

Community Bankers Acquisition Corp.

Form S-4/A

February 19, 2008

As filed with the Securities and Exchange Commission on February 19, 2008

Registration No. 333-148675

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

**Pre-Effective Amendment No. 1 to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

COMMUNITY BANKERS ACQUISITION CORP.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

6770

*(Primary Standard Industrial
Classification Code Number)*

20-2652949

*(I.R.S. Employer
Identification No.)*

**9912 Georgetown Pike, Suite D-203
Great Falls, Virginia 22066
(703) 759-0751**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Gary A. Simanson, President and Chief Executive Officer
Community Bankers Acquisition Corp.
9912 Georgetown Pike, Suite D-203
Great Falls, Virginia 22066
(703) 759-0751**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of the proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions to the merger described in the joint proxy statement/prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement will become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

COMMUNITY BANKERS ACQUISITION CORP.
9912 Georgetown Pike, Suite D-203
Great Falls, Virginia 22066
Telephone: (703) 759-0751

, 2008

Dear Community Bankers Acquisition Corp. Stockholder:

You are cordially invited to attend the annual meeting of the stockholders of Community Bankers Acquisition Corp., a Delaware corporation (Community Bankers). The annual meeting will be held on , 2008, at .m., local time, at .

At the annual meeting, you will be asked to consider and vote on (1) a proposal to adopt the Agreement and Plan of Merger, dated as of September 5, 2007, by and between Community Bankers Acquisition Corp. and TransCommunity Financial Corporation; (2) a proposal to adopt an amendment to the certificate of incorporation of Community Bankers to reset the terms of the classes of Community Bankers directors, effective upon consummation of the merger; (3) a proposal to adopt an amendment to the certificate of incorporation of Community Bankers to change the corporation s name to Community Bankers Trust Corporation, effective upon consummation of the merger; (4) a proposal to elect each of Chris A. Bagley and Keith Walz to the board of directors; (5) a proposal to ratify the appointment of Miller, Ellin & Company LLP as Community Bankers independent public accountants for the fiscal year ending December 31, 2007; and (6) a proposal to authorize the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies.

Pursuant to Delaware law, adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote at the annual meeting. Community Bankers certificate of incorporation also requires the affirmative vote of the holders of a majority of Community Bankers outstanding shares of common stock issued in Community Bankers initial public offering and voted at the annual meeting. Both requirements must be met for adoption of the merger agreement. In addition, for the merger to be consummated, the holders of less than 20% of the outstanding shares of common stock (1,499,999 shares) issued in Community Bankers initial public offering must have voted against the merger and thereafter exercised their rights to convert their shares into cash equal to a pro rata portion of Community Bankers trust account.

Adoption of each of the amendments to the certificate of incorporation requires the affirmative vote of a majority of the shares of Community Bankers outstanding common stock entitled to vote at the annual meeting.

Election of each of Chris A. Bagley and Keith Walz to the board of directors and ratification of the appointment of Community Bankers independent public accountants for the fiscal year ending December 31, 2007 each requires the affirmative vote of the holders of a majority of the shares of Community Bankers common stock present in person or represented by proxy and entitled to vote at the annual meeting.

Authorization for the board of directors to adjourn the annual meeting until a later date requires the affirmative vote of the holders of a majority of the shares of Community Bankers common stock present in person or represented by proxy and entitled to vote at the annual meeting, whether or not a quorum is present.

Each of these proposals is more fully described in the accompanying joint proxy statement/prospectus.

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If you hold shares of common stock issued in Community Bankers' initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards), then you have the right to vote against the merger proposal and demand that Community Bankers convert such shares into cash equal to a pro rata portion of the trust account in which a substantial portion of the net proceeds of Community Bankers' initial public offering are held. As of _____, 2008, there was \$ _____ in the trust account, including accrued interest on the funds in the trust account, or approximately \$ _____ per share issued in the initial public offering. The actual conversion price will differ from the \$ _____ per share due to any interest earned on the funds in the trust account since _____, 2008, and any taxes payable in respect of interest earned thereon.

