C & F FINANCIAL CORP

FORM 10-K
(Annual Report)

Filed 3/27/2001 For Period Ending 12/31/2000

Address	EIGHTH & MAIN STREETS P O BOX 391
	WEST POINT, Virginia 23181
Telephone	804-843-2360
CIK	0000913341
Industry	Regional Banks
Sector	Financial
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE **ACT OF 1934**

For the fiscal year ended December 31, 2000

or

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES **EXCHANGE ACT OF 1934**

For the transition period from________ to_______________________________________

Commission file number 000-23423

C&F FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Virginia	54-1680165
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
Eighth and Main Streets, West Point, VA	23181
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (804) 843-2360

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock $1.00 Par

(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. (X) Yes ( ) No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

The aggregate market value of the Common Stock held by non-affiliates of the Registrant was approximately $52,839,000 as of March 21, 2001.

The number of shares outstanding of the registrant's common stock, $1.00 par value was 3,562,639 at March 21, 2001.

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

General

C&F Financial Corporation (the "Corporation") is a bank holding company which was incorporated under the laws of the Commonwealth of Virginia in March, 1994. The Corporation owns all of the stock of its sole subsidiary, Citizens and Farmers Bank (the "Bank"), which is an independent commercial bank chartered under the laws of the Commonwealth of Virginia. The Bank has a total of eleven branches including the main office. The Bank has its main office at Eighth and Main Streets, West Point, Virginia, and has branch offices in the locations of Richmond, Norge, Middlesex, Providence Forge, Quinton, Tappahannock, Varina, Williamsburg (two branches), and West Point (two branches). The Bank was originally opened for business under the name Farmers and Mechanics Bank on January 22, 1927.

The local community served by the Bank is defined as those portions of King William County, King and Queen County, Hanover County and Henrico County which are east of Route 360; Essex, Middlesex, New Kent, Charles City, and James City Counties; that portion of York County which is directly north of James City County; that portion of Gloucester County surrounded by Routes 14 and 17; and the western portion of the City of Richmond and western Henrico County along the Route 250 corridor.

The Corporation, through its subsidiaries, offers a wide range of banking services available to both individuals and small businesses. These services include various types of checking and savings deposit accounts, and the making of business, real estate, development, mortgage, home equity, automobile, and other installment, demand and term loans. Also, the Bank offers ATMs at all locations, credit card services, trust services, travelers' checks, money orders, safe deposit rentals, collections, notary public, wire services, and other customary bank services to its customers.

The Bank has four wholly-owned subsidiaries, C & F Title Agency, Inc., C&F Investment Services, Inc., C&F Insurance Services, Inc., and C&F Mortgage Corporation, all incorporated under the laws of the Commonwealth of Virginia. C&F Title Agency, Inc. sells title insurance to the mortgage loan customers of the Corporation. C&F Investment Services, Inc., organized April 1995, is a full-service brokerage firm offering a comprehensive range of investment options including stocks, bonds, annuities, and mutual funds. C&F Insurance Services, Inc., organized in July 1999, owns 2.4% of the Virginia Bankers Insurance Center, LLC which currently offers insurance products to commercial customers. C&F Mortgage Corporation, organized in September 1995, originates and sells residential mortgages. See Note 16 to the Consolidated Financial Statements for summarized financial information by business segment.

C&F Mortgage Corporation provides mortgage services through seven locations in Virginia and four in Maryland. The Virginia offices are in Richmond (two locations), Williamsburg, Newport News, Charlottesville, Lynchburg, and Chester. The Maryland offices are in Annapolis, Crofton, Columbia, and Ellicott City.

As of December 31, 2000, a total of 265 persons were employed by the Corporation, of whom 23 were part-time. The Corporation considers relations with its employees to be excellent.

Competition

The Bank is subject to competition from various financial institutions and other companies or firms that offer financial services. The Bank's principal competition in its market area consists of all the major statewide banks. The Bank also competes for deposits with savings associations, credit unions, money- market funds, and other community banks. In making loans, the Bank competes with consumer finance companies, credit unions, leasing companies, and other lenders.

C&F Mortgage Corporation competes for mortgage loans in its market areas with other mortgage companies, commercial banks, and other financial institutions.

C&F Investment Services and C&F Insurance Services compete with other investment companies, brokerage firms, and insurance companies to provide these services.

C&F Title Agency competes with other title companies.

Regulation and Supervision

The Corporation is subject to regulation by the Federal Reserve Bank under the Bank Holding Company Act of 1956. The Corporation is also under the jurisdiction of the Securities and Exchange Commission and certain state securities commissions with respect to matters relating to the offer and sale of its securities. In addition, the Bank is subject to regulation and examination by the State Corporation Commission and the Federal Deposit Insurance Corporation.

ITEM 2. PROPERTIES

The following describes the location and general character of the principal offices and other materially important physical properties of the Corporation and its subsidiary.

The Corporation owns the headquarters located at Eighth and Main Streets in the business district of West Point, Virginia. The building, originally constructed in 1923, has three floors totaling 15,000 square feet. This building houses the Citizens and Farmers Bank main office branch and office space for the Corporation's administrative personnel.

The Corporation owns a building located at Seventh and Main Streets in West Point, Virginia. The building provides space for Citizens and Farmers Bank operations functions and staff. The building was originally constructed prior to 1935 and remodeled by the Corporation in 1991. The two-story building has 20,000 square feet.

The Corporation also owns a building located at Sixth and Main Streets in West Point, Virginia. The building provides space for Citizens and Farmers Bank loan operations functions and staff. The building was bought and remodeled by the Corporation in 1998. The building has 5,000 square feet.

Citizens and Farmers Bank owns ten other branch locations in Virginia. Also, the Bank owns several lots in West Point, Virginia, and one other lot in New Kent County, Virginia.

C&F Mortgage Corporation has eleven leased offices, seven in Virginia and four in Maryland. Rental expense for these locations totaled $411,000 for the year ended December 31, 2000.

All of the Corporation's properties are in good operating condition and are adequate for the Corporation's present and anticipated future needs.

ITEM 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings to which the Corporation is a party or of which the property of the Corporation is subject.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted during the fourth quarter of the fiscal year covered by this report to a vote of security holders of the Corporation through a solicitation of proxies or otherwise.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information contained on pages 43 and 45 of the 2000 Annual Report to Shareholders, which is attached hereto as Exhibit 13, under the captions, "Note 18: Quarterly Condensed Statements of Income - Unaudited" and "Investor Information," is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The information contained on page 10 of the 2000 Annual Report to Shareholders, which is attached hereto as Exhibit 13, under the caption, "Five Year Financial Summary," is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The information contained on pages 9 through 23 of the 2000 Annual Report to Shareholders, which is attached hereto as Exhibit 13, under the caption, "Management's Discussion and Analysis of Financial Condition and Results of Operation," is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information contained on pages 14 through 16 of the 2000 Annual Report to Shareholders, which is attached hereto as Exhibit 13, under the caption, "Management's Discussion and Analysis of Financial Condition and Results of Operation," is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information contained on pages 24 through 44 of the 2000 Annual Report to Shareholders, which is attached hereto as Exhibit 13, under the captions, "Consolidated Financial Statements," "Notes to Consolidated Financial Statements," and "Independent Auditors' Report," is incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by Item 10 with respect to the Directors of the Registrant is contained on pages 3 through 4 of the 2001 Proxy Statement, which is attached hereto as Exhibit 99, under the caption, "Election of Directors," is incorporated herein by reference.

The information in the following table pertains to the executive officers of the Corporation.

Executive Officers of C&F Financial Corporation

Name (Age) Present Position	Business Experience During Past Five Years	Number of Shares Beneficially Owned as of March 21, 2001
Larry G. Dillon (48) Chairman, President and Chief Executive Officer	President of the Bank since 1989	48,368 (1)
Gari B. Sullivan (63) Secretary	Senior Vice President of the Bank since 1990	6,683 (1)
Thomas F. Cherry (32) Chief Financial Officer	Promoted to Senior Vice President of the Bank in December 1998; Vice President of the Bank from December 1996 to December 1998; Manager with Price Waterhouse, LLP in Norfolk, prior to December 1996	5,700 (1)

(1) Includes exercisable options of 18,534, 5,200, and 5,500 held by Messrs. Dillon, Sullivan, and Cherry, respectively.

ITEM 11. EXECUTIVE COMPENSATION

The information contained on pages 5 through 7 of the 2001 Proxy Statement, which is attached hereto as Exhibit 99, under the caption, "Executive Compensation," is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP ON CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained on page 2 of the 2001 Proxy Statement, which is attached hereto as Exhibit 99, under the caption, "Principal Holders of Capital Stock," is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information contained on page 5 of the 2001 Proxy Statement, which is attached hereto as Exhibit 99, under the caption, "Interest of Management In Certain Transactions," is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS AND REPORTS ON FORM 8-K

14 (a) Exhibits

Exhibit No. 3: Articles of Incorporation and Bylaws

Articles of Incorporation and Bylaws of C&F Financial Corporation filed as Exhibit Nos. 3.1 and 3.2, respectively, to Form 10KSB filed March 29, 1996, of C&F Financial Corporation is incorporated herein by reference.

Exhibit No. 10: Material Contracts

Exhibit No. 13: C&F Financial Corporation 2000 Annual Report to Shareholders

Exhibit No. 21: Subsidiaries of the Registrant

Citizens and Farmers Bank, incorporated in the Commonwealth of Virginia (100% owned)

Exhibit No. 23: Consents of experts and counsel

23.1 Consent of Yount, Hyde & Barbour, P.C.

Exhibit No. 99: Additional Exhibits

99.1 C&F Financial Corporation 2001 Annual Meeting Proxy Statement
99.2 Virginia Bankers Association Master Defined Contribution Plan and Trust Adoption Agreement dated February 9, 2000

14 (b) Reports on Form 8-K filed in the fourth quarter of 2000:
None.

14 (c) Exhibits to this Form 10-K are either filed as part of this Report or are incorporated herein by reference.

14 (d) Financial Statements Excluded from Annual Report to Shareholders pursuant to Rule 14a3(b).
Not applicable.

DOCUMENTS INCORPORATED BY REFERENCE

Location in Form 10-K Incorporated Document

PART II

Item 5 -	Market for Registrants Common Equity and Related Stockholder Matters	The Corporation's 2000 Annual Report to Shareholders for fiscal years ended December 31, 2000, Quarterly Condensed Statements of Income-Unaudited, page 43, and Investor Information, page 45.
Item 6 -	Selected Financial Data	The Corporation's 2000 Annual Report to Shareholders for fiscal years ended December 31, 2000, Five Year Financial Summary, page 10.
Item 7 -	Management's Discussion and Analysis of Financial Conditions and Results of Operations	The Corporation's 2000 Annual Report to Shareholders for the fiscal years ended December 31, 2000, Management's Discussion and Analysis of Financial Condition and Results of Operations, pages 9 through 23.
Item 7a -	Quantitative and Qualitative Disclosures about Market Risk	The Corporation's 2000 Annual Report to Shareholders for the fiscal years ended December 31, 2000, Market Risk Management, pages 14 through 16.
Item 8 -	Financial Statements and Supplementary Data	The Corporation's 2000 Annual Report to Shareholders for fiscal years ended December 31, 2000, Consolidated Financial Statements, Notes to Consolidated Financial Statements, and Independent Auditors' Report, pages 24 through 44.

PART III

Item 10 -	Directors and Executive Officers of the Registrant	The Corporation's 2001 Proxy Statement, Election of Directors, pages 3 through 4.
Item 11 -	Executive Compensation	The Corporation's 2001 Proxy Statement, Executive Compensation, pages 5 through 8.
Item 12 -	Security Ownership of Certain Beneficial Owners and Management	The Corporation's 2001 Proxy Statement, Principal Holders of Capital Stock, page 2.
Item 13 -	Certain Relationships and Related Transactions	The Corporation's 2001 Proxy Statement, Interest of Management in Certain Transactions, page 5.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, C&F Financial Corporation has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized:

C&F FINANCIAL CORPORATION

/s/ Larry G. Dillon	*/s/ Thomas F. Cherry*
Larry G. Dillon *Chairman, President and Chief Executive Officer*	*Thomas F. Cherry* *Senior Vice President and Chief Financial Officer*
Date: March 22, 2001	*Date: March 22, 2001*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

/s/ J. P. Causey Jr. *J. P. Causey Jr., Director*	*Date: March 22, 2001*
/s/ Larry G. Dillon *Larry G. Dillon, Director*	*Date: March 22, 2001*
/s/ James H. Hudson III *James H. Hudson III, Director*	*Date: March 22, 2001*
/s/ Joshua H. Lawson *Joshua H. Lawson, Director*	*Date: March 22, 2001*
/s/ William E. O'Connell Jr. *William E. O'Connell Jr., Director*	*Date: March 22, 2001*
/s/ Paul C. Robinson *Paul C. Robinson, Director*	*Date: March 22, 2001*

[LOGO OF C&F]

C&F Mortgage Corporation C&F Investment Services, Inc. C&F Title Agency, Inc.

C&F Financial Corporation

[PICTURE]

Home Financial Highlights Shareholder Letter Technology and Services Our Mission and Values

[LOGO OF C&F]

C&F Financial Corporation

2 0 0 0 A N N U A L R E P O R T

[LOGO OF C&F]

Contents

[PICTURE]

[LOGO OF C&F]

C&F Mortgage Corporation C&F Investment Services, Inc. C&F Title Agency, Inc..

2000 Financial Highlights

C&F Financial Corporation (the "Corporation") is a one-bank holding company with administrative offices in West Point, Virginia. Its wholly-owned subsidiary, Citizens and Farmers Bank, offers quality banking services to individuals, professionals, and small businesses through ten branch offices serving the surrounding towns and counties. Citizens and Commerce Bank, which operates as a division of Citizens and Farmers Bank, offers quality banking services in the Richmond market. Citizens and Farmers Bank has three wholly- owned subsidiaries. C&F Mortgage Corporation originates and sells residential mortgages. These mortgage services are provided through seven offices in Virginia and four offices in Maryland. Brokerage services are offered through C&F Investment Services, Inc. C&F Title Agency, Inc., offers title insurance services. Trust services are provided in association with The Trust Company of Virginia.

[GRAPHIC]

Return on Average Equity Return on Average Assets

1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
12.66%	16.08%	17.81%	19.22%	15.99%	1.65%	1.90%	2.03%	2.19%	1.76%

Net Income Earnings Per Share dollars in thousands

1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
$4,061	$4,937	$6,134	$6,756	$5,836	$.92	$1.25	$1.56	$1.81	$1.60

Letter from the President

Dear Fellow Shareholders

[PHOTO]

Larry G. Dillon
Chairman, President, and
Chief Executive Officer

The year 2000 was one of new opportunities and challenges for C&F Financial Corporation and Citizens and Farmers Bank. It was a year in which rising interest rates greatly reduced production and hence profits at our mortgage company. It was a year in which prior investments began to impact performance, and finally, it was a year in which decisions were made to make major investments in the future. In short, it was an extremely challenging and exciting year for your Corporation.

Net income for the year was $5.8 million vs. $6.8 million in 1999. This resulted in a return on average assets of 1.76% and a return on average equity of 15.99%. This compares with 2.07% and 18.17%, respectively, in 1999. While down, these results compare favorably with those of our peers, who as of September 30, 2000 showed annualized returns on average assets of 1.11% and average equity of 12.72%. Total assets increased just over $18 million, going from $329 million to over $347 million while total deposits increased $30 million, ending the year at $291 million.

Earnings for the Corporation were down for 2000 primarily because of the effect the rising interest rates had on the results of our mortgage company, and due to the fact that 1999 results included a one-time event, which added $370,000 to our bottom line in that year. The economic impact of rising interest rates caused our mortgage loan production to drop from $457 million in 1999 to $294 million in 2000, and earnings decline from over $1.5 million in 1999 to $.7 million in 2000. The reduced loan production had a negative impact on the results for our title insurance business, as well. Despite this decline, we were very pleased with the results because while they were reduced, they greatly exceeded those of mortgage companies associated with our peer banks. In fact, many other bank-owned mortgage companies throughout the state and the country experienced significant losses, with some even being shut down.

Citizens and Farmers Bank, excluding the one-time event which added $370,000 to the bottom line in 1999, experienced a slight increase in earnings despite having the drain on earnings of opening our Jamestown Road office in Williamsburg and the startup costs of our Citizens & Commerce Bank division in Richmond. It is pleasing to note that Citizens & Commerce Bank experienced much success in 2000, both in growth as well as earnings. In fact, they became profitable on a monthly basis in June, months ahead of schedule.

In 2000, your Boards of Directors made many decisions, which will impact the long-term future of the Corporation. The decision was made to build a new 25,000 square foot facility in the Midlothian section of southern Richmond at the intersection of Alverser and Huguenot Roads. This facility, which will be located in a new shopping and small office complex, will be named "C&F Center". It will house the headquarters and branches of C&F Mortgage Corporation, C&F Title Agency, Inc. and Citizens & Commerce Bank. In addition, it will include an office of C&F Investment Services, Inc. We anticipate opening this facility in the 3rd quarter of 2001.

The decision was also made to open the 11th office of Citizens and Farmers Bank in Sandston, near the Richmond airport. This full service facility will complete our market between our Quinton and Varina offices and is also expected to open in the 3rd quarter of 2001.

[PHOTO]

Citizens and Farmers Bank Board
(left to right)-- Bryan E.
McKernon, Paul C. Robinson, P. L.
Harrell, James H. Hudson III,
Reginald H. Nelson IV, Larry G.
Dillon, Joshua H. Lawson,
J. P. Causey Jr., William E.
O'Connell Jr., Thomas B.
Whitmore Jr., Barry R. Chernack

[PHOTO]

Another decision made in 2000 was to invest heavily in technology to both keep up with and leapfrog our competition in the services we are able to provide. New equipment and software was put into place in our branch network in the 4th quarter of 2000, which will enhance our ability to provide faster service for our customers. Our new imaging technology, which was recently installed, will allow us to stream-line our operations as well as to provide our customers with faster and more feature-rich services both in our branch network as well as in their own homes. In fact, with our new internet banking services, which can be found at www.cffc.com, our customers will be able to view all of their account balances, see their account transaction history, transfer funds, pay bills, open new accounts, and see or print copies of their cleared checks. Our commercial customers will be able to utilize the same services, and, within a short time will also be able to perform even more money-management types of functions, which will allow them to operate their businesses more efficiently. We believe these services will keep us at the forefront of customer service and hence customer attraction and retention.

We were also pleased to announce a partnership with AOL, the #1 Internet service provider, in the last part of 2000. Through this arrangement every user of AOL in the central Virginia region who either uses AOL's e-mail function or visits their "Digital City" Richmond site will see a "C&F" pop-up box. If this box is selected, AOL will direct the customer to our internet web site where it will explain who we are, describe our services, and hopefully entice them to do business with us. We are optimistic this will be a successful marketing tool for our site as well as the many products and services we are able to provide.

We were saddened by the loss of two of our past directors in the year 2000, D. Nelson Sutton, Jr. and T. Carey Lawson. Between the two of them, they gave 40 years of service to this organization and we will always be thankful for their many contributions. We were also saddened by the retirement of our Board member Sture G. Olsson. Sture, the President and Chairman of Chesapeake Corporation for many years, was a leader of not only our Bank but also the entire local community. His leadership and guidance will be greatly missed.

We are pleased to have been able to appoint Paul C. Robinson and Joshua H. Lawson to the Corporation's Board in September 2000. Both Paul and Josh have served on Citizens and Farmers Bank's Board since 1994 and 1993, respectively, and have proven themselves to be very knowledgeable and dedicated directors. Also, we were very pleased to be able to appoint Barry R. Chernack, a former partner with PriceWaterhouseCoopers LLP, to the Board of Citizens and Farmers Bank. His business and accounting knowledge will be invaluable to the Board.

We are excited about the future. We think community banking is here to stay and will continue to thrive. While our recent investments made in 2000 and those coming in 2001 will cause a short-term strain on earnings, they were made with the long-term in mind and we believe they will be very beneficial to our future returns. We think our future looks bright.

We are indebted to our directors, officers and staff for their dedication and hard work and are most appreciative of your support and confidence as both shareholders and customers. We ask for your continued patronage and your referrals of prospective customers as we strive to enhance your investment in our Corporation.

/s/ Larry G. Dillon

Larry G. Dillon
Chairman, President, and Chief Executive Officer

[PHOTO]

Citizens and Commerce Bank Board (left to right)--William E. O'Connell Jr., Scott E. Strickler, Katherine K. Wagner, Jeffery W. Jones, Frank Bell III, Meade A. Spotts, S. Craig Lane

[PHOTO]

Lori Nein uses the
latest technology to
process branch data.

Technology and Services

Technology: The Cutting Edge for Tomorrow's Growth

At C&F Financial Corporation, we believe that technology creates value for customers and shareholders alike. During the year, management began to focus on ways to leverage our personal services via our branch network and to connect to a growing digital marketplace. The demand for instant access to real-time information has never been greater and we believe we have built an infrastructure that will enable us to compete successfully in the digital marketplace.

First, we made a major decision in 2000 to redesign our item processing environment and offer document imaging. Imaging is a technology that captures a digital reproduction of an original document and stores the image for retrieval at a later date. By implementing an image environment, we are able to realize operational efficiencies and provide our customers with better-organized statements, access to online images and enhanced research capabilities.

Although this was a major financial investment, we feel that it is an improvement in customer service and will prepare us for future delivery enhancements.

Second, after much demand from our customers, we have invested countless hours to selecting an Internet Banking solution. With rollout scheduled for first quarter 2001, our solution will provide secure access to features such as balance information, transfers between accounts, ability to pay bills on-line and view images of cleared checks. This product will enable you to securely manage your personal or business accounts anytime or anyplace via the Internet eliminating "Banker's hours" and allowing you to decide when it is convenient to visit the Bank.

We feel that these commitments provide a solid basis for future growth and enhance our competitive position.

[PHOTO]

Georgette Perry, Carol Davis, Jody Collier,
and Lacy Haynes work together to update
daily information.

[PHOTO]

Banking Services

Citizens and Farmers Bank, and its division Citizens and Commerce Bank, offer a wide array of general banking services to individuals and small businesses through 11 branch offices. These services include a variety of deposit and loan accounts. Our goal is to help our customers live better for less by offering deposit accounts with competitive rates of interest and smart borrowing solutions that meet their needs.

For the convenience of our customers, the Bank offers extended drive- through hours, ATMs at most locations, credit card services, trust services, traveler's checks, money orders, safe deposit rentals, collections, notary public, and wire services. In addition, the Bank's 24-hour telephone banking service provides assistance to our customers around the clock. We look forward to introducing our web site and online banking early in 2001.

[PHOTO]

Mortgage and Title Services

C&F Mortgage Corporation originates single-family residential loans from 11 locations in Virginia and Maryland. C&F Mortgage offers programs designed for home purchases, the first-time buyer, and home mortgage refinancing. By originating and selling residential mortgages, C&F Mortgage Corporation is able to offer competitive fixed- and adjustable-rate mortgages.

One of the distinctive features of C&F Mortgage Corporation is our commitment to work closely with our customers and to provide the best possible information so that they can choose the mortgage that is right for them. A mortgage loan officer is dedicated to each account, minimizing paperwork, reducing response time, and accelerating approvals. As a convenience to our mortgage customers, we provide title searches and title insurance through C&F Title Agency, Inc.

[PHOTO]

Investment Company

C&F Investment Services, Inc. provides a full range of brokerage services, giving our customers a broad spectrum of financial tools to address their needs and realize their aspirations. Personal financial planners help our customers pinpoint their goals and craft a long-term plan for achieving them. They then help customers choose investment vehicles, whether they be stocks, bonds, or mutual funds, to create a portfolio that matches their objectives and tolerance for risk. Our personal financial planners follow up with customers to ensure that their portfolio allocation remains appropriate for their investment profile. On-site investment planning is available at all Citizens & Farmers Bank and Citizens & Commerce Bank branch offices.

Our Mission

It is the mission of the directors, officers, and staff to maximize the long-term wealth of the shareholders of C&F Financial Corporation through Citizens and Farmers Bank and its other subsidiaries.

We believe we provide a superior value when we balance long-term and short- term objectives to achieve both a competitive return on investment and a consistent increase in the market value of the Corporation's stock.

This must be achieved while maintaining adequate liquidity and safety standards for the protection of all of the Corporation's interested parties, especially its depositors and shareholders.

This mission will be accomplished by providing our customers with distinctive service and quality financial products which are responsive to their needs, fairly priced, and delivered promptly and efficiently with the highest degree of accuracy and professionalism.

Our Values

We believe that excellence is the standard for all we do, achieved by encouraging and nourishing: respect for others; honest, open communication; individual development and satisfaction; a sense of ownership and responsibility for the Corporation's success; participation, cooperation, and teamwork; creativity, innovation, and initiative; prudent risk-taking; and recognition and rewards for achievement.

We believe that we must conduct ourselves morally and ethically at all times and in all relationships.

We believe that we have an obligation to the well-being of all the communities we serve.

We believe that our officers and staff are our most important assets, making the critical difference in how the Corporation performs and, through their work and effort, separate us from all competitors.

M A N A G E M E N T ' S D I S C U S S I O N A N D A N A L Y S I S O F F I N A N C I A L C O N D I T I O N A N D R E S U L T S O F O P E R A T I O N S

[LOGO OF C AND F]

The following discussion provides information about the major components of the results of operations, financial condition, liquidity, and capital resources of C&F Financial Corporation and subsidiary (the "Corporation"). This discussion and analysis should be read in conjunction with the Consolidated Financial Statements and Notes to the Consolidated Financial Statements.

	2000	1999	1998	1997	1996
Selected Year-End Balances:					
Total assets	$347,471,672	$329,241,321	$320,863,629	$278,105,969	$256,671,312
Total capital	38,780,450	35,129,710	36,647,493	31,800,533	32,214,509
Total loans (net)	229,943,715	206,115,896	169,918,428	154,744,620	136,732,017
Total deposits	290,688,036	260,853,635	251,673,159	231,513,152	216,422,556
Summary of Operations:					
Interest income	26,421,479	23,643,557	22,617,509	19,763,048	18,332,998
Interest expense	11,309,399	9,067,867	9,558,059	8,002,301	7,667,619
Net interest income	15,112,080	14,575,690	13,059,450	11,760,747	10,665,379
Provision for loan losses	400,000	600,000	600,000	330,000	30,000
Net interest income after provision for loan losses	14,712,080	13,975,690	12,459,450	11,430,747	10,635,379
Other operating income	8,945,062	11,004,456	10,835,243	6,657,608	4,678,915
Other operating expenses	15,998,380	15,829,550	14,807,306	11,537,565	10,294,220
Income before taxes	7,658,762	9,150,596	8,487,387	6,550,790	5,020,074
Income tax expense	1,822,731	2,394,366	2,353,351	1,613,963	958,900
Net income	$ 5,836,031	$ 6,756,230	$ 6,134,036	$ 4,936,827	$ 4,061,174
Per share/1/					
Earnings per common share--assuming dilution	$1.60	$1.81	$1.56	$1.25	$.92
Dividends	.53	.49	.44	.35	.31
Weighted average number of shares--assuming dilution	3,640,314	3,738,234	3,919,775	3,952,756	4,426,000

/1/Per share data has been restated to reflect the two-for-one stock split in July 1998.

