	93,441	74,855
Income before equity in undistributed income of subsidiary	\$ 671,438	\$ 688,617	\$ 620,060
Equity in undistributed income of subsidiary	2,451,420	2,412,149	2,265,435
Net income	\$ 3,122,858	\$ 3,100,766	\$ 2,885,495

BOE FINANCIAL SERVICES OF VIRGINIA, INC.
(Parent Corporation Only)

Statements of Cash Flows (Condensed)
Three Years Ended December 31, 2006

	2006	2005	2004
Cash Flows from Operating Activities			
Net income	\$ 3,122,858	\$ 3,100,766	\$ 2,885,495
Adjustments to reconcile net income to net cash provided by operating activities:			
(Increase) in other assets	(20,109)	(41,559)	(45,277)
Deferred tax (benefit) provision	(15,208)	3,340	6,683
Undistributed earnings of subsidiary	(2,451,420)	(2,412,149)	(2,265,435)
Increase (decrease) in liabilities	15,210	20,718	(7,987)
Net cash provided by operating activities	\$ 651,331	\$ 671,116	\$ 573,479
Cash Flows from Financing Activities			
Cash dividends paid	\$ (926,469)	\$ (872,371)	\$ (747,240)
Net proceeds from issuance of common stock	262,874	199,014	130,943
Cash paid for fractional shares	(52)	(163)	(78)
Net cash (used in) financing activities	\$ (663,647)	\$ (673,520)	\$ (616,375)
(Decrease) in cash and cash equivalents	\$ (12,316)	\$ (2,404)	\$ (42,896)
Cash and Cash Equivalents			
Beginning	137,129	139,533	182,429
Ending	\$ 124,813	\$ 137,129	\$ 139,533

APPENDIX A

AGREEMENT AND PLAN OF MERGER
By And Between
COMMUNITY BANKERS ACQUISITION CORP.
AND
BOE FINANCIAL SERVICES OF VIRGINIA, INC.
Dated as of
December 13, 2007

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LIST OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
A	Certificate of Incorporation of the Surviving Corporation
B	Bylaws of the Surviving Corporation
C	Officers of the Surviving Corporation
D	Officers of the Surviving Bank
E	Form of Support Agreement
F-1	Form of Employment Agreement of George M. Longest, Jr.
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G	Form of Retention Agreement of Alexander F. Dillard, Jr.
H	Form of Retention Agreement of Members of the Surviving Corporation's Board of Directors
I	List of Affiliates
J	Form of Affiliate Agreement
K	Form of BOE's Legal Opinion
L	Form of CBAC's Legal Opinion

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this Agreement), dated as of December 13, 2007, is by and between Community Bankers Acquisition Corp., a Delaware corporation (CBAC) and BOE Financial Services of Virginia, Inc., a Virginia corporation (BOE).

Preamble

The Boards of Directors of CBAC and BOE are of the opinion that the transaction described herein is in the best interest of the parties and their respective stockholders. This Agreement provides for the merger of BOE with and into CBAC (the Merger). At the effective time of the Merger, the outstanding shares of the capital stock of BOE shall be converted into the right to receive shares of the common stock of CBAC (as provided herein and subject to certain terms and conditions). As a result, stockholders of BOE shall become stockholders of CBAC. The transactions described in this Agreement are subject to the approvals of the stockholders of CBAC and BOE, the Board of Governors of the Federal Reserve System and the Virginia State Corporation Commission's Bureau of Financial Institutions, as well as to the satisfaction of certain other conditions described in this Agreement. It is the intention of the parties to this Agreement that the Merger for federal income tax purposes shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986.

Immediately following the Effective Time, Bank of Essex, a Virginia state bank and wholly owned subsidiary of BOE (the Bank) will remain in existence under its Articles of Incorporation and Bylaws as in effect immediately prior to the Effective Time as a wholly owned subsidiary of CBAC. The headquarters of the Bank prior to the Effective Time will remain as the headquarters of the Bank following the Merger from and after the Effective Time in accordance with the Bank's bylaws. The headquarters of the Surviving Corporation will be located in Glen Allen, Virginia.

Prior to the effectiveness and delivery of this Agreement, CBAC has received the written consent of TransCommunity Financial Corporation (TFC) to enter into this Agreement as required pursuant to Section 7.3 of the Agreement and Plan of Merger, dated as of September 5, 2007 (the TFC Agreement), by and between CBAC and TCF, and there have been no changes, modifications or amendments to the TFC Merger Agreement except as previously disclosed to BOE since the execution of the TFC Merger Agreement.

Certain capitalized terms used in this Agreement are defined in Section 11.1 of this Agreement.

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, and other good and valuable consideration and the receipt and sufficiency of which are acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE 1

TRANSACTIONS AND TERMS OF MERGER

1.1 Merger.

Subject to the terms and conditions of this Agreement, at the Effective Time, BOE shall be merged with and into CBAC pursuant to Section 252 of the DGCL and Section 13.1-716 of the VSCA, and with the effect provided in Section 259 of the DGCL and Section 13.1-721 of the VSCA, CBAC shall be the Surviving Corporation resulting from the Merger and shall continue to be governed by the Laws of the State of Delaware and the Bank shall become a wholly-owned subsidiary of CBAC. The Merger shall be consummated pursuant to the terms of this Agreement, which has been approved and adopted by the respective Boards of Directors of BOE and CBAC.

1.2 Time and Place of Closing.

The closing of the transactions contemplated hereby (the Closing) will take place at 9:00 A.M. Eastern Time on the date that the Effective Time occurs (or the immediately preceding day if the Effective Time is earlier than 9:00 A.M. Eastern Time), or at such other time as the Parties, acting through their authorized officers, may mutually

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agree. The Closing shall be held at such location as may be mutually agreed upon by the Parties and may be effected by electronic or other transmission of signature pages, as mutually agreed upon.

1.3 Effective Time.

The Merger and other transactions contemplated by this Agreement shall become effective on the date and time the Certificate of Merger reflecting the Merger shall be filed and become effective with the Secretary of State of the State of Delaware and the Articles of Merger reflecting the Merger become effective with the Virginia State Corporation Commission (the Effective Time). Subject to the terms and conditions hereof, unless otherwise mutually agreed upon in writing by the authorized officers of each Party, the Parties shall use their reasonable efforts to cause the Effective Time to occur as soon as possible after the last of the following dates to occur: (i) the effective date (including expiration of any applicable waiting period) of the last required Consent of any Regulatory Authority having authority over and approving or exempting the Merger, and (ii) the date on which the last of the stockholders of CBAC and BOE approve this Agreement to the extent such approval is required by applicable Law and/or the BOE Articles of Incorporation and CBAC Certificate of Incorporation.

1.4 Restructure of Transaction.

CBAC shall have the right to revise the structure of the Merger contemplated by this Agreement by merging BOE with a wholly-owned subsidiary of CBAC; *provided, that* no such revision to the structure of the Merger (i) shall result in any changes in the amount or type of the consideration which the holders of shares of BOE Common Stock or BOE Rights are entitled to receive under this Agreement, (ii) would unreasonably impede or delay consummation of the Merger, or (iii) shall impose any less favorable terms or conditions on the Bank or BOE; *further provided, however,* no such revision shall be effective without the prior written consent of BOE. CBAC may request such consent by giving written notice to BOE in the manner provided in Section 11.8, which notice shall be in the form of an amendment to this Agreement or in the form of a proposed amendment to this Agreement or in the form of an Amended and Restated Agreement and Plan of Merger, and the addition of such other exhibits hereto as are reasonably necessary or appropriate to effect such change.

ARTICLE 2

TERMS OF MERGER

2.1 Charter.

On or prior to the Effective Time, CBAC shall take all actions necessary to adopt the Amended and Restated Certificate of Incorporation of CBAC, substantially in the form attached to this Agreement as Exhibit A, effective as of the Effective Time.

2.2 Bylaws.

On or prior to the Effective Time, CBAC shall take all actions necessary to adopt the Amended and Restated Bylaws of CBAC, substantially in the form attached to this Agreement as Exhibit B, effective as of the Effective Time.

2.3 Directors and Officers.

(a) On or prior to the Effective Time, the Board of Directors of CBAC shall cause the number of directors that will comprise the full board of directors of CBAC at the Effective Time to be fixed at fourteen (14), which board shall consist of two (2) directors designated by CBAC from its current board of directors, six (6) directors designated by

TFC from its current board of directors and six (6) directors designated by BOE from its current board of directors, all of whom shall serve as the directors of the Surviving Corporation from and after the Effective Time in accordance with the Surviving Corporation's Bylaws, until the earlier of their resignation or removal or otherwise ceasing to be a director. No other individuals shall be designated to serve on the Board of Directors of the Surviving Corporation at the Effective Time. Alexander F. Dillard, Jr. shall serve as the Chairman of the Surviving

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Corporation and Troy A. Peery and Gary A. Simanson shall each serve as Vice Chairman of the Surviving Corporation.

(b) On or prior to the Effective Time, the Board of Directors of CBAC will take all actions necessary to cause the persons set forth on Exhibit C to be elected or appointed to the offices shown on Exhibit C of the Surviving Corporation as of the Effective Time.

(c) The headquarters of the Surviving Corporation will be located in Glen Allen, Virginia.

2.4 Consolidation of Banking Operations.

(a) At the Effective time or as soon thereafter as reasonable practicable, any wholly-owned banking subsidiary of TFC shall be merged with and into the Bank (the Bank Merger) with the Bank as the surviving bank in the Bank Merger (referred to herein as the Surviving Bank whenever reference is made to it as of the effective time of the Bank Merger or thereafter).

(b) On or prior to the effective time of the Bank Merger, the Board of Directors of the Bank shall cause the number of directors that will comprise the full board of directors of the Surviving Bank at the effective time of the Bank Merger to be fixed at fourteen (14), which board shall consist of two (2) directors designated by CBAC, six (6) directors designated by TFC and six (6) directors designated by BOE, all of whom shall serve as the directors of the Surviving Bank from and after the effective time of the Bank Merger in accordance with the Surviving Bank's Bylaws, until the earlier of their resignation or removal or otherwise ceasing to be a director. No other individual shall be designated to serve on the Board of Directors of the Surviving Bank at the effective time of the Bank Merger.

(c) On or prior to the effective time of the Bank Merger, the board of directors of the Bank will take all actions necessary to cause the persons set forth on Exhibit D to be elected or appointed to the offices shown on Exhibit D of the Surviving Bank as of the effective time of the Bank Merger.

(d) The headquarters of the Surviving Bank will be located in Tappahannock, Virginia. Each division of the Surviving Bank shall be served by a local advisory board.

ARTICLE 3

MANNER OF CONVERTING SHARES

3.1 Conversion of Shares.

Subject to the provisions of this Article 3, at the Effective Time, by virtue of the Merger and without any action on the part of CBAC, BOE or the stockholders of either of the foregoing, the shares of the constituent corporations shall be converted as follows:

(a) Each share of CBAC Common Stock issued and outstanding immediately prior to the Effective Time, other than those shares as to which conversion rights provided for in Section C of Article Sixth of the CBAC Certificate of Incorporation (Conversion Rights) have been exercised, if applicable, shall remain issued and outstanding from and after the Effective Time and be unaffected solely as a result of the Merger.

(b) Each share of BOE Common Stock (excluding shares held by CBAC or any BOE Entity (Excluded Shares), in each case other than in a fiduciary capacity or as a result of debt previously contracted) issued and outstanding at the Effective Time shall be converted into the right to receive 5.7278 shares (the Exchange Ratio) of CBAC Common

Stock (the Merger Consideration).

(c) If, after the Determination Date, the Average Closing Price is less than \$7.42, CBAC shall increase the Exchange Ratio to equal the quotient (rounded to the nearest one ten thousandth) obtained by dividing (i) \$42.50 by (ii) the Average Closing Price.

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3.2 Anti-Dilution Provisions.

In the event CBAC changes the number of shares of CBAC Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, or similar recapitalization with respect to such stock (specifically excluding the effect of the exercise of the Conversion Rights, if applicable) and the record date therefore (in the case of a stock dividend) or the effective date thereof (in the case of a stock split or similar recapitalization for which a record date is not established) shall be prior to the Effective Time, the Exchange Ratio shall be proportionately adjusted.

3.3 Fractional Shares.

Notwithstanding any other provision of this Agreement, each holder of shares of BOE Common Stock exchanged pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of CBAC Common Stock (after taking into account all certificates delivered by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional part of a share of CBAC Common Stock multiplied by the market value of one share of CBAC Common Stock at the Effective Time. The market value of one share of CBAC Common Stock at the Effective Time shall be the closing price on the AMEX (as reported by *The Wall Street Journal* or, if not reported thereby, any other authoritative source selected by CBAC) on the last trading day preceding the Effective Time.

3.4 Conversion of Stock Rights.

(a) At the Effective Time, each award, option, or other right to purchase or acquire shares of BOE Common Stock pursuant to stock options, stock appreciation rights, or stock awards (BOE Rights) granted by BOE under the BOE Stock Plans, which are outstanding at the Effective Time, whether or not exercisable, shall be converted into and become rights with respect to CBAC Common Stock, and CBAC shall assume each BOE Right, in accordance with the terms of the BOE Stock Plans and stock option agreement by which it is evidenced, except that from and after the Effective Time, (i) CBAC and its Compensation Committee, as established at the Effective Time of the Merger, shall be substituted for BOE and the committee of BOE's Board of Directors (including, if applicable, the entire Board of Directors of BOE) administering such BOE Stock Plan, (ii) each BOE Right assumed by CBAC may be exercised solely for shares of CBAC Common Stock (or cash in the case of stock appreciation rights), (iii) the number of shares of CBAC Common Stock subject to such BOE Right shall be equal to the number of shares of BOE Common Stock subject to such BOE Right immediately prior to the Effective Time multiplied by the Exchange Ratio, and (iv) the per share exercise price (or similar threshold price, in the case of stock awards) under each such BOE Right shall be adjusted by dividing the per share exercise (or threshold) price under each such BOE Right by the Exchange Ratio and rounding up to the nearest cent. Notwithstanding the provisions of clause (iii) of the preceding sentence, CBAC shall not be obligated to issue any fraction of a share of CBAC Common Stock upon exercise of BOE Rights and any fraction of a share of CBAC Common Stock that otherwise would be subject to a converted BOE Right shall represent the right to receive a cash payment equal to the product of such fraction and the difference between the market value of one share of CBAC Common Stock and the per share exercise price of such Right. The market value of one share of CBAC Common Stock shall be the closing price on the AMEX (as reported by *The Wall Street Journal* or, if not reported thereby, any other authoritative source selected by CBAC) on the last trading day preceding the Effective Time. In addition, notwithstanding the provisions of clauses (iii) and (iv) of the first sentence of this Section 3.4, each BOE Right which is an incentive stock option shall be adjusted as required by Section 424 of the Internal Revenue Code, so as not to constitute a modification, extension, or renewal of the option, within the meaning of Section 424(h) of the Internal Revenue Code. CBAC agrees to take all necessary steps to effectuate the foregoing provisions of this Section 3.4.

(b) As soon as reasonably practicable after the Effective Time, CBAC shall deliver to the participants in each BOE Stock Plan an appropriate notice setting forth such participant's rights pursuant thereto and the grants pursuant to such BOE Stock Plan shall continue in effect on the same terms and conditions (subject to the adjustments required by Section 3.4(a) after giving effect to the Merger), and CBAC shall comply with the terms of each BOE Stock Plan to ensure, to the extent required by, and subject to the provisions of, such BOE Stock Plan, that BOE Rights which qualified as incentive stock options prior to the Effective Time continue to qualify as incentive stock options after the Effective Time. At or prior to the Effective Time, CBAC shall take all corporate action

necessary to reserve for issuance sufficient shares of CBAC Common Stock for delivery upon exercise of BOE Rights assumed by it in accordance with this Section 3.4. As soon as reasonably practicable after the Effective Time, CBAC shall file a registration statement on Form S-1 or Form S-8, as the case may be (or any successor or other appropriate forms), with respect to the shares of CBAC Common Stock subject to such options and shall use its reasonable efforts to maintain the effectiveness of such registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such options remain outstanding. With respect to those individuals who subsequent to the Merger will be subject to the reporting requirements under Section 16(a) of the Exchange Act, where applicable, CBAC shall administer the BOE Stock Plan assumed pursuant to this Section 3.4 in a manner that complies with Rule 16b-3 promulgated under the Exchange Act.

(c) All restrictions or limitations on transfer with respect to BOE Common Stock awarded under the BOE Stock Plans or any other plan, program, or arrangement of any BOE Entity, to the extent that such restrictions or limitations shall not have already lapsed, and except as otherwise expressly provided in such plan, program, or arrangement, shall remain in full force and effect with respect to shares of CBAC Common Stock into which such restricted stock is converted pursuant to this Agreement.

ARTICLE 4

EXCHANGE OF SHARES

4.1 Exchange Procedures.

(a) As soon as reasonably practicable after the Effective Time, CBAC shall cause the exchange agent selected by CBAC (the Exchange Agent) to mail to the former stockholders of BOE appropriate transmittal materials (which shall specify that delivery shall be effected, and risk of loss and title to the certificates or other instruments theretofore representing shares of BOE Common Stock shall pass, only upon proper delivery of such certificates to the Exchange Agent). The certificate or certificates of BOE Common Stock so surrendered shall be duly endorsed as the Exchange Agent may reasonably require. In the event of a transfer of ownership of shares of BOE Common Stock represented by certificates that are not registered in the transfer records of BOE, the Merger Consideration payable for such shares as provided in Section 3.1 may be issued to a transferee if the certificates representing such shares are delivered to the Exchange Agent, accompanied by all documents required to evidence such transfer and by evidence reasonably satisfactory to the Exchange Agent that such transfer is proper and that any applicable stock transfer taxes have been paid. In the event any certificate representing BOE Common Stock certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed and the posting by such person of a bond in such amount as CBAC may reasonably direct as indemnity against any claim that may be made against it with respect to such certificate, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed certificate the Merger Consideration as provided for in Section 3.1. The Exchange Agent may establish such other reasonable and customary rules and procedures in connection with its duties as it may deem appropriate. CBAC shall pay all charges and expenses, including those of the Exchange Agent in connection with the distribution of the Merger Consideration as provided in Section 3.1.

(b) After the Effective Time, each holder of shares of BOE Common Stock (other than Excluded Shares) issued and outstanding at the Effective Time shall surrender the certificate or certificates representing such shares to the Exchange Agent and shall promptly upon surrender thereof receive in exchange therefore the consideration provided in Section 3.1, without interest, pursuant to this Section 4.1. CBAC shall not be obligated to deliver the consideration to which any former holder of BOE Common Stock is entitled as a result of the Merger until such holder surrenders such holder's certificate or certificates for exchange as provided in this Section 4.1. Any other provision of this Agreement notwithstanding, neither CBAC, nor any BOE Entity, nor the Exchange Agent shall be liable to any holder of BOE Common Stock or to any holder of BOE Rights for any amounts paid or properly delivered in good faith to a

public official pursuant to any applicable abandoned property, escheat or similar Law.

(c) Each of CBAC and the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of BOE Common Stock such amounts, if any, as it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign Tax Law or by any Taxing Authority or Governmental Authority. To the extent that any

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amounts are so withheld by CBAC, the Surviving Corporation or the Exchange Agent, as the case may be, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of BOE Common Stock or BOE Rights, as applicable in respect of which such deduction and withholding was made by CBAC, the Surviving Corporation or the Exchange Agent, as the case may be.

(d) Adoption of this Agreement by the stockholders of BOE shall constitute ratification of the appointment of the Exchange Agent.

4.2 Rights of Former BOE Stockholders.

At the Effective Time, the stock transfer books of BOE shall be closed as to holders of BOE Common Stock and no transfer of BOE Common Stock by any holder of such shares shall thereafter be made or recognized. Until surrendered for exchange in accordance with the provisions of Section 4.1, each certificate theretofore representing shares of BOE Common Stock (other than certificates representing Excluded Shares), shall from and after the Effective Time represent for all purposes only the right to receive the Merger Consideration, without interest, as provided in Article 3.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF BOE

BOE represents and warrants to CBAC, except as set forth on the BOE Disclosure Memorandum with respect to each such Section below as follows:

5.1 Organization, Standing, and Power.

BOE is a corporation duly organized, validly existing, and in good standing under the Laws of the Commonwealth of Virginia and is a bank holding company within the meaning of the Bank Holding Company Act of 1956 (the BHCA). The Bank is a Virginia state bank, duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia. Each of BOE and the Bank has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its Assets. Each of BOE and the Bank is duly qualified or licensed to transact business as a foreign corporation in good standing in the states of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions where the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a BOE Material Adverse Effect. The minute book and other organizational documents for each of BOE and the Bank have been made available to CBAC for its review and, except as disclosed in Section 5.1 of the BOE Disclosure Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the respective Board of Directors (including any committees of the Board of Directors) and stockholders thereof.

5.2 Authority of BOE; No Breach By the Agreement.

(a) BOE has the corporate power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement and the consummation of the transactions contemplated herein, including the Merger, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of BOE, subject to the approval of this Agreement by the holders of more than two-thirds of the outstanding shares of BOE Common Stock entitled to be voted at the BOE Stockholders Meeting (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the

enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought), which is the only BOE stockholder vote required for approval of this Agreement and consummation of the Merger. Subject to such requisite stockholder approval, this Agreement represents a legal, valid, and binding obligation of BOE, enforceable against BOE in accordance with its terms.

(b) Neither the execution and delivery of this Agreement by BOE, nor the consummation by BOE of the transactions contemplated hereby, nor compliance by BOE with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of BOE's Articles of Incorporation or Bylaws or the certificate or articles of incorporation or bylaws of any BOE Subsidiary or any resolution adopted by the Board of Directors or the stockholders of any BOE Entity, or (ii) except as disclosed in Section 5.2 of the BOE Disclosure Memorandum, constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any BOE Entity under, any Contract or Permit of any BOE Entity or, (iii) subject to receipt of the requisite Consents referred to in Section 9.1(c), constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to any BOE Entity or any of their respective material Assets.

(c) Other than in connection or compliance with the provisions of the Securities Laws and applicable state corporate and securities Laws, and other than Consents required from Regulatory Authorities, and other than notices to or filings with the Internal Revenue Service (IRS) or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans, no notice to, filing with, or Consent of, any Governmental Authority is necessary for the consummation by BOE of the Merger and the other transactions contemplated in this Agreement.

5.3 Capital Stock.

(a) The authorized capital stock of BOE consists only of 10,000,000 shares of BOE Common Stock, of which 1,211,246.8238 shares are issued and outstanding as of the date of this Agreement, 1,000,000 of preferred stock, none of which are issued and outstanding as of the date of this Agreement, and, assuming that all of the issued and outstanding BOE Rights had been exercised, not more than 1,240,605.8238 shares would be issued and outstanding at the Effective Time. All of the issued and outstanding shares of capital stock of BOE are duly and validly issued and outstanding and are fully paid and nonassessable under the VSCA. None of the outstanding shares of capital stock of BOE have been issued in violation of any preemptive rights of the current or past stockholders of BOE.

(b) Except for the 100,000 shares of BOE Common Stock reserved for issuance pursuant to outstanding BOE Rights, each as disclosed in Section 5.3 of the BOE Disclosure Memorandum, there are no shares of capital stock or other equity securities of BOE reserved for issuance and no outstanding Rights relating to the capital stock of BOE.

(c) Except as specifically set forth in this Section 5.3, there are no shares of BOE capital stock or other equity securities of BOE outstanding and there are no outstanding Rights with respect to any BOE securities or any right or privilege (whether pre-emptive or contractual) capable of becoming a Contract or Right for the purchase, subscription, exchange or issuance of any securities of BOE.

5.4 BOE Subsidiaries.

BOE has disclosed in Section 5.4 of the BOE Disclosure Memorandum each of the BOE Subsidiaries that is a corporation (identifying its jurisdiction of incorporation, each jurisdiction in which it is qualified or licensed to transact business, and the number of shares owned and percentage ownership interest represented by such share ownership) and each of the BOE Subsidiaries that is a general or limited partnership, limited liability company, or other non-corporate entity (identifying the form of organization and the Law under which such entity is organized, each jurisdiction in which it is qualified and/or licensed to transact business, and the amount and nature of the ownership interest therein). Except as disclosed in Section 5.4 of the BOE Disclosure Memorandum, BOE owns, directly or indirectly, all of the issued and outstanding shares of capital stock (or other equity interests) of each BOE Subsidiary. No capital stock (or other equity interest) of any BOE Subsidiary is or may become required to be issued (other than to another BOE Entity) by reason of any Rights, and there are no Contracts by which any BOE Subsidiary is bound to issue (other than to another BOE Entity) additional shares of its capital stock (or other equity interests) or Rights or by which any BOE Entity is or may be bound to transfer any shares of the capital stock (or other equity

interests) of any BOE Subsidiary (other than to another BOE Entity). There are no Contracts relating to the rights of any BOE Entity to vote or to dispose of any shares of the capital stock (or other equity interests) of any BOE Subsidiary. All of the shares of capital stock (or other equity interests) of each BOE Subsidiary held by a BOE Entity are fully paid and nonassessable and are owned directly or indirectly by such BOE Entity free and clear of any Lien. Except as disclosed in Section 5.4 of the BOE Disclosure Memorandum, each BOE Subsidiary is a state bank, corporation, limited liability company, limited partnership or limited liability partnership, and each such BOE

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Subsidiary is duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is incorporated or organized, and has the corporate or entity power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted. Each BOE Subsidiary is duly qualified or licensed to transact business as a foreign entity in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have individually or in the aggregate, a BOE Material Adverse Effect. The Bank is an insured institution as defined in the Federal Deposit Insurance Act and applicable regulations thereunder, and the deposits held by the Bank are insured by the FDIC's Deposit Insurance Fund. The minute book and other organizational documents for each BOE Subsidiary have been made available to CBAC for its review, and, except as disclosed in Section 5.4 of the BOE Disclosure Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the Board of Directors and stockholders thereof.

5.5 Exchange Act Filings; Securities Offerings; Financial Statements.

Except as disclosed in Section 5.5 of the BOE Disclosure Memorandum:

(a) BOE has timely filed and made available to CBAC all Exchange Act Documents required to be filed by BOE since January 1, 2004 (together with all Exchange Act Documents filed, whether or not required to be filed, the BOE Exchange Act Reports). The BOE Exchange Act Reports (i) at the time filed, complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws and (ii) did not, at the time they were filed (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing or, in the case of registration statements, at the effective date thereof) contain any untrue statement of a material fact or omit to state a material fact required to be stated in such BOE Exchange Act Reports or necessary in order to make the statements in such BOE Exchange Act Reports in light of the circumstances under which they were made, not misleading. Each offering or sale of securities by BOE since January 1, 2002 (i) was either registered under the Securities Act or made pursuant to a valid exemption from registration, (ii) complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws, and (iii) was made pursuant to offering documents which did not, at the time of the offering (or, in the case of registration statements, at the effective date thereof) contain any untrue statement of a material fact or omit to state a material fact required to be stated in the offering documents or necessary in order to make the statements in such documents not misleading. BOE has delivered or made available to CBAC all comment letters received since January 1, 2002 by BOE from the staffs of the SEC and all responses to such comment letters by or on behalf of BOE with respect to all filings under the Securities Laws. BOE's principal executive officer and principal financial officer (and BOE's former principal executive officers and principal financial officers, as applicable) have made the certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act and the rules and regulations of the Exchange Act thereunder with respect to BOE's Exchange Act Documents to the extent such rules or regulations applied at the time of the filing. For purposes of the preceding sentence, principal executive officer and principal financial officer shall have the meanings given to such terms in the Sarbanes-Oxley Act. Such certifications contain no qualifications or exceptions to the matters certified therein and have not been modified or withdrawn; and neither BOE nor any of its officers has received notice from any Regulatory Authority questioning or challenging the accuracy, completeness, content, form or manner of filing or submission of such certifications. No BOE Subsidiary is required to file any Exchange Act Documents.

(b) Each of the BOE Financial Statements (including, in each case, any related notes) that are contained in the BOE Exchange Act Reports, including any BOE Exchange Act Reports filed after the date of this Agreement until the Effective Time, complied, or at the time of filing will comply, as to form in all material respects with the applicable published rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements or, in the case of unaudited interim statements, as permitted by Form 10-Q of the Exchange Act), fairly presented in

all material respects the consolidated financial position of BOE and its Subsidiaries as at the respective dates and the consolidated results of operations and cash flows

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for the periods indicated, including the fair values of the assets and liabilities shown therein, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount or effect. The BOE Financial Statements are certified to the extent required by the Sarbanes-Oxley Act.

(c) BOE's independent public accountants, which have expressed their opinion with respect to the Financial Statements of BOE and its Subsidiaries whether or not included in BOE's Exchange Act Reports (including the related notes), is and has been throughout the periods covered by such Financial Statements (x) a registered public accounting firm (as defined in Section 2(a)(12) of the Sarbanes-Oxley Act), (y) independent with respect to BOE within the meaning of Regulation S-X, and (z) with respect to BOE, in compliance with subsections (g) through (l) of Section 10A of the Exchange Act and related Securities Laws. Section 5.5(c) of the BOE Disclosure Memorandum lists all non-audit services performed by BOE's independent public accountants for BOE and its Subsidiaries since January 1, 2004.

(d) BOE maintains disclosure controls and procedures required by Rule 13a-15 or 15d-15 under the Exchange Act; such controls and procedures are effective to ensure that all material information concerning BOE and its Subsidiaries is made known on a timely basis to the principal executive officer and the principal financial officer. Section 5.5(d) of the BOE Disclosure Memorandum lists, and BOE has delivered to CBAC copies of, all written descriptions of, and all policies, manuals and other documents promulgating, such disclosure controls and procedures. BOE and its directors and executive officers have complied at all times with Section 16(a) of the Exchange Act including the filing requirements thereunder to the extent applicable.

5.6 Absence of Undisclosed Liabilities.

No BOE Entity has any Liabilities required under GAAP to be set forth on a consolidated balance sheet or in the notes thereto that are reasonably likely to have, individually or in the aggregate, a BOE Material Adverse Effect, except Liabilities which are (i) accrued or reserved against in the consolidated balance sheets of BOE as of December 31, 2006 and September 30, 2007, included in the BOE Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto, (ii) incurred or paid in the ordinary course of business consistent with past practices subsequent to September 30, 2007 or (iii) incurred in connection with the transactions contemplated by this Agreement. Section 5.6 of the BOE Disclosure Memorandum lists, and BOE has attached and delivered to CBAC copies of the documentation creating or governing, all securitization transactions and off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K of the Exchange Act) effected by BOE or its Subsidiaries. Except as disclosed in Section 5.6 of the BOE Disclosure Memorandum, no BOE Entity is directly or indirectly liable, by guarantee, indemnity, or otherwise, upon or with respect to, or obligated, by discount or repurchase agreement or in any other way, to provide funds in respect to, or obligated to guarantee or assume any Liability of any Person for any amount in excess of \$250,000 and any amounts, whether or not in excess of \$250,000 that, in the aggregate, exceed \$500,000. Except (x) as reflected in BOE's balance sheet at September 30, 2007 or liabilities described in any notes thereto (or liabilities for which neither accrual nor footnote disclosure is required pursuant to GAAP or any applicable Regulatory Authority) or (y) for liabilities incurred in the ordinary course of business since September 30, 2007 consistent with past practice or in connection with this Agreement or the transactions contemplated hereby, neither BOE nor any of its Subsidiaries has any Material Liabilities or obligations of any nature.

5.7 Absence of Certain Changes or Events.

Since September 30, 2007, except as disclosed in the BOE Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 5.7 of the BOE Disclosure Memorandum, (i) there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a BOE Material Adverse Effect, and (ii) none of the BOE Entities has taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result

in a material breach or violation of any of the covenants and agreements of BOE provided in this Agreement.

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5.8 Tax Matters.

(a) All BOE Entities have timely filed with the appropriate Taxing Authorities, all Tax Returns in all jurisdictions in which Tax Returns are required to be filed, and such Tax Returns are correct and complete in all respects. None of the BOE Entities is the beneficiary of any extension of time within which to file any Tax Return. All Taxes of the BOE Entities (whether or not shown on any Tax Return) have been fully and timely paid. There are no Liens for any Taxes (other than a Lien for current real property or *ad valorem* Taxes not yet due and payable) on any of the Assets of any of the BOE Entities. No claim has ever been made by an authority in a jurisdiction where any BOE Entity does not file a Tax Return that such BOE Entity may be subject to Taxes by that jurisdiction.

(b) None of the BOE Entities has received any notice of assessment or proposed assessment in connection with any Taxes, and there are no threatened or pending disputes, claims, audits or examinations regarding any Taxes of any BOE Entity or the assets of any BOE Entity. No officer or employee responsible for Tax matters of any BOE Entity expects any Taxing Authority is reasonably likely to assess any additional Taxes for any period for which Tax Returns have been filed. No issue has been raised by a Taxing Authority in any prior examination of any BOE Entity which, by application of the same or similar principles, could be expected to result in a proposed deficiency for any subsequent taxable period. None of the BOE Entities has waived any statute of limitations in respect of any Taxes or agreed to a Tax assessment or deficiency.

(c) Each BOE Entity has complied with all applicable Laws, rules and regulations relating to the withholding of Taxes and the payment thereof to appropriate authorities, including Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee or independent contractor, and Taxes required to be withheld and paid pursuant to Sections 1441 and 1442 of the Code or similar provisions under foreign Law.

(d) The unpaid Taxes of each BOE Entity (i) did not, as of the most recent fiscal month end, exceed the reserve for Tax Liability (other than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the most recent balance sheet (other than in any notes thereto) for such BOE Entity and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with past custom and practice of the BOE Entities in filing their Tax Returns.

(e) Except as described in Section 5.8(e) of the BOE Disclosure Memorandum, none of the BOE Entities is a party to any Tax allocation or sharing agreement and none of the BOE Entities has been a member of an affiliated group filing a consolidated federal income Tax Return or has any Tax Liability of any Person under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign Law, or as a transferee or successor, by contract or otherwise.

(f) During the five-year period ending on the date hereof, none of the BOE Entities was a distributing corporation or a controlled corporation as defined in, and in a transaction intended to be governed by Section 355 of the Code.

(g) Except as disclosed in Section 5.8(g) of the BOE Disclosure Memorandum, none of the BOE Entities has made any payments, is obligated to make any payments, or is a party to any contract that could obligate it to make any payments that could be disallowed as a deduction under Section 280G or 162(m) of the Code, or which would be subject to withholding under Section 4999 of the Code. BOE has not been a United States real property holding corporation within the meaning of Section 897(c)(1)(A)(ii) of the Code. None of the BOE Entities has been or will be required to include any adjustment in taxable income for any Tax period (or portion thereof) pursuant to Section 481 of the Code or any comparable provision under state or foreign Tax Laws as a result of transactions or events occurring prior to the Closing. There is no taxable income of BOE that will be required under applicable tax law to be reported by CBAC, for a taxable period beginning after the Closing Date which taxable income was realized prior to the Closing Date. Any net operating losses of the BOE Entities disclosed in Section 5.8(g) of the BOE Disclosure

Memorandum are not subject to any limitation on their use under the provisions of Sections 382 or 269 of the Code or any other provisions of the Code or the Treasury Regulations dealing with the utilization of net operating losses other than any such limitations as may arise as a result of the consummation of the transactions contemplated by this Agreement.

(h) Each of the BOE Entities is in compliance with, and its records contain all information and documents (including properly completed IRS Forms W-9) necessary to comply with, all applicable information reporting and

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Tax withholding requirements under federal, state, and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under Section 3406 of the Code.

(i) No BOE Entity is subject to any private letter ruling of the IRS or comparable rulings of any Taxing Authority.

(j) No property owned by any BOE Entity is (i) property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) tax-exempt use property within the meaning of Section 168(h)(1) of the Code, (iii) tax-exempt bond financed property within the meaning of Section 168(g) of the Code, (iv) limited use property within the meaning of Rev. Proc. 76-30, (v) subject to Section 168(g)(1)(A) of the Code, or (vi) subject to any provision of state, local or foreign Law comparable to any of the provisions listed above.

(k) No BOE Entity has any corporate acquisition indebtedness within the meaning of Section 279 of the Code.

(l) BOE has disclosed on its federal income Tax Returns all positions taken therein that are reasonably believed to give rise to substantial understatement of federal income tax within the meaning of Section 6662 of the Code.

(m) No BOE Entity has participated in any reportable transaction, as defined in Treasury Regulation Section 1.6011-4(b)(1), or a transaction substantially similar to a reportable transaction.

(n) BOE has provided CBAC with complete copies of (i) all federal, state, local and foreign income or franchise Tax Returns of the BOE Entities relating to the taxable periods since inception and (ii) any audit report issued within the last four years relating to any Taxes due from or with respect to the BOE Entities.

(o) No BOE Entity nor any other Person on its behalf has (i) filed a consent pursuant to Section 341(f) of the Code (as in effect prior to the repeal under the Jobs and Growth Tax Reconciliation Act of 2003) or agreed to have Section 341(f)(2) of the Code (as in effect prior to the repeal under the Jobs and Growth Tax Reconciliation Act of 2003) apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by any BOE Entities, (ii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of Law with respect to the BOE Entities, or (iii) granted to any Person any power of attorney that is currently in force with respect to any Tax matter.

(p) No BOE Entity has, or ever had, a permanent establishment in any country other than the United States, or has engaged in a trade or business in any country other than the United States that subjected it to tax in such country.

For purposes of this Section 5.8, any reference to BOE or any BOE Entity shall be deemed to include any Person which merged with or was liquidated into or otherwise combined with BOE or a BOE Entity.

5.9 Allowance for Possible Loan Losses; Loan and Investment Portfolio, etc.

(a) BOE's allowance for loan losses (the Allowance) shown on the balance sheets of BOE included in the most recent BOE Financial Statements dated prior to the date of this Agreement was, and the Allowance shown on the balance sheets of BOE included in the BOE Financial Statements as of dates subsequent to the execution of this Agreement will be, as of the dates thereof, adequate (within the meaning of GAAP and applicable regulatory requirements or guidelines) to provide for all known or reasonably anticipated losses relating to or inherent in the loan portfolios (including accrued interest receivables, letters of credit, and commitments to make loans or extend credit), by the BOE Entities as of the dates thereof. The BOE Financial Statements fairly present the fair market values of all loans, leases, securities, tangible and intangible assets and liabilities, and any impairments thereof.

(b) As of the date hereof, all loans, discounts and leases (in which any BOE Entity is lessor) reflected on the BOE Financial Statements were, and with respect to the consolidated balance sheets delivered as of the dates subsequent to the execution of this Agreement will be as of the dates thereof, (i) at the time and under the circumstances in which made, made for good, valuable and adequate consideration in the ordinary course of business and are the legal and binding obligations of the obligors thereof, (ii) evidenced by genuine notes,

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agreements or other evidences of indebtedness and (iii) to the extent secured, have been secured, to the Knowledge of BOE, by valid liens and security interests which have been perfected. Accurate lists of all loans, discounts and financing leases as of September 30, 2007 and on a monthly basis thereafter, and of the investment portfolios of each BOE Entity as of such date, have been and will be delivered to CBAC concurrently with the BOE Disclosure Memorandum. Except as specifically set forth in Section 5.9(b) of the BOE Disclosure Memorandum, neither BOE nor the Bank is a party to any written or oral loan agreement, note or borrowing arrangement, including any loan guaranty, that was, as of the most recent month-end (i) delinquent by more than 30 days in the payment of principal or interest, (ii) to the Knowledge of BOE, otherwise in material default for more than 30 days, (iii) classified as substandard, doubtful, loss, other assets especially mentioned or any comparable classification by BOE or by any applicable Regulatory Authority or Reserve, (iv) an obligation of any director, executive officer or 10% stockholder of any BOE Entity who is subject to Regulation O of the Federal Reserve Board (12 C.F.R. Part 215), or any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing, or (v) in violation of any Law.

5.10 Assets.

(a) Except as disclosed in Section 5.10 of the BOE Disclosure Memorandum or as disclosed or reserved against in the BOE Financial Statements delivered prior to the date of this Agreement, the BOE Entities have good and marketable title, free and clear of all Liens, to all of their respective Assets. All tangible properties used in the businesses of the BOE Entities are in good condition, reasonable wear and tear excepted, and are usable in the ordinary course of business consistent with BOE's past practices.

(b) All Assets which are material to BOE's business on a consolidated basis, held under leases or subleases by any of the BOE Entities, are held under valid Contracts enforceable in accordance with their respective terms, and each such Contract is in full force and effect.

(c) The BOE Entities currently maintain insurance, including bankers' blanket bonds, with insurers of recognized financial responsibility, similar in amounts, scope, and coverage to that maintained by other peer organizations. None of the BOE Entities has received written notice from any insurance carrier, or have any reason to believe that (i) any policy of insurance will be canceled or that coverage thereunder will be reduced or eliminated, (ii) premium costs with respect to such policies of insurance will be substantially increased, or (iii) similar coverage will be denied or limited or not extended or renewed with respect to any BOE Entity, any act or occurrence, or that any Asset, officer, director, employee or agent of any BOE Entity will not be covered by such insurance or bond. There are presently no claims for amounts exceeding \$125,000 individually or in the aggregate pending under such policies of insurance or bonds, and no notices of claims in excess of such amounts have been given by any BOE Entity under such policies. BOE has made no claims, and no claims are contemplated to be made, under its directors' and officers' errors and omissions or other insurance or bankers' blanket bond.

(d) The Assets of the BOE Entities include all Assets required by BOE Entities to operate the business of the BOE Entities as presently conducted.

5.11 Intellectual Property.

Except as disclosed in Section 5.11 of the BOE Disclosure Memorandum, each BOE Entity owns or has a license to use all of the Intellectual Property used by such BOE Entity in the course of its business, including sufficient rights in each copy possessed by each BOE Entity. Each BOE Entity is the owner of or has a license, with the right to sublicense, to any Intellectual Property sold or licensed to a third party by such BOE Entity in connection with such BOE Entity's business operations, and such BOE Entity has the right to convey by sale or license any Intellectual Property so conveyed. No BOE Entity is in Default under any of its Intellectual Property licenses. No proceedings

have been instituted, or are pending or to the Knowledge of BOE threatened, which challenge the rights of any BOE Entity with respect to Intellectual Property used, sold or licensed by such BOE Entity in the course of its business, nor has any person claimed or alleged any rights to such Intellectual Property. To BOE's knowledge, the conduct of the business of the BOE Entities does not infringe any Intellectual Property of any other person. No BOE Entity is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property. BOE has no Contracts with any of its directors, officers, or employees which require such officer, director or employee to

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assign any interest in any Intellectual Property to a BOE Entity and to keep confidential any trade secrets, proprietary data, customer information, or other business information of a BOE Entity, and to BOE's Knowledge, no such officer, director or employee is party to any Contract with any Person other than a BOE Entity which requires such officer, director or employee to assign any interest in any Intellectual Property to any Person other than a BOE Entity or to keep confidential any trade secrets, proprietary data, customer information, or other business information of any Person other than a BOE Entity. No officer, director or employee of any BOE Entity is party to any confidentiality, nonsolicitation, noncompetition or other Contract which restricts or prohibits such officer, director or employee from engaging in activities competitive with any Person, including any BOE Entity.

5.12 Environmental Matters.

(a) BOE has delivered, or caused to be delivered to CBAC, true and complete copies of, all environmental site assessments, test results, analytical data, boring logs, permits for storm water, wetlands fill, or other environmental permits for construction of any building, parking lot or other improvement, and other environmental reports and studies in the possession of any BOE Entity relating to its Participating Facilities and Operating Facilities. To BOE's Knowledge, there are no material violations of Environmental Laws on properties that secure loans made by BOE or Bank.

(b) To BOE's Knowledge, each BOE Entity, its Participation Facilities, and its Operating Properties are, and have been, in compliance with all Environmental Laws, except for violations which are not reasonably likely to have, individually or in the aggregate, a BOE Material Adverse Effect.

(c) There is no Litigation pending, or to BOE's Knowledge, no environmental enforcement action, investigation, or litigation threatened before any Governmental Authority or other forum in which any BOE Entity or any of its Operating Properties or Participation Facilities (or BOE in respect of such Operating Property or Participation Facility) has been or, with respect to threatened Litigation, may be named as a defendant (i) for alleged noncompliance (including by any predecessor) with or Liability under any Environmental Law or (ii) relating to the release, discharge, spillage, or disposal into the environment of any Hazardous Material, whether or not occurring at, on, under, adjacent to, or affecting (or potentially affecting) a site currently or formerly owned, leased, or operated by any BOE Entity or any of its Operating Properties or Participation Facilities nor is there any reasonable basis for any litigation as described in this Section 5.12(c), except as such is not reasonably likely to have, individually or in the aggregate, a BOE Material Adverse Effect.

(d) During the period of (i) any BOE Entity's ownership or operation of any of their respective current properties, (ii) any BOE Entity's participation in the management of any Participation Facility, or (iii) any BOE Entity's holding of a security interest in any Operating Property, there have been no releases, discharges, spillages, or disposals of Hazardous Material in, on, under, or to BOE's Knowledge adjacent to, or affecting (or potentially affecting) such properties. Prior to the period of (i) any BOE Entity's ownership or operation of any of their respective current properties, (ii) any BOE Entity's participation in the management of any Participation Facility, or (iii) any BOE Entity's holding of a security interest in any Operating Property, to BOE's Knowledge, there were no releases, discharges, spillages, or disposals of Hazardous Material in, on, under, or affecting any such property, Participation Facility or Operating Property. During and, to BOE's Knowledge, prior to the period of (i) BOE Entity's ownership or operation of any of their respective current properties, (ii) any BOE Entity's participation in the management of any Participation Facility, or (iii) any BOE Entity's holding of a security interest in any Operating Property, there have been no violations of any Environmental Laws at such property or facility, including but not limited to unauthorized alterations of wetlands.

5.13 Compliance with Laws.

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(a) BOE is a bank holding company duly registered and in good standing as such with the Federal Reserve and the Bureau. The Bank is a member in good standing with the Bureau, the Federal Reserve System and the FDIC.

(b) Each of the BOE Entities has in effect all Permits and has made all filings, applications, and registrations with Governmental Authorities that are required for it to own, lease, or operate its assets and to carry on its business as now conducted, and there has occurred no Default under any such Permit applicable to their respective businesses or employees conducting their respective businesses.

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(c) None of the BOE Entities is in Default under any Laws or Orders (not including Environmental Laws) applicable to its business or employees conducting its business.

(d) Since January 1, 2004, none of the BOE Entities has received any notification or communication from any Governmental Authority (i) asserting that BOE or any of its Subsidiaries is in Default under any of the Permits, Laws or Orders (not including Environmental Laws) which such Governmental Authority enforces, (ii) threatening to revoke any Permits (not including those relating to environmental matters set forth in Section 5.12 of this Agreement), or (iii) requiring BOE or any of its Subsidiaries (x) to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or (y) to adopt any resolution of its Board of Directors or similar undertaking which restricts materially the conduct of its business or in any manner relates to its employment decisions, its employment or safety policies or practices (not including those relating to environmental matters set forth in Section 5.12 of this Agreement).

(e) There (i) is no unresolved violation, criticism, or exception by any Governmental Authority with respect to any report or statement relating to any examinations or inspections of BOE or any of its Subsidiaries (not including those relating to environmental matters set forth in Section 5.12 of this Agreement), (ii) are no written notices or correspondence received by BOE and BOE does not reasonably expect to receive any written notices or correspondence with respect to formal or informal inquiries by, or disagreements or disputes with, any Governmental Authority (not including those relating to environmental matters set forth in Section 5.12 of this Agreement) with respect to BOE's or any of BOE's Subsidiaries' business, operations, policies or procedures since January 1, 2002, and (iii) is not any pending or, to BOE's Knowledge, threatened, nor has any Governmental Authority indicated an intention to conduct any, investigation or review of it or any of its Subsidiaries.

(f) None of the BOE Entities nor any of its directors, officers, employees or Representatives acting on its behalf has offered, paid, or agreed to pay any Person, including any Governmental Authority, directly or indirectly, any thing of value for the purpose of, or with the intent of obtaining or retaining any business in violation of applicable Laws, including (i) using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) making any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violating any provision of the Foreign Corrupt Practices Act of 1977, as amended, or (iv) making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(g) Each BOE Entity has complied with all requirements of Law under the Bank Secrecy Act and the USA Patriot Act and applicable regulations promulgated thereunder, and each BOE Entity has timely filed all reports of suspicious activity, including those required under 12 C.F.R. § 208.62.

(h) Each BOE Entity has complied and will comply with all requirements of Law governing and regulating the closing of branch offices of the Bank.