If you wish to exercise your conversion rights, you must:

affirmatively vote against the merger proposal in person or by submitting your proxy card before the vote on the merger proposal and checking the box that states "Against" for proposal number 1; and

either:

- o check the box that states "Exercise Conversion Rights" on the proxy card; or
 - o send a letter to Community Bankers at 9912 Georgetown Pike, Suite D-203, Great Falls, VA 22066, stating that you are exercising your conversion rights and demanding your shares of Community Bankers common stock be converted into cash; and
-

either:

- o physically tender, or if you hold your shares of Community Bankers common stock in street name, cause your broker to physically tender, your stock certificates representing shares of Community Bankers common stock to Community Bankers; or
- o deliver your shares electronically using the Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System, to Community Bankers transfer agent by _____, 2008. See Summary Conversion Rights and The Merger Conversion Rights of Community Bankers Stockholders.

Prior to exercising your conversion rights, you should verify the market price of Community Bankers common stock, as you may receive higher proceeds from the sale of your common stock in the public market than from exercising your conversion rights. Shares of Community Bankers common stock are currently quoted on the American Stock Exchange under the symbol BTC. On _____, 2008, the record date for the annual meeting of stockholders, the last sale price of Community Bankers common stock was \$ _____. Your shares will only be converted if the merger is consummated and you voted against the merger and properly demanded conversion rights according to the instructions in this letter and the joint proxy statement/prospectus.

All of the Community Bankers insiders (including all of Community Bankers officers, directors and initial stockholders) have agreed to vote the 1,875,000 shares of Community Bankers common stock acquired by them before Community Bankers initial public offering (which constitute 20% of Community Bankers outstanding shares of common stock), on the merger proposal consistent with the majority of the votes cast on the merger by the holders of the shares of common stock issued in the initial public offering. They have further indicated that they will vote the shares held by them in favor of the adoption of the amendments to the certificate of incorporation, for the election of Chris A. Bagley and Keith Walz to Community Bankers board of directors, for the ratification of the appointment of the independent public accountants for the fiscal year ending December 31, 2007, and for the proposal to authorize the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the annual meeting to approve the proposals.

The Community Bankers board of directors has unanimously determined that the proposals and the transactions contemplated thereby are in the best interests of Community Bankers and its stockholders. The board of directors recommends that you vote, or give instruction to vote, **FOR** the adoption of each of the proposals and that you vote in favor of each of the two director nominees.

Enclosed is a notice of annual meeting and the joint proxy statement/prospectus containing detailed information concerning the merger proposal and the transactions contemplated by the merger agreement, as well as detailed information concerning each of the proposals. We urge you to read the joint proxy statement/prospectus and attached annexes carefully.

Your vote is important. Whether or not you plan to attend the special meeting in person, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided.

I look forward to seeing you at the meeting.

Sincerely,

Eugene S. Putnam, Jr.
Chairman of the Board

COMMUNITY BANKERS ACQUISITION CORP.
9912 Georgetown Pike, Suite D-203
Great Falls, Virginia 22066
Telephone: (703) 759-0751

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held On _____, 2008

To the Stockholders of Community Bankers Acquisition Corp.:

Community Bankers Acquisition Corp. will hold its annual meeting of stockholders on _____, 2008, at _____ .m., local time, at _____ for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of September 5, 2007, by and between Community Bankers Acquisition Corp. and TransCommunity Financial Corporation, pursuant to which TransCommunity Financial Corporation will merge with and into Community Bankers Acquisition Corp., as described in more detail in the enclosed joint proxy statement/prospectus;
2. To consider and vote upon a proposal to adopt an amendment to the certificate of incorporation of Community Bankers, effective upon consummation of the merger, to revise the current Section F of Article SIXTH to reset the terms of the classes of Community Bankers directors;
3. To consider and vote upon a proposal to adopt an amendment to the certificate of incorporation of Community Bankers, effective upon consummation of the merger, to revise Article FIRST of Community Bankers certificate of incorporation to change the name of the corporation from Community Bankers Acquisition Corp. to Community Bankers Trust Corporation,
4. To consider and vote upon the election as director of each of Chris A. Bagley and Keith Walz to serve a term for three years expiring at the 2010 annual meeting of stockholders, or until a successor is elected and qualified (or, if the merger described in the first proposal above is consummated, until the effective date of the merger);
5. To ratify the appointment of Miller, Ellin & Company LLP as Community Bankers independent public accountants for the fiscal year ending December 31, 2007;
6. To consider and vote on a proposal to authorize the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies, in the event there are insufficient votes present in person or represented by proxy at the annual meeting to approve the proposals; and
7. To transact any other business as may properly be brought before the Community Bankers annual meeting or any adjournments or postponements of the Community Bankers annual meeting.