Significant Ratios	2000	1999	1998
Return on average assets	1.76%	2.19%	2.03%
Return on average equity	15.99	19.22	17.81
Dividend payout ratio	32.74	26.60	27.70
Average equity to average assets	10.99	11.38	11.42

OVERVIEW

Net income totaled $5.8 million in 2000, a decrease of 13.6% compared to 1999. Included in earnings for 1999 was $370,000 in interest income (after taxes) which resulted from the payoff of a non-accrual loan. Excluding this, net income decreased 8.6% compared to 1999. In 1999, net income totaled $6.7 million, a 10.1% increase compared to 1998. Diluted earnings per share were $1.60, $1.81, and $1.56, in 2000, 1999, and 1998, respectively. Excluding the interest income collected on the non-accrual loan, diluted earnings per share was $1.71 in 1999. The decrease in earnings per share for 2000 was a result of lower net income offset by the repurchase of 85,000 shares of the Corporation's common stock. The increase in earnings per share for 1999 was a result of increased income and the effect on earnings per share of the repurchase of 247,500 shares of the Corporation's common stock.

Profitability as measured by the Corporation's return on average equity (ROE), was 15.99% in 2000, down from 18.17% in 1999, excluding the interest income collected on the non-accrual loan, and 17.81% in 1998. Another key indicator of performance, the return on average assets (ROA) for 2000, was 1.76%, compared to 2.07% in 1999, excluding the interest income collected on the non- accrual loan, and 2.03% for 1998.

TABLE 1: Average Balances, Income and Expense, Yields and Rates

The following table shows the average balance sheets for each of the years ended December 31, 2000, 1999, and 1998. In addition, the amounts of interest earned on earning assets, with related yields and interest on interest-bearing liabilities, together with the rates, are shown. Loans include loans held for sale. Loans placed on a non-accrual status are included in the balances and were included in the computation of yields, upon which they had an immaterial effect. Interest on tax-exempt securities is on a taxable-equivalent basis, which was computed using the federal corporate income tax rate of 34% for all three years.

	2000			1999			1998		
(Dollars in thousands)	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Assets									
Securities:									
Taxable	$ 16,089	$ 1,157	7.19%	$ 15,293	$ 1,097	7.17%	$ 33,607	$ 2,359	7.02%
Tax-exempt	52,068	4,196	8.06	49,049	4,013	8.18	42,606	3,590	8.43
Total securities	68,157	5,353	7.85	64,342	5,110	7.94	76,213	5,949	7.81
Loans, net	241,291	22,245	9.22	216,295	18,850	8.71	206,353	17,790	8.62
Interest-bearing deposits in other banks and fed funds	3,482	215	6.17	9,621	458	4.76	1,088	69	6.34
Total earning assets	312,930	$27,813	8.89%	290,258	$24,418	8.41%	283,654	$23,808	8.39%
Reserve for loan losses	(3,451)			(3,003)			(2,451)		
Total non-earning assets	22,723			21,710			20,484		
Total assets	$332,202			$308,965			$301,687		
Liabilities and Shareholders' Equity									
Time and savings deposits:									
Interest-bearing deposits	$ 50,977	$ 1,236	2.42%	$ 45,627	$ 1,084	2.38%	$ 37,178	$ 901	2.42%
Money market deposit accounts	25,938	877	3.38	25,207	807	3.20	21,984	718	3.27
Savings accounts	38,640	1,150	2.98	39,131	1,164	2.97	35,094	1,135	3.23
Certificates of deposit, $100M or more	22,955	1,266	5.52	17,977	857	4.77	16,670	819	4.91
Other certificates of deposit	96,004	5,203	5.42	89,467	4,416	4.94	87,938	4,616	5.25
Total time and savings deposits	234,514	9,732	4.15	217,409	8,328	3.83	198,864	8,189	4.12
Borrowings	25,774	1,577	6.12	15,002	740	4.93	25,169	1,369	5.44
Total interest-bearing liabilities	260,288	11,309	4.34%	232,411	9,068	3.90%	224,033	9,558	4.27%
Demand deposits	31,511			35,697			35,987		
Other liabilities	3,895			5,701			7,221		
Total liabilities	295,694			273,809			267,241		
Shareholders' equity	36,508			35,156			34,446		
Total liabilities and Shareholders' equity	$332,202			$308,965			$301,687		
Net interest income		$16,504			$15,350			$14,250	
Interest rate spread			4.55			4.51			4.12
Interest expense to average earning assets			3.61			3.12			3.37
Net interest margin			5.27%			5.29%			5.02%

RESULTS OF OPERATIONS

NET INTEREST INCOME

During 2000, net interest income, on a taxable equivalent basis, increased 7.5% to $16.5 million from $15.4 million, excluding the one-time interest collected on a non-accrual loan in 1999. This was a result of a 7.8% increase in the average balance of interest earning assets offset by a slight decrease in the net interest margin to 5.27% in 2000 from 5.29% in 1999. The increase in average earning assets was the result of an increase in the average balance of the loan portfolio and securities portfolio at Citizens and Farmers Bank (the "Bank") offset by a decrease in the average balance of loans held for sale by C&F Mortgage Corporation (the "Mortgage Corporation"), and a decrease in the average balance in interest earning deposits in other banks and fed funds sold. The increase in loans at the Bank was a result of overall higher loan demand. The increase in the average balance of securities was a result of the purchase of securities during the last six months of 1999. A large number of securities were called in the first half of 1999 and were replaced in the second half of 1999. The current year reflects the effect of a full year of these purchases. The decrease in loans held for sale at the Mortgage Corporation was a result of a decrease in loan closings to $294 million in 2000 from $457 million in 1999 and a decrease in loan fundings (sales) to $301 million in 2000 from $499 million in 1999. The decrease in the average balance in interest earning deposits in other banks and fed funds sold was a result of excess liquidity being invested in higher yielding loans and securities. The decrease in the net interest margin was a result of an increase in the cost of funds from 3.90% in 1999 to 4.34% in 2000 offset by an increase in the yield on average earning assets from 8.41% in 1999 to 8.89% in 2000. The increase in the cost of funds was a result of the overall higher interest rate environment during 2000 and an increase in the average balance of higher cost borrowings from the Federal Home Loan Bank ("FHLB"). From August 1999 to March 2000, the interest rates on Fed Funds increased 150 basis points. This increase is clearly reflected in the average cost of certificates of deposit paid by the Corporation. The increase in the average balance of borrowings from the FHLB was a result of loan growth outpacing deposit growth during most of 2000. In addition to providing funding for loans originated and subsequently sold by the Mortgage Corporation, borrowings from the FHLB are occasionally used for funding of the Bank's loan portfolio. The increase in the average yield on interest earning assets was mainly a result of the higher interest rate environment and the decrease in the average balance of lower yielding loans held for sale at the Mortgage Corporation.

During 1999, net interest income, on a tax-equivalent basis, excluding the one-time interest collected on a non-accrual loan, increased 7.7% to $15.4 million from $14.3 million in 1998. This was a result of a 2.3% increase in the average balance of interest earning assets and an increase in the net interest margin to 5.29% for 1999 from 5.02% for 1998. The increase in the average balance of interest earning assets was a result of an increase in the average balance of loans at the Bank and an increase in the average balance of interest-bearing deposits in other banks and fed funds offset by a decrease in the average balance of securities and loans held for sale at the Mortgage Corporation. The increase in loans at the Bank was a result of overall higher loan demand and the increase in interest bearing deposits in other banks and fed funds was a result of excess liquidity resulting from the decrease in securities. The decline in the average balance of securities was a result of a large number of securities being called in the first half of 1999. The decrease in loans held for sale at the Mortgage Corporation was a result of a decrease in loan closings to $457 million in 1999 from $524 million in 1998 and an increase in loan fundings (sales) to $499 million in 1999 from $481 million in 1998. The increase in the net interest margin was mainly a result of a decrease in cost of funds to 3.90% for 1999 from 4.27% for 1998. The decrease in cost of funds was a result of the decrease in cost of deposits and borrowings and an overall decrease in the average balance of higher cost borrowings. The decrease in the cost of deposits and borrowings was a result of the overall lower interest rate for the first half of 1999. The decrease in the average balance of borrowings was a result of the decrease in loans held for sale at the Mortgage Corporation.

TABLE 2: Rate-Volume Recap

Interest income and expense are affected by fluctuations in interest rates, by changes in the volume of earning assets and interest-bearing liabilities, and by the interaction of rate and volume factors. The following analysis shows the direct causes of the year-to-year changes in the components of net interest earnings on a taxable-equivalent basis. The rate and volume variances are calculated by a formula prescribed by the Securities and Exchange Commission. Rate/volume variances, the third element in the calculation, are not shown separately, but are allocated to the rate and volume variances in proportion to the relationship of the absolute dollar amounts of the change in each. Loans include both non-accrual loans and loans held for sale.

	2000 from 1999			1999 from 1998		
	Increase (Decrease) Due to		Total	Increase (Decrease) Due to		Total
(Dollars in thousands)	Rate	Volume	Increase (Decrease)	Rate	Volume	Increase (Decrease)
Interest income:						
Loans	$ 1,133	$ 2,262	$3,395	$ 195	$ 865	$ 1,060
Securities:						
Taxable	3	57	60	51	(1,313)	(1,262)
Tax-exempt	(61)	244	183	(107)	530	423
Total securities	(58)	301	243	(56)	(783)	(839)
Interest-bearing deposits in other banks and fed funds	43	(286)	(243)	24	365	389
Total interest income	1,118	2,277	3,395	163	447	610
Interest expense:						
Time and savings deposits:						
Interest-bearing deposits	23	129	152	(18)	201	183
Money market deposit accounts	46	24	70	(14)	103	89
Savings accounts	1	(15)	(14)	(95)	124	29
Certificates of deposit, $100M or more	148	261	409	(25)	63	38
Other certificates of deposit	451	336	787	(279)	79	(200)
Total time and savings deposits	669	735	1,404	(431)	570	139
Other borrowings	210	627	837	(118)	(511)	(629)
Total interest expense	879	1,362	2,241	(549)	59	(490)
Change in net interest income	$ 239	$ 915	$1,154	$ 712	$ 388	$ 1,100

MARKET RISK MANAGEMENT
As the holding company for a commercial bank, the Corporation's primary component of market risk is interest rate volatility. Fluctuation in interest rates will ultimately impact the level of both income and expense recorded on a large portion of the Bank's assets and liabilities, and the market value of all interest-earning assets and interest-bearing liabilities, other than those which possess a short term to maturity. Since the majority of the Corporation's interest-earning assets and all of the Corporation's interest- bearing liabilities are held by the Bank, virtually all of the Corporation's interest rate risk exposure lies at the Bank level. Therefore, all significant interest rate risk management procedures are performed by management of the Bank. Based on the nature of the Bank's operations, the Bank is not subject to foreign currency exchange or commodity price risk. The Bank's loan portfolio is concentrated primarily in the Virginia counties of King William, King and Queen, Hanover, Henrico, Essex, Middlesex, New Kent, Charles City, York, and James City, and is, therefore, subject to risks associated with the local economy. As of December 31, 2000, the Corporation does not own any trading assets nor does it have any hedging transactions in place such as interest rate swaps and caps.

The Bank's interest rate management strategy is designed to stabilize net interest income and preserve capital. The Bank manages interest rate risk through the use of a simulation model which measures the sensitivity of future net interest income and the net portfolio value to changes in interest rates. In addition, the Bank monitors interest rate sensitivity through analysis, measuring the terms to maturity or next repricing date of interest-earning assets and interest-bearing liabilities. The matching of the maturities of assets and liabilities may be analyzed by examining the extent to which assets and liabilities are "interest rate sensitive" and by monitoring an institution's interest rate sensitivity "gap." An asset or liability is said to be "interest rate sensitive" within a specific time period if it will mature or reprice within that time period. The interest rate sensitivity "gap" is defined as the difference between the amount of interest-earning assets anticipated, based on certain assumptions, to mature or reprice within a specific time period and the amount of interest-bearing liabilities anticipated, based on certain assumptions, to mature or reprice within that time period. A gap is considered negative when the amount of interest-rate- sensitive liabilities maturing or repricing within a specific time period exceeds the amount of interest-rate-sensitive assets maturing or repricing within that same time period. During a period of rising interest rates, a negative gap would tend to result in a decrease in net interest income while a positive gap would tend to result in an increase in net interest income. In a declining interest rate environment, an institution with a negative gap would generally be expected, absent the effect of other factors, to experience a greater decrease in the cost of its liabilities relative to the yield of its assets and thus an increase in the institution's net interest income, whereas an institution with a positive gap would be expected to experience the opposite result.

Certain shortcomings are inherent in any method of rate analysis used to estimate a financial institution's interest rate sensitivity gap. The analysis is based at a given point in time and does not take into consideration that changes in interest rates do not affect all assets and liabilities equally. For example, although certain assets and liabilities may have similar maturities or repricing, they may react differently to changes in market interest rates. The interest rates on certain types of assets and liabilities also may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. The interest rates on loans with call features may or may not change depending on their interest rates relative to market interest rates.

The Corporation is also subject to prepayment risk, particularly in falling interest rate environments or in environments where the slope of the yield curve is relatively flat or negative. Such changes in the interest rate environment can cause substantial changes in the level of prepayments of loans, which may also affect the Corporation's interest rate sensitivity gap position.

As part of its borrowings, the Corporation may utilize, from time to time, daily, convertible and adjustable rate advances from the FHLB-Atlanta. Convertible advances generally provide for a fixed rate of interest for a portion of the term of the advance, an ability for the FHLB-Atlanta to convert the advance from a fixed rate to an adjustable rate at some predetermined time during the remaining term of the advance (the "conversion" feature), and a concurrent opportunity for the Corporation to prepay the advance with no prepayment penalty in the event the FHLB-Atlanta elects to exercise the conversion feature. At December 31, 2000, the Bank did not hold convertible advances from the FHLB-Atlanta.

Also, the methodology used estimates various rates of withdrawal for money market deposits, savings, and checking accounts, which may vary significantly from actual experience.

The following table sets forth the amounts of interest-earning assets and interest-bearing liabilities outstanding at December 31, 2000, that are subject to repricing or that mature in each of the time periods shown. Additionally, loans and securities with call provisions are included in the period in which they may first be called. Except as stated above, the amount of assets and liabilities shown that reprice or mature during a particular period were determined in accordance with the contractual terms of the asset or liability.

TABLE 3: Interest Sensitivity Analysis

(Dollars in thousands)	Interest-Sensitive Periods Within 90 Days	91-365 Days	1-5 Years	Over 5 Years	Total
December 31, 2000					
Earning assets:					
Loans, net of unearned income	$ 98,865	$ 15,431	$ 72,237	$ 64,620	$251,153
Securities	--	1,385	4,440	61,958	67,783
Federal funds sold and other short-term investments	5,915	--	--	--	5,915
Total earning assets	104,780	16,816	76,677	126,578	324,851
Interest-bearing liabilities:					
Interest-bearing transaction accounts	8,409	25,227	22,423	--	56,059
Savings accounts	5,651	16,954	15,070	--	37,675
Money market deposit accounts	3,575	10,725	9,533	--	23,833
Certificates of deposit, $100M or more	5,637	18,913	2,280	188	27,018
Other certificates of deposit	20,553	72,448	16,910	457	110,368
Borrowings	13,969	--	--	--	13,969
Total interest-bearing liabilities	57,794	144,267	66,216	645	$268,922
Period gap	46,986	(127,451)	10,461	125,933	
Cumulative gap	$ 46,986	$ (80,465)	$(70,004)	$ 55,929	
Ratio of cumulative gap to total earning assets	14.46%	(24.77)%	(21.15)%	17.22%	

The following tables provide information about the Corporation's financial instruments that are sensitive to changes in interest rates as of December 31, 2000 and 1999, based on the information and assumptions set forth in the notes. The Corporation believes that the assumptions utilized are reasonable. The expected maturity date values for loans were calculated by adjusting the instruments' contractual maturity date for expectations of prepayments, as set forth in the notes. Similarly, expected maturity date values for interest- bearing core deposits were calculated based on estimates of the period over which the deposits would be outstanding, as set forth in the notes. From a risk-management perspective, however, the Corporation utilizes both maturity and repricing dates, as opposed to solely using expected maturity dates.

As shown in the table, there have been no significant changes in the maturities of interest-earning assets or interest-bearing liabilities. The decrease in loans held for sale maturing within one year is a result of decreased production at the Mortgage Corporation. All loans originated at the Mortgage Corporation are usually sold within one month. The decrease in borrowings is also a result of the decrease in loans held for sale and the overall increase in deposits. The increase in the yield on interest earning assets and amount paid on interest-bearing liabilities is a result of the increase in interest rates throughout 2000. 2000 Annual Report

TABLE 4: Maturity of Interest-Bearing Assets/Liabilities

Dollars in thousands	Principal Amount Maturing in: 1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter	Total	Fair Value
Interest-Earning Assets:								
Fixed rate loans/1/, /2/								
December 31, 2000	$ 23,371	$11,329	$ 9,830	$ 8,457	$ 6,740	$44,280	$104,007	$104,356
December 31, 1999	23,772	11,390	9,664	7,762	6,221	28,460	87,269	85,193
Average interest rate								
December 31, 2000	9.43%	8.89%	8.71%	8.53%	8.38%	8.43%	8.74%	
December 31, 1999	8.79%	8.56%	8.32%	8.16%	8.07%	7.98%	8.34%	
Variable rate loans/1/, /2/								
December 31, 2000	$ 46,426	$10,372	$ 5,489	$ 5,039	$ 4,516	$58,690	$130,532	$130,574
December 31, 1999	41,271	12,601	8,136	6,407	7,155	47,590	123,160	122,633
Average interest rate								
December 31, 2000	10.43%	9.44%	8.90%	8.88%	8.79%	8.34%	9.23%	
December 31, 1999	8.88%	8.67%	8.47%	8.30%	8.48%	8.24%	8.53%	
Loans held for sale								
December 31, 2000	$ 17,600	$ --	$ --	$ --	$ --	$ --	$ 17,600	$ 17,984
December 31, 1999	24,887	--	--	--	--	--	24,887	25,319
Average interest rate								
December 31, 2000	9.26%	--	--	--	--	--	9.26%	
December 31, 1999	8.15%	--	--	--	--	--	8.15%	
Securities/3/, /4/								
December 31, 2000	$ 1,385	$ 1,148	$ 1,504	$ 806	$ 1,084	$61,856	$ 67,783	$ 68,484
December 31, 1999	155	1,385	1,146	1,853	806	63,143	68,488	66,769
Average interest rate								
December 31, 2000	5.43%	4.67%	4.73%	4.72%	4.39%	5.39%	5.34%	
December 31, 1999	6.65%	7.68%	5.86%	5.96%	6.21%	5.76%	5.81%	
Interest-Bearing Liabilities:								
Money market, savings, and interest-bearing transaction accounts/5/								
December 31, 2000	$ 70,540	$11,757	$11,757	$11,757	$11,756	$ --	$117,567	$118,590
December 31, 1999	72,985	12,165	12,165	12,165	12,165	--	121,645	121,514
Average interest rate								
December 31, 2000	2.72%	2.72%	2.72%	2.72%	2.72%	--	2.72%	
December 31, 1999	2.77%	2.77%	2.77%	2.77%	2.77%	--	2.77%	
Certificates of deposit								
December 31, 2000	$117,552	$12,186	$ 4,232	$ 1,385	$ 1,387	$ 645	$137,387	$137,505
December 31, 1999	78,772	16,466	4,112	3,048	1,514	469	104,381	104,344
Average interest rate								
December 31, 2000	6.07%	5.86%	5.83%	5.21%	6.23%	4.36%	6.03%	
December 31, 1999	4.77%	4.91%	5.20%	5.69%	5.15%	3.73%	4.83%	
Borrowings								
December 31, 2000	$ 13,969	$ --	$ --	$ --	$ --	$ --	$ 13,969	$ 13,969
December 31, 1999	30,035	--	--	--	--	--	30,035	30,035
Average interest rate								
December 31, 2000	5.66%	--	--	--	--	--	5.66%	
December 31, 1999	5.40%	--	--	--	--	--	5.40%	

/1/ Net of undisbursed loan proceeds and do not include net deferred loan fees or the allowance for loan losses.
/2/ For single-family residential loans, assumes annual prepayment rate of 12%. No prepayment assumptions were used for all other loans.
/3/ Includes the Corporation's investment in Federal Home Loan Bank stock. /4/ Average interest rates are the average of stated coupon rates and have not been adjusted for taxes.
/5/ Assumes an annual decay rate of 60% for year 1 and 10% for each of the years 2 through 5.

NON-INTEREST INCOME

TABLE 5: Non-Interest Income

Dollars in thousands	Year Ended December 31, 2000	1999	1998
Gain on sale of loans	$5,009	$ 6,692	$ 7,129
Service charges on deposit accounts	1,336	1,154	1,033
Other service charges and fees	1,675	1,950	1,692
Gain on sale of available for sale securities	100	139	--
Other income	825	1,069	981
	$8,945	$11,004	$10,835

2000 VS. 1999
Non-interest income decreased by $2.1 million, or 18.7%, in 2000. The decrease was mainly a result of a $1.7 million decrease in the gain on sale of loans at the Mortgage Corporation. This decrease was a result of the overall decrease in production at the Mortgage Corporation which is a result of the higher interest rate environment in 2000 compared to 1999. In addition, other service charges and fees at the Mortgage Corporation declined $309,000 and other income at C&F Title Company, (the "Title Company"), declined $132,000. These decreases were partially offset by an increase in service charges on deposit accounts at the Bank of $181,000 which was due to the overall growth of the Bank during 2000.

1999 VS. 1998
Non-interest income increased by $169,000, or 1.6%, in 1999. The increase was a result of increased fees at C&F Investment Services, Inc. (the "Investment Company") and the Bank and a $139,000 gain on securities which were called during the year. The increase in fees at the Investment Company and the Bank was due to overall growth. These increases were offset by a $437,000 decrease in the gain on sale of loans at the Mortgage Corporation. This decrease was a result of the overall decrease in production in the Mortgage Corporation which was a result of the higher interest rate environment in the second half of 1999 as compared to 1998.

NON-INTEREST EXPENSE

TABLE 6: Non-Interest Expense

Dollars in thousands	Year Ended December 31, 2000	1999	1998
Salaries and employee benefits	$ 9,603	$ 9,366	$ 8,286
Occupancy expense	2,378	2,044	2,010
Goodwill amortization	275	275	275
Other expenses	3,742	4,144	4,236
	$15,998	$15,829	$14,807

2000 VS. 1999
Non-interest expense increased $168,000, or 1.1%, over 1999. This increase was a result of increased salaries and benefits at the Bank offset by decreased salaries and variable compensation at the Mortgage Corporation due to a decrease in production. The increase in salaries and benefits at the Bank was due to overall growth including the formation of Citizens & Commerce Bank (CCB), which operates as a division of the Bank, and the opening of a branch of the Bank in Williamsburg, Virginia during the second quarter of 2000. CCB was formed in the second half of 1999, and has an area President and a regional Board of Directors. CCB was formed to serve the greater Richmond market. Currently, CCB has one branch open. The growth of the Bank also resulted in an increase in occupancy expense. Other expenses declined mainly as a result of decreased production at the Mortgage Corporation. 1999 VS. 1998
Non-interest expense increased $1.0 million, or 6.9%, over 1998. The majority of this increase is a result of increased salaries and benefits at the Bank, the Mortgage Corporation, and the Investment Company. The increase in salaries and benefits at the Bank is due to overall growth including the formation of CCB. The increase in salaries and benefits at the Mortgage Corporation was a result of increased non-commission positions due to the low interest rate environment in the second half of 1998 and the first half of 1999. The increase in salaries at the Investment Company is a result of overall growth.

YEAR 2000 ISSUE

The Y2K issue involved the risk that computer programs and computer systems would not be able to perform without interruption into the year 2000. If com- puter systems did not correctly recognize the date change from December 31, 1999 to January 1, 2000, computer applications that rely on the date field could have failed or created erroneous results. All computer programs and sys- tems at the Corporation operated without problems when the date changed from December 31, 1999 to January 1, 2000. While the Corporation will continue to monitor computer programs and systems, no problems are expected.

INCOME TAXES

Applicable income taxes on 2000 earnings amounted to $1,823,000, resulting in an effective tax rate of 23.8% compared to $2,394,000, or 26.1% in 1999, and $2,353,000, or 27.7% in 1998. The decrease in the effective tax rate for 2000 as compared to 1999 and for 1999 compared to 1998 was a result of the increase in earnings from tax exempt assets, such as loans to municipalities or invest- ment obligations of state and political subdivisions, as a percentage of total income.