5.14 Labor Relations.

(a) No BOE Entity is the subject of any Litigation asserting that it or any other BOE Entity has committed an unfair labor practice (within the meaning of the National Labor Relations Act of 1935, as amended, or comparable state Law) or other violation of state or federal labor Law or seeking to compel it or any other BOE Entity to bargain with any labor organization or other employee representative as to wages or conditions of employment, nor is any BOE Entity party to any collective bargaining agreement or subject to any bargaining order, injunction or other Order relating to BOE's relationship or dealings with its employees, any labor organization or any other employee representative. There is no strike, slowdown, lockout or other job action or labor dispute involving any BOE Entity pending or threatened and there have been no such actions or disputes in the past five years. To BOE's Knowledge,

there has not been any attempt by any BOE Entity employees or any labor organization or other employee representative to organize or certify a collective bargaining unit or to engage in any other union organization activity with respect to the workforce of any BOE Entity. Except as disclosed in Section 5.14 of the BOE Disclosure Memorandum, employment of each employee and the engagement of each independent contractor of each BOE Entity is terminable at will by the relevant BOE Entity without (i) any penalty, liability or severance obligation incurred by any BOE Entity, (ii) and in all cases without prior consent by any Governmental Authority. No BOE Entity will owe any amounts to any of its employees or independent contractors as of the Closing Date, including

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any amounts incurred for any wages, bonuses, vacation pay, sick leave, contract notice periods, change of control payments or severance obligations, except as disclosed in Section 5.14 of the BOE Disclosure Memorandum.

(b) To BOE's Knowledge, all of the employees employed in the United States are either United States citizens or are legally entitled to work in the United States under the Immigration Reform and Control Act of 1986, as amended, other United States immigration Laws and the Laws related to the employment of non-United States citizens applicable in the state in which the employees are employed.

(c) No BOE Entity has effectuated (i) a plant closing (as defined in the Worker Adjustment and Retraining Notification Act (the WARN Act)) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any BOE Entity; or (ii) a mass layoff (as defined in the WARN Act) affecting any site of employment or facility of any BOE Entity; and no BOE Entity has been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local Law. None of any BOE Entity's employees has suffered an employment loss (as defined in the WARN Act) since six months prior to the Closing Date.

5.15 Employee Benefit Plans.

(a) BOE has disclosed in Section 5.15(a) of the BOE Disclosure Memorandum, and has delivered or made available to CBAC prior to the execution of this Agreement, (i) copies of each Employee Benefit Plan currently adopted, maintained by, sponsored in whole or in part by, or contributed or required to be contributed to by any BOE Entity or ERISA Affiliate thereof for the benefit of employees, former employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries or under which employees, retirees, former employees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate (each, a BOE Benefit Plan, and collectively, the BOE Benefit Plans) and (ii) a list of each Employee Benefit Plan that is not identified in (i) above (e.g., former Employee Benefit Plans) in respect of which any BOE Entity or ERISA Affiliate has or reasonably could have any obligation or Liability (each, an Other Plan). Any of the BOE Benefit Plans which is an employee pension benefit plan, as that term is defined in ERISA Section 3(2), is referred to herein as a BOE ERISA Plan. No BOE ERISA Plan or Other Plan is a defined benefit plan (as defined in Code Section 414(j)), or is subject to Code Section 412 or Title IV of ERISA.

(b) BOE has delivered or made available to CBAC prior to the execution of this Agreement (i) all trust agreements or other funding arrangements for all Employee Benefit Plans, (ii) all determination letters, rulings, opinion letters, information letters or advisory opinions issued by the IRS, the United States Department of Labor (DOL) or the Pension Benefit Guaranty Corporation during this calendar year or any of the preceding three calendar years, (iii) any filing or documentation (whether or not filed with the IRS) where corrective action was taken in connection with the IRS EPCRS program set forth in Revenue Procedure 2001-17 (or its predecessor or successor rulings), (iv) annual reports or returns, audited or unaudited financial statements, actuarial reports and valuations prepared for any Employee Benefit Plan for the current plan year and the three preceding plan years, and (v) the most recent summary plan descriptions and any material modifications thereto.

(c) Except as disclosed in Section 5.15(c) of the BOE Disclosure Memorandum, each BOE Benefit Plan is in material compliance with the terms of such BOE Benefit Plan, in material compliance with the applicable requirements of the Code, in material compliance with the applicable requirements of ERISA, and in material compliance with any other applicable Laws. Each BOE ERISA Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter or opinion from the IRS that is as current as possible under applicable IRS procedures and that is still in effect and applies to the applicable BOE ERISA Plan as amended and as administered or, within the time permitted under Code Section 401(b), has timely applied for a favorable determination letter, which when issued, will be as current as possible under applicable IRS procedures and which, when issued, will apply

retroactively to the BOE ERISA Plan as amended and as administered. BOE is not aware of any circumstances likely to result in revocation of any such favorable determination letter, which has been issued by the IRS, and BOE is not aware of any circumstances likely to result in a failure to issue any such favorable determination letter for which it has applied. BOE has not received any communication (written or unwritten) from any Governmental Authority questioning or challenging the compliance of any BOE Benefit Plan with applicable Laws. No BOE Benefit Plan is currently being audited by any Governmental Authority for

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compliance with applicable Laws or has been audited with a determination by any Governmental Authority that the Employee Benefit Plan failed to comply with applicable Laws.

(d) There has been no oral or written representation or communication with respect to any aspect of the Employee Benefit Plans made to employees of the BOE which is not in accordance with the written or otherwise preexisting terms and provisions of such plans. Neither BOE nor any administrator or fiduciary of any BOE Benefit Plan (or any agent of any of the foregoing) has engaged in any transaction, or acted or failed to act in any manner, which could subject any BOE Entity or CBAC to any direct or indirect Liability (by indemnity or otherwise) for breach of any fiduciary, co-fiduciary or other duty under ERISA. There are no unresolved claims or disputes under the terms of, or in connection with, the BOE Benefit Plans other than claims for benefits which are payable in the ordinary course of business and no action, proceeding, prosecution, inquiry, hearing or investigation has been commenced with respect to any BOE Benefit Plan.

(e) All BOE Benefit Plan documents and annual reports or returns, audited or unaudited financial statements, actuarial valuations, summary annual reports, and summary plan descriptions issued with respect to the BOE Benefit Plans are correct and complete in all material respects, have been timely filed with the IRS or the DOL, and distributed to participants of the BOE Benefit Plans (as required by Law), and there have been no changes in the information set forth therein.

(f) To BOE's Knowledge, no party in interest (as defined in ERISA Section 3(14)) or disqualified person (as defined in Code Section 4975(e)(2)) of any BOE Benefit Plan has engaged in any nonexempt prohibited transaction (described in Code Section 4975(c) or ERISA Section 406).

(g) No BOE Entity has, or ever has had, a pension plan, or any plan that is or was subject to Code Section 412 or ERISA Section 302 or Title IV of ERISA. There is no Lien nor is there expected to be a Lien under Code Section 412(n) or ERISA Section 302(f) or Tax under Code Section 4971 applicable to any BOE Entity or any BOE Entity's Assets. Neither BOE nor any of its ERISA Affiliates is subject to or can reasonably be expected to become subject to a Lien under Code Section 401(a)(29). All premiums required to be paid under ERISA Section 4006, if any, have been timely paid by BOE and by each of its ERISA Affiliates.

(h) No Liability under Title IV of ERISA has been or is expected to be incurred by any BOE Entity or its ERISA Affiliates and no event has occurred that could reasonably result in Liability under Title IV of ERISA being incurred by any BOE Entity or its ERISA Affiliates with respect to any ongoing, frozen, terminated or other single-employer plan of any BOE Entity or the single-employer plan of any ERISA Affiliate. There has been no reportable event, within the meaning of ERISA Section 4043, for which the 30-day reporting requirement has not been waived by any ongoing, frozen, terminated or other single employer plan of any BOE Entity or of an ERISA Affiliate.

(i) Except as disclosed in Section 5.15(i) of the BOE Disclosure Memorandum, no BOE Entity has any Liability for retiree or similar health, life or death benefits under any of the BOE Benefit Plans, or other plan or arrangement, except to the extent required under Part 6 of Title I of ERISA or Code Section 4980B and there are no restrictions on the rights of such BOE Entity to amend or terminate any such retiree health or benefit plan without incurring any Liability thereunder. No Tax under Code Sections 4980B or 5000 has been incurred with respect to any BOE Benefit Plan, or other plan or arrangement, and no circumstance exists which could give rise to such Taxes.

(j) Except as disclosed in Section 5.15(j) of the BOE Disclosure Memorandum, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation, golden parachute, or otherwise) becoming due to any director or any employee of any BOE Entity from any BOE Entity under any BOE Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any BOE Benefit Plan, or (iii) result in any acceleration of the time of payment or

vesting of any such benefit, or any benefit under any life insurance owned by any BOE Entity or the rights of any BOE Entity in, to or under any insurance on the life of any current or former officer, director or employee of any BOE Entity, or change any rights or obligations of any BOE Entity with respect to such insurance.

(k) The actuarial present values of all accrued deferred compensation entitlements (including entitlements under any executive compensation, supplemental retirement, or employment agreement) of employees and former employees of any BOE Entity and their respective beneficiaries, other than entitlements accrued pursuant to funded

retirement plans, whether or not subject to the provisions of Code Section 412 or ERISA Section 302, have been fully reflected on the BOE Financial Statements to the extent required by and in accordance with GAAP.

(l) All individuals who render services to any BOE Entity and who are authorized to participate in a BOE Benefit Plan pursuant to the terms of such BOE Benefit Plan are in fact eligible to and authorized to participate in such BOE Benefit Plan in accordance with the terms of such BOE Benefit Plan, the Code, ERISA and other applicable Laws.

(m) Neither BOE nor any of its ERISA Affiliates has had an obligation to contribute (as defined in ERISA Section 4212) to, or other obligations or Liability in connection with, a multiemployer plan (as defined in ERISA Sections 4001(a)(3) or 3(37)(A)).

(n) Except as disclosed in Section 5.15(n) of the BOE Disclosure Memorandum, there are no payments or changes in terms due to any insured person as a result of this Agreement, the Merger or the transactions contemplated herein, under any bank-owned, corporate-owned split dollar life insurance, other life insurance, or similar arrangement or Contract, and the Successor Corporation shall, upon and after the Effective Time, succeed to and have all the rights in, to and under such life insurance Contracts as BOE presently holds. Each BOE Entity will, upon the execution and delivery of this Agreement, and will continue to have, notwithstanding this Agreement or the consummation of the transaction contemplated hereby, all ownership rights and interest in all corporate or bank-owned life insurance.

(o) No BOE Benefit Plan holds any employer security (within the meaning of ERISA Section 407(d)(1)) or employer real property (within the meaning of ERISA Section 407(d)(2)); and no commitment has been made that would require any BOE Benefit Plan to hold any such employer security or employer real property.

(p) All contributions and premiums required by applicable Law or the terms of an applicable BOE Benefit Plan to be paid prior to Closing have been or will be timely made or paid in full prior to the Closing.

(q) There has been no act or omission which has given rise to or may give rise to material fines, penalties, taxes or related charges under Sections 502(c), 502(i), 501(l) or 4071 of ERISA or Chapters 43, 47 or 68 of the Code for which any of the BOE Entities or any of their respective ERISA Affiliates may be liable.

(r) No action has been or reasonably ought to be taken to correct any defects with respect to any BOE Benefit Plan under any IRS correction procedure or any United States Department of Labor fiduciary correction procedure.

(s) Except as disclosed in Section 5.15(s) of the BOE Disclosure Memorandum, no payment contemplated or required by any BOE Benefit Plan would in the aggregate constitute excess parachute payments as defined in Section 280G of the Code (without regard to subsection (b)(4) thereof).

(t) Each BOE Benefit Plan which constitutes a group health plan (as defined in ERISA Section 607(1) or Code Section 4980B(g)(2)) has been operated in material compliance with applicable Law.

(u) There has been no act or omission that would impair or otherwise limit the right or ability of BOE or the Bank, as may be applicable, to unilaterally amend, from time to time, or terminate, any BOE Benefit Plan.

(v) Each BOE Benefit Plan which is subject to Code Section 409A has been operated and administered in compliance with and otherwise complies with such section. No tax, interest or penalty has been assessed or incurred pursuant to Code Section 409A in relation to any BOE Benefit Plan.

5.16 Material Contracts.

(a) Except as disclosed in Section 5.16 of the BOE Disclosure Memorandum or otherwise reflected in the BOE Financial Statements, none of the BOE Entities, nor any of their respective Assets, businesses, or operations, is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, termination, consulting, or retirement Contract providing for aggregate payments to any Person in any calendar year in excess of \$125,000, (ii) any Contract relating to the borrowing of money by any BOE Entity or the guarantee by any BOE Entity of any such obligation (other than Contracts evidencing the creation of deposit liabilities, purchases of federal funds, advances from the Federal Reserve Bank or Federal Home Loan Bank, entry into repurchase agreements fully secured by U.S. government securities or U.S. government agency securities, advances of

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depository institution Subsidiaries incurred in the ordinary course of BOE's business and trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of BOE's business), (iii) any Contract which prohibits or restricts any BOE Entity or any personnel of a BOE Entity from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with customers or shrink-wrap software licenses), (v) any Contract relating to the provision of data processing, network communication, or other technical services to or by any BOE Entity, (vi) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business and involving payments under any individual Contract or series of contracts not in excess of \$125,000), (vii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract or any Contract that is a combination thereof not included on its balance sheet, and (viii) any other Contract that would be required to be filed as an exhibit to a Form 10-K filed by BOE as of the date of this Agreement pursuant to the reporting requirements of the Exchange Act, if such reporting requirements applied to BOE as of such date (together with all Contracts referred to in Sections 5.11 and 5.15(a), the BOE Contracts).

(b) With respect to each BOE Contract and except as disclosed in Section 5.16(b) of the BOE Disclosure Memorandum: (i) the Contract is in full force and effect; (ii) no BOE Entity is in Default thereunder; (iii) no BOE Entity has repudiated or waived any material provision of any such Contract; (iv) no other party to any such Contract is, to BOE's Knowledge, in Default in any respect or has repudiated or waived each material provision thereunder; and (v) no consent is required by a Contract for the execution, delivery, or performance of this Agreement, the consummation of the Merger or the other transactions contemplated hereby. All of the indebtedness of any BOE Entity for money borrowed is prepayable at any time by such BOE Entity without penalty, premium or charge, except as specified in Section 5.16(b) of the BOE Disclosure Memorandum.

5.17 Privacy of Customer Information.

(a) Each BOE Entity is the sole owner of all (i) nonpublic personal information as such term is defined in the Privacy Requirements, and (ii) any personally identifiable information or records in any form (oral, written, graphic, electronic, machine-readable, or otherwise) (Customer Information) relating to customers, former customers and prospective customers that will be transferred to CBAC pursuant to this Agreement.

(b) Each of the BOE Entities has at all times implemented and maintained commercially reasonable technical, physical and organizational security measures as are appropriate in the circumstances to protect Customer Information against unauthorized or unlawful processing, access, input, disclosure, use, recording, copying, alteration, removal, deletion, accidental loss, corruption, destruction or damage, including:

(i) firewalls, intrusion detection systems, locking file cabinets, and other appropriate physical and electronic security mechanism, including current revisions of all software releases and all software patches;

(ii) utilization of industry-standard or better network access control restrictions and methods of terminating unauthorized network access, including identification to the extent possible of the identify of the Person making such unauthorized access; and

(iii) not making changes that would increase the risk of unauthorized access to BOE's network.

5.18 Legal Proceedings.

Except as disclosed in Section 5.18 of the BOE Disclosure Memorandum, there is no Litigation instituted or pending, or, to the Knowledge of BOE, threatened (or unasserted but considered probable of assertion) against any BOE Entity,

or against any director, officer, employee or agent of any BOE Entity in their capacities as such or with respect to any service to or on behalf of any Employee Benefit Plan or any other Person at the request of the BOE Entity or Employee Benefit Plan of any BOE Entity, or against any Asset, interest, or right of any of them, nor are there any Orders or judgments outstanding against any BOE Entity. No claim for indemnity has been made or, to BOE s Knowledge, threatened by any director, officer, employee, independent contractor or agent to any BOE Entity and to BOE s Knowledge, no basis for any such claim exists.

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5.19 Reports.

Except as disclosed in Section 5.19 of BOE Disclosure Memorandum, since January 1, 2004, in addition to the BOE Exchange Act Reports, each BOE Entity has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Governmental Authorities. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws. As of their respective dates, such reports and documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5.20 Books and Records.

BOE and each BOE Entity maintains accurate books and records reflecting its Assets and Liabilities and maintains proper and adequate internal accounting controls which provide assurance that (a) transactions are executed with management's authorization; (b) transactions are recorded as necessary to permit preparation of the consolidated financial statements of BOE and to maintain accountability for BOE's consolidated Assets; (c) access to BOE's Assets is permitted only in accordance with management's authorization; (d) the reporting of BOE's Assets is compared with existing Assets at regular intervals; and (e) accounts, notes and other receivables and inventory are recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis.

5.21 Loans to Executive Officers and Directors.

Neither BOE nor the Bank has extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of BOE, except as permitted by Federal Reserve Regulation O. Section 5.21 of the BOE Disclosure Memorandum identifies any loan or extension of credit maintained by BOE to which the second sentence of Section 13(k)(1) of the Exchange Act applies.

5.22 Independence of Directors.

BOE's directors listed on Section 5.22 of the BOE Disclosure Memorandum and who will be serving on the Board of Directors of the Surviving Corporation after the Closing Date will be independent directors of the Surviving Corporation within the meaning of the Sarbanes-Oxley Act.

5.23 Tax and Regulatory Matters; Consents.

None of the BOE Entities or any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code, or (ii) materially impede or delay receipt of any required Consents or result in the imposition of a condition or restriction of the type referred to in the last sentence of Section 9.1(b).

5.24 State Takeover Laws.

Each BOE Entity has taken all necessary action to exempt the transactions contemplated by this Agreement from, or if necessary to challenge the validity or applicability of, any applicable moratorium, fair price, business combination, control share, or other anti-takeover Laws (collectively, Takeover Laws).

5.25 Stockholders Support Agreements.

Each of the directors and executive officers of BOE has executed and delivered to CBAC the Support Agreements in the form of Exhibit E attached hereto.

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5.26 Brokers and Finders; Opinion of Financial Advisor.

Except for BOE Financial Advisor, neither BOE nor its Subsidiaries, or any of their respective officers, directors, employees or Representatives, has employed any broker, finder or investment banker or incurred any Liability for any financial advisory fees, investment bankers fees, brokerage fees, commissions, or finder s or other fees in connection with this Agreement or the transactions contemplated hereby. BOE has received the written opinion of BOE Financial Advisor, dated as of the date of this Agreement, to the effect that the Merger Consideration is fair from a financial point of view, a signed copy of which has been delivered to CBAC.

5.27 Board Recommendation.

The Board of Directors of BOE, at a meeting duly called and held, has by unanimous vote of the directors present who constituted all of the directors then in office (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, the Support Agreements and the transactions contemplated hereby and thereby, taken together, are fair to and in the best interests of the BOE s stockholders and (ii) resolved, subject to the terms of this Agreement, to recommend that the holders of the shares of BOE Common Stock approve this Agreement, the Merger and the related transactions and to call and hold a special meeting of BOE s stockholders to consider this Agreement, the Merger and the related transactions.

5.28 Statements True and Correct.

(a) No statement, certificate, instrument, or other writing furnished or to be furnished by any BOE Entity or any Affiliate thereof to CBAC pursuant to this Agreement or any other document, agreement, or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) None of the information supplied or to be supplied by any BOE Entity or any Affiliate thereof for inclusion in the Registration Statement to be filed by CBAC with the SEC will, when the Registration Statement becomes effective, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein not misleading.

(c) None of the information supplied or to be supplied by the BOE Entity or any Affiliate thereof for inclusion in the Joint Proxy Statement to be mailed to each party s stockholders in connection with the Stockholders Meetings, and any other documents to be filed by any BOE Entity or any Affiliate thereof with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby, will, at the respective time such documents are filed, and with respect to the any Joint Proxy Statement, when first mailed to the stockholders of each party be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, in the case of the Joint Proxy Statement or any amendment thereof or supplement thereto, at the time of the Stockholders Meetings be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the Stockholders Meetings.

(d) All documents that any BOE Entity or any Affiliate thereof is responsible for filing with any Governmental Authority in connection with the transactions contemplated hereby will comply as to form in all material respects with the provisions of applicable Law.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF CBAC

CBAC hereby represents and warrants to BOE as follows:

6.1 Organization, Standing, and Power.

CBAC is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Delaware, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its Assets. CBAC is duly qualified or licensed to transact business as a foreign corporation in good standing

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in the states of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a CBAC Material Adverse Effect. The minute book and other organizational documents for CBAC has been made available to BOE for its review and are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the respective Board of Directors (including any committees of the Board of Directors) and stockholders thereto.

6.2 Authority; No Breach By the Agreement.

(a) CBAC has the corporate power and authority necessary to execute, deliver and perform its obligations under this Agreement and to consummate the transaction contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, including the Merger, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of CBAC, subject to the approval of this Agreement and the consummation of the transactions contemplated hereby by the holders of a majority of the outstanding shares of CBAC IPO Common Stock cast at the CBAC Stockholders Meeting with the holders of less than 20% of the outstanding shares of CBAC IPO Common Stock voting at the CBAC Stockholders Meeting against the Merger and thereafter exercising the Conversion Rights, or in the event that CBAC consummates a CBAC Business Combination prior to the CBAC Stockholders Meeting, the approval of this Agreement and the consummation of the transactions contemplated hereby by the holders of a majority of the outstanding shares of CBAC Common Stock entitled to vote at the CBAC Stockholders Meeting. Subject to any necessary approvals referred to in Article 8, this Agreement represents a legal, valid, and binding obligation of CBAC, enforceable against CBAC in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(b) Neither the execution and delivery of this Agreement by CBAC, nor the consummation by CBAC of the transactions contemplated hereby, nor compliance by CBAC with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of CBAC's Certificate of Incorporation or Bylaws, or (ii) constitute or result in a Default under, or require any Consent (other than the Consent of TFC which has been received by CBAC), pursuant to, or result in the creation of any Lien on any Asset of CBAC under, any Contract or Permit of CBAC, or, (iii) subject to receipt of the requisite Consents referred to in Section 9.1(b), constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to CBAC or any of its material Assets.

(c) Other than in connection or compliance with the provisions of the Securities Laws, applicable state corporate and securities Laws and the rules of AMEX and other than Consents required from Regulatory Authorities, and other than notices to or filings with the IRS or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans, and other than Consents, filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, a CBAC Material Adverse Effect, no notice to, filing with, or Consent of, any Governmental Authority is necessary for the consummation by CBAC of the Merger and the other transactions contemplated in this Agreement.

6.3 Capital Stock.

(a) The authorized capital stock of CBAC consists of (i) 50,000,000 shares of CBAC Common Stock, of which 9,375,000 shares are issued and outstanding as of the date of this Agreement (which includes 1,499,250 shares subject to Conversion Rights), and (ii) 5,000,000 shares of CBAC Preferred Stock, none of which are issued and outstanding as of the date of this Agreement. All of the issued and outstanding shares of the capital stock of CBAC are, and all of

the shares of CBAC Common Stock to be issued in exchange for shares of BOE Common Stock upon consummation of the Merger, when issued in accordance with the terms of this Agreement, will be, duly and validly issued and outstanding and fully paid and nonassessable under the DGCL. None of the outstanding shares of capital stock of CBAC have been, and none of the shares of CBAC Common Stock to be issued in exchange for shares of

BOE Common Stock upon consummation of the Merger will be issued in violation of any preemptive rights of the current or past stockholders of CBAC.

(b) Except for 7,500,000 shares of CBAC Common Stock reserved for issuance pursuant to the CBAC Warrants and 1,050,000 shares of CBAC Common Stock reserved for issuance pursuant to the CBAC UPO, as disclosed in Section 6.3 of the CBAC Disclosure Memorandum, shares reserved for issuance pursuant to the TFC Agreement and shares reserved for issuance pursuant to this Agreement, there are no shares of capital stock or other equity securities of CBAC reserved for issuance and no outstanding Rights relating to the capital stock of CBAC.

(c) Except as set forth in Section 6.3(a), or as disclosed in Section 6.3 of the CBAC Disclosure Memorandum, there are no shares of capital stock or other equity securities of CBAC outstanding and no outstanding CBAC Rights relating to the capital stock of CBAC.

6.4 CBAC Subsidiaries.

CBAC has no subsidiaries.

6.5 Exchange Act Filings; Financial Statements.

(a) CBAC has timely filed and made available to BOE all Exchange Act Documents required to be filed by CBAC since inception (together with all such Exchange Act Documents filed, whether or not required to be filed, the CBAC Exchange Act Reports). The CBAC Exchange Act Reports (i) at the time filed, complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws and (ii) did not, at the time they were filed (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such amended or subsequent filing or, in the case of registration statements, at the effective date thereof) contain any untrue statement of a material fact or omit to state a material fact required to be stated in such CBAC Exchange Act Reports or necessary in order to make the statements in such CBAC Exchange Act Reports, in light of the circumstances under which they were made, not misleading. Each offering or sale of securities by CBAC (i) was either registered under the Securities Act or made pursuant to a valid exemption from registration, (ii) complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws, and (iii) was made pursuant to offering documents which did not, at the time of the offering (or, in the case of registration statements, at the effective date thereof) contain any untrue statement of material fact or omit to state a material fact required to be stated in the offering or necessary in order to make the statements in such documents not misleading. CBAC has delivered or made available to BOE all comment letters received by CBAC from the staffs of the SEC and all responses to such comment letters by or on behalf of CBAC with respect to all filings under the Securities Laws. CBAC's principal executive officers and principal financial officers (CBAC's former principal executive officers and principal financial officers, as applicable) have made the certifications required by Section 302 and 906 of the Sarbanes-Oxley Act and the rules and regulations of the Exchange Act thereunder with respect to CBAC's Exchange Act Documents to the extent such rules or regulations applied at the time of the filing. Such certifications contain no qualifications or exceptions to the matters certified therein and have not been modified or withdrawn; and neither CBAC nor any of its officers has received notice from any Regulatory Authority questioning or challenging the accuracy, completeness, content, form or manner of filing or submissions of such certification.

(b) Each of the CBAC Financial Statements (including, in each case, any related notes) contained in the CBAC Exchange Act Reports, including any CBAC Exchange Act Reports filed after the date of this Agreement until the Effective Time, complied, or will comply, as to form in all material respects with the applicable published rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements or, in the case of unaudited interim statements, as permitted by Form 10-Q of the Exchange Act), and fairly presented in all material

respects the financial position of CBAC and its Subsidiaries as at the respective dates and the results of operations and cash flows for the periods indicated, including the fair values of the assets and liabilities shown therein, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount or effect. The CBAC Financial Statements are certified to the extent required by the Sarbanes-Oxley Act.

(c) Each of CBAC's independent public accountants, which have expressed their opinion with respect to the Financial Statements of CBAC included in CBAC's Exchange Act Reports (including the related notes), is and has been throughout the periods covered by such CBAC Financial Statements (x) registered public accounting firms (as defined in Section 2(a)(12) of the Sarbanes-Oxley Act), (y) independent with respect to CBAC within the meaning of Regulation S-X and, (z) with respect to CBAC, in compliance with subsections (g) through (l) of Section 10A of the Exchange Act and related Securities Laws. Section 6.5(c) of the CBAC Disclosure Memorandum lists all non-audit services performed by CBAC's independent public accountants for CBAC since inception.

(d) CBAC maintains disclosure controls and procedures required by Rule 13a-15(b) or 15d-15(b) under the Exchange Act; such controls and procedures are effective to ensure that all material information concerning CBAC is made known on a timely basis to the principal executive officer and the principal financial officer. Section 6.5(d) of the CBAC Disclosure Memorandum lists, and CBAC has delivered to BOE copies of, all written description of, and all policies, manuals and other documents promulgating such disclosure controls and procedures. CBAC and its directors and executive officers have complied at all times with Section 16(a) of the Exchange Act, including the filing requirements thereunder to the extent applicable.

(e) CBAC has reported the fair value of all warrants it has issued, including without limitation, the CBAC Warrants, on its CBAC Financial Statements in accordance with Emerging Issues Task Force No. 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company's Own Stock*.

6.6 Absence of Undisclosed Liabilities.

CBAC has no Liabilities required under GAAP to be set forth on a balance sheet or in the notes thereto that are reasonably likely to have, individually or in the aggregate, a CBAC Material Adverse Effect, except Liabilities which are (i) accrued or reserved against in the balance sheet of CBAC as of September 30, 2007, included in the CBAC Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto, (ii) incurred or paid in the ordinary course of business consistent with past practices subsequent to September 30, 2007, or (iii) incurred in connection with the transactions contemplated by this Agreement. Except (x) as reflected in CBAC's balance sheet at September 30, 2007 or liabilities described in any notes thereto (or liabilities for which neither accrual nor footnote disclosure is required pursuant to GAAP or any applicable Regulatory Authority) or (y) for liabilities incurred in the ordinary course of business since September 30, 2007 consistent with past practice or in connection with this Agreement or the transactions contemplated hereby, CBAC has no Material Liabilities or obligations of any nature.

6.7 Absence of Certain Changes or Events.

(a) Since September 30, 2007, except as disclosed in the CBAC Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 6.7 of the CBAC Disclosure Memorandum, (i) there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a CBAC Material Adverse Effect, and (ii) CBAC has not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of CBAC provided in this Agreement.

6.8 Tax Matters.

(a) CBAC has timely filed with the appropriate Taxing Authorities, all Tax Returns in all jurisdictions in which Tax Returns are required to be filed, and such Tax Returns are correct and complete in all respects. CBAC is not the beneficiary of any extension of time within which to file any Tax Return. All Taxes of CBAC (whether or not shown on any Tax Return) have been fully and timely paid. There are no Liens for any Taxes (other than a Lien for current real property or *ad valorem* Taxes not yet due and payable) on any of the Assets of CBAC. No claim has ever been

made by an authority in a jurisdiction where CBAC does not file a Tax Return that CBAC may be subject to Taxes by that jurisdiction.

(b) CBAC has not received any notice of assessment or proposed assessment in connection with any Taxes, and there are no threatened or pending disputes, claims, audits or examinations regarding any Taxes of CBAC or the

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assets of CBAC. No officer or employee responsible for Tax matters of CBAC expects any Taxing Authority is reasonably likely to assess any additional Taxes for any period for which Tax Returns have been filed. No issue has been raised by a Taxing Authority in any prior examination of CBAC which, by application of the same or similar principles, could be expected to result in a proposed deficiency for any subsequent taxable period. CBAC has not waived any statute of limitations in respect of any Taxes or agreed to a Tax assessment or deficiency.

(c) CBAC has complied with all applicable Laws, rules and regulations relating to the withholding of Taxes and the payment thereof to appropriate authorities, including Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee or independent contractor, and Taxes required to be withheld and paid pursuant to Sections 1441 and 1442 of the Code or similar provisions under foreign Law.

(d) The unpaid Taxes of CBAC (i) did not, as of the most recent fiscal month end, exceed the reserve for Tax Liability (other than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the most recent balance sheet (other than in any notes thereto) for CBAC and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with past custom and practice of CBAC in filing its Tax Returns.

(e) Except as described in Section 6.8(e) of the CBAC Disclosure Memorandum, CBAC is not a party to any Tax allocation or sharing agreement.

(f) CBAC is not a distributing corporation or a controlled corporation as defined in, and in a transaction intended to be governed by Section 355 of the Code.

(g) Except as disclosed in Section 6.8(g) of the CBAC Disclosure Memorandum, CBAC has not made any payments, is not obligated to make any payments, or is not a party to any contract that could obligate it to make any payments that could be disallowed as a deduction under Section 280G or 162(m) of the Code, or which would be subject to withholding under Section 4999 of the Code. CBAC has not been a United States real property holding corporation within the meaning of Section 897(c)(1)(A)(ii) of the Code. CBAC is not and will not be required to include any adjustment in taxable income for any Tax period (or portion thereof) pursuant to Section 481 of the Code or any comparable provision under state or foreign Tax Laws as a result of transactions or events occurring prior to the Closing.

(h) CBAC is in compliance with, and its records contain all information and documents (including properly completed IRS Forms W-9) necessary to comply with, all applicable information reporting and Tax withholding requirements under federal, state, and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under Section 3406 of the Code.

(i) CBAC is not subject to any private letter ruling of the IRS or comparable rulings of any Taxing Authority.

(j) No property owned by CBAC is (i) property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986; (ii) tax-exempt use property within the meaning of Section 168(h)(1) of the Code; (iii) tax-exempt bond financed property within the meaning of Section 168(g) of the Code; (iv) limited use property within the meaning of Rev. Proc. 76-30; (v) subject to Section 168(g)(1)(A) of the Code; or (vi) subject to any provision of state, local or foreign Law comparable to any of the provisions listed above.

(k) CBAC has no corporate acquisition indebtedness within the meaning of Section 279 of the Code.

6.9 Compliance with Laws.

(a) CBAC, on or before consummation of the Merger, will be a bank holding company duly registered and in good standing as such with the Federal Reserve and the Bureau and a member in good standing of the Federal Reserve System.

(b) CBAC has in effect all Permits and has made all filings, applications, and registrations with Governmental Authorities that are required for it to own, lease, or operate its assets and to carry on its business as now conducted,

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and there has occurred no Default under any such Permit applicable to its respective businesses or employees conducting their respective businesses.

(c) CBAC is not in Default under any Laws or Orders applicable to its business or employees conducting its business.

(d) CBAC has not received any notification or communication from any Governmental Authority (i) asserting that CBAC is in Default under any of the Permits, Laws or Orders which such Governmental Authority enforces, (ii) threatening to revoke any Permits, or (iii) requiring CBAC (x) to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or (y) to adopt any resolution of its Board of Directors or similar undertaking which restricts materially the conduct of its business or in any manner relates to its employment decisions, its employment or safety policies or practices.

(e) There (i) is no unresolved violation, criticism, or exception by any Governmental Authority with respect to any report or statement relating to any examinations or inspections of CBAC; (ii) are no notices or correspondence received by CBAC with respect to formal or informal inquiries by, or disagreements or disputes with, any Governmental Authority with respect to CBAC's business, operations, policies or procedures since its inception; and (iii) is not any pending or, to CBAC's Knowledge, threatened any investigation or review of CBAC on behalf of any Governmental Authority, nor has any Governmental Authority indicated an intention to conduct any, investigation or review of CBAC.

(f) None of CBAC or any of its directors, officers, employees or Representatives acting on its behalf has offered, paid, or agreed to pay any Person, including any Governmental Authority, directly or indirectly, any thing of value for the purpose of, or with the intent of obtaining or retaining any business in violation of applicable Laws, including (i) using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) making any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violating any provision of the Foreign Corrupt Practices Act of 1977, as amended; or (iv) making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

6.10 Employment Benefit Plans.

(a) CBAC has disclosed in Section 6.10 of the CBAC Disclosure Memorandum, and has delivered or made available to BOE prior to the execution of this Agreement, (i) copies of each Employee Benefit Plan currently adopted, maintained by, sponsored in whole or in part by, or contributed or required to be contributed to by CBAC or ERISA Affiliate thereof for the benefit of employees, former employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries or under which employees, retirees, former employees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate (each, a CBAC Benefit Plan, and collectively, the CBAC Benefit Plans) and (ii) a list of each Employee Benefit Plan that is not identified in (i) above (e.g., former Employee Benefit Plans) in respect of which CBAC or ERISA Affiliate has or reasonably could have any obligation or Liability (each a CBAC Other Plan). Any of the CBAC Benefit Plans which is an employee pension benefit plan, as that term is defined in ERISA Section 3(2), is referred to herein as a CBAC ERISA Plan. No CBAC ERISA Plan or CBAC Other Plan is a defined benefit plan (as defined in Code Section 414(j)), or is subject to Code Section 412 or Title IV of ERISA.

(b) CBAC has delivered or made available to BOE prior to the execution of this Agreement (i) all trust agreements or other funding arrangements for all Employee Benefit Plans; (ii) all determination letters, rulings, opinion letters, information letters or advisory opinions issued by the IRS, the DOL or the Pension Benefit Guaranty Corporation during this calendar year or any of the preceding calendar years since inception; (iii) any filing or documentation (whether or not filed with the IRS) where corrective action was taken in connection with the IRS EPCRS program set forth in Revenue Procedure 2001-17 (or its predecessor or successor rulings); (iv) annual reports or returns, audited or

unaudited financial statements, actuarial reports and valuations prepared for any Employee Benefit Plan for the current plan year and the three preceding plan years; and (v) the most recent summary plan descriptions and any material modifications thereto.

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(c) Each CBAC Benefit Plan is in material compliance with the terms of such CBAC Benefit Plan, in material compliance with the applicable requirements of the Code, in material compliance with the applicable requirements of ERISA, and in material compliance with any other applicable Laws. Each CBAC ERISA Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter or opinion from the IRS that is as current as possible under applicable IRS procedures and that is still in effect and applies to the applicable CBAC ERISA Plan as amended and as administered or, within the time permitted under Code Section 401(b), has timely applied for a favorable determination letter, which when issued, will be as current as possible under applicable IRS procedures and which, when issued, will apply retroactively to the CBAC ERISA Plan as amended and as administered. CBAC is not aware of any circumstances likely to result in revocation of any such favorable determination letter which has been issued by the IRS, and CBAC is not aware of any circumstances likely to result in a failure to issue any such favorable determination letter for which it has applied. CBAC has not received any communication (written or unwritten) from any Governmental Authority questioning or challenging the compliance of any CBAC Benefit Plan with applicable Laws. No CBAC Benefit Plan is currently being audited by any Governmental Authority for compliance with applicable Laws or has been audited with a determination by any Governmental Authority that the Employee Benefit Plan failed to comply with applicable Laws.

(d) There has been no oral or written representation or communication with respect to any aspect of the Employee Benefit Plans made to employees of the CBAC which is not in accordance with the written or otherwise preexisting terms and provisions of such plans. Neither CBAC nor any administrator or fiduciary of any CBAC Benefit Plan (or any agent of any of the foregoing) has engaged in any transaction, or acted or failed to act in any manner, which could subject CBAC or CBAC to any direct or indirect Liability (by indemnity or otherwise) for breach of any fiduciary, co-fiduciary or other duty under ERISA. There are no unresolved claims or disputes under the terms of, or in connection with, the CBAC Benefit Plans other than claims for benefits which are payable in the ordinary course of business and no action, proceeding, prosecution, inquiry, hearing or investigation has been commenced with respect to any CBAC Benefit Plan.

(e) All CBAC Benefit Plan documents and annual reports or returns, audited or unaudited financial statements, actuarial valuations, summary annual reports, and summary plan descriptions issued with respect to the CBAC Benefit Plans are correct and complete in all material respects, have been timely filed with the IRS or the DOL, and distributed to participants of the CBAC Benefit Plans (as required by Law), and there have been no changes in the information set forth therein.

(f) To the CBAC's Knowledge, no party in interest (as defined in ERISA Section 3(14)) or disqualified person (as defined in Code Section 4975(e)(2)) of any CBAC Benefit Plan has engaged in any nonexempt prohibited transaction (described in Code Section 4975(c) or ERISA Section 406).

(g) CBAC does not, and has never had, a pension plan, or any plan that is or was subject to Code Section 412 or ERISA Section 302 or Title IV of ERISA. There is no Lien nor is there expected to be a Lien under Code Section 412(n) or ERISA Section 302(f) or Tax under Code Section 4971 applicable to CBAC or its Assets. Neither CBAC nor any of its ERISA Affiliates is subject to or can reasonably be expected to become subject to a Lien under Code Section 401(a)(29). All premiums required to be paid under ERISA Section 4006, if any, have been timely paid by CBAC and by each of its ERISA Affiliates.

(h) No Liability under Title IV of ERISA has been or is expected to be incurred by CBAC or its ERISA Affiliates and no event has occurred that could reasonably result in Liability under Title IV of ERISA being incurred by CBAC or its ERISA Affiliates with respect to any ongoing, frozen, terminated or other single-employer plan of CBAC or the single-employer plan of any ERISA Affiliate. There has been no reportable event, within the meaning of ERISA Section 4043, for which the 30-day reporting requirement has not been waived by any ongoing, frozen, terminated or other single employer plan of CBAC or of an ERISA Affiliate.

(i) CBAC has no Liability for retiree or similar health, life or death benefits under any of the CBAC Benefit Plans, or other plan or arrangement, except to the extent required under Part 6 of Title I of ERISA or Code Section 4980B and there are no restrictions on the rights of CBAC to amend or terminate any such retiree health or benefit plan without incurring any Liability thereunder. No Tax under Code Sections 4980B or 5000 has been incurred with respect to any CBAC Benefit Plan, or other plan or arrangement, and no circumstance exists which could give rise to such Taxes.

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(j) Except as disclosed in Section 6.10 of the CBAC Disclosure Memorandum, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation, golden parachute, or otherwise) becoming due to any director or any employee of CBAC from CBAC under any CBAC Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any CBAC Benefit Plan, or (iii) result in any acceleration of the time of payment or vesting of any such benefit, or any benefit under any life insurance owned by CBAC or the rights of CBAC in, to or under any insurance on the life of any current or former officer, director or employee of CBAC, or change any rights or obligations of CBAC with respect to such insurance.

(k) The actuarial present values of all accrued deferred compensation entitlements (including entitlements under any executive compensation, supplemental retirement, or employment agreement) of employees and former employees of CBAC and its beneficiaries, other than entitlements accrued pursuant to funded retirement plans, whether or not subject to the provisions of Code Section 412 or ERISA Section 302, have been fully reflected on the CBAC Financial Statements to the extent required by and in accordance with GAAP.

(l) All individuals who render services to CBAC and who are authorized to participate in a CBAC Benefit Plan pursuant to the terms of such CBAC Benefit Plan are in fact eligible to and authorized to participate in such CBAC Benefit Plan in accordance with the terms of such CBAC Benefit Plan, the Code, ERISA and other applicable Laws.

(m) Neither CBAC nor any of its ERISA Affiliates has had an obligation to contribute (as defined in ERISA Section 4212) to, or other obligations or Liability in connection with, a multiemployer plan (as defined in ERISA Sections 4001(a)(3) or 3(37)(A)).

(n) Except as disclosed in Section 6.10 of the CBAC Disclosure Memorandum, there are no payments or changes in terms due to any insured person as a result of this Agreement, the Merger or the transactions contemplated herein, under any bank-owned, corporate-owned split dollar life insurance, other life insurance, or similar arrangement or Contract, and the Successor Corporation shall, upon and after the Effective Time, succeed to and have all the rights in, to and under such life insurance Contracts as CBAC presently holds. CBAC will, upon the execution and delivery of this Agreement, and will continue to have, notwithstanding this Agreement or the consummation of the transaction contemplated hereby, all ownership rights and interest in all corporate or bank-owned life insurance.

(o) No CBAC Benefit Plan holds any employer security (within the meaning of ERISA Section 407(d)(1)) or employer real property (within the meaning of ERISA Section 407(d)(2)); and no commitment has been made that would require any CBAC Benefit Plan to hold any such employer security or employer real property.

(p) All contributions and premiums required by applicable Law or the terms of an applicable CBAC Benefit Plan to be paid prior to Closing have been or will be timely made or paid in full prior to the Closing.

(q) There has been no act or omission which has given rise to or may give rise to material fines, penalties, taxes or related charges under Sections 502(c), 502(i), 501(l) or 4071 of ERISA or Chapters 43, 47 or 68 of the Code for which any of the CBAC Entities or any of their respective ERISA Affiliates may be liable.

(r) No action has been or reasonably ought to be taken to correct any defects with respect to any CBAC Benefit Plan under any IRS correction procedure or any United States Department of Labor fiduciary correction procedure.

(s) No payment contemplated by any CBAC Benefit Plan would in the aggregate constitute excess parachute payments as defined in Section 280G of the Code (without regard to subsection (b)(4) thereof).

(t) Each CBAC Benefit Plan which constitutes a group health plan (as defined in ERISA Section 607(1) or Code Section 4980B(g)(2)) has been operated in material compliance with applicable Law.

(u) There has been no act or omission that would impair or otherwise limit the right or ability of CBAC or the Bank, as may be applicable, to unilaterally amend, from time to time, or terminate, any CBAC Benefit Plan.

(v) Each CBAC Benefit Plan which is subject to Code Section 409A has been operated and administered in compliance with and otherwise complies with such section. No tax, interest or penalty has been assessed or incurred pursuant to Code Section 409A in relation to any CBAC Benefit Plan.

6.11 Material Contracts.

(a) Except as disclosed in Section 6.11 of the CBAC Disclosure Memorandum or otherwise reflected in the CBAC Financial Statements, none of CBAC, nor any of its respective Assets, businesses, or operations, is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, termination, consulting, or retirement Contract providing for aggregate payments to any Person in any calendar year in excess of \$125,000, (ii) any Contract relating to the borrowing of money by CBAC or the guarantee by CBAC of any such obligation other than trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of CBAC's business), (iii) any Contract which prohibits or restricts CBAC or any personnel of CBAC from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with customers or shrink-wrap software licenses), (v) any Contract relating to the provision of data processing, network communication, or other technical services to or by CBAC, (vi) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business and involving payments under any individual Contract or series of contracts not in excess of \$125,000), (vii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract or any Contract that is a combination thereof not included on its balance sheet, and (viii) any other Contract that would be required to be filed as an exhibit to a Form 10-K filed by CBAC as of the date of this Agreement pursuant to the reporting requirements of the Exchange Act, if such reporting requirements applied to CBAC as of such date (together with all Contracts referred to in Sections 6.10(a), the CBAC Contracts).

(b) With respect to each CBAC Contract and except as disclosed in Section 6.11 of the CBAC Disclosure Memorandum: (i) the Contract is in full force and effect; (ii) CBAC is not in Default thereunder; (iii) CBAC has not repudiated or waived any material provision of any such Contract; (iv) no other party to any such Contract is, to CBAC's Knowledge, in Default in any respect or has repudiated or waived each material provision thereunder; and (v) no consent is required by a Contract for the execution, delivery, or performance of this Agreement, the consummation of the Merger or the other transactions contemplated hereby. All of the indebtedness of CBAC for money borrowed is prepayable at any time by CBAC without penalty, premium or charge, except as specified in Section 6.11(b) of the CBAC Disclosure Memorandum.

6.12 Legal Proceedings.

Except as disclosed in Section 6.12 of the CBAC Disclosure Memorandum, there is no Litigation instituted or pending, or, to the Knowledge of CBAC, threatened (or unasserted but considered probable of assertion) against CBAC, or against any director, officer, employee or agent of CBAC in their capacities as such or with respect to any service to or on behalf of any Employee Benefit Plan or any other Person at the request of CBAC or Employee Benefit Plan of CBAC, or against any Asset, interest, or right of any of them, nor are there any Orders or judgments outstanding against CBAC. No claim for indemnity has been made or, to CBAC's Knowledge, threatened by any director, officer, employee, independent contractor or agent to CBAC and to CBAC's Knowledge, no basis for any such claim exists.

6.13 Reports.

Since inception, in addition to the CBAC Exchange Act Reports, CBAC has filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Governmental Authorities. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws. As of their respective date, each such report, statement and document did not, in all material respects, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in

light of the circumstances under which they were made, not misleading.

6.14 Brokers and Finders; Opinion of Financial Advisor.

Except for Keefe, Bruyette & Woods, Inc. neither CBAC nor any of its respective officers, directors, employees or Representatives, has employed any broker or finder or incurred any Liability for any financial

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advisory fees, investment bankers' fees, brokerage fees, commissions, or finder's fees in connection with this Agreement or the transactions contemplated hereby. CBAC has received the written opinion of Keefe, Bruyette & Woods, Inc., dated as of the date of this Agreement, to the effect that the Merger Consideration is fair from a financial point of view, a signed copy of which has been delivered to BOE.

6.15 Board Recommendation.

The Board of Directors of CBAC, at a meeting duly called and held, has by unanimous vote of the directors present who constituted all of the directors then in office (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, the Support Agreements and the transactions contemplated hereby and thereby, taken together, are fair to and in the best interests of CBAC's stockholders and (ii) resolved, subject to the terms of this Agreement, to recommend that the holders of the shares of CBAC Common Stock approve this Agreement, the Merger and the related transactions and to call and hold a special meeting of CBAC's stockholders to consider this Agreement, the Merger and the related transactions.

6.16 Statements True and Correct.

(a) No statement, certificate, instrument or other writing furnished or to be furnished by CBAC or any Affiliate thereof to BOE pursuant to this Agreement or any other document, agreement or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) None of the information supplied or to be supplied by CBAC or any Affiliate thereof for inclusion in the Registration Statement to be filed by CBAC with the SEC will, when the Registration Statement becomes effective, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein not misleading.

(c) None of the information supplied by CBAC or any Affiliate thereof for inclusion in the Joint Proxy Statement to be mailed to each Party's stockholders in connection with the Stockholders Meetings, and any other documents to be filed by CBAC or any Affiliate thereof with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby, will, at the respective time such documents are filed, and with respect to the Joint Proxy Statement, when first mailed to the stockholders of each Party be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, in the case of the Joint Proxy Statement or any amendment thereof or supplement thereto, at the time of the Stockholders Meetings be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of any proxy for the Stockholders Meetings.

(d) All documents that CBAC or any Affiliate thereof is responsible for filing with any Governmental Authority in connection with the transactions contemplated hereby will comply as to form in all material respects with the provisions of applicable Law.