Unless Community Bankers and TransCommunity agree otherwise, the merger will only be consummated if the stockholders of Community Bankers adopt the staggered board amendment to the certificate of incorporation. In addition, the staggered board amendment and the name change amendment to the certificate of incorporation will only be effected in the event and at the time the merger with TransCommunity is consummated.

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Community Bankers has fixed the close of business on _____, 2008 as the record date for determining those stockholders entitled to vote at the annual meeting and any adjournments or postponements of the annual meeting. Accordingly, only stockholders of record on that date are entitled to notice of, and to vote at, the annual meeting and any adjournments or postponements of the annual meeting.

If you hold shares of common stock issued in Community Bankers' initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards), then you have the right to vote against the merger proposal and demand that Community Bankers convert such shares into cash equal to a pro rata portion of the trust account in which a substantial portion of the net proceeds of Community Bankers' initial public offering are held. For more information regarding your conversion rights, see "The Merger - Conversion Rights of Community Bankers Stockholders" on page _____ of the joint proxy statement/prospectus.

Whether or not you plan to attend the annual meeting in person, please complete, date, sign and return the enclosed proxy card as promptly as possible. Community Bankers has enclosed a postage prepaid envelope for that purpose. Any Community Bankers stockholder may revoke his or her proxy by following the instructions in the joint proxy statement/prospectus at any time before the proxy has been voted at the annual meeting. Even if you have given your proxy, you may still vote in person if you attend the annual meeting. Please do not send any stock certificates to us at this time.

Community Bankers encourages you to vote on these very important matters. **The Board of Directors of Community Bankers unanimously recommends that Community Bankers stockholders vote FOR each of the proposals above.**

By Order of the Board of Directors,

Eugene S. Putnam, Jr.
Chairman of the Board

, 2008

TAKING ANY ACTION THAT DOES NOT INCLUDE AN AFFIRMATIVE VOTE AGAINST THE MERGER, INCLUDING ABSTAINING FROM VOTING ON THE MERGER PROPOSAL, WILL PREVENT YOU FROM EXERCISING YOUR CONVERSION RIGHTS. YOU MUST AFFIRMATIVELY VOTE AGAINST THE MERGER PROPOSAL IN PERSON OR BY SUBMITTING YOUR PROXY CARD BEFORE THE VOTE ON THE MERGER PROPOSAL TO EXERCISE YOUR CONVERSION RIGHTS. IN ORDER TO CONVERT YOUR SHARES, YOU MUST ALSO EITHER PHYSICALLY TENDER, OR IF YOU HOLD YOUR SHARES OF COMMUNITY BANKERS COMMON STOCK IN STREET NAME, CAUSE YOUR BROKER TO PHYSICALLY TENDER, YOUR STOCK CERTIFICATES REPRESENTING SHARES OF COMMUNITY BANKERS COMMON STOCK TO COMMUNITY BANKERS OR DELIVER YOUR SHARES ELECTRONICALLY USING THE DEPOSITORY TRUST COMPANY'S DWAC SYSTEM, TO COMMUNITY BANKERS' TRANSFER AGENT BY , 2008. FAILURE TO MEET THESE REQUIREMENTS WILL CAUSE YOUR CONVERSION DEMAND TO BE REJECTED. SEE THE SECTIONS ENTITLED SUMMARY CONVERSION RIGHTS AND THE MERGER CONVERSION RIGHTS OF COMMUNITY BANKERS STOCKHOLDERS FOR MORE SPECIFIC INSTRUCTIONS.