TABLE 7: Allowance for Loan Losses

	Year Ended December 31,				
(Dollars in thousands)	2000	1999	1998	1997	1996
Reserve, beginning of period	$3,302	$2,760	$2,234	$1,927	$1,914
Provision for loan losses	400	600	600	330	30
Loans charged off:					
Real estate--mortgage	--	10	33	12	--
Commercial, financial, and agricultural	31	--	--	3	4
Consumer	71	76	66	12	25
Total loans charged off	102	86	99	27	29
Recoveries of loans previously charged off:					
Real estate--mortgage	--	--	25	--	1
Commercial, financial, and agricultural	--	13	--	--	11
Consumer	9	15	--	4	--
Total recoveries	9	28	25	4	12
Net loans charged off	93	58	74	23	17
Balance, end of period	$3,609	$3,302	$2,760	$2,234	$1,927
Ratio of net charge-offs to average total loans outstanding during period	.04%	.03%	.04%	.01%	.01%

TABLE 8: Allocation of Allowance for Possible Loan Losses

The allowance for loan losses is a general allowance applicable to all loan categories; however, management has allocated the allowance to provide an indication of the relative risk characteristics of the loan portfolio. The allocation is an estimate and should not be interpreted as an indication that charge-offs in 2001 will occur in these amounts, or that the allocation indicates future trends. The allocation of the allowance at December 31 for the years indicated and the ratio of related outstanding loan balances to total loans are as follows:

(Dollars in thousands)	2000	1999	1998	1997	1996
Allocation of allowance for possible loan losses, end of year:					
Real estate--mortgage	$ 743	$ 753	$ 667	$ 692	$ 873
Real estate--construction	251	160	108	89	69
Commercial, financial, and agricultural	2,005	1,686	1,211	926	733
Equity lines	116	103	86	71	62
Consumer	267	380	251	167	160
Unallocated	227	220	437	289	30
Balance, December 31	$3,609	$3,302	$2,760	$2,234	$1,927
Ratio of loans to total year-end loans:					
Real estate--mortgage	37%	43%	50%	57%	62%
Real estate--construction	4	4	3	3	2
Commercial, financial, and agricultural	49	42	36	31	26
Equity lines	5	5	5	4	5
Consumer	5	6	6	5	5
	100%	100%	100%	100%	100%

ASSET QUALITY-ALLOWANCE AND PROVISION FOR LOAN LOSSES

The allowance for loan losses is to provide for potential losses in the loan portfolio. Among other factors, management considers the Corporation's historical loss experience, the size and composition of the loan portfolio, the value and adequacy of collateral and guarantors, non-performing credits, and current economic conditions. There are additional risks of future loan losses which cannot be precisely quantified or attributed to particular loans or classes of loans. Since those risks include general economic trends as well as conditions affecting individual borrowers, the allowance for loan losses is an estimate. The allowance is also subject to regulatory examinations and determination as to adequacy, which may take into account such factors as the methodology used to calculate the allowance and the size of the allowance in comparison to peer banks identified by regulatory agencies.

In 2000, the Corporation had $400,000 in provision for loan losses compared to $600,000 in 1999 and $600,000 in 1998. Over the past several years, the Corpo- ration has substantially increased its portfolio of commercial, financial, and agricultural loans. The risks associated with increasing the volume of commer- cial and commercial real estate loans resulted in an increase in the provision for loan losses for 1999 and 1998 when compared to years prior to 1998. While the Corporation continues to increase its commercial loan portfolio, the port- folio also continues to become "more seasoned" allowing management to better assess the risk associated with the portfolio. Accordingly, management was able to reduce the provision for loan losses in 2000 to $400,000 from $600,000 in 1999 and 1998.

Loans charged off during 2000 amounted to $102,000 compared to $86,000 in 1999 and $99,000 in 1998. Recoveries amounted to $9,000, $28,000, and $25,000 in 2000, 1999, and 1998, respectively. The ratio of net charge-offs to average outstanding loans was .04% in 2000, .03% in 1999, and .04% in 1998. Management believes that the reserve is adequate to absorb any losses on existing loans that may become uncollectible. Table 7 presents the Corporation's loan loss and recovery experience for the past five years.

NON-PERFORMING ASSETS

Total non-performing assets, which consist of the Corporation's non-accrual loans and real estate owned, were $520,000 at December 31, 2000, an increase of $471,000 from December 31, 1999. The increase in non-performing assets was a result of a lending relationship with a builder being put on non-accrual status. The Corporation is closely monitoring this relationship and does not anticipate a significant loss.

Loans are generally placed on non-accrual status when the collection of prin- cipal or interest is ninety days or more past due, or earlier, if collection is uncertain based on an evaluation of the net realizable value of the collat- eral and the financial strength of the borrower. Loans greater than ninety days past due may remain on accrual status if management determines it has ad- equate collateral to cover the principal and interest. For those loans which are carried on non-accrual status, interest is recognized on the cash basis. For 2000, $37,000 in gross interest income would have been recorded if non-ac- crual loans had been current throughout the period outstanding. For the period ended December 31, 2000, interest income received on non-accrual loans was $2,000.

Table 9 summarizes non-performing assets for the past five years.

TABLE 9: Non-Performing Asset Activity

(Dollars in thousands)	2000	1999	1998	1997	1996
Non-accrual loans	$ 473	$ 49	$ 463	$ 497	$ 525
Real estate owned	47	--	--	444	--
Total non-performing assets	520	49	463	941	525
Principal and/or interest past due for 90 days or more	$ 1,586	$ 786	$ 958	$ 768	$ 260
Non-performing loans to total loans	.20%	.02%	.27%	.31%	.38%
Allowance for loan losses to total loans	1.55	1.58	1.60	1.42	1.39
Allowance for loan losses to non-performing loans	763.00	6,738.78	596.11	449.30	367.05
Non-performing assets to total assets	.15%	.01%	.14%	.34%	.20%

FINANCIAL CONDITION

SUMMARY

A financial institution's primary sources of revenue are generated by its earning assets, while its major expenses are produced by the funding of those assets with interest-bearing liabilities. Effective management of these sources and uses of funds is essential in attaining a financial institution's maximum profitability while maintaining a minimum level of risk.

At the end of 2000, the Corporation had total assets of $347 million, up 5.5% over the previous year-end. In 1999, there was an increase of 2.5% in total assets over year-end 1998. Asset growth in 2000 is attributable to an increase in loans at the Bank offset by a decrease in loans held for sale at the Mortgage Corporation.

TABLE 10: Summary of Total Loans

	Year Ended December 31,				
(Dollars in thousands)	2000	1999	1998	1997	1996
Real estate--mortgage	$ 86,453	$ 89,952	$ 86,311	$ 88,973	$ 86,324
Real estate--construction	9,099	7,968	5,359	4,454	3,415
Commercial, financial, and agricultural/1/	113,570	89,135	62,885	48,737	36,385
Equity lines	11,616	10,272	8,580	7,131	6,180
Consumer	12,815	12,091	9,543	7,684	6,355
Total loans	233,553	209,418	172,678	156,979	138,659
Less allowance for possible loan losses	(3,609)	(3,302)	(2,760)	(2,234)	(1,927)
Total loans, net	$229,944	$206,116	$169,918	$154,745	$136,732

/1/ Includes loans secured by real estate

TABLE 11: Maturity/Repricing Schedule of Loans

	December 31, 2000	
(Dollars in thousands)	Commercial, financial, and agricultural	Real estate construction
Variable Rate:		
Within 1 year	$43,412	$ --
1 to 5 years	15,578	--
After 5 years	15,514	--
Fixed Rate:		
Within 1 year	3,955	9,099

1 to 5 years	12,082	--
After 5 years	23,029	--

LOAN PORTFOLIO

At December 31, 2000, loans, net of unearned income and reserve for loan losses, totaled $229.9 million, an increase of 11.6% over the 1999 total of $206.1 million. Net loans increased 21.3% and 9.8% in 1999 and 1998, respectively.

The Corporation's lending activities are its principal source of income. All loans are attributable to domestic operations. Residential real estate loans, both construction and permanent, and commercial, including commercial real estate, represent the major portion of the Corporation's loan portfolio. Tables 10 and 11 present information pertaining to the composition of loans and the maturity/repricing of loans.

TABLE 12: Maturity of Securities

	Year Ended December 31,					
	2000		1999		1998	
(Dollars in thousands)	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
U.S. government agencies and corporations:						
Maturing within 1 year	$ --	--%	$ --	--%	$ 999	8.46%
Maturing after 1 year, but within 5 years	--	--	--	--	500	6.21
Maturing after 5 years, but within 10 years	4,500	7.03	4,500	7.03	3,500	6.76
Maturing after 10 years	9,000	7.08	9,000	7.08	8,498	6.96
Total U.S. government agencies and corporations	13,500	7.07	13,500	7.07	13,497	6.99
U.S. Treasuries:						
Maturing within 1 year	1,000	8.01	--	--	1,999	5.94
Maturing after 1 year, but within 5 years	--	--	1,000	8.01	1,000	8.02
Total U.S. Treasuries	1,000	8.01	1,000	8.01	2,999	6.63
States and municipals:/1/						
Maturing within 1 year	2,028	10.43	155	9.77	971	10.18
Maturing after 1 year, but within 5 years	4,378	8.42	4,190	8.87	4,770	9.46
Maturing after 5 years, but within 10 years	15,871	7.61	14,352	7.97	13,163	8.42
Maturing after 10 years	23,907	7.29	28,496	7.52	20,121	7.90
Total states and municipals	46,184	7.64	47,193	7.66	39,025	8.33
Total securities:/2/						
Maturing within 1 year	3,028	9.63	155	9.77	3,969	7.76
Maturing after 1 year, but within 5 years	4,378	8.42	5,190	8.71	6,270	8.95
Maturing after 5 years, but within 10 years	20,371	7.48	18,852	7.95	16,663	8.06
Maturing after 10 years	32,907	7.24	37,496	1.36	28,619	7.62
Total securities	$60,684	7.52%	$61,693	7.54%	$55,521	7.91%

/1/Yields on tax-exempt securities have been computed on a tax-equivalent basis.
/2/Total securities excludes preferred stock at amortized cost of $5,504,870, $5,209,736, and $4,770,000 at December 31, 2000, 1999, and 1998, respectively ($5,054,587, $4,738,879, and $5,104,000 estimated fair value at December 31, 2000, 1999, and 1998, respectively).

SECURITIES

The investment portfolio plays a primary role in the management of interest rate sensitivity of the Corporation and generates substantial interest income. In addition, the portfolio serves as a source of liquidity and is used as needed to meet collateral requirements.

The investment portfolio consists of two components, securities held to maturity and securities available for sale. Securities are classified as held to maturity based on management's intent and the Corporation's ability, at the time of purchase, to hold such securities to maturity. These securities are carried at amortized cost. Securities which may be sold in response to changes in market interest rates, changes in the securities' prepayment risk, increases in loan demand, general liquidity needs, and other similar factors are classified as available for sale and are carried at estimated fair value.

At year-end 2000, total securities were $65.7 million, up 1.0% from $65.0 million at year-end 1999. Securities of U.S. government agencies and corporations represented 20.4% of the total securities portfolio, obligations of states and political subdivisions were 69.8%, U.S. Treasury securities were 1.5%, and preferred stocks were 8.3% at December 31, 2000.

Table 12 presents information pertaining to the composition of the securities portfolio.

TABLE 13: Average Deposits and Rates Paid

	Year Ended December 31,					
	2000		1999		1998	
(Dollars in thousands)	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
Non-interest-bearing demand deposits	$ 31,511		$ 35,697		$ 35,987	
Interest-bearing transaction accounts	50,977	2.42%	45,627	2.38%	37,178	2.42%
Money market deposit accounts	25,938	3.38	25,207	3.20	21,984	3.27
Savings accounts	38,640	2.98	39,131	2.97	35,094	3.23
Certificates of deposit, $100M or more	22,955	5.52	17,977	4.77	16,670	4.91
Other certificates of deposit	96,004	5.42	89,467	4.94	87,938	5.25
Total interest-bearing deposits	234,514	4.15%	217,409	3.83%	198,864	4.12%
Total deposits	$266,025		$253,106		$234,851	

TABLE 14: Maturities of Certificates of Deposit with Balances of $100,000 or More

(Dollars in thousands)	December 31, 2000
3 months or less	$ 5,637
3-6 months	6,158
6-12 months	12,755
Over 12 months	2,469
Total	$27,019

DEPOSITS

The Corporation's predominant source of funds is depository accounts. The Corporation's deposit base is comprised of demand deposits, savings and money market accounts, and time deposits. The Corporation's deposits are provided by individuals and businesses located within the communities served.

Total deposits increased $29.8 million, or 11.4%, in 2000 over 1999. In 2000, the growth by deposit category was a 2.6% increase in non-interest-bearing deposits, a 3.4% decrease in savings and interest-bearing demand deposits, and a 31.6% increase in time deposits. In 1999, total deposits increased $9.2 million, or 3.6%, over 1998. Deposit growth in 2000 and 1999 was attributed to growth at existing branch locations including CCB's one branch, and to the opening of a new branch of the Bank in Williamsburg. Table 13 presents the average deposit balances and average rates paid for the years 2000, 1999, and 1998. Table 14 details maturities of certificates of deposit with balances of $100,000 and over at December 31, 2000.

LIQUIDITY

Liquidity represents an institution's ability to meet present and future financial obligations through either the sale or maturity of existing assets or the acquisition of additional funds through liability management. Liquid assets include cash and due from banks, interest-bearing deposits with banks, Federal Funds sold, securities available for sale, and investments and loans maturing within one year. As a result of the Corporation's management of liquid assets and the ability to generate liquidity through liability funding, management believes that the Corporation maintains overall liquidity sufficient to satisfy its depositors' requirements and to meet customers' credit needs.

At December 31, 2000, cash, securities classified as available for sale, and Federal Funds sold were 14.6% of total earning assets, compared to

15.2% at December 31, 1999.

Additional sources of liquidity available to the Corporation include the Bank's capacity to borrow funds through an established line of credit with a regional correspondent bank and the Federal Home Loan Bank.

CAPITAL RESOURCES

The assessment of capital adequacy depends on a number of factors such as asset quality, liquidity, earnings performance, and changing competitive conditions and economic forces. The adequacy of the Corporation's capital is reviewed by management on an ongoing basis. Management seeks to maintain a structure that will assure an adequate level of capital to support anticipated asset growth and to absorb potential losses.

During 2000, the Corporation repurchased 85,000 shares of its common stock, in the open market at prices between $13.69 and $17.00 per share. During March of 1999, the Corporation repurchased 235,000 shares of its common stock in privately negotiated transactions and during the second half of 1999, the Corporation repurchased an additional 12,500 shares of its common stock in the open market. These repurchases were made to reduce capital since it was high relative to the Corporation's asset size.

The Corporation's capital position continues to exceed regulatory requirements. The primary indicators relied on by bank regulators in measuring the capital position are the Tier I capital, total risk-based capital, and leverage ratios. Tier I capital consists of common and qualifying preferred shareholders' equity less goodwill. Total capital consists of Tier I capital, qualifying subordinated debt, and a portion of the allowance for loan losses. Risk-based capital ratios are calculated with reference to risk-weighted assets. The Corporation's Tier I capital ratio was 14.4% at December 31, 2000, compared to 14.0% at December 31, 1999. The total capital ratio was 15.6% at December 31, 2000 compared to 15.2% at December 31, 1999. These ratios are in excess of the mandated minimum requirements of 4.0% and 8.0%, respectively.

Shareholders' equity was $38.8 million at year-end 2000 compared to $35.1 million at year-end 1999. The leverage ratio consists of Tier I capital divided by average assets. At December 31, 2000, the Corporation's leverage ratio was 10.9%, compared to 11.3% at December 31, 1999. Each of these exceeds the required minimum leverage ratio of 4.0%. The dividend payout ratio was 32.7%, 26.6%, and 27.7%, in 2000, 1999, and 1998, respectively. During 2000, the Corporation paid dividends of $0.53 per share, up 8.2% from $0.49 per share paid in 1999.

The Corporation is not aware of any current recommendations by any regulatory authorities which, if they were implemented, would have a material effect on the Corporation's liquidity, capital resources, or results of operations.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, which is required to be adopted in years beginning after June 15, 2000. This Statement establishes accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments embedded in other contracts, and requires that an entity recognize all derivatives as assets or liabilities in the balance sheet and measure them at fair value. The Corporation adopted this Statement effective January 1, 2001. Since the Corporation does not use derivative instruments and strategies, the adoption of the Statement did not have any effect on earnings or financial position.

As allowed by FASB Statement 133, the Corporation transferred securities with a book value of $33,769,925 and a market value of $34,835,759 to the available for sale category.

EFFECTS OF INFLATION

The effect of changing prices on financial institutions is typically different from other industries as the Corporation's assets and liabilities are monetary in nature. Interest rates are significantly impacted by inflation, but neither the timing nor the magnitude of the changes are directly related to price- level indices. The consolidated financial statements reflect the impacts of inflation on interest rates, loan demands, and deposits.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The statements contained in this annual report that are not historical facts may be forward looking statements. The forward looking statements are subject to certain risks and uncertainties which could cause actual results to differ materially from historical results or those anticipated. Readers are cautioned not to place undue reliance on these forward looking statements, which speak only as of their dates.

CONSOLIDATED BALANCE SHEETS

	December 31, 2000	December 31, 1999
Assets		
Cash and due from banks	$ 8,922,524	$ 13,423,967
Interest-bearing deposits in other banks	5,915,378	2,062,397
Total cash and cash equivalents	14,837,902	15,486,364
Securities--available for sale at fair value, amortized cost of $32,418,548 and $32,112,083, respectively	31,913,344	30,208,134
Securities--held to maturity at amortized cost, fair value of $34,835,759 and $34,976,323, respectively	33,769,925	34,790,682
Loans held for sale, net	17,600,164	24,886,514
Loans, net of reserve for loan losses of $3,608,966 and $3,301,778, respectively	229,943,715	206,115,896
Federal Home Loan Bank stock	1,595,000	1,585,000
Corporate premises and equipment, net	9,889,649	8,404,090
Accrued interest receivable	2,403,921	2,136,093
Other assets	5,518,052	5,628,548
Total assets	$347,471,672	$329,241,321
Liabilities		
Deposits		
Non-interest-bearing demand deposits	$ 35,734,625	$ 34,827,212
Savings and interest-bearing demand deposits	117,566,594	121,645,420
Time deposits	137,386,817	104,381,003
Total deposits	290,688,036	260,853,635
Borrowings	13,969,173	30,035,293
Accrued interest payable	992,852	566,466
Other liabilities	3,041,161	2,656,217
Total liabilities	308,691,222	294,111,611
Commitments and contingent liabilities		
Shareholders' Equity		
Preferred stock ($1.00 par value, 3,000,000 shares authorized)	--	--
Common stock ($1.00 par value, 8,000,000 shares authorized, 3,571,039 and 3,644,456 shares issued and outstanding at December 31, 2000 and 1999, respectively)	3,571,039	3,644,456
Additional paid-in capital	20,133	14,396
Retained earnings	35,522,711	32,727,448
Accumulated other comprehensive loss, net of tax of $171,771 and $647,334, respectively	(333,433)	(1,256,590)
Total shareholders' equity	38,780,450	35,129,710
Total liabilities and shareholders' equity	$347,471,672	$329,241,321

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31, 2000	1999	1998
Interest income			
Interest and fees on loans	$22,244,860	$19,405,445	$17,789,920
Interest on money market investments			
Federal funds sold	--	90,964	--
Other money market investments	563,687	366,971	68,584
Interest on securities			
U.S. Treasury securities	80,193	109,112	198,883
U.S. government agencies and corporations	953,900	864,461	2,035,832
Tax-exempt obligations of states and political subdivisions	2,455,762	2,347,868	2,097,657
Corporate bonds and other	123,077	458,736	426,633
Total interest income	26,421,479	23,643,557	22,617,509
Interest expense			
Savings and interest-bearing deposits	3,263,427	3,055,792	2,754,417
Certificates of deposit, $100M or more	1,266,707	856,670	818,548
Other time deposits	5,202,728	4,415,594	4,616,052
Short-term borrowings and other	1,576,537	739,811	1,369,042
Total interest expense	11,309,399	9,067,867	9,558,059
Net interest income	15,112,080	14,575,690	13,059,450
Provision for loan losses	400,000	600,000	600,000
Net interest income after provision for loan losses	14,712,080	13,975,690	12,459,450
Other operating income			
Gain on sale of loans	5,008,850	6,691,998	7,128,998
Service charges on deposit accounts	1,335,679	1,154,373	1,032,918
Other service charges and fees	1,674,937	1,949,714	1,692,384
Gain on sale of available for sale securities	100,157	138,830	--
Other income	825,439	1,069,541	980,943
Total other operating income	8,945,062	11,004,456	10,835,243
Other operating expenses			
Salaries and employee benefits	9,603,442	9,365,548	8,286,380
Occupancy expenses	2,377,608	2,044,013	2,009,917
Goodwill amortization	275,160	275,160	275,160
Other expenses	3,742,170	4,144,829	4,235,849
Total other operating expenses	15,998,380	15,829,550	14,807,306
Income before income taxes	7,658,762	9,150,596	8,487,387
Income tax expense	1,822,731	2,394,366	2,353,351
Net Income	$ 5,836,031	$ 6,756,230	$ 6,134,036
Earnings per common share--basic	$ 1.62	$ 1.83	$ 1.59
Earnings per common share--assuming dilution	$ 1.60	$ 1.81	$ 1.56

See notes to consolidated financial statements. 2000 Annual Report

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock	Additional Paid-In Capital	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance December 31, 1997	$1,916,190	$117,692		$29,236,260	$ 530,391	$31,800,533
Stock options exercised	19,004	358,236		--	--	377,240
Comprehensive income						
Net income			$6,134,036	6,134,036		6,134,036
Other comprehensive income, net of tax						
Unrealized holding gains arising during the period net of tax of $17,929/1/			34,803		34,803	34,803
Comprehensive income			$6,168,839			
Stock dividends	1,931,694	--		(1,931,694)	--	--
Cash dividends ($.44 per share)	--	--		(1,699,119)	--	(1,699,119)
Balance December 31, 1998	3,866,888	475,928		31,739,483	565,194	36,647,493
Repurchase of common stock	(247,500)	(690,351)		(3,971,173)	--	(4,909,024)
Stock options exercised	25,068	228,819		--	--	253,887
Comprehensive income						
Net income			$6,756,230	6,756,230		6,756,230
Other comprehensive income, net of tax						
Unrealized holding losses arising during the period net of tax of $938,495			(1,821,784)		(1,821,784)	(1,821,784)
Comprehensive income			$4,934,446			
Cash dividends ($.49 per share)	--	--		(1,797,092)	--	(1,797,092)
Balance December 31, 1999	3,644,456	14,396		32,727,448	(1,256,590)	35,129,710
Repurchase of common stock	(85,000)	(114,272)		(1,130,139)	--	(1,329,411)
Stock options exercised	11,583	120,009		--	--	131,592
Comprehensive income						
Net income			$5,836,031	5,836,031		5,836,031
Other comprehensive income, net of tax						
Unrealized holding gains arising during the period net of tax of $475,566			923,157		923,157	923,157
Comprehensive income			$6,759,188			
Cash dividends ($.53 per share)	--	--		(1,910,629)	--	(1,910,629)
Balance December 31, 2000	$3,571,039	$ 20,133		$35,522,711	$ (333,433)	$38,780,450

Disclosure of reclassification amount for the year ended December 31:

	2000	1999
Unrealized net holding gains (losses) arising during period	$989,272	$(1,730,156)
Less: reclassification adjustment for gains included in net income	66,115	91,628
Net unrealized gains (losses) on securities	$923,157	$(1,821,784)

-------- -----------

/1/There were no reclassification adjustments for the twelve months ended December 31, 1998.
See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2000	1999	1998
Operating Activities:			
Net income	$ 5,836,031	$ 6,756,230	$ 6,134,036
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	1,018,342	928,314	949,451
Amortization of goodwill	275,160	275,160	275,160
Deferred income taxes	(154,178)	(123,139)	(332,645)
Provision for loan losses	400,000	600,000	600,000
Accretion of discounts and amortization of premiums on securities, net	(45,047)	(69,467)	(51,444)
Net realized gain on securities	(100,157)	(138,830)	--
Origination of loans held for sale	(294,483,773)	(456,926,073)	(524,395,568)
Sale of loans	301,770,123	499,032,881	481,881,349
Change in other assets and liabilities:			
Accrued interest receivable	(267,828)	237,690	(177,824)
Other assets	(485,864)	(881,041)	271,213
Accrued interest payable	426,386	(31,680)	5,846
Other liabilities	384,756	(4,353,878)	2,405,165
Net cash provided by (used in) operating activities	14,573,951	45,306,167	(32,435,261)
Investing Activities:			
Proceeds from maturities of securities held to maturity	1,060,000	3,628,850	9,674,100
Proceeds from maturities and calls of securities available for sale	906,576	10,806,084	22,449,745
Purchase of securities held to maturity	--	--	(2,572,800)
Purchase of securities available for sale	(1,107,101)	(21,287,142)	(14,425,408)
Redemption (purchase) of FHLB stock	(10,000)	121,200	(644,400)
Net increase in customer loans	(24,227,819)	(36,797,468)	(15,773,808)
Purchase of corporate premises and equipment	(2,505,937)	(2,867,029)	(879,180)
Proceeds from the sale of corporate premises and equipment	2,035	--	45,922
Net cash used in investing activities	(25,882,246)	(46,395,505)	(2,125,829)
Financing Activities:			
Net increase (decrease) in demand, interest-bearing demand and savings deposits	(3,171,413)	13,933,670	12,138,327
Net increase (decrease) in time deposits	33,005,814	(4,753,194)	8,021,680
Net increase (decrease) in other borrowings	(16,066,120)	5,374,215	15,325,391
Repurchase of common stock	(1,329,411)	(4,909,024)	--
Proceeds from exercise of stock options	131,592	253,887	377,240
Cash dividends	(1,910,629)	(1,797,092)	(1,699,119)
Net cash provided by financing activities	10,659,833	8,102,462	34,163,519
Net increase (decrease) in cash and cash equivalents	(648,462)	7,013,124	(397,571)
Cash and cash equivalents at beginning of year	15,486,364	8,473,240	8,870,811
Cash and cash equivalents at end of year	$ 14,837,902	$ 15,486,364	$ 8,473,240
Supplemental disclosure			
Interest paid	$ 10,883,013	$ 9,099,547	$ 9,552,213
Income taxes paid	$ 1,735,591	$ 2,743,114	$ 2,674,475

- -

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies

The accounting and reporting policies of C&F Financial Corporation and subsidiary (the "Corporation") conform to generally accepted accounting principles and to predominant practices within the banking industry.

Nature of Operations: C&F Financial Corporation is a bank holding company incorporated under the laws of the Commonwealth of Virginia. The Corporation owns all of the stock of its sole subsidiary, Citizens and Farmers Bank (the "Bank"), which is an independent commercial bank chartered under the laws of the Commonwealth of Virginia. The Bank offers a wide range of banking services available to both individuals and businesses.

The Bank has four wholly owned subsidiaries, C&F Title Agency, Inc., C&F Investment Services, Inc., C&F Mortgage Corporation, and C&F Insurance Services, Inc., all incorporated under the laws of the Commonwealth of Virginia. C&F Title Agency, Inc., organized in October 1992, sells title insurance to the mortgage loan customers of the Bank and C&F Mortgage Corporation. C&F Investment Services, Inc., organized in April 1995, is a full-service brokerage firm offering a comprehensive range of investment services. C&F Mortgage Corporation, organized in September 1995, was formed to originate and sell residential mortgages. C&F Insurance Services, organized in July 1999, owns an equity interest in an insurance agency which will eventually sell insurance products to customers of the bank, C&F Mortgage Corporation and other financial institutions which have an equity interest in the agency.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of C&F Financial Corporation and its wholly owned subsidiary, Citizens and Farmers Bank. All material intercompany accounts and transactions have been eliminated in consolidation.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Securities: Investments in debt and equity securities with readily determinable fair values are classified as either held to maturity, available for sale, or trading, based on management's intent. Available for sale securities are carried at estimated fair value with the corresponding unrealized gains and losses included in shareholders' equity on an after-tax basis. Securities classified as held to maturity are carried at amortized cost. The Corporation does not have any securities classified as trading securities. Gains or losses are recognized only on realization at the time of sale using the amortized cost of the specific security sold.