6.17 Tax and Regulatory Matters; Consents.

Neither CBAC nor any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code, or (ii) materially impede or delay receipt of any required Consents or result in the imposition of a condition or restriction of the type referred to in the last sentence of Section 9.1(b).

ARTICLE 7

CONDUCT OF BUSINESS PENDING CONSUMMATION

7.1 Affirmative Covenants of BOE.

From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of CBAC shall have been obtained, and except as otherwise expressly contemplated herein, BOE shall, and shall cause each of its Subsidiaries to, (i) operate its business only in the usual, regular and ordinary course, (ii) use commercially reasonable efforts to preserve intact its business organization and Assets and maintain its rights and franchises, (iii) use commercially reasonable efforts to cause its representations and warranties to be correct at all times, (iv) use best efforts to provide all information requested by CBAC related to loans or other transactions made by BOE with a value equal to or exceeding \$250,000, (v) consult with CBAC prior to entering into or making any loans or other transactions with a value equal to or exceeding \$500,000, and (vi) take no action which would (A) adversely affect the ability of any Party to obtain any Consents required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the last sentences of Sections 9.1(a), 9.1(b) or 9.1(c), or (B) materially adversely affect the ability of any Party to perform its covenants and agreements under this Agreement.

7.2 Negative Covenants of the Parties.

From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of the other Party shall have been obtained, and except as otherwise expressly contemplated herein, each Party covenants and agrees that it will not do or agree or commit to do, or permit any of its Subsidiaries to do or agree or commit to do, any of the following:

(a) amend the Certificate of Incorporation, Articles of Incorporation, Bylaws or other governing instruments of CBAC or any BOE Entity, as applicable, provided nothing in this Section 7.2(a) shall prohibit either Party from amending its Certificate of Incorporation, Articles of Incorporation or Bylaws as contemplated by this Agreement or, in the case of CBAC, as contemplated in the TFC Agreement;

(b) modify the Bank's lending policy (in the case of BOE), incur any additional debt obligation or other obligation for borrowed money in excess of an aggregate of \$100,000 except in the ordinary course of the business of any CBAC Entity or BOE Entity, as applicable, consistent with past practices and that are prepayable without penalty, charge or other payment (which exception shall include, for Subsidiaries that are depository institutions, creation of deposit liabilities, purchases of federal funds, advances from the Federal Reserve Bank or Federal Home Loan Bank, and entry into repurchase agreements fully secured by U.S. government securities or U.S. government agency securities), or impose, or suffer the imposition, on any Asset of any CBAC Entity or any BOE Entity, as applicable, of any Lien or permit any such Lien to exist (other than in connection with public deposits, repurchase agreements, bankers acceptances, treasury tax and loan accounts established in the ordinary course of business of Subsidiaries that are depository institutions, the satisfaction of legal requirements in the exercise of trust powers, and Liens in effect as of the date hereof that are disclosed in the BOE Disclosure Memorandum);

(c) repurchase, redeem, or otherwise acquire or exchange (other than exchanges in the ordinary course under employee benefit plans), directly or indirectly, any shares, or any securities convertible into any shares, of the capital stock of CBAC or any BOE Entity, or declare or pay any dividend or make any other distribution in respect of either Party's capital stock; *provided, that* BOE may (to the extent legally and contractually permitted to do so), but shall not be obligated to, declare and pay regular quarterly cash dividends on shares of BOE Common Stock at a rate not in excess of \$0.22 per share with usual and regular record and payment dates in accordance with past practice disclosed

in Section 7.2(c) of the BOE Disclosure Memorandum and such dates may not be changed without the prior written consent of CBAC; *provided, that*, notwithstanding the provisions of Section 1.3 hereof, the Parties shall cooperate to ensure that, with respect to the semi-annual period in which the Effective Time occurs, the holders of CBAC Common Stock do not become entitled to receive both a dividend in respect of their CBAC Common Stock and a dividend in respect of BOE Common Stock or fail to be entitled to receive any dividend;

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(d) except for this Agreement, the TFC Agreement, and the exercise of BOE Rights that have been granted prior to the date hereof and which shall vest prior to the Effective Time in accordance with their terms, issue, sell, pledge, encumber, authorize the issuance of, sell, pledge, encumber, or authorize the issuance of, or otherwise permit to become outstanding, any additional shares of CBAC Common Stock, BOE Common Stock, any other capital stock of any BOE Entity, or any Right;

(e) adjust, split, combine or reclassify any capital stock of CBAC or any BOE Entity or issue or authorize the issuance of any other securities in respect of or in substitution for shares of CBAC Common Stock or BOE Common Stock, or sell, lease, mortgage or otherwise dispose of or otherwise (i) any shares of capital stock of any Subsidiary or (ii) any Asset other than in the ordinary course of business for reasonable and adequate consideration;

(f) except for purchases of U.S. Treasury securities or U.S. Government agency securities, which in either case have maturities of two years or less, purchase any securities or make any material investment except in the ordinary course of business consistent with past practice, either by purchase of stock or securities, contributions to capital, Asset transfers, or purchase of any Assets, in any Person other than a wholly owned Subsidiary, or otherwise acquire, or enter into any agreement to acquire, direct or indirect control over any Person, other than in connection with foreclosures of loans in the ordinary course of business;

(g) (i) grant any bonus or increase in compensation or benefits to the employees, officers or directors of any CBAC Entity or BOE Entity, as applicable, except in the case of officers and employees for normal individual increases in compensation in the ordinary course of business consistent with past practice and for any bonuses earned pursuant to any incentive plan duly adopted and approved and existing on the date hereof; (ii) commit or agree to pay any severance or termination pay, or any stay or other bonus to any BOE director, officer or employee; (iii) enter into or amend any severance agreements with officers, employees, directors, independent contractors or agents of any CBAC Entity or any BOE Entity, as applicable; (iv) change any fees or other compensation or other benefits to directors of any BOE Entity; or (v) waive any stock repurchase rights, accelerate, amend or change the period of exercisability of any Rights or restricted stock, or reprice Rights granted under the BOE Stock Plans or authorize cash payments in exchange for any Rights; or accelerate or vest or commit or agree to accelerate or vest any amounts, benefits or rights payable by any CBAC Entity or BOE Entity, except as permitted under the terms of the agreement evidencing such right;

(h) enter into or amend any employment Contract between any CBAC Entity or BOE Entity and any Person (unless such amendment is required by Law) that the CBAC Entity or BOE Entity does not have the unconditional right to terminate without Liability (other than Liability for services already rendered), at any time on or after the Effective Time;

(i) except for the adoption of the TFC employee benefit plans as contemplated by the TFC Agreement, adopt any new employee benefit plan of any CBAC Entity or BOE Entity, as applicable, or terminate or withdraw from, or make any material change in or to, any existing employee benefit plans, welfare plans, insurance, stock or other plans of any CBAC Entity or BOE Entity, as applicable, other than any such change that is required by Law or that, in the written opinion of counsel, is necessary or advisable to maintain the tax qualified status of any such plan, or make any distributions from such employee benefit or welfare plans, except as required by Law, the terms of such plans or consistent with past practice;

(j) make any change in any Tax or accounting methods or systems of internal accounting controls, except as may be appropriate and necessary to conform to changes in Tax Laws, regulatory accounting requirements or GAAP or file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment relating to any CBAC Entity or BOE Entity, as applicable, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to any CBAC Entity or BOE Entity, as

applicable, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax;

(k) commence any Litigation other than in accordance with past practice or settle any Litigation involving any Liability of any CBAC Entity or BOE Entity, as applicable, for money damages or restrictions upon the operations of any CBAC Entity or BOE Entity;

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(l) enter into, modify, amend or terminate any material Contract (including any loan Contract with respect to any extension of credit with an unpaid balance exceeding \$500,000) or waive, release, compromise or assign any material rights or claims with respect to any material Contract, or make any adverse changes in the mix, rates, terms or maturities of its deposits and other Liabilities, including, in the case of CBAC, any material amendment to the TFC Agreement or the waiver of any material obligation of TFC or right of CBAC under the TFC Agreement;

(m) take any action or fail to take any action that at the time of such action or inaction is reasonably likely to prevent, or would be reasonably likely to materially interfere with, the consummation of this Merger.

7.3 Affirmative Covenants of CBAC.

From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of BOE shall have been obtained, and except as otherwise expressly contemplated herein, CBAC shall, and shall cause each of its Subsidiaries to; (i) operate its business only in the usual, regular and ordinary course; (ii) use commercially reasonable efforts to preserve intact its business organization and Assets and maintain its rights and franchises; (iii) use commercially reasonable efforts to cause its representations and warranties to be correct at all times; and (iv) take no action which would (A) adversely affect the ability of any Party to obtain any Consents required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the last sentences of Sections 9.1(b) and 9.1(c) or, or (B) materially adversely affect the ability of any Party to perform its covenants and agreements under this Agreement. Notwithstanding the foregoing and Section 8.3 hereof, provided CBAC consults and apprises a special committee of the Board of Directors of BOE (the membership of such committee to be determined by the Board of Directors of BOE), nothing in this Agreement shall be interpreted to prohibit CBAC from negotiating or, with the consent of BOE, which consent may not be unreasonably withheld, entering into a binding letter of intent or definitive agreement to acquire control of a financial institution, whether by merger or otherwise, or from taking action to list its shares on the Nasdaq Global Market and delist its shares from AMEX so long as CBAC does not terminate this Agreement.

7.4 Adverse Changes in Condition.

Each Party agrees to give written notice promptly to the other Party upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it or any of its Subsidiaries which (i) has had or is reasonably likely to have, individually or in the aggregate, a BOE Material Adverse Effect or a CBAC Material Adverse Effect, as applicable, (ii) would cause or constitute a material breach of any of its representations, warranties, or covenants contained herein, or (iii) would be reasonably likely to prevent or materially interfere with the consummation of the Merger, and to use its reasonable efforts to prevent or promptly to remedy the same.

7.5 Reports.

Each of CBAC and its Subsidiaries and BOE and its Subsidiaries shall file all reports required to be filed by it with Regulatory Authorities between the date of this Agreement and the Effective Time and shall deliver to the other Party copies of all such reports promptly after the same are filed. Each Party's financial statements between the date of this Agreement and the Effective Time, whether or not contained in any such reports filed under the Exchange Act or with any other Regulatory Authority, will fairly present the consolidated financial position of the entity filing such statements as of the dates indicated and the consolidated results of operations, changes in stockholders' equity, and cash flows for the periods then ended in accordance with GAAP (subject in the case of interim financial statements to normal recurring year-end adjustments that are not material). As of their respective dates, such reports filed under the Exchange Act or with any other Regulatory Authority will comply in all material respects with the Securities Laws and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not

misleading. Any financial statements contained in any other reports to another Regulatory Authority shall be prepared in accordance with the Laws applicable to such reports.

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7.6 Claims Against Trust Account.

BOE understands that, except for a portion of the interest earned on the amounts held in the Trust Fund, CBAC may disburse monies from the Trust Fund only: (a) to its public stockholders in the event of the redemption of their shares or the dissolution and liquidation of CBAC, (b) to CBAC (less CBAC's deferred underwriting compensation only) after CBAC consummates a business combination (as described in the Prospectus) or (c) as consideration to the sellers of a target business with which CBAC completes a business combination.

BOE agrees that, notwithstanding any other provision contained in this Agreement, BOE does not now have, and shall not at any time prior to the Effective Time have, any claim to, or make any claim against, the Trust Fund, regardless of whether such claim arises as a result of, in connection with or relating in any way to, the business relationship between BOE on the one hand, and CBAC on the other hand, this Agreement, or any other agreement or any other matter, and regardless of whether such claim arises based on contract, tort, equity or any other theory of legal liability (any and all such claims are collectively referred to in this Section 7.6 as the Claims). Notwithstanding any other provision contained in this Agreement, BOE hereby irrevocably waives any Claim it may have, now or in the future (in each case, however, prior to the consummation of a business combination), and will not seek recourse against the Trust Fund for any reason whatsoever in respect thereof. In the event that BOE commences any action or proceeding based upon, in connection with, relating to or arising out of any matter relating to CBAC, which proceeding seeks, in whole or in part, relief against the Trust Fund or the public stockholders of CBAC, whether in the form of money damages or injunctive relief, CBAC shall be entitled to recover from BOE the associated legal fees and costs in connection with any such action, in the event CBAC prevails in such action or proceeding.

ARTICLE 8

ADDITIONAL AGREEMENTS

8.1 Registration Statement; Joint Proxy Statement.

(a) Each of CBAC and BOE agrees to cooperate in the preparation of a Registration Statement on Form S-4 to be filed by CBAC with the SEC and any other filings to be made by either Party, including but not limited to the Form S-4 to be filed by CBAC with the SEC in connection with CBAC's acquisition of TFC and filings of Current Reports on Form 8-K, with the SEC or any other Regulatory Authority, in connection with the issuance of CBAC Common Stock in the Merger and the consummation of the Merger. Each of CBAC and BOE agrees to use all reasonable efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as reasonably practicable after filing thereof. Each of CBAC and BOE shall furnish to each other all information concerning them that they may reasonably require in connection with the Registration Statement.

(b) CBAC also agrees to use all reasonable efforts to obtain all necessary state securities law or Blue Sky permits and approvals required to carry out the transactions contemplated by this Agreement. BOE agrees to furnish CBAC all information concerning BOE, the Bank, and their respective officers, directors, and stockholders as may be reasonably requested in connection with the foregoing. As a result of the registration of the CBAC Common Stock pursuant to the Registration Statement, such stock shall be freely tradable by the stockholders of BOE except to the extent that the transfer of any shares of CBAC Common Stock received by stockholders of BOE is subject to the provisions of Rule 145 under the Securities Act or restricted under Tax rules. BOE and its counsel shall have a reasonable opportunity to review and comment on the Registration Statement being filed with the SEC and any responses filed with the SEC regarding the Registration Statement.

(c) Each of BOE and CBAC agrees, as to itself and its Subsidiaries, that none of the information supplied or to be supplied by it for inclusion or incorporation by reference in (i) the Registration Statement will, at the time the

Registration Statement and each amendment or supplement thereto, if any, becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and (ii) none of the information supplied by it or any of its respective Subsidiaries for inclusion or incorporation by reference in the Joint Proxy Statement will at the date of the mailing to its stockholders or at the time of the meeting of its stockholders held for the purpose of obtaining the

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BOE Stockholder Approval or the CBAC Stockholder Approval, as applicable, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. Each of BOE and CBAC further agrees that if it shall become aware prior to the Effective Date of any information that would cause any of the statements in the Registration Statement or Joint Proxy Statement to be false or misleading with respect to any material fact, or to omit to state any material fact necessary to make the statements therein not false or misleading, to promptly inform the other Party thereof and to take the necessary steps to correct the Joint Proxy Statement.

(d) In the case of CBAC, CBAC will advise BOE, promptly after CBAC receives notice thereof, of the time when the Registration Statement has become effective or any supplement or amendment has been filed, or of the issuance of any stop order or the suspension of the qualification of the CBAC Common Stock for offering or sale in any jurisdiction, of the initiation or threat of any proceeding for any such purpose, or of any request by the SEC for the amendment or supplement of the Registration Statement or for additional information.

8.2 Stockholder Approvals.

(a) CBAC shall call a stockholders meeting, to be held as soon as reasonably practicable after the Joint Proxy Statement is cleared by the SEC, for the purpose of voting upon adoption of this Agreement, the amendments to CBAC's Certificate of Incorporation set forth in Exhibit A hereto and such other related matters as it deems appropriate. BOE shall call a stockholders meeting, to be held as soon as reasonably practicable after the Joint Proxy Statement is cleared by the SEC, for the purpose of voting upon the adoption of this Agreement and such other related matters as it deems appropriate. The Parties shall coordinate and cooperate with respect to the timing of such meetings and shall use their reasonable efforts to hold such meetings on the same day.

(b) In connection with the Stockholders Meetings, (i) CBAC and BOE shall mail the Joint Proxy Statement to their respective stockholders, (ii) the Boards of Directors of CBAC and BOE shall recommend to their respective stockholders the approval of the matters submitted for approval and (iii) the Board of Directors and officers of CBAC and BOE shall use their reasonable efforts to obtain such stockholders' approval; provided that each of CBAC and BOE may withdraw, modify, or change in an adverse manner to the other Party its recommendations of the Board of Directors of such Party if, after having consulted with and based upon the advice of counsel, such Party determines in good faith that the failure to so withdraw, modify or change its recommendation could constitute a breach of the fiduciary duties of such Party's Board of Directors under applicable Law.

8.3 Other Offers.

(a) Neither any CBAC Entity nor any BOE Entity shall, nor shall either Party authorize or permit any of their respective Affiliates or Representatives to, directly or indirectly, (i) solicit, initiate, encourage or induce the making, submission or announcement of any Acquisition Proposal, (ii) participate in any discussions or negotiations regarding, or furnish to any Person or Group (as such term is defined in Section 13(d) under the Exchange Act) any nonpublic information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to, any Acquisition Proposal, (iii) subject to Section 8.3(c), approve, endorse or recommend any Acquisition Proposal, or (iv) enter into any definitive agreement contemplating or otherwise relating to any Acquisition Transaction; *provided, however*, that this Section 8.3 shall not prohibit either Party from furnishing nonpublic information regarding itself and its Subsidiaries to or entering into a confidentiality agreement or discussions or negotiations with, any Person or Group in response to a *bona fide* unsolicited written Acquisition Proposal submitted by such Person or Group (and not withdrawn) if (A) neither any CBAC Entity nor any BOE Entity or their respective Representatives or Affiliates, as applicable, shall have violated any of the restrictions set forth in this Section 8.3, (B) the Board of Directors of CBAC or BOE, as the case may be, in its good faith judgment (based on, among other things, the advice of CBAC Financial Advisor or BOE Financial Advisor, as

applicable, that such Acquisition Proposal constitutes a Superior Proposal, (C) the Board of Directors of CBAC or BOE, as the case may be, concludes in good faith, after consultation with and receipt of a written opinion from its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties, as such duties would exist in the absence of this Section 8.3, to the stockholders of CBAC or BOE, as the case may be, under applicable Law, (D) (1) at least five business days prior to furnishing any such nonpublic information to, or entering into discussions or negotiations with, such Person or

group, the Party gives the other Party written notice of the identity of such Person or Group and of such Party's intention to furnish nonpublic information to, or enter into discussions or negotiations with, such Person or Group, and (2) such Party receives from such Person or Group an executed confidentiality agreement containing terms no less favorable to the disclosing Party than the confidentiality terms of this Agreement, and (E) contemporaneously with furnishing any such nonpublic information to such Person or group, such Party furnishes such nonpublic information to the other Party (to the extent such nonpublic information has not been previously furnished by such Party). In addition to the foregoing, such Party shall provide the other Party with at least five business days' prior written notice of a meeting of its Board of Directors at which meeting such Board of Directors is reasonably expected to resolve to recommend a Superior Proposal of CBAC or BOE, as the case may be, to its stockholders and together with such notice a copy of the most recently proposed documentation relating to such Superior Proposal; provided, further, that such Party hereby agrees promptly to provide to the other Party any revised documentation and any definitive agreement relating to such Superior Proposal.

(b) In addition to the obligations set forth in this Section 8.3, as promptly as practicable, after any of the directors or executive officers of CBAC or BOE, as the case may be, become aware thereof, the applicable Party shall advise the other Party of (x) any request received by it for nonpublic information which such Party reasonably believes could lead to an Acquisition Proposal or (y) any Acquisition Proposal, the material terms and conditions of such request or Acquisition Proposal, and the identity of the Person or Group making any such request or Acquisition Proposal. Each Party shall keep the other Party informed promptly of material amendments or modifications to any such request or Acquisition Proposal.

(c) CBAC and each BOE Entity shall, and shall cause their respective directors, officers, employees and Representatives to immediately cease any and all existing activities, discussions or negotiations with any Persons conducted heretofore with respect to any Acquisition Proposal and will use and cause to be used all reasonable efforts to enforce any confidentiality or similar or related agreement relating to any Acquisition Proposal.

(d) Nothing contained in this Agreement shall prevent a Party or its Board of Directors from complying with Rule 14d-9 and Rule 14e-2 under the Exchange Act with respect to an Acquisition Proposal; provided that, such Rules will in no way eliminate or modify the effect that any action pursuant to such Rules would otherwise have under this Agreement.

8.4 Consents of Regulatory Authorities.

The Parties hereto shall cooperate with each other and use their reasonable efforts to promptly prepare and file all necessary documentation and applications, to effect all applications, notices, petitions and filings, and to obtain as promptly as practicable all Consents of all Regulatory Authorities and other Persons which are necessary or advisable to consummate the transactions contemplated by this Agreement (including the Merger). The Parties agree that they will consult with each other with respect to the obtaining of all Consents of all Regulatory Authorities and other Persons necessary or advisable to consummate the transactions contemplated by this Agreement and each Party will keep the other apprised of the status of matters relating to contemplation of the transactions contemplated herein. Each Party also shall promptly advise the other upon receiving any communication from any Regulatory Authority or other Person whose Consent is required for consummation of the transactions contemplated by this Agreement which causes such Party to believe that there is a reasonable likelihood that any requisite Consent will not be obtained or that the receipt of any such Consent will be materially delayed.

8.5 Agreement as to Efforts to Consummate.

Subject to the terms and conditions of this Agreement, each Party agrees to use, and to cause its Subsidiaries to use, its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper,

or advisable under applicable Laws to consummate and make effective, as soon as reasonably practicable after the date of this Agreement, the transactions contemplated by this Agreement, including using its reasonable efforts to lift or rescind any Order adversely affecting its ability to consummate the transactions contemplated herein and to cause to be satisfied the conditions referred to in Article 9; *provided, that* nothing herein shall preclude either Party from exercising its rights under this Agreement.

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8.6 Investigation and Confidentiality.

(a) Prior to the Effective Time, each Party shall keep the other Party advised of all material developments relevant to its business and the consummation of the Merger and shall permit the other Party to make or cause to be made such investigation of its business and properties (including that of its Subsidiaries) and of their respective financial and legal conditions as the other Party reasonably requests; *provided, that* such investigation shall be reasonably related to the transactions contemplated hereby and shall not interfere unnecessarily with normal operations. Without limiting the foregoing, CBAC may attend any meeting of the loan committee of the Bank. With respect to any such meeting, CBAC may attend as an observer only and shall receive notice of such meeting as if CBAC were a member of such committee. No investigation by a Party shall affect the ability of such Party to rely on the representations and warranties of the other Party. Between the date hereof and the Effective Time, BOE shall permit CBAC's senior officers and independent auditors to meet with the senior officers of BOE, including officers responsible for the BOE Financial Statements, the internal controls of BOE and the disclosure controls and procedures of BOE and BOE's independent public accountants, to discuss such matters as CBAC may deem reasonably necessary or appropriate for CBAC to satisfy its obligations under Sections 302, 404 and 906 of the Sarbanes-Oxley Act.

(b) In addition to each Party's obligations pursuant to Section 8.6(a), each Party shall, and shall cause its advisors and agents to, maintain the confidentiality of all confidential information furnished to it by the other Party concerning its and its Subsidiaries' businesses, operations, and financial positions and shall not use such information for any purpose except in furtherance of the transactions contemplated by this Agreement. If this Agreement is terminated prior to the Effective Time, each Party shall promptly return or certify the destruction of all documents and copies thereof, and all work papers containing confidential information received from the other Party.

(c) Each Party agrees to give the other Party notice as soon as practicable after any determination by it of any fact or occurrence relating to the other Party which it has discovered through the course of its investigation and which represents, or is reasonably likely to represent, either a material breach of any representation, warranty, covenant or agreement of the other Party or which has had or is reasonably likely to have a BOE Material Adverse Effect or a CBAC Material Adverse Effect, as applicable.

8.7 Press Releases.

Prior to the Effective Time, BOE and CBAC shall consult with each other as to the form and substance of any press release, communication with their respective stockholders, or other public disclosure materially related to this Agreement or any other transaction contemplated hereby; *provided, that* nothing in this Section 8.7 shall be deemed to prohibit any Party from making any disclosure which its counsel deems necessary or advisable in order to satisfy such Party's disclosure obligations imposed by Law.

8.8 Charter Provisions.

Each BOE Entity shall take all necessary action to ensure that the entering into of this Agreement and the consummation of the Merger and the other transactions contemplated hereby do not and will not result in the grant of any rights to any Person under the Articles of Incorporation, Bylaws or other governing instruments of any BOE Entity or restrict or impair the ability of CBAC or any of its Subsidiaries to vote, or otherwise to exercise the rights of a stockholder with respect to, shares of any BOE Entity that may be directly or indirectly acquired or controlled by them.

8.9 Employee Benefits and Contracts.

(a) Following the Effective Time, CBAC shall provide generally to officers and employees of the BOE Entities employee benefits under employee benefit and welfare plans (other than stock option or other plans involving the potential issuance of CBAC Common Stock), including CBAC's severance plan, on terms and conditions which when taken as a whole are comparable to or better than those then provided by the BOE Entities to their similarly situated officers and employees. For purposes of participation, vesting and benefit accrual under any

of CBAC's employee benefit plans, whether new or existing, the service of the employees of the BOE Entities prior to the Effective Time shall be treated as service with a CBAC Entity participating in such employee benefit plans.

(b) Upon the execution of this Agreement, each of BOE's directors and executive officers shall execute and deliver to CBAC a Support Agreement in the form attached to this Agreement as Exhibit E.

(c) CBAC will enter into employment agreements, which will become effective as of the Effective Time, with George M. Longest, Jr. and Bruce E. Thomas in a form substantially similar to the forms attached hereto as Exhibit F-1 and Exhibit F-2, respectively, and with Bruce B. Nolte in a form to be mutually agreed upon after the execution of this Agreement. CBAC will also enter into change of control agreements, which will become effective as of the Effective Time, with the individuals listed on Exhibit C and Exhibit D that will provide certain severance payments and benefits in the event of a termination of employment under certain circumstances following a change of control of CBAC, which agreements will include terms and conditions that are no less favorable to such individuals than their existing change of control agreements with BOE or TFC, as applicable. Upon execution of this Agreement, Alexander F. Dillard, Jr. shall have entered into a Retention Agreement with CBAC in the form attached to this Agreement as Exhibit G and each of the other members of the Board of Directors of the Surviving Corporation designated by BOE shall have executed and delivered to CBAC a Retention Agreement in the form attached hereto as Exhibit H. These agreements shall become effective at the Effective Time and shall replace any existing employment agreements between these persons and BOE or the Bank, which shall terminate and have no further force or effect.

(d) BOE has disclosed in Section 8.9(d) of the BOE Disclosure Memorandum each Person whom it reasonably believes may be deemed an affiliate of BOE for purposes of Rule 145 under the Securities Act, which Persons are set forth in Exhibit I. BOE shall use its reasonable efforts to cause each such Person to deliver to CBAC not later than 30 days prior to the Effective Time, a written agreement, in substantially the form of Exhibit J, providing that such Person will not sell, pledge, transfer, or otherwise dispose of the shares of BOE Common Stock held by such Person except as contemplated by such agreement or by this Agreement and will not sell, pledge, transfer or otherwise dispose of the shares of CBAC Common Stock to be received by such Person upon consummation of the Merger except in compliance with applicable provisions of the Securities Act and the rules and regulations thereunder (and CBAC shall be entitled to place restrictive legends upon certificates for shares of CBAC Common Stock issued to affiliates of BOE pursuant to this Agreement to enforce the provisions of this Section 8.9). CBAC shall not be required to maintain the effectiveness of the Registration Statement under the Securities Act for the purposes of resale of CBAC Common Stock by such affiliates.

(e) The Surviving Corporation will, as of and after the Effective Time, assume and honor all employment agreements, severance agreements and deferred compensation agreements that any BOE Entity may have with its current and former officers and directors and which are set forth in Section 8.9(e) of the BOE Disclosure Memorandum, except to the extent any such agreements shall be superseded on or after the Effective Time.

8.10 Indemnification.

(a) For a period of six years after the Effective Time, CBAC shall, and shall cause the Surviving Corporation to, indemnify, defend and hold harmless the present and former directors, officers, employees and agents of the BOE Entities (each, an Indemnified Party) against all Liabilities arising out of actions or omissions arising out of the Indemnified Party's service or services as directors, officers, employees or agents of BOE or, at BOE's request, of another corporation, partnership, joint venture, trust or other enterprise occurring at or prior to the Effective Time (including the transactions contemplated by this Agreement) to the fullest extent permitted under the VSCA, Section 402 of the Sarbanes-Oxley Act, the Securities Laws and FDIC Regulations Part 359 and by BOE's Articles of Incorporation and Bylaws as in effect on the date hereof, including provisions relating to advances of expenses incurred in the defense of any Litigation and whether or not CBAC is insured against any such matter. Without

limiting the foregoing, in any case in which approval by the Surviving Corporation is required to effectuate any indemnification, the Surviving Corporation shall direct, at the election of the Indemnified Party, that the determination of any such approval shall be made by independent counsel mutually agreed upon between CBAC and the Indemnified Party.

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(b) CBAC shall, or shall cause the Surviving Corporation to, use its reasonable efforts (and BOE shall cooperate prior to the Effective Time in these efforts) to maintain in effect for a period of up to three years after the Effective Time BOE's existing directors' and officers' liability insurance policy (provided that CBAC or the Surviving Corporation may substitute therefore (i) policies of substantially the same coverage and amounts containing terms and conditions which are substantially no less advantageous or (ii) with the consent of BOE given prior to the Effective Time, any other policy) with respect to claims arising from facts or events which occurred prior to the Effective Time and covering persons who are currently covered by such insurance; *provided, that* none of BOE, CBAC nor the Surviving Corporation shall be obligated to make aggregate premium payments longer than three years in respect of such policy (or coverage replacing such policy) and which exceed, for the portion related to BOE's directors and officers, 150% of the annual premium payments on BOE's current policy in effect as of the date of this Agreement (the Maximum Amount). If the amount of the premiums necessary to maintain or procure such insurance coverage exceeds the Maximum Amount, CBAC or the Surviving Corporation shall use its reasonable efforts to maintain the most advantageous policies of directors' and officers' liability insurance obtainable for a premium equal to the Maximum Amount, but shall not be obligated to maintain any insurance coverage to the extent the cost of such coverage exceeds the Maximum Amount.

(c) Any Indemnified Party wishing to claim indemnification under paragraph (a) of this Section 8.10, upon learning of any such Liability or Litigation, shall promptly notify CBAC thereof in writing. In the event of any such Litigation (whether arising before or after the Effective Time), (i) CBAC or the Surviving Corporation shall have the right to assume the defense thereof and neither CBAC nor the Surviving Corporation shall be liable to such Indemnified Parties for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, except that if CBAC or the Surviving Corporation elects not to assume such defense or counsel for the Indemnified Parties advises that there are substantive issues which raise conflicts of interest between CBAC or the Surviving Corporation and the Indemnified Parties, the Indemnified Parties may retain counsel satisfactory to them, and CBAC or the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Parties promptly as statements therefore are received; *provided, that* CBAC and the Surviving Corporation shall be obligated pursuant to this paragraph (c) to pay for only one firm of counsel for all Indemnified Parties in any jurisdiction; (ii) the Indemnified Parties will cooperate in good faith in the defense of any such Litigation; and (iii) neither CBAC nor the Surviving Corporation shall be liable for any settlement effected without its prior written consent and which does not provide for a complete and irrevocable release of all CBAC's Entities and their respective directors, officers and controlling persons, employees, agents and Representatives; and *provided, further,* that neither CBAC nor the Surviving Corporation shall have any obligation hereunder to any Indemnified Party when and if a court of competent jurisdiction shall determine, and such determination shall have become final, that the indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable Law.

(d) If CBAC or the Surviving Corporation or any successors or assigns shall consolidate with or merge into any other Person and shall not be the continuing or surviving Person of such consolidation or merger or shall transfer all or substantially all of its assets to any Person, then and in each case, proper provision shall be made so that the successors and assigns of CBAC or the Surviving Corporation shall assume the obligations set forth in this Section 8.10.

(e) The provisions of this Section 8.10 are intended to be for the benefit of and shall be enforceable by, each Indemnified Party and their respective heirs and legal and personal representatives.

8.11 Employee Non-Solicitation.

In the event this Agreement is terminated, for a period of three years following such termination, no CBAC Entity or BOE Entity shall solicit (other than through the use of general employment advertising or an independent employment

agency or search firm, in either case where such solicitation is not specifically targeted at CBAC or BOE employees, as applicable) any part-time or full-time employee of the other Party without its prior written consent.

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8.12 Dividends.

It is the intent of the Parties that the Surviving Corporation will pay quarterly cash dividends on shares of common stock of an amount per share equal to or greater than the quotient obtained by dividing (x) \$0.22 by (y) the Exchange Ratio subject to, among other things: (i) applicable federal and state law and regulations; (ii) the earnings and financial conditions of the Surviving Corporation; (iii) the ongoing approval thereof by the Surviving Corporation's Board of Directors; and (iv) general economic conditions.

ARTICLE 9

CONDITIONS PRECEDENT TO OBLIGATIONS TO CONSUMMATE

9.1 Conditions to Obligations of Each Party.

The respective obligations of each Party to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by both Parties pursuant to Section 11.6:

(a) Stockholder Approvals. The stockholders of BOE shall have approved this Agreement, and the consummation of the transactions contemplated hereby, including the Merger, as and to the extent required by Law and by the provisions of BOE's Articles of Incorporation and Bylaws. The holders of a majority of the outstanding CBAC IPO Common Stock cast at the CBAC Stockholders Meeting shall have voted for, and the holders of less than 20% of the outstanding shares of CBAC IPO Common Stock cast at the CBAC Stockholders Meeting against, or, in the event that CBAC has consummated a CBAC Business Combination prior to the CBAC Stockholders Meeting, the holders of a majority of the outstanding shares of CBAC Common Stock entitled to vote at the CBAC Stockholders Meeting shall have voted for, approval of this Agreement, and the consummation of the transaction contemplated hereby, including the Merger and the amendments to CBAC's Certificate of Incorporation set forth in Exhibit A hereto as and to the extent required by Law and the provisions of CBAC's Certificate of Incorporation and Bylaws.

(b) Regulatory Approvals. All Consents of, filings and registrations with, and notifications to, all Regulatory Authorities required for consummation of the Merger shall have been obtained or made and shall be in full force and effect and all waiting periods required by Law shall have expired. No Consent obtained from any Regulatory Authority which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner (including requirements relating to the raising of additional capital or the disposition of Assets) which in the reasonable judgment of the Board of Directors of CBAC or the Board of Directors of BOE would so materially adversely affect the economic or business benefits of the transactions contemplated by this Agreement that, had such condition or requirement been known, CBAC or BOE, as applicable, would not, in its reasonable judgment, have entered into this Agreement.

(c) Consents and Approvals. Each Party shall have obtained any and all Consents required for consummation of the Merger (other than those referred to in Section 9.1(b)) or for the preventing of any Default under any Contract or Permit of such Party which, if not obtained or made, is reasonably likely to have, individually or in the aggregate, a BOE Material Adverse Effect or a CBAC Material Adverse Effect, as applicable. No Consent so obtained which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner which in the reasonable judgment of the Board of Directors of CBAC (in the case of a Consent obtained by BOE) or in the reasonable judgment of the Board of Directors of BOE (in the case of a Consent obtained by CBAC) would so materially adversely affect the economic or business benefits of the transactions contemplated by this Agreement that, had such condition or requirement been known, CBAC or BOE, as applicable, would not, in its reasonable judgment, have entered into this Agreement.

(d) Legal Proceedings. No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent) or taken any other action which prohibits, restricts or makes illegal consummation of the transactions contemplated by this Agreement.

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(e) *Exchange Listing*. The shares of Surviving Corporation common stock issuable pursuant to the Merger shall have been approved for listing on AMEX or inclusion in the Nasdaq Global Market, subject to official notice of issuance.

9.2 Conditions to Obligations of CBAC.

The obligations of CBAC to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by CBAC pursuant to Section 11.6(a):

(a) *Representations and Warranties*. For purposes of this Section 9.2(a), the accuracy of the representations and warranties of BOE set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time (*provided, that* representations and warranties which are confined to a specified date shall speak only as of such date). The representations and warranties set forth in Section 5.3 shall be true and correct (except for inaccuracies which are *de minimis* in amount). There shall not exist inaccuracies in the representations and warranties of BOE set forth in this Agreement (including the representations and warranties set forth in Section 5.3) such that the aggregate effect of such inaccuracies has, or is reasonably likely to have, a BOE Material Adverse Effect; *provided, that* for purposes of this sentence only, those representations and warranties which are qualified by references to material or Material Adverse Effect or to the Knowledge of any Person shall be deemed not to include such qualifications.

(b) *Performance of Agreements and Covenants*. Each and all of the agreements and covenants of BOE to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with in all material respects.

(c) *Certificates*. BOE shall have delivered to CBAC (i) a certificate, dated as of the Effective Time and signed on its behalf by its chief executive officer and its chief financial officer, to the effect that the conditions set forth in Section 9.1 as it relates to BOE and in Sections 9.2(a), 9.2(b) and 9.2(f) have been satisfied, and (ii) certified copies of resolutions duly adopted by BOE's Board of Directors and stockholders evidencing the taking of all corporate action necessary to authorize the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, all in such reasonable detail as CBAC and its counsel shall request.

(d) *Retention Agreements and Affiliate Agreements*. Alexander F. Dillard, Jr. shall have executed and delivered to CBAC a Retention Agreement in the form attached hereto as Exhibit G. Each of the other members of the Board of Directors of the Surviving Corporation shall have executed and delivered to CBAC a Retention Agreement in the form attached hereto as Exhibit H. Each of the Persons set forth on Exhibit I shall have executed and delivered to CBAC Affiliate Agreements in the forms attached hereto as Exhibit J and delivered same to CBAC.

(e) *Legal Opinions*. CBAC shall have received legal opinions in form and substance satisfactory to CBAC from BOE's counsel as to the matters specified in Exhibit K.

(f) *Tax Matters*. CBAC shall have received a written opinion of counsel from Nelson Mullins Riley & Scarborough LLP, in a form reasonably satisfactory to CBAC dated as of the Effective Time (Tax Opinion) to the effect that the Merger will constitute a reorganization within the meaning of Section 368(a) of the Code and related matters.

(g) *Conversion Rights*. Less than 20% of the holders of the outstanding shares of CBAC IPO Common Stock shall have voted against the Merger and exercised their Conversion Rights, if applicable.

(h) Fairness Opinion. CBAC shall have received a written opinion of Keefe Bruyette & Woods, Inc., dated as the date of this Agreement, to the effect that the exchange ratio is fair, from the financial point of view, to CBAC.

(i) Board of Directors and Management. Since the date of this Agreement, there shall have been no material changes in the members Board of Directors of BOE and the management of BOE.

9.3 Conditions to Obligations of BOE.

The obligations of BOE to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by BOE pursuant to Section 11.6(b):

(a) Representations and Warranties. For purposes of this Section 9.3(a), the accuracy of the representations and warranties of CBAC set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time with such changes as necessary to reflect the consummation of the TFC Merger (provided that representations and warranties which are confined to a specified date shall speak only as of such date). The representations and warranties set forth in Section 6.3 shall be true and correct (except for inaccuracies which are *de minimis* in amount and any shares of CBAC Common Stock issued in connection with the TFC Merger). There shall not exist inaccuracies in the representations and warranties of CBAC set forth in this Agreement such (including the representations and warranties set forth in Section 6.3) that the aggregate effect of such inaccuracies has, or is reasonably likely to have, a CBAC Material Adverse Effect; *provided that*, for purposes of this sentence only, those representations and warranties which are qualified by references to material or Material Adverse Effect or to the Knowledge of any Person shall be deemed not to include such qualifications.

(b) Performance of Agreements and Covenants. Each and all of the agreements and covenants of CBAC to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with in all material respects.

(c) Certificates. CBAC shall have delivered to BOE (i) a certificate, dated as of the Effective Time and signed on its behalf by its chief executive officer and its chief financial officer, to the effect that the conditions set forth in Section 9.1 as it relates to CBAC and in Sections 9.3(a) and 9.3(b) have been satisfied, and (ii) certified copies of resolutions duly adopted by CBAC's Board of Directors evidencing the taking of all corporate action necessary to authorize the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, all in such reasonable detail as BOE and its counsel shall request.

(d) Legal Opinions. BOE shall have received legal opinions in form and substance satisfactory to BOE from CBAC's counsel as to the matters specified in Exhibit L.

(e) Fairness Opinion. BOE shall have received a written opinion of BOE Financial Advisor, dated as the date of this Agreement, to the effect that the Exchange Ratio is fair, from the financial point of view, to the holders of BOE Common Stock.

(f) Tax Matters. BOE shall have received a written opinion of counsel from LeClairRyan, A Professional Corporation, in a form reasonably satisfactory to BOE, dated as of the Effective Time to the effect that the Merger will constitute a reorganization within the meaning of Section 368(a) of the Code and related matters.

(g) Consummation of Major Acquisition. CBAC shall have consummated a major acquisition that has been previously announced prior to the date hereof.

ARTICLE 10

TERMINATION

10.1 Termination.

Notwithstanding any other provision of this Agreement, and notwithstanding the approval of this Agreement by the stockholders of BOE, this Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time:

(a) By mutual written agreement of CBAC and BOE; or

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(b) By either Party (*provided, that* the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a breach by the other Party of any representation or warranty, covenant or agreement contained in this Agreement which cannot be or has not been cured within 30 days after the giving of written notice to the breaching Party of such breach and which breach is reasonably likely, in the opinion of the non-breaching Party, to permit such Party to refuse to consummate the transactions contemplated by this Agreement pursuant to the standard set forth in Section 9.2 or Section 9.3, as applicable; or

(c) By either Party in the event (i) any Consent of any Regulatory Authority required for consummation of the Merger and the other transactions contemplated hereby shall have been denied by final nonappealable action of such authority or if any action taken by such authority is not appealed within the time limit for appeal, (ii) any Law or Order permanently restraining, enjoining or otherwise prohibiting the consummation of the Merger shall have become final and nonappealable, (iii) the stockholders of CBAC or BOE fail to vote their approval of the matters relating to this Agreement and the transactions contemplated hereby at CBAC's Stockholders Meeting or BOE's Stockholders Meeting, respectively, where such matters were presented to such stockholders for approval and voted upon, or (iv) if applicable, holders of 20% or more in interest of the holders of IPO Common Stock vote against the Merger and exercise their Conversion Rights; or

(d) By CBAC in the event that (i) (w) the Board of Directors of BOE, shall have failed to reaffirm its approval upon CBAC's request for such reaffirmation, of the Merger and the transactions contemplated by this Agreement (to the exclusion of any other Acquisition Proposal) or shall have resolved not to reaffirm the Merger, or (x) the Board of Directors of BOE shall have failed to include in the Joint Proxy Statement its recommendation, without modification or qualification, that the BOE stockholders give the BOE Stockholder Approval or shall have withdrawn, qualified or modified, or proposed publicly to withdraw, qualify or modify, in a manner adverse to CBAC, the recommendation of such Board of Directors to the BOE stockholders that they give the BOE Stockholder Approval, or (y) the Board of Directors of BOE shall have affirmed, recommended or authorized entering into any Acquisition Transaction other than the Merger or, within ten business days after commencement of any tender or exchange offer for any shares of BOE Common Stock, the Board of Directors of BOE shall have failed to recommend against acceptance of such tender or exchange offer by its stockholders or shall have taken no position with respect to the acceptance of such tender or exchange offer by its stockholders, or (z) the Board of Directors of BOE negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party (it being understood and agreed that *negotiate* shall not be deemed to include the provision of information to, or the request and receipt of information from, any Person that submits an Acquisition Proposal or discussion regarding such information for the sole purpose of ascertaining the terms of such Acquisition Proposal and determining whether the Board of Directors will in fact engage in, or authorize, negotiations) regarding an Acquisition Proposal other than the Merger, or (ii) (*provided that* CBAC is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement), prior to obtaining the CBAC Stockholder Approval at the CBAC Stockholder Meeting, the Board of Directors of CBAC has (x) withdrawn or modified or changed its recommendation or approval of this Agreement in a manner adverse to BOE in order to approve and permit CBAC to accept a Superior Proposal and (y) determined, after consultation with, and the receipt of advice from outside legal counsel to CBAC, that the failure to take such action as set forth in the preceding clause (x) would be likely to result in a breach of the Board of Directors' fiduciary duties under applicable Law; *provided, however*, that at least five business days prior to any such termination, CBAC shall, and shall cause its advisors to, negotiate with BOE, if BOE elects to do so, to make such adjustments in the terms and conditions of this Agreement as would enable BOE to proceed with the transactions contemplated herein on such adjusted terms; or

(e) By BOE in the event that (i) (w) the Board of Directors of CBAC, shall have failed to reaffirm its approval upon BOE's request for such reaffirmation, of the Merger and the transactions contemplated by this Agreement (to the exclusion of any other Acquisition Proposal) or shall have resolved not to reaffirm the Merger, or (x) the Board of Directors of CBAC shall have failed to include in the Joint Proxy Statement its recommendation, without modification

or qualification, that the CBAC stockholders give the CBAC Stockholder Approval or shall have withdrawn, qualified or modified, or proposed publicly to withdraw, qualify or

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modify, in a manner adverse to BOE, the recommendation of such Board of Directors to the CBAC stockholders that they give the CBAC Stockholder Approval, or (y) the Board of Directors of CBAC shall have affirmed, recommended or authorized entering into any Acquisition Transaction other than the Merger or, within ten business days after commencement of any tender or exchange offer for any shares of CBAC Common Stock, the Board of Directors of CBAC shall have failed to recommend against acceptance of such tender or exchange offer by its stockholders or shall have taken no position with respect to the acceptance of such tender or exchange offer by its stockholders, or (z) the Board of Directors of CBAC negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party (it being understood and agreed that negotiate shall not be deemed to include the provision of information to, or the request and receipt of information from, any Person that submits an Acquisition Proposal or discussion regarding such information for the sole purpose of ascertaining the terms of such Acquisition Proposal and determining whether the Board of Directors will in fact engage in, or authorize, negotiations) regarding an Acquisition Proposal other than the Merger, or (ii) (provided that BOE is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement), prior to obtaining the BOE Stockholder Approval at the BOE Stockholder Meeting, the Board of Directors of BOE has (x) withdrawn or modified or changed its recommendation or approval of this Agreement in a manner adverse to CBAC in order to approve and permit BOE to accept a Superior Proposal and (y) determined, after consultation with, and the receipt of advice from outside legal counsel to BOE, that the failure to take such action as set forth in the preceding clause (x) would be likely to result in a breach of the Board of Directors' fiduciary duties under applicable Law; *provided, however*, that at least five business days prior to any such termination, BOE shall, and shall cause its advisors to, negotiate with CBAC, if CBAC elects to do so, to make such adjustments in the terms and conditions of this Agreement as would enable CBAC to proceed with the transactions contemplated herein on such adjusted terms; or

(f) By either Party in the event that the Merger shall not have been consummated by June 30, 2008, if the failure to consummate the transactions contemplated hereby on or before such date is not caused by any breach of this Agreement by the Party electing to terminate pursuant to this Section 10.1.

10.2 Effect of Termination.

In the event of the termination and abandonment of this Agreement pursuant to Section 10.1, this Agreement shall become void and have no effect, except that (i) the provisions of this Section 10.2 and Sections 7.6, 8.6(b), 8.11, 11.2, 11.3, 11.9 and 11.15 shall survive any such termination and abandonment, and (ii) except as provided in Section 7.6, 11.2 and 11.3, neither Party shall have any liability to the other upon termination of this Agreement.

10.3 Non-Survival of Representations and Covenants.

Except for Article 2, Article 3, Article 4, Sections 8.6(b), 8.7, 8.8 and 8.9, and this Article 10, the respective representations, warranties, obligations, covenants, and agreements of the Parties shall not survive the Effective Time.

ARTICLE 11

MISCELLANEOUS

11.1 Definitions.

(a) Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

Acquisition Proposal means any proposal (whether communicated to the applicable Party or publicly announced to a Party's stockholders) by (i) any Person (except, in the case of a proposal to BOE, other than CBAC or any of its

Affiliates) for an Acquisition Transaction involving a Party or any of its present or future consolidated Subsidiaries, or any combination of such Subsidiaries, the assets of which constitute 5% or more

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of the consolidated assets of the Party as reflected on such Party's consolidated statement of condition prepared in accordance with GAAP.

Acquisition Transaction means any transaction or series of related transactions (other than the transactions contemplated by this Agreement) involving: (i) any acquisition or purchase from a Party by any Person or Group (except, in the case of a proposal to BOE, other than CBAC or any of its Affiliates) of 25% or more in interest of the total outstanding voting securities of such Party or any of its Subsidiaries, or any tender offer or exchange offer that if consummated would result in any Person or Group (except, in the case of a proposal to BOE, other than CBAC or any of its Affiliates) beneficially owning 25% or more in interest of the total outstanding voting securities of a Party or any of its Subsidiaries, or any merger, consolidation, business combination or similar transaction involving a Party pursuant to which the stockholders of such Party immediately preceding such transaction hold less than 90% of the equity interests in the surviving or resulting entity (which includes the parent corporation of any constituent corporation to any such transaction) of such transaction; (ii) any sale or lease (other than in the ordinary course of business), or exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of 5% or more of the assets of a Party; or (iii) any liquidation or dissolution of BOE or CBAC, other than as provided for in the CBAC Trust Agreement; *provided that*, for purposes of Section 11.2(b), *Acquisition Transaction* will definitely specifically include any acquisition, by tender or exchange offer, merger, consolidation or other business combination or otherwise, directly or indirectly, of any Persons by a Party.