TRANSCOMMUNITY FINANCIAL CORPORATION
4235 Innslake Drive
Glen Allen, Virginia 23060
(804) 934-9999

, 2008

Dear TransCommunity Financial Corporation Shareholder:

You are cordially invited to attend a special meeting of the shareholders of TransCommunity Financial Corporation (TransCommunity). The special meeting will be held on , 2008, at .m., local time, at .

At the special meeting, you will be asked to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated September 5, 2007, by and between TransCommunity and Community Bankers Acquisition Corp.(Community Bankers). You will also be asked to vote on a proposal to authorize the board of directors to adjourn the special meeting to allow time for further solicitation of proxies, should that be necessary.

Each of these proposals is more fully described in the accompanying joint proxy statement/prospectus.

The TransCommunity board of directors has determined unanimously that the proposals and the transactions contemplated thereby are in the best interests of TransCommunity and its shareholders. The board of directors recommends that you vote, or give instruction to vote, **FOR** the adoption of each of the proposals.

Under Virginia law, you have the right to assert appraisal rights with respect to the merger and demand in writing that Community Bankers pay the fair value of your shares of TransCommunity common stock. In order to exercise and perfect appraisal rights, generally you must:

not vote any shares owned by you in favor of the merger;

deliver written notice of your intent to demand payment for your shares to TransCommunity before the vote is taken on the merger at the special meeting;

complete, sign and return the form to be sent to you pursuant to Section 13.1-734 of the Virginia Stock Corporation Act; and

if you hold certificated shares, deposit your TransCommunity common stock certificates in accordance with the instructions in the form.

A copy of the applicable Virginia statutory provisions is included in the joint proxy statement/prospectus as Appendix C, and a more detailed description of the procedures to demand and perfect appraisal rights is included in the section entitled The Merger Appraisal Rights of TransCommunity Stockholders beginning on page .

Enclosed is a notice of special meeting and the joint proxy statement/prospectus containing detailed information concerning the merger proposal and the transactions contemplated by the merger agreement. We urge you to read the joint proxy statement/prospectus and attached annexes carefully.

Your vote is important. Because approval of the merger proposal requires the affirmative vote of holders of a majority of the shares entitled to vote at the TransCommunity special meeting, abstaining from voting (including by way of a

broker non-vote), either in person or by proxy, will have the same effect as a vote against approval of the merger agreement. **Whether or not you plan to attend the special meeting in person, please sign, date and return the enclosed proxy card as soon as possible in the envelope provided.** We look forward to seeing you at the special meeting, and we appreciate your continued loyalty and support.

Sincerely,

Bruce B. Nolte
President & Chief Executive Officer

TRANSCOMMUNITY FINANCIAL CORPORATION
4235 Innslake Drive
Glen Allen, Virginia 23060
(804) 934-9999

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held On _____, 2008

To the Shareholders of TransCommunity Financial Corporation:

TransCommunity Financial Corporation will hold a special meeting of shareholders on _____, 2008, at _____ .m., local time, at _____ for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of September 5, 2007, by and between Community Bankers Acquisition Corp. and TransCommunity Financial Corporation, pursuant to which TransCommunity Financial Corporation will merge with and into Community Bankers Acquisition Corp., as more particularly described in the enclosed joint proxy statement/prospectus; and
2. To consider and vote on a proposal to authorize the board of directors to adjourn the special meeting to allow time for further solicitation of proxies, in the event there are insufficient votes represented in person or by proxy at the special meeting to approve the merger proposal.

TransCommunity has fixed the close of business on _____, 2008 as the record date for determining those shareholders entitled to vote at the special meeting and any adjournments or postponements of the special meeting. Accordingly, only shareholders of record on that date are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

TransCommunity shareholders have the right to assert appraisal rights with respect to the merger and demand in writing that Community Bankers pay the fair value of your shares of TransCommunity common stock under applicable provisions of Virginia law. In order to exercise and perfect appraisal rights, generally you must:

not vote any shares owned by you in favor of the merger;

deliver written notice of your intent to demand payment for your shares to TransCommunity before the vote is taken on the merger at the special meeting;

complete, sign and return the form to be sent to you pursuant to Section 13.1-734 of the Virginia Stock Corporation Act; and

if you hold certificated shares, deposit your TransCommunity common stock certificates in accordance with the instructions in the form.