Federal Home Loan Bank Stock: Federal Home Loan Bank stock is stated at cost. No ready market exists for this stock, and it has no quoted market value. For presentation purposes, such stock is assumed to have market value which is equal to cost. In addition, such stock is not considered a debt or equity security in accordance with Statement of Financial Accounting Standards 115.

Loans: Loans are stated at face value, net of unearned discount and the allowance for loan losses. Unearned discount on certain installment loans is recognized as income over the terms of the loans by a method which approximates the effective interest method. Interest on other loans is credited to operations based on the principal amount outstanding. Loans are generally placed on non-accrual status when the collection of principal or interest is ninety days or more past due, or earlier, if collection is uncertain based on an evaluation of the net realizable value of the collateral and the financial strength of the borrower. Loans greater than ninety days past due may remain on accrual status if management determines it has adequate collateral to cover the principal and interest. For those loans which are carried on non-accrual status, interest is recognized on the cash basis. Loan fees and origination costs are deferred and the net amount is amortized as an adjustment of the related loan's yield using the level-yield method. The Corporation is amortizing these amounts over the contractual life of the related loans.

Impaired loans are measured based on the present value of expected future cash flows discounted at the effective interest rate of the loan (or, as a practical expedient, at the loan's observable market price) or the fair value of the collateral if the loan is collateral dependent. The Corporation considers a loan impaired when it is probable that the Corporation will be unable to collect all interest and principal payments as scheduled in the loan agreement. A loan is not considered impaired during a period of delay in payment if the ultimate collectibility of all amounts due is expected. A valuation allowance is maintained to the extent that the measure of the impaired loan is less than the recorded investment.

Consistent with the Corporation's method for non-accrual loans, interest receipts for impaired loans are recognized on the cash basis.

Loans Held for Sale: Loans held for sale are carried at the lower of cost or market, determined in the aggregate. Market value considers commitment agreements with investors and prevailing market prices. Substantially all loans originated by the mortgage banking operations are held for sale to outside investors.

Other Real Estate Owned: Foreclosed assets held for sale are carried at the lower of (a) fair value minus estimated costs to sell or (b) cost at the time of foreclosure. Such determination is made on an individual asset basis. If the fair value of the asset minus the estimated costs to sell the asset is less than the cost of the asset, the deficiency is recognized as a valuation allowance. If the fair value of the asset minus the estimated costs to sell the asset subsequently increases and the fair value of the asset minus the estimated costs to sell the asset is more than its carrying amount, the valuation allowance is reduced, but not below zero. Increases or decreases in the valuation allowance are charged or credited to income.

Corporate Premises and Equipment: Corporate premises and equipment are stated at cost less accumulated depreciation computed using straight-line and accelerated methods over the estimated useful lives of the assets. Estimated useful lives range from ten to forty years for buildings and from three to ten years for equipment, furniture, and fixtures. Maintenance and repairs are charged to expense as incurred and major improvements are C&F Financial Corporation capitalized. Upon sale or retirement of depreciable properties, the cost and related accumulated depreciation are netted against proceeds and any resulting gain or loss is reflected in income.

Income Taxes: The Corporation uses an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Reserve for Loan Losses: The reserve for loan losses is established through a provision for loan losses charged to expense. The reserve represents an amount which, in management's judgment, will be adequate to absorb any losses on existing loans which may become uncollectible. Management's judgment in determining the adequacy of the reserve is based on evaluations of the collectibility of loans while taking into consideration such factors as changes in the nature and volume of the loan portfolio, current economic conditions which may affect a borrower's ability to repay, overall portfolio quality, and review of specific potential losses. Loans are charged against the reserve for loan losses when management believes that the collectibility of the principal is unlikely. Actual future losses may differ from estimates as a result of unforeseen events.

Comprehensive Income: Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Earnings Per Common Share: Basic earnings per share represents income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Corporation relate solely to outstanding stock options, and are determined using the treasury stock method.

Shareholders' Equity: During 2000, the Corporation repurchased 85,000 shares of its common stock in the open market at prices between $13.69 and $17.00 per share. During March 1999, the Corporation repurchased 235,000 shares of its common stock from six shareholders at prices between $19.88 and $20.00 per share in privately negotiated transactions. During the second half of 1999, the Corporation repurchased an additional 12,500 shares of its common stock in the open market at prices between $17.00 and $18.00 per share.

On June 16, 1998, the Corporation declared a 100% stock dividend in the form of a two-for-one stock split. All the financial data included in this Annual Report has been retroactively restated to reflect the effect of the stock split.

Statement of Cash Flows: For the purpose of the statement of cash flows, the Corporation considers cash equivalents to include amounts due from banks, Federal Funds sold, and money market investments purchased with a maturity of three months or less. Generally, Federal Funds are purchased and sold for one- day periods.

Reclassifications: Certain reclassifications have been made to prior period amounts to conform to the current year presentation.

NOTE 2: Securities

Debt and equity securities are summarized as follows:

December 31, 2000				
Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies and corporations	$13,500,000	$ --	$ (201,649)	$13,298,351
Obligations of states and political subdivisions	13,413,678	219,405	(52,677)	13,580,406
Preferred stock	5,504,870	7,313	(477,596)	5,034,587
	$32,418,548	$ 226,718	$ (731,922)	$31,913,344
Held to Maturity				
U.S. Treasury securities	$ 999,950	$ 8,179	$ --	$ 1,008,129
Obligations of states and political subdivisions	32,769,975	1,059,569	(1,914)	33,827,630
	$33,769,925	$1,067,748	$ (1,914)	$34,835,759

December 31, 1999				
Available for Sale	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. government agencies and corporations	$13,500,000	$ --	$ (862,314)	$12,637,686
Obligations of states and political subdivisions	13,402,347	20,925	(591,703)	12,831,569
Preferred stock	5,209,736	7,313	(478,170)	4,738,879
	$32,112,083	$ 28,238	$(1,932,187)	$30,208,134
Held to Maturity				
U.S. Treasury securities	$ 999,814	$ 24,246	$ --	$ 1,024,060
Obligations of states and political subdivisions	33,790,868	505,563	(344,168)	33,952,263
	$34,790,682	$ 529,809	$ (344,168)	$34,976,323

The amortized cost and estimated fair value of debt securities at December 31, 2000, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to prepay obligations with or without call or prepayment penalties.

	December 31, 2000	
Available for Sale	Amortized Cost	Estimated Fair Value
Due after five years through ten years	$ 5,001,855	$ 4,977,188
Due after ten years	21,911,823	21,901,569
Preferred Stock	5,504,870	5,034,587
	$32,418,548	$31,913,344
Held to Maturity		
Due in one year or less	$ 3,027,867	$ 3,063,338
Due after one year through five years	4,378,296	4,495,647
Due after five years through ten years	15,368,889	15,903,217
Due after ten years	10,994,873	11,373,557
	$33,769,925	$34,835,759

Proceeds from the maturities and calls of securities held to maturity in 2000 were $1,060,000. There were no realized gains or losses. Proceeds from the maturities and the calls of securities available for sale were $906,576, resulting in gross realized gains of $100,157. The amortized cost and estimated fair value of securities pledged to secure public deposits amounted to $11,880,000 and $12,196,000, respectively, at December 31, 2000.

Proceeds from maturities and the calls of securities held to maturity in 1999 were $3,628,850. There were no realized gains or losses. Proceeds from maturities and the calls of securities available for sale were $10,806,084, resulting in gross realized gains of $138,830.

Proceeds from maturities and the calls of securities held to maturity in 1998 were $9,674,100. There were no realized gains or losses. Proceeds from maturities and the calls of securities available for sale were $22,449,745. There were no realized gains or losses.

NOTE 3: Loans

Major classifications of loans are summarized as follows:

	December 31,	
	2000	1999
Real estate--mortgage	$ 87,428,166	$ 90,947,032
Real estate--construction	9,109,165	7,980,243
Commercial, financial, and agricultural	113,570,467	89,139,244
Equity lines	11,616,307	10,271,970
Consumer	12,815,274	12,090,548
	234,539,379	210,429,037
Less unearned loan fees	(986,698)	(1,011,363)
	233,552,681	209,417,674
Less reserve for loan losses	(3,608,966)	(3,301,778)
	$229,943,715	$206,115,896

Loans on non-accrual status were $473,000 and $49,000 at December 31, 2000 and 1999, respectively. If interest income had been recognized on non-performing loans at their stated rates during fiscal years 2000, 1999, and 1998, interest income would have increased by approximately $37,000, $8,000, and $37,000, respectively. The balance of impaired loans at December 31, 2000 and 1999, was $473,000 and $49,000 respectively, with no specific valuation allowance associated with these loans. The average balance of impaired loans for 2000 and 1999 were $357,000 and $310,000, respectively. 2000 Annual Report

NOTE 4: Reserve for Loan Losses

Changes in the reserve for loan losses were as follows:

	Year Ended December 31,		
	2000	1999	1998
Balance at the beginning of year	$3,301,778	$2,760,263	$2,233,359
Provision charged to operations	400,000	600,000	600,000
Loans charged off	(101,733)	(86,220)	(98,699)
Recoveries of loans previously charged off	8,921	27,735	25,603
Balance at the end of year	$3,608,966	$3,301,778	$2,760,263

NOTE 5: Corporate Premises and Equipment

Major classifications of corporate premises and equipment are summarized as follows:

	December 31,	
	2000	1999
Land	$2,308,838	$1,516,381
Buildings	7,018,997	7,168,528
Equipment, furniture, and fixtures	9,459,348	7,605,931
	18,787,183	16,290,840
Less accumulated depreciation	(8,897,534)	(7,886,750)
	$9,889,649	$8,404,090

NOTE 6: Time Deposits

Time deposits are summarized as follows:

	December 31,	
	2000	1999
Certificates of deposit, $100M or more	$ 27,018,509	$ 17,667,262
Other time deposits	110,368,308	86,713,741
	$137,386,817	$104,381,003

Remaining maturities on time deposits are as follows:

Year ending December 31,	
2001	$117,551,595
2002	12,186,447
2003	4,232,481
2004	1,384,487
2005	2,031,807
	$137,386,817

NOTE 7: Borrowings

Short-term borrowings consist of securities sold under agreements to repurchase which are secured transactions with customers and generally mature the day following the date sold. Short-term borrowings also include advances from the Federal Home Loan Bank (FHLB), which are secured by a blanket floating lien on all real estate mortgage loans secured by one-to-four family residential properties.

The table below presents selected information on short-term borrowings:

	December 31, 2000	December 31, 1999
Maximum balance at any month-end during the year	$28,103,898	$27,200,000
Average balance for the year	$22,676,362	$12,601,055
Weighted average rate for the year	6.12%	4.93%
Weighted average rate on borrowings at year-end	5.45%	4.80%
Estimated fair value	$ 8,969,173	$30,035,293

The Corporation has unused lines of credit for borrowings totaling approximately $87, 200,000 at December 31, 2000.

Long-term borrowings consist of convertible fixed-rate and adjustable-rate advances from the FHLB. At December 31, 2000, adjustable-rate advances totaled $5,000,000 with an interest rate of 6.55% and a maturity date of May 19, 2003. These advances are also secured by a blanket floating lien on all real estate mortgage loans secured by one-to-four family residential properties. There were no long-term borrowings at December 31, 1999.

NOTE 8: Earnings Per Share

The following shows the weighted average number of shares used in computing earnings per share and the effect on weighted average number of shares of diluted potential common stock. All shares have been restated to reflect the effect of a two-for-one stock split in July 1998.

	December 31, 2000	December 31, 1999	December 31, 1998
Weighted average number of common shares used in earnings per common share--basic	3,608,673	3,684,796	3,857,542
Effect of dilutive securities:			
Stock options	31,641	53,438	62,233
Weighted average number of common shares used in earnings per common share--assuming dilution	3,640,314	3,738,234	3,919,775

Options on approximately 175,000 and 15,000 shares were not included in computing earnings per common share--assuming dilution for the years ended December 31, 2000 and 1999, respectively, because their effects were antidilutive. All options were included in computing earnings per common share--assuming dilution for the year ended December 31, 1998.

NOTE 9: Income Taxes

Principal components of income tax expense as reflected in the consolidated statements of income are as follows:

	Year Ended December 31, 2000	1999	1998
Current taxes	$1,976,909	$2,517,505	$2,685,996
Deferred taxes	(154,178)	(123,139)	(332,645)
	$1,822,731	$2,394,366	$2,353,351

The income tax provision is less than would be obtained by application of the statutory federal corporate tax rate to pre-tax accounting income as a result of the following items:

	Year Ended December 31,					
	2000	Percent of Pre-tax Income	1999	Percent of Pre-tax Income	1998	Percent of Pre-tax Income
Income tax computed at federal statutory rates	$2,603,979	34.0%	$3,111,203	34.0%	$2,885,712	34.0%
Tax effect of exclusion of interest income on obligations of states and political subdivisions	(879,995)	(11.5)	(833,784)	(9.1)	(713,203)	(8.4)
Reduction of interest expense incurred to carry tax-exempt assets	116,418	1.5	94,336	1.0	87,710	1.0
State income taxes, net of federal tax benefit	59,348	.8	128,383	1.4	122,650	1.4
Tax effect of dividends-received deduction on preferred stock	(83,036)	(1.1)	(79,695)	(.9)	(71,957)	(.8)
Other	6,017	.1	(26,077)	(.3)	42,439	.5
	$1,822,731	23.8%	$2,394,366	26.1%	$2,353,351	27.7%

Other assets include deferred income taxes of $1,760,544 and $2,081,929 at December 31, 2000 and 1999, respectively. The tax effects of each type of significant item that gave rise to deferred taxes are:

	Year Ended December 31,	
	2000	1999
Deferred tax asset		
Allowance for loan losses	$1,097,141	$1,006,100
Deferred compensation	244,953	217,169
Net unrealized loss on securities available for sale	171,771	647,334
Interest on non-accrual loans	46,697	54,853
Accrued pension	177,248	141,162
Intangible asset	--	23,726
Other	59,508	69,666
Deferred tax asset	1,797,318	2,160,010
Deferred tax liability		
Depreciation	(36,774)	(78,081)
Deferred tax liability	(36,774)	(78,081)
Net deferred tax asset	$1,760,544	$2,081,929

NOTE 10: Employee Benefit Plans

The Bank maintains a Defined Contribution Profit-Sharing Plan (the "Profit- Sharing Plan") sponsored by the Virginia Bankers Association. The Profit- Sharing Plan was amended effective January 1, 1997, to include a 401(k) savings provision which authorizes a maximum voluntary salary deferral of up to 15% of compensation (with a partial company match), subject to statutory limitations. The profit-Sharing Plan provides for an annual discretionary contribution to the account of each eligible employee based in part on the Bank's profitability for a given year and on each participant's yearly earnings. All full-time employees who have attained the age of eighteen and have at least three months of service are eligible to participate. Contribution and earnings may be invested in various investment vehicles offered through the Virginia Bankers Association. Contributions and earnings are tax-deferred. An employee is 20% vested after three years of service, 40% after four years, 60% after five years, 80% after six years, and fully vested after seven years. The amounts charged to expense under this plan were $347,552, $293,584, and $281,230, in 2000, 1999, and 1998, respectively.

The Mortgage Corporation maintains a Defined Contribution 401(k) Savings Plan which authorizes a maximum voluntary salary deferral of up to 15% of compensation, subject to statutory limitations. All full-time C&F Financial Corporation employees who have attained the age of eighteen are eligible to participate on the first day of the next month following employment date. The Mortgage Corporation reserves the right for an annual discretionary contribution to the account of each eligible employee based in part on the Mortgage Corporation's profitability for a given year, and on each participant's yearly earnings. An employee is vested 25% after two years of service, 50% after three years of service, 75% after four years of service, and fully vested after five years. The amount charged to expense under the Plan was $53,000, $160,000, and $185,000 for 2000, 1999, and 1998, respectively.

The Bank adopted a Management Incentive Bonus Plan (the "Bonus Plan") effective January 1, 1987. The Bonus Plan is offered to selected members of management. The Bonus Plan is derived from a pool of funds determined by the Bank's total performance relative to (1) prescribed growth-rates of assets and deposits, (2) return on average assets, and (3) absolute level of net income. Attainment, in whole or in part, of these goals dictates the amount set aside in the pool of funds. Evaluation of attainment and approval of the pool amount are performed by the Board. Payment of the bonus is based on individual performance and is paid in cash. Expense is accrued in the fiscal year of the specified bonus performance. Expenses under this plan were $204,300, $173,200, and $166,150, in 2000, 1999, and 1998, respectively. Additional bonuses totaling $31,148 were granted to employees not covered by the Bonus Plan in 1998.

The Bank has a non-qualified defined contribution plan for select executives. The plan allows for elective salary and bonus deferrals. The plan also allows for employer contributions to make up for arbitrary limitations on covered compensation imposed by the Internal Revenue Code with respect to the Bank's Profit Sharing / 401(k) Plans and to enhance retirement benefits by providing supplemental contributions from time to time. Expense under this plan was $25,200 in 2000. There were no expenses under the plan for 1999 and 1998.

The Bank has a non-contributory, defined benefit pension plan for full-time employees over twenty-one years of age. Benefits are generally based upon years of service and average compensation for the five highest-paid consecutive years of service. The Bank funds pension costs in accordance with the funding provisions of the Employee Retirement Income Security Act. Information about the plan follows:

	Year Ended December 31,	
	2000	1999
Change in Benefit Obligation		
Benefit obligation, beginning	$1,741,750	$1,576,452
Service cost	178,489	161,535
Interest cost	130,501	118,101
Actuarial (gain)/loss	80,457	(37,775)
Benefits paid	(113,660)	(76,563)
Benefit obligation, ending	$2,017,537	$1,741,750
Change in Plan Assets		
Fair value of plan assets, beginning	$1,862,559	$1,557,120
Actuarial return on plan assets	285,634	177,029
Employer contributions	177,672	204,973
Benefits paid	(113,660)	(76,563)
Fair value of plan assets, ending	$2,212,205	$1,862,559
Funded status	$ 194,668	$ 120,809
Unrecognized net actual gain	(309,717)	(257,537)
Unrecognized net obligation at transition	(59,547)	(64,960)
Unrecognized prior service cost	37,255	40,359
Accrued benefit cost included in other liabilities	$ (137,341)	$ (161,329)

	Year Ended December 31, 2000	1999	1998
Components of Net Periodic Benefit Cost			
Service cost	$ 178,489	$ 161,535	$ 141,160
Interest cost	130,501	118,101	98,446
Expected return on plan assets	(149,027)	(115,003)	(122,355)
Amortization of prior service cost	3,104	3,104	3,104
Amortization of net obligation at transition	(5,413)	(5,413)	(5,413)
Recognized net actuarial gain	(3,970)	(4)	(12,406)
Net periodic benefit cost	$ 153,684	$ 162,320	$ 102,536
Weighted-Average Assumptions as of December 31			
Discount rate	7.5%	7.5%	7.5%
Expected return on plan assets	9.0	9.0	9.0
Rate of compensation increase	4.0	4.0	4.0

NOTE 11: Related Party Transactions

Loans to directors and officers totaled $812,000 and $926,000 at December 31, 2000 and 1999, respectively. New advances to directors and officers totaled $319,000 and repayments totaled $433,000 in the year ended December 31, 2000.

NOTE 12: Stock Options

Under the Incentive Stock Option Plan ("the Plan"), options to purchase common stock are granted to certain key employees of the Corporation. Options are issued to employees at a price equal to the fair market value of common stock at the date granted. Prior to December 21, 1999, one-third of the options granted are exercisable commencing one year after the grant date with an additional one-third becoming exercisable after each of the following two years. Options granted on or after December 21, 1999, become exercisible five years after the grant date. In 1983, the shareholders authorized 100,000 shares of common stock for issuance under the Plan. An additional 200,000 and 300,000 shares were authorized for the Plan in 1994 and 2000, respectively. All options expire ten years from the grant date.

In 1998, the Board of Directors authorized 25,000 shares of common stock for issuance under the Non-Employee Director Stock Option Plan (the "Director Plan"). In 1999, the Director Plan was amended to authorize a total of 150,000 shares for issuance. Under the Director Plan, options to purchase common stock may be granted to non-employee directors of the Bank. Options are issued to non-employee directors at a price equal to the fair market value of common stock at the date granted. The options granted are exercisable six months after grant. All options expire ten years from the grant date.

In 1999, the Board of Directors authorized 25,000 shares of common stock for issuance under the 1999 Regional Director Stock Compensation Plan. Under this plan, options to purchase common stock are granted to non-employee regional directors of Citizens & Commerce Bank, a division of the Bank. Options are issued to non-employee regional directors at a price equal to the fair market value of common stock at the date granted. One third of the options granted become exercisable commencing one year after the grant date with an additional one-third becoming exercisable after each of the following two years. All options expire ten years from the grant date.

The Corporation applies APB Opinion 25 and related interpretations in accounting for the stock option plans. Accordingly, no compensation cost has been recognized for its plans. Had compensation cost for the plans been determined based on the fair value at the grant dates of options consistent with FASB Statement 123, the Corporation's net income, earnings per share- basic and earnings per share-assuming dilution would have been $5,627,587, $1.56 and $1.55, $6,625,664, $1.80 and $1.77, $6,068,280, $1.57 and $1.55, respectively for the years ended December 31, 2000, 1999, and 1998, respectively.

The fair value of each option granted during the years ended December 31, 2000, 1999, and 1998, was estimated on the date of grant using the Black- Scholes option pricing model with the following assumptions for 2000, 1999, and 1998, respectively: risk-free rate of 5.2, 6.7, and 4.5% and volatility of 30, 25, and 30%. The dividend yield used in the pricing model was 3.5, 2.8, and 2.6% for 2000, 1999, and 1998, respectively. The expected lives used was eight years for 2000, 1999, and 1998.

Transactions under the various plans for the periods indicated, restated to reflect the effect of a two-for-one stock split in July 1998, were as follows:

	2000		1999		1998	
	Shares	Exercise Price*	Shares	Exercise Price*	Shares	Exercise Price*
Outstanding at beginning of year	208,444	$14.37	169,860	$12.36	164,936	$ 9.94
Granted	69,800	15.80	68,350	17.64	42,900	18.77
Exercised	(11,583)	9.62	(25,068)	9.44	(34,508)	9.05
Canceled	(4,232)	16.22	(4,698)	15.27	(3,468)	9.69
Outstanding at end of year	262,429	$14.93	208,444	$14.37	169,860	$12.36
*Weighted average						
Options exercisable at year-end	122,730		108,761		97,304	
Weighted-average fair value of options granted during the year	$ 4.57		$ 5.40		$ 5.81	

The following table summarizes information about stock options outstanding at December 31, 2000:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at December 31, 2000	Remaining Contractual Life	Exercise Price*	Number Exercisable at December 31, 2000	Exercise Price*
$8.75 to 12.50	87,446	5.11 years	$10.46	87,446	$10.45
$15.75 to 20.50	174,983	9.17 years	17.17	35,284	18.92
$8.75 to 20.50	262,429	7.82 years	$14.93	122,730	$12.88

*Weighted average

NOTE 13: Regulatory Requirements and Restrictions

The Corporation 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 the 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 the Corporation's and the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Corporation's and the Bank's capital amounts and classification are 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 I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined) less goodwill. For both the Corporation and the Bank, Tier I capital consists of shareholders' equity excluding any net unrealized gain (loss) on securities available for sale less goodwill, and total capital consists of Tier I capital and a portion of the allowance for loan losses. Risk-weighted assets for the Corporation and the Bank were $264,375,000 and $256,559,000, respectively, at December 31, 2000, and $251,051,000 and $243,735,000, respectively, at December 31, 1999. Management believes, as of December 31, 2000, that the Corporation and the Bank meet all capital adequacy requirements to which they are subject.

As of December 31, 2000, the most recent notification from the Federal Deposit Insurance Corporation (FDIC) categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below. 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 are presented in the table.

(Dollars in thousands)	Actual Amount	Actual Ratio	Minimum Capital Requirements Amount	Minimum Capital Requirements Ratio	Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions Ratio
As of December 31, 2000:						
Total Capital (to Risk-Weighted Assets)						
Corporation	$41,331	15.6%	$21,174	8.0%	N/A	N/A
Bank	33,764	13.2	20,554	8.0	$25,693	10.0%
Tier I Capital (to Risk-Weighted Assets)						
Corporation	38,023	14.4	10,587	4.0	N/A	N/A
Bank	30,552	11.9	10,227	4.0	15,416	6.0
Tier I Capital (to Average Assets)						
Corporation	38,023	10.9	13,874	4.0	N/A	N/A
Bank	30,552	9.0	13,582	4.0	16,978	5.0
As of December 31, 1999:						
Total Capital (to Risk-Weighted Assets)						
Corporation	$38,158	15.2%	$20,084	8.0%	N/A	N/A
Bank	30,867	12.7	19,499	8.0	$24,373	10.0%
Tier I Capital (to Risk-Weighted Assets)						
Corporation	35,019	14.0	10,042	4.0	N/A	N/A
Bank	27,818	11.4	9,749	4.0	14,624	6.0
Tier I Capital (to Average Assets)						
Corporation	35,019	11.3	12,358	4.0	N/A	N/A
Bank	27,818	9.2	12,095	4.0	15,118	5.0

NOTE 14: Commitments and Financial Instruments with Off-Balance-Sheet Risk

The Corporation is a 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, commitments to sell loans, and standby letters of credit. These instruments involve elements of credit and interest rate risk in excess of the amount on the balance sheet. The contract amounts of these 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 written is represented by the contractual amount of these instruments.

The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. Collateral is obtained based on management's credit assessment of the customer.

Loan commitments are agreements to extend credit to a customer provided that there are no violations of the terms of the contract prior to funding. Commitments have fixed expiration dates or other termination clauses and may require payment of a fee by the customer. Since many of the commitments may expire without being completely drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The total amount of loan commitments was $54,428,000 and $43,210,000 at December 31, 2000 and 1999, respectively.