Affiliate of a Person means: (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person; (ii) any officer, director, partner, employer, or direct or indirect beneficial owner of any 10% or greater equity or voting interest of such Person; or (iii) any other Person for which a Person described in clause (ii) acts in any such capacity.

AMEX means the American Stock Exchange LLC.

Articles of Merger means the Articles of Merger to be filed with the Virginia State Corporation Commission.

Assets of a Person means all of the assets, properties, businesses and rights of such Person of every kind, nature, character and description, whether real, personal or mixed, tangible or intangible, accrued or contingent, or otherwise relating to or utilized in such Person's business, directly or indirectly, in whole or in part, whether or not carried on the books and records of such Person, and whether or not owned in the name of such Person or any Affiliate of such Person and wherever located.

Average Closing Price means the average of the daily closing prices of CBAC Common Stock as reported on the AMEX (as reported by *The Wall Street Journal* or, if not reported thereby, another authoritative source as chosen by CBAC) for the twenty consecutive full trading days in which such shares are traded on the AMEX ending at the close of trading on the Determination Date.

Bank means Bank of Essex, a Virginia state bank and a wholly owned Subsidiary of BOE.

Bank Secrecy Act means The Bank Secrecy Act of 1970, as amended.

BOE Common Stock means the \$5.00 per share par value common stock of BOE.

BOE Disclosure Memorandum means the written information entitled *BOE Disclosure Memorandum* delivered prior to the date of this Agreement to CBAC describing in reasonable detail the matters contained therein and, with respect to each disclosure made therein, specifically referencing each Section of this Agreement under which such disclosure is being made. Information disclosed with respect to one Section shall not be deemed to be disclosed for purposes of

any other Section not specifically referenced with respect thereto.

BOE Entities means, collectively, BOE and all BOE Subsidiaries.

BOE Financial Advisor means Feldman Financial Advisors, Inc.

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BOE Financial Statements means (i) the consolidated balance sheets (including related notes and schedules, if any) of BOE as of December 31, 2005 and 2006 and as of September 30, 2007 and the related statements of earnings, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) for each of the three years ended December 31, 2004, 2005 and 2006, and for the nine months ended September 30, 2007, and (ii) the consolidated balance sheets of BOE (including related notes and schedules, if any) and related statements of operations, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) with respect to periods ended subsequent to September 30, 2007.

BOE Material Adverse Effect means an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse effect on (i) the financial position, property, business, assets or results of operations of BOE and its Subsidiaries, taken as a whole, or (ii) the ability of BOE to perform its obligations under this Agreement or to consummate the Merger or the other transactions contemplated by this Agreement; *provided, that* BOE Material Adverse Effect shall not be deemed to include the effects of (A) changes in banking and other Laws of general applicability or interpretations thereof by Governmental Authorities, (B) changes in GAAP or regulatory accounting principles generally applicable to banks and their holding companies or (C) actions and omissions of BOE (or any of its Subsidiaries) taken with the prior written Consent of CBAC in contemplation of the transactions contemplated hereby, (D) changes in economic conditions affecting financial institutions generally, including, but not limited to, changes in market interest rates or the projected future interest rate environment, (E) any modifications or changes to valuation policies and practices in connection with the Merger or restructuring charges taken in connection with the Merger, in each case in accordance with GAAP, or (F) direct effects of compliance with this Agreement on the operating performance of BOE, including expenses incurred by BOE in consummating the transactions contemplated by this Agreement.

BOE Stock Plans means BOE's Stock Incentive Plan and BOE's stock option plan for outside directors.

BOE Stockholder Approval means the approval by the holders of more than two-thirds of the outstanding shares of BOE Common Stock entitled to vote on the Merger.

BOE Subsidiaries means the Subsidiaries, if any, of BOE, as of the date of this Agreement.

CBAC Business Combination means a business combination as defined in Article Sixth of the CBAC Certificate of Incorporation.

CBAC Certificate of Incorporation means the CBAC Certificate of Incorporation, as amended and restated on May 24, 2006.

CBAC Common Stock means the common stock, par value \$0.01 per share, of CBAC.

CBAC Entities means, collectively, CBAC and all CBAC Subsidiaries.

CBAC Financial Statements means (i) the balance sheets of CBAC as of March 31, 2007 and as of September 30, 2007 and the related statements of income, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) and for the fiscal year ended March 31, 2007 and for the six-month period ended September 30, 2007, and (ii) the balance sheets of CBAC (including related notes and schedules, if any) and related statements of income, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) with respect to periods ended subsequent to September 30, 2007.

CBAC IPO Common Stock means the 7,500,000 shares of CBAC Common Stock issued in connection with the CBAC initial public offering on June 8, 2006.

CBAC Material Adverse Effect means an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse effect on (i) the financial position, property, business, assets or results of operations of CBAC and its Subsidiaries, taken as a whole, or (ii) the ability of CBAC to perform its obligations under this Agreement or to consummate the Merger or the other transactions contemplated by this Agreement; *provided, that* *CBAC Material Adverse Effect* shall not be deemed to include the effects of (A) changes in banking and other Laws of general applicability or interpretations thereof by Governmental Authorities, (B) changes in GAAP or regulatory accounting principles generally applicable

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to banks and their holding companies or (C) actions and omissions of CBAC (or any of its Subsidiaries) taken with the prior written Consent of BOE in contemplation of the transactions contemplated hereby, (D) changes in economic conditions affecting financial institutions generally, including, but not limited to, changes in market interest rates or the projected future interest rate environment, (E) any modifications or changes to valuation policies and practices in connection with the Merger or restructuring charges taken in connection with the Merger, in each case in accordance with GAAP, or (F) direct effects of compliance with this Agreement on the operating performance of CBAC, including expenses incurred by CBAC in consummating the transactions contemplated by this Agreement.

CBAC Stockholder Approval means (i) the approval of the majority of the outstanding shares of CBAC IPO Common Stock cast at the meeting with the holders of less than 20% of the outstanding shares of CBAC IPO Common Stock voting against the Merger and thereafter exercising their Conversion Rights or (ii) in the event that CBAC consummates a CBAC Business Combination prior to the CBAC Stockholders Meeting, the approval of the holders of a majority of the outstanding shares of CBAC Common Stock entitled to vote at the CBAC Stockholders Meeting.

CBAC Subsidiaries means the Subsidiaries of CBAC, which shall include any corporation, bank, savings association, limited liability company, limited partnership, limited liability partnership or other organization acquired as a Subsidiary of CBAC in the future and held as a Subsidiary by CBAC at the Effective Time.

CBAC UPO means the unit purchase options issued by CBAC prior to the date of this Agreement entitling the holders to purchase up to 525,000 CBAC units at an exercise price of \$10.00 per unit, each unit consisting of one share of CBAC Common Stock and one warrant to purchase one share of CBAC Common Stock at an exercise price of \$7.50 per share. The unit purchase options may be exercised on the later of the consummation of a CBAC Business Combination or June 8, 2007.

CBAC Warrants means the warrants issued by CBAC prior to the date of this Agreement entitling the holders to purchase up to 7,500,000 shares of CBAC Common Stock at an exercise price of \$5.00. The CBAC Warrants may be exercised upon the consummation of a CBAC Business Combination.

Certificate of Merger means the certificate of merger to be filed with the Delaware Secretary of State.

Closing Date means the date on which the Closing occurs.

Code means the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder.

Commission or *SEC* means the United States Securities and Exchange Commission.

Consent means any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract, Law, Order, or Permit.

Contract means any written or oral agreement, arrangement, authorization, commitment, contract, indenture, instrument, lease, license, obligation, plan, practice, restriction, understanding, or undertaking of any kind or character, or other document to which any Person is a party or that is binding on any Person or its capital stock, Assets or business.

Default means (i) any breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both would constitute a breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right of any Person to exercise any remedy or obtain any relief under, terminate or revoke, suspend, cancel, or

modify or change the current terms of, or renegotiate, or to accelerate the maturity or performance of, or to increase or impose any Liability under, any Contract, Law, Order, or Permit.

Determination Date means the fifth day prior to the anticipated Closing Date.

DGCL means the Delaware General Corporation Law.

Employee Benefit Plan means each pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, share purchase, severance pay, vacation, bonus, retention, change in control or other incentive plan, medical, vision, dental or other health plan, or program or other arrangement, any life insurance plan, flexible spending account, cafeteria plan, vacation, holiday, disability, death or any other employee benefit plan or fringe benefit plan, including any employee benefit plan, as that term is defined in Section 3(3) of ERISA and any other plan, fund, policy, program, practice, custom understanding or arrangement providing compensation or other benefits, whether or not such Employee Benefit Plan is or is intended to be (i) covered or qualified under the Code, ERISA or any other applicable Law, (ii) written or oral, (iii) funded or unfunded, (iv) actual or contingent or (v) arrived at through collective bargaining or otherwise.

Environmental Laws shall mean all Laws relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface or subsurface strata) and which are administered, interpreted or enforced by the United States Environmental Protection Agency and state and local Governmental Authorities with jurisdiction over, and including common law in respect of, pollution or protection of the environment, including: (i) the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq. (CERCLA); (ii) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq. (RCRA); (iii) the Emergency Planning and Community Right to Know Act (42 U.S.C. §§ 11001, et seq.); (iv) the Clean Air Act (42 U.S.C. §§ 7401, et seq.); (v) the Clean Water Act (33 U.S.C. §§ 1251, et seq.); (vi) the Toxic Substances Control Act (15 U.S.C. §§ 2601, et seq.); (vii) any state, county, municipal or local statutes, laws or ordinances similar or analogous to the federal statutes listed in parts (i) (vi) of this subparagraph; (viii) any amendments to the statutes, laws or ordinances listed in parts (i) (vi) of this subparagraph, regardless of whether in existence on the date hereof, (ix) any rules, regulations, guidelines, directives, orders or the like adopted pursuant to or implementing the statutes, laws, ordinances and amendments listed in parts (i) (vii) of this subparagraph; and (x) any other law, statute, ordinance, amendment, rule, regulation, guideline, directive, order or the like in effect now or in the future relating to environmental, health or safety matters and other Laws relating to emissions, discharges, releases, or threatened releases of any Hazardous Material, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of any Hazardous Material.

ERISA means the Employee Retirement Income Security Act of 1974.

ERISA Affiliate means any trade or business, whether or not incorporated, which together with a BOE Entity would be treated as a single employer under Code Section 414 or would be deemed a single employer within the meaning of Sections.

Exchange Act means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder.

Exchange Act Documents means all forms, proxy statements, registration statements, reports, schedules, and other documents, including all certifications and statements required by the Exchange Act or Section 906 of the Sarbanes-Oxley Act with respect to any report that is an Exchange Act Document, filed, or required to be filed, by a Party or any of its Subsidiaries with any Regulatory Authority pursuant to the Securities Laws.

Exhibits means the Exhibits so marked, copies of which are attached to this Agreement. Such Exhibits are hereby incorporated by reference herein and made a part hereof, and may be referred to in this Agreement and any other related instrument or document without being attached hereto or thereto.

FDIC shall mean the Federal Deposit Insurance Corporation.

Federal Reserve shall mean the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of Richmond.

GAAP shall mean generally accepted accounting principles in the United States, consistently applied during the periods involved.

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Governmental Authority shall mean any federal, state, local, foreign, or other court, board, body, commission, agency, authority or instrumentality, arbitral authority, self-regulatory authority, mediator, tribunal, including Regulatory Authorities and Taxing Authorities.

Group shall mean two or more Persons acting in concert for the purpose of acquiring, holding or disposing of securities of an issuer.

Hazardous Material shall mean any chemical, substance, waste, material, pollutant, or contaminant defined as or deemed hazardous or toxic or otherwise regulated under any Environmental Law, including RCRA hazardous wastes, CERCLA hazardous substances, and HSRA regulated substances, pesticides and other agricultural chemicals, oil and petroleum products or byproducts and any constituents thereof, urea formaldehyde insulation, lead in paint or drinking water, mold, asbestos, and polychlorinated biphenyls (PCBs): (i) any hazardous substance, hazardous material, hazardous waste, regulated substance, or toxic substance (as those terms are defined by any applicable Environmental Laws) and (ii) any chemicals, pollutants, contaminants, petroleum, petroleum products, or oil (and specifically shall include asbestos requiring abatement, removal, or encapsulation pursuant to the requirements of Environmental Law), provided, notwithstanding the foregoing or any other provision in this Agreement to the contrary, the words

Hazardous Material shall not mean or include any such Hazardous Material used, generated, manufactured, stored, disposed of or otherwise handled in normal quantities in the ordinary course of business in compliance with all applicable Environmental Laws, or such that may be naturally occurring in any ambient air, surface water, ground water, land surface or subsurface strata.

Intellectual Property means copyrights, patents, trademarks, service marks, service names, trade names, domain names, together with all goodwill associated therewith, registrations and applications therefore, technology rights and licenses, computer software (including any source or object codes therefore or documentation relating thereto), trade secrets, franchises, know-how, inventions, and other intellectual property rights.

Joint Proxy Statement means the prospectus/joint proxy statement included as part of the Registration Statement.

Knowledge as used with respect to a Person (including references to such Person being aware of a particular matter) means those facts that are known or should reasonably have been known after due inquiry by the chairman, president, or chief financial officer, or any senior or executive vice president of such Person and the knowledge of any such Persons obtained or which would have been obtained from a reasonable investigation.

Law means any code, law (including common law), ordinance, regulation, reporting or licensing requirement, rule, statute, regulation or order applicable to a Person or its Assets, Liabilities or business, including those promulgated, interpreted or enforced by any Regulatory Authority.

Liability means any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including costs of investigation, collection and defense), claim, deficiency, guaranty or endorsement of or by any Person (other than endorsements of notes, bills, checks, and drafts presented for collection or deposit in the ordinary course of business) of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise.

Lien means any conditional sale agreement, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any property or any property interest, other than (i) Liens for current property Taxes not yet due and payable, and (ii) for any depository institution, pledges to secure public deposits and other Liens incurred in the ordinary course of the banking business.

Litigation means any action, arbitration, cause of action, lawsuit, claim, complaint, criminal prosecution, governmental or other examination or investigation, audit (other than regular audits of financial statements by outside auditors), compliance review, inspection, hearing, administrative or other proceeding

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relating to or affecting a Party, its business, its Assets or Liabilities (including Contracts related to Assets or Liabilities), or the transactions contemplated by this Agreement, but shall not include regular, periodic examinations of depository institutions and their Affiliates by Regulatory Authorities.

Losses means any and all demands, claims, actions or causes of action, assessments, losses, diminution in value, damages (including special and consequential damages), liabilities, costs, and expenses, including interest, penalties, cost of investigation and defense, and reasonable attorneys' and other professional fees and expenses.

Material or *material* for purposes of this Agreement shall be determined in light of the facts and circumstances of the matter in question; *provided, that* any specific monetary amount stated in this Agreement shall determine materiality in that instance.

OCC means the federal Office of the Comptroller of the Currency.

Operating Property means any property owned, leased, or operated by the Party in question or by any of its Subsidiaries or in which such Party or Subsidiary holds a security interest or other interest (including an interest in a fiduciary capacity), and, where required by the context, includes the owner or operator of such property, but only with respect to such property.

Order means any administrative decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, directive, ruling, or writ of any Governmental Authority.

Participation Facility means any facility or property in which the Party in question or any of its Subsidiaries participates in the management and, where required by the context, means the owner or operator of such facility or property, but only with respect to such facility or property.

Party means BOE or CBAC and *Parties* means both of such Persons.

Permit means any federal, state, local, and foreign Governmental Authority approval, authorization, certificate, easement, filing, franchise, license, notice, permit, or right to which any Person is a party or that is or may be binding upon or inure to the benefit of any Person or its securities, Assets, or business.

Person means a natural person or any legal, commercial or Governmental Authority, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, limited liability partnership, trust, business association, group acting in concert, or any person acting in a representative capacity.

Privacy Requirements means: (i) Title V of the Gramm-Leach-Bliley Financial Modernization Act of 1999, as amended (the GLB Act); (ii) Federal regulations implementing such act and codified at 12 C.F.R. Parts 40 or 573; (iii) the Interagency Guidelines Establishing Standards for Safeguarding Customer Information set forth in 12 C.F.R. Parts 30, 568 or 570; and (iv) any other applicable Requirements of Law relating to the privacy and security of Customer Information.

Regulatory Authorities means, collectively, the Commission, the AMEX, the Nasdaq Capital Market, the Nasdaq Global Market, the NASD, the Virginia State Corporation Commission, the OCC, the FDIC, the Department of Justice, and the Federal Reserve and all other federal, state, county, local or other Governmental Authorities having jurisdiction over a Party or its Subsidiaries.

Representative means any investment banker, financial advisor, attorney, accountant, consultant, or other representative or agent of a Person.

Registration Statement means a registration statement, together with any and all amendments and supplements thereto, on Form S-4 filed with the SEC under the Securities Act and the rules and regulations thereunder, and complying with applicable state securities Laws and including a prospectus/joint proxy statement satisfying all requirements of applicable state securities Laws and the Securities Act.

Requirements of Law means, with respect to any Person, any certificate or articles of incorporation, as applicable, bylaws or other organizational or governing documents of such Person, and any law, ordinance, statute, rule, regulation, judgment, order, decree, injunction, permit, issuance or other determination, finding,

guidance or recommendation of any Governmental Authority or final and binding determination of any arbitrator applicable to or binding upon such Person or to which such Person is subject, whether federal, state, county or local (including, but not limited to, if applicable, usury laws, the federal Truth-In-Lending Act, the federal Fair Debt Collection Practices Act, the federal Equal Credit Opportunity Act, the federal Fair Credit Reporting Act, the GLB Act, and regulations of the Federal Reserve, each as amended from time to time).

Rights shall mean all arrangements, calls, commitments, Contracts, options, rights to subscribe to, scrip, warrants, or other binding obligations of any character whatsoever by which a Person is or may be bound to issue additional shares of its capital stock or other securities, securities or rights convertible into or exchangeable for, shares of the capital stock or other securities of a Person or by which a Person is or may be bound to issue additional shares of its capital stock or other rights.

Sarbanes-Oxley Act means the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated thereunder.

Securities Act means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Securities Laws means the Securities Act, the Exchange Act, the Sarbanes-Oxley Act, the Investment Company Act of 1940, the Investment Advisors Act of 1940, the Trust Indenture Act of 1939, each as amended, and the rules and regulations of any Regulatory Authority promulgated thereunder.

Stockholders Meetings means the BOE stockholders meeting and the CBAC stockholders meeting, including any adjournment or adjournments thereof, each held in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby.

Subsidiaries means all those corporations, banks associations, or other entities of which the entity in question either (i) owns or controls 50% or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which 50% or more of the outstanding equity securities is owned directly or indirectly by its parent (*provided*, there shall not be included any such entity the equity securities of which are owned or controlled in a fiduciary capacity), (ii) in the case of partnerships, serves as a general partner, (iii) in the case of a limited liability company, serves as a managing member, or (iv) otherwise has the ability to elect a majority of the directors, trustees or managing members thereof.

Superior Proposal means any Acquisition Proposal (on its most recently amended or modified terms, if amended or modified) (i) involving the acquisition of at least a majority of the outstanding equity interest in, or all or substantially all of the assets and liabilities of, a Party and (ii) with respect to which the Board of Directors of such Party determines in good faith judgment (based on, among other things, the advice of its financial advisor) to be more favorable to such Party's stockholders than the Merger, taking into account all relevant factors.

Surviving Corporation means CBAC as the surviving corporation resulting from the Merger with an amended and restated Certificate of Incorporation as provided in Section 2.1 hereof.

Tax or *Taxes* means all taxes, charges, fees, levies, imposts, duties, or assessments, including income, gross receipts, excise, employment, sales, use, transfer, recording license, payroll, franchise, severance, documentary, stamp, occupation, windfall profits, environmental, federal highway use, commercial rent, customs duties, capital stock, paid-up capital, profits, withholding, Social Security, single business and unemployment, disability, real property, personal property, registration, *ad valorem*, value added, alternative or add-on minimum, estimated, or other taxes, fees, assessments or charges of any kind whatsoever, imposed or required to be withheld by any Governmental Authority (domestic or foreign), including any interest, penalties, and additions imposed thereon or with respect

thereto.

Tax Return means any report, return, information return, or other information required to be supplied to a Governmental Authority in connection with Taxes, including any return of an affiliated or combined or unitary group that includes a Party or its Subsidiaries.

Taxing Authority means the Internal Revenue Service and any other Governmental Authority responsible for the administration of any Tax.

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TFC Common Stock means the \$0.01 per share par value common stock of TFC.

USA Patriot Act means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended.

VSCA means the Virginia Stock Corporation Act, as amended.

(b) The terms set forth below shall have the meanings ascribed thereto in the referenced sections:

Term	Section
Agreement	Introduction
Allowance	5.9(a)
Bank	Preamble
BHCA	5.1
BOE	Introduction
BOE Benefits Plans	5.15(a)
BOE Contracts	5.16(a)
BOE ERISA Plan	5.15(a)
BOE Exchange Act Reports	5.5(a)
BOE Rights	3.5(a)
CBAC	Introduction
CBAC Benefit Plan	6.10(a)
CBAC Exchange Act Reports	6.5(a)
CBAC Contracts	6.11
CBAC ERISA Plan	6.10(a)
CBAC Other Plan	6.10(a)
CERCLA	11.1(a)
Closing	1.2
Claims	7.6
Conversion Rights	3.1(a)
Customer Information	5.17(a)
DOL	5.15(b)
Effective Time	1.3
Exchange Agent	4.1(a)
Exchange Ratio	3.1(b)
Excluded Shares	3.1(b)
GLB Act	11.1(a)
Indemnified Party	8.10(a)
IRS	5.2(c)
Maximum Amount	8.10(b)
Merger	Preamble
Merger Consideration	3.1(b)
Other Plan	5.15(a)
RCRA	11.1(a)
Takeover Laws	5.24
Tax Opinion	9.2(f)
TFC	Preamble

TFC Agreement
WARN Act

Preamble
5.14(c)

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(c) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words include, includes or including are used in this Agreement, they shall be deemed followed by the words without limitation, and such terms shall not be limited by enumeration or example.

11.2 Expenses.

(a) Each of the Parties shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration and application fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel, and which in the case of BOE, shall be paid at Closing and prior to the Effective Time.

(b) Notwithstanding the foregoing, if:

(i) BOE terminates this Agreement pursuant to Section 10.1(b) due to a breach by CBAC, either Party terminates pursuant to Section 10.1(c)(iii) or (iv) due to the failure to obtain the CBAC Stockholder Approval or either Party terminates pursuant to Section 10.1(f) and, in the case of a termination under Section 10.1(c)(iii) or Section 10.1(f), (x) there has been publicly announced and not withdrawn another Acquisition Proposal relating to CBAC or (y) CBAC has failed to perform and comply in all material respects with any of its obligations, agreements or covenants required by this Agreement, and within 12 months of such termination CBAC shall either (A) consummate an Acquisition Transaction or (B) enter into a definitive agreement with respect to an Acquisition Transaction, whether or not such Acquisition Transaction is subsequently consummated (but changing, in the case of (A) and (B), the references to 5% and 90% amounts in the definition of Acquisition Transaction to 50% and 80%, respectively); or

(ii) CBAC terminates this Agreement pursuant to Section 10.1(b) due to a breach by BOE, either Party terminates pursuant to Section 10.1(c)(iii) or (iv) due to the failure to obtain the BOE Stockholder Approval or either Party terminates pursuant to Section 10.1(f) and, in the case of a termination under Section 10.1(c)(iii) or (iv) or Section 10.1(f), (x) there has been publicly announced and not withdrawn another Acquisition Proposal relating to TFC or (y) BOE has failed to perform and comply in all material respects with any of its obligations, agreements or covenants required by this Agreement, and within 12 months of such termination BOE shall either (A) consummate an Acquisition Transaction or (B) enter into a definitive agreement with respect to an Acquisition Transaction, whether or not such Acquisition Transaction is subsequently consummated (but changing, in the case of (A) and (B), the references to 5% and 90% amounts in the definition of Acquisition Transaction to 50% and 80%, respectively); or

(iii) CBAC terminates this Agreement pursuant to Section 10.1(d)(i) or BOE terminates this Agreement pursuant to Section 10.1(e)(ii); or

(iv) CBAC terminates this Agreement pursuant to Section 10.1(d)(ii) or BOE terminates this Agreement pursuant to Section 10.1(e)(i).

then, in the case of a termination as set forth in subsection (b)(i) or (b)(iv) of this Section 11.2, CBAC shall pay to BOE, and, in the case of a termination as set forth in subsection (b)(ii) or (b)(iii) of this Section 11.2, BOE shall pay to CBAC, an amount equal to \$500,000 (the Termination Fee); *provided however*, that an additional termination fee (the Additional Termination Fee) of \$1,200,000 if, and only if, an Acquisition Transaction involving the Party liable for the payment of the Termination Fee is consummated within 12 months of such termination and such Additional Termination Fee shall only be payable at the time of consummation of such Acquisition Transaction. Each Party hereby waives any right to set-off or counterclaim against such amount. If the Termination Fee shall be payable pursuant to subsection (b)(i) or (b)(ii) of this Section 11.2 in connection with a termination pursuant to Section 10.1(c)(iii) or Section 10.1(f), the Termination Fee shall be paid in same-day funds at or prior to the earlier of the date of consummation of such Acquisition Transaction or the date of execution of a definitive agreement with

respect to such Acquisition Transaction. If the Termination Fee shall be payable pursuant to subsection (b)(iii) of this Section 11.2, the Termination Fee shall be paid in same-day funds upon the earlier of (i) the execution of a definitive agreement with respect to such Acquisition Transaction or (ii) two business days from the date of termination of this Agreement. If the Termination Fee shall be payable pursuant to subsection (b)(i) or (b)(ii) of this

Section 11.2 in connection with a termination pursuant to Section 10.1(b) or subsection (b)(iv) of this Section 11.2, the Termination Fee shall be paid in same-day funds at or prior to the termination of this Agreement.

(c) The Parties acknowledge that the agreements contained in Section 11.2(b) are an integral part of the transactions contemplated by this Agreement and that without these agreements, they would not enter into this Agreement; accordingly, if a Party fails to pay promptly any fee payable by it pursuant to this Section 11.2, then such Party shall pay to the other Party, its costs and expenses (including attorneys' fees) in connection with collecting such fee, together with interest on the amount of the fee at the then current prime rate (as reported in *The Wall Street Journal* or such other authoritative source to be agreed upon by the Parties).

(d) Nothing contained in this Section 11.2 shall constitute or shall be deemed to constitute liquidated damages for the willful breach by BOE of the terms of this Agreement or otherwise limit the rights of CBAC.

11.3 Brokers, Finders and Financial Advisors.

Except for BOE Financial Advisor as to BOE and except for Keefe, Bruyette & Woods, Inc. as to CBAC, each of the Parties represents and warrants that neither it nor any of its officers, directors, employees, or Affiliates has employed any broker or finder or incurred any Liability for any financial advisory fees, investment bankers' fees, brokerage fees, commissions, or finders' fees in connection with this Agreement or the transactions contemplated hereby. In the event of a claim by any broker or finder based upon such broker's representing or being retained by or allegedly representing or being retained by BOE or by CBAC, each of BOE and CBAC, as the case may be, agrees to indemnify and hold the other Party harmless from any Liability in respect of any such claim. Each Party has provided a copy of BOE Financial Advisor's and Keefe, Bruyette & Woods, Inc.'s engagement letter, respectively, and expected fee for its services as included in Section 11.3 of the BOE Disclosure Memorandum and CBAC Disclosure Memorandum and shall pay all amounts due thereunder at Closing and prior to the Effective Time.

11.4 Entire Agreement.

Except as otherwise expressly provided herein, this Agreement (including the documents and instruments referred to herein) constitutes the entire agreement between the Parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral. Nothing in this Agreement expressed or implied, is intended to confer upon any Person, other than the Parties or their respective successors, any rights, remedies, obligations, or liabilities under or by reason of this Agreement, other than as provided in Sections 8.9(a) and 8.10.

11.5 Amendments.

To the extent permitted by Law, and subject to Section 1.4, this Agreement may be amended by a subsequent writing signed by each of the Parties upon the approval of each of the Parties, whether before or after stockholder approval of this Agreement has been obtained; *provided, that* after any such approval by the holders of BOE Common Stock, there shall be made no amendment that reduces or modifies in any respect the consideration to be received by holders of BOE Common Stock.

11.6 Waivers.

(a) Prior to or at the Effective Time, CBAC, acting through its Board of Directors, chief executive officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by BOE, to waive or extend the time for the compliance or fulfillment by BOE of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of CBAC under this Agreement,

except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of CBAC.

(b) Prior to or at the Effective Time, BOE, acting through its Board of Directors, chief executive officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by CBAC, to waive or extend the time for the compliance or fulfillment by CBAC of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of BOE under this

Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of BOE.

(c) The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the same or any other provision of this Agreement. No waiver of any condition or of the breach of any term contained in this Agreement in one or more instances shall be deemed to be or construed as a further or continuing waiver of such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement.

11.7 Assignment.

Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

11.8 Notices.

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered or refused:

CBAC:	Community Bankers Acquisition Corp. 9912 Georgetown Pike, Suite D-203 Great Falls, Virginia 22066 Attention: Gary A. Simanson
Copy to Counsel:	Nelson Mullins Riley & Scarborough LLP Suite 900 101 Constitution Avenue, N.W. Washington, D.C. 20001 Facsimile Number: (202) 712-2856 Attention: Jonathan H. Talcott and Ellenoff Grossman & Schole LLP 1627 K Street, N.W., 10th Floor Washington, D.C. 20006 Facsimile Number: (240) 478-1640 Attention: Kathleen L. Cerveny
BOE:	BOE Financial Services of Virginia, Inc. 1325 Tappahannock Boulevard Tappahannock, Virginia 22560 Facsimile Number: (804) 443-9365 Attention: George M. Longest, Jr.
Copy to Counsel:	LeClairRyan 951 East Byrd Street, 8th Floor Richmond, Virginia 23219 Facsimile Number: (804) 783-2294

Attention: George P. Whitley

11.9 Governing Law.

Regardless of any conflict of law or choice of law principles that might otherwise apply, the Parties agree that this Agreement shall be governed by and construed in all respects in accordance with the laws of the

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Commonwealth of Virginia, except to the extent that the laws of the State of Delaware apply to the Merger. The Parties all expressly agree and acknowledge that the Commonwealth of Virginia has a reasonable relationship to the Parties and/or this Agreement.

11.10 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

11.11 Captions; Articles and Sections.

The captions contained in this Agreement are for reference purposes only and are not part of this Agreement. Unless otherwise indicated, all references to particular Articles or Sections shall mean and refer to the referenced Articles and Sections of this Agreement.

11.12 Interpretations.

Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. No Party to this Agreement shall be considered the draftsman. The Parties acknowledge and agree that this Agreement has been reviewed, negotiated, and accepted by all Parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words used so as fairly to accomplish the purposes and intentions of all Parties hereto.

11.13 Enforcement of Agreement.

The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

11.14 Severability.

Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

11.15 No Third Party Beneficiaries.

(a) Other than as set forth in Section 8.10, no officer, employee or other Person (other than the corporate Parties to this Agreement) shall be or shall be deemed a third party or other beneficiary of this Agreement, or shall have any right or other entitlement in connection with any provision of this Agreement or seek any remedy, or right or entitlement in connection with this Agreement. No provision of this Agreement constitutes or shall give rise to, or shall be deemed to constitute or give rise to, an employee benefit or employee benefit-related plan, program or other arrangement, a provision of any such plan, program or other arrangement, or an amendment of any such plan, program or other arrangement.

(b) If and to the extent any BOE Benefit Plan is sponsored by BOE, CBAC may, by written direction issued prior to Closing, require BOE to take all necessary or appropriate action to terminate each such BOE Benefit Plan or cause the Bank to become the sole sponsor of each such BOE Benefit Plan prior to Closing. The intent of the preceding sentence is to permit CBAC to avoid becoming a sponsor of any and all BOE Benefit Plans as a result of the Merger.

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IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf by its duly authorized officers as of the day and year first above written.

COMMUNITY BANKERS ACQUISITION CORP.

By: /s/ Gary A. Simanson

Its: President and Chief Executive Officer

BOE FINANCIAL SERVICES OF VIRGINIA, INC.

By: /s/ George M. Longest, Jr.

Its: President and Chief Executive Officer

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APPENDIX B

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
COMMUNITY BANKERS TRUST CORPORATION
(formerly Community Bankers Acquisition Corp.)**

FIRST. The name of the corporation is: Community Bankers Trust Corporation (hereinafter sometimes referred to as the Corporation).

SECOND. The address of its registered office in the State of Delaware is 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, located in New Castle County. The name of its registered agent at such address is Corporation Service Company.

THIRD. The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

In addition to the powers and privileges conferred upon the Corporation by law and those incidental thereto, the Corporation shall possess and may exercise all the powers and privileges which are necessary or convenient to the conduct, promotion or attainment of the business or purposes of the Corporation; provided, however, that in the event a Business Combination (as defined below) is not consummated prior to the Termination Date (as defined below), then the purposes of the Corporation shall automatically, with no action required by the board of directors or the stockholders, on the Termination Date be limited to effecting and implementing the dissolution and liquidation of the Corporation and the taking of any other actions expressly required to be taken herein on or after the Termination Date and the Corporation's powers shall thereupon be limited to those set forth in Section 278 of the General Corporation Law of Delaware and as otherwise may be necessary to implement the limited purposes of the Corporation as provided herein. This Article Third may not be amended prior to the consummation of a Business Combination.

FOURTH. The total number of shares of all classes capital stock which the Corporation shall have authority to issue is fifty five million (55,000,000) shares, consisting of fifty million (50,000,000) shares of common stock, par value \$0.01 per share (Common Stock), and five million (5,000,000) shares of preferred stock, par value \$0.01 per share (Preferred Stock).

FIFTH. The Board of Directors is hereby expressly authorized, by resolution or resolutions from time to time adopted, to provide, out of the unissued shares of Preferred Stock, for the issuance of the Preferred Stock in one or more classes or series. Before any shares of any such class or series are issued, the Board of Directors shall fix and state, and hereby is expressly empowered to fix, by resolution or resolutions, the designations, preferences, and relative, participating, optional or other special rights of the shares of each such series, and the qualifications, limitations or restrictions thereon, including, but not limited to, determination of any of the following:

(a) the designation of such class or series, the number of shares to constitute such class or series and the stated value thereof if different from the par value thereof;

(b) whether the shares of such class or series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be full, special or limited, and whether the shares of such class or series shall be entitled to vote as a separate class either alone or together with the shares of one or more other classes or series of stock;

(c) the dividends, if any, payable on such class or series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, the preference or relation that such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of the same class;

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(d) whether the shares of such class or series shall be subject to redemption by the Corporation at its option or at the option of the holders of such shares or upon the happening of a specified event, and, if so, the times, prices and other terms, conditions and manner of such redemption;

(e) the preferences, if any, and the amount or amounts payable upon shares of such series upon, and the rights of the holders of such class or series in, the voluntary or involuntary liquidation, dissolution or winding up, or upon any distribution of the assets, of the Corporation;

(f) whether the shares of such class or series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such class or series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(g) whether the shares of such class or series shall be convertible into, or exchangeable for, at the option of either the holder or the Corporation or upon the happening of a specified event, shares of stock of any other class or any other series of the same class or any other class or classes of securities or property and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the limitations and restrictions, if any, to be effective while any shares of such class or series are outstanding, upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Corporation of, the Common Stock or shares of stock of any other class or any other series of the same class;

(i) the conditions or restrictions, if any, upon the creation of indebtedness of the Corporation or upon the issue of any additional stock, including additional shares of such series or of any other series of the same class or of any other class; and

(j) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof.

The powers, preferences and relative, participating, optional and other special rights of each class or series of Preferred Stock, and the qualifications, limitations and restrictions thereof, if any, may differ from those of any and all other classes or series at any time outstanding. All shares of any one series of Preferred Stock shall be identical in all respects with all other shares of such series, except that shares of any one series issued at different times may differ as to the dates from which dividends thereof shall be cumulative. The Board of Directors may increase the number of shares of the Preferred Stock designated for any existing class or series by a resolution adding to such class or series authorized and unissued shares of the Preferred Stock not designated for any other class or series. The Board of Directors may decrease the number of shares of Preferred Stock designated for any existing class or series by a resolution subtracting from such class or series unissued shares of the Preferred Stock designated for such class or series, and the shares so subtracted shall become authorized, unissued, and undesignated shares of the Preferred Stock.

SIXTH. The following provisions (A) through (E) shall apply commencing on the effective date of the registration statement (Effective Date) filed by the Corporation in connection with the Corporation's initial public offering of securities pursuant to the Securities Act of 1933, as amended (IPO). A Business Combination shall mean the initial acquisition (or simultaneous multiple acquisitions) following the IPO by the Corporation, whether by merger, capital stock exchange, asset or stock acquisition or other similar type of transaction or a combination of the foregoing, of one or more companies which conducts, directly or indirectly, an operating business in the banking industry.

A. [Reserved.]

B. [Reserved.]

C. In the event that the proposed Business Combination is approved in accordance with the above paragraph A and is consummated by the Corporation, any stockholder of the Corporation holding shares of Common Stock issued by the Corporation in the IPO (such shares so issued in connection with the IPO, the

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IPO Shares) who voted against the Business Combination may, contemporaneous with such vote, demand that the Corporation convert his or her IPO Shares into a cash payment in the manner described in this paragraph C. If so demanded, in the event that a Business Combination is approved in accordance with paragraph A of this Article Sixth and is consummated by the Corporation, the IPO Shares shall automatically be converted simultaneously with the consummation of the Business Combination into the right to receive, upon tendering to the Corporation or its designee the certificate or certificates representing such IPO Shares and complying with such other procedures as the Corporation may reasonably establish, payment from the Corporation in an amount equal to a per share conversion price, calculated as of the record date for determination of stockholders entitled to vote on the proposed Business Combination (the Conversion Price). The Conversion Price shall equal the ratable portion of the Trust Fund that includes (A)(1) the net proceeds of the IPO less sums retained by the Corporation for working capital purposes; plus (2) one-half of the net interest income earned on amounts in the Trust Fund including any net interest income earned on the amounts held in the Trust Fund representing the Deferred Discount (as defined below), less applicable taxes, plus (3) the ratable portion of the gross proceeds representing the Deferred Discount (as defined below), divided by (B) the number of IPO Shares outstanding on such record date. Trust Fund shall mean the funds then held in the trust account established by the Corporation at the consummation of its IPO pursuant to the Investment Management Trust Agreement between the Corporation and the trustee named therein and into which a certain amount of the net proceeds of the IPO together with the Deferred Discount are deposited. Deferred Discount shall mean the portion of the gross proceeds from the sale of the Corporation's Units in the IPO which the representatives of the underwriters have agreed will be deferred and paid to the representatives of the underwriters only upon consummation of a Business Combination less sums paid for shares converted to cash in connection with the Business Combination. This paragraph C may not be amended prior to the earlier of (a) the Termination Date or (b) the date the proposed Business Combination has been consummated and payment or provision for the payment of the Conversion Price to all holders of IPO Shares entitled thereto has been made by the Corporation.

D. [Reserved.]

E. A holder of IPO Shares shall be entitled to receive distributions from the Trust Fund only in the event the holder demands conversion of the holder's shares in accordance with paragraph C, above or as provided in paragraph D, above. In no other circumstances shall a holder of IPO Shares have any right or interest of any kind in or to the Trust Fund. Holders of shares of capital stock, other than IPO Shares, shall have no right or interest of any kind in or to the Trust Fund.

F. The Board of Directors shall be divided into three classes: Class I, Class II and Class III. The number of directors in each class shall be as nearly equal as possible. The directors in Class I shall be elected for a term expiring at the 2009 Annual Meeting of stockholders, the directors in Class II shall be elected for a term expiring at the 2010 Annual Meeting of stockholders, and the directors in Class III shall be elected for a term expiring at the 2011 Annual Meeting of stockholders. Commencing at the 2009 Annual Meeting of stockholders, and at each annual meeting thereafter, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election. Except as the DGCL may otherwise require, in the interim between annual meetings of stockholders or special meetings of stockholders called for the election of directors and/or the removal of one or more directors and the filling of any vacancy in that connection, newly created directorships and any vacancies in the Board of Directors, including unfilled vacancies resulting from the removal of directors for cause, may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum (as defined in the Corporation's Bylaws), or by the sole remaining director. All directors shall hold office until the expiration of their respective terms of office and until their successors shall have been elected and qualified. A director elected to fill a vacancy resulting from the death, resignation or removal of a director shall serve for the remainder of the full term of the director whose death, resignation or removal shall have created such vacancy and until his successor shall have been elected and qualified.

SEVENTH. The name and mailing address of the incorporator is Jessica Sauer, 1818 N Street, NW, Suite 400, Washington, DC 20036.

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EIGHTH. The name and mailing address of the person who is to serve as the initial Class III director of the Corporation pursuant to the terms set forth herein is:

Gary A. Simanson
9912 Georgetown Pike, Suite D-203
Great Falls, VA 22066

NINTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and shareholders:

A. Elections of directors need not be by ballot unless the bylaws of the Corporation so provide.

B. The Board of Directors shall have the power, without the assent or vote of the stockholders, to make, alter, amend, change, add to or repeal the by-laws of the Corporation as provided in the by-laws of the Corporation.

C. The directors in their discretion may submit any contract or act for approval or ratification at any annual meeting of the stockholders or at any meeting of the stockholders called for the purpose of considering any such act or contract, and any contract or act that shall be approved or be ratified by the vote of the holders of a majority of the stock of the Corporation which is represented in person or by proxy at such meeting and entitled to vote thereat (provided that a lawful quorum of stockholders be there represented in person or by proxy) shall be as valid and binding upon the Corporation and upon all the stockholders as though it had been approved or ratified by every stockholder of the Corporation, whether or not the contract or act would otherwise be open to legal attack because of directors' interest, or for any other reason.

D. In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation; subject, nevertheless, to the provisions of the laws of Delaware, of this Certificate of Incorporation, and to any by-laws from time to time made by the stockholders; provided, however, that no by-law so made shall invalidate any prior act of the directors which would have been valid if such by-law had not been made.

TENTH. The Corporation may agree to the terms and conditions upon which any director, officer, employee or agent accepts his office or position and in its bylaws, by contract or in any other manner may agree to indemnify and protect any director, officer, employee or agent of the Corporation, or any person who serves at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the extent permitted by the laws of the State of Delaware.

ELEVENTH. A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended. Any repeal or modification of the foregoing sentence shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

TWELFTH. The Corporation shall, to the fullest extent permitted by the General Corporation Law of Delaware as the same exists or may hereafter be amended, indemnify any and all persons who it shall have power to indemnify under such law from and against any and all of the expenses, liabilities or other matters referred to in or covered by such law, and, in addition, to the extent permitted under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his director or officer capacity and as to action in another capacity while

holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

THIRTEENTH. Except as set forth in Article Sixth hereof, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

FOURTEENTH. The Corporation hereby elects not to be governed by Section 203 of the Delaware General Corporation Law.

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APPENDIX C

December 13, 2007

The Board of Directors
Community Bankers Acquisition Corporation
9912 Georgetown Pike, Ste. D203
Great Falls, Virginia 22066

Members of the Board:

You have requested our opinion as investment bankers as to the fairness, from a financial point of view, to Community Bankers Acquisition Corporation (CBAC) of the exchange ratio in the proposed merger (the Merger) of BOE Financial Services of Virginia, Inc. (BOE) with and into CBAC, pursuant to the Agreement and Plan of Merger, dated as of December 13, 2007 between BOE and CBAC (the Agreement). Pursuant to the terms of the Agreement, each outstanding share of common stock, par value \$5.00 per share, of BOE (the Common Shares) will be converted into 5.7278 shares of common stock, par value \$0.01 per share, of CBAC. The terms and conditions of the Merger are more fully set forth in the Agreement.

Keefe, Bruyette & Woods, Inc., has acted as financial advisor to CBAC. As part of our investment banking business, we are continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, we have experience in, and knowledge of, the valuation of the banking enterprises. In the ordinary course of our business as a broker-dealer, we may, from time to time, purchase securities from, and sell securities to, BOE and CBAC, and as a market maker in securities, we may from time to time have a long or short position in, and buy or sell, debt or equity securities of BOE and CBAC for our own account and for the accounts of our customers. To the extent we have any such positions as of the date of this opinion it has been disclosed to CBAC. We have acted exclusively for the Board of Directors of CBAC in rendering this fairness opinion and will receive a fee from CBAC for our services. A portion of our fee is contingent upon the successful completion of the Merger.

During the past two years we acted as financial advisor to CBAC in its acquisition of TransCommunity Financial Corporation.

In connection with this opinion, we have reviewed, analyzed and relied upon material bearing upon the financial and operating condition of BOE and CBAC and the Merger, including among other things, the following: (i) the Agreement; (ii) the Annual report to Stockholders and Annual Report on Form 10-K for the three years ended December 31, 2006 of BOE and the Annual report to Stockholders and Annual Report on Form 10-K for the fiscal period of April 5, 2005 to March 31, 2007 of CBAC; (iii) certain interim reports to stockholders and Quarterly Reports on Form 10-Q of BOE and CBAC and certain other communications from BOE and CBAC to their respective stockholders; and (iv) other financial information concerning the businesses and operations of BOE and CBAC furnished to us by BOE and CBAC for purposes of our analysis. We have also held discussions with senior management of BOE and CBAC regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as we have deemed relevant to our inquiry. In addition, we have compared certain financial and stock market information for BOE with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent business combinations in the banking industry and performed such other studies and analyses as we considered appropriate.

In conducting our review and arriving at our opinion, we have relied upon the accuracy and completeness of all of the financial and other information provided to us or publicly available and we have not independently verified the accuracy or completeness of any such information or assumed any responsibility for such verification or

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accuracy. We have relied upon the management of BOE and CBAC as to the reasonableness and achievability of the financial and operating forecasts and projections (and the assumptions and bases therefor) provided to us, and we have assumed that such forecasts and projections reflect the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements. We are not experts in the independent verification of the adequacy of allowances for loan and lease losses and we have assumed that the aggregate allowances for loan and lease losses for BOE are adequate to cover such losses. In rendering our opinion, we have not made or obtained any evaluations or appraisals of the property of BOE or CBAC, nor have we examined any individual credit files.

We have assumed that, in all respects material to our analyses, the following: (i) the Merger will be completed substantially in accordance with the terms set forth in the Agreement; (ii) the representations and warranties of each party in the Agreement and in all related documents and instruments referred to in the Agreement are true and correct; (iii) each party to the Agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents; (iv) all conditions to the completion of the Merger will be satisfied without any waivers; and (v) in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the Merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the Merger, including the cost savings, revenue enhancements and related expenses expected to result from the Merger.

We have considered such financial and other factors as we have deemed appropriate under the circumstances, including, among others, the following: (i) the historical and current financial position and results of operations of BOE and CBAC; (ii) the assets and liabilities of BOE and CBAC; and (iii) the nature and terms of certain other merger transactions involving banks and bank holding companies. We have also taken into account our assessment of general economic, market and financial conditions and our experience in other similar transactions, as well as our experience in securities valuation and knowledge of the banking industry generally. Our opinion is necessarily based upon conditions as they exist and can be evaluated on the date hereof and the information made available to us through the date hereof. Our opinion does not address the underlying business decision of CBAC to engage in the Merger, or the relative merits of the Merger as compared to any strategic alternatives that may be available to CBAC.

We are not expressing any opinion about the fairness of the amount or nature of the compensation to any of the CBAC or BOE's officers, directors or employees, or any class of such persons, relative to the compensation to the public shareholders of BOE.

This opinion has been reviewed and approved by our Fairness Opinion Committee in conformity with our policies and procedures established under the requirements of Rule 2290 of the NASD Rules of the Financial Institutions Regulatory Authority.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the exchange ratio in the Merger is fair, from a financial point of view, to CBAC.

Very truly yours,

/s/ Keefe, Bruyette & Woods, Inc.

APPENDIX D

FELDMAN FINANCIAL ADVISORS, INC.