A copy of the applicable Virginia statutory provisions is included in the joint proxy statement/prospectus as Appendix C, and a more detailed description of the procedures to demand and perfect appraisal rights is included in the section entitled "The Merger Appraisal Rights of TransCommunity Stockholders" beginning on page _____.

Whether or not you plan to attend the special meeting in person, please complete, date, sign and return the enclosed proxy card as promptly as possible. TransCommunity has enclosed a postage prepaid envelope for that purpose. Any

TransCommunity shareholder may revoke his or her proxy by following the instructions in the joint proxy statement/prospectus at any time before the proxy has been voted at the special meeting. Even if you have given your proxy, you may still vote in person if you attend the special meeting. Please do not send any stock certificates to TransCommunity at this time.

TransCommunity encourages you to vote on this very important matter. **The Board of Directors of TransCommunity Financial Corporation unanimously recommends that TransCommunity Financial Corporation's shareholders vote FOR the proposals above.**

By Order of the Board of Directors,

Bruce B. Nolte
President and Chief Executive Officer

, 2008

**JOINT PROXY STATEMENT/PROSPECTUS
FOR THE
PROPOSED MERGER OF
COMMUNITY BANKERS ACQUISITION CORP.
AND
TRANSCOMMUNITY FINANCIAL CORPORATION**

The boards of directors of Community Bankers Acquisition Corp. and TransCommunity Financial Corporation have unanimously agreed to a merger of our companies. If the proposed merger is completed, TransCommunity stockholders will receive 1.4200 shares of Community Bankers common stock for each share of TransCommunity common stock they own, subject to possible adjustment as described in this joint proxy statement/prospectus. This 1.4200 multiple, as it may be adjusted, is referred to as the exchange ratio.

Community Bankers was formed to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business in the banking industry. Its common stock is listed on the American Stock Exchange under the symbol BTC. TransCommunity common stock is quoted on the OTC Bulletin Board under the symbol TCYF.OB. Based on the closing price of Community Bankers common stock on , 2008 of \$, TransCommunity stockholders will receive approximately \$ worth of Community Bankers common stock for each share of TransCommunity stock they own. The actual value of the Community Bankers common stock received by TransCommunity stockholders in the merger will depend on the market value of Community Bankers common stock at the time of closing.

This joint proxy statement/prospectus provides detailed information about the merger and the annual meeting of Community Bankers stockholders and the special meeting of TransCommunity stockholders. It also provides information about the Community Bankers common stock to be issued to TransCommunity stockholders in the event the merger is approved. As described in this proxy statement/prospectus, we cannot complete the merger unless we obtain the necessary government approvals and unless the stockholders of both Community Bankers and TransCommunity approve the merger proposal.

In addition to the proposed merger of Community Bankers with TransCommunity, Community Bankers has entered into an agreement and plan of merger, dated as of December 13, 2007, with BOE Financial Services of Virginia, Inc., a bank holding company based in Tappahannock, Virginia. BOE common stock is listed on the Nasdaq Capital Market under the symbol BSXT. Although the stockholders of Community Bankers and TransCommunity will not be voting on Community Bankers proposed merger with BOE at the annual meeting and special meeting, this joint proxy statement/prospectus contains certain information about BOE, and the proposed merger with BOE.

Please carefully review and consider this joint proxy statement/prospectus which explains the merger proposal in detail, including the discussion under the heading Risk Factors beginning on page 24. It is important that your shares are represented at your stockholders meeting, whether or not you plan to attend. Accordingly, please complete, date, sign, and return promptly your proxy card in the enclosed envelope. You may attend the meeting and vote your shares in person if you wish, even if you have previously returned your proxy.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated , 2008. It is first being mailed to Community Bankers and TransCommunity s stockholders on or about , 2008.

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QUESTIONS AND ANSWERS FOR ALL STOCKHOLDERS

Q: Why is TransCommunity merging with and into Community Bankers?