Standby letters of credit are written conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The total contract amount of standby letters of credit, whose contract amounts represent credit risk, was $5,016,000 and $5,547,000 at December 31, 2000 and 1999, respectively.

Commitments to sell loans are designed to eliminate the Mortgage Corporation's exposure to fluctuations in interest rates in connection with loans held for sale. The Mortgage Corporation sells substantially all of the residential mortgage loans it originates to third-party investors, some of whom require the repurchase of loans in the event of early default or faulty documentation. Mortgage loans and their related servicing rights are sold under agreements that define certain eligibility criteria for the mortgage loan. Recourse periods vary from ninety days up to one year and conditions for repurchase vary with the investor. Mortgages subject to recourse are C&F Financial Corporation

collateralized by single-family residences, have loan-to-value ratios of 80% or less, or have private mortgage insurance, or are insured or guaranteed by an agency of the U.S. Government.

At December 31, 2000, the Mortgage Corporation had locked-rate commitments to originate mortgage loans amounting to approximately $9,864,000. The Mortgage Corporation has entered into mandatory commitments, on a best-effort basis, to sell loans of approximately $27,464,000. Risks arise from the possible inability of counterparties to meet the terms of their contracts. The Mortgage Corporation does not expect any counterparty to fail to meet its obligations.

The Mortgage Corporation is committed under noncancelable operating leases for certain office locations. Rent expense associated with these operating leases was $411,000, $330,000, and $297,000, for the years ended December 31, 2000, 1999, and 1998, respectively.

Future minimum lease payments under these leases are as follows:

Year Ending December 31,	
2001	$379,454
2002	281,959
2003	207,936
2004	20,202
	$889,551

As of December 31, 2000, the Corporation had $5,326,000 in deposits in financial institutions in excess of amounts insured by the FDIC.

NOTE 15: Fair Market Value of Financial Instruments and Interest Rate Risk

The estimated fair value amounts have been determined by the Corporation using available market information and appropriate valuation methodologies. Loan commitments are conditional and subject to market pricing and, therefore, do not reflect a gain or loss of market value. The fair value of standby letters of credit is based on fees currently charged for similar agreements or on estimated costs to terminate them or otherwise settle the obligations with the counterparties at the reporting date. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Corporation could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash and short-term investments. The nature of these instruments and their relatively short maturities provide for the reporting of fair value equal to the historical cost.

Investment securities. The fair value of investment securities is based on quoted market prices.

Loans. The estimate of the fair value of the loan portfolio is estimated based on present values using applicable spreads to the U.S. treasury yield curve.

Loans held for sale. The fair value of loans held for sale is estimated based on commitments into which individual loans will be delivered.

Deposits and borrowings. The fair value of all demand deposit accounts is the amount payable at the report date. For all other deposits and borrowings, the fair value is determined using the discounted cash flow method. The discount rate was equal to the rate currently offered on similar products.

Accrued interest. The carrying amount of accrued interest approximates fair value.

Dollars in thousands	December 31, 2000 Carrying Amount	Estimated Fair Value	1999 Carrying Amount	Estimated Fair Value
Financial assets:				
Cash and short-term investments	$ 14,838	$ 14,838	$ 15,486	$ 15,486
Securities	66,594	67,336	66,584	66,769
Net loans	229,944	230,334	206,116	203,500
Loans held for sale, net	17,600	17,984	24,887	25,319
Accrued interest receivable	2,404	2,404	2,136	2,136
Financial liabilities:				
Demand deposits	153,301	154,325	156,473	156,342
Time deposits	137,387	137,505	104,381	104,344
Borrowings	13,969	13,969	30,035	30,035
Accrued interest payable	993	993	566	566
Off-balance-sheet items:				
Letters of credit	--	5,016	--	5,547
Unused portions of lines of credit	--	54,428	--	43,210

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 manage 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 16: Business Segments

The Corporation operates in a decentralized fashion in two principal business activities, retail banking and mortgage banking. Revenues from retail banking operations consist primarily of interest earned on loans and investment securities. Mortgage banking operating revenues consist mainly of interest earned on mortgage loans held for sale, gains on sales of loans in the secondary mortgage market, and loan origination fee income. The Corporation also has an investment company and a title company subsidiary which derive revenues from brokerage and title insurance services. The results of these subsidiaries are not significant to the Corporation as a whole and have been included in "Other." The following table presents segment information for the years ended December 31, 2000, 1999, and 1998.

Dollars in thousands	Year Ended December 31, 2000 Retail Banking	Mortgage Banking	Other	Eliminations	Consolidated
Revenues:					
Interest income	$ 25,974	$ 1,298	$ --	$(851)	$ 26,421
Gain on sale of loans		5,009	--	--	5,009
Other	2,036	1,183	717	--	3,936
Total operating income	28,010	7,490	717	(851)	35,366
Expenses:					
Interest expense	11,309	851	--	(851)	11,309
Salaries and employee benefits	5,829	3,368	406	--	9,603
Other	4,387	2,283	125	--	6,795
Total operating expenses	21,525	6,502	531	(851)	27,707
Income before income taxes	$ 6,485	$ 988	$186	$ --	$ 7,659
Total assets	$339,877	$23,946	$ 9	$(16,360)	$347,472
Capital expenditures	$ 2,361	$ 145	$ --	$ --	$ 2,506

Dollars in Thousands	Retail Banking	Mortgage Banking	Other	Eliminations	Consolidated
	Year Ended December 31, 1999				
Revenues:					
Interest income	$ 23,096	$ 1,916	$ --	$ (1,368)	$ 23,644
Gain on sale of loans		6,692			6,692
Other	2,134	1,589	860	--	4,583
Total operating income	25,230	10,197	860	(1,368)	34,919
Expenses:					
Interest expense	9,068	1,368	--	(1,368)	9,068
Salaries and employee benefits	5,127	3,889	350	--	9,366
Other	4,586	2,599	149	--	7,334
Total operating expenses	18,781	7,856	499	(1,368)	25,768
Income before income taxes	$ 6,449	$ 2,341	$361	$ --	$ 9,151
Total assets	$327,877	$24,673	$ 36	$(23,345)	$329,241
Capital expenditures	$ 2,709	$ 158	$ --	$ --	$ 2,867

Dollars in Thousands	Retail Banking	Mortgage Banking	Other	Eliminations	Consolidated
	Year Ended December 31, 1998				
Revenues:					
Interest income	$ 22,195	$ 2,805	$ --	$ (2,382)	$ 22,618
Gain on sale of loans	--	7,129	--		7,129
Other	1,721	1,458	701	--	3,880
Total operating income	23,916	11,392	701	(2,382)	33,627
Expenses:					
Interest expense	9,558	2,382	--	(2,382)	9,558
Salaries and employee benefits	4,587	3,441	258	--	8,286
Other	4,395	2,777	124	--	7,296
Total operating expenses	18,540	8,600	382	(2,382)	25,140
Income before income taxes	$ 5,376	$ 2,792	$319	$ --	$ 8,487
Total assets	$316,584	$66,366	$ 26	$(62,112)	$320,864
Capital expenditures	$ 775	$ 104	$ --	$ --	$ 879

The retail banking segment provides the mortgage banking segment with the funds needed to originate mortgage loans through a warehouse line of credit and charges the mortgage banking segment interest at the daily FHLB advance rate plus 50 basis points. These transactions are eliminated to reach consolidated totals. Certain corporate overhead costs incurred by the retail banking segment are not allocated to the mortgage banking and other segments. 2000 Annual Report

NOTE 17: Parent Company Condensed Financial Information

Financial information for the parent company is as follows:

Balance Sheets	December 31, 2000	1999
Assets		
Cash	$ 62,073	$ 246,108
Investment securities available for sale	5,034,587	4,738,897
Other assets	2,209,188	1,972,004
Investments in subsidiary	31,620,321	28,238,069
Total assets	$38,926,169	$35,195,060
Liabilities and shareholders' equity		
Other liabilities	$ 145,719	$ 65,350
Shareholders' equity	38,780,450	35,129,710
Total liabilities and shareholders' equity	$38,926,169	$35,195,060

Statements of Income	Year Ended December 31, 2000	1999	1998
Interest income on investment securities	$ 354,357	$ 339,886	$ 308,804
Interest income on loans	184,000	102,627	41,910
Dividends received from bank subsidiary	2,940,632	7,859,692	1,839,119
Distributions in excess of equity in net income of subsidiary	--	(1,479,099)	--
Equity in undistributed net income of subsidiary	2,459,459	--	4,064,679
Other income	94,630	151,153	--
Other expenses	(197,047)	(218,029)	(120,476)
Net income	$5,836,031	$ 6,756,230	$6,134,036

Statements of Cash Flows	Year Ended December 31, 2000	1999	1998
Operating activities:			
Net income	$ 5,836,031	$ 6,756,230	$ 6,134,036
Adjustments to reconcile net income to net cash provided by operating activities:			
Distributions in excess of equity in net income of subsidiary	--	1,479,099	--
Equity in undistributed earnings of subsidiary	(2,459,459)	--	(4,064,679)
(Increase) decrease in other assets	(237,372)	(1,368,443)	10,314
Increase (decrease) in other liabilities	80,369	219,672	(52,417)
Net cash provided by operating activities	3,219,569	7,086,558	2,027,254
Investing activities:			
Proceeds from sales and maturities of securities	811,945	667,249	949,743
Purchase of securities	(1,107,101)	(1,107,292)	(1,715,752)
Net cash used in investing activities	(295,156)	(440,043)	(766,009)
Financing activities:			
Repurchase of common stock	(1,329,411)	(4,909,024)	--
Dividends paid	(1,910,629)	(1,797,092)	(1,699,119)
Proceeds from the issuance of stock	131,592	253,887	377,240
Net cash used in financing activities	(3,108,448)	(6,452,229)	(1,321,879)
Net increase (decrease) in cash and cash equivalents	(184,035)	194,286	(60,634)
Cash at beginning of year	246,108	51,822	112,456
Cash at end of year	$ 62,073	$ 246,108	$ 51,822

NOTE 18: Quarterly Condensed Statements of Income--Unaudited

	2000 Quarter Ended			
In thousands (except per share)	March 31	June 30	September 30	December 31
Total interest income	$6,147	$6,461	$6,830	$6,983
Net interest income after provision for loan losses	3,619	3,662	3,754	3,677
Other income	2,068	2,306	2,407	2,164
Other expenses	3,922	4,149	4,014	3,913
Income before income taxes	1,765	1,819	2,147	1,927
Net income	1,369	1,398	1,615	1,454
Earnings per common share--assuming dilution	$ .37	$ .38	$ .45	$ .40
Dividends per common share	.13	.13	.13	.14

	1999 Quarter Ended			
In thousands (except per share)	March 31	June 30	September 30	December 31
Total interest income	$6,090	$5,592	$5,924	$6,037
Net interest income after provision for loan losses	3,675	3,310	3,555	3,436
Other income	3,178	2,945	2,902	2,250
Other expenses	3,808	4,092	4,073	4,128
Income before income taxes	3,045	2,163	2,384	1,558
Net income	2,146	1,634	1,765	1,211
Earnings per common share--assuming dilution	$ .56	$ .44	$ .48	$ .33
Dividends per common share	.12	.12	.12	.13

INDEPENDENT AUDITOR'S REPORT

[LOGO OF YHB]

The Board of Directors and Shareholders C&F Financial Corporation

We have audited the accompanying consolidated balance sheets of C&F Financial Corporation and Subsidiary as of December 31, 2000 and 1999, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years ended December 31, 2000, 1999 and 1998. 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 generally accepted auditing standards. 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 C&F Financial Corporation and Subsidiary as of December 31, 2000 and 1999, and the results of their operations and their cash flows for the years ended December 31, 2000, 1999 and 1998, in conformity with generally accepted accounting principles.

/s/ Yount, Hyde & Barbour, P.C.

January 16, 2001
Winchester, Virginia

INVESTOR INFORMATION

ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of C&F Financial Corporation will be held at 3:30 p.m. on Tuesday, April 17, 2001, at the Father van den Boogaard Center, 3510 King William Avenue, West Point, Virginia. All shareholders are cordially invited to attend.

STOCK PRICE INFORMATION

The Corporation's common stock is traded on the over-the-counter market and is listed on the Nasdaq Stock Market under the symbol "CFFI." As of March 5, 2001, there were approximately 1,100 shareholders of record. Following are the high and low closing prices in 2000 and 1999. Over-the-counter market quotations reflect interdealer prices, without retail mark up, mark down, or commission, and may not necessarily represent actual transactions.

	2000		1999	
Quarter	High	Low	High	Low
First	$18.00	$11.25	$19.63	$18.25
Second	17.75	11.25	21.00	18.38
Third	17.38	15.00	23.00	17.25
Fourth	16.25	14.50	22.50	16.75

STOCK TRANSFER AGENT

American Stock Transfer & Trust Company serves as transfer agent for the Corporation. You may write them at 40 Wall Street, New York, NY 10005, or telephone them toll-free at 1-800-937-5449.

ANNUAL REPORT ON FORM 10-K AND ADDITIONAL INFORMATION

A copy of Form 10-K as filed with the Securities and Exchange Commission is available without charge to stockholders upon written request. Requests for this or other financial information about C&F Financial Corporation should be directed to:

Thomas Cherry
Senior Vice President and Chief Financial Officer C&F Financial Corporation
P.O. Box 391
West Point, VA 23181
2000 Annual Report

DIRECTORS AND ADVISORS

C&F Financial Corporation / Citizens and Farmers Bank

J. P. Causey Jr.*+
Senior Vice President, Secretary & General Counsel
Chesapeake Corporation

Barry R. Chernack+
Retired Partner
PriceWaterhouseCoopers LLP

Larry G. Dillon *+
Chairman, President & CEO
C&F Financial Corporation
Citizens and Farmers Bank

P. L. Harrell+
President
Old Dominion Grain, Inc.

James H. Hudson III*+
Attorney-at-Law
Hudson & Bondurant, P.C.

Joshua H. Lawson*+
President
Thrift Insurance Corporation

Bryan E. McKernon+
President & CEO
C&F Mortgage Corporation

Reginald H. Nelson IV+
Retired Partner
Colonial Acres Farm

William E. O'Connell Jr.*+
Chessie Professor of Business
The College of William and Mary

Paul C. Robinson*+
Owner & President
Francisco, Robinson & Associates, Realtors

Thomas B. Whitmore Jr.+
Retired President
Whitmore Chevrolet, Oldsmobile,
Pontiac Co., Inc.

* C&F Financial Corporation Board Member
\+ Citizens and Farmers Bank Board Member

Citizens & Commerce Bank

Frank Bell III
President
Citizens & Commerce Bank

Jeffery W. Jones
President & Chief Operating Officer
WFofR, Incorporated

S. Craig Lane
President
Lane & Hamner, P.C.

William E. O'Connell Jr.
Chairman of the Board
Chessie Professor of Business
The College of William and Mary

Meade A. Spotts
President
Spotts, Smith, Fain & Buis, P.C.

Scott E. Strickler
Treasurer
Robins Insurance Agency, Inc.

Katherine K. Wagner
Senior Vice President
Commercial Lending
Citizens & Commerce Bank

C&F Mortgage Corporation

J. P. Causey Jr.
Senior Vice President, Secretary & General Counsel
Chesapeake Corporation

Larry G. Dillon
Chairman of the Board

James H. Hudson III
Attorney-at-Law
Hudson & Bondurant, P.C.

Bryan E. McKernon
President & CEO
C&F Mortgage Corporation

William E. O'Connell Jr.
Chessie Professor of Business
The College of William and Mary

Paul C. Robinson
Owner & President
Francisco, Robinson & Associates, Realtors

C&F Investment Services, Inc.

Larry G. Dillon
President

Eric F. Nost
Vice President

Thomas F. Cherry
Treasurer

Gari B. Sullivan
Secretary

Independent Public Accountants

Yount, Hyde & Barbour, P.C.
Winchester, VA

Corporate Counsel

Hudson & Bondurant, P.C.
West Point, VA

Varina Advisory Board

Robert A. Canfield
Attorney-at-Law
Canfield, Moore,
Sharpiro, Sease & Baer

Reginald H. Nelson IV
Retired Partner
Colonial Acres Farm

Robert F. Nelson Jr.
Professional Engineer
Engineering Design Associates

Phil T. Rutledge Jr.
Retired Deputy County Manager
County of Henrico

Sandra W. Seelmann
Real Estate Broker/Owner
Varina & Seelmann Realty

OFFICERS AND LOCATIONS

Citizens and Farmers Bank

ADMINISTRATIVE OFFICE
802 Main Street
West Point, Virginia 23181
(804) 843-2360

Larry G. Dillon *
Chairman of the Board &
Chief Executive Officer

Maria E. Campbell
Senior Vice President, Retail

Thomas F. Cherry *
Senior Vice President &
Chief Financial Officer

Gari B. Sullivan *
Senior Vice President &
Secretary

Howard P. Wilkinson Jr.
Senior Vice President &
Chief Lending Officer

Leslie A. Campbell
Vice President,
Loan Administration

Sandra S. Fryer
Vice President, Operations

William B. Littreal
Vice President,
Information Systems

Deborah R. Nichols
Vice President,
Branch Administration

Laura H. Shreaves
Vice President & Director
of Human Resources

WEST POINT -- MAIN OFFICE
Thomas W. Stephenson Jr.
Branch Manager
802 Main Street
West Point, Virginia 23181
(804) 843-2360

JAMESTOWN ROAD
Alec J. Nuttall
Assistant Vice President &
Branch Manager
1167 Jamestown Road
Williamsburg, Virginia 23185
(757) 220-3293

LONGHILL ROAD
Sandra C. St.Clair
Assistant Vice President
& Branch Manager
4780 Longhill Road
Williamsburg, Virginia 23188
(757) 565-0593

MIDDLESEX
N. Susan Gordon
Assistant Vice President
& Branch Manager
Route 33 at Route 641
Saluda, Virginia 23149
(804) 758-3641

NORGE
Laura G. Colvin
Branch Manager
7534 Richmond Road
Norge, Virginia 23127
(757) 564-8114

PROVIDENCE FORGE
James D. W. King
Vice President &
Branch Manager
3501 N. Courthouse Road
Providence Forge, Virginia 23140
(804) 966-2264

QUINTON
Mary T. "Joy" Whitley
Assistant Vice President
& Branch Manager
2580 New Kent Highway
Quinton, Virginia 23141
(804) 932-4383

TAPPAHANNOCK
Douglas M. "Judge" Smith
Assistant Vice President
& Branch Manager
1649 Tappahannock Boulevard
Tappahannock, Virginia 22560
(804) 443-2265

VARINA
Tracy E. Pendleton
Vice President &
Branch Manager
Route 5 at Strath Road
Richmond, Virginia 23231
(804) 795-7000

WEST POINT -- 14TH STREET
Karen T. Richardson
Assistant Vice President
& Branch Manager
415 Fourteenth Street
West Point, Virginia 23181
(804) 843-2708

LOAN PRODUCTION OFFICE
Terrence C. Gates
Vice President,
Real Estate Construction
300 Arboretum Place,
Suite 245
Richmond, Virginia 23236
(804) 330-8300

* Officers of C&F Financial Corporation

Citizens & Commerce Bank

ADMINISTRATIVE OFFICE
Frank Bell III
President
8001 West Broad Street
Richmond, Virginia 23294
(804) 290-0402

Katherine K. Wagner
Senior Vice President,
Commercial Lending
8001 West Broad Street
Richmond, Virginia 23294
(804) 290-0402

RICHMOND
J. Russell Burton Jr.
Business Development Officer
8001 West Broad Street
Richmond, Virginia 23294
(804) 290-0409

OFFICERS AND LOCATIONS

C&F Mortgage Corporation

ADMINISTRATIVE OFFICE
300 Arboretum Place, Suite 245
Richmond, Virginia 23236
(804) 330-8300

Bryan E. McKernon
President & Chief Executive Officer

Mark A. Fox
Executive Vice President &
Chief Financial Officer

Donna G. Jarratt
Vice President & Project Manager

Kevin A. McCann
Vice President & Controller

Tracy L. Bishop
Vice President &
Human Resources Manager

M. Kathy Burley
Vice President & Closing Manager

ANNAPOLIS, MARYLAND
20 Ridgely Avenue, Suite 302
Annapolis, Maryland 21401
(410) 263-9229

William J. Regan
Vice President & Branch Manager

COLUMBIA, MARYLAND
8492 Baltimore National Pike,
Suite 207
Ellicott City, Maryland 21043
(410) 461-6233

John E. Morella
Production Manager

CROFTON, MARYLAND
2191 Defense Highway, Suite 200
Crofton, Maryland 21114
(410) 721-6770

Michael J. Mazzola
Senior Vice President &
Maryland Area Manager

ELLICOTT CITY, MARYLAND
5044 Dorsey Hall Drive
Suite 105
Ellicott City , MD 21042
(410) 964-9223

Scott B. Segrist
Branch Manager

Robert G. Menton
Branch Manager

CHARLOTTESVILLE, VIRGINIA
1420 Greenbrier Place
Charlottesville, Virginia 22901
(804) 974-1450

William E. Hamrick
Vice President & Branch Manager

Philip N. Mahone
Vice President & Branch Manager

CHESTER, VIRGINIA
4517 West Hundred Road
Chester, Virginia 23831
(804) 749-2900

Stephen L. Fuller
Vice President & Branch Manager

LYNCHBURG, VIRGINIA
17835 Forest Road, Suite B
Forest, Virginia 24551
(804) 385-0700

J. Garnett Atkins
Vice President & Branch Manager

NEWPORT NEWS, VIRGINIA
703 Thimble Shoals Boulevard, Suite C4
Newport News, Virginia 23606
(757) 873-8200

Linda H. Gaskins
Vice President & Branch Manager

RICHMOND, VIRGINIA
300 Arboretum Place, Suite 245
Richmond, Virginia 23236
(804) 330-8300

Donald R. Jordan
Vice President & Branch Manager

Daniel J. Murphy
Vice President & Production Manager

Susan P. Burkett
Vice President & Operations Manager

RICHMOND, VIRGINIA
7231 Forest Avenue, Suite 202
Richmond, Virginia 23226
(804) 673-3453

Page C. Yonce
Vice President & Branch Manager

Constance Bachman-Hamilton
Vice President & Production Manager

WILLIAMSBURG, VIRGINIA
1167-A Jamestown Road
Williamsburg, Virginia 23185
(757) 259-1200

Irving E. "Ed" Jenkins
Vice President & Branch Manager

APPRAISAL SERVICES
300 Arboretum Place, Suite 245
Richmond, Virginia 23236
(804) 327-3839

H. Daniel Salomonsky
Vice President & Appraisal Manager

C&F Title Agency, Inc.

300 Arboretum Place, Suite 245
Richmond, Virginia 23236
(804) 327-3810

Eileen A. Cherry
Vice President & Title Insurance Underwriter

C&F Investment Services, Inc.

Eric F. Nost
Vice President & Manager
417 Fourteenth Street
West Point, Virginia 23181
(804) 843-4584
(800) 583-3863

Douglas L. Hartz
Assistant Vice President
2580 New Kent Highway
Quinton, Virginia 23141
(804) 932-8802

Douglas L. Cash, Jr.
Branch Manager
1167 Jamestown Rd.
Williamsburg, Virginia 23185
(757) 229-5629

[LOGO]

C&F Financial Corporation 802 Main Street . PO Box 391 West Point, Virginia 23181 (804) 843-2360

www.cffc.com

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-63699, No. 333-67535, No. 333-89551, No. 33- 89505, and No. 333-35996) and Form S-3 (No. 333-60877) and in the related Prospectuses, of our report, dated January 16, 2001, relating to the consolidated financial statements of C&F Financial Corporation and subsidiary, included in the 2000 Annual Report of Shareholders and incorporated by reference in the Annual Report on Form 10-K for the year ended December 31, 2000.

/s/ Yount, Hyde & Barbour, P.C.

Winchester, Virginia

March 22, 2001

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [_]

Check the appropriate box:

[_] Preliminary Proxy Statement

[_] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

[X] Definitive Proxy Statement

[_] Definitive Additional Materials

[_] Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

C&F FINANCIAL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[_] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[_] Fee paid previously with preliminary materials.

[_] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

---

(2) Form, Schedule or Registration Statement No.:

---

(3) Filing Party:

---

(4) Date Filed:

Notes:

[LOGO]

C&F Financial Corporation Eighth and Main Streets P.O. Box 391 West Point, Virginia 23181

Dear Fellow Shareholders:

You are cordially invited to attend the 2001 Annual Meeting of Shareholders of C&F Financial Corporation, the holding company for Citizens and Farmers Bank. The meeting will be held on Tuesday, April 17, 2001, at 3:30 p.m. at the Father van den Boogaard Center, 3510 King William Avenue, West Point, Virginia. The accompanying Notice and Proxy Statement describe the matters to be presented at the meeting. Enclosed is our Annual Report to Shareholders that will be reviewed at the Annual Meeting.

Please complete, sign, date, and return the enclosed proxy card as soon as possible. Whether or not you will be able to attend the Annual Meeting, it is important that your shares be represented and your vote recorded. The proxy may be revoked at any time before it is voted at the Annual Meeting.

We appreciate your continuing loyalty and support of C&F Financial Corporation.

Sincerely,

/s/ Larry G. Dillon
Larry G. Dillon
President & Chief Executive Officer

West Point, Virginia
March 19, 2001

C&F FINANCIAL CORPORATION
Eighth and Main Streets
P.O. Box 391
West Point, Virginia 23181

NOTICE OF 2001 ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD APRIL 17, 2001

The 2001 Annual Meeting of Shareholders of C&F Financial Corporation (the "Company") will be held at the Father van den Boogaard Center, 3510 King William Avenue, West Point, Virginia, on Tuesday, April 17, 2001, at 3:30 p.m. for the following purposes:

1. To elect two Class II directors to the Board of Directors of the Company to serve until the 2004 Annual Meeting of Shareholders, as described in the Proxy Statement accompanying this notice.

2. To ratify the Board of Directors' appointment of Yount, Hyde & Barbour, P.C., as the Company's independent public accountants for 2001.

3. To transact such other business as may properly come before the meeting or any adjournment thereof.

Shareholders of record at the close of business on February 19, 2001, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

By Order of the Board of Directors

/s/ Gari B. Sullivan
Gari B. Sullivan
Secretary

March 19, 2001

IMPORTANT NOTICE

Please complete, sign, date, and return the enclosed proxy card in the accompanying postage paid envelope so that your shares will be represented at the meeting. Shareholders attending the meeting may personally vote on all matters which are considered, in which event the signed proxies are revoked.