1001 CONNECTICUT AVENUE, NW, SUITE 840
WASHINGTON, DC 20036

(202) 467-6862 FAX (202) 467-6963

December 13, 2007

Board of Directors
BOE Financial Services of Virginia, Inc.
323 Prince Street
Tappahannock, Virginia 22560

Members of the Board:

BOE Financial Services of Virginia, Inc. (BOE or the Company) has entered into an Agreement and Plan of Merger dated as of December 13, 2007 (the Agreement) with Community Bankers Acquisition Corp. (CBAC) whereby BOE will be merged with and into CBAC (the Merger), as more fully described in the Agreement. As consideration for the Merger, each issued and outstanding share of BOE Common Stock, excluding shares held by CBAC or any BOE Entity (Excluded Shares), as defined in the Agreement, shall be converted into the right to receive 5.7278 shares (the Exchange Ratio) of CBAC Common Stock (Merger Consideration), subject to adjustment if the Average Closing Price, as defined in the Agreement, of CBAC Common Stock is less than \$7.42. The closing of the Merger is contingent upon the consummation by CBAC of the pending acquisition of TransCommunity Financial Corporation (TCF). The Bank of Essex (the Bank), a wholly-owned subsidiary of BOE, will remain in existence following the closing of the Merger and as soon as reasonably practicable thereafter, any banking subsidiary of CBAC that was previously a banking subsidiary of TCF will be merged with and into the Bank (the Bank Merger resulting in the Surviving Bank). You have requested our opinion as to the fairness of the Merger Consideration to the holders of BOE Common Stock, from a financial point of view.

Feldman Financial Advisors, Inc. (Feldman Financial) specializes in providing financial advisory and consulting services to financial services companies. As part of our business, we are regularly engaged in the independent valuation of businesses and securities in connection with merger and acquisitions, initial public offerings, private placements, and other corporate transactions. In rendering this opinion pursuant to our engagement as BOE's financial advisor in connection with the Merger, we will receive a fee from BOE for our services, a portion of which is contingent upon the successful closing of the Merger.

During the course of our engagement and in preparation of this opinion, we reviewed, analyzed, and relied upon publicly available and confidential materials bearing upon the financial and operating conditions of BOE, CBAC and TCF, and materials prepared in connection with the proposed Merger, including, but not limited to, the following: the Agreement; audited and unaudited historical financial information contained in Forms 10-K and 10-Q concerning BOE and TCF for the last three fiscal years ending December 31, 2006 and monthly and quarterly financial information through September 30, 2007; audited and unaudited historical financial information contained in Forms 10-K and 10-Q concerning CBAC from its inception on April 6, 2005 through September 30, 2007; the Agreement and Plan of Merger by and between CBAC and TCF dated September 5, 2007 and Written Consent and Waiver thereto dated December 13, 2007; the financial terms of certain recent merger and acquisition transactions involving companies that we considered relevant; and other financial studies and analyses prepared by BOE and TCF. Additionally, we performed such other studies, analyses, and examinations as we deemed appropriate. We also took

into account our assessment of current and expected future general market and financial conditions and our experience in other transactions.

In addition, we have reviewed and discussed financial projections with BOE's management for the purpose of reviewing the future prospects of BOE as an independent entity. We also reviewed and discussed financial projections concerning TCF with TCF's management for the purpose of reviewing the future prospects of TCF as an independent entity. We assumed that, as of the date such projections were prepared, they were reasonably prepared

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reflecting the best estimates and judgments of BOE's or TCF's management as to the future operating and financial performance of BOE or TCF, considering that there will usually be differences between prospective and actual results because events and circumstances frequently do not occur as expected and those differences from the assumptions on which the projections were based may be material.

In performing our review, we have relied upon and assumed without independent investigation the accuracy and completeness of all the financial and other information that was provided to us by BOE, CBAC and TCF. We were not retained and did not conduct a physical inspection of any of the properties or facilities of BOE, CBAC or TCF. We did not make any independent evaluation or appraisal of the respective assets or liabilities of BOE, CBAC or TCF, nor were we furnished with any such evaluation or appraisal. We did not make an independent evaluation of the adequacy of the allowance for loan losses of BOE or TCF, nor have we reviewed any individual credit files relating to BOE or TCF. We have assumed that the aggregate allowances for loan losses for BOE and TCF are adequate to cover such losses. We have further assumed that all of the representations and warranties contained in the Agreement, as qualified by the Disclosure Schedules and Exhibits referred to therein, are true and correct in all material respects, that each party to the Agreement will perform in all material respects all of the covenants required to be performed by such party, and that the conditions precedent in the Agreement are not waived (other than such waivers as will not have a material adverse effect on a party to the Agreement, as the case may be).

We have also assumed that, except as described in the Agreement or in the Disclosure Schedules referred to therein, there has been no material adverse change in BOE's, CBAC's, or TCF's assets, financial condition, results of operations, business, or prospects since the date of the most recent financial statements reviewed or made available to us by BOE, CBAC, or TCF. Our opinion is necessarily based upon financial, economic, market, and other conditions as they exist and can be evaluated as of the date hereof and the information made available to us through the date hereof. Events occurring after the date hereof could materially affect this opinion.

Our opinion is directed to the Board of Directors of BOE in connection with its consideration of the Merger and does not constitute a recommendation to any stockholder as to how such stockholder should vote at any meeting of stockholders called to consider and vote upon the Merger. We are not expressing any opinion herein as to the prices at which BOE Common Stock or CBAC Common Stock will trade following the announcement or consummation of the Merger. Our opinion is directed only to the fairness, from a financial point of view, of the Merger Consideration and does not address the underlying business decision of BOE to engage in the Merger, the relative merits of the Merger as compared to any other alternative business strategies that might exist for BOE, or the effect of any other transaction in which BOE might engage. We were not requested to, and we did not, explore alternatives to the Merger or solicit the interest of any other parties in pursuing potential transactions with BOE. Feldman Financial believes that the preparation of a fairness opinion is a complex process involving the making of judgments and is not susceptible to partial analysis. Selecting portions of the analyses conducted by Feldman Financial, without considering the analysis as a whole, could create an incomplete view of the processes underlying Feldman Financial's opinion and lead to a misleading conclusion.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Merger Consideration is fair to the holders of BOE Common Stock, from a financial point of view.

Sincerely,

Feldman Financial Advisors, Inc.

APPENDIX E

**AGREEMENT AND PLAN OF MERGER
By And Between
COMMUNITY BANKERS ACQUISITION CORP.
AND
TRANSCOMMUNITY FINANCIAL CORPORATION
Dated as of
September 5, 2007**

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LIST OF EXHIBITS

Exhibit	Description
A	Certificate of Incorporation of the Surviving Corporation
B	Bylaws of the Surviving Corporation
C	Form of Support Agreement
D	Form of Retention Agreement of Members of the Surviving Corporation's Board of Directors
E	List of Affiliates
F	Form of Affiliate Agreement
G	Form of TFC's Legal Opinion
H	Form of CBAC's Legal Opinion

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this Agreement), dated as of September 5, 2007, is by and between Community Bankers Acquisition Corp., a Delaware corporation (CBAC) and TransCommunity Financial Corporation, a Virginia corporation (TFC).

Preamble

The Boards of Directors of CBAC and TFC are of the opinion that the transaction described herein is in the best interest of the Parties and their respective stockholders. This Agreement provides for the merger of TFC with and into CBAC (the Merger). At the effective time of the Merger, the outstanding shares of the capital stock of TFC shall be converted into the right to receive shares of the common stock of CBAC (as provided herein and subject to certain terms and conditions). As a result, stockholders of TFC shall become stockholders of CBAC. The transactions described in this Agreement are subject to the approvals of the stockholders of CBAC and TFC, the Federal Reserve and the Virginia State Corporation Commission's Bureau of Financial Institutions, as well as the satisfaction of certain other conditions described in this Agreement. It is the intention of the Parties to this Agreement that the Merger for federal income tax purposes shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986.

Immediately following the Effective Time, TransCommunity Bank, N.A., a national bank and a wholly owned subsidiary of TFC (the Bank) will remain in existence under its Articles of Association and Bylaws as in effect immediately prior to the Effective Time as a wholly owned subsidiary of CBAC. The directors and officers of the Bank prior to the Effective Time shall serve as the Bank's directors and officers following the Merger from and after the Effective Time in accordance with the Bank's bylaws. The headquarters of TFC and the Bank prior to the Effective Time will remain as the headquarters of the Surviving Corporation and the Bank following the Merger from and after the Effective Time in accordance with the Surviving Corporation's bylaws and the Bank's bylaws, as applicable.

Certain capitalized terms used in this Agreement are defined in Section 11.1 of this Agreement.

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, and other good and valuable consideration and the receipt and sufficiency of which are acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE 1

TRANSACTIONS AND TERMS OF MERGER

1.1 Merger.

Subject to the terms and conditions of this Agreement, at the Effective Time, TFC shall be merged with and into CBAC pursuant to Section 252 of the DGCL and Section 13.1-716 of the VSCA, and with the effect provided in Section 259 of the DGCL and Section 13.1-721 of the VSCA, CBAC shall be the Surviving Corporation resulting from the Merger and shall continue to be governed by the Laws of the State of Delaware and the Bank shall become a wholly-owned subsidiary of CBAC. The Merger shall be consummated pursuant to the terms of this Agreement, which has been approved and adopted by the respective Boards of Directors of CBAC and TFC.

1.2 Time and Place of Closing.

The closing of the transactions contemplated hereby (the Closing) will take place at 9:00 A.M. Eastern Time on the date that the Effective Time occurs (or the immediately preceding day if the Effective Time is earlier than 9:00 A.M. Eastern Time), or at such other time as the Parties, acting through their authorized officers, may mutually agree. The Closing shall be held at such location as may be mutually agreed upon by the Parties and may be effected by electronic or other transmission of signature pages, as mutually agreed upon.

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1.3 Effective Time.

The Merger and other transactions contemplated by this Agreement shall become effective on the date and at the time stated in the Certificate of Merger reflecting the Merger to be filed and become effective with the Secretary of State of the State of Delaware and the Articles of Merger reflecting the Merger to be filed and become effective with the Virginia State Corporation Commission (the Effective Time). Subject to the terms and conditions hereof, unless otherwise mutually agreed upon in writing by the authorized officers of each Party, the Parties shall use their reasonable efforts to cause the Effective Time to occur on or before December 1, 2007 and as soon as possible after the last of the following dates to occur: (i) the effective date (including expiration of any applicable waiting period) of the last required Consent of any Regulatory Authority having authority over and approving or exempting the Merger, and (ii) the date on which the last of the stockholders of CBAC and TFC approve this Agreement to the extent such approval is required by applicable Law, the TFC Articles of Incorporation and the CBAC Certificate of Incorporation.

1.4 Restructure of Transaction.

CBAC shall have the right to revise the structure of the Merger contemplated by this Agreement; *provided that* no such revision to the structure of the Merger (i) shall result in any changes in the amount or type of the consideration which the holders of shares of TFC Common Stock or TFC Rights are entitled to receive under this Agreement, (ii) would unreasonably impede or delay consummation of the Merger, or (iii) shall impose any less favorable terms or conditions on the Bank or TFC; *further provided, however*, no such revision shall be effective without the prior written consent of TFC. CBAC may request such consent by giving written notice to TFC in the manner provided in Section 11.8, which notice shall be in the form of a proposed amendment to this Agreement or in the form of a proposed Amended and Restated Agreement and Plan of Merger, and the addition of such other exhibits hereto as are reasonably necessary or appropriate to effect such change.

ARTICLE 2

TERMS OF MERGER

2.1 Charter.

The Amended and Restated Certificate of Incorporation of CBAC, substantially in the form attached to this Agreement as Exhibit A, shall be the Certificate of Incorporation of the Surviving Corporation, from and after the Effective Time, until otherwise duly amended or repealed.

2.2 Bylaws.

The Bylaws of CBAC, as amended and restated, substantially in the form attached to this Agreement as Exhibit B shall be the Bylaws of the Surviving Corporation, from and after the Effective Time, until otherwise duly amended or repealed.

2.3 Directors and Officers.

(a) Gary A. Simanson, who will serve as Vice Chairman of the Surviving Corporation, Eugene S. Putnam, Jr., Stewart J. Paperin and Keith Walz, each nominated by CBAC, together with six individuals nominated by TFC, one of which shall be the Chairman of TFC as of the date of this Agreement who will serve as Chairman of the Surviving Corporation, shall serve as the directors of the Surviving Corporation from and after the Effective Time in accordance with the Surviving Corporation's Bylaws, until the earlier of their resignation or removal or otherwise ceasing to be a director. The board of directors of the Surviving Corporation shall consist of three classes, each of which shall have

staggered three-year terms. Initially, two of the directors nominated by CBAC and two of the directors nominated by TFC shall be in the class of directors with a term ending at the Surviving Corporation's annual meeting of stockholders held in 2010, three of the directors, two of the directors nominated by TFC and one director nominated by CBAC, shall be in the class of directors with a term ending at the Surviving Corporation's annual meeting of stockholders held in 2009 and three of the directors, two of the directors nominated by TFC and one director nominated by CBAC, shall be in the class of directors with a term ending at the Surviving Corporation's annual meeting of

stockholders held in 2008. CBAC shall take all action necessary, including but not limited to the amendment of the Surviving Corporation's Bylaws, to effect the appointment of such persons to the Board of Directors of CBAC, effective as soon as practicable following the Effective Time.

(b) The President and Chief Executive Officer of TFC, as of the date of this Agreement, shall become the President and Chief Executive Officer of the Surviving Corporation and the Chief Financial Officer of TFC, as of the date of this Agreement, shall become the Chief Financial Officer of the Surviving Corporation. The Chief Executive Officer of CBAC as of the date of this Agreement, shall become the Chief Strategic Officer of the Surviving Corporation. Such persons shall serve as the officers of the Surviving Corporation from and after the Effective Time in accordance with the Surviving Corporation's Bylaws, until the earlier of their resignation or removal or otherwise ceasing to be an officer. CBAC shall take all action necessary, including but not limited to the amendment of the Surviving Corporation's Bylaws, to execute the appointment of such persons to their designated positions from and after the Effective Time in accordance with the Surviving Corporation's Bylaws.

(c) The 11 directors of the Bank, as of the date of this Agreement, shall be directors of the Bank from and after the Effective Time and the Chairman of the Bank, as of the date of this Agreement, will serve as the Chairman of the Bank from and after the Effective Time, all in accordance with the Bank's Bylaws or until the earlier of their resignation or removal or otherwise ceasing to be a director.

(d) The President and the Chief Credit Officer of the Bank as of the date of this Agreement shall be the President and Chief Credit Officer, respectively, of the Bank following the Effective Time. Such persons shall serve as the officers of the Bank from and after the Effective Time in accordance with the Bank's Bylaws, until the earlier of their resignation or removal or otherwise ceasing to be an officer. The Bank shall take all action necessary, including but not limited to the amendment of the Bank's Bylaws, to execute the appointment of such persons to their designated positions from and after the Effective Time in accordance with the Bank's Bylaws.

ARTICLE 3

MANNER OF CONVERTING SHARES

3.1 Conversion of Shares.

Subject to the provisions of this Article 3, at the Effective Time, by virtue of the Merger and without any action on the part of CBAC, TFC or the stockholders of either of the foregoing, the shares of the constituent corporations shall be converted as follows:

(a) Each share of CBAC Common Stock issued and outstanding immediately prior to the Effective Time, other than those shares as to which conversion rights provided for in Section C of Article Sixth of the CBAC Certification of Incorporation (Conversion Rights) have been exercised, shall remain issued and outstanding from and after the Effective Time and be unaffected solely as a result of the Merger.

(b) Each share of TFC Common Stock (excluding shares held by CBAC or any TFC Entity (Excluded Shares), in each case other than in a fiduciary capacity or as a result of debt previously contracted) issued and outstanding at the Effective Time shall cease to be outstanding and shall be converted into and exchanged for the right to receive 1.4200 shares of CBAC Common Stock (as subject to possible adjustment as set forth in Section 3.1(c) below, the Exchange Ratio) and cash in lieu of fractional shares as set forth in Section 3.3 (the Merger Consideration).

(c) If, after the Determination Date, the Average Closing Price is less than \$7.42, CBAC shall increase the Exchange Ratio to equal the quotient (rounded to the nearest one-ten-thousandth) obtained by dividing (i) \$10.5364 by (ii) the

Average Closing Price.

3.2 Anti-Dilution Provisions.

In the event CBAC changes the number of shares of CBAC Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, or similar recapitalization with respect to such stock (specifically excluding the effect of the exercise of the Conversion Rights) and the record date therefore (in the case of

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a stock dividend) or the effective date thereof (in the case of a stock split or similar recapitalization for which a record date is not established) shall be prior to the Effective Time, the Exchange Ratio shall be proportionately adjusted.

3.3 Appraisal.

Any holder of shares of TFC Common Stock who perfects such holder's appraisal rights in accordance with and as contemplated by Sections 13.1-729 through 13.1-741 of the VSCA shall be entitled to receive from the Surviving Corporation, in lieu of the Exchange Ratio, the value of such shares as to which appraisal rights have been perfected in cash as determined pursuant to such provision of Law; *provided, that* no such payment shall be made to any dissenting stockholder unless and until such dissenting stockholder has complied with all applicable provisions of such Law, and surrendered to TFC the certificate or certificates representing the shares for which payment is being made (the Dissenting Shares). In the event that after the Effective Time a dissenting stockholder of TFC fails to perfect, or effectively withdraws or loses, such holder's right to appraisal of and payment for such holder's shares, CBAC or the Surviving Corporation shall issue and deliver the consideration to which such holder of shares of TFC Common Stock is entitled under this Article 3 (without interest) upon surrender by such holder of the certificate or certificates representing such shares of TFC Common Stock held by such holder.

3.4 Fractional Shares.

Notwithstanding any other provision of this Agreement, each holder of shares of TFC Common Stock exchanged pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of CBAC Common Stock (after taking into account all certificates delivered by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional part of a share of CBAC Common Stock multiplied by the market value of one share of CBAC Common Stock at the Effective Time. The market value of one share of CBAC Common Stock at the Effective Time shall be the closing price on the AMEX (as reported by *The Wall Street Journal* or, if not reported thereby, any other authoritative source selected by CBAC) on the last trading day preceding the Effective Time.

3.5 Conversion of Stock Rights.

(a) At the Effective Time, each award, option, or other right to purchase or acquire shares of TFC Common Stock pursuant to stock options, stock appreciation rights, or stock awards (TFC Rights) granted by TFC under the TFC Stock Plans, which are outstanding at the Effective Time, whether or not exercisable, shall be converted into and become rights with respect to CBAC Common Stock, and CBAC shall assume each TFC Right, in accordance with the terms of the TFC Stock Plan and stock option agreement by which it is evidenced, except that from and after the Effective Time, (i) CBAC and its Compensation Committee, as established at the Effective Time of the Merger, shall be substituted for TFC and the committee of TFC's Board of Directors (including, if applicable, the entire Board of Directors of TFC) administering such TFC Stock Plan, (ii) each TFC Right assumed by CBAC may be exercised solely for shares of CBAC Common Stock (or cash in the case of stock appreciation rights), (iii) the number of shares of CBAC Common Stock subject to such TFC Right shall be equal to the number of shares of TFC Common Stock subject to such TFC Right immediately prior to the Effective Time multiplied by the Exchange Ratio, and (iv) the per share exercise price (or similar threshold price, in the case of stock awards) under each such TFC Right shall be adjusted by dividing the per share exercise (or threshold) price under each such TFC Right by the Exchange Ratio and rounding up to the nearest cent. Notwithstanding the provisions of clause (iii) of the preceding sentence, CBAC shall not be obligated to issue any fraction of a share of CBAC Common Stock upon exercise of TFC Rights and any fraction of a share of CBAC Common Stock that otherwise would be subject to a converted TFC Right shall represent the right to receive a cash payment equal to the product of such fraction and the difference between the market value of one share of CBAC Common Stock and the per share exercise price of such Right. The market value of one share of CBAC Common Stock shall be the closing price on the AMEX (as reported by *The Wall Street Journal* or, if not

reported thereby, any other authoritative source selected by CBAC) on the last trading day preceding the Effective Time. In addition, notwithstanding the provisions of clauses (iii) and (iv) of the first sentence of this Section 3.5, each TFC Right which is an incentive stock option shall be adjusted as required by Section 424 of the Internal Revenue Code, so as not to constitute a modification, extension, or renewal of the option, within the meaning of Section 424(h) of the Internal Revenue Code. CBAC agrees to take all necessary steps to effectuate the foregoing provisions of this Section 3.5.

(b) As soon as reasonably practicable after the Effective Time, CBAC shall deliver to the participants in each TFC Stock Plan an appropriate notice setting forth such participant's rights pursuant thereto and the grants pursuant to such TFC Stock Plan shall continue in effect on the same terms and conditions (subject to the adjustments required by Section 3.5(a) after giving effect to the Merger), and CBAC shall comply with the terms of each TFC Stock Plan to ensure, to the extent required by, and subject to the provisions of, such TFC Stock Plan, that TFC Rights which qualified as incentive stock options prior to the Effective Time continue to qualify as incentive stock options after the Effective Time. At or prior to the Effective Time, CBAC shall take all corporate action necessary to adopt and maintain the TFC Stock Plan and reserve for issuance sufficient shares of CBAC Common Stock for delivery upon exercise of TFC Rights assumed by it in accordance with this Section 3.5. As soon as reasonably practicable after the Effective Time, CBAC shall file a registration statement on Form S-1 or Form S-8, as the case may be (or any successor or other appropriate forms), with respect to the shares of CBAC Common Stock subject to such options and shall use its reasonable efforts to maintain the effectiveness of such registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such options remain outstanding. With respect to those individuals who subsequent to the Merger will be subject to the reporting requirements under Section 16(a) of the 1934 Act, where applicable, CBAC shall administer the TFC Stock Plan assumed pursuant to this Section 3.5 in a manner that complies with Rule 16b-3 promulgated under the 1934 Act.

(c) All restrictions or limitations on transfer with respect to TFC Common Stock awarded under the TFC Stock Plans or any other plan, program, or arrangement of any TFC Entity, to the extent that such restrictions or limitations shall not have already lapsed, and except as otherwise expressly provided in such plan, program, or arrangement, shall remain in full force and effect with respect to shares of CBAC Common Stock into which such restricted stock is converted pursuant to this Agreement.

(d) Nothing in this Section 3.5 shall be interpreted as preventing CBAC, from and after the Effective Time, from amending, modifying or terminating the TFC Stock Plan to comply with any Law or as appropriate for other business reasons in accordance with its terms and applicable Law.

ARTICLE 4

EXCHANGE OF SHARES

4.1 Exchange Procedures.

(a) As soon as reasonably practicable after the Effective Time, CBAC shall cause the exchange agent selected by CBAC (the Exchange Agent) to mail to the former stockholders of TFC appropriate transmittal materials (which shall specify that delivery shall be effected, and risk of loss and title to the certificates or other instruments theretofore representing shares of TFC Common Stock shall pass, only upon proper delivery of such certificates to the Exchange Agent). The certificate or certificates of TFC Common Stock so surrendered shall be duly endorsed as the Exchange Agent may reasonably require. In the event of a transfer of ownership of shares of TFC Common Stock represented by certificates that are not registered in the transfer records of TFC, the Merger Consideration payable for such shares as provided in Section 3.1 may be issued to a transferee if the certificates representing such shares are delivered to the Exchange Agent, accompanied by all documents required to evidence such transfer and by evidence reasonably satisfactory to the Exchange Agent that such transfer is proper and that any applicable stock transfer taxes have been paid. In the event any certificate representing TFC Common Stock certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed and the posting by such person of a bond in such amount as CBAC may reasonably direct as indemnity against any claim that may be made against it with respect to such certificate, the Exchange Agent shall issue in exchange for such lost, stolen or destroyed certificate the Merger Consideration as provided for in Section 3.1. The Exchange Agent may establish such other reasonable and customary rules and procedures in connection with its duties as it may deem

appropriate. CBAC shall pay all charges and expenses, including those of the Exchange Agent in connection with the distribution of the Merger Consideration as provided in Section 3.1.

(b) After the Effective Time, each holder of shares of TFC Common Stock (other than Excluded Shares) issued and outstanding at the Effective Time shall surrender the Certificate or Certificates representing such shares to the Exchange Agent and shall promptly upon surrender thereof receive in exchange therefore the consideration

provided in Section 3.1, without interest, pursuant to this Section 4.1. CBAC shall not be obligated to deliver the consideration to which any former holder of TFC Common Stock is entitled as a result of the Merger until such holder surrenders such holder's Certificate or Certificates for exchange as provided in this Section 4.1. Any other provision of this Agreement notwithstanding, neither CBAC, nor any TFC Entity, nor the Exchange Agent shall be liable to any holder of TFC Common Stock or to any holder of TFC Rights for any amounts paid or properly delivered in good faith to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(c) Each of CBAC and the Exchange Agent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of TFC Common Stock such amounts, if any, as it is required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign Tax Law or by any Taxing Authority or Governmental Authority. To the extent that any amounts are so withheld by CBAC, the Surviving Corporation or the Exchange Agent, as the case may be, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of TFC Common Stock or TFC Rights, as applicable in respect of which such deduction and withholding was made by CBAC, the Surviving Corporation or the Exchange Agent, as the case may be.

(d) Adoption of this Agreement by the stockholders of TFC shall constitute ratification of the appointment of the Exchange Agent.

4.2 Rights of Former TFC Stockholders.

At the Effective Time, the stock transfer books of TFC shall be closed as to holders of TFC Common Stock and no transfer of TFC Common Stock by any holder of such shares shall thereafter be made or recognized. Until surrendered for exchange in accordance with the provisions of Section 4.1, each Certificate theretofore representing shares of TFC Common Stock (other than certificates representing Excluded Shares and Dissenting Shares), shall from and after the Effective Time represent for all purposes only the right to receive the Merger Consideration, without interest, as provided in Article 3.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF TFC

TFC represents and warrants to CBAC, except as set forth on the TFC Disclosure Memorandum with respect to each such Section below as follows:

5.1 Organization, Standing, and Power.

TFC is a corporation duly organized, validly existing, and in good standing under the Laws of the Commonwealth of Virginia and is a bank holding company within the meaning of the Bank Holding Company Act of 1956 (the BHCA) and in good standing with the Federal Reserve. The Bank is a national bank, duly organized and validly existing under the laws of the United States and operates under Articles of Association and all necessary branch approvals issued by the OCC to engage in the commercial banking business at the offices in which such business is conducted. Each of TFC and the Bank has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its Assets. Each of TFC and the Bank is duly qualified or licensed to transact business as a foreign corporation in good standing in the states of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions where the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a TFC Material Adverse Effect. The minute books and other organizational documents for each of TFC and the Bank have been made available to CBAC for its review and, except as disclosed in Section 5.1 of the TFC Disclosure

Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the respective Board of Directors (including any committees of the Board of Directors) and stockholders thereof.

5.2 Authority of TFC; No Breach By Agreement.

(a) TFC has the corporate power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, and performance

of this Agreement and the consummation of the transactions contemplated herein, including the Merger, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of TFC, subject to the approval of this Agreement by the holders of a majority of the outstanding shares of TFC Common Stock entitled to be voted at the TFC Stockholders Meeting (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought), which is the only TFC stockholder vote required for approval of this Agreement and consummation of the Merger. Subject to such requisite stockholder approval, this Agreement represents a legal, valid, and binding obligation of TFC, enforceable against TFC in accordance with its terms.

(b) Neither the execution and delivery of this Agreement by TFC, nor the consummation by TFC of the transactions contemplated hereby, nor compliance by TFC with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of TFC's Articles of Incorporation or Bylaws or the charter, certificate of incorporation or articles of association or incorporation, as the case may be, or bylaws of any TFC Subsidiary or any resolution adopted by the Board of Directors or the stockholders of any TFC Entity, or (ii) except as disclosed in Section 5.2 of the TFC Disclosure Memorandum, constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any TFC Entity under, any TFC Contract or Permit of any TFC Entity or, (iii) subject to receipt of the requisite Consents referred to in Section 8.2(b), constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to any TFC Entity or any of their respective material Assets.

(c) Other than in connection or compliance with the provisions of the Securities Laws and applicable state corporate and securities Laws, and other than Consents required from Regulatory Authorities, and other than notices to or filings with the Internal Revenue Service (IRS) or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans, no notice to, filing with, or Consent of, any Governmental Authority is necessary for the consummation by TFC of the Merger and the other transactions contemplated in this Agreement.

5.3 Capital Stock.

(a) The authorized capital stock of TFC consists of 25,000,000 shares of TFC Common Stock and 5,000,000 shares of preferred stock, of which 4,586,741 shares of TFC Common Stock are issued and outstanding as of the date of this Agreement and no shares of preferred stock are issued and outstanding as of the date of this Agreement, and, assuming that all of the issued and outstanding TFC Rights had been exercised, not more than 4,898,741 shares would be issued and outstanding at the Effective Time. All of the issued and outstanding shares of capital stock of TFC are duly and validly issued and outstanding and are fully paid and nonassessable under the VSCA. None of the outstanding shares of capital stock of TFC have been issued in violation of any preemptive rights of the current or past stockholders of TFC.

(b) Except for the 580,000 shares of TFC Common Stock reserved for issuance pursuant to outstanding TFC Rights, each as disclosed in Section 5.3 of the TFC Disclosure Memorandum, there are no shares of capital stock or other equity securities of TFC reserved for issuance and no outstanding Rights relating to the capital stock of TFC.

(c) Except as specifically set forth in this Section 5.3, there are no shares of TFC capital stock or other equity securities of TFC outstanding and there are no outstanding Rights with respect to any TFC securities or any right or privilege (whether pre-emptive or contractual) capable of becoming a Contract or Right for the purchase, subscription, exchange or issuance of any securities of TFC.

5.4 TFC Subsidiaries.

TFC has disclosed in Section 5.4 of the TFC Disclosure Memorandum each of the TFC Subsidiaries that is a corporation (identifying its jurisdiction of incorporation, each jurisdiction in which it is qualified or licensed to transact business, and the number of shares owned and percentage ownership interest represented by such share ownership) and each of the TFC Subsidiaries that is a general or limited partnership, limited liability company, or other non-corporate entity (identifying the form of organization and the Law under which such entity is organized, each jurisdiction in which it is qualified and/or licensed to transact business, and the amount and nature of the ownership interest therein). Except as disclosed in Section 5.4 of the TFC Disclosure Memorandum, TFC owns,

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directly or indirectly, all of the issued and outstanding shares of capital stock (or other equity interests) of each TFC Subsidiary. No capital stock (or other equity interest) of any TFC Subsidiary is or may become required to be issued (other than to another TFC Entity) by reason of any Rights, and there are no Contracts by which any TFC Subsidiary is bound to issue (other than to another TFC Entity) additional shares of its capital stock (or other equity interests) or Rights or by which any TFC Entity is or may be bound to transfer any shares of the capital stock (or other equity interests) of any TFC Subsidiary (other than to another TFC Entity). There are no Contracts relating to the rights of any TFC Entity to vote or to dispose of any shares of the capital stock (or other equity interests) of any TFC Subsidiary. All of the shares of capital stock (or other equity interests) of each TFC Subsidiary held by a TFC Entity are fully paid and nonassessable and are owned directly or indirectly by such TFC Entity free and clear of any Lien. Except as disclosed in Section 5.4 of the TFC Disclosure Memorandum, each TFC Subsidiary is a national bank, corporation, limited liability company, limited partnership or limited liability partnership, and each such TFC Subsidiary is duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is incorporated or organized, and has the corporate or entity power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted. Each TFC Subsidiary is duly qualified or licensed to transact business as a foreign entity in good standing in the United States or the states of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have individually or in the aggregate, a TFC Material Adverse Effect. The Bank is an insured institution as defined in the Federal Deposit Insurance Act and applicable regulations thereunder, and the deposits held by the Bank are insured by the FDIC's Deposit Insurance Fund. The minute book and other organizational documents for each TFC Subsidiary have been made available to CBAC for its review, and, except as disclosed in Section 5.4 of the TFC Disclosure Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the Board of Directors and stockholders thereof.

5.5 Exchange Act Filings; Securities Offerings; Financial Statements.

Except as disclosed in Section 5.5 of the TFC Disclosure Memorandum:

(a) TFC has timely filed and made available to CBAC all Exchange Act Documents required to be filed by TFC since January 1, 2004 (the TFC Exchange Act Reports). The TFC Exchange Act Reports (i) at the time filed, complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws and (ii) did not, at the time they were filed (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing or, in the case of registration statements, at the effective date thereof) contain any untrue statement of a material fact or omit to state a material fact required to be stated in such TFC Exchange Act Reports or necessary in order to make the statements in such TFC Exchange Act Reports in light of the circumstances under which they were made, not misleading. Each offering or sale of securities by TFC (i) was either registered under the Securities Act or made pursuant to a valid exemption from registration, (ii) complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws, and (iii) was made pursuant to offering documents which did not, at the time of the offering (or, in the case of registration statements, at the effective date thereof) contain any untrue statement of a material fact or omit to state a material fact required to be stated in the offering documents or necessary in order to make the statements in such documents not misleading. TFC has delivered or made available to CBAC all comment letters received since January 1, 2002 by TFC from the staffs of the SEC and the Commonwealth of Virginia State Corporation Commission Division of Securities and Retail Franchising and all responses to such comment letters by or on behalf of TFC with respect to all filings under the Securities Laws and the Virginia Securities Act. TFC's principal executive officer and principal financial officer (and TFC's former principal executive officers and principal financial officers, as applicable) have made the certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act and the rules and regulations of the Exchange Act thereunder with respect to TFC's Exchange Act Documents to the extent such rules or regulations applied at the time of the filing. For purposes of the

preceding sentence, principal executive officer and principal financial officer shall have the meanings given to such terms in the Sarbanes Oxley Act. Such certifications contain no qualifications or exceptions to the matters certified therein and have not been modified or withdrawn; and neither TFC nor any of its officers has received notice from any Regulatory Authority

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questioning or challenging the accuracy, completeness, content, form or manner of filing or submission of such certifications. No TFC Subsidiary is required to file any Exchange Act Documents.

(b) Each of the TFC Financial Statements (including, in each case, any related notes) that are contained in the TFC Exchange Act Reports, including any TFC Exchange Act Reports filed after the date of this Agreement until the Effective Time, complied as to form in all material respects with the applicable rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements or, in the case of unaudited interim statements, as permitted by Form 10-Q of the Exchange Act), fairly presented in all material respects, the consolidated financial position of TFC and its Subsidiaries as at the respective dates and the consolidated results of operations and cash flows for the periods indicated, including the fair values of the assets and liabilities shown therein, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount or effect, and were certified to the extent required by the Sarbanes-Oxley Act.

(c) Each of TFC's independent public accountants, which have expressed their opinion with respect to the financial statements of TFC and its Subsidiaries whether or not included in TFC's Exchange Act Reports (including the related notes), is and have been throughout the periods covered by such financial statements independent registered public accountants with respect to TFC within the meaning of the Securities Laws and is registered with the Public Company Accounting Oversight Board. With respect to TFC, TFC's independent public accountants are not and have not been in violation of auditor independence requirements of the Sarbanes-Oxley Act and the rules and regulations promulgated in connection therewith. None of the non-audit services performed by TFC's independent public accountants for TFC and its Subsidiaries were prohibited services under the Sarbanes-Oxley Act and all such services were pre-approved in advance by TFC's audit committee in accordance with the Sarbanes-Oxley Act.

(d) TFC maintains disclosure controls and procedures required by Rule 13a-15(b) or 15d-15(b) under the Exchange Act; such controls and procedures are effective to ensure that all material information concerning TFC and its Subsidiaries is made known on a timely basis to the principal executive officer and the principal financial officer. TFC has delivered to CBAC copies of, all written descriptions of, and all policies, manuals and other documents promulgating, such disclosure controls and procedures. TFC and its directors and executive officers have complied at all times with Section 16(a) of the Exchange Act including the filing requirements thereunder to the extent applicable.

5.6 Absence of Undisclosed Liabilities.

No TFC Entity has any Liabilities required under GAAP to be set forth on a consolidated balance sheet or in the notes thereto that are not set forth therein and are reasonably likely to have, individually or in the aggregate, a TFC Material Adverse Effect, except Liabilities which are (i) accrued or reserved against in the consolidated balance sheets of TFC as of December 31, 2006 and June 30, 2007, included in the TFC Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto, (ii) incurred or paid in the ordinary course of business consistent with past practices subsequent to June 30, 2007 or (iii) incurred in connection with the transactions contemplated by this Agreement. Section 5.6 of the TFC Disclosure Memorandum lists, and TFC has attached and delivered to CBAC copies of the documentation creating or governing, all securitization transactions and off-balance sheet arrangements (as defined in Item 303(a)(4)(ii) of Regulation S-K of the Exchange Act) effected by TFC or its Subsidiaries. Except as disclosed in Section 5.6 of the TFC Disclosure Memorandum, no TFC Entity is directly or indirectly liable, by guarantee, indemnity, or otherwise, upon or with respect to, or obligated, by discount or repurchase agreement or in any other way, to provide funds in respect to, or obligated to guarantee or assume any Liability of any Person for any amount in excess of \$250,000 and any amounts, whether or not in excess of \$250,000 that, in the aggregate, exceed \$500,000. Except (x) as reflected in TFC's balance sheet at June 30, 2007 or liabilities described in any notes thereto (or liabilities for which neither accrual nor footnote disclosure is required pursuant to GAAP or any applicable

Regulatory Authority) or (y) for liabilities incurred in the ordinary course of business since June 30, 2007 consistent with past practice or in connection with this Agreement or the transactions contemplated hereby, neither TFC nor any of its Subsidiaries has any Material Liabilities or obligations of any nature.

5.7 Absence of Certain Changes or Events.

Since June 30, 2007, except as disclosed in the TFC Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 5.7 of the TFC Disclosure Memorandum, (i) there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a TFC Material Adverse Effect, and (ii) none of the TFC Entities has taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of TFC provided in this Agreement.

5.8 Tax Matters.

Except as disclosed in Section 5.8 of the TFC Disclosure Memorandum:

(a) All TFC Entities have timely filed with the appropriate Taxing Authorities, all Tax Returns in all jurisdictions in which Tax Returns are required to be filed, and such Tax Returns are correct and complete in all respects. None of the TFC Entities is the beneficiary of any extension of time within which to file any Tax Return. All Taxes of the TFC Entities (whether or not shown on any Tax Return) have been fully and timely paid. There are no Liens for any Taxes (other than a Lien for current real property or *ad valorem* Taxes not yet due and payable) on any of the Assets of any of the TFC Entities. No claim has ever been made by an authority in a jurisdiction where any TFC Entity does not file a Tax Return that such TFC Entity may be subject to Taxes by that jurisdiction.

(b) None of the TFC Entities has received any notice of assessment or proposed assessment in connection with any Taxes, and there are no threatened or pending disputes, claims, audits or examinations regarding any Taxes of any TFC Entity or the assets of any TFC Entity. No officer or employee responsible for Tax matters of any TFC Entity has Knowledge that any Taxing Authority is reasonably likely to assess any additional Taxes for any period for which Tax Returns have been filed. No issue has been raised by a Taxing Authority in any prior examination of any TFC Entity which, by application of the same or similar principles, could be expected to result in a proposed deficiency for any subsequent taxable period. None of the TFC Entities has waived any statute of limitations in respect of any Taxes or agreed to a Tax assessment or deficiency.

(c) Each TFC Entity has complied with all applicable Laws, rules and regulations relating to the withholding of Taxes and the payment thereof to appropriate authorities, including Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee or independent contractor, and Taxes required to be withheld and paid pursuant to Sections 1441 and 1442 of the Code or similar provisions under foreign Law.

(d) The unpaid Taxes of each TFC Entity (i) did not, as of the most recent fiscal month end, exceed the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the most recent balance sheet (rather than in any notes thereto) for such TFC Entity and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with past custom and practice of the TFC Entities in filing their Tax Returns.

(e) Except as described in Section 5.8(e) of the TFC Disclosure Memorandum, none of the TFC Entities is a Party to any Tax allocation or sharing agreement and none of the TFC Entities has been a member of an affiliated group filing a consolidated federal income Tax Return or has any Tax Liability of any Person under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign Law, or as a transferee or successor, by contract or otherwise.

(f) During the five-year period ending on the date hereof, none of the TFC Entities was a distributing corporation or a controlled corporation as defined in, and in a transaction intended to be governed by Section 355 of the Code.

(g) Except as disclosed in Section 5.8(g) of the TFC Disclosure Memorandum, none of the TFC Entities has made any payments, is obligated to make any payments, or is a Party to any contract that could obligate it to make any payments that could be disallowed as a deduction under Section 280G or 162(m) of the Code, or which would be subject to withholding under Section 4999 of the Code. TFC has not been a United States real property holding corporation within the meaning of Section 897(c)(1)(A)(ii) of the Code. None of the TFC

Entities has been or will be required to include any adjustment in taxable income for any Tax period (or portion thereof) pursuant to Section 481 of the Code or any comparable provision under state or foreign Tax Laws as a result of transactions or events occurring prior to the Closing. There is no taxable income of TFC that will be required under applicable tax law to be reported by CBAC, for a taxable period beginning after the Closing Date which taxable income was realized prior to the Closing Date. Any net operating losses of the TFC Entities disclosed in Section 5.8(g) of the TFC Disclosure Memorandum are not subject to any limitation on their use under the provisions of Sections 382 or 269 of the Code or any other provisions of the Code or the Treasury Regulations dealing with the utilization of net operating losses other than any such limitations as may arise as a result of the consummation of the transactions contemplated by this Agreement.

(h) Each of the TFC Entities is in compliance with, and its records contain all information and documents (including properly completed IRS Forms W-9) necessary to comply with, all applicable information reporting and Tax withholding requirements under federal, state, and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under Section 3406 of the Code.

(i) No TFC Entity is subject to any private letter ruling of the IRS or comparable rulings of any Taxing Authority.

(j) No property owned by any TFC Entity is (i) property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) tax-exempt use property within the meaning of Section 168(h)(1) of the Code, (iii) tax-exempt bond financed property within the meaning of Section 168(g) of the Code, (iv) limited use property within the meaning of Rev. Proc. 76-30, (v) subject to Section 168(g)(1)(A) of the Code, or (vi) subject to any provision of state, local or foreign Law comparable to any of the provisions listed above.

(k) No TFC Entity has any corporate acquisition indebtedness within the meaning of Section 279 of the Code.

(l) No TFC Entity has participated in any reportable transaction, as defined in Treasury Regulation Section 1.6011-4(b)(1), or a transaction substantially similar to a reportable transaction.

(m) TFC has provided CBAC with complete copies of (i) all federal, state, local and foreign income or franchise Tax Returns of the TFC Entities relating to the taxable periods since inception and (ii) any audit report issued within the last four years relating to any Taxes due from or with respect to the TFC Entities.

(n) No TFC Entity nor any other Person on its behalf has (i) filed a consent pursuant to Section 341(f) of the Code (as in effect prior to the repeal under the Jobs and Growth Tax Reconciliation Act of 2003) or agreed to have Section 341(f)(2) of the Code (as in effect prior to the repeal under the Jobs and Growth Tax Reconciliation Act of 2003) apply to any disposition of a subsection (f) asset (as such term is defined in Section 341(f)(4) of the Code) owned by any TFC Entities, (ii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of Law with respect to the TFC Entities, or (iii) granted to any Person any power of attorney that is currently in force with respect to any Tax matter.

(o) No TFC Entity has, or ever had, a permanent establishment in any country other than the United States, or has engaged in a trade or business in any country other than the United States that subjected it to tax in such country.

For purposes of this Section 5.8, any reference to TFC or any TFC Entity shall be deemed to include any Person which merged with or was liquidated into or otherwise combined with TFC or a TFC Entity.

5.9 Allowance for Possible Loan Losses; Loan and Investment Portfolio, etc.

(a) TFC's allowance for loan losses (the Allowance) shown on the balance sheets of TFC included in the most recent TFC Financial Statements dated prior to the date of this Agreement was, and the Allowance shown on the balance sheets of TFC included in the TFC Financial Statements as of dates subsequent to the execution of this Agreement will be, as of the dates thereof, adequate (within the meaning of GAAP and applicable regulatory requirements or guidelines) to provide for all known or reasonably anticipated losses relating to or inherent in the

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loan portfolios (including accrued interest receivables, letters of credit, and commitments to make loans or extend credit) by the TFC Entities as of the dates thereof. The TFC Financial Statements fairly present the fair market values of all loans, leases, securities, tangible and intangible assets and liabilities, and any impairments thereof.

(b) As of the date hereof, all loans, discounts and leases (in which any TFC Entity is lessor) reflected on the TFC Financial Statements were, and with respect to the consolidated balance sheets delivered as of the dates subsequent to the execution of this Agreement will be as of the dates thereof, (i) at the time and under the circumstances in which made, made for good, valuable and adequate consideration in the ordinary course of business and are the legal and binding obligations of the obligors thereof, (ii) evidenced by genuine notes, agreements or other evidences of indebtedness and (iii) to the extent secured, have been secured, to the Knowledge of TFC, by valid liens and security interests which have been perfected. Accurate lists of all loans, discounts and financing leases as of August 23, 2007 and on a monthly basis thereafter, and of the investment portfolios of each TFC Entity as of such date, have been and will be delivered to CBAC concurrently with the TFC Disclosure Memorandum. Except as specifically set forth in Section 5.9(b) of the TFC Disclosure Memorandum, neither TFC nor the Bank is a Party to any written or oral loan agreement, note or borrowing arrangement, including any loan guaranty, that was, as of the most recent month-end (i) delinquent by more than 30 days in the payment of principal or interest, (ii) to the Knowledge of TFC, otherwise in material default for more than 30 days, (iii) classified as substandard, doubtful, loss, other assets especially mentioned or any comparable classification by TFC or by any applicable Regulatory Authority or Reserve, (iv) an obligation of any director, executive officer or 10% stockholder of any TFC Entity who is subject to Regulation O of the Federal Reserve Board (12 C.F.R. Part 215), or any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing, or (v) in violation of any Law.

5.10 Assets.

(a) Except as disclosed in Section 5.10 of the TFC Disclosure Memorandum or as disclosed or reserved against in the TFC Financial Statements delivered prior to the date of this Agreement, the TFC Entities have good and (to the extent owned) marketable title, free and clear of all Liens, to all of their respective Assets. All tangible properties used in the businesses of the TFC Entities are in good condition, reasonable wear and tear excepted, and are usable in the ordinary course of business consistent with TFC's past practices.

(b) All Assets which are material to TFC's business on a consolidated basis, held under leases or subleases by any of the TFC Entities, are held under valid Contracts enforceable in accordance with their respective terms, and each such Contract is in full force and effect.

(c) The TFC Entities currently maintain insurance, including bankers' blanket bonds, with insurers of recognized financial responsibility, similar in amounts, scope, and coverage to that maintained by other peer organizations. None of the TFC Entities have received written notice from any insurance carrier, or have any reason to believe that (i) any policy of insurance will be canceled or that coverage thereunder will be reduced or eliminated, (ii) premium costs with respect to such policies of insurance will be substantially increased, or (iii) similar coverage will be denied or limited or not extended or renewed with respect to any TFC Entity, any act or occurrence, or that any Asset, officer, director, employee or agent of any TFC Entity will not be covered by such insurance or bond. There are presently no claims for amounts exceeding \$125,000 individually or in the aggregate pending under such policies of insurance or bonds, and no notices of claims in excess of such amounts have been given by any TFC Entity under such policies. TFC has made no claims, and no claims are contemplated to be made, under its directors' and officers' errors and omissions or other insurance or bankers' blanket bond.

(d) The Assets of the TFC Entities include all Assets required by TFC Entities to operate the business of the TFC Entities as presently conducted.

5.11 Intellectual Property.

Except as disclosed in Section 5.11 of the TFC Disclosure Memorandum, each TFC Entity owns or has a license to use all of the Intellectual Property used by such TFC Entity in the course of its business, including sufficient rights in each copy possessed by each TFC Entity. Each TFC Entity is the owner of or has a license, with the right to sublicense, to any Intellectual Property sold or licensed to a third party by such TFC Entity in connection with such TFC Entity's business operations, and such TFC Entity has the right to convey by sale or license any

Intellectual Property so conveyed. No TFC Entity is in Default under any of its Intellectual Property licenses. No proceedings have been instituted, or are pending or to the Knowledge of TFC threatened, which challenge the rights of any TFC Entity with respect to Intellectual Property used, sold or licensed by such TFC Entity in the course of its business, nor has any person claimed or alleged any rights to such Intellectual Property. To TFC's Knowledge, the conduct of the business of the TFC Entities does not infringe any Intellectual Property of any other person. No TFC Entity is obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property. TFC has no Contracts with any of its directors, officers, or employees which require such officer, director or employee to assign any interest in any Intellectual Property to a TFC Entity and to keep confidential any trade secrets, proprietary data, customer information, or other business information of a TFC Entity, and to TFC's Knowledge, no such officer, director or employee is party to any Contract with any Person other than a TFC Entity which requires such officer, director or employee to assign any interest in any Intellectual Property to any Person other than a TFC Entity or to keep confidential any trade secrets, proprietary data, customer information, or other business information of any Person other than a TFC Entity. No officer, director or employee of any TFC Entity is party to any confidentiality, nonsolicitation, noncompetition or other Contract which restricts or prohibits such officer, director or employee from engaging in activities competitive with any Person, including any TFC Entity.

5.12 Environmental Matters.

(a) TFC has delivered, or caused to be delivered to CBAC, true and complete copies of, all environmental site assessments, test results, analytical data, boring logs, permits for storm water, wetlands fill, or other environmental permits for construction of any building, parking lot or other improvement, and other environmental reports and studies in the possession of any TFC Entity relating to its Participating Facilities and Operating Facilities. To TFC's Knowledge, there are no material violations of Environmental Laws on properties that secure loans made by TFC or Bank.