A: TransCommunity is merging with and into Community Bankers because the boards of directors of both companies believe that the merger will provide stockholders of both companies with substantial benefits and enable Community Bankers to use TransCommunity as a growth platform to build a larger banking franchise. In addition, Community Bankers' proposed merger with BOE will further increase operating efficiencies and the growth opportunities of the surviving corporation. After the merger, TransCommunity Bank, N.A. will generally continue to operate as it has prior to the merger. However, it is anticipated that TransCommunity Bank will merge with and into Bank of Essex, the bank subsidiary of BOE, in the event Community Bankers' merger with BOE is consummated. A detailed discussion of the background of and reasons for the proposed merger is contained under the headings *The Merger Background of the Merger*, *The Merger Community Bankers Reasons for the Merger*, and *The Merger TransCommunity's Reasons for the Merger*.

Q: How does the board recommend that I vote on the merger?

A: You are being asked to vote **FOR** the approval of the merger of TransCommunity with and into Community Bankers pursuant to the terms of the merger agreement. The board of directors of each of Community Bankers and TransCommunity has unanimously determined that the proposed merger is in the best interests of its stockholders, unanimously approved the merger agreement and unanimously recommend that its stockholders vote **FOR** the approval of the merger.

Q: What vote is required to approve the merger?

A: *Community Bankers.* Pursuant to Delaware law, adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote at the annual meeting. Pursuant to Community Bankers' certificate of incorporation, adoption of the merger agreement also requires the affirmative vote of the holders of a majority of Community Bankers' outstanding shares of common stock issued in Community Bankers' initial public offering that are voted at the annual meeting. Both requirements must be met for adoption of the merger agreement. As of the record date, there were 9,375,000 shares outstanding, including 7,500,000 outstanding shares that were issued in the initial public offering. Because a majority vote of all outstanding shares is required to adopt the merger agreement, your failure to vote will have the same effect as a vote against the merger proposal.

In addition, for the merger to be consummated, the holders of less than 20% of the outstanding shares of common stock issued in the Community Bankers initial public offering (1,499,999 shares) must have voted against the merger and thereafter exercised their right to convert their shares into cash equal to a pro rata portion of the Community Bankers trust account.

TransCommunity. Approval of the merger agreement requires the affirmative vote of the holders of a majority of TransCommunity's outstanding shares of common stock. As of the record date, there were 4,586,741 shares outstanding. Because a majority vote of all outstanding shares is required to approve the merger, your failure to vote will have the same effect as a vote against the merger proposal.

Q: What should I do now?

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A: After you have carefully read this joint proxy statement/prospectus, please indicate on your proxy card how you want to vote, and then date, sign and mail your proxy card in the enclosed envelope as soon as possible so that your shares will be represented at the meeting. If you date, sign and send in a proxy card but do not indicate how you want to vote, your proxy will be voted in favor of the merger proposal.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: It depends. A broker holding your shares in street name must vote those shares according to any specific instructions it receives from you. You should instruct your broker how to vote your shares following the directions your broker provides. If specific instructions are not received, in certain limited circumstances your broker may vote your shares in its discretion. On certain routine matters, brokers have authority to vote their customers' shares if their customers do not provide voting instructions. When brokers vote their customers' shares on a routine matter without receiving voting instructions, these shares are counted both for establishing a quorum to conduct business at the meeting and in determining the number of shares voted **FOR** or **AGAINST** the routine matter. On non-routine matters, brokers cannot vote the shares on that proposal if they have not received voting instructions from the beneficial owner of such shares. If you hold your shares in street name, you can either obtain physical delivery of the shares into your name, and then vote your shares yourself, or request a legal proxy directly from your broker and bring it to the annual or special meeting, and then vote your shares yourself. In order to obtain shares directly into your name, you must contact your brokerage house representative. Brokerage firms may assess a fee for your conversion; the amount of such fee varies from firm to firm.