C&F FINANCIAL CORPORATION
Eighth and Main Streets
P.O. Box 391
West Point, Virginia 23181

PROXY STATEMENT
2001 ANNUAL MEETING OF SHAREHOLDERS
April 17, 2001

GENERAL

The following information is furnished in connection with the solicitation by and on behalf of the Board of Directors of the enclosed proxy to be used at the 2001 Annual Meeting of the Shareholders (the "Annual Meeting") of C&F Financial Corporation (the "Company") to be held Tuesday, April 17, 2001, at 3:30 p.m. at the Father van den Boogaard Center, 3510 King William Avenue, West Point, Virginia. The approximate mailing date of this Proxy Statement and accompanying proxy is March 19, 2001.

Revocation and Voting of Proxies

Execution of a proxy will not affect a shareholder's right to attend the Annual Meeting and to vote in person. Any shareholder who has executed and returned a proxy may revoke it by attending the Annual Meeting and requesting to vote in person. A shareholder may also revoke his proxy at any time before it is exercised by filing a written notice with the Company or by submitting a proxy bearing a later date. Proxies will extend to, and will be voted at, any properly adjourned session of the Annual Meeting. If a shareholder specifies how the proxy is to be voted with respect to any proposals for which a choice is provided, the proxy will be voted in accordance with such specifications. If a shareholder fails to specify with respect to such proposals, the proxy will be voted FOR proposals 1, and 2, as set forth in the accompanying notice and further described herein.

Voting Rights of Shareholders

Only those shareholders of record at the close of business on February 19, 2001, are entitled to notice of and to vote at the Annual Meeting, or any adjournments thereof. The number of shares of common stock of the Company outstanding and entitled to vote at the Annual Meeting is 3,568,039. The Company has no other class of stock outstanding. A majority of the votes entitled to be cast, represented in person or by proxy, will constitute a quorum for the transaction of business. Each share of Company common stock entitles the record holder thereof to one vote upon each matter to be voted upon at the Annual Meeting.

With regard to the election of directors, votes may be cast in favor or withheld. If a quorum is present, the nominees receiving a plurality of the votes cast at the Annual Meeting will be elected directors; therefore, votes withheld will have no effect. The ratification of Yount, Hyde & Barbour, P.C. as the Company's independent public accountants requires an affirmative vote of a majority of the shares cast on the matter. Thus, although abstentions and broker non-votes (shares held by customers which may not be voted on certain matters because the broker has not received specific instructions from the customers) are counted for purposes of determining the presence or absence of a quorum for the transaction of business, they are generally not counted for purposes of determining whether such a proposal has been approved and therefore have no effect.

Solicitation of Proxies

The cost of solicitation of proxies will be borne by the Company. Solicitations will be made only by the use of the mail, except that officers and regular employees of the Company and Citizens and Farmers Bank (the "Bank") may make solicitations of proxies by telephone, telegram, special letter, or by special call, acting without compensation other than regular compensation. It is contemplated that brokerage houses and other nominees, custodians, and fiduciaries will be requested to forward the proxy soliciting material to the beneficial owners of the stock held of record by such persons, and the Company will reimburse them for their charges and expenses in this connection.

Principal Holders of Capital Stock

The following table shows the share ownership as of February 19, 2001, of the shareholders known to the Company to be the beneficial owners of more than 5% of the Company's common stock, par value $1.00 per share, which is the only voting security outstanding.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership/(1)/	Percent of Class
Trusco Capital Management 200 South Orange Avenue Orlando, Florida 32801	239,752	6.7%

/(1)/ For purposes of this table, beneficial ownership has been determined in accordance with the provision of Rule 13d-3 of the Securities Exchange Act of 1934 under which, in general, a person is deemed to be the beneficial owner of a security if he or she has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security, or if he or she has the right to acquire beneficial ownership of the security within sixty days.

The following table sets forth certain information, as of February 19, 2001, about beneficial ownership of the Common Stock of the Company for each director, director nominee, certain executive officers and for all directors, director nominees, and executive officers of the Company as a group.

Name	Number of Shares Beneficially Owned/(1)/ as of February 19, 2001	Percent of Class
Larry G. Dillon	48,368/(2)/	(1.4%)
James H. Hudson III	4,239/(3)/	*
J. P. Causey Jr.	34,938/(3)/	(1.0%)
Joshua H. Lawson	29,422/(3)/	*
William E. O'Connell Jr.	4,250/(3)/	*
Paul C. Robinson	4,692/(3)/	*
Thomas F. Cherry	5,700/(2)/	*
Gari B. Sullivan	6,683/(2)/	*
All Directors and Executive Officers as a group (8 persons)	138,292	(3.8%)

---

* Represents less than 1% of the total outstanding shares of the Company's common stock.

/(1)/ For purposes of this table, beneficial ownership has been determined in accordance with the provision of Rule 13d-3 of the Securities Exchange Act of 1934 under which, in general, a person is deemed to be the beneficial owner of a security if he has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security, or if he has the right to acquire beneficial ownership of the security within sixty days.

/(2)/ Includes 18,534 shares, 5,500 shares, and 5,200 shares for Mr. Dillon, Mr. Cherry, and Mr. Sullivan, respectively, as to which they hold presently exercisable options. A description of such options is set forth below in greater detail in "Employee Benefit Plans - Incentive Stock Option Plan."

/(3)/ Includes 2,250 shares represented by presently exercisable options. A description of the plan under which these options were issued is set forth below in "Director Compensation."

PROPOSAL ONE
ELECTION OF DIRECTORS

The Company's Board is divided into three classes (I, II, and III) of directors. The term of office for Class II directors will expire at the Annual Meeting. Two persons named below, each of whom currently serves as a director of the Company, will be nominated to serve as Class II directors. If elected, the Class II nominees will serve until the 2004 Annual Meeting of Shareholders. The persons named in the proxy will vote for the election of the nominees named below unless authority is withheld. The Company's Board believes that the nominees will be available and able to serve as directors, but if any of these persons should not be available or able to serve, the proxies may exercise discretionary authority to vote for a substitute proposed by the Company's Board.

Certain information concerning the nominees for election at the Annual Meeting as Class II directors is set forth below, as well as certain information about the other Class III and I directors, who will continue in office until the 2002 and 2003 Annual Meeting of Shareholders, respectively.

Name (Age)	Served Since/(1)/	Principal Occupation During Past Five Years
Class I Directors	(Serving Until the 2003 Annual Meeting)	
Larry G. Dillon (48)	1989	Chairman, President and Chief Executive Officer of the Company and the Bank
James H. Hudson III (52)	1997	Attorney-at-Law Hudson & Bondurant, P.C.
Class II Directors (Nominees)	(Serving Until the 2004 Annual Meeting)	
Joshua H. Lawson (59)	1993	President, Thrift Insurance Corporation
Paul C. Robinson (43)	1994	President, Francisco, Robinson & Associates, Inc.
Class III Directors	(Serving Until the 2002 Annual Meeting)	
J. P. Causey Jr. (57)	1984	Senior Vice President, Secretary & General Counsel of Chesapeake Corporation
William E. O'Connell Jr. (63)	1994	Chessie Professor of Business, The College of William and Mary

/(1)/ Refers to the year in which the director was first elected to the Board of Directors of the Bank.

The Board of Directors of the Bank consists of the six members of the Company's Board listed above, as well as, Barry R. Chernack, P. L. Harrell, Bryan E. McKernon, Reginald H. Nelson IV, and Thomas B. Whitmore Jr.

The Board of Directors is not aware of any family relationship between any director or person nominated by the Company to become director; nor is the Board of Directors aware of any involvement in legal proceedings which are material to any impairment of the ability or integrity of any director or person nominated to become a director. Unless authority for the nominees is withheld, the shares represented by the enclosed proxy card, if executed and returned, will be voted FOR the election of the nominees proposed by the Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE DIRECTORS NOMINATED TO SERVE AS CLASS II DIRECTORS.

Board Committees and Attendance

During 2000, there were nine meetings of the Board of Directors of the Company. Each director attended at least 75% of all meetings of the boards and committees on which he served. The Board of Directors of the Company has Capital Plan and Audit Committees and the Board of Directors of the Bank has Executive and Compensation Committees. The Board of Directors of the Company acts as the nominating committee for nominees to be voted on for election as directors. In its capacity as the nominating committee, the Board of Directors accepts recommendations from shareholders concerning potential director nominees.

Members of the Capital Plan Committee are Messrs. Causey, Dillon, Hudson, and O'Connell. The Capital Plan Committee reviews capital related matters and submits proposals or recommendations to the Board of Directors. The Capital Plan Committee did not meet during 2000.

Members of the Executive Committee are Messrs. Causey, Dillon, Hudson, and O'Connell. The Executive Committee reviews various matters and submits proposals or recommendations to the Board of Directors. The Executive Committee did not meet during 2000.

Members of the Compensation Committee are Messrs. Causey, Harrell, Hudson, and Whitmore. The Compensation Committee recommends the level of compensation of each officer of the Bank, the granting of stock options and other employee remuneration plans to the Board of Directors. The Compensation Committee met four times during 2000.

Members of the Audit Committee are Messrs. Causey, Chernack, Lawson, O'Connell and Robinson. The Audit Committee reviews and approves various audit functions including the year-end audit performed by the Company's independent public accountants. The Audit Committee met four times during 2000. See Report of the Audit Committee on page 10.

Directors' Compensation

Each of the directors of the Company is also a director of the Bank. Non- employee members of the Board of Directors of the Bank receive an annual retainer of $2,500, payable quarterly, with a base meeting fee of $300 per day for Company or Bank meetings and a fee of $100 for each secondary meeting of the Company, Bank, or any committees thereof held on the same day as a meeting for which the base meeting fee is paid.

In addition to cash compensation, non-employee members of the Board of Directors of the Bank participate in the Non-Employee Directors' Stock Compensation Plan. Under this plan, directors are granted the option to purchase the Company's common stock at a price equal to the fair market value of the stock at the date of grant. Options are exercisable twelve months after the date of grant and expire ten years from the date of grant. On May 1, 2000, all non- employee members of the Board of Directors were granted 1,500 options at a price of $16.00 per share.

Interest of Management in Certain Transactions

As of December 31, 2000, the total maximum extensions of credit (including used and unused lines of credit) to policy-making officers, directors, and their associates amounted to $2,510,347, or 6.47%, of total year-end capital. The maximum aggregate amount of such indebtedness during 2000 was $1,044,784, or 2.69%, of total year-end capital. These loans were made in the ordinary course of the Bank's business, on the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with others, and do not involve more than the normal risks of collectibility or present other unfavorable features. The Bank expects to have in the future similar banking transactions with officers, directors, and their associates.

Executive Compensation

Summary of Cash and Certain Other Compensations. The following table shows the cash compensation paid to Mr. Dillon, President and Chief Executive Officer of the Company, Thomas F. Cherry, Senior Vice President and Chief Financial Officer of the Company, and Gari B. Sullivan, Senior Vice President and Secretary of the Company, during 2000, 1999, and 1998. During 2000, no other executive officer of the Company received compensation in excess of $100,000.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation	
Name and Principal Position	Year	Salary	Bonus/(1)/	Other Annual Compensation/(2)/	Options/(3)/	All Other Compensation/(4)/
Larry G. Dillon	2000	$167,500	$50,000	-	3,500	$28,023
President/Chief	1999	152,500	50,000	-	3,500	22,736
Executive Officer	1998	140,000	50,000	-	3,500	22,842
Thomas F. Cherry	2000	100,000	20,000	-	2,500	21,773
Senior Vice	1999	89,000	20,000	-	2,500	10,410
President/CFO	1998	77,500	15,000	-	2,500	9,010
Gari B. Sullivan	2000	90,500	13,000	-	2,000	29,089
Senior Vice	1999	87,500	13,000	-	2,000	29,812
President/Secretary	1998	85,500	12,000	-	1,500	28,619

/(1)/ All bonuses were paid under the Management Incentive Bonus Plan. /(2)/ The amount of compensation in the form of perquisites or other personal benefits properly categorized in this column according to the disclosure rules adopted by the Commission did not exceed the lesser of either $50,000, or 10% of the total annual salary and bonus reported in each of the three years reported for Mr. Dillon, Mr. Cherry, and Mr. Sullivan. /(3)/ Year 2000 options were granted at an exercise price of $15.75 per share; year 1999 options were granted at an exercise price of $17.00 per share; year 1998 options were granted at an exercise price of $18.625 per share. /(4)/ $7,680, $8,000, and $8,667, were contributed for Mr. Dillon, $5,773, $5,210, and $4,501 were contributed for Mr. Cherry, and $4,980, $4,975, and $5,102, were contributed for Mr. Sullivan under the Bank's Profit- Sharing Plan for 2000, 1999, and 1998, respectively. $6,218, $6,736, and $5,454, were contributed for Mr. Dillon and $18,334, $19,861, and $18,334, were contributed for Mr. Sullivan under the Bank's Split-Dollar Insurance Program for 2000, 1999, and 1998, respectively. $8,000, $8,000, and $8,721 were contributed for Mr. Dillon,

$6,000, $5,200, and $4,509, were contributed for Mr. Cherry, and $5,775, $4,975, and $5,183, were contributed for Mr. Sullivan under the Bank's
401(k) Plan for 2000, 1999, and 1998, respectively. $5,635 and $10,000 were contributed for Mr. Dillon and Mr. Cherry, respectively, under the Company's Executive's Deferred Compensation Plan for 2000.

Stock Options and SAR. The following table shows all grants of options to Messrs. Dillon, Cherry, and Sullivan in 2000:

Option/SAR Grants in Last Fiscal Year

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Options Granted (#) /(1)/	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	5% ($)	10% ($)
Larry G. Dillon	3,500	6.21%	$15.75	12/17/10	$34,668	$87,855
Thomas F. Cherry	2,500	4.44%	$15.75	12/17/10	24,763	62,754
Gari B. Sullivan	2,000	3.55%	$15.75	12/17/10	19,810	50,203

/(1)/ Vesting is as follows: 100% on December 17, 2005.

Option/SAR Exercises and Holdings. The following table shows stock options exercised by Messrs. Dillon, Cherry, and Sullivan in 2000:

Aggregated Option/SAR Exercises in Last Fiscal Year and FY-End Options/SAR Values

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Unexercised Options at December 31, 2000 (#) Exercisable/ Unexercisable	Value of Unexercised In-the-Money Options at December 31, 2000($) Exercisable/ Unexercisable
Larry G. Dillon	1,200	10,650	18,534/ 8,166	70,200/ 0
Thomas F. Cherry	--	--	5,500/ 5,000	10,375/ 0
Gari B. Sullivan	3,200	30,894	5,200/ 4,500	12,900/ 0

Change in Control Agreements

The Company has entered into "change in control agreements" with Mr. Dillon and Mr. Cherry. The agreement for Mr. Dillon provides certain payments and benefits in the event of a termination of his employment by the Company without "cause," or by Mr. Dillon for "good reason," during the period beginning on the occurrence of a "change in control" (as defined) of the Company and ending sixty-one days after the second anniversary of the change in control date. In such event, Mr. Dillon would be entitled (i) to receive in 12 consecutive quarterly installments, or in a lump sum, two and one-half times the sum of his highest aggregate annual base salary during the 24 month period preceding the change in control date and his highest aggregate annual bonus for the three fiscal years preceding the change in control date; (ii) for a period of three years following termination, to receive continuing health insurance, life insurance, split-dollar insurance, and similar benefits under the Company's welfare benefit plans and to have the three year period credited as service towards completion of any service requirement for retiree coverage under the Company's welfare benefit plans; and (iii) if Mr. Dillon requests within one year after his termination to have the Company acquire his residence for its appraised fair market value.

The agreement for Mr. Cherry provides certain payments and benefits in the event of a termination of his employment by the Company without "cause," or by Mr. Cherry for "good reason," during the period beginning on the occurrence of a "change in control" (as defined) of the Company and ending sixty-one days after the first anniversary of the change in control date. In such event, Mr. Cherry would be entitled (i) to receive in 4 consecutive quarterly installments, or in a lump sum, the sum of his highest aggregate annual base salary during the 24 month period preceding the change in control date and his highest aggregate annual bonus for the three fiscal years preceding the change in control date; and (ii) for a period of one year following termination, to receive continuing health insurance, life insurance, and similar benefits under the Company's welfare benefits plans and to have the one year period credited as service towards completion of any service requirement for retiree coverage under the Company's welfare benefit plans.

During the term of the agreements following a change in control, Mr. Dillon or Mr. Cherry may voluntarily terminate his employment and become entitled to these payments and benefits under certain circumstances. These circumstances include, but are not limited to, a material adverse change in his position, authority, or responsibilities, or a reduction in his rate of annual base salary, benefits (including incentives, bonuses, stock compensation, and retirement and welfare plan coverage), or other perquisites as in effect immediately prior to the change in control date.

Payments and benefits provided under the agreements will be reduced, if and to the extent necessary, so that Mr. Dillon and Mr. Cherry will not be subject to a federal excise tax on, and the Company will not be denied an income tax deduction on account of having made, excess parachute payments.

Employee Benefit Plans

The Bank has a Non-Contributory Defined Benefit Retirement Plan (the "Retirement Plan") covering substantially all employees who have reached the age of 21 and have been fully employed for at least one year. The Retirement Plan provides participants with retirement benefits related to salary and years of credited service. Employees become vested after five plan years of service, and the normal retirement date is the plan anniversary date nearest the employee's 65th birthday. The Retirement Plan does not cover directors who are not active officers. The amount expensed for the Retirement Plan during the year ended December 31, 2000, was $153,684.

The following table shows the estimated annual retirement benefits payable to employees in the average annual salary and years of service classifications set forth below assuming retirement at the normal retirement age of 65.

Consecutive Five-Year Average Salary	Years of Credited Service 15	20	25	30	35
$ 25,000	$ 4,688	$ 6,250	$ 7,813	$ 8,750	$ 9,688
40,000	8,018	10,690	13,363	15,035	16,708
55,000	12,518	16,690	20,863	23,660	26,458
75,000	18,518	24,690	30,863	35,160	39,458
100,000	26,018	34,690	43,363	49,535	55,708
125,000	33,518	44,690	55,863	63,910	71,958
150,000	41,018	54,690	68,363	78,285	88,208
170,000	47,018	62,690	78,363	89,785	101,208

Benefits under the Retirement Plan are based on a straight life annuity assuming full benefit at age 65, no offsets, and covered compensation of $35,400 for a person age 65 in 2000. Compensation is currently limited to $170,000 by the Internal Revenue Code. The estimated annual benefit payable under the Retirement Plan upon retirement is $91,061, $56,634, and $23,683 for Messrs. Dillon, Cherry, and Sullivan, respectively, credited with 40 years of service for Messrs. Dillon and Cherry and 15 years of service for Mr. Sullivan. Benefits are estimated on the basis that they will continue to receive, until age 65, covered salary in the same amount paid in 2000.

Compensation Committee Report on Executive Compensation

The Compensation Committee (the "Committee"), which is composed of non- employee Directors of the Company and the Bank listed below, recommends to the Board of Directors of the Bank (the "Bank Board") the annual salary levels and any bonuses to be paid to the Bank's executive officers. The Committee also makes recommendations to the Bank Board regarding the issuance of stock options and other compensation related matters.

Currently, the individuals serving as Chief Executive Officer and executive officers of the Company also serve in the same capacities, respectively, for the Bank. These officers are presently compensated for services rendered by them to the Bank, but not for services rendered by them to the Company.

The primary objective of the Bank's executive compensation program is to attract and retain highly skilled and motivated executive officers who will manage the Bank in a manner to promote its growth and profitability and advance the interest of the Company's shareholders. As such, the compensation program is designed to provide levels of compensation which are reflective of both the individual's and the organization's performance in achieving the organization's goals and objectives, both financial and non-financial, and in helping to build value for the Company's shareholders. Based on its evaluation of these factors, the Committee believes that the executive officers are dedicated to achieving significant improvements in long-term financial performance and that the compensation plans the Committee has implemented and administered have contributed to achieving this management focus.

The principal elements of the Bank's compensation program include base annual salary, split-dollar insurance participation, short-term incentive compensation under the Bank's Management Incentive Bonus Plan (detailed below), long-term incentives through the grants of stock options under the Incentive Plan (detailed below), and, starting in 2000, employer contributions under the amended Executive's Deferred Compensation Plan (detailed below).

The Bank adopted a Management Incentive Bonus Plan (the "Bonus Plan") effective January 1, 1987. The Bonus Plan is offered to selected members of management. The bonus is derived from a pool of funds determined by the Bank's total performance relative to (1) prescribed growth rates of assets and deposits, (2) return on average assets, and (3) absolute level of net income. Attainment, in whole or in part, of these goals dictates the amount set aside in the pool of funds. Evaluation of attainment and approval of the pool amount is done by the Bank Board. Payment of the bonus is based on individual performance and paid in cash as a percentage of the respective individual's base salary. Expense is accrued in the year of the specified performance.

The Company adopted the 1994 Incentive Stock Option Plan (the "Incentive Plan") effective May 1, 1994. The Incentive Plan was amended by the Company on February 15, 2000. The Incentive Plan makes available up to 500,000 shares of common stock for awards to key employees of the Company and its subsidiaries in the form of stock options, stock appreciation rights, and restricted stock (collectively, "Awards"). The purpose of the Incentive Plan is to promote the success of the Company and its subsidiaries by providing incentives to key employees that will promote the identification of their personal interests with the long term financial success of the Company and with growth in shareholder value. The Incentive Plan is designed to provide flexibility to the Company in its ability to motivate, attract, and retain the services of key employees upon whose judgment, interest, and special effort the successful conduct of its operation is largely dependent.

In considering compensation for the Chief Executive Officer and the other executive officers, the Committee relied on compensation surveys and an evaluation of the officers' level of responsibility and performance. In 1999, the Committee used the following compensation surveys to assist in developing its recommendation on compensation for 2000: the SNL Executive Compensation Review; the Sheshunoff Bank Executive and Director Compensation Survey; and the Virginia Bankers Association's Salary Survey of Virginia Banks. The Committee believes that these are relevant and appropriate indicators of compensation paid by the Bank's competitors. The Committee received an evaluation by the Chief Executive Officer of the performance of the executive officers (other than the Chief Executive Officer) during 1999. The Committee evaluated the performance of the Chief Executive Officer based on the financial performance of the Company and the Bank, achievements in implementing the Bank's long-term strategy, and the personal observations of the Chief Executive Officer's performance by the members of the Committee. No particular weight was given to any aspect of the performance of the Chief Executive Officer, but his performance in 1999 was evaluated as outstanding, with the Company and the Bank achieving earnings in excess of its peer group and significant progress being made on the Bank's long- term strategy.

Based on the salary surveys and the performance evaluations, the Committee generally set base annual salaries for the Chief Executive Officer and the other executive officers in the median range of salaries contained in the various surveys for comparable positions.

The Committee also reviewed each executive officer's performance and responsibility to assess the payment of short-term incentive compensation. The Committee uses the compensation surveys and considers the performance of the Bank relative to its peer group, taking into consideration profit growth, asset growth, return on equity, and return on assets. No particular weight is given to each of these elements. The cash bonuses were given based upon the role of such officers in the growth and profitability of the Bank in 2000.

Each year, the Committee also considers the desirability of granting long- term incentive awards under the Company's Incentive Plan. The Committee believes that grants of options focus the Bank's senior management on building profitability and shareholder value. The Committee notes in particular its view that stock option grants afford a desirable long-term compensation method because they closely ally the interest of management with shareholder value. In fixing the grants of stock options with the senior management group, other than the Chief Executive Officer, the Committee reviewed with the Chief Executive Officer recommended individual awards, taking into account the respective scope of responsibility and contributions of each member of the senior management group. The award to the Chief Executive Officer was fixed separately and was based, among other things, on the review of competitive compensation data from selected peer companies and information on his total compensation, as well as, the Committee's perception of his past and expected future contributions to the Company's achievement of its long-term goals.

For 2000 and ensuing years, the Committee determined that additional retirement funding for select executives is appropriate and should be provided by amending its non-qualified defined contribution plan known as the Executive's Deferred Compensation Plan (which previously only provided for elective salary and bonus deferrals). These employer contributions are in the form of additional retirement contributions to make up for arbitrary limitations on covered compensation imposed by the Internal Revenue Code with respect to the Bank's Profit Sharing / 401(k) Plans and to enhance retirement benefits by providing supplemental contributions from time to time on such basis as the Committee and the Board determine.

Compensation Committee

J. P. Causey Jr. - Chairman
P. L. Harrell
James H. Hudson III
Thomas B. Whitmore Jr.

Compensation Committee Interlocks and Insider Participation

During 2000 and up to the present time, there were transactions between the Company's banking subsidiary and certain members of the Compensation Committee, or their associates, all consisting of extensions of credit by the Bank in the ordinary course of business. Each transaction was made on substantially the same terms, including interest rates, collateral and repayment terms, as those prevailing at the time for comparable transactions with the general public. In the opinion of management, none of the transactions involved more than the normal risk of collectibility or present other unfavorable features.

None of the members of the Compensation Committee has served as an officer or employee of the Company or any of its affiliates. No director may serve as a member of the Committee if he is eligible to participate in the Incentive Plan or was at any time within one year prior to his appointment to the Committee eligible to participate in the Incentive Plan.

Report of the Audit Committee

The Audit Committee of the Board of Directors of the Company (the "Board"), which consists entirely of directors who meet the independence requirements of Rule 4200(a)(15) of the National Association of Securities Dealers listing standards, has furnished the following report:

The Audit Committee assists the Board in overseeing and monitoring the integrity of the Company's financial reporting process, its compliance with legal and regulatory requirements and the quality of its internal and external audit processes. The role and responsibilities of the Audit Committee are set forth in a written Charter adopted by the Board, which is attached as Appendix 1 to this Proxy Statement. The Audit Committee reviews and reassesses the Charter annually and recommends any changes to the Board for approval.

The Audit Committee is responsible for overseeing the Company's overall financial reporting process. In fulfilling its oversight responsibilities for the financial statements for fiscal year 2000, the Audit Committee:

. Reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2000 with management and Yount, Hyde & Barbour, P.C. ("YHB"), the Corporation's independent accountants;

. Discussed with YHB the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit; and

. Received written disclosures and the letter from YHB regarding its independence as required by Independence Standards Board Standard No. 1. The Audit Committee discussed with YHB their independence.

The Audit Committee also considered the status of pending litigation, taxation matters and other areas of oversight relating to the financial reporting and audit process that the Audit Committee determined appropriate.

Based on the Audit Committee's review of the audited financial statements and discussions with management and YHB, the Audit Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000 for filing with the Securities and Exchange Commission.