(b) To TFC's Knowledge, each TFC Entity, its Participation Facilities, and its Operating Properties are, and have been, in compliance with all Environmental Laws, except for violations which are not reasonably likely to have, individually or in the aggregate, a TFC Material Adverse Effect.

(c) There is no Litigation pending, or to TFC's Knowledge, no environmental enforcement action, investigation, or litigation threatened before any Governmental Authority or other forum in which any TFC Entity or any of its Operating Properties or Participation Facilities (or TFC in respect of such Operating Property or Participation Facility) has been or, with respect to threatened Litigation, may be named as a defendant (i) for alleged noncompliance (including by any predecessor) with or Liability under any Environmental Law or (ii) relating to the release, discharge, spillage, or disposal into the environment of any Hazardous Material, whether or not occurring at, on, under, adjacent to, or affecting (or potentially affecting) a site currently or formerly owned, leased, or operated by any TFC Entity or any of its Operating Properties or Participation Facilities nor is there any reasonable basis for any litigation as described in this Section 5.12(c), except as such is not reasonably likely to have, individually or in the aggregate, a TFC Material Adverse Effect.

(d) During the period of (i) any TFC Entity's ownership or operation of any of their respective current properties, (ii) any TFC Entity's participation in the management of any Participation Facility, or (iii) any TFC Entity's holding of a security interest in any Operating Property, there have been no releases, discharges, spillages, or disposals of Hazardous Material in, on, under, or to TFC's Knowledge adjacent to or affecting (or potentially affecting), such properties. Prior to the period of (i) any TFC Entity's ownership or operation of any of their respective current properties, (ii) any TFC Entity's participation in the management of any Participation Facility, or (iii) any TFC Entity's holding of a security interest in any Operating Property, to TFC's Knowledge, there were no releases, discharges, spillages, or disposals of Hazardous Material in, on, under, or affecting any such property, Participation Facility or Operating Property. During and, to TFC's Knowledge prior to, the period of (i) TFC Entity's ownership or operation of

any of their respective current properties, (ii) any TFC Entity's participation in the management of any Participation Facility, or (iii) any TFC Entity's holding of a security interest in any Operating Property, there have been no violations of any Environmental Laws at such property or facility, including but not limited to unauthorized alterations of wetlands.

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5.13 Compliance with Laws.

(a) TFC is a bank holding company duly registered and in good standing as such with the Federal Reserve. The Bank is chartered by the OCC and validly existing, and its deposits are insured by the FDIC.

(b) Each of the TFC Entities has in effect all Permits and has made all filings, applications, and registrations with Governmental Authorities that are required for it to own, lease, or operate its assets and to carry on its business as now conducted, and there has occurred no Default under any such Permit applicable to their respective businesses or employees conducting their respective businesses.

(c) None of the TFC Entities is in Default under any Laws or Orders (not including Environmental Laws) applicable to its business or employees conducting its business.

(d) Except as disclosed in Section 5.13(d) of the TFC Disclosure Memorandum, since January 1, 2004, none of the TFC Entities has received any notification or communication from any Governmental Authority (i) asserting that TFC or any of its Subsidiaries is in Default under any of the Permits, Laws or Orders (not including Environmental Laws) which such Governmental Authority enforces, (ii) threatening to revoke any Permits (not including those relating to environmental matters set forth in Section 5.12 of this Agreement), or (iii) requiring TFC or any of its Subsidiaries (x) to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding (not including those relating to environmental matters set forth in Section 5.12 of this Agreement), or (y) to adopt any resolution of its Board of Directors or similar undertaking which restricts materially the conduct of its business or in any manner relates to its employment decisions, its employment or safety policies or practices (not including those relating to environmental matters set forth in Section 5.12 of this Agreement).

(e) Except as disclosed in Section 5.13(e) of the TFC Disclosure Memorandum, there are no (i) unresolved violations, criticisms, or exceptions by any Governmental Authority with respect to any report or statement relating to any examinations or inspections of TFC or any of its Subsidiaries (not including those relating to environmental matters set forth in Section 5.12 of this Agreement) or (ii) written notices or correspondence received by TFC and TFC does not reasonably expect to receive any notices or correspondence with respect to formal or informal inquiries by, or disagreements or disputes with, any Governmental Authority (not including those relating to environmental matters set forth in Section 5.12 of this Agreement) with respect to TFC's or any of TFC's Subsidiaries' business, operations, policies or procedures since January 1, 2002. There are not any pending or, to TFC's Knowledge, threatened investigations or reviews of TFC or any of its Subsidiaries nor has any Governmental Authority indicated an intention to conduct any investigations or reviews of TFC or any of its Subsidiaries.

(f) None of the TFC Entities nor any of its directors, officers, employees or Representatives acting on its behalf has offered, paid, or agreed to pay any Person, including any Government Authority, directly or indirectly, any thing of value for the purpose of, or with the intent of obtaining or retaining any business in violation of applicable Laws, including (i) using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) making any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violating any provision of the Foreign Corrupt Practices Act of 1977, as amended, or (iv) making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(g) Each TFC Entity has complied with all requirements of Law under the Bank Secrecy Act and the USA Patriot Act and applicable regulations promulgated thereunder, and each TFC Entity has timely filed all reports of suspicious activity, including those required under 12 C.F.R. § 21.11.

(h) The Bank has complied and will comply with all requirements of Law governing and regulating the closing of branch offices of the Bank.

5.14 Labor Relations.

(a) No TFC Entity is the subject of any Litigation asserting that it or any other TFC Entity has committed an unfair labor practice (within the meaning of the National Labor Relations Act of 1935, as amended, or comparable state Law) or other violation of state or federal labor Law or seeking to compel it or any other TFC Entity to bargain with any labor organization or other employee representative as to wages or conditions of employment, nor is any

TFC Entity Party to any collective bargaining agreement or subject to any bargaining order, injunction or other Order relating to TFC's relationship or dealings with its employees, any labor organization or any other employee representative. There is no strike, slowdown, lockout or other job action or labor dispute involving any TFC Entity pending or threatened and there have been no such actions or disputes in the past five years. To TFC's Knowledge, there has not been any attempt by any TFC Entity employees or any labor organization or other employee representative to organize or certify a collective bargaining unit or to engage in any other union organization activity with respect to the workforce of any TFC Entity. Except as disclosed in Section 5.14 of the TFC Disclosure Memorandum, employment of each employee and the engagement of each independent contractor of each TFC Entity is terminable at will by the relevant TFC Entity without (i) any penalty, liability or severance obligation incurred by any TFC Entity, (ii) and in all cases without prior consent by any Governmental Authority. No TFC Entity will owe any amounts to any of its employees or independent contractors as of the Closing Date, including any amounts incurred for any wages, bonuses, vacation pay, sick leave, contract notice periods, change of control payments or severance obligations, except as disclosed in Section 5.14 of the TFC Disclosure Memorandum. The term "TFC Benefit Plan" shall include without limitation any and all of the TFC Stock Plan and any and all grants, options, rights and other matters associated therewith.

(b) To TFC's Knowledge, all of the employees employed in the United States are either United States citizens or are legally entitled to work in the United States under the Immigration Reform and Control Act of 1986, as amended, other United States immigration Laws and the Laws related to the employment of non-United States citizens applicable in the state in which the employees are employed.

(c) No TFC Entity has effectuated (i) a plant closing (as defined in the Worker Adjustment and Retraining Notification Act (the "WARN Act")) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any TFC Entity; or (ii) a mass layoff (as defined in the WARN Act) affecting any site of employment or facility of any TFC Entity; and no TFC Entity has been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local Law. None of any TFC Entity's employees has suffered an employment loss (as defined in the WARN Act) since six months prior to the Closing Date.

5.15 Employee Benefit Plans.

(a) TFC has listed in Section 5.15(a)(i) of the TFC Disclosure Memorandum, and has delivered or made available to CBAC prior to the execution of this Agreement copies of (i) each Employee Benefit Plan currently adopted, maintained by, sponsored in whole or in part by, or contributed or required to be contributed to by any TFC Entity or ERISA Affiliate thereof for the benefit of employees, former employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries or under which employees, retirees, former employees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate (each, a "TFC Benefit Plan", and collectively, the "TFC Benefit Plans") and (ii) has listed in Section 5.15(a)(ii) of the TFC Disclosure Memorandum each Employee Benefit Plan that is not identified in (i) above (e.g., former Employee Benefit Plans) in respect of which any TFC Entity or ERISA Affiliate thereof has or reasonably could have any obligation or Liability (each, an "Other Plan"). Any of the TFC Benefit Plans which is an employee pension benefit plan, as that term is defined in ERISA Section 3(2), is referred to herein as a "TFC ERISA Plan". No TFC ERISA Plan or Other Plan is a defined benefit plan (as defined in Code Section 414(j)), or is subject to Code Section 412 or Title IV of ERISA.

(b) TFC has delivered or made available to CBAC prior to the execution of this Agreement (i) all trust agreements or other funding arrangements for all Employee Benefit Plans, (ii) all determination letters, rulings, opinion letters, information letters or advisory opinions issued by the IRS, the United States Department of Labor ("DOL") or the Pension Benefit Guaranty Corporation during this calendar year or any of the preceding three calendar years, (iii) any filing or documentation (whether or not filed with the IRS) where corrective action was taken in connection with the

IRS EPCRS program set forth in Revenue Procedure 2001-17 (or its predecessor or successor rulings), (iv) annual reports or returns, audited or unaudited financial statements, actuarial reports and valuations prepared for any Employee Benefit Plan for the current plan year and the three preceding plan years, and (v) the most recent summary plan descriptions and any material modifications thereto.

(c) Each TFC Benefit Plan is in material compliance with the terms of such TFC Benefit Plan, in material compliance with the applicable requirements of the Code, in material compliance with the applicable requirements of ERISA, and in material compliance with any other applicable Laws. Each TFC ERISA Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter or opinion from the IRS that is as current as possible under applicable IRS procedures and that is still in effect and applies to the applicable TFC ERISA Plan as amended and as administered or, within the time permitted under Code Section 401(b), has timely applied for a favorable determination letter, which when issued, will be as current as possible under applicable IRS procedures and which, when issued, will apply retroactively to the TFC ERISA Plan as amended and as administered. TFC is not aware of any circumstances likely to result in revocation of any such favorable determination letter, which has been issued by the IRS, and TFC is not aware of any circumstances likely to result in a failure to issue any such favorable determination letter for which it has applied. TFC has not received any communication (written or unwritten) from any Governmental Authority questioning or challenging the compliance of any TFC Benefit Plan with applicable Laws. No TFC Benefit Plan is currently being audited by any Governmental Authority for compliance with applicable Laws or has been audited with a determination by any Governmental Authority that the Employee Benefit Plan failed to comply with applicable Laws.

(d) There has been no oral or written representation or communication with respect to any aspect of any TFC Benefit Plan made to any employee of any TFC Entity which is not in accordance with the written or otherwise preexisting terms and provisions of such plans. Neither TFC nor any administrator or fiduciary of any TFC Benefit Plan (or any agent of any of the foregoing) has engaged in any transaction, or acted or failed to act in any manner, which could subject CBAC or any TFC Entity to any direct or indirect Liability (by indemnity or otherwise) for breach of any fiduciary, co-fiduciary or other duty under ERISA. There are no unresolved claims or disputes under the terms of, or in connection with, any TFC Benefit Plan other than claims for benefits which are payable in the ordinary course of business and no action, proceeding, prosecution, inquiry, hearing or investigation has been commenced with respect to any TFC Benefit Plan.

(e) All TFC Benefit Plan documents and annual reports or returns, audited or unaudited financial statements, actuarial valuations, summary annual reports, and summary plan descriptions issued with respect to the TFC Benefit Plans are correct and complete in all material respects, have been timely filed with the IRS or the DOL (to the extent required by Law), and distributed to participants of any or all of the TFC Benefit Plans (as required by Law), and there have been no changes in the information set forth therein.

(f) To TFC's Knowledge, no party in interest (as defined in ERISA Section 3(14)) or disqualified person (as defined in Code Section 4975(e)(2)) of any TFC Benefit Plan has engaged in any nonexempt prohibited transaction (described in Code Section 4975(c) or ERISA Section 406).

(g) No TFC Entity has, or ever has had, any Liability related to, a pension plan or any other plan that is or was subject to Code Section 412 or ERISA Section 302 or Title IV of ERISA. There is no Lien nor is there expected to be a Lien under Code Section 412(n) or ERISA Section 302(f) or Tax under Code Section 4971 applicable to any TFC Entity or any TFC Entity's Assets. Neither TFC nor any of its ERISA Affiliates is subject to or can reasonably be expected to become subject to a Lien under Code Section 401(a)(29). All premiums required to be paid under ERISA Section 4006, if any, have been timely paid by TFC and by each of its ERISA Affiliates.

(h) No Liability under Title IV of ERISA has been or is expected to be incurred by any TFC Entity or any ERISA Affiliate thereof and no event has occurred that could reasonably result in Liability under Title IV of ERISA being incurred by any TFC Entity or any ERISA Affiliate thereof with respect to any ongoing, frozen, terminated or other single-employer plan. There has been no reportable event, within the meaning of ERISA Section 4043, for which the 30-day reporting requirement has not been waived by any ongoing, frozen, terminated or other single employer plan of any TFC Entity or of any ERISA Affiliate thereof.

(i) Except as disclosed in Section 5.15(i) of the TFC Disclosure Memorandum, no TFC Entity has any Liability for retiree or similar health, life or death benefits under any of the TFC Benefit Plans, or other plan or arrangement, except to the extent required under Part 6 of Title I of ERISA or Code Section 4980B and there are no restrictions on the rights of such TFC Entity to amend or terminate any such retiree health or benefit plan without incurring any Liability thereunder. No Tax under Code Sections 4980B or 5000 has been incurred with respect to any TFC Benefit Plan, or other plan or arrangement, and no circumstance exists which could give rise to such Taxes.

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(j) Except as disclosed in Section 5.15(j) of the TFC Disclosure Memorandum, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation, golden parachute, or otherwise) becoming due to any director or any employee of any TFC Entity from any TFC Entity under any TFC Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any TFC Benefit Plan, or (iii) result in any acceleration of the time of payment or vesting of any such benefit, or any benefit under any life insurance owned by any TFC Entity or the rights of any TFC Entity in, to or under any insurance on the life of any current or former officer, director or employee of any TFC Entity, or change any rights or obligations of any TFC Entity with respect to such insurance.

(k) The actuarial present values of all accrued deferred compensation entitlements (including entitlements under any executive compensation, supplemental retirement, or employment agreement) of employees and former employees of any TFC Entity and their respective beneficiaries, other than entitlements accrued pursuant to funded retirement plans, whether or not subject to the provisions of Code Section 412 or ERISA Section 302, have been fully reflected on the TFC Financial Statements to the extent required by and in accordance with GAAP.

(l) All individuals who render services to any TFC Entity and who are eligible to participate in a TFC Benefit Plan pursuant to the terms of such TFC Benefit Plan are in fact eligible to and authorized to participate in such TFC Benefit Plan in accordance with the terms of such TFC Benefit Plan, the Code, ERISA and other applicable Laws.

(m) Neither TFC nor any ERISA Affiliate thereof has had an obligation to contribute (as defined in ERISA Section 4212) to, or other obligations or Liability in connection with, a multiemployer plan (as defined in ERISA Sections 4001(a)(3) or 3(37)(A)).

(n) Except as disclosed in Section 5.15(n) of the TFC Disclosure Memorandum, there are no payments or changes in terms due to any insured person as a result of this Agreement, the Merger or the transactions contemplated herein, under any bank-owned, corporate-owned split dollar life insurance, other life insurance, or similar arrangement or Contract, and the Surviving Corporation shall, upon and after the Effective Time, succeed to and have all the rights in, to and under such life insurance Contracts as TFC presently holds. Each TFC Entity will, upon the execution and delivery of this Agreement, and will continue to have, notwithstanding this Agreement or the consummation of the transaction contemplated hereby, all ownership rights and interest in all corporate or bank-owned life insurance.

(o) No TFC Benefit Plan holds any employer security (within the meaning of ERISA Section 407(d)(1)) or employer real property (within the meaning of ERISA Section 407(d)(2)); and no commitment has been made that would require any TFC Benefit Plan to hold any such employer security or employer real property.

(p) All contributions and premiums required by applicable Law or the terms of an applicable TFC Benefit Plan to be paid prior to Closing have been or will be timely made or paid in full prior to the Closing.

(q) There has been no act or omission which has given rise to or may give rise to material fines, penalties, taxes or related charges under Sections 502(c), 502(i), 501(l) or 4071 of ERISA or Chapters 43, 47 or 68 of the Code for which any of the TFC Entities or any ERISA Affiliate thereof may be liable.

(r) No action has been or reasonably ought to be taken to correct any defects with respect to any TFC Benefit Plan under any IRS correction procedure or any United States Department of Labor fiduciary correction procedure.

(s) No payment permitted, contemplated or required by any TFC Benefit Plan would in the aggregate constitute excess parachute payments as defined in Section 280G of the Code (without regard to subsection (b)(4) thereof).

(t) Each TFC Benefit Plan which constitutes a group health plan (as defined in ERISA Section 607(1) or Code Section 4980B(g)(2)) has been operated in material compliance with applicable Law.

(u) There has been no act or omission that would impair or otherwise limit the right or ability of TFC or the Bank, as may be applicable, to unilaterally amend, from time to time, or terminate, any TFC Benefit Plan in those instances where such may be unilaterally amended or terminated.

(v) Each TFC Benefit Plan which is subject to Code Section 409A has been operated and administered in compliance with and otherwise complies with such section. No tax, interest or penalty has been assessed or incurred

pursuant to Code Section 409A in relation to any TFC Benefit Plan. No stock option, stock appreciation right, stock grant, or other equity-related rights, grants or options associated with any TFC Entity, including without limitation the TFC Stock Plan and all grants, options, rights or other matters associated with the TFC Stock Plan, is subject to or required to comply with any provision of Code Section 409A. Any TFC Benefit Plan which is subject to or required to comply with any provision of Code Section 409A is listed in Section 5.15(v) of the TFC Disclosure Memorandum.

5.16 Material Contracts.

(a) Except as disclosed in Section 5.16 of the TFC Disclosure Memorandum or otherwise reflected in the TFC Financial Statements, none of the TFC Entities, nor any of their respective Assets, businesses, or operations, is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, termination, consulting, or retirement Contract providing for aggregate payments to any Person in any calendar year in excess of \$125,000, (ii) any Contract relating to the borrowing of money by any TFC Entity or the guarantee by any TFC Entity of any such obligation (other than Contracts evidencing the creation of deposit liabilities, purchases of federal funds, advances from the Federal Reserve Bank or Federal Home Loan Bank, entry into repurchase agreements fully secured by U.S. government securities or U.S. government agency securities, advances of depository institution Subsidiaries incurred in the ordinary course of TFC's business and trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of TFC's business), (iii) any Contract which prohibits or restricts any TFC Entity or any personnel of a TFC Entity from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with customers or shrink-wrap software licenses), (v) any Contract relating to the provision of data processing, network communication, or other technical services to or by any TFC Entity, (vi) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business and involving payments under any individual Contract or series of contracts not in excess of \$125,000), (vii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract or any Contract that is a combination thereof not included on its balance sheet, and (viii) any other Contract or amendment thereto that would be required to be filed as an exhibit to a TFC Exchange Act Report filed by TFC with the SEC prior to the date of this Agreement that has not been filed as an exhibit to a TFC Exchange Act Report (together with all Contracts referred to in Sections 5.11 and 5.15(a), the TFC Contracts).

(b) With respect to each TFC Contract and except as disclosed in Section 5.16(b) of the TFC Disclosure Memorandum: (i) the Contract is in full force and effect; (ii) no TFC Entity is in Default thereunder; (iii) no TFC Entity has repudiated or waived any material provision of any such Contract; (iv) no other Party to any such Contract is, to TFC's Knowledge, in Default in any respect or has repudiated or waived each material provision thereunder; and (v) no consent is required by a Contract for the execution, delivery, or performance of this Agreement, the consummation of the Merger or the other transactions contemplated hereby. All of the indebtedness of any TFC Entity for money borrowed is prepayable at any time by such TFC Entity without penalty, premium or charge, except as specified in Section 5.16(b) of the TFC Disclosure Memorandum.

5.17 Privacy of Customer Information.

(a) Each TFC Entity is the sole owner of all (i) nonpublic personal information as such term is defined in the Privacy Requirements, and (ii) any personally identifiable information or records in any form (oral, written, graphic, electronic, machine-readable, or otherwise) (Customer Information) relating to customers, former customers and prospective customers that will be transferred to CBAC pursuant to this Agreement.

(b) Each of the TFC Entities has at all times implemented and maintained reasonable technical, physical and organizational security measures as are appropriate in the circumstances to protect Customer Information against

unauthorized or unlawful processing, access, input, disclosure, use, recording, copying, alteration, removal, deletion, accidental loss, corruption, destruction or damage, including:

(i) firewalls, intrusion detection systems, locking file cabinets, and other appropriate physical and electronic security mechanism, including current revisions of all software releases and all software patches;

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(ii) utilization of industry-standard or better network access control restrictions and methods of terminating unauthorized network access, including identification to the extent possible of the identify of the Person making such unauthorized access; and

(iii) not making changes that would increase the risk of unauthorized access to TFC's network.

5.18 Legal Proceedings.

Except as disclosed in Section 5.18 of the TFC Disclosure Memorandum, there is no Litigation instituted or pending, or, to the Knowledge of TFC, threatened (or unasserted but considered probable of assertion) against any TFC Entity, any director, officer, employee or agent of any TFC Entity in their capacities as such or with respect to any service to or on behalf of any Employee Benefit Plan or any other Person at the request of the TFC Entity or Employee Benefit Plan of any TFC Entity, or against any Asset, interest, or right of any of them, nor are there any Orders or judgments outstanding against any TFC Entity. Except as disclosed in Section 5.18 of the TFC Disclosure Memorandum, no claim for indemnity has been made or, to TFC's Knowledge, threatened by any director, officer, employee, independent contractor or agent to any TFC Entity and to TFC's knowledge, no basis for any such claim exists.

5.19 Reports.

Except as disclosed in Section 5.19 of TFC Disclosure Memorandum, since January 1, 2004, in addition to the TFC Exchange Act Reports, each TFC Entity has timely filed all other reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Governmental Authorities. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws. As of their respective dates, such reports and documents did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5.20 Books and Records.

TFC and each TFC Entity maintains accurate books and records reflecting its Assets and Liabilities and maintains proper and adequate internal accounting controls which provide assurance that (a) transactions are executed with management's authorization; (b) transactions are recorded as necessary to permit preparation of the consolidated financial statements of TFC and to maintain accountability for TFC's consolidated Assets; (c) access to TFC's Assets is permitted only in accordance with management's authorization; (d) the reporting of TFC's Assets is compared with existing Assets at regular intervals; and (e) accounts, notes and other receivables and inventory are recorded accurately, and proper and adequate procedures are implemented to effect the collection thereof on a current and timely basis.

5.21 Loans to Executive Officers and Directors.

Neither TFC nor the Bank has extended or maintained credit, arranged for the extension of credit, or renewed an extension of credit, in the form of a personal loan to or for any director or executive officer (or equivalent thereof) of TFC, except as permitted by and in conformance with Federal Reserve Regulation O. Section 5.21 of the TFC Disclosure Memorandum identifies any loan or extension of credit maintained by TFC to which the second sentence of Section 13(k)(1) of the Exchange Act applies.

5.22 Independence of Directors.

Except as disclosed in Section 5.22 of the TFC Disclosure Memorandum, TFC's directors listed on Section 5.22 of the TFC Disclosure Memorandum who may be serving on the Board of Directors of the Surviving Corporation after the Closing Date will be independent directors of the Surviving Corporation within the meaning of the Sarbanes-Oxley Act and under the listing standards of AMEX.

5.23 Tax and Regulatory Matters; Consents.

None of the TFC Entities or any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Merger from qualifying as a reorganization

within the meaning of Section 368(a) of the Code, or (ii) materially impede or delay receipt of any required Consents or result in the imposition of a condition or restriction of the type referred to in the last sentence of Section 9.1(b) and 9.1(c).

5.24 State Takeover Laws.

Each TFC Entity has taken all necessary action to exempt the transactions contemplated by this Agreement from, or if necessary to challenge the validity or applicability of, any applicable moratorium, fair price, business combination, control share, or other anti-takeover Laws (collectively, Takeover Laws).

5.25 Stockholders Support Agreements.

Each of the directors and executive officers of TFC has executed and delivered to CBAC the Support Agreements in the form of Exhibit C attached hereto.

5.26 Brokers and Finders; Opinion of Financial Advisor.

Except for TFC Financial Advisor, neither TFC nor its Subsidiaries, or any of their respective officers, directors, employees or Representatives, has employed any broker, finder or investment banker or incurred any Liability for any financial advisory fees, investment bankers fees, brokerage fees, commissions, or finder s or other fees in connection with this Agreement or the transactions contemplated hereby and such total fees payable to TFC Financial Advisor in connection with the Merger will not exceed \$140,000. TFC has received the written opinion of TFC Financial Advisor, dated as of the date of this Agreement, to the effect that the Merger Consideration is fair from a financial point of view, a signed copy of which has been delivered to CBAC.

5.27 Board Recommendation.

The Board of Directors of TFC, at a meeting duly called and held, has by unanimous vote of the directors present who constituted all of the directors then in office (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, the Support Agreements and the transactions contemplated hereby and thereby, taken together, are fair to and in the best interests of the TFC s stockholders and (ii) resolved, subject to the terms of this Agreement, to recommend that the holders of the shares of TFC Common Stock approve this Agreement, the Merger and the related transactions and to call and hold a special meeting of TFC s stockholders to consider this Agreement, the Merger and the related transactions.

5.28 Statements True and Correct.

(a) No statement, certificate, instrument, or other writing furnished or to be furnished by any TFC Entity or any Affiliate thereof to CBAC pursuant to this Agreement or any other document, agreement, or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) None of the information supplied or to be supplied by any TFC Entity or any Affiliate thereof for inclusion in the Registration Statement to be filed by CBAC with the SEC will, when the Registration Statement becomes effective, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein not misleading.

(c) None of the information supplied or to be supplied by the TFC Entity or any Affiliate thereof for inclusion in the Joint Proxy Statement, and any amendments or supplements thereto, to be mailed to each Party s stockholders in

connection with the Stockholders Meetings, will (i) when first mailed to the stockholders of each Party, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, (ii) at the time of the Stockholders Meetings, be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication, in light of the circumstances under which they were made, not misleading with respect to the solicitation of any proxy for the Stockholders Meetings. No other documents to be filed by any TFC Entity or any Affiliate thereof with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby, will, at the respective time such documents are filed, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) All documents that any TFC Entity or any Affiliate thereof is responsible for filing with any Governmental Authority in connection with the transactions contemplated hereby will comply as to form in all material respects with the provisions of applicable Law.

ARTICLE 6

REPRESENTATIONS AND WARRANTIES OF CBAC

CBAC hereby represents and warrants to TFC as follows:

6.1 Organization, Standing, and Power.

CBAC is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Delaware, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its Assets. CBAC is duly qualified or licensed to transact business as a foreign corporation in good standing in the states of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a CBAC Material Adverse Effect. The minute books and other organizational documents for CBAC has been made available to TFC for its review and are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the respective Board of Directors (including any committees of the Board of Directors) and stockholders thereto.

6.2 Authority; No Breach By Agreement.

(a) CBAC has the corporate power and authority necessary to execute, deliver and perform its obligations under this Agreement and to consummate the transaction contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, including the Merger, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of CBAC, subject to the approval of this Agreement and the consummation of the transactions contemplated hereby by the holders of a majority of the outstanding shares of CBAC IPO Common Stock cast at the CBAC Stockholders Meeting with the holders of less than 20% of the outstanding shares of CBAC IPO Common Stock voting at the CBAC Stockholders Meeting against the Merger and thereafter exercising the Conversion Rights. Subject to any necessary approvals referred to in Article 8, this Agreement represents a legal, valid, and binding obligation of CBAC, enforceable against CBAC in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(b) Neither the execution and delivery of this Agreement by CBAC, nor the consummation by CBAC of the transactions contemplated hereby, nor compliance by CBAC with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of CBAC's Certificate of Incorporation or Bylaws, or (ii) constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of CBAC under, any CBAC Contract or Permit of CBAC, or, (iii) subject to receipt of the requisite Consents referred to in Section 9.1(b), constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to CBAC or any of its material Assets.

(c) Other than in connection or compliance with the provisions of the Securities Laws, applicable state corporate and securities Laws and the rules of AMEX and other than Consents required from Regulatory Authorities, and other than

notices to or filings with the IRS or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans, and other than Consents, filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, a CBAC Material Adverse Effect, no notice to, filing with, or Consent of, any Governmental Authority is necessary for the consummation by CBAC of the Merger and the other transactions contemplated in this Agreement.

6.3 Capital Stock.

(a) The authorized capital stock of CBAC consists of (i) 50,000,000 shares of CBAC Common Stock, of which 9,375,000 shares are issued and outstanding as of the date of this Agreement (which includes 1,499,250 shares subject to Conversion Rights), and (ii) 5,000,000 shares of CBAC Preferred Stock, none of which are issued and outstanding as of the date of this Agreement. All of the issued and outstanding shares of the capital stock of CBAC are, and all of the shares of CBAC Common Stock to be issued in exchange for shares of TFC Common Stock upon consummation of the Merger, when issued in accordance with the terms of this Agreement, will be, duly and validly issued and outstanding and fully paid and nonassessable under the DGCL. None of the outstanding shares of capital stock of CBAC have been, and none of the shares of CBAC Common Stock to be issued in exchange for shares of TFC Common Stock upon consummation of the Merger will be issued in violation of any preemptive rights of the current or past stockholders of CBAC.

(b) Except for 7,500,000 shares of CBAC Common Stock reserved for issuance pursuant to the CBAC Warrants and 1,050,000 shares of CBAC Common Stock reserved for issuance pursuant to the CBAC UPO, as disclosed in Section 6.3 of the CBAC Disclosure Memorandum and shares reserved for issuance pursuant to this Agreement, there are no shares of capital stock or other equity securities of CBAC reserved for issuance and no outstanding Rights relating to the capital stock of CBAC.

(c) Except as set forth in Section 6.3(a), or as disclosed in Section 6.3 of the CBAC Disclosure Memorandum, there are no shares of capital stock or other equity securities of CBAC outstanding and no outstanding CBAC Rights relating to the capital stock of CBAC.

6.4 CBAC Subsidiaries.

CBAC has no subsidiaries.

6.5 Exchange Act Filings; Financial Statements.

(a) CBAC has timely filed and made available to TFC all Exchange Act Documents required to be filed by CBAC since inception (together with all such Exchange Act Documents filed, whether or not required to be filed, the CBAC Exchange Act Reports). The CBAC Exchange Act Reports (i) at the time filed, complied in all material respects with the applicable requirements of the Securities Laws and other applicable Laws and (ii) did not, at the time they were filed (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such amended or subsequent filing or, in the case of registration statements, at the effective date thereof) contain any untrue statement of a material fact or omit to state a material fact required to be stated in such CBAC Exchange Act Reports or necessary in order to make the statements in such CBAC Exchange Act Reports, in light of the circumstances under which they were made, not misleading.

(b) Each of the CBAC Financial Statements (including, in each case, any related notes) contained in the CBAC Exchange Act Reports, including any CBAC Exchange Act Reports filed after the date of this Agreement until the Effective Time, complied, or will comply, as to form in all material respects with the applicable published rules and regulations of the Exchange Act with respect thereto, was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements or, in the case of unaudited interim statements, as permitted by Form 10-Q of the Exchange Act), fairly presented in all material respects the financial position of CBAC as at the respective dates and the results of operations and cash flows for the periods indicated, including the fair values of the assets and liabilities shown therein, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount or effect, and were certified to the extent required by the Sarbanes-Oxley Act.

(c) Each of CBAC's independent public accountants, which have expressed their opinion with respect to the Financial Statements of CBAC included in CBAC's Exchange Act Reports (including the related notes), is and has been throughout the periods covered by such CBAC Financial Statements independent registered public accountants with respect to CBAC within the meaning of the Securities Laws and is registered with the Public Company Accounting Oversight Board. With respect to CBAC, each of CBAC's independent public accountants is not and has not been in violation of auditor independence requirement of the Sarbanes-Oxley Act and the rules and regulations

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promulgated in connection therewith. Section 6.5(c) of the CBAC Disclosure Memorandum lists all non-audit services performed by each of CBAC's independent public accountants for CBAC since inception.

(d) CBAC maintains disclosure controls and procedures required by Rule 13a-15(b) or 15d-15(b) under the Exchange Act; such controls and procedures are effective to ensure that all material information concerning CBAC is made known on a timely basis to the principal executive officer and the principal financial officer. Section 6.5(d) of the CBAC Disclosure Memorandum lists, and CBAC has delivered to TFC copies of, all written description of, and all policies, manuals and other documents promulgating such disclosure controls and procedures. CBAC and its directors and executive officers have complied at all times with Section 16(a) of the Exchange Act, including the filing requirements thereunder to the extent applicable.

(e) CBAC has reported the fair value of all warrants it has issued, including without limitation, the CBAC Warrants, on its CBAC Financial Statements in accordance with Emerging Issues Task Force No. 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in a Company's Own Stock*.

6.6 Absence of Undisclosed Liabilities.

CBAC has no Liabilities required under GAAP to be set forth on a balance sheet or in the notes thereto that are not set forth therein and are reasonably likely to have, individually or in the aggregate, a CBAC Material Adverse Effect, except Liabilities which are (i) accrued or reserved against in the balance sheet of CBAC as of March 31, 2007 and June 30, 2007, included in the CBAC Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto, (ii) incurred or paid in the ordinary course of business consistent with past practices, or (iii) incurred in connection with the transactions contemplated by this Agreement.

6.7 Absence of Certain Changes or Events.

Since June 30, 2007, except as disclosed in the CBAC Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 6.7 of the CBAC Disclosure Memorandum, (i) there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a CBAC Material Adverse Effect, and (ii) CBAC has not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of CBAC provided in this Agreement.

6.8 Tax Matters.

(a) Except as set forth in Section 6.8(a) the CBAC Disclosure Memorandum, CBAC has timely filed with the appropriate Taxing Authorities, all Tax Returns or extensions for the filing thereof in all jurisdictions in which Tax Returns are required to be filed, and such Tax Returns are correct and complete in all respects and all Taxes of CBAC (whether or not shown on any Tax Return) have been fully and timely paid. There are no Liens for any Taxes (other than a Lien for current real property or *ad valorem* Taxes not yet due and payable) on any of the Assets of CBAC. No claim has ever been made by an authority in a jurisdiction where CBAC does not file a Tax Return that CBAC may be subject to Taxes by that jurisdiction.

(b) CBAC has not received any notice of assessment or proposed assessment in connection with any Taxes, and there are no threatened or pending disputes, claims, audits or examinations regarding any Taxes of CBAC or the assets of CBAC. No officer or employee responsible for Tax matters of CBAC has Knowledge that any Taxing Authority is reasonably likely to assess any additional Taxes for any period for which Tax Returns have been filed. No issue has been raised by a Taxing Authority in any prior examination of CBAC which, by application of the same or similar principles, could be expected to result in a proposed deficiency for any subsequent taxable period. CBAC has not

waived any statute of limitations in respect of any Taxes or agreed to a Tax assessment or deficiency.

(c) CBAC has complied with all applicable Laws, rules and regulations relating to the withholding of Taxes and the payment thereof to appropriate authorities, including Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee or independent contractor, and Taxes required to be withheld and paid pursuant to Sections 1441 and 1442 of the Code or similar provisions under foreign Law.

(d) The unpaid Taxes of CBAC (i) did not, as of the most recent fiscal month end, exceed the reserve for Tax Liability (other than any reserve for deferred Taxes established to reflect timing differences between book and Tax

income) set forth on the face of the most recent balance sheet (other than in any notes thereto) for CBAC and (ii) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with past custom and practice of CBAC in filing its Tax Returns.

(e) Except as described in Section 6.8(e) of the CBAC Disclosure Memorandum, CBAC is not a party to any Tax allocation or sharing agreement.

(f) CBAC is not a distributing corporation or a controlled corporation as defined in, and in a transaction intended to be governed by Section 355 of the Code.

(g) Except as disclosed in Section 6.7(g) of the CBAC Disclosure Memorandum, CBAC has not made any payments, is not obligated to make any payments, or is not a party to any contract that could obligate it to make any payments that could be disallowed as a deduction under Section 280G or 162(m) of the Code, or which would be subject to withholding under Section 4999 of the Code. CBAC has not been a United States real property holding corporation within the meaning of Section 897(c)(1)(A)(ii) of the Code. CBAC is not and will not be required to include any adjustment in taxable income for any Tax period (or portion thereof) pursuant to Section 481 of the Code or any comparable provision under state or foreign Tax Laws as a result of transactions or events occurring prior to the Closing.

(h) CBAC is in compliance with, and its records contain all information and documents (including properly completed IRS Forms W-9) necessary to comply with, all applicable information reporting and Tax withholding requirements under federal, state, and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under Section 3406 of the Code.

(i) CBAC is not subject to any private letter ruling of the IRS or comparable rulings of any Taxing Authority.

(j) No property owned by CBAC is (i) property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986; (ii) tax-exempt use property within the meaning of Section 168(h)(1) of the Code; (iii) tax-exempt bond financed property within the meaning of Section 168(g) of the Code; (iv) limited use property within the meaning of Rev. Proc. 76-30; (v) subject to Section 168(g)(1)(A) of the Code; or (vi) subject to any provision of state, local or foreign Law comparable to any of the provisions listed above.

(k) CBAC has no corporate acquisition indebtedness within the meaning of Section 279 of the Code.

(l) No CBAC Entity has participated in any reportable transaction, as defined in Treasury Regulation Section 1.6011-4(b)(1), or a transaction substantially similar to a reportable transaction.

6.9 Compliance with Laws.

(a) CBAC, upon approval by the Federal Reserve and upon consummation of the Merger will be a bank holding company duly registered with the Federal Reserve and the OCC and a member of the Federal Reserve System.

(b) CBAC has in effect all Permits and has made all filings, applications, and registrations with Governmental Authorities that are required for it to own, lease, or operate its assets and to carry on its business as now conducted, and there has occurred no Default under any such Permit applicable to its business or employees conducting its business.

(c) CBAC is not in Default under any Laws or Orders applicable to its business or employees conducting its business.

(d) CBAC has not received any notification or communication from any Governmental Authority (i) asserting that CBAC is in Default under any of the Permits, Laws or Orders which such Governmental Authority enforces, (ii) threatening to revoke any Permits, or (iii) requiring CBAC (x) to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or (y) to adopt any resolution of its Board of Directors or similar undertaking which restricts materially the conduct of its business or in any manner relates to its employment decisions, its employment or safety policies or practices.

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(e) There are no (i) unresolved violations, criticisms, or exceptions by any Governmental Authority with respect to any report or statement relating to any examinations or inspections of CBAC; or (ii) notices or correspondence received by CBAC with respect to formal or informal inquiries by, or disagreements or disputes with, any Governmental Authority with respect to CBAC's business, operations, policies or procedures since its inception. There are not any pending or, to CBAC's Knowledge, threatened investigations or reviews of CBAC, nor has any Governmental Authority indicated an intention to conduct any, investigations or reviews of CBAC.

(f) None of CBAC or any of its directors, officers, employees or Representatives acting on its behalf has offered, paid, or agreed to pay any Person, including any Governmental Authority, directly or indirectly, any thing of value for the purpose of, or with the intent of obtaining or retaining any business in violation of applicable Laws, including (i) using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) making any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violating any provision of the Foreign Corrupt Practices Act of 1977, as amended; or (iv) making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

6.10 Employee Benefit Plans.

(a) CBAC has listed in Section 6.10(a) of the CBAC Disclosure Memorandum, and has delivered or made available to TFC prior to the execution of this Agreement, copies of (i) each Employee Benefit Plan currently adopted, maintained by, sponsored in whole or in part by, or contributed or required to be contributed to by CBAC or ERISA Affiliate thereof for the benefit of employees, former employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries or under which employees, retirees, former employees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate (each, a CBAC Benefit Plan, and collectively, the CBAC Benefit Plans) and (ii) each Employee Benefit Plan that is not identified in (i) above (e.g., former Employee Benefit Plans) in respect of which CBAC or any ERISA Affiliate thereof has or reasonably could have any obligation or Liability (each a CBAC Other Plan). Any of the CBAC Benefit Plans which is an employee pension benefit plan, as that term is defined in ERISA Section 3(2), is referred to herein as a CBAC ERISA Plan. No CBAC ERISA Plan or CBAC Other Plan is a defined benefit plan (as defined in Code Section 414(j)), or is subject to Code Section 412 or Title IV of ERISA.

(b) CBAC has delivered or made available to TFC prior to the execution of this Agreement (i) all trust agreements or other funding arrangements for all Employee Benefit Plans; (ii) all determination letters, rulings, opinion letters, information letters or advisory opinions issued by the IRS, the DOL or the Pension Benefit Guaranty Corporation during this calendar year or any of the preceding calendar years since inception; (iii) any filing or documentation (whether or not filed with the IRS) where corrective action was taken in connection with the IRS EPCRS program set forth in Revenue Procedure 2001-17 (or its predecessor or successor rulings); (iv) annual reports or returns, audited or unaudited financial statements, actuarial reports and valuations prepared for any Employee Benefit Plan for the current plan year and the three preceding plan years; and (v) the most recent summary plan descriptions and any material modifications thereto.

(c) Each CBAC Benefit Plan is in material compliance with the terms of such CBAC Benefit Plan, in material compliance with the applicable requirements of the Code, in material compliance with the applicable requirements of ERISA, and in material compliance with any other applicable Laws. Each CBAC ERISA Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter or opinion from the IRS that is as current as possible under applicable IRS procedures and that is still in effect and applies to the applicable CBAC ERISA Plan as amended and as administered or, within the time permitted under Code Section 401(b), has timely applied for a favorable determination letter, which when issued, will be as current as possible under applicable IRS procedures and which, when issued, will apply retroactively to the CBAC ERISA Plan as amended and as administered. CBAC is not aware of any circumstances likely to result in revocation of any such favorable

determination letter which has been issued by the IRS, and CBAC is not aware of any circumstances likely to result in a failure to issue any such favorable determination letter for which it has applied. CBAC has not received any communication (written or unwritten) from any Governmental Authority questioning or challenging the compliance of any CBAC Benefit Plan with applicable Laws. No CBAC Benefit Plan is currently being audited

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by any Governmental Authority for compliance with applicable Laws or has been audited with a determination by any Governmental Authority that the Employee Benefit Plan failed to comply with applicable Laws.

(d) There has been no oral or written representation or communication with respect to any aspect of any CBAC Benefit Plan made to any employee of CBAC which is not in accordance with the written or otherwise preexisting terms and provisions of such plans. Neither CBAC nor any administrator or fiduciary of any CBAC Benefit Plan (or any agent of any of the foregoing) has engaged in any transaction, or acted or failed to act in any manner, which could subject CBAC or any TFC Entity to any direct or indirect Liability (by indemnity or otherwise) for breach of any fiduciary, co-fiduciary or other duty under ERISA. There are no unresolved claims or disputes under the terms of, or in connection with, any CBAC Benefit Plan other than claims for benefits which are payable in the ordinary course of business and no action, proceeding, prosecution, inquiry, hearing or investigation has been commenced with respect to any CBAC Benefit Plan.

(e) All CBAC Benefit Plan documents and annual reports or returns, audited or unaudited financial statements, actuarial valuations, summary annual reports, and summary plan descriptions issued with respect to any or all of the CBAC Benefit Plans are correct and complete in all material respects, have been timely filed with the IRS or the DOL (to the extent required by Law), and distributed to participants of the CBAC Benefit Plans (as required by Law), and there have been no changes in the information set forth therein.

(f) To the CBAC's Knowledge, no party in interest (as defined in ERISA Section 3(14)) or disqualified person (as defined in Code Section 4975(e)(2)) of any CBAC Benefit Plan has engaged in any nonexempt prohibited transaction (described in Code Section 4975(c) or ERISA Section 406).

(g) CBAC does not, and has never had, or has any Liability related to a pension plan or any other plan that is or was subject to Code Section 412 or ERISA Section 302 or Title IV of ERISA. There is no Lien nor is there expected to be a Lien under Code Section 412(n) or ERISA Section 302(f) or Tax under Code Section 4971 applicable to CBAC or its Assets. Neither CBAC nor any of its ERISA Affiliates is subject to or can reasonably be expected to become subject to a Lien under Code Section 401(a)(29). All premiums required to be paid under ERISA Section 4006, if any, have been timely paid by CBAC and by each of its ERISA Affiliates.

(h) No Liability under Title IV of ERISA has been or is expected to be incurred by CBAC or any ERISA Affiliate thereof and no event has occurred that could reasonably result in Liability under Title IV of ERISA being incurred by CBAC or any ERISA Affiliate thereof with respect to any ongoing, frozen, terminated or other single-employer plan. There has been no reportable event, within the meaning of ERISA Section 4043, for which the 30-day reporting requirement has not been waived by any ongoing, frozen, terminated or other single employer plan of CBAC or of any ERISA Affiliate thereof.

(i) CBAC has no Liability for retiree or similar health, life or death benefits under any of the CBAC Benefit Plans, or other plan or arrangement, except to the extent required under Part 6 of Title I of ERISA or Code Section 4980B and there are no restrictions on the rights of CBAC to amend or terminate any such retiree health or benefit plan without incurring any Liability thereunder. No Tax under Code Sections 4980B or 5000 has been incurred with respect to any CBAC Benefit Plan, or other plan or arrangement, and no circumstance exists which could give rise to such Taxes.

(j) Except as disclosed in Section 6.10(j) of the CBAC Disclosure Memorandum, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, unemployment compensation, golden parachute, or otherwise) becoming due to any director or any employee of CBAC from CBAC under any CBAC Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any CBAC Benefit Plan, or (iii) result in any acceleration of the time of payment or vesting of any such benefit, or any benefit under any life insurance owned by CBAC or the rights of CBAC in, to or under any insurance

on the life of any current or former officer, director or employee of CBAC, or change any rights or obligations of CBAC with respect to such insurance.

(k) The actuarial present values of all accrued deferred compensation entitlements (including entitlements under any executive compensation, supplemental retirement, or employment agreement) of employees and former employees of CBAC and its beneficiaries, other than entitlements accrued pursuant to funded retirement plans,

whether or not subject to the provisions of Code Section 412 or ERISA Section 302, have been fully reflected on the CBAC Financial Statements to the extent required by and in accordance with GAAP.

(l) All individuals who render services to CBAC and who are eligible to participate in a CBAC Benefit Plan pursuant to the terms of such CBAC Benefit Plan are in fact eligible to and authorized to participate in such CBAC Benefit Plan in accordance with the terms of such CBAC Benefit Plan, the Code, ERISA and other applicable Laws.

(m) Neither CBAC nor any ERISA Affiliate thereof has had an obligation to contribute (as defined in ERISA Section 4212) to, or other obligations or Liability in connection with, a multiemployer plan (as defined in ERISA Sections 4001(a)(3) or 3(37)(A)).

(n) Except as disclosed in Section 6.10(n) of the CBAC Disclosure Memorandum, there are no payments or changes in terms due to any insured person as a result of this Agreement, the Merger or the transactions contemplated herein, under any bank-owned, corporate-owned split dollar life insurance, other life insurance, or similar arrangement or Contract, and the Surviving Corporation shall, upon and after the Effective Time, succeed to and have all the rights in, to and under such life insurance Contracts as CBAC presently holds. CBAC will, upon the execution and delivery of this Agreement, and will continue to have, notwithstanding this Agreement or the consummation of the transaction contemplated hereby, all ownership rights and interest in all corporate or bank-owned life insurance.

(o) No CBAC Benefit Plan holds any employer security (within the meaning of ERISA Section 407(d)(1)) or employer real property (within the meaning of ERISA Section 407(d)(2)); and no commitment has been made that would require any CBAC Benefit Plan to hold any such employer security or employer real property.

(p) All contributions and premiums required by applicable Law or the terms of an applicable CBAC Benefit Plan to be paid prior to Closing have been or will be timely made or paid in full prior to the Closing.

(q) There has been no act or omission which has given rise to or may give rise to material fines, penalties, taxes or related charges under Sections 502(c), 502(i), 501(l) or 4071 of ERISA or Chapters 43, 47 or 68 of the Code for which CBAC or any ERISA Affiliate thereof may be liable.

(r) No action has been or reasonably ought to be taken to correct any defects with respect to any CBAC Benefit Plan under any IRS correction procedure or any United States Department of Labor fiduciary correction procedure.

(s) No payment permitted, contemplated or required by any CBAC Benefit Plan would in the aggregate constitute excess parachute payments as defined in Section 280G of the Code (without regard to subsection (b)(4) thereof).

(t) Each CBAC Benefit Plan which constitutes a group health plan (as defined in ERISA Section 607(1) or Code Section 4980B(g)(2)) has been operated in material compliance with applicable Law.

(u) There has been no act or omission that would impair or otherwise limit the right or ability of CBAC or the Bank, as may be applicable, to unilaterally amend, from time to time, or terminate, any CBAC Benefit Plan.

(v) Each CBAC Benefit Plan which is subject to Code Section 409A has been operated and administered in compliance with and otherwise complies with such section. No tax, interest or penalty has been assessed or incurred pursuant to Code Section 409A in relation to any CBAC Benefit Plan. No stock option, stock appreciation right, stock grant, or other equity-related rights, grants or options associated with CBAC is subject to or required to comply with any provision of Code Section 409A. Any CBAC Benefit Plan which is subject to or required to comply with any provision of Code Section 409A is listed in Section 6.10(v) of the CBAC Disclosure Memorandum.

6.11 Material Contracts.

(a) Except as disclosed in Section 6.11 of the CBAC Disclosure Memorandum or otherwise reflected in the CBAC Financial Statements, none of CBAC, nor any of its respective Assets, businesses, or operations, is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, termination, consulting, or retirement Contract providing for aggregate payments to any Person in any calendar year in excess of \$125,000, (ii) any Contract relating to the borrowing of money by CBAC or the guarantee by CBAC of any such obligation

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other than trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of CBAC's business), (iii) any Contract which prohibits or restricts CBAC or any personnel of CBAC from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with customers or shrink-wrap software licenses), (v) any Contract relating to the provision of data processing, network communication, or other technical services to or by CBAC, (vi) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business and involving payments under any individual Contract or series of contracts not in excess of \$125,000), (vii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract or any Contract that is a combination thereof not included on its balance sheet, and (viii) any other Contract or amendment thereto that would be required to be filed as an exhibit to a CBAC Exchange Act Report filed by CBAC with the SEC prior to the date of this Agreement that has not been filed as an exhibit to a CBAC Exchange Act Report (together with all Contracts referred to in Sections 6.10(a), the CBAC Contracts).

(b) With respect to each CBAC Contract and except as disclosed in Section 6.11 of the CBAC Disclosure Memorandum: (i) the Contract is in full force and effect; (ii) CBAC is not in Default thereunder; (iii) CBAC has not repudiated or waived any material provision of any such Contract; (iv) no other Party to any such Contract is, to CBAC's Knowledge, in Default in any respect or has repudiated or waived each material provision thereunder; and (v) no consent is required by a Contract for the execution, delivery, or performance of this Agreement, the consummation of the Merger or the other transactions contemplated hereby. All of the indebtedness of CBAC for money borrowed is prepayable at any time by CBAC without penalty, premium or charge, except as specified in Section 6.11(b) of the CBAC Disclosure Memorandum.

6.12 Legal Proceedings.

Except as disclosed in Section 6.12 of the CBAC Disclosure Memorandum, there is no Litigation instituted or pending, or, to the Knowledge of CBAC, threatened (or unasserted but considered probable of assertion) against CBAC, any director, officer, employee or agent of CBAC in their capacities as such or with respect to any service to or on behalf of any Employee Benefit Plan or any other Person at the request of CBAC or Employee Benefit Plan of CBAC, or against any Asset, interest, or right of any of them, nor are there any Orders or judgments outstanding against CBAC. No claim for indemnity has been made or, to CBAC's Knowledge, threatened by any director, officer, employee, independent contractor or agent to CBAC and to CBAC's knowledge, no basis for any such claim exists.

6.13 Reports.

Since inception, in addition to the CBAC Exchange Act Reports, CBAC has filed all other reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Governmental Authorities. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws. As of their respective date, each such report, statement and document did not, in all material respects, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

6.14 Independence of Directors.

CBAC's directors listed on Section 6.14 of the CBAC Disclosure Memorandum, who will be serving on the Board of Directors of the Surviving Corporation after the Closing Date, will be independent directors of the Surviving Corporation within the meaning of the Sarbanes-Oxley Act and under the listing standards of AMEX.

6.15 Tax and Regulatory Matters; Consents.

Neither CBAC nor any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to (i) prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code, or (ii) materially impede or delay receipt of any required Consents or result in the imposition of a condition or restriction of the type referred to in the last sentence of Section 9.1(b) or 9.1(c).

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6.16 Brokers and Finders; Opinion of Financial Advisor.

Except for CBAC Financial Advisor, neither CBAC nor any of its respective officers, directors, employees or Representatives, has employed any broker or finder or incurred any Liability for any financial advisory fees, investment bankers' fees, brokerage fees, commissions, or finder's fees in connection with this Agreement or the transactions contemplated hereby. CBAC has received the written opinion of CBAC Financial Advisor, dated as of the date of this Agreement, to the effect that the Merger Consideration is fair from a financial point of view, a signed copy of which has been delivered to TFC.

6.17 Board Recommendation.

The Board of Directors of CBAC, at a meeting duly called and held, has by unanimous vote of the directors present who constituted all of the directors then in office (i) determined that this Agreement and the transactions contemplated hereby, including the Merger and the transactions contemplated hereby and thereby, taken together, are fair to and in the best interests of CBAC's stockholders and (ii) resolved, subject to the terms of this Agreement, to recommend that the holders of the shares of CBAC Common Stock approve this Agreement, the Merger and the related transactions and to call and hold a special meeting of CBAC's stockholders to consider this Agreement, the Merger and the related transactions.

6.18 Statements True and Correct.

(a) No statement, certificate, instrument or other writing furnished or to be furnished by CBAC or any Affiliate thereof to TFC pursuant to this Agreement or any other document, agreement or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) None of the information supplied or to be supplied by CBAC or any Affiliate thereof for inclusion in the Registration Statement to be filed by CBAC with the SEC will, when the Registration Statement becomes effective, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein not misleading.

(c) None of the information supplied or to be supplied by CBAC or any Affiliate thereof for inclusion in the Joint Proxy Statement, and any amendments or supplements thereto, to be mailed to each Party's stockholders in connection with the Stockholder Meetings, will (i) when first mailed to the stockholders of each Party, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, or, (ii) at the time of the Stockholders Meetings, be false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any statement in any earlier communication, in light of the circumstances under which they were made, not misleading with respect to the solicitation of any proxy for the Stockholders Meetings. No other documents to be filed by CBAC with the SEC or any other Regulatory Authority in connection with the transactions contemplated hereby, will, at the respective time such documents are filed, be false or misleading with respect to any material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) All documents that CBAC is responsible for filing with any Governmental Authority in connection with the transactions contemplated hereby will comply as to form in all material respects with the provisions of applicable Law.

6.19 CBAC Trust Fund.

Provided the conditions to the obligation to consummate the Merger and the related transactions contemplated hereby in Articles 8 and 9 are satisfied or waived as provided in this Agreement, the CBAC Trust Agreement provides that the trust monies shall be released to and available for use by the Surviving Corporation effective as of the Effective Time. As of the date hereof, CBAC has no Knowledge of any claim, circumstance or event that is reasonably likely to restrict or otherwise impair the release of such monies other than: (i) claims of CBAC's underwriters with respect to its initial public offering for deferred compensation; (ii) claims for legal and accounting fees related to the Merger and preparation of the Proxy Statement for the CBAC Stockholders Meeting to be undertaken in connection with the Merger; (iii) claims of CBAC Stockholders who vote against the Merger and

properly effect conversion of their shares to a portion of the monies held in the trust account (the Trust Fund) established pursuant to the CBAC Trust Agreement; and (iv) claims for advisory and related fees by mergers and acquisition advisors currently retained by CBAC or who may be retained by CBAC prior to CBAC's Stockholders Meeting.

6.20 Prior Business Operations.

CBAC has limited its activities to those activities contemplated in the Prospectus.

ARTICLE 7

CONDUCT OF BUSINESS PENDING CONSUMMATION

7.1 Affirmative Covenants of TFC.

From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of CBAC shall have been obtained, and except as otherwise expressly contemplated herein, TFC shall, and shall cause each of its Subsidiaries to, (i) operate its business only in the usual, regular and ordinary course, (ii) use reasonable efforts to preserve intact its business organization and Assets and maintain its rights and franchises, (iii) use reasonable efforts to cause its representations and warranties to be correct at all times, (iv) use reasonable efforts to provide all information requested by CBAC related to loans or other transactions made by TFC with a value equal to or exceeding \$250,000, (v) consult with CBAC prior to entering into or making any loans or other transactions with a value equal to or exceeding \$500,000, and (vi) take no action which would (A) adversely affect the ability of any Party to obtain any Consents required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the last sentences of Sections 9.1(a), 9.1(b) or 9.1(c), or (B) materially adversely affect the ability of any Party to perform its covenants and agreements under this Agreement.

7.2 Negative Covenants of the Parties.

From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of the other Party shall have been obtained, and except as otherwise expressly contemplated herein, each Party covenants and agrees that it will not do or agree or commit to do, or permit any of its Subsidiaries to do or agree or commit to do, any of the following:

- (a) amend the Certificate of Incorporation, Articles of Incorporation, Articles of Association, Bylaws or other governing instruments of CBAC or any TFC Entity, as applicable, provided nothing in this Section 7.2(a) shall prohibit either Party from restating its Certificate of Incorporation or Articles of Incorporation, as applicable, without amendment thereto or prohibit CBAC from amending its Certificate of Incorporation as contemplated by this Agreement;
- (b) modify the Bank's lending policy (in the case of TFC), incur any additional debt obligation or other obligation for borrowed money in excess of an aggregate of \$100,000 except in the ordinary course of the business of CBAC or such TFC Entity, as applicable, consistent with past practices and that are prepayable without penalty, charge or other payment (which exception shall include, for TFC Entities that are depository institutions, creation of deposit liabilities, purchases of federal funds, advances from the Federal Reserve Bank or Federal Home Loan Bank, and entry into repurchase agreements fully secured by U.S. government securities or U.S. government agency securities), or impose, or suffer the imposition, on any Asset of CBAC or such TFC Entity, as applicable, of any Lien or permit any such Lien to exist (other than in connection with public deposits, repurchase agreements, bankers' acceptances,

treasury tax and loan accounts established in the ordinary course of business of any TFC Entity that is a depository institution, the satisfaction of legal requirements in the exercise of trust powers, and Liens in effect as of the date hereof that are disclosed in the TFC Disclosure Memorandum);

(c) repurchase, redeem, or otherwise acquire or exchange (other than exchanges in the ordinary course under employee benefit plans), directly or indirectly, any shares, or any securities convertible into any shares, of the capital stock of CBAC or any TFC Entity, or declare or pay any dividend or make any other distribution in respect of either Party's capital stock;

(d) except for this Agreement and the exercise of TFC Rights that have been granted prior to the date hereof and which shall vest prior to the Effective Time in accordance with their terms, issue, sell, pledge, encumber, authorize the issuance of, enter into any Contract to issue, sell, pledge, encumber, or authorize the issuance of, or otherwise permit to become outstanding, any additional shares of CBAC Common Stock, TFC Common Stock, any other capital stock of any TFC Entity, or any Rights;

(e) adjust, split, combine or reclassify any capital stock of CBAC or any TFC Entity or issue or authorize the issuance of any other securities in respect of or in substitution for shares of CBAC Common Stock or TFC Common Stock, or sell, lease, mortgage or otherwise dispose of or otherwise (i) in the case of TFC, any shares of capital stock of any TFC Subsidiary or (ii) any Asset other than in the ordinary course of business for reasonable and adequate consideration;

(f) except for purchases of U.S. Treasury securities or U.S. Government agency securities, which in either case have maturities of two years or less, purchase any securities or make any material investment except in the ordinary course of business consistent with past practice, either by purchase of stock or securities, contributions to capital, Asset transfers, or purchase of any Assets, in any Person other than in the case of TFC, a wholly owned TFC Subsidiary, or otherwise acquire direct or indirect control over any Person, other than in connection with foreclosures of loans in the ordinary course of business;

(g) (i) grant any bonus or increase in compensation or benefits to the employees, officers or directors of CBAC or any TFC Entity, as applicable; (ii) commit or agree to pay any severance or termination pay, or any stay or other bonus to any CBAC or TFC director, officer or employee, as applicable; (iii) enter into or amend any severance agreements with officers, employees, directors, independent contractors or agents of CBAC or any TFC Entity, as applicable; (iv) change any fees or other compensation or other benefits to directors of CBAC or any TFC Entity, as applicable; or (v) waive any stock repurchase rights, accelerate, amend or change the period of exercisability of any Rights or restricted stock, as applicable, or in the case of TFC, reprice Rights granted under the TFC Stock Plans or authorize cash payments in exchange for any Rights; (vi) or accelerate or vest or commit or agree to accelerate or vest any amounts, benefits or rights payable by CBAC or any TFC Entity, as applicable;

(h) enter into or amend any employment Contract between CBAC or any TFC Entity and any Person (unless such amendment is required by Law) that CBAC or the TFC Entity does not have the unconditional right to terminate without Liability (other than Liability for services already rendered), at any time on or after the Effective Time;

(i) adopt any new employee benefit plan of CBAC or any TFC Entity, as applicable, or terminate or withdraw from, or make any material change in or to, any existing employee benefit plans, welfare plans, insurance, stock or other plans of CBAC or any TFC Entity, as applicable other than any such change that is required by Law or that, in the written opinion of counsel, is necessary or advisable to maintain the tax qualified status of any such plan, or make any distributions from such employee benefit or welfare plans, except as required by Law, the terms of such plans or consistent with past practice;

(j) make any change in any Tax or accounting methods or systems of internal accounting controls, except, without the review and consent of the other Party, as may be appropriate and necessary to conform to changes in Tax Laws, regulatory accounting requirements or GAAP or file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment relating to CBAC or any TFC Entity, as applicable, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to CBAC or any TFC Entity, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax;

(k) commence any Litigation other than in accordance with past practice or settle any Litigation involving any Liability of CBAC or any TFC Entity, as applicable for money damages or restrictions upon the operations of CBAC or such TFC Entity;

(l) enter into, modify, amend or terminate any material Contract (including any loan Contract with respect to any extension of credit with an unpaid balance exceeding \$500,000) or waive, release, compromise

or assign any material rights or claims, or in the case of TFC, make any adverse changes in the mix, rates, terms or maturities of its deposits and other Liabilities; and

(m) take any action or fail to take any action that at the time of such action or inaction is reasonably likely to prevent, or would be reasonably likely to materially interfere with, the consummation of this Merger.

7.3 Affirmative Covenants of CBAC.

From the date of this Agreement until the earlier of the Effective Time or the termination of this Agreement, unless the prior written consent of TFC shall have been obtained, and except as otherwise expressly contemplated herein, CBAC shall, and shall cause each of its Subsidiaries to; (i) operate its business only in the usual, regular and ordinary course; (ii) use reasonable efforts to preserve intact its business organization and Assets and maintain its rights and franchises; (iii) use reasonable efforts to cause its representations and warranties to be correct at all times; and (iv) take no action which would (A) adversely affect the ability of any Party to obtain any Consents required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the last sentences of Sections 9.1(b) and 9.1(c) or, or (B) materially adversely affect the ability of any Party to perform its covenants and agreements under this Agreement. Notwithstanding the foregoing and Section 8.3 hereof, provided CBAC consults and appraises a special committee of the Board of Directors of TFC (the membership of such committee to be determined by the Board of Directors of TFC), nothing in this Agreement shall be interpreted to prohibit CBAC from negotiating or, with the consent of TFC, which consent may not be unreasonably withheld, entering into a binding letter of intent or a definitive agreement to acquire a financial institution whether by merger or otherwise or from taking action to list its shares on the Nasdaq Global Market and delist its shares from AMEX so long as CBAC does not terminate this Agreement.

7.4 Adverse Changes in Condition.

Each Party agrees to give written notice promptly to the other Party upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it or any of its Subsidiaries which (i) has had or is reasonably likely to have, individually or in the aggregate, a TFC Material Adverse Effect or a CBAC Material Adverse Effect, as applicable, (ii) would cause or constitute a material breach of any of its representations, warranties, or covenants contained herein, or (iii) would be reasonably likely to prevent or materially interfere with the consummation of the Merger, and to use its reasonable efforts to prevent or promptly to remedy the same.

7.5 Reports.

Each of CBAC and its Subsidiaries and TFC and its Subsidiaries shall file all reports required to be filed by it with Regulatory Authorities between the date of this Agreement and the Effective Time and shall deliver to the other Party copies of all such reports promptly after the same are filed. Each of the CBAC Financial Statements and the TFC Financial Statements prepared after the date of this Agreement, whether or not contained in any such reports filed under the Exchange Act or with any other Regulatory Authority, will fairly present in all material respects the financial position of the entity filing such statements as of the dates indicated and the results of operations, changes in stockholders' equity, and cash flows for the periods then ended in accordance with GAAP (subject in the case of interim financial statements to normal recurring year-end adjustments that are not material). As of their respective dates, such reports filed under the Exchange Act or with any other Regulatory Authority will comply in all material respects with the Securities Laws and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Any financial statements contained in any other reports to another Regulatory Authority shall be prepared in accordance with the Laws applicable to such reports.

7.6 Claims Against Trust Account.

TFC understands that, except for a portion of the interest earned on the amounts held in the Trust Fund, CBAC may disburse monies from the Trust Fund only: (a) to its public stockholders in the event of the redemption of their shares or the dissolution and liquidation of CBAC, (b) to CBAC (less CBAC's deferred underwriting compensation only) after CBAC consummates a business combination (as described in the Prospectus) or (c) as consideration to the sellers of a target business with which CBAC completes a business combination.

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TFC agrees that, notwithstanding any other provision contained in this Agreement, TFC does not now have, and shall not at any time prior to the Effective Time have, any claim to, or make any claim against, the Trust Fund, regardless of whether such claim arises as a result of, in connection with or relating in any way to, the business relationship between TFC on the one hand, and CBAC on the other hand, this Agreement, or any other agreement or any other matter, and regardless of whether such claim arises based on contract, tort, equity or any other theory of legal liability (any and all such claims are collectively referred to in this Section 7.6 as the Claims). Notwithstanding any other provision contained in this Agreement, TFC hereby irrevocably waives any Claim it may have, now or in the future (in each case, however, prior to the consummation of a business combination), and will not seek recourse against the Trust Fund for any reason whatsoever in respect thereof. In the event that TFC commences any action or proceeding based upon, in connection with, relating to or arising out of any matter relating to CBAC, which proceeding seeks, in whole or in part, relief against the Trust Fund or the public stockholders of CBAC, whether in the form of money damages or injunctive relief, CBAC shall be entitled to recover from TFC the associated legal fees and costs in connection with any such action, in the event CBAC prevails in such action or proceeding.

ARTICLE 8

ADDITIONAL AGREEMENTS

8.1 Registration Statement; Joint Proxy Statement.

(a) Each of CBAC and TFC agrees to cooperate in the preparation of a Registration Statement on Form S-4 to be filed by CBAC with the SEC and any other filings to be made by either Party, including but not limited to filings of Current Reports on Form 8-K, with the SEC or any other Regulatory Authority, in connection with the issuance of CBAC Common Stock in the Merger and the consummation of the Merger. Each of CBAC and TFC agrees to use all reasonable efforts to cause the Registration Statement to be filed within 45 days of the date of this Agreement and to be declared effective under the Securities Act as promptly as reasonably practicable after filing thereof. Each of CBAC and TFC shall furnish to each other all information concerning them that they may reasonably require in connection with the Registration Statement.

(b) CBAC also agrees to use all reasonable efforts to obtain all necessary state securities law or Blue Sky permits and approvals required to carry out the transactions contemplated by this Agreement. TFC agrees to furnish CBAC all information concerning TFC, the Bank, and their respective officers, directors, and stockholders as may be reasonably requested in connection with the foregoing. As a result of the registration of the CBAC Common Stock pursuant to the Registration Statement, such stock shall be freely tradable by the stockholders of TFC except to the extent that the transfer of any shares of CBAC Common Stock received by stockholders of TFC is subject to the provisions of Rule 145 under the Securities Act or restricted under Tax rules. TFC and its counsel shall have a reasonable opportunity to review and comment on the Registration Statement being filed with the SEC and any responses filed with the SEC regarding the Registration Statement.

(c) Each of CBAC and TFC agrees, as to itself and its Subsidiaries, that none of the information supplied or to be supplied by it for inclusion or incorporation by reference in (i) the Registration Statement will, at the time the Registration Statement and each amendment or supplement thereto, if any, becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and (ii) none of the information supplied by it or any of its respective Subsidiaries for inclusion or incorporation by reference in the Joint Proxy Statement will at the date of the mailing to its stockholders or at the time of the meeting of its stockholders held for the purpose of obtaining the CBAC Stockholder Approval or the TFC Stockholder Approval, as applicable, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. Each of CBAC and TFC further agrees that if it shall become aware prior to the

Effective Date of any information that would cause any of the statements in the Registration Statement or Joint Proxy Statement to be false or misleading with respect to any material fact, or to omit to state any material fact necessary to make the statements therein not false or misleading, to promptly inform the other Party thereof and to take the necessary steps to correct the Joint Proxy Statement.

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(d) In the case of CBAC, CBAC will advise TFC, promptly after CBAC receives notice thereof, of the time when the Registration Statement has become effective or any supplement or amendment has been filed, or of the issuance of any stop order or the suspension of the qualification of the CBAC Common Stock for offering or sale in any jurisdiction, of the initiation or threat of any proceeding for any such purpose, or of any request by the SEC for the amendment or supplement of the Registration Statement or for additional information.

8.2 Stockholder Approvals.

(a) CBAC shall call a stockholders meeting, to be held as soon as reasonably practicable after the Joint Proxy Statement is cleared by the SEC, for the purpose of voting upon adoption of this Agreement, the amendments to CBAC's Certificate of Incorporation set forth in Exhibit A hereto and such other related matters as it deems appropriate. TFC shall call a stockholders meeting, to be held as soon as reasonably practicable after the Joint Proxy Statement is cleared by the SEC, for the purpose of voting upon the adoption of this Agreement and such other related matters as it deems appropriate. The Parties shall coordinate and cooperate with respect to the timing of such meetings and shall use their reasonable efforts to hold such meetings on the same day. In addition, the Chairman of the Board of Directors and the Chief Executive Officer of each Party shall make themselves physically present at the other Party's Stockholders Meeting for introduction to such Party's stockholders.

(b) In connection with the Stockholders Meetings, (i) CBAC and TFC shall mail the Joint Proxy Statement to their respective stockholders, (ii) the Boards of Directors of CBAC and TFC shall recommend to their respective stockholders the approval of the matters submitted for approval and (iii) the Board of Directors and officers of CBAC and TFC shall use their reasonable efforts to obtain such stockholders' approval; *provided that* each of CBAC and TFC may withdraw, modify, or change in an adverse manner to the other Party its recommendations of the Board of Directors of such Party, after having consulted with and based upon the advice of counsel, determines in good faith that the failure to so withdraw, modify or change its recommendation could constitute a breach of the fiduciary duties of such Party's Board of Directors under applicable Law.

8.3 Other Offers, etc.

(a) Neither CBAC nor any TFC Entity shall, nor shall either Party authorize or permit any of their respective Affiliates or Representatives to, directly or indirectly (i) solicit, initiate, encourage or induce the making, submission or announcement of any Acquisition Proposal, (ii) participate in any discussions or negotiations regarding, or furnish to any Person or Group (as such term is defined in Section 13(d) under the Exchange Act) any nonpublic information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to, any Acquisition Proposal, (iii) subject to Section 8.3(c), approve, endorse or recommend any Acquisition Proposal, or (iv) enter into any definitive agreement contemplating or otherwise relating to any Acquisition Transaction; *provided, however*, that this Section 8.3 shall not prohibit either Party from furnishing nonpublic information regarding itself and in the case of TFC, any TFC Entity, to or entering into a confidentiality agreement or discussions or negotiations with, any Person or Group in response to a *bona fide* unsolicited written Acquisition Proposal submitted by such Person or Group (and not withdrawn) if (A) neither CBAC nor any TFC Entity or their respective Representatives or Affiliates, as applicable, shall have violated any of the restrictions set forth in this Section 8.3, (B) the Board of Directors of CBAC or TFC, as the case may be, in its good faith judgment (based on, among other things, the advice of CBAC Financial Advisor or TFC Financial Advisor, as applicable, that such Acquisition Proposal constitutes a Superior Proposal, (C) the Board of Directors of CBAC or TFC, as the case may be, concludes in good faith, after consultation with and receipt of a written opinion from its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties, as such duties would exist in the absence of this Section 8.3, to the stockholders of CBAC or TFC, as the case may be, under applicable Law, (D) (1) at least five business days prior to furnishing any such nonpublic information to, or entering into discussions or negotiations with, such Person or Group, the Party gives the other Party written notice of the identity of such Person

or Group and of such Party's intention to furnish nonpublic information to, or enter into discussions or negotiations with, such Person or Group, and (2) such Party receives from such Person or Group an executed confidentiality agreement containing terms no less favorable to the disclosing Party than the confidentiality terms of this Agreement, and (E) contemporaneously with furnishing any such nonpublic information to such Person or Group, such Party furnishes such nonpublic information to the other Party (to the extent such nonpublic information has not been previously furnished by such

Party). In addition to the foregoing, such Party shall provide the other Party with at least five business days prior written notice of a meeting of its Board of Directors at which meeting such Board of Directors is reasonably expected to resolve to recommend a Superior Proposal of CBAC or TFC, as the case may be, to its stockholders and together with such notice a copy of the most recently proposed documentation relating to such Superior Proposal; *provided, further*, that such Party hereby agrees promptly to provide to the other Party any revised documentation and any definitive agreement relating to such Superior Proposal.

(b) In addition to the obligations set forth in this Section 8.3, as promptly as practicable, after any of the directors or executive officers of CBAC or TFC, as the case may be, become aware thereof, the applicable Party shall advise the other Party of (x) any request received by it for nonpublic information which such Party reasonably believes could lead to an Acquisition Proposal or (y) any Acquisition Proposal, the material terms and conditions of such request or Acquisition Proposal, and the identity of the Person or Group making any such request or Acquisition Proposal. Each Party shall keep the other Party informed promptly of material amendments or modifications to any such request or Acquisition Proposal.

(c) CBAC and each TFC Entity shall, and shall cause their respective directors, officers, employees and Representatives to immediately cease any and all existing activities, discussions or negotiations with any Persons conducted heretofore with respect to any Acquisition Proposal and will use and cause to be used all reasonable efforts to enforce any confidentiality or similar or related agreement relating to any Acquisition Proposal.

(d) Nothing contained in this Agreement shall prevent a Party or its Board of Directors from complying with Rule 14d-9 and Rule 14e-2 under the Exchange Act with respect to an Acquisition Proposal; *provided that*, such Rules will in no way eliminate or modify the effect that any action pursuant to such Rules would otherwise have under this Agreement.

8.4 Consents of Regulatory Authorities.

The Parties hereto shall cooperate with each other and use their reasonable efforts to promptly prepare and file all necessary documentation and applications, to effect all applications, notices, petitions and filings, and to obtain as promptly as practicable all Consents of all Regulatory Authorities and other Persons which are necessary or advisable to consummate the transactions contemplated by this Agreement (including the Merger). Each of CBAC and TFC agrees to use all reasonable efforts to cause the necessary documentation and applications to be filed with the Regulatory Authorities within thirty (30) days of the date of this Agreement. The Parties agree that they will consult with each other with respect to the obtaining of all Consents of all Regulatory Authorities and other Persons necessary or advisable to consummate the transactions contemplated by this Agreement and each Party will keep the other apprised of the status of matters relating to contemplation of the transactions contemplated herein. Each Party also shall promptly advise the other upon receiving any communication from any Regulatory Authority or other Person whose Consent is required for consummation of the transactions contemplated by this Agreement which causes such Party to believe that there is a reasonable likelihood that any requisite Consent will not be obtained or that the receipt of any such Consent will be materially delayed.

8.5 Agreement as to Efforts to Consummate.

Subject to the terms and conditions of this Agreement, each Party agrees to use, and to cause its Subsidiaries to use, its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Laws to consummate and make effective, as soon as reasonably practicable after the date of this Agreement, the transactions contemplated by this Agreement, including using its reasonable efforts to lift or rescind any Order adversely affecting its ability to consummate the transactions contemplated herein and to cause to be satisfied the conditions referred to in Article 9; *provided that*, nothing herein shall preclude either Party from

exercising its rights under this Agreement.

8.6 Investigation and Confidentiality.

(a) Prior to the Effective Time, each Party shall keep the other Party advised of all material developments relevant to its business and the consummation of the Merger and shall permit the other Party to make or cause to be made such investigation of its business and properties (including that of its Subsidiaries) and of their respective financial and legal conditions as the other Party reasonably requests; *provided that* such investigation shall be

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reasonably related to the transactions contemplated hereby and shall not interfere unnecessarily with normal operations. No investigation by a Party shall affect the ability of such Party to rely on the representations and warranties of the other Party. Between the date hereof and the Effective Time, TFC shall permit CBAC's senior officers and independent public accountants to meet with the respective senior officers of TFC, including officers responsible for the TFC Financial Statements, the internal controls of TFC and the disclosure controls and procedures of TFC and TFC's independent public accountants to discuss such matters as CBAC may deem reasonably necessary or appropriate for CBAC to satisfy its obligations under Sections 302, 404 and 906 of the Sarbanes-Oxley Act. TFC shall permit the Chief Executive Officer of CBAC to attend meetings of TFC's Board of Directors or any committee thereof as an observer, except that the Chief Executive Officer of CBAC may not attend, unless otherwise permitted by TFC, any portion of such meeting during which this Agreement and the transactions contemplated hereby are discussed or where litigation involving TFC is being discussed and counsel for TFC has advised TFC that the presence of CBAC representatives may jeopardize the attorney/client privilege. TFC shall not be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of any customer, would contravene any law, rule, regulation, order or judgment, would violate any fiduciary obligations or duties of the officers or directors of TFC or would violate any confidentiality agreement; *provided that* TFC shall cooperate with CBAC in seeking to obtain Consents from appropriate parties under whose rights or authority access is otherwise restricted.

(b) In addition to each Party's obligations pursuant to Section 8.6(a), each Party shall, and shall cause its advisors and agents to, maintain the confidentiality of all confidential information furnished to it by the other Party concerning its and its Subsidiaries' businesses, operations, and financial positions and shall not use such information for any purpose except in furtherance of the transactions contemplated by this Agreement. If this Agreement is terminated prior to the Effective Time, each Party shall promptly return or certify the destruction of all documents and copies thereof, and all work papers containing confidential information received from the other Party.

(c) Each Party agrees to give the other Party notice as soon as practicable after any determination by it of any fact or occurrence relating to the other Party which it has discovered through the course of its investigation and which represents, or is reasonably likely to represent, either a material breach of any representation, warranty, covenant or agreement of the other Party or which has had or is reasonably likely to have a TFC Material Adverse Effect or a CBAC Material Adverse Effect, as applicable.

8.7 Press Releases.

(a) Prior to the Effective Time, CBAC and TFC shall consult with each other as to the form and substance of any press release, communication with their respective stockholders, or other public disclosure materially related to this Agreement or any other transaction contemplated hereby; *provided that* nothing in this Section 8.7 shall be deemed to prohibit any Party from making any disclosure which its counsel deems necessary or advisable in order to satisfy such Party's disclosure obligations imposed by Law.

(b) As soon as practicable following the execution of this Agreement, the Parties shall prepare and issue a joint press release announcing the Merger and date of the execution of this Agreement. Any such announcement shall be made following the closing of trading on the AMEX and the OTC Bulletin Board.

8.8 Charter Provisions.

Each TFC Entity shall take all necessary action to ensure that the entering into of this Agreement and the consummation of the Merger and the other transactions contemplated hereby do not and will not result in the grant of any rights to any Person under the Articles of Incorporation, Bylaws or other governing instruments of any TFC Entity or restrict or impair the ability of CBAC or any of its Subsidiaries to vote, or otherwise to exercise the rights of a

stockholder with respect to, shares of any TFC Entity that may be directly or indirectly acquired or controlled by them.

8.9 Employee Benefits and Contracts.

(a) Subject to Section 8.9(c) and for the 12 month period following the Effective Time, the Surviving Corporation shall maintain for the benefit of the officers and employees of the TFC Entities the TFC Benefit Plans

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maintained by the TFC Entities immediately prior to the Effective Time; *provided that* the Surviving Corporation may amend or terminate any TFC Benefit Plan to comply with any Law or as necessary and appropriate for any business reason. For purposes of participation, vesting and benefit accrual (except not for purposes of benefit accrued with respect to any plan in which such credit would result in a duplication of benefits) under Surviving Corporation's employee benefit plans, whether new or existing, the service of the employees of the TFC Entities prior to the Effective Time shall be treated as service with the Surviving Corporation participating in such employee benefit plans.

(b) No provision of this Agreement constitutes or shall give rise to, or shall be deemed to constitute or give rise to, an employment agreement or employment-related right or entitlement, an employee benefit or employee benefit-related plan, program or other arrangement, a provision of any such plan, program or other arrangement, or an amendment of any such plan, program or other arrangement.

(c) Nothing in this Section 8.9 or any other provision of this Agreement shall prevent or limit or shall be interpreted as preventing or limiting the Surviving Corporation, from and after the Effective Time, from amending, modifying or terminating any TFC Benefit Plan or any other contracts, arrangements, commitments or plans of either Party.

(d) Simultaneously with the execution of this Agreement, each of TFC's directors and executive officers shall execute and deliver to CBAC a Support Agreement in the form attached to this Agreement as Exhibit C.

(e) Prior to the mailing of the Joint Proxy Statement, each of the members of the Board of Directors of the Surviving Corporation shall have executed and delivered to CBAC a Retention Agreement in the form attached hereto as Exhibit D.

(f) TFC has disclosed in Section 8.9(f) of the TFC Disclosure Memorandum each Person whom it reasonably believes may be deemed an affiliate of TFC for purposes of Rule 145 under the Securities Act, which Persons are set forth in Exhibit E. TFC shall use its reasonable efforts to cause each such Person to deliver to CBAC not later than 30 days prior to the Effective Time, a written agreement, in substantially the form of Exhibit F, providing that such Person will not sell, pledge, transfer, or otherwise dispose of the shares of TFC Common Stock held by such Person except as contemplated by such agreement or by this Agreement and will not sell, pledge, transfer or otherwise dispose of the shares of CBAC Common Stock to be received by such Person upon consummation of the Merger except in compliance with applicable provisions of the Securities Act and the rules and regulations thereunder. CBAC shall not be required to maintain the effectiveness of the Registration Statement under the Securities Act of the purposes of resale of CBAC Common Stock by such affiliates.

8.10 Indemnification.

(a) CBAC shall, and shall cause the Surviving Corporation to, indemnify, defend and hold harmless the present and former directors, officers, employees and agents of the TFC Entities (each, an Indemnified Party) against all Liabilities arising out of actions or omissions arising out of the Indemnified Party's service or services as directors, officers, employees or agents of TFC or, at TFC's request, of another corporation, partnership, joint venture, trust or other enterprise occurring at or prior to the Effective Time (including the transactions contemplated by this Agreement) to the fullest extent permitted under the VSCA, Section 402 of the Sarbanes-Oxley Act, the Securities Laws and Section 18(k) of the Federal Deposit Insurance Act and FDIC Regulations Part 359 promulgated thereunder and by TFC's Articles of Incorporation and Bylaws as in effect on the date hereof, including provisions relating to advances of expenses incurred in the defense of any Litigation and whether or not CBAC is insured against any such matter. Without limiting the foregoing, in any case in which approval by the Surviving Corporation is required to effectuate any indemnification, the Surviving Corporation shall direct, at the election of the Indemnified Party, that the determination of any such approval shall be made by independent counsel mutually agreed upon between CBAC and the Indemnified Party.

(b) CBAC shall, or shall cause the Surviving Corporation to, use its reasonable efforts (and TFC shall cooperate prior to the Effective Time in these efforts) to maintain in effect for a period of up to three years after the Effective Time TFC s existing directors and officers liability insurance policy (provided that CBAC or the Surviving Corporation may substitute therefore (i) policies of substantially the same coverage and amounts containing terms and conditions which are substantially no less advantageous or (ii) with the consent of TFC given

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prior to the Effective Time, any other policy) with respect to claims arising from facts or events which occurred prior to the Effective Time and covering persons who are currently covered by such insurance; *provided that* none of TFC, CBAC nor the Surviving Corporation shall be obligated to make aggregate premium payments longer than three years in respect of such policy (or coverage replacing such policy) and which exceed, for the portion related to TFC's directors and officers, 200% of the annual premium payments on TFC's current policy in effect as of the date of this Agreement (the Maximum Amount). If the amount of the premiums necessary to maintain or procure such insurance coverage exceeds the Maximum Amount, CBAC or the Surviving Corporation shall use its reasonable efforts to maintain the most advantageous policies of directors' and officers' liability insurance obtainable for a premium equal to the Maximum Amount, but shall not be obligated to maintain any insurance coverage to the extent the cost of such coverage exceeds the Maximum Amount.

(c) Any Indemnified Party wishing to claim indemnification under paragraph (a) of this Section 8.10, upon learning of any such Liability or Litigation, shall promptly notify CBAC thereof in writing. In the event of any such Litigation (whether arising before or after the Effective Time), (i) CBAC or the Surviving Corporation shall have the right to assume the defense thereof and neither CBAC nor the Surviving Corporation shall be liable to such Indemnified Parties for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, except that if CBAC or the Surviving Corporation elects not to assume such defense or counsel for the Indemnified Parties advises that there are substantive issues which raise conflicts of interest between CBAC or the Surviving Corporation and the Indemnified Parties, the Indemnified Parties may retain counsel satisfactory to them, and CBAC or the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Parties promptly as statements therefore are received; *provided that* CBAC and the Surviving Corporation shall be obligated pursuant to this paragraph (c) to pay for only one firm of counsel for all Indemnified Parties in any jurisdiction; (ii) the Indemnified Parties will cooperate in good faith in the defense of any such Litigation; and (iii) neither CBAC nor the Surviving Corporation shall be liable for any settlement effected without its prior written consent and which does not provide for a complete and irrevocable release of all CBAC's Entities and their respective directors, officers and controlling persons, employees, agents and Representatives; and *provided, further*, that neither CBAC nor the Surviving Corporation shall have any obligation hereunder to any Indemnified Party when and if a court of competent jurisdiction shall determine, and such determination shall have become final, that the indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable Law.

(d) If CBAC or the Surviving Corporation or any successors or assigns shall consolidate with or merge into any other Person and shall not be the continuing or surviving Person of such consolidation or merger or shall transfer all or substantially all of its assets to any Person, then and in each case, proper provision shall be made so that the successors and assigns of CBAC or the Surviving Corporation shall assume the obligations set forth in this Section 8.10.

(e) The provisions of this Section 8.10 are intended to be for the benefit of and shall be enforceable by, each Indemnified Party and their respective heirs and legal and personal representatives.

8.11 Employee Non-Solicitation.

In the event this Agreement is terminated, for a period of three years following such termination CBAC shall not solicit (other than through the use of general employment advertising or an independent employment agency or search firm, in either case where such solicitation is not specifically targeted at TFC's employees) any part-time or full-time employee of TFC without the prior written consent of TFC.

8.12 Net Operating Losses.

The Parties agree to use their reasonable efforts to ensure that the Surviving Corporation may use TFC's net operating losses, as defined in the Code.

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ARTICLE 9

CONDITIONS PRECEDENT TO OBLIGATIONS TO CONSUMMATE

9.1 Conditions to Obligations of Each Party.

The respective obligations of each Party to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by both Parties pursuant to Section 11.6:

(a) *Stockholder Approvals.* The holders of at least a majority of the outstanding shares of TFC Common Stock shall have approved this Agreement, and the consummation of the transactions contemplated hereby, including the Merger, as and to the extent required by Law and by the provisions of TFC's Articles of Incorporation and Bylaws. The holders of a majority of the outstanding CBAC IPO Common Stock cast at the CBAC Stockholders Meeting shall have voted for, and the holders of less than 20% of the outstanding shares of CBAC IPO Common Stock cast at the CBAC Stockholders Meeting against, approval of this Agreement, and the consummation of the transaction contemplated hereby, including the Merger and the amendments to CBAC's Certificate of Incorporation set forth in Exhibit A hereto as and to the extent required by Law and the provisions of CBAC's Certificate of Incorporation and Bylaws.

(b) *Regulatory Approvals.* All Consents of, filings and registrations with, and notifications to, all Regulatory Authorities required for consummation of the Merger shall have been obtained or made and shall be in full force and effect and all waiting periods required by Law shall have expired. No Consent obtained from any Regulatory Authority which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner (including requirements relating to the raising of additional capital or the disposition of Assets) which in the reasonable judgment of the Board of Directors of CBAC or the Board of Directors of TFC would so materially adversely affect the economic or business benefits of the transactions contemplated by this Agreement that, had such condition or requirement been known, CBAC or TFC, or applicable, would not, in its reasonable judgment, have entered into this Agreement.

(c) *Consents and Approvals.* Each Party shall have obtained any and all Consents required for consummation of the Merger (other than those referred to in Section 9.1(b)) or for the preventing of any Default under any Contract or Permit of such Party which, if not obtained or made, is reasonably likely to have, individually or in the aggregate, a TFC Material Adverse Effect or a CBAC Material Adverse Effect, as applicable. No Consent so obtained which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner which in the reasonable judgment of the Board of Directors of CBAC (in the case of a Consent obtained by TFC) or in the reasonable judgment of the Board of Directors of TFC (in the case of a Consent obtained by CBAC) would so materially adversely affect the economic or business benefits of the transactions contemplated by this Agreement that, had such condition or requirement been known, CBAC or TFC, as applicable, would not, in its reasonable judgment, have entered into this Agreement.

(d) *Legal Proceedings.* No Governmental Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent) or taken any other action which prohibits, restricts or makes illegal consummation of the transactions contemplated by this Agreement.

(e) *Exchange Listing.* The shares of Surviving Corporation common stock issuable pursuant to the Merger shall have been approved for listing on AMEX or the Nasdaq Global Market, subject to official notice of issuance.

9.2 Conditions to Obligations of CBAC.

The obligations of CBAC to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by CBAC pursuant to Section 11.6(a):

- (a) Representations and Warranties. For purposes of this Section 9.2(a), the accuracy of the representations and warranties of TFC set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time (provided that representations and warranties which are confined to a specified date shall speak only as of such date). The representations and warranties set forth in Section 5.3 shall be true and correct (except for inaccuracies which are *de minimis* in amount). There shall not exist inaccuracies in the representations and warranties of TFC set forth in this Agreement (including the representations and warranties set forth in Section 5.3) such that the aggregate effect of such inaccuracies has, or is reasonably likely to have, a TFC Material Adverse Effect; *provided that* for purposes of this sentence only, those representations and warranties which are qualified by references to material or Material Adverse Effect or to the Knowledge of any Person shall be deemed not to include such qualifications.
- (b) Performance of Agreements and Covenants. Each and all of the agreements and covenants of TFC to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with in all material respects.
- (c) Certificates. TFC shall have delivered to CBAC (i) a certificate, dated as of the Effective Time and signed on its behalf by its chief executive officer and its chief financial officer, to the effect that the conditions set forth in Section 9.1 as it relates to TFC and in Sections 9.2(a) and 9.2(b) have been satisfied, and (ii) certified copies of resolutions duly adopted by TFC's Board of Directors and stockholders evidencing the taking of all corporate action necessary to authorize the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, all in such reasonable detail as CBAC and its counsel shall request.
- (d) Employment Agreements, Retention Agreements and Affiliate Agreements. Each of the members of the Board of Directors of the Surviving Corporation shall have executed and delivered to CBAC a Retention Agreement in the form attached hereto as Exhibit D. Each of the Persons set forth on Exhibit E shall have executed and delivered to CBAC Affiliate Agreements in the forms attached hereto as Exhibit F and delivered same to CBAC.
- (e) Legal Opinions. CBAC shall have received legal opinions in form and substance satisfactory to CBAC from TFC's counsel as to the matters specified in Exhibit G.
- (f) Exchange Listing. The shares of Surviving Corporation common stock issuable pursuant to the Merger shall have been approved for listing on AMEX or the Nasdaq Global Market, subject to official notice of issuance.
- (g) Tax Matters. CBAC shall have received a written opinion of counsel from Nelson Mullins Riley & Scarborough LLP, in a form reasonably satisfactory to CBAC dated as of the Effective Time (CBAC Tax Opinion) to the effect that the Merger will constitute a reorganization with the meaning of Section 368(a) of the Code and related matters. In rendering its opinion, Nelson Mullins Riley & Scarborough LLP may require and rely upon representations outlined in letters from TFC and others.
- (h) Conversion Rights. Less than 20% of the holders of the outstanding shares of CBAC IPO Common Stock shall have voted against the Merger and exercised their Conversion Rights.

(i) Fairness Opinion. CBAC shall have received a written opinion of CBAC Financial Advisor, dated as the date of this Agreement, to the effect that the exchange ratio is fair, from the financial point of view, to CBAC.

(j) Board of Directors and Management. Since the date of this Agreement, there shall have been no material changes in the members Board of Directors of TFC and the management of TFC.

(k) Stockholders Equity, Total Assets, Total Deposits, Net Loans and Net Income. TFC shall have, as of the Effective Time, (i) stockholders equity of at least \$30,000,000; (ii) total assets of at least \$210,000,000; (iii) total deposits of at least \$175,000,000 of the total deposits of TFC; and (iv) net loans of at least \$175,000,000.

9.3 Conditions to Obligations of TFC.

The obligations of TFC to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by TFC pursuant to Section 11.6(b):

(a) Representations and Warranties. For purposes of this Section 9.3(a), the accuracy of the representations and warranties of CBAC set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time (provided that representations and warranties which are confined to a specified date shall speak only as of such date). The representations and warranties set forth in Section 6.3 shall be true and correct (except for inaccuracies which are *de minimis* in amount). There shall not exist inaccuracies in the representations and warranties of CBAC set forth in this Agreement (including the representations and warranties set forth in Section 6.3) such that the aggregate effect of such inaccuracies has, or is reasonably likely to have, a CBAC Material Adverse Effect; *provided that*, for purposes of this sentence only, those representations and warranties which are qualified by references to material or Material Adverse Effect or to the Knowledge of any Person shall be deemed not to include such qualifications.

(b) Performance of Agreements and Covenants. Each and all of the agreements and covenants of CBAC to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with in all material respects.

(c) Certificates. CBAC shall have delivered to TFC (i) a certificate, dated as of the Effective Time and signed on its behalf by its chief executive officer and its chief financial officer, to the effect that the conditions set forth in Section 9.1 as it relates to CBAC and in Sections 9.3(a) and 9.3(b) have been satisfied, and (ii) certified copies of resolutions duly adopted by CBAC's Board of Directors evidencing the taking of all corporate action necessary to authorize the execution, delivery and performance of this Agreement, and the consummation of the transactions contemplated hereby, all in such reasonable detail as TFC and its counsel shall request.

(d) Legal Opinions. TFC shall have received legal opinions in form and substance satisfactory to TFC from CBAC's counsel as to the matters specified in Exhibit H.

(e) Tax Matters. TFC shall have received a written opinion of counsel from Williams Mullen, in a form reasonably satisfactory to TFC dated as of the Effective Time (TFC Tax Opinion) to the effect that the Merger will constitute a reorganization with the meaning of Section 368(a) of the Code and related matters. In rendering its opinion, Williams Mullen may require and rely upon representations outlined in letters from CBAC and others.

(f) Fairness Opinion. TFC shall have received a written opinion of TFC Financial Advisor, dated as the date of this Agreement, to the effect that the exchange ratio is fair, from the financial point of view, to the holders of TFC Common Stock.

(g) Distribution of the CBAC Trust Fund. CBAC and the counsel for CBAC shall have taken all necessary action in accordance with the CBAC Trust Agreement to allow the distribution of all of the assets in the Trust Fund to the Surviving Corporation as of the Effective Time.