Audit Committee

Joshua H. Lawson, Chairman
J. P. Causey Jr
Barry R. Chernack
William E. O'Connell Jr.
Paul C. Robinson

Principal Accounting Fees

During 2000, the Company paid its principal accounting firm, Yount, Hyde & Barbour, P.C., $57,600 in audit fees. The Company paid Yount, Hyde & Barbour, P.C. an additional $3,000 for review of the Company's financial statements included in its Forms 10-Q. The Company paid no fees to Yount, Hyde & Barbour, P.C. for services regarding Financial Information System Design and Implementation.

Performance Graph

The following graph compares the yearly cumulative total shareholder return on the Company's common stock with (1) the yearly cumulative total shareholder return on stocks included in the NASDAQ stock index and (2) the yearly cumulative total shareholder return on stocks included in the Independent Bank Index prepared by the Carson Medlin Company. The Independent Bank Index is the compilation of the total return to shareholders over the past 5 years of a group of twenty-three independent community banks located in the southeastern states of Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia.

There can be no assurance that the Company's stock performance will continue into the future with the same or similar trends depicted in the graph below.

C&F FINANCIAL CORPORATION
Five Year Performance Index

[GRAPH]

	1995	1996	1997	1998	1999	2000
C&F FINANCIAL CORPORATION	100	94	135	199	187	164
INDEPENDENT BANK INDEX	100	128	193	204	185	191
NASDAQ INDEX	100	123	151	213	395	238

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act requires directors, executive officers, and 10% beneficial owners of the Company's common stock to file reports concerning their ownership of common stock. The Company believes that its officers and directors complied with all filing requirements under Section 16(a) of the Securities Exchange Act of 1934 during 2000.

PROPOSAL TWO
RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors, subject to ratification by the shareholders, has appointed Yount, Hyde & Barbour, P.C. as independent public accountants for the current fiscal year ending December 31, 2001.

A representative of Yount, Hyde & Barbour, P.C. will be present at the Annual Meeting and will be given the opportunity to make a statement and respond to appropriate questions from the shareholders. Unless marked to the contrary, the shares represented by the enclosed proxy card, if executed and returned, will be voted FOR the ratification of the appointment of Yount, Hyde & Barbour, P.C. as the independent public accountants of the Company.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" RATIFICATION OF THE APPOINTMENT OF YOUNT, HYDE & BARBOUR, P.C. AS INDEPENDENT PUBLIC ACCOUNTANTS.

OTHER BUSINESS

As of the date of this Proxy Statement, management of the Company has no knowledge of any matters to be presented for consideration at the Annual Meeting other than those referred to above. If any other matters properly come before the Annual Meeting, the persons named in the accompanying proxy intend to vote such proxy, to the extent entitled, in accordance with their best judgment.

SHAREHOLDER PROPOSALS FOR 2002 ANNUAL MEETING

Proposals of shareholders intended to be presented at the 2002 Annual Meeting must be received by the Company no later than November 6, 2001. Under applicable law, the Board of Directors need not include an otherwise appropriate shareholder proposal (including any shareholder nominations for director candidates) in its proxy statement or form of proxy for that meeting unless the proposal is received by the Company's Secretary, at the Company's principal office in West Point, Virginia, on or before the date set forth above.

By Order of the Board of Directors

/s/ Gari B. Sullivan
Gari B. Sullivan
Secretary

West Point, Virginia
March 19, 2001

A copy of the Company's Annual Report on Form 10-K Report (including exhibits) as filed with the Securities and Exchange Commission for the year ended December 31, 2000, will be furnished without charge to shareholders upon written request directed to the Company's Secretary as set forth on the first page of this Proxy Statement.

Appendix

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling their responsibility to the shareholders, potential shareholders, and the investment community relating to corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports of the Company. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

. Serve as an independent and objective party to monitor the Company's financial reporting process and internal control system.

. Review and appraise the audit efforts of the Company's independent accountants and internal audit function.

. Provide an open avenue of communication among the Company's independent accountants, financial and senior management, the internal audit function, and the Board of Directors

The Audit Committee will primarily fulfill these responsibilities by carrying out the activities enumerated in Section IV of this Charter.

II. COMPOSITION

The Audit Committee shall be composed of three or more directors as determined by the Board, each of whom shall be independent directors, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

The members of the Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until the next annual organizational meeting or until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee should meet at least annually with management, the director of the internal audit function and the partner in charge of the Company's external audit in separate executive session to discuss any matters that the Committee or each of these groups believe should be discussed privately.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall:

Documents/Reports Review

1. Review and update this Charter periodically, but at least annually, as conditions dictate.

2. Review the Company's annual audited financial statements with management and the independent accountants.

3. Review the regular internal reports to management prepared by the internal audit function and management's response.

4. Require that the Company's independent accountants review the Form 10-Q prior to its filing and issue a report on such review.

Independent Accountants and Internal Auditors

5. Recommend to the Board of Directors the selection of the independent accountants and the internal auditors considering independence and effectiveness and approve the fees and other compensation to be paid to the independent accountants and internal auditors. On an annual basis, the Committee should review and discuss with the accountants all significant relationships the accountants have with the Company and consider the accountants' independence.

6. Review and discuss with the independent accountants the matters required to be discussed by Statement on Auditing Standards No. 61.

7. Review the performance of the independent accountants and internal auditors and approve any proposed discharge of the independent accountants and internal auditors when circumstances warrant.

8. Periodically discuss with the independent accountants and internal auditors out of the presence of management the Company's internal controls and the fullness and accuracy of the Company's financial statements.

Financial Reporting Process

9. In consultation with the independent accountants and the internal auditors, review the integrity of the Company's financial reporting processes, both internal and external.

10. Consider the independent accountants' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

11. Consider and approve major changes, if appropriate, to the Company's auditing and accounting principles and practices as suggested by the independent accountants, management, or the internal auditors.

12. Recommend to the Board of Directors the audited financial statements be included in the Company's Annual Report on Form 10-K.

Process Improvement

13. Establish regular and separate systems of reporting to the Audit Committee by each of management, the independent accountants and the internal auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

14. Following completion of the annual audit, review separately with each of management, the independent accountants and the internal auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

15. Review any significant disagreement among management, the independent accountants or the internal auditors in connection with the preparation of the financial statements or other matters.

16. Review with the independent accountants, the internal auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements as decided by the Committee.)

C&F FINANCIAL CORPORATION

This Proxy is solicited on behalf of the Board of Directors

The undersigned hereby appoints Larry G. Dillon and James H. Hudson III, jointly and severally as proxies, with full power to act alone, and with full power of substitution to represent the undersigned, and to vote all shares of the Company standing in te name of the undersigned as of February 19, 2001, at the annual meeting of shareholders to be held Tuesday, April 17, 2001 - 3:30 p.m. at the Father van den Boogaard Center, 3510 King Williams Avenue, West Point, Virginia, or any adjournments thereof, on each of the following matters. This proxy, when properly executed, will be voted in the manner directed by the undersigned shareholder. If no direction is made, this proxy will be voted FOR each proposal and on other matters at the discretion of the proxy agents.

(Continued and to be signed on Reverse Side)

Please sign, date and mail your proxy card back as soon as possible!

Annual Meeting of Shareholders
C&F FINANCIAL CORPORATION

April 17, 2001

Please Detach and Mail in the Envelope Provided

A [X] Please mark your votes as in this example.

1. To elect two Class II directors to serve until the 2004 Annual Meeting of Shareholders, or until their successors are elected and qualified, as instructed below.

```
[ ] FOR all nominees       [ ] WITHHELD from     Nominees:
    (except as marked to       all nominees.        Joshua H. Lawson
    the contrary below.)                            Paul C. Robinson
```

(Instruction: To withhold authority to vote for any nominee(s), write that nominee(s) name on the space provided below.)

---

2. Proposal to ratify the appointment of Yount, Hyde & Barbour, P.C. as independent public accountants of the Company for 2001.

[ ] FOR [ ] AGAINST [ ] ABSTAIN

3. The transaction of any other business as may properly come before the Annual Meeting or any adjournment thereof. Management presently knows of no other business to be presented at the Annual Meeting.

Meeting Attendance

I plan to attend the annual meeting on Tuesday, April 17th, 2001 at the location printed on the back. I will also note the number of attendees.

Will Attend Meeting [ ] Will not Attend Meeting [ ]

Number of Attendees

Signature ______________________________________ Dated: _______________ , 2001

NOTE: Please sign your name(s) exactly as shown imprinted hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized

person.

Exhibit 99.2

VIRGINIA BANKERS ASSOCIATION MASTER DEFINED CONTRIBUTION PLAN AND TRUST

(June, 1996)

PROFIT SHARING THRIFT PLAN
WITH EMPLOYER STOCK INVESTMENT
ADOPTION AGREEMENT
(Number 001)

If the Employer completing this document has any questions about the adoption of the Plan, the provisions of the Plan or the effect of an Internal Revenue Service opinion letter, he should contact Bette J. Albert, C.L.U. at the Virginia Bankers Association Benefits Corporation, 700 East Main Street, Suite 1411, Post Office Box 462, Richmond, Virginia 23218-0462, telephone number (804) 643-7469 during business hours. Failure to properly complete the Adoption Agreement may cause the Plan to be disqualified under the Act or the Code. If the Virginia Bankers Association and the Virginia Bankers Association Benefits Corporation make any amendments to the Plan or decide to discontinue or abandon their sponsorship of the Plan, each Employer that has adopted the Plan will be informed.

Each Employer named below hereby adopts the Virginia Bankers Association Master Defined Contribution Plan and Trust (Basic Plan Document No. 03) (the "Plan") through this Profit Sharing Thrift Plan with Employer Stock Investment Adoption Agreement (number 001) (the "Adoption Agreement"), to be effective as of the date(s) specified below, and elects the following specifications and provides the following information relating thereto:

In completing this Adoption Agreement, if additional space is required insert additional sheets.

Adoption Agreement Contents

1. EMPLOYER(S) ADOPTING PLAN NAMED IN PARAGRAPH 1.23 OF THE PLAN.

(a) Name of Employer: (b) Employer's telephone number:
Citizens and Farmers Bank (804) 843-2360

(c) Address of Employer: Post Office Box 391 West Point, VA 23181	(d) Employer's EIN: 54-0169510 (e) Employer's Tax Year End: 12/31

(f) Name, Address and Identifying Information of Other Participating Employers Adopting the Plan:

Are all of the Employers under common control adopting the Plan? [ ] Yes [x] No

(g) Service Credit with Non-Participating Controlled or Affiliated Group Members for Benefit Accrual Purposes. Pursuant to subparagraph 1.23(c) of the Plan, service credit for purposes of benefit accrual under paragraphs 4.1 and 4.2 of the Plan [Check one]:

[ ] (1) Shall

[x] (2) Shall Not

be given for service with controlled or affiliated service group members under Section 414(b), (c), (m) or (o) of the Code who are not participating Employers.

(h) Service and Earnings Credit with Predecessors. Pursuant to subparagraph 1.23(c) of the Plan, the following services and/or earnings with the following predecessors to the Employer shall be treated as service and/or earnings with the Employer [Enter name of predecessor(s) and purpose(s) for which credit is given - "All" means all service and earnings are counted; "All Earnings" means all earnings are counted; "All Service" means all service is counted; otherwise specify one or more of Compensation, Years of Vesting Service, Years of Benefit Service, Years of Broken Service and/or service for other purposes]:

Name of Predecessor	Purpose(s) for which Counted
------------------	---------------------
------------------	---------------------
------------------	---------------------

2. GENERAL PLAN INFORMATION.

(a) Name of Plan: (b) Plan Number:
Virginia Bankers Association Defined Contribution For 002 Citizens and Farmers Bank

(c) Name, Address and EIN of Plan Administrator(s): [If other than Plan Sponsor, appointment must be by resolution]

If Option 2(d) is marked "yes", the Virginia Bankers Association Benefits Corporation is automatically appointed as Plan Administrator pursuant to subparagraph 13.1(a) of the Plan.

(d) Is this Plan intended to be a cash or deferred arrangement within the meaning of Section 401(k) of the Code?
[x] Yes [ ] No

3. STATUS OF PLAN AND EFFECTIVE DATE(S).

(a) Effective Date of Plan: The Effective Date of the Plan is January 1, 1984.

Effective Date of Cash or Deferred Arrangement. If applicable, the Effective Date of the cash or deferred arrangement is January 1, 1997. [The date entered may not be prior to the date the initial instrument adopting the arrangement was first executed].

(b) Plan Status. The adoption of the Plan through this Adoption Agreement is:

[ ] (1) Initial Establishment. The initial adoption and establishment of the Plan.

[x] (2) Restated Plan. An amendment and restatement of the Plan (a Restated Plan).

(A) Effective Date of this Restatement. The Effective Date of this Restatement of the Plan is March 15, 2000.

(B) Prior Plan. The Plan was last maintained under document dated October 17, 1998 and was known as the Virginia Bankers Association Defined contribution Plan for Citizens and Farmers Bank.

(C) No Increase in Benefits for Non-Employees Generally. Notwithstanding any provision of the Plan to the contrary, the Accrued Benefit, or non-forfeitable percentage thereof, of any person (or the beneficiary of any person) who is not an Employee or credited with an Hour of Service on or after the Effective Date of this Restatement of the Plan shall not be increased by virtue of this Restatement of the Plan and benefits in pay status as of the Effective Date of this Restatement of the Plan shall not be affected, except as follows: [Enter any exceptions]:

(D) Transitional or Special Provisions: [Enter any transitional or special provisions relating to the Plan as restated]

(c) Adoption of Plan by Additional Employers after Effective Date of Plan. The Effective Date(s) of the Plan with respect to

[Enter name(s) of additional Employer(s) adopting Plan] is (are)

[Enter date(s) Plan is first effective as to additional Employer(s)].

(d) Restatement of Existing Plan which Was in Existence on January 1, 1974. The Effective Date(s) of the 1976 Restatement of the Plan with respect to

[Enter name(s) of Employer(s)] is (are)

[Enter the effective date as of which the Plan was first amended to comply with the non-fiduciary provisions of the Employee Retirement Income Security Act of 1974].

(e) Is the Plan a direct or indirect transferee of a pension plan since the first Plan Year beginning after December 31, 1984?
[ ] Yes [x] No

4. DEFINITIONS.

(a) Compensation Paragraph 1.14

Subject to the application of the Compensation Limit, Compensation of a Participant with respect to a Plan Year shall mean Total Compensation for the [Check one]:

[x] (1) Calendar year ending with or within such Plan Year.

[ ] (2) Plan Year.

Provided, however, that such Compensation shall include [Check one]:

[x] (3) Compensation from the participating Employer(s) only.

[ ] (4) Compensation from all Employers (whether or not participating Employers).

and further provided that Compensation [Check one]:

[ ] (5) Shall

[x] (6) Shall not

include remuneration paid for periods while the Participant is not an Eligible Employee,

and further provided that Compensation [Check one]:

[x] (7) Shall

[ ] (8) Shall not

include remuneration paid for periods before the Participant became a Participant,

and further provided that remuneration for such purposes shall exclude [Check the desired provisions, if any]:

[ ] (9) Overtime.

[ ] (10) Bonuses.

[ ] (11) Commissions.

[ ] (12) Other extraordinary remuneration:

[Specify].

Notwithstanding the foregoing definition of Compensation selected by the Employer, a Participant's Compensation [Check one]

[x] (13) Shall include

[ ] (14) Shall not include

employee elective salary reduction or similar contributions excluded from the Participant's gross income for federal tax purposes by reason of Sections 125, 402(a)(8) and 402(h)(1)(B) of the Code and employer contributions made pursuant to salary reduction agreements under Section 403(b) of the Code.

(b) Eligible Employee Paragraph 1.21

Eligible Employee shall mean any Employee (other than a Self-Employed Individual or Owner-Employee) except [Check any applicable exclusion(s) below, if desired]:

[x] (1) Any such individual whose regular compensation is computed on the basis of a stated amount for each hour worked.

[ ] (2) [Enter any other employee classification, or name of employee(s), to be excluded from plan coverage].

[x] (3) Any Leased Employee or other Employee who is not a common-law employee of the participating Employer.

(c) Normal Retirement Age Normal Retirement Age shall mean age 65 Paragraph 1.35 [Insert age not over 65].

```
(d) Plan Year           In the case of Restated Plan which prior to the
    Paragraph 1.39      Effective Date of this Restatement was maintained on
                        the basis of a Plan Year beginning on the date other
```

than January 1 shall begin on , 19 and ending on , 19 with the short Plan Year beginning on , 19 and ending on December 31, 19 . Thereafter, the Plan Year shall be the 12 month period beginning each January 1.

(e) Total Compensation Total Compensation shall mean [Check one] Paragraph 1.48

[x] (1) A Participant's earnings as reportable in the Wages, Tips and Other Compensation Box (currently Box 10) on the IRS Form W-2 pursuant to Sections 6041, 6051 and 6052 of the Code.

[ ] (2) A Participant's earnings which are subject to income tax withholding under Section 3401(a) of the Code.

[ ] (3) A Participant's Section 415 safe-harbor compensation.

5. ELIGIBILITY AND PARTICIPATION.

(a) Age Requirement The age requirement for participation is [Check one]:
Subparagraph 2.1(a)

[ ] (1) None. No age requirement is imposed.

[x] (2) Age Requirement. Age 18
[Enter any age up to 21 years; and if any age over 20-1/2 is selected, Option 5(c)(1) may not be selected].

(b) Service Requirement The service requirement for participation is Subparagraph 2.1(a) [Check one]:

[ ] (1) None. No service requirement is imposed.

[x] (2) Year or Less. The Employee's Employment Commencement Date must have occurred at least 3 months [Enter "None" or any period up to 12 months] prior to the Entry Date on which he becomes eligible to participate in the Plan.

[Note: The Employee need not complete any specified number of hours of service during the period designated above; and if more than 6 months is selected, Option 5(c)(1) may not be selected.]

[ ] (3) Year or Less - Hour of Service Standard. The Employee must, prior to the Entry Date on which he became eligible to participate in the Plan, have completed one (1) Year of Eligibility Service.

[Note: If the option is selected, Option 5(c)(1) may not be selected.]

For this purpose a Year of Eligibility Service shall be considered completed by an Employee at the following applicable time [Select one of the following]:

[ ] (A) as of the last day of the applicable computation period, regardless of whether the Employee was credited with the requisite Hours of Service before the end of such computation period.

[ ] (B) at any time when the Employee is credited with the requisite Hours of Service, regardless of whether such time occurs before the end of the applicable computation period.

[ ] (4) Greater than Year - Hour of Service Standard.
The Employee must, prior to the Entry Date on which he becomes eligible to participate in the Plan, have completed 2 Years of Eligibility Service, without any intervening Year of Broken Service.

For this purpose or Year of Eligibility Service shall be considered completed by an Employee as of the last day of the applicable computation period regardless of whether the Employee was credited with the requisite Hours of Service before the end of such computation period.

[Note: If this Option is selected, Option 8(a)(5) must also be selected and Option 5(c)(1) may not be selected. If this is a cash or deferred arrangement, this Option may not be selected.]

[ ] (5) Greater than Year. The Employee's Employment Commencement Date must have occurred at least months [Enter any period from 13 months up to 24 months] prior to the Entry Date on which he becomes eligible to participate in the Plan.

[Note: The Employee need not complete any specified number of hours of service during the period designated above; and if this Option is selected, Option 8(a)(5) must also be selected, and Option 5(c)(1) may not be selected. If this is a cash or deferred arrangement, this Option may not be selected.]

(c) Entry Date Subparagraph 2.2(a)

The Entry Date(s) on which participation shall normally commence shall be [Check one]:

[ ] (1) Annual. The first day of each Plan Year.

[ ] (2) Monthly. The first day of each calendar month.

[x] (3) Quarterly. The first day of each Plan Year and of the fourth, seventh, and tenth month of each Plan Year.

[ ] (4) Semi-Annual. The first day of each Plan Year and the first day of the seventh month of each Plan Year.

[ ] (5) Immediate. The date the individual is an Eligible Employee after he satisfies the age and service eligibility requirements for participation in the Plan.

6. RETIREMENT DATES.

(a) Early Retirement Date [Select and complete applicable provision(s)] Paragraph 5.3

[ ] (1) None.

[ ] (2) No age requirement.

[x] (3) Age requirement of 55years.

[ ] (4) No service requirement.

[x] (5) Service requirement of 10Years of Vesting Service.

(b) Disability Retirement [Select and complete applicable provision(s)] Date Paragraph 5.4

[ ] (1) None.

[x] (2) No age requirement.

[ ] (3) Age requirement of   years.

[ ] (4) No service requirement.

[x] (5) Service requirement of 10 Years of Vesting Service.

7. CONTRIBUTIONS AND ALLOCATIONS.

(a) Employer Contributions The following contributions by the Employer Paragraph 3.1 (other than Top Heavy and Supplemental Contributions) are elected:

(1) Employer Base Contributions. Each Employer shall make an Employer Base Contribution for each Plan Year, subject to the limitations provided in the Plan, in such amount, if any, which the Employer shall determine.

[x] (A) Flexible Formula - Such amount, if any, which the Board of Directors of the Employer shall determine by resolution.

[ ] (B) Reported Net Operating Earnings Formula - An amount equal to % [Insert percentage not over 25%] of the consolidated net income of the Employer for the fiscal year of the Employer ending with or within such Plan Year, provided, however, that the amount of such contribution shall be reduced to the extent necessary so that consolidated net income for such fiscal year will not be reduced below an amount equal to % [Insert percentage] of stockholders' equity in the Employer at the beginning of such fiscal year or shall be zero if such return on stockholders' equity is not achieved; plus any additional amount that the Board of Directors of the Employer shall determine by resolution. For purposes hereof, consolidated net income means [Check one]:

[ ] (i) Consolidated net income as determined under generally accepted accounting principles after 1982 [Check one]:

[ ] (a) Including the after-tax effect of securities transactions.

[ ] (b) Excluding the after-tax effect of securities transactions.

[ ] (ii)

[Insert definition].

[ ] (C) Compensation Formula - % [Insert percentage] of the Compensation of all Participants for such Plan Year eligible to receive an allocation of the Employer Base Contribution for such Plan Year, plus any additional amount that the Board of Directors of the Employer shall determine by resolution.

[ ] (D) Fixed Amount - $ [Insert amount], plus any additional amount that the Board of Directors of the Employer shall determine by resolution.

(2) Employer Thrift Contribution. The Employer shall make an Employer Thrift Contribution for each Plan Year in an amount, subject to the limitations provided in the Plan, equal to % [insert percentage not over 15% or "0" if no required contribution] of each Participant's Compensation for such Plan Year, plus any additional amount the Board of Directors of the Employer shall determine by resolution.

(3) Employer Matching Contributions.

(A) Amount - The Employer shall make an Employer Matching Contribution for each Plan year in an amount, subject to the limitations provided in the Plan, equal to the sum of the following percentage(s) of each Participant's After-tax Matched Contributions and Pre-tax Matched Contributions for such Plan Year [Check one]:

[x] (i) Straight Percentage - 100% [Insert percentage] of such contributions.

[ ] (ii) Contribution Weighted Percentages - % [Insert percentage] of the first % [Insert percentage] of his Compensation contributed each payroll period as such contribution(s) and % [Insert percentage] of the balance of such contributions made each payroll period.

(B) Time for Making and Allocating Employer Matching Contribution. The Employer Matching Contribution [Check one]:

[x] (i) Monthly - For a calendar month of a Plan Year shall be made to the Plan within a reasonable time after the end of such month and shall be allocated to Participants' accounts as of the last day of such month.

[ ] (ii) Quarterly - For a calendar quarter of a Plan Year shall be made to the Plan within a reasonable time after the end of such quarter and shall be allocated to Participants' accounts as of the last day of such quarter.

[ ] (iii) Annually - For a Plan Year shall be made to the Plan at such time(s) as the Employer shall determine and shall be allocated to Participants' accounts as of the last day of such Plan Year.

(C) Account to which Allocated. The Employer Matching Contribution shall be allocated to the: [Check one]

[x] (i) Employer Active Account.

[ ] (ii) Employer Non-forfeitable Account.

[ ] (iii) Employer Thrift Account.

(b) Allocation of Employer Base Contribution Subparagraph 4.2(a)

The Employer Base Contribution and forfeitures shall be allocated on the basis of the following rules:

(1) Covered Participants Entitled to a Share of the Employer Base Contribution and Forfeitures. If the Employer has elected to make Employer Base Contributions in Option 7(a), each Covered Participant shall be eligible to receive an allocation of the Employer Base Contribution and forfeitures with respect to each Plan Year. A Participant shall be a Covered Participant for the Plan Year [Check any one or more]:

[x] (A) If he is credited with a Year of Benefit Service for such Plan Year.

[ ] (B) If he is an Eligible Employee at any time during such Plan Year.

[x] (C) If he is an Eligible Employee on the last day of such Plan Year.

[ ] (D) If he has not reached his Normal Retirement Date before the beginning of such Plan Year and the allocation is made for a Plan Year beginning before January 1, 1988.

[x] (E) If he died while an Eligible Employee or retired on his Disability, Early, Normal or Delayed Retirement Date while an Eligible Employee during such Plan Year [Check one]:

[ ] (i) But only if he is credited with Year of Benefit Service for such Plan Year.

[ ] (ii) But only if he was credited with Hours of Service during the portion of such Plan Year he was an Eligible Employee at a rate which would have caused him to be credited with a Year ofBenefit Service for such Plan Year had he been so employed for the whole Plan Year.

[x] (iii) Regardless of whether he was credited with a Year of Benefit Service for such Plan Year.

(2) Allocation Formula for Employer Base Contributions. The Employer Base Contribution to the Plan and forfeitures for each Plan Year shall, subject to the limitations provided in the Plan, be allocated under subparagraph 4.2(a) of the Plan as of the last day of such Plan Year to the Employer Active Account of Covered Participants for such Plan Year [Check one]:

[ ] (A) Matching Formula - In proportion to the sum of their After-tax Matched Contributions and Pre-tax Matched Contributions for such Plan Year.

[ ] (B) Matching Compensation Formula - In proportion to the sum of the Compensation with respect to which they made After-tax Matched Contributions and/or Pre-tax Matched Contributions for such Plan Year.

[x] (C) Compensation Formula - In proportion to their Compensation for such Plan Year.

If Option 7(b)(2)(A) or (B) is selected, the Employer Base Contribution must be treated as "matching contribution" for purposes of the Top Heavy Contribution requirement of subparagraph 3.1(d) of the Plan and for purposes of the after-tax and matching contributions tests under paragraph 4.10 and 4.11 of the Plan.

(c) Employee Contributions Paragraphs 3.3, 3.5

Employee contributions are permitted as follows [Select none or any one or more of the following]:

[ ] (1) None. Employee contributions are not permitted.

[ ] (2) After-tax Matched Contributions. After-tax Matched Contributions are permitted by payroll deduction in any [ ] whole dollar amount or [ ] whole percentage chosen by the Participant not to exceed % [Enter percentage] of his Compensation for such payroll period.

[ ] (3) After-tax Unmatched Contributions. After-tax Unmatched Contributions are permitted [Check one or both]:

[ ] (A) By lump sum deposit.

[ ] (B) By payroll deduction in any [ ] whole dollar amount or [ ] whole percentage chosen by the Participant not to exceed % [Enter amount] of his Compensation from the Employer for such payroll period.

[x] (4) Pre-tax Matched Contributions. Pre-tax Matched Contributions are permitted by payroll deduction in any [ ] whole dollar amount or [x] whole percentage chosen by the Participant not to exceed 5% [Enter percentage] of his Compensation for such payroll period.

[x] (5) Pre-tax Unmatched Contributions. Pre-tax Unmatched Contributions are permitted by payroll deduction in [ ] any whole dollar amount or [x] whole percentage chosen by the Participant not to exceed 15% [Enter percentage] of his Compensation in such payroll period.

[x] (6) Rollover Contributions. Rollover Contributions (other than "accumulated deductible employee contributions" within the remaining of Section 72(o)(5)(B) of the Code in the case of a Plan which has never permitted Voluntary Deductible Contributions) are permitted.

[x] (7) Payroll Deduction Modifications. Payroll deduction contributions may be terminated, changed or recommenced [Check one if any of the provisions of this Option 7(c) permitting payroll deduction contributions is checked]:

[ ] (A) On the first day of each payroll period.

[ ] (B) Monthly on the first day of any month.

[x] (C) Quarterly on the first day of any quarter of a Plan Year.

[ ] (D) Annually on the first day of any Plan Year.

8. VESTING.

(a) Post-1988 Regular Vesting The following "post-1988 regular vesting schedule"

Schedule Subparagraph 6.3(a)	shall apply to the Employer Active Account of [Check one] [ ] all Participants effective commencing at the beginning of the first Plan Year beginning after December 31, 1988 or [ ] any Participant who is credited with an Hour of Service in a Plan Year beginning after December 31, 1988 [Check one, and complete where applicable]:
	[ ] (1) 100% after 5 Years of Vesting Service.
	[x] (2) 20% after 3 Years of Vesting Service and increased by 20% for each of the next 4 Years of Vesting Service.
	[ ] (3) % for each of the first Years of Vesting Service, increased by % for

each of the next Years of Vesting Service, and increased by % for each of the next Years of Vesting Service.

[Must be at least as favorable after each Year as Option 8(a) (1) or (2) above.]

[ ] (4) % after Year(s) of Vesting Service, increased by % for each of the next Years of Vesting Service.

[Must be at least as favorable after each Year as Option 8(a) (1) or (2) above.]

[ ] (5) A Participant shall always have a non- forfeitable right to one hundred percent (100%) of his Accrued Benefit.

[This option must be selected if Option 5(b)(4) or (5) is selected.]

(b) Pre-1988 Regular Vesting Schedule
Plan Subparagraph 6.3(a)

The following "pre-1989 regular vesting schedule" shall apply to the Employer Active Account of all Participants effective until the first Year beginning after December 31, 1988 and thereafter shall apply to the Employer Active Account of any Participant who is not credited with an Hour of Service in a Plan Year beginning after December 31, 1988 unless Option 8(a) provides that the post-1988 regular vesting schedule will apply to the Employer Active Account of all Participants (including those not credited with an Hour of Service in a Plan Year beginning after December 31, 1988) [Check one, and complete where applicable]:

[ ] (1) 100% after 10 Years of Vesting Service.

[ ] (2) 25% after 5 Years of Vesting Service and increased by 5% for each of the next 5 Years of Vesting Service and further increased by 10% for each of the next 5 Years of Vesting Service.

[ ] (3) % for each of the first Years of Vesting Service, increased by % for each of the next Years of Vesting Service, and increased by % for each of the next Years of Vesting Service.

[Must be at least as favorable after each Year as Option 8(b)(1) or (2) above.]

[ ] (4) 40% after 4Year(s) of Vesting Service, increased by 10% for each of the next 6 Years of Vesting Service.

[Must be at least as favorable after each Year as Option 8(b)(1) or (2) above.]

[ ] (5) A Participant shall always have a non-forfeitable right to one hundred Percent (100%) of his Accrued Benefit.

(c) Years of Vesting Service Disregarded for Regular Vesting Schedule
Paragraph 1.39

The following Years of Vesting Service shall be disregarded for purposes of the regular vesting schedule of the Plan [Check any of the following, if desired]:

[x] (1) Years Prior to Age 18. Any Year of Vesting Service of an Employee completed before the Employee has reached age eighteen (18) in all other cases shall be disregarded.

[x] (2) Years Required after Break in Service. Any Year of Vesting Service of an Employee prior to one Year of his Broken Service shall be disregarded until he has completed a Year of Vesting Service during a Plan Year following his Year of Broken Service.

[ ] (3) Rule of Parity. Any Year of Vesting Service of an Employee prior to one Year of his Broken Service shall be disregarded unless such Employee either:

(A) possesses a non-forfeitable right to benefits under the Plan derived from the Employer's contributions or

(B) has consecutive Year(s) of Broken Service which are less than the greater of (i) for application of this subparagraph in Plan Years commencing after December 31, 1984, five (5) or (ii) the number of his aggregate Year(s) of Vesting Service before the commencement of such Year(s) of Broken Service.

For purposes of this Option, an Employee's aggregate Years of Vesting Service shall not include Years of Vesting Service which are at any time excluded by the application of the provisions of this option.

[ ] (4) Years Prior to Plan Establishment. Any Year of Vesting Service with the Employer for which the Employer did not maintain the Plan or a predecessor plan within the meaning of Section 411(a)(4)(C) of the Code shall be disregarded.

[ ] (5) Years Prior to 1971. Any Year of Vesting Service before January 1, 1971 shall be disregarded unless the Participant has at least three (3) Plan Years of Service after December 31, 1970.

9. TOP HEAVY RULES.

If the Plan is or becomes a Top Heavy Plan, the provisions of the Plan and the Adoption Agreement containing top heavy rules required by Section 416 of the Code shall supersede any conflicting provisions of the Plan or the Adoption Agreement.

(a) Top Heavy Compensation Subparagraph 3.1(d)

Subject to the application of the Compensation Limit, Top Heavy Compensation of a Participant with respect to a Plan Year shall mean Total Compensation for the [Check one]:

[x] (1) Calendar year ending with or within such Plan Year

[ ] (2) Plan Year

which are subject to tax under Section 3101(a) of the Code without the dollar limitation of Section 3121(a) of the Code.

Notwithstanding the foregoing definition of Compensation selected by the Employer, a Participant's Compensation [Check one]

[x] (3) Shall include

[ ] (4) Shall not include

employee elective salary reduction or similar contributions excluded from the Participant's gross income for federal tax purposes by reason of Sections 125, 402(a)(8) and 402(h)(1)(B) of the Code and employer contributions made pursuant to salary reduction agreements under Section 403(b) of the Code.

(b) Top Heavy Vesting Schedule Subparagraph 6.3(b) — The following "top heavy vesting schedule" shall apply whenever the Plan is a Top Heavy Plan [Check one, and complete where applicable]:

[ ] (1) 100% after   (not to exceed 3) Years of Vesting Service.

[x] (2) 20% after 2 Years of Vesting Service, increased 20% for each of the next 4 Years of Vesting Service.

[ ] (3)
    % after   Year(s) of Vesting Service
    % after   Years of Vesting Service
    % after   Years of Vesting Service
    % after   Years of Vesting Service
    % after   Years of Vesting Service
    % after   Years of Vesting Service

[Must be at least as favorable after each Year as Option 9(b)(1) or (2) above.]

(c) Years Disregarded for Purposes of Top Heavy Vesting Schedule Paragraph 6.5 — The following Years of Vesting Service shall be disregarded for purposes of the top heavy vesting schedule [Check any of the following, if desired]:

[x] (1) Apply Regular Rules. All Years of Vesting Service regarded under Option 8(c) above shall be disregarded.

[ ] (2) Years Prior to Age 18. Any Year of Vesting Service of an Employee completed before the Employee has reached age eighteen (18) in all other cases shall be disregarded.

[ ] (3) Year Required After Break in Service. Any Year of Vesting Service of an Employee prior to one Year of his Broken Service shall be disregarded until he has completed a Year of Vesting Service during a Plan Year following his Year of Broken Service.

[ ] (4) Rule of Parity. Any Year of Vesting Service of an Employee prior to one Year of his Broken Service shall be disregarded unless such Employee either:

(A) possesses a non-forfeitable right to benefits under the Plan derived from the Employer's contributions or

(B) has consecutive Year(s) of Broken Service which are less than the greater of (i) for application of this subparagraph in Plan Years commencing after December 31, 1984, five (5) or (ii) the number of his aggregate Year(s) of Vesting Service before the commencement of such Year(s) of Broken Service.

For purposes of this option, an Employee's aggregate Years of Vesting Service shall not include Years of Vesting Service which are at any time excluded by the application of the provisions of this option.

[ ] (5) Years Prior to Plan Establishment. Any Year of Vesting Service with the Employer for which the Employer did not maintain the Plan or a predecessor plan within the meaning of Section 411(a)(4)(c) of the Code shall be disregarded.

[ ] (6) Years Prior to 1971. Any Year of Vesting Service before January 1, 1971 shall be disregarded unless the Participant has at least three (3) Years of Vesting Service after December 31, 1970.

(d) Top Heavy Contribution Subparagraph 3.1(d)	The Employer shall make an Employer Top Heavy Contribution for each Plan Year the Plan is a Top Heavy Plan in an amount, subject to the limitations provided in the Plan, determined as follows [Check the applicable choice and complete where applicable]: [x] (1) Minimum Allocation Percentage. Any required allocation under this Plan shall

be [Check one]:

[ ] (A) Specified Rate. At the rate of %.

[Insert percentage not under 3%.]

[x] (B) Determined per Plan. Determined pursuant to the applicable rules in clauses (i), (ii) and (iii) of subparagraph 3.1(d) of the Plan.

[x] (2) Plan under which Top Heavy Contribution or Benefit to Be Provided [Check one]:

[ ] (A) No Other Plan. Since the Employer maintains no other qualified plan, any applicable Employer Top Heavy Contribution described in subparagraph 3.1(d) of the Plan shall be provided by this Plan.

[x] (B) Contribution under this Plan Where Other Plan Maintained. The Employer maintains another qualified plan or plans which is (are) [Check applicable one(s)] a [x] defined contribution plan and/or [x] defined benefit plan, and the Employer elects that any applicable Employer Top Heavy Contribution described in subparagraph 3.1(d) of this Plan shall be provided to Participants in this Plan by this Plan.

[ ] (C) Contribution or Benefit Under Other Plan for Participants in this Plan and Other Plan, and Contribution under this Plan for Participants Only in this Plan. The Employer maintains another qualified plan or plans which is (are) [Check applicable one(s)] a [ ] defined contribution plan and/or [ ] defined benefit plan, and the Employer elects that contributions required under Section 416 of the Code be provided under such other plan(s) for Employees who are both Participants in this Plan and participants in such other plan(s) and that any applicable Employer Top Heavy Contribution described in subparagraph 3.1(d) of this Plan shall be provided by this Plan to Employees who are Participants of this Plan only.

[ ] (D) Alternate or Additional Provisions
[Insert desired provision]:

(e) Present Value Factors for The interest and mortality factors shall be:]

Top Heavy Plan Status Appendix B	(1) Interest Rate: 7.5% [Insert percentage]. (3) Mortality Table: The Unisex Pension 1984 Table.

10. IN-SERVICE WITHDRAWALS.

(a) After-tax Account, Voluntary Deductible Account and/or Rollover Account Paragraphs 9.1, 9.5	[Select one or both, if desired] [ ] (1) Non-hardship. Non-hardship withdrawals are permitted under paragraph 9.1 of the Plan from the [Check one(s)

desired]:

[ ] (A) After-tax Unmatched Account.

[ ] (B) After-tax Matched Account.

[ ] (C) Voluntary Deductible Account.

[ ] (D) Rollover Account.

[x] (2) Hardship. Hardship withdrawals are permitted under paragraph 9.5 of the Plan from the [Check one(s) desired]:

[ ] (A) After-tax Unmatched Account.

[ ] (B) After-tax Matched Account.

[ ] (C) Voluntary Deductible Account.

[x] (D) Rollover Account.

(b) Pre-tax Account and/or [Select one or both, if desired]:
Employer Thrift Account

Paragraphs 9.2, 9.6

[ ] (1) Non-hardship. Non-hardship withdrawals are permitted under paragraph 9.2 of the Plan by Participants from the [Check one(s) desired]:

[ ] (A) Pre-tax Unmatched Account.

[ ] (B) Pre-tax Matched Account.

[ ] (C) Employer Thrift Account.

[x] (2) Severe Hardship. Severe Hardship withdrawals are permitted under paragraph 9.6 of the Plan by Participants from the [Check one(s) desired]:

[x] (A) Pre-tax Unmatched Account.

[x] (B) Pre-tax Matched Account.

[ ] (C) Employer Thrift Account.

(c) Employer Account
Paragraphs 9.4, 9.5

[Select one or both, if desired]

[ ] (1) Non-Hardship. Non-hardship withdrawals are permitted under paragraph 9.4 of the Plan by [Check one or more]:

[ ] (A) Participants who have reached age fifty-nine and one-half (59 1/2) from the [Check one(s) desired]:

[ ] (i) Employer Active Account.

[ ] (ii) Employer Non-forfeitable Account.

[ ] (B) Participants who have 60 or more months of participation from the [Check one(s) desired]:

[ ] (i) Employer Active Account.

[ ] (ii) Employer Non-forfeitable Account.

[ ] (C) Participants who either have reached age fifty-nine and one half (59 1/2) or have 60 or more months of participation from the [Check one(s) desired]:

[ ] (i) Employer Active Account.

[ ] (ii) Employer Non-forfeitable Account.

[x] (2) Hardship. Hardship withdrawals are permitted under paragraph 9.5 of the Plan from the [Check one(s) desired]:

[x] (i) Employer Active Account.

[x] (ii) Employer Non-forfeitable Account.

11. LOANS.

(a) Availability A Participant [Check one]:
Paragraph 9.10
[x] (1) Permitted. May borrow from the Plan in accordance with the terms of the Employer's Loan Policy.

[If this Option is selected the Employer must complete and attach to this Adoption Agreement an Employer's Loan Policy describing the terms and conditions on which loans will be made.]

[ ] (2) Not Permitted. May not borrow from the Plan.

12. PARTICIPANT INVESTMENT DIRECTION.

Paragraph 12.2

(a) Availability Generally

A Participant [Check one]:

[ ] (1) Not Permitted. May not make investment directions.

[x] (2) Permitted. May make investment directions for the following accounts (the "directable accounts") [Check one or more]:

[x] (A) Employer Account.

[ ] (B) Employer Thrift Account.

[x] (C) Pre-tax Account.

[ ] (D) After-tax Account.

[x] (E) Rollover Account.

[ ] (F) Voluntary Deductible Account.

(b) Available Investment Funds

Participants may make investment directions among the following investment funds (the "available investment funds") to the extent permitted [Check one or more if Option 12(a)(2) is selected and complete percentage limitation, if desired. If no percentage is indicated, no limitation applies]:

[ ] (1) Current Income Fund.

[ ] (2) Capital Preservation Fund.

[ ] (3) Moderate Growth Fund.

[ ] (4) Wealth Building Fund.

[ ] (5) Aggressive Appreciation Fund.

[x] (6) Employer Stock Fund - investment shall be limited to 35% of account balance (effective January 1, 1999).

[x] (7) Such other investment funds as the Administrator may from time to time permit (a written description of which must be attached to this Adoption Agreement).

(c) Investment Direction Increments

Participants may make investment directions in the Employer Stock Fund in the following increments [Check one if Option 12(a)(2) is selected]:

[x] (1) In the regular 1% increments provided in the Plan.

[ ] (2) In % [Insert percentage of less than 5%] increments.

[ ] (3) In increments of the lesser of 5% or such percentage as the Administrator shall from time to time authorize.

(d) Frequency and Effective Date of Investment Directions

Participants may make their investment direction as of [Check one if Option 12(a)(2) is selected]:

[ ] (1) Annually effective as of the first day of each Plan Year,

[ ] (2) Periodically effective as of the beginning of each Valuation Period,

[ ] (3) Quarterly effective as of the first day of each quarter of the Plan Year,

[x] (4) daily

[Insert time(s)],

and (if any of the above options are selected) at such other date(s) as the Administrator may from time to time authorize.

(e) Default Investment Fund As provided in subparagraph 12.2(d) of the Plan, where no Participant investment direction is in force, a Participant's accounts shall be invested in the following default investment fund, provided that any initial designation here may be changed from time to time by the Employer [Check one if Option 12(a)(2) is selected]:

[ ] (1) Current Income Fund.

[x] (2) [Describe] Money Market Fund.

[ ] (3) Such investment fund as the Employer may from time to time designate (a written description of which must be attached to this Adoption Agreement).

13. HOURS OF SERVICE. Appendix A	Hours of Service for purposes of the Plan shall be credited in accordance with one of the alternative methods stated below [Check one]:
	[ ] (a) Actual Hours Counted. An Employee shall be credited with Hours of Service for those actual Hours of Service credited under Appendix A of the Plan.
	[ ] (b) Ten Hour Per Day Equivalency. An Employee shall be credited with ten (10) Hours of Service for any day he would be credited with at least one (1) actual Hour of Service.
	[ ] (c) Forty-five Hour Per Week Equivalency. An Employee shall be credited with forty-five (45) Hours of Service for any week he would be credited with at least one (1) actual Hour of Service.
	[x] (d) Ninety-five Hour Per Semi-monthly Payroll Equivalency. An Employee shall be credited with ninety-five (95) Hours of Service for any semi-monthly payroll period he would be credited with at least one (1) actual Hour of Service.
	[ ] (e) One Hundred Ninety Hour Per Month Equivalency. An Employee shall be credited with one hundred ninety (190) Hours of Service for any month he would be credited with at least one (1) actual Hour of Service.

14. LIMITATIONS ON BENEFITS. [Check the applicable box(es) and/or add Under Section 415 of the limitations language as desired.] Code. Paragraphs 4.3 and

4.4 Appendix C	NOTE: Failure to complete this Option 14 may adversely affect qualification of the plan(s) maintained by an Employer.
[ ] (a) No Other Plan	Employer maintains no other qualified plan in addition to this Plan in which event paragraph 4.3 of this Plan and paragraph C-1.2 of Appendix C shall apply.
[x] (b) Coordinate with Other Defined Contribution Plan (Other than A Master or Prototype Plan)	The Employer maintains, in addition to this Plan, one or more plans which are qualified defined contribution plans, welfare benefit funds (as defined in Section 419(a) of the Code) or individual medical accounts, (as defined in Section 415(1)(2) of the Code) (other than Master or Prototype Plans) in which event paragraph 4.4 of this Plan and subparagraph C-1.3 of Appendix C shall apply. In which event [Check (1), (2), or (3) and (4) if desired]:
	[x] (1) Subparagraph C-1.3(g) of Appendix C shall apply.

[ ] (2) Reduce Contribution under this Plan. Annual Additions under this Plan shall be reduced before Annual Additions under such other Plans and funds so that the Maximum Permissible Amount is not exceeded.

[ ] (3) Reduce Contribution under other Plan. Annual Additions under such other plans and funds shall be reduced before Annual Additions under this Plan so that the Maximum Permissible Amount is not exceeded.

[ ] (4) Subject to subparagraph C-1.3(g), Option 14(b)(2) or (3) above shall apply, but Annual Additions under welfare benefit plans shall be reduced last.

[x] (c) Coordinate with which Defined Benefit Plan — The Employer maintains, in addition to this Plan, one or more plans are qualified defined benefit plans in which event paragraph of this Plan shall apply. In such event the Defined Contribution Plan Fraction shall not exceed one (1) and [Check one of the following]:

[ ] (1) Reduce Annual Additions Before Annual Benefits. Annual Additions under all qualified defined contribution plans and welfare benefit funds maintained by the Employer shall be reduced before Annual Benefits are reduced so that the sum of the Defined Benefit Plan Fraction and Defined Contribution Plan Fraction will not exceed one (1) as provided in subparagraph C-1.3(f) of Appendix C.

[x] (2) Reduce Annual Benefits Before Annual Additions. Annual Benefits payable under all qualified defined benefit plans maintained by the Employer shall be reduced before Annual Additions are reduced so that the sum of the Defined Benefit Plan Fraction and Defined Contribution Plan Fraction will not exceed one (1) as provided in subparagraph C-1.3(f) of Appendix C.

[ ] (d) Alternate Provision — Annual Additions and Annual Benefits of a Participant shall be limited as follows [Insert

provisions as desired]:

(e) Limitation Year The Limitation Year is the following 12-consecutive month period:

[x] (1) The calendar year.

[ ] (2) The Plan Year.

[ ] (3) The year beginning on [Insert month and day].

15. MATTERS RELATING TO STOCK.

(a) Custodian The Custodian of the Employer Stock Fund shall be:
Paragraph 17.1(a)
Reliance Trust Company

(b) Named Fiduciary with Respect to Stock Paragraph 17.1(b)	The Named Fiduciary with respect to Stock shall be: Citizens and Farmers Bank
(c) Stock Paragraph 17.1(c)	Stock shall mean the following described stock [Complete]: Description: C&F Financial Corporation Common Stock, $1 par value [Insert description of Stock, including class, issuer, etc.].
(d) Employer Investment Direction Paragraph 17.2	Notwithstanding the Participant investment direction provisions of paragraph 12.2, the Employer requires that the following account balances under the Plan be invested in the Employer Stock Fund to the extent set described below: [x] (1) No Investment Requirement. The Employer imposes no Stock investment requirement. [ ] (2) Employer Stock Investment Required. The Employer requires that the following percentage of each of the following accounts be and remain invested in the Employer Stock Fund [Check and complete only for accounts desired]: [ ] (A) % of the Employer Account. [ ] (B) % of the Employer Thrift Account. [ ] (C) % of the Pre-Tax Account. [ ] (D) % of the After-Tax Account. If this is a Restated Plan, this investment direction applies to contributions allocated to the account after the Effective Date of the Restatement of the Plan in the form of this Adoption Agreement.

(e) Form of Payment Paragraph 17.6	The non-forfeitable Accrued Benefits of participants invested in the Employer Fund at the time of distribution shall be distributed in the following manner: [ ] (1) Account balances invested in the Employer Stock Fund shall be distributed in cash. [ ] (2) Account balances invested in the Employer Stock Fund shall be distributed in whole shares of Stock and cash in lieu of fractional shares. [This option may not be selected if, under any circumstances, more than 90% of the Participant's Accrued Benefit in the Fund may be invested in the Employer Stock Fund.] [ ] (3) Account balances invested in the Employer Stock Fund shall be distributed in cash and Stock in proportion to the cash and Stock considered pursuant to subparagraph 17.5(c) to be allocated to the Participant's account in the Employer Stock Fund. [this option may not be selected if, under any circumstances, more than 90% of the Participant's Accrued Benefit in the Fund may be invested in the Employer Stock Fund.] [x] (4) The Participant may elect to receive his non-forfeitable Accrued Benefit invested in the Employer Stock Fund at the time of distribution under any one of the methods described above.
(f) Composition of Employer Stock Fund	The Named Fiduciary with Respect to Stock shall establish a cash reserve as a part of the Employer Stock Fund. Generally, however the assets of the Employer Stock Fund invested in Stock are expected to remain in the following range: Range of Stock Investment: 50% to 100%. The Named Fiduciary with Respect to Stock may change the percentage of the total assets of the Employer Stock Fund invested in Stock from time to time.
(g) Special Grandfathered Transitional Rules for Restated Plans Paragraph 17.8	In the case of a Restated Plan which allowed investment in employer securities prior to its restatement, certain provisions may need to be grandfathered in order to preserve the benefits required under Sections 411(a)(10) or (d)(6) of the Code. Such special grand-fathered provisions and any applicable transitional rules should be described below. [Attach a separate sheet if necessary.]

16. VOTING RIGHTS PASS THROUGH Paragraph 17.11	Voting rights with respect to Stock which is allocated to the accounts of Participants shall be passed through under paragraph 17.11 as follows [Check one of (a) through (c) and (d) if desired]:
[ ] (a) No Voting Rights Pass-through Clause (i) Subparagraph 17.11(a)	No voting rights shall be passed through for as provided in clause (i) of subparagraph 17.11(a) of the Plan.
[x] (b) Pass-through for All Matters Clause (ii) of Subparagraph 17.11(a)	Voting rights shall be passed through for all matters subject to a vote as provided in clause (ii) of subparagraph 17.11(a) of the Plan.
[ ] (c) Pass-through on Major Corporate Transactions Clause (iii) of Subparagraph 17.11(a)	Voting rights shall be passed through only on major corporate transactions as provided in clause (iii) subparagraph 17.11(a) of the Plan.
[ ] (d) Pass-through Voting on Tender Offers Clause (ii) of Subparagraph 17.11(b)	As permitted in clause (ii) subparagraph 17.11(b) of the Plan, voting rights on "tender offers" are required to be passed through to Participants.

The Employer may not rely on an opinion letter issued by the National Office of the Internal Revenue Service as evidence that the Plan is qualified under
Section 401 of the Code. In order to obtain reliance with respect to plan qualification, the Employer must apply to the appropriate key district office of the Internal Revenue Service for a determination letter. This Adoption Agreement may be used only in conjunction with the Virginia Bankers Association basic plan document number 03.

IN WITNESS WHEREOF, each Employer, by its duly authorized representatives, has executed this instrument this 9th day of February, 2000.

Citizens and Farmers Bank

[Enter Name of Employer]

By Larry G. Dillon

Its President & CEO

[SEAL]

ATTEST:
Tom Cherry

Its Senior Vice President & CFO

____
[Enter Name of Employer]

By_______________________________________

Its______________________________________

[SEAL]

ATTEST:

Its______________________________

[Enter Name of Employer]

By____

Its____

[SEAL]

ATTEST:

Its____

By execution hereof by their duly authorized Administrative Trustee, the Trustees of the Virginia Bankers Association Master Defined Contribution Plan and Trust hereby accept the Trust created herein according to the terms and conditions of the Plan.

Date: March 15, 2000 Bette Albert
_______________________ _______________________________________
VBA Benefits Corporation