ARTICLE 10

TERMINATION

10.1 Termination.

Notwithstanding any other provision of this Agreement, and notwithstanding the approval of this Agreement by the stockholders of TFC, this Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time:

(a) By mutual written agreement of CBAC and TFC; or

(b) By either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a breach by the other Party of any representation or warranty contained in this Agreement which cannot be or has not been cured within 30 days after the giving of written notice to the breaching Party of such breach and which breach is reasonably likely, in the opinion of the non-breaching Party, to permit such Party to refuse to consummate the transactions contemplated by this Agreement pursuant to the standard set forth in Section 9.2 or 9.3 as applicable; or

(c) By either Party in the event (i) any Consent of any Regulatory Authority required for consummation of the Merger and the other transactions contemplated hereby shall have been denied by final nonappealable action of such authority or if any action taken by such authority is not appealed within the time limit for appeal, (ii) any Law or Order permanently restraining, enjoining or otherwise prohibiting the consummation of the Merger shall have become final and nonappealable, (iii) the stockholders of CBAC or TFC fail to vote their approval of the matters relating to this Agreement and the transactions contemplated hereby at CBAC's Stockholders Meeting or TFC's Stockholders Meeting, respectively, where such matters were presented to such stockholders for approval and voted upon, or (iv) holders of 20% or more in interest of the holders of IPO Common Stock vote against the Merger and exercise their Conversion Rights; or

(d) By CBAC in the event that (i) (w) the Board of Directors of TFC, shall have failed to reaffirm its approval, upon CBAC's request for such reaffirmation, of the Merger and the transactions contemplated by this Agreement (to the exclusion of any other Acquisition Proposal) or shall have resolved not to reaffirm the Merger, or (x) the Board of Directors of TFC shall have failed to include in the Joint Proxy Statement its recommendation, without modification or qualification, that the TFC stockholders give the TFC Stockholder Approval or shall have withdrawn, qualified or modified, or proposed publicly to withdraw, qualify or modify, in a manner adverse to CBAC, the recommendation of such Board of Directors to the TFC stockholders that they give the TFC Stockholder Approval, or (y) the Board of Directors of TFC shall have affirmed, recommended or authorized entering into any Acquisition Transaction other than the Merger or, within ten business days after commencement of any tender or exchange offer for any shares of TFC Common Stock, the Board of Directors of TFC shall have failed to recommend against acceptance of such tender or exchange offer by its stockholders or shall have taken no position with respect to the acceptance of such tender or exchange offer by its stockholders, or (z) the Board of Directors of TFC negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party (it being understood and agreed that negotiate shall not be deemed to include the provision of information to, or the request and receipt of information from, any Person that submits an Acquisition Proposal or discussions regarding such information for the sole purpose of ascertaining the terms of such Acquisition Proposal and determining whether the Board of Directors will in fact engage in, or authorize, negotiations) regarding an Acquisition Proposal other than the Merger, or (ii) (provided that CBAC is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement), prior to obtaining the CBAC Stockholder Approval at the CBAC Stockholders Meeting, the Board of Directors of CBAC has (x) withdrawn or modified or changed its

recommendation or approval of this Agreement in a manner adverse to TFC in order to approve and permit CBAC to accept a Superior Proposal and (y) determined, after consultation with, and the receipt of advice from outside legal counsel to CBAC, that the failure to take such action as set forth in the preceding clause (x) would be likely to result in a breach of the Board of Directors' fiduciary duties under applicable Law; *provided, however*, that at least five business days prior to

any such termination, CBAC shall, and shall cause its advisors to, negotiate with TFC, if TFC elects to do so, to make such adjustments in the terms and conditions of this Agreement as would enable TFC to proceed with the transactions contemplated herein on such adjusted terms; or

(e) By TFC in the event that (i) (w) the Board of Directors of CBAC, shall have failed to reaffirm its approval, upon TFC's request for such reaffirmation, of the Merger and the transactions contemplated by this Agreement (to the exclusion of any other Acquisition Proposal) or shall have resolved not to reaffirm the Merger, or (x) the Board of Directors of CBAC shall have failed to include in the Joint Proxy Statement its recommendation, without modification or qualification, that CBAC stockholders give the CBAC Stockholder Approval or shall have withdrawn, qualified or modified, or proposed publicly to withdraw, qualify or modify, in a manner adverse to TFC, the recommendation of such Board of Directors to the CBAC stockholders that they give the CBAC Stockholder Approval, or (y) the Board of Directors of CBAC shall have affirmed, recommended or authorized entering into any Acquisition Transaction other than the Merger within ten business days after commencement of any tender or exchange offer for any shares of CBAC Common Stock, the Board of Directors of CBAC shall have failed to recommend against acceptance of such tender or exchange offer by its stockholders or shall have taken no position with respect to the acceptance of such tender or exchange offer by its stockholders, or (z) the Board of Directors of CBAC negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party (it being understood and agreed that negotiate shall not be deemed to include the provision of information to, or the request and receipt of information from, any Person that submits an Acquisition Proposal or discussions regarding such information for the sole purpose of ascertaining the terms of such Acquisition Proposal and determining whether the Board of Directors will in fact engage in, or authorize, negotiations) regarding an Acquisition Proposal other than the Merger, or (ii) (provided that TFC is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement), if prior to obtaining the TFC Stockholder Approval at the TFC Stockholders Meeting, the Board of Directors of TFC has (x) withdrawn or modified or changed its recommendation or approval of this Agreement in a manner adverse to CBAC in order to approve and permit TFC to accept a Superior Proposal and (y) determined, after consultation with, and the receipt of advice from outside legal counsel to TFC, that the failure to take such action as set forth in the preceding clause (x) would be likely to result in a breach of the Board of Directors' fiduciary duties under applicable Law; *provided, however*, that at least five business days prior to any such termination, TFC shall, and shall cause its advisors to, negotiate with CBAC, if CBAC elects to do so, to make such adjustments in the terms and conditions of this Agreement as would enable TFC to proceed with the transactions contemplated herein on such adjusted terms; or

(f) By either Party in the event that the Merger shall not have been consummated by May 31, 2008, if the failure to consummate the transactions contemplated hereby on or before such date is not caused by any breach of this Agreement by the Party electing to terminate pursuant to this Section 10.1.

10.2 Effect of Termination.

In the event of the termination and abandonment of this Agreement pursuant to Section 10.1, this Agreement shall become void and have no effect, except that (i) the provisions of Sections 7.6, 8.6(b), 8.11, 11.2, 11.3, 11.6, 11.9, 11.15 and this Article 10 shall survive any such termination and abandonment, and (ii) except as provided in Sections 7.6 and 11.2, neither Party shall have any liability to the other upon termination of this Agreement.

10.3 Non-Survival of Representations and Covenants.

Except for Article 2, Article 3, Article 4, Sections 8.6(b), 8.10, 8.11, 8.12, 11.15 and this Section 10.3, the respective representations, warranties, obligations, covenants, and agreements of the Parties shall not survive the Effective Time.

ARTICLE 11

MISCELLANEOUS

11.1 Definitions.

(a) Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

Acquisition Proposal means any proposal (whether communicated to the applicable Party or publicly announced to a Party's stockholders) by (i) any Person (except, in the case of a proposal to TFC, other than CBAC or any of its Affiliates) for an Acquisition Transaction involving a Party or any of its present or future consolidated Subsidiaries, or any combination of such Subsidiaries, the assets of which constitute 5% or more of the consolidated assets of the Party as reflected on such Party's consolidated statement of condition prepared in accordance with GAAP.

Acquisition Transaction means any transaction or series of related transactions (other than the transactions contemplated by this Agreement) involving: (i) any acquisition or purchase from a Party by any Person or Group (except, in the case of a proposal to TFC, other than CBAC or any of its Affiliates) of 25% or more in interest of the total outstanding voting securities of such Party or any of its Subsidiaries, or any tender offer or exchange offer that if consummated would result in any Person or Group (except, in the case of a proposal to TFC, other than CBAC or any of its Affiliates) beneficially owning 25% or more in interest of the total outstanding voting securities of a Party or any of its Subsidiaries, or any merger, consolidation, business combination or similar transaction involving a Party pursuant to which the stockholders of such Party immediately preceding such transaction hold less than 90% of the equity interests in the surviving or resulting entity (which includes the parent corporation of any constituent corporation to any such transaction) of such transaction; (ii) any sale or lease (other than in the ordinary course of business), or exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of 5% or more of the assets of a Party; or (iii) any liquidation or dissolution of TFC or CBAC, other than as provided for in the CBAC Trust Agreement; provided that, for purposes of Section 11.2(b), *Acquisition Transaction* will definitely specifically include any acquisition, by tender or exchange offer, merger, consolidation or other business combination or otherwise, directly or indirectly, of any Person by a Party.

Affiliate of a Person means: (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person; (ii) any officer, director, partner, employer, or direct or indirect beneficial owner of any 10% or greater equity or voting interest of such Person; or (iii) any other Person for which a Person described in clause (ii) acts in any such capacity.

AMEX means the American Stock Exchange LLC.

Articles of Merger means the Articles of Merger to be filed with the Virginia State Corporation Commission.

Assets of a Person means all of the assets, properties, businesses and rights of such Person of every kind, nature, character and description, whether real, personal or mixed, tangible or intangible, accrued or contingent, or otherwise relating to or utilized in such Person's business, directly or indirectly, in whole or in part, whether or not carried on the books and records of such Person, and whether or not owned in the name of such Person or any Affiliate of such Person and wherever located.

Average Closing Price shall mean the average of the daily closing prices of CBAC Common Stock as reported on the AMEX (as reported by *The Wall Street Journal* or, if not reported thereby, another authoritative source as chosen by CBAC) for the twenty consecutive full trading days in which such shares are traded on the AMEX ending at the close of trading on the Determination Date.

Bank means TransCommunity Bank, N.A., a national bank and a wholly owned Subsidiary of TFC.

Bank Secrecy Act means The Bank Secrecy Act of 1970, as amended.

CBAC Business Combination means a business combination as defined in Article Sixth of the CBAC Certificate of Incorporation.

CBAC Certificate of Incorporation means the CBAC Certificate of Incorporation, as amended and restated on May 24, 2006.

CBAC Common Stock means the common stock, par value \$0.01 per share, of CBAC.

CBAC Entities means, collectively, CBAC and all CBAC Subsidiaries.

CBAC Financial Advisor means Keefe, Bruyette & Woods, Inc.

CBAC Financial Statements means (i) the balance sheet of CBAC as of March 31, 2007 and as of June 30, 2007 and the related statements of income, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) and for the fiscal year ended March 31, 2007 and for the three-month period ended June 30, 2007, and (ii) the balance sheet of CBAC (including related notes and schedules, if any) and related statements of income, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) with respect to periods ended subsequent to June 30, 2007.

CBAC IPO Common Stock means the 7,500,000 shares of CBAC Common Stock issued in connection with the CBAC initial public offering on June 8, 2006.

CBAC Material Adverse Effect means an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse effect on (i) the financial position, property, business, assets or results of operations of CBAC and its Subsidiaries, taken as a whole, or (ii) the ability of CBAC to perform its obligations under this Agreement or to consummate the Merger or the other transactions contemplated by this Agreement; *provided that* CBAC Material Adverse Effect shall not be deemed to include the effects of (A) changes in banking and other Laws of general applicability or interpretations thereof by Governmental Authorities, (B) changes in GAAP or regulatory accounting principles generally applicable to banks and their holding companies, (C) actions and omissions of CBAC (or any of its Subsidiaries) taken with the prior written consent of TFC in contemplation of the transactions contemplated hereby, (D) changes in economic conditions affecting financial institutions generally, including, but not limited to, changes in market interest rates or the projected future interest rate environment, (E) any modifications or changes to valuation policies and practices in connection with the Merger or restructuring charges taken in connection with the Merger, in each case in accordance with GAAP, or (F) direct effects of compliance with this Agreement on the operating performance of CBAC, including expenses incurred by CBAC in consummating the transactions contemplated by this Agreement.

CBAC Stockholder Approval means the approval of the majority of the outstanding shares of CBAC IPO Common Stock cast at the meeting with the holders of less than 20% of the outstanding shares of CBAC IPO Common Stock voting against the Merger and thereafter exercising their Conversion Rights.

CBAC Subsidiaries means the Subsidiaries of CBAC, which shall include any corporation, bank, savings association, limited liability company, limited partnership, limited liability partnership or other organization acquired as a Subsidiary of CBAC in the future and held as a Subsidiary by CBAC at the Effective Time.

CBAC Trust Agreement means the Investment Management Trust Agreement by and between CBAC and Continental Stock Transfer & Trust Company, dated as of June 8, 2006.

CBAC UPO means the unit purchase options issued by CBAC prior to the date of this Agreement entitling the holders to purchase up to 525,000 CBAC units at an exercise price of \$10.00 per unit, each unit consisting of one share of CBAC Common Stock and one warrant to purchase one share of CBAC Common Stock at an exercise price of \$7.50 per share. The unit purchase options may be exercised on the later of the consummation of a CBAC Business Combination or June 8, 2007.

CBAC Warrants means the warrants issued by CBAC prior to the date of this Agreement entitling the holders to purchase up to 7,500,000 shares of CBAC Common Stock at an exercise price of \$5.00. The CBAC Warrants may be exercised upon the consummation of a CBAC Business Combination.

Certificate of Merger means the certificate of merger to be filed with the Delaware Secretary of State.

Closing Date means the date on which the Closing occurs.

Code means the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder.

Commission or SEC means the United States Securities and Exchange Commission.

Consent means any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract, Law, Order, or Permit.

Contract means any written or oral agreement, arrangement, authorization, commitment, contract, indenture, instrument, lease, license, obligation, plan, practice, restriction, understanding, or undertaking of any kind or character, or other document to which any Person is a Party or that is binding on any Person or its capital stock, Assets or business.

Default means (i) any breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both would constitute a breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right of any Person to exercise any remedy or obtain any relief under, terminate or revoke, suspend, cancel, or modify or change the current terms of, or renegotiate, or to accelerate the maturity or performance of, or to increase or impose any Liability under, any Contract, Law, Order, or Permit.

Determination Date shall mean the fifth day prior to the anticipated Closing Date.

DGCL means the Delaware General Corporation Law.

Employee Benefit Plan means each pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, share purchase, severance pay, vacation, bonus, retention, change in control or other incentive plan, medical, vision, dental or other health plan, or program or other arrangement, any life insurance plan, flexible spending account, cafeteria plan, vacation, holiday, disability, death or any other employee benefit plan or fringe benefit plan, including any employee benefit plan, as that term is defined in Section 3(3) of ERISA and any other plan, fund, policy, program, practice, custom understanding or arrangement providing compensation or other benefits, whether or not such Employee Benefit Plan is or is intended to be (i) covered or qualified under the Code, ERISA or any other applicable Law, (ii) written or oral, (iii) funded or unfunded, (iv) actual or contingent or (v) arrived at through collective bargaining or otherwise.

Environmental Laws shall mean all Laws relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface or subsurface strata) and which are administered, interpreted or enforced by the United States Environmental Protection Agency and state and local Governmental Authorities with jurisdiction over, and including common law in respect of, pollution or protection of the environment, including: (i) the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §§ 9601, et seq. (CERCLA); (ii) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, et seq. (RCRA); (iii) the Emergency Planning and Community Right to Know Act (42 U.S.C. §§ 11001, et seq.); (iv) the Clean Air Act (42 U.S.C. §§ 7401, et seq.); (v) the Clean Water Act (33 U.S.C. §§ 1251, et seq.); (vi) the Toxic Substances Control Act (15 U.S.C. §§ 2601, et seq.); (vii) any state, county, municipal or local statutes, laws or ordinances similar or analogous to the federal statutes listed in parts (i) – (vi) of this subparagraph; (viii) any amendments to the statutes, laws or ordinances listed in parts (i) – (vi) of this subparagraph,

regardless of whether in existence on the date hereof, (ix) any rules, regulations, guidelines, directives, orders or the like adopted pursuant to or implementing the statutes, laws, ordinances and amendments listed in parts (i) - (vii) of this subparagraph; and (x) any other law, statute, ordinance, amendment, rule, regulation, guideline, directive, order or the like in effect now or in the future relating to environmental, health or safety matters and other Laws relating to emissions, discharges, releases, or threatened releases of any Hazardous Material, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of any Hazardous Material.

ERISA means the Employee Retirement Income Security Act of 1974.

ERISA Affiliate means any Person that is a member of a controlled group of corporations with, under common control with, or a member of an affiliated services group with, CBAC or any TFC Entity, as applicable, as defined in Section 414(b), (c), (m) or (o) of the Code or is otherwise treated as a single employer with CBAC or any TFC Entity, as applicable, for purposes of Section 414 of the Code.

Exchange Act means the Securities Exchange Act of 1934, and the rules and regulations promulgated thereunder.

Exchange Act Documents means all forms, proxy statements, registration statements, reports, schedules, and other documents, including all certifications and statements required by the Exchange Act or Section 906 of the Sarbanes-Oxley Act with respect to any report that is an Exchange Act Document, filed, or required to be filed, by a Party or any of its Subsidiaries with any Regulatory Authority pursuant to the Securities Laws.

Exhibits means the Exhibits so marked, copies of which are attached to this Agreement. Such Exhibits are hereby incorporated by reference herein and made a part hereof, and may be referred to in this Agreement and any other related instrument or document without being attached hereto or thereto.

FDIC shall mean the Federal Deposit Insurance Corporation.

Federal Reserve shall mean the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of Richmond.

Force Majeure Event means the occurrence of a fire, flood, washout, act of war, expropriation, confiscation of facilities, terrorism, earthquake, epidemic, embargo, labor dispute, strike, act of sabotage, explosion, riot, accident, rebellion, insurrection or sabotage, delay of carrier or supplier, breakdown, voluntary or mandatory compliance with any governmental act, regulation or request, act of God or by public enemy, or damage resulting therefrom, or any other similar cause beyond such Party's reasonable control.

GAAP shall mean generally accepted accounting principles in the United States, consistently applied during the periods involved.

Governmental Authority shall mean any federal, state, local, foreign, or other court, board, body, commission, agency, authority or instrumentality, arbitral authority, self-regulatory authority, mediator, tribunal, including Regulatory Authorities and Taxing Authorities.

Group shall mean two or more Persons acting in concert for the purpose of acquiring, holding or disposing of securities of an issuer.

Hazardous Material shall mean any chemical, substance, waste, material, pollutant, or contaminant defined as or deemed hazardous or toxic or otherwise regulated under any Environmental Law, including but not limited to RCRA hazardous wastes, CERCLA hazardous substances, and state regulated substances, pesticides and other agricultural chemicals, oil and petroleum products or byproducts and any constituents thereof, urea formaldehyde insulation, lead in paint or drinking water, mold, asbestos, and polychlorinated biphenyls (PCBs): (i) any hazardous substance, hazardous material, hazardous waste, regulated substance, or toxic substance (as those terms are defined by any applicable Environmental Laws) and (ii) any chemicals, pollutants, contaminants, petroleum, petroleum products, or oil (and specifically shall include asbestos requiring abatement, removal, or encapsulation pursuant to the requirements of Environmental Law), provided, notwithstanding the foregoing or any other provision in this Agreement to the contrary, the words *Hazardous Material* shall not mean or include any such Hazardous Material

used, generated, manufactured, stored, disposed of or otherwise handled in normal quantities in the ordinary course of business in compliance with all applicable Environmental Laws, or such that may be naturally occurring in any ambient air, surface water, ground water, land surface or subsurface strata.

Intellectual Property means copyrights, patents, trademarks, service marks, service names, trade names, domain names, together with all goodwill associated therewith, registrations and applications therefore, technology rights and licenses, computer software (including any source or object codes therefore or

documentation relating thereto), trade secrets, franchises, know-how, inventions, and other intellectual property rights.

Joint Proxy Statement means the prospectus/joint proxy statement included as part of the Registration Statement.

Knowledge as used with respect to a Person (including references to such Person being aware of a particular matter) means those facts that are known or should reasonably have been known after due inquiry by the chairman, president, or chief financial officer, or any senior or executive vice president of such Person and the knowledge of any such Persons obtained or which would have been obtained from a reasonable investigation.

Law means any code, law (including common law), ordinance, regulation, reporting or licensing requirement, rule, statute, regulation or order applicable to a Person or its Assets, Liabilities or business, including those promulgated, interpreted or enforced by any Regulatory Authority.

Liability means any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including costs of investigation, collection and defense), claim, deficiency, guaranty or endorsement of or by any Person (other than endorsements of notes, bills, checks, and drafts presented for collection or deposit in the ordinary course of business) of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise.

Lien means any conditional sale agreement, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any property or any property interest, other than (i) Liens for current property Taxes not yet due and payable, and (ii) for any depository institution, pledges to secure public deposits and other Liens incurred in the ordinary course of the banking business.

Litigation means any action, arbitration, cause of action, lawsuit, claim, complaint, criminal prosecution, governmental or other examination or investigation, audit (other than regular audits of financial statements by outside auditors), compliance review, inspection, hearing, administrative or other proceeding relating to or affecting a Party, its business, its Assets or Liabilities (including Contracts related to Assets or Liabilities), or the transactions contemplated by this Agreement, but shall not include regular, periodic examinations of depository institutions and their Affiliates by Regulatory Authorities.

Losses means any and all demands, claims, actions or causes of action, assessments, losses, diminution in value, damages (including special and consequential damages), liabilities, costs, and expenses, including interest, penalties, cost of investigation and defense, and reasonable attorneys' and other professional fees and expenses.

Material or material for purposes of this Agreement shall be determined in light of the facts and circumstances of the matter in question; *provided that* any specific monetary amount stated in this Agreement shall determine materiality in that instance.

OCC means the federal Office of the Comptroller of the Currency.

Operating Property means any property owned, leased, or operated by the Party in question or by any of its Subsidiaries or in which such Party or Subsidiary holds a security interest or other interest (including an interest in a fiduciary capacity), and, where required by the context, includes the owner or operator of such property, but only with respect to such property.

Order means any administrative decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, directive, ruling, or writ of any Governmental Authority.

Participation Facility means any facility or property in which the Party in question or any of its Subsidiaries participates in the management and, where required by the context, means the owner or operator of such facility or property, but only with respect to such facility or property.

Party means CBAC or TFC and *Parties* means both of such Persons.

Permit means any federal, state, local, and foreign Governmental Authority approval, authorization, certificate, easement, filing, franchise, license, notice, permit, or right to which any Person is a Party or that is or may be binding upon or inure to the benefit of any Person or its securities, Assets, or business.

Person means a natural person or any legal, commercial or Governmental Authority, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, limited liability partnership, trust, business association, group acting in concert, or any person acting in a representative capacity.

Privacy Requirements means: (i) Title V of the Gramm-Leach-Bliley Financial Modernization Act of 1999, as amended (the GLB Act); (ii) Federal regulations implementing such act and codified at 12 C.F.R. Parts 40 or 573; (iii) the Interagency Guidelines Establishing Standards for Safeguarding Customer Information set forth in 12 C.F.R. Parts 30, 568 or 570; and (iv) any other applicable Requirements of Law relating to the privacy and security of Customer Information.

Prospectus means the final prospectus of CBAC, dated as of June 5, 2006.

Regulatory Authorities means, collectively, the Commission, the Virginia State Corporation Commission, the AMEX, the Nasdaq Stock Market, the Financial Industry Regulatory Authority, the OCC, the FDIC, the Department of Justice, and the Federal Reserve and all other federal, state, county, local or other Governmental Authorities having jurisdiction over a Party or its Subsidiaries.

Representative means any investment banker, financial advisor, attorney, accountant, consultant, or other representative or agent of a Person.

Registration Statement means a registration statement, together with any and all amendments and supplements thereto, on Form S-4 filed with the SEC under the Securities Act and the rules and regulations thereunder, and complying with applicable state securities Laws and including a prospectus/joint proxy statement satisfying all requirements of applicable state securities Laws and the Securities Act.

Requirements of Law means, with respect to any Person, any certificate or articles of incorporation, as applicable, bylaws or other organizational or governing documents of such Person, and any law, ordinance, statute, rule, regulation, judgment, order, decree, injunction, permit, issuance or other determination, finding, guidance or recommendation of any Governmental Authority or final and binding determination of any arbitrator applicable to or binding upon such Person or to which such Person is subject, whether federal, state, county or local (including, but not limited to, if applicable, usury laws, the federal Truth-In-Lending Act, the federal Fair Debt Collection Practices Act, the federal Equal Credit Opportunity Act, the federal Fair Credit Reporting Act, the GLB Act, and regulations of the Federal Reserve, each as amended from time to time).

Rights shall mean all arrangements, calls, commitments, Contracts, options, rights to subscribe to, scrip, warrants, or other binding obligations of any character whatsoever by which a Person is or may be bound to issue additional shares of its capital stock or other securities, securities or rights convertible into or exchangeable for, shares of the capital stock or other securities of a Person.

Sarbanes-Oxley Act means the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated thereunder.

Securities Act means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

Securities Laws means the Securities Act, the Exchange Act, the Sarbanes-Oxley Act, the Investment Company Act of 1940, the Investment Advisors Act of 1940, the Trust Indenture Act of 1939, each as amended, and the rules and regulations of any Regulatory Authority promulgated thereunder.

Stockholders Meetings means the TFC stockholders meeting and the CBAC stockholders meeting, including any adjournment or adjournments thereof, each held in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby.

Subsidiaries means all those corporations, banks associations, or other entities of which the entity in question either (i) owns or controls 50% or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which 50% or more of the outstanding equity securities is owned directly or indirectly by its parent (*provided*, there shall not be included any such entity the equity securities of which are owned or controlled in a fiduciary capacity), (ii) in the case of partnerships, serves as a general partner, (iii) in the case of a limited liability company, serves as a managing member, or (iv) otherwise has the ability to elect a majority of the directors, trustees or managing members thereof.

Superior Proposal means any Acquisition Proposal (on its most recently amended or modified terms, if amended or modified) (i) involving the acquisition of at least a majority of the outstanding equity interest in, or all or substantially all of the assets and liabilities of, a Party and (ii) with respect to which the Board of Directors of such Party determines in its good faith judgment (based on, among other things, the advice of its financial advisor) to be more favorable to such Party's stockholders than the Merger taking into account all relevant factors .

Surviving Corporation means CBAC as the surviving corporation resulting from the Merger with an amended and restated Certificate of Incorporation as provided in Section 2.1 hereof.

Tax or *Taxes* means all taxes, charges, fees, levies, imposts, duties, or assessments, including income, gross receipts, excise, employment, sales, use, transfer, recording license, payroll, franchise, severance, documentary, stamp, occupation, windfall profits, environmental, federal highway use, commercial rent, customs duties, capital stock, paid-up capital, profits, withholding, Social Security, single business and unemployment, disability, real property, personal property, registration, *ad valorem*, value added, alternative or add-on minimum, estimated, or other taxes, fees, assessments or charges of any kind whatsoever, imposed or required to be withheld by any Governmental Authority (domestic or foreign), including any interest, penalties, and additions imposed thereon or with respect thereto.

Tax Return means any report, return, information return, or other information required to be supplied to a Governmental Authority in connection with Taxes, including any return of an affiliated or combined or unitary group that includes a Party or its Subsidiaries.

Taxing Authority means the Internal Revenue Service and any other Governmental Authority responsible for the administration of any Tax.

TFC Common Stock means the \$0.01 per share par value common stock of TFC.

TFC Disclosure Memorandum means the written information entitled *TFC Disclosure Memorandum* delivered prior to the date of this Agreement to CBAC describing in reasonable detail the matters contained therein and, with respect to each disclosure made therein, specifically referencing each Section of this Agreement under which such disclosure is being made. Information disclosed with respect to one Section shall not be deemed to be disclosed for purposes of any other Section not specifically referenced with respect thereto.

TFC Entities means, collectively, TFC and all TFC Subsidiaries.

TFC Financial Advisor means Sandler O'Neill & Partners, LP.

TFC Financial Statements means (i) the consolidated balance sheets (including related notes and schedules, if any) of TFC as of December 31, 2005 and 2006 and as of June 30, 2007 and the related statements of earnings, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) for each of the three years ended December 31, 2004, 2005 and 2006, and for the six months ended June 30, 2007, and (ii) the consolidated balance

sheets of TFC (including related notes and schedules, if any) and related statements of operations, changes in stockholders' equity, and cash flows (including related notes and schedules, if any) with respect to periods ended subsequent to June 30, 2007.

TFC Material Adverse Effect means an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse effect on (i) the financial position, property, business, assets or results of operations of TFC and its Subsidiaries, taken as a whole, or (ii) the ability of TFC

to perform its obligations under this Agreement or to consummate the Merger or the other transactions contemplated by this Agreement; *provided that* TFC Material Adverse Effect shall not be deemed to include the effects of (A) changes in banking and other Laws of general applicability or interpretations thereof by Governmental Authorities, (B) changes in GAAP or regulatory accounting principles generally applicable to banks and their holding companies, (C) actions and omissions of TFC (or any of its Subsidiaries) taken with the prior written consent of CBAC in contemplation of the transactions contemplated hereby, (D) changes in economic conditions affecting financial institutions generally, including, but not limited to, changes in market interest rates or the projected future interest rate environment, (E) any modifications or changes to valuation policies and practices in connection with the Merger or restructuring charges taken in connection with the Merger, in each case in accordance with GAAP, or (F) direct effects of compliance with this Agreement on the operating performance of TFC, including expenses incurred by TFC in consummating the transactions contemplated by this Agreement.

TFC Stock Plans means TFC's Stock Incentive Plan, TFC's 2007 Equity Compensation Plan and TFC's stock option plan for outside directors.

TFC Stockholder Approval means the approval by the holders of a majority of the outstanding shares of TFC Common Stock entitled to vote on the Merger.

TFC Subsidiaries means the Subsidiaries, if any, of TFC, as of the date of this Agreement.

USA Patriot Act means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended.

VSCA means the Virginia Stock Corporation Act, as amended.

(b) The terms set forth below shall have the meanings ascribed thereto in the referenced sections:

Term	Section
Additional Termination Fee	11.2
Agreement	Introduction
Allowance	5.9(a)
BHCA	5.1
CBAC	Introduction
CBAC Benefit Plan	6.10(a)
CBAC Benefit Plans	6.10(a)
CBAC Contracts	6.11(a)
CBAC Exchange Act Reports	6.5(a)
CBAC ERISA Plan	6.10(a)
CBAC Other Plan	6.10(a)
CBAC Tax Opinion	9.2(g)
CERCLA	11.1(a)
Claims	7.6
Closing	1.2
Conversion Rights	3.1(a)
Customer Information	5.17(a)
Dissenting Shares	3.3
DOL	5.15(b)

Effective Time	1.3
Exchange Agent	4.1(a)
Exchange Ratio	3.1(b)
Excluded Shares	3.1(b)
GLB Act	11.1(a)
Indemnified Party	8.10(a)

Term	Section
IRS	5.2(c)
Maximum Amount	8.10(b)
Merger	Preamble
Merger Consideration	3.1(b)
Other Plan	5.15(a)
RCRA	11.1(a)
Support Agreements	5.25
Termination Fee	11.2(b)
TFC	Introduction
TFC Benefits Plan	5.15(a)
TFC Benefits Plans	5.15(a)
TFC Contracts	5.16(a)
TFC ERISA Plan	5.15(a)
TFC Exchange Act Reports	5.5(a)
TFC Rights	3.5
TFC Tax Opinion	9.3(e)
Takeover Laws	5.23
Trust Fund	6.19
WARN Act	5.14(c)

(c) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words include, includes or including are used in this Agreement, they shall be deemed followed by the words without limitation, and such terms shall not be limited by enumeration or example.

11.2 Expenses.

(a) Each of the Parties shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration and application fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel, and which in the case of TFC, shall be paid at Closing and prior to the Effective Time.

(b) Notwithstanding the foregoing, if:

(i) TFC terminates this Agreement pursuant to Section 10.1(b) due to a breach by CBAC, either Party terminates pursuant to Section 10.1(c)(iii) or (iv) due to the failure to obtain the CBAC Stockholder Approval or either Party terminates pursuant to Section 10.1(f) and, in the case of a termination under Section 10.1(c)(iii) or Section 10.1(f), (x) there has been publicly announced and not withdrawn another Acquisition Proposal relating to CBAC or (y) CBAC has failed to perform and comply in all material respects with any of its obligations, agreements or covenants required by this Agreement, and within 12 months of such termination CBAC shall either (A) consummate an Acquisition Transaction or (B) enter into a definitive agreement with respect to an Acquisition Transaction, whether or not such Acquisition Transaction is subsequently consummated (but changing, in the case of (A) and (B), the references to the 5% and 90% amounts in the definition of Acquisition Transaction to 50% and 80%, respectively); or

(ii) CBAC terminates this Agreement pursuant to Section 10.1(b) due to a breach by TFC, either Party terminates pursuant to Section 10.1(c)(iii) or (iv) due to the failure to obtain the TFC Stockholder Approval or either Party

terminates pursuant to Section 10.1(f) and, in the case of a termination under Section 10.1(c)(iii) or (iv) or Section 10.1(f), (x) there has been publicly announced and not withdrawn another Acquisition Proposal relating to TFC or (y) TFC has failed to perform and comply in all material respects with any of its obligations, agreements or covenants required by this Agreement, and within 12 months of such termination TFC shall either (A) consummate an Acquisition Transaction or (B) enter into a definitive agreement with respect to an Acquisition Transaction, whether or not such Acquisition Transaction is subsequently consummated (but

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changing, in the case of (A) and (B), the references to the 5% and 90% amounts in the definition of Acquisition Transaction to 50% and 80%, respectively); or

(iii) CBAC terminates this Agreement pursuant to Section 10.1(d)(i) or TFC terminates this Agreement pursuant to Section 10.1(e)(ii); or

(iv) CBAC terminates this Agreement pursuant to Section 10.1(d)(ii) or TFC terminates this Agreement pursuant to Section 10.1(e)(i).

then, in the case of a termination as set forth in subsections (b)(i) or (b)(iv) of this Section 11.2, CBAC shall pay to TFC, and, in the case of a termination as set forth in subsection (b)(ii) or (b)(iii) of this Section 11.2, TFC shall pay to CBAC, an amount equal to \$500,000 (the Termination Fee); provided however, that an additional termination fee (the Additional Termination Fee) of \$1,200,000 if, and only if, an Acquisition Transaction involving the Party liable for the payment of the Termination Fee is consummated within 12 months of such termination and such Additional Termination Fee shall only be payable at the time of consummation of such Acquisition Transaction. Each Party hereby waives any right to set-off or counterclaim against such amount. If the Termination Fee shall be payable pursuant to subsection (b)(i) or (b)(ii) of this Section 11.2 in connection with a termination pursuant to Section 10.1(c)(iii) or 10.1(f), the Termination Fee shall be paid in same-day funds at or prior to the earlier of the date of consummation of such Acquisition Transaction or the date of execution of a definitive agreement with respect to such Acquisition Transaction. If the Termination Fee shall be payable pursuant to subsection (b)(iii) of this Section 11.2, the Termination Fee shall be paid in same-day funds upon the earlier of (i) the execution of a definitive agreement with respect to such Acquisition Transaction or (ii) two business days from the date of termination of this Agreement. If the Termination Fee shall be payable pursuant to subsection (b)(i) or (b)(ii) of this Section 11.2 in connection with a termination pursuant to Section 10.1(b) or subsection (b)(iv) of this Section 11.2, the Termination Fee shall be paid in same-day funds at or prior to the termination of this Agreement.

(c) The Parties acknowledge that the agreements contained in Section 11.2(b) are an integral part of the transactions contemplated by this Agreement and that without these agreements, they would not enter into this Agreement; accordingly, if a Party fails to pay promptly any fee payable by it pursuant to this Section 11.2, then such Party shall pay to the other Party, its costs and expenses (including attorneys' fees) in connection with collecting such fee, together with interest on the amount of the fee at the then current prime rate (as reported in the *Wall Street Journal* or such other authoritative source to be agreed upon by the Parties).

(d) Nothing contained in this Section 11.2 shall constitute or shall be deemed to constitute liquidated damages for the willful breach by TFC of the terms of this Agreement or otherwise limit the rights of CBAC.

11.3 Brokers, Finders and Financial Advisors.

Except for CBAC Financial Advisor as to CBAC and except for TFC Financial Advisor as to TFC, each of the Parties represents and warrants that neither it nor any of its officers, directors, employees, or Affiliates has employed any broker or finder or incurred any Liability for any financial advisory fees, investment bankers' fees, brokerage fees, commissions, or finders' fees in connection with this Agreement or the transactions contemplated hereby. In the event of a claim by any broker or finder based upon such broker's representing or being retained by or allegedly representing or being retained by CBAC or by TFC, each of CBAC and TFC, as the case may be, agrees to indemnify and hold the other Party harmless from any Liability in respect of any such claim. Each Party has provided the other Party a copy of CBAC Financial Advisor's and TFC Financial Advisor's engagement letter, respectively, and expected fee for its services and shall pay all amounts due thereunder at Closing and prior to the Effective Time.

11.4 Entire Agreement.

Except as otherwise expressly provided herein, this Agreement (including the documents and instruments referred to herein) constitutes the entire agreement between the Parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral. Nothing in this Agreement expressed or implied, is intended to confer upon any Person, other than the Parties or their respective successors, any rights, remedies, obligations, or liabilities under or by reason of this Agreement, other than as provided in Sections 8.9(a) and 8.10.

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11.5 Amendments.

To the extent permitted by Law, and subject to Section 1.4, this Agreement may be amended by a subsequent writing signed by each of the Parties upon the approval of each of the Parties, whether before or after stockholder approval of this Agreement has been obtained; *provided that* after any such approval by the holders of TFC Common Stock, there shall be made no amendment that reduces or modifies in any respect the consideration to be received by holders of TFC Common Stock.

11.6 Waivers.

(a) Prior to or at the Effective Time, CBAC, acting through its Board of Directors, chief executive officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by TFC, to waive or extend the time for the compliance or fulfillment by TFC of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of CBAC under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of CBAC.

(b) Prior to or at the Effective Time, TFC, acting through its Board of Directors, chief executive officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by CBAC, to waive or extend the time for the compliance or fulfillment by CBAC of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of TFC under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of TFC.

(c) The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the same or any other provision of this Agreement. No waiver of any condition or of the breach of any term contained in this Agreement in one or more instances shall be deemed to be or construed as a further or continuing waiver of such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement.

11.7 Assignment.

Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

11.8 Notices.

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, or by

courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered or refused:

CBAC: Community Bankers Acquisition Corp.
9912 Georgetown Pike, Suite D-203
Great Falls, Virginia 22066

Attention: Gary A. Simanson

Copy to Counsel: Nelson Mullins Riley & Scarborough LLP
Suite 900
101 Constitution Avenue, N.W.
Washington, D.C. 20001
Facsimile Number: (202) 712-2856

Attention: Jonathan H. Talcott

and

Ellenoff Grossman & Schole LLP
1627 K Street, N.W., 10th Floor
Washington, D.C. 20006
Facsimile Number: (240) 491-3980

Attention: Kathleen L. Cerveny

TFC: TransCommunity Financial Corporation
4235 Inns Lake Drive
Glen Allen, Virginia 23060

Attention: Bruce B. Nolte

Copy to Counsel: Williams Mullen
2 James Center
1021 East Cary Street
Richmond, Virginia 23218
Facsimile Number: (804) 783-6507

Attention: Wayne A. Whitham

11.9 Governing Law.

Regardless of any conflict of law or choice of law principles that might otherwise apply, the Parties agree that this Agreement shall be governed by and construed in all respects in accordance with the laws of the Commonwealth of Virginia in the jurisdiction of the Federal Courts of the Eastern District of Richmond, Virginia, except to the extent that the laws of the State of Delaware apply to the Merger. The Parties all expressly agree and acknowledge that the Commonwealth of Virginia has a reasonable relationship to the Parties and/or this Agreement.

11.10 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

11.11 Captions; Articles and Sections.

The captions contained in this Agreement are for reference purposes only and are not part of this Agreement. Unless otherwise indicated, all references to particular Articles or Sections shall mean and refer to the referenced Articles and Sections of this Agreement.

11.12 Interpretations.

Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. No Party to this Agreement shall be considered the draftsman. The Parties acknowledge and agree that this Agreement has been reviewed, negotiated, and accepted by

all Parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words used so as fairly to accomplish the purposes and intentions of all Parties hereto.

11.13 Enforcement of Agreement.

The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

11.14 Severability.

Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

11.15 No Third Party Beneficiaries.

(a) Other than as set forth in Section 8.10, no officer, employee or other Person (other than the corporate Parties to this Agreement) shall be or shall be deemed a third party or other beneficiary of this Agreement, or shall have any right or other entitlement in connection with any provision of this Agreement or seek any remedy, or right or entitlement in connection with this Agreement. No provision of this Agreement constitutes or shall give rise to, or shall be deemed to constitute or give rise to, an employee benefit or employee benefit-related plan, program or other arrangement, a provision of any such plan, program or other arrangement, or an amendment of any such plan, program or other arrangement.

(b) If and to the extent any TFC Benefit Plan is sponsored by TFC, CBAC may, by written direction issued prior to Closing, require TFC to take all necessary or appropriate action to terminate each such TFC Benefit Plan or cause the Bank to become the sole sponsor of each such TFC Benefit Plan prior to Closing. The intent of the preceding sentence is to permit CBAC to avoid becoming a sponsor of any and all TFC Benefit Plans as a result of the Merger.

11.16 Force Majeure.

Neither Party will be liable to the other Party by reason of delay or non-performance under this Agreement and the transactions contemplated hereby if and so long, but only to the extent, such delay or non-performance is caused by a Force Majeure Event. If either Party is prevented from or delayed in performing any of its obligations under this Agreement by a Force Majeure Event, it will promptly, or as soon as reasonably practicable, notify the other Party verbally (to be confirmed in writing within five days of the inception of the delay) of the occurrence of a Force Majeure Event and of delays or anticipated delays in the performance of such Party's obligations. Such Party will continue to use reasonable efforts to recommence performance whenever and to whatever extent possible without delay upon the resolution of the Force Majeure Event.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf by its duly authorized officers as of the day and year first above written.

COMMUNITY BANKERS ACQUISITION CORP.

/s/ Gary A. Simanson
By: Gary A. Simanson
Its: President and Chief Executive Officer

TRANSCOMMUNITY FINANCIAL CORPORATION

/s/ Bruce B. Nolte
By: Bruce B. Nolte
Its: President and Chief Executive Officer

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Part II Information Not Required in Prospectus

Item 20. Indemnification of Directors and Officers

Section 145(a) of the Delaware General Corporate Law (DGCL) provides, in general, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), because the person is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of any other enterprise. Such indemnity may be against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and if, with respect to any criminal action or proceeding, the person did not have reasonable cause to believe the person's conduct was unlawful.

Section 145(b) of the DGCL provides, in general, that a corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of any other enterprise, against any expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 145(g) of the DGCL provides, in general, that a corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation against any liability asserted against the person in any such capacity, or arising out of the person's status as such, regardless of whether the corporation would have the power to indemnify the person against such liability under the provisions of the law.

Community Bankers' certificate of incorporation limits the liability of its directors to the fullest extent permitted by Delaware law. Community Bankers' certificate of incorporation and bylaws also provide that Community Bankers will indemnify and advance expenses to, to the fullest extent permitted by the DGCL, any of our directors and officers, against any and all costs, expenses or liabilities incurred by them by reason of having been a director or officer.

The foregoing is only a general summary of certain aspects of Delaware law and Community Bankers' certificate of incorporation and bylaws dealing with indemnification of directors and officers, and does not purport to be complete. It is qualified in its entirety by reference to the detailed provisions of Section 145 of the DGCL and the certificate of incorporation and bylaws of the registrant.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons pursuant to the foregoing provisions or otherwise, Community Bankers have been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment of expenses incurred or paid by a director, officer or controlling person in a successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being

registered, Community Bankers will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to the court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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Item 21. Exhibits and Financial Statement Schedules

(a) Exhibits

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger by and between Community Bankers Acquisition Corp. and BOE Financial Services of Virginia, Inc. dated as of December 13, 2007 (included as Appendix A to this joint proxy statement/prospectus included in this registration statement)
2.2	Agreement and Plan of Merger by and between Community Bankers Acquisition Corp. and TransCommunity Financial Corporation dated as of September 5, 2007 (included as Appendix E to this joint proxy statement/prospectus included in this registration statement)
3.1	Articles of Incorporation of Community Bankers Acquisition Corp., as amended ⁽¹⁾
3.2	Bylaws of Community Bankers Acquisition Corp., as amended ⁽⁴⁾
4.1	Specimen Unit Certificate ⁽¹⁾
4.2	Specimen Common Stock Certificate ⁽¹⁾
4.3	Specimen Warrant Certificate ⁽¹⁾
4.4	Form of Unit Purchase Option granted to the representatives ⁽¹⁾
4.5	Warrant Agreement between Continental Stock Transfer & Trust Company and the Registrant ⁽³⁾
4.6	Warrant Clarification Agreement dated as of January 29, 2007 between the Company and Continental Stock Transfer and Trust Co. ⁽²⁾
4.7	Unit Purchase Option Clarification Agreement dated as of January 29, 2007 between the Company and the Holders ⁽²⁾
5.1*	Opinion of Nelson Mullins Riley & Scarborough LLP regarding the legality of securities being registered
8.1*	Form of Tax Opinion of Nelson Mullins Riley & Scarborough LLP
8.2*	Form of Tax Opinion of LeClairRyan, A Professional Corporation
10.1	Form of Letter Agreement among the Registrant, the representatives of the underwriters and the stockholders, officers and directors of Registrant ⁽¹⁾
10.2	Investment Management Trust Agreement between Continental Stock Transfer & Trust Company and the Registrant ⁽³⁾
10.3	Stock Escrow Agreement between the Registrant, Continental Stock Transfer & Trust Company and the Initial Stockholders ⁽³⁾
10.4	Registration Rights Agreement among the Registrant and the Initial Stockholders ⁽³⁾
10.5	Form of Letter Agreement between Community Bankers Acquisition, LLC and Registrant regarding administrative support ⁽¹⁾
10.6	Form of Warrant Purchase Agreement among the representatives, Gary A. Simanson and David Zalman ⁽¹⁾
10.7	Letter agreement with Eugene S. Putnam, Jr. ⁽¹⁾
10.8	Letter agreement with David A. Spainhour ⁽¹⁾
10.9	Form of Employment agreement between Community Bankers Acquisition Corp. and George M. Longest, Jr. ⁽⁵⁾
10.10	Form of Employment agreement between Community Bankers Acquisition Corp. and Bruce E. Thomas ⁽⁵⁾
23.1	Consent of Miller, Ellin and Company, LLP
23.2	Consent of Yount, Hyde and Barbour, PC as former auditors of Community Bankers
23.3	Consent of McGladrey & Pullen, LLP
23.4	Consent of S.B. Hoover & Company, LLP

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- 23.5 Consent of Yount, Hyde and Barbour, P.C. as auditors of BOE
- 23.6 Consent of Nelson Mullins Riley & Scarborough LLP (included with Exhibits 5.1 and 8.1 hereto)
- 23.7 Consent of LeClairRyan, A Professional Corporation (included with Exhibit 8.2 hereto)

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Exhibit Number	Description of Exhibit
23.8	Consent of Keefe, Bruyette & Woods, Inc.
23.9	Consent of Feldman Financial Advisors, Inc.
24.1	Powers of attorney are contained on the signature page of the Registration Statement
99.1	Community Bankers Acquisition Corp. s Form of Proxy
99.2	BOE Financial Services of Virginia, Inc. s Form of Proxy
99.3	Consent of Bruce B. Nolte
99.4	Consent of George M. Longest, Jr.
99.5	Consent of Alexander F. Dillard, Jr.
99.6	Consent of Troy A. Peery, Jr.
99.7	Consent of Richard F. Bozard
99.8	Consent of L. McCauley Chenault
99.9	Consent of George B. Elliott
99.10	Consent of Page Emerson Hughes, Jr.
99.11	Consent of Christopher G. Miller
99.12	Consent of Philip T. Minor
99.13	Consent of Robin Traywick Williams
99.14	Consent of Jack C. Zoeller

* To be filed by amendment.

- (1) Incorporated by reference to exhibits to the Registrant s Registration Statement on Form S-1 and amendments thereto initially filed on April 22, 2005 (File No. 333-124240).
- (2) Incorporated by reference to exhibits of the Registrant s Current Report on Form 8-K filed on February 12, 2007 (File No. 001-32590).
- (3) Incorporated by reference to exhibits of the Registrant s Quarterly Report on Form 10-Q filed on November 14, 2007 (File No. 001-32590).
- (4) Incorporated by reference to exhibits of the Registrant s Current Report on Form 8-K filed on January 4, 2008 (File No. 001-32590).
- (5) Incorporated by reference to exhibit 2.1 of the Registrant s Current Report on Form 8-K filed on December 17, 2007 (File No. 001-32590).

(b) Financial Statement Schedules.

Schedules are omitted because they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

Item 22. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which it offers or sales of securities, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the

Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining liability under the Securities Act of 1933, treat each post-effective as a new registration statement of the securities offered, and the offering of the securities at that time to be the initial bona fide offering.

(3) To remove from registration by means of a post-effective amendment any of the securities that remain unsold at the end of the offering.

(b) (1) The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form; and

(2) The registrant undertakes that every prospectus (i) that is filed pursuant to the immediately preceding paragraph, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for purposes of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(d) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(e) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the small business issuer has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the small business issuer of expenses incurred or paid by a director, officer or controlling person of the small business issuer in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the small business issuer will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the County of Fairfax, Commonwealth of Virginia, on February 25, 2008.

COMMUNITY BANKERS ACQUISITION CORP.

By: /s/ Gary A. Simanson

Gary A. Simanson
 President, Chief Executive and Financial
 Officer and Secretary

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints severally, Gary A. Simanson and Keith Walz, and each of them acting individually, their respective attorney-in-fact, each with the power of substitution, for him in any and all capacities, to sign any and all amendments to this Registration Statement (including post-effective amendments), and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of these attorneys-in-fact, or their respective substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Eugene S. Putnam, Jr. Eugene S. Putnam, Jr.	Chairman of the Board	February 25, 2008
/s/ Gary A. Simanson Gary A. Simanson	Director, President, Chief Executive and Financial Officer and Secretary (Principal Executive, Financial and Accounting Officer)	February 25, 2008
/s/ Chris A. Bagley Chris A. Bagley	Director	February 20, 2008
/s/ Stewart J. Paperin Stewart J. Paperin	Director	February 25, 2008
/s/ Keith Walz Keith Walz	Director	February 21, 2008

Exhibit Index

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II-6

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Number**

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