Community Bankers. If you do not provide your broker with voting instructions, your broker may vote your shares at its discretion with regard to the election of Chris A. Bagley and Keith Walz to the board of directors and ratification of the appointment of the independent public accountants for the fiscal year ending December 31, 2007, since these matters are routine. However, your broker may not vote your shares, unless you provide voting instructions, with regard to adoption of the merger agreement, adoption of the amendments to the certificate of incorporation of Community Bankers and the proposal to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the meeting to approve the proposals, since these matters are not routine. Failure to instruct your broker how to vote your shares will have the same effect as a vote against the adoption of the merger agreement and the adoption of the amendments to the certificate of incorporation, but will have no effect on the election of Chris A. Bagley and Keith Walz to Community Bankers' board of directors, the ratification of the appointment of the independent public accountants for the fiscal year ending December 31, 2007 or the proposal to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the meeting to approve the proposals.

TransCommunity. Your broker may not vote your shares, unless you provide voting instructions, with regard to approval of the merger proposal and the proposal to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the meeting to approve the merger proposal, since these matters are not routine. Failure to instruct your broker how to vote your shares will have the same effect as a vote against the merger proposal, but will have no effect on the proposal to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the meeting to approve the merger proposal.

Q: Can I change my vote after I have submitted my proxy?

A: Yes. There are a number of ways you can change your vote. First, you may send a written notice to the person to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete and submit a later-dated proxy with new voting instructions. The latest vote actually received by Community Bankers or TransCommunity prior to the annual meeting or the special meeting, respectively, will be your vote. Any earlier votes will be revoked. Third, you may attend the annual meeting or the special meeting and vote in person. Any earlier votes will be revoked. Simply attending the annual meeting or the special meeting without voting, however, will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow

the directions you will receive from your broker to change or revoke your proxy.

Q: Is the merger between TransCommunity and Community Bankers contingent upon Community Bankers closing its proposed merger with BOE?

A: No. Under the merger agreement it is not a condition that Community Bankers complete the merger with BOE. However, the merger between Community Bankers and BOE is contingent upon closing of the merger between Community Bankers and TransCommunity.

Q: When do you expect to complete the merger?

A: We presently expect to complete the merger in the second quarter of 2008. However, we cannot assure you when or if the merger will occur. We must first obtain the approval of Community Bankers and TransCommunity's stockholders at the annual meeting and special meeting, respectively, and receive the necessary regulatory approvals.

Q: Whom should I contact with questions about the merger?

A: If you want additional copies of this joint proxy statement/prospectus, or if you want to ask questions about the merger, you should contact:

Gary A. Simanson
President and Chief Executive Officer
Community Bankers Acquisition Corp.
9912 Georgetown Pike, Suite D-203
Great Falls, Virginia 22066
(703) 759-0751

Bruce B. Nolte
President and Chief Executive Officer
TransCommunity Financial Corporation
4235 Innslake Drive
Glen Allen, Virginia 23060
(804) 934-9999

QUESTIONS AND ANSWERS FOR COMMUNITY BANKERS STOCKHOLDERS

Q: Why is Community Bankers proposing the merger?

A: Community Bankers was organized for the purpose of effecting a business combination with an operating business in the banking industry. Community Bankers believes that TransCommunity, a registered financial holding company, is positioned for significant growth in its current and expected future markets and believes that a business combination with TransCommunity will provide Community Bankers stockholders with an opportunity to participate in a company with significant potential. In addition, Community Bankers proposed merger with BOE will further enhance the management expertise, operating efficiencies and growth opportunities of the surviving corporation. Community Bankers believes that the markets in which TransCommunity and BOE operate are attractive markets to grow a community banking franchise.

Q: What is being proposed, other than the merger, to be voted on at the Community Bankers annual meeting?

A: Community Bankers stockholders are being asked to adopt the staggered board amendment and the name change amendment to the certificate of incorporation, elect each of Chris A. Bagley and Keith Walz to the Community Bankers board of directors, ratify the appointment of Community Bankers independent public accountants for the fiscal year ending December 31, 2007, and authorize the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the meeting to approve the proposals.

Unless Community Bankers and TransCommunity agree otherwise, the merger will only be consummated if the stockholders of Community Bankers adopt the staggered board amendment to the certificate of incorporation. In addition, the staggered board amendment and the name change amendment to the certificate of incorporation will only be effected in the event and at the time the merger with TransCommunity is consummated.

Q: How do the Community Bankers insiders intend to vote their shares?

A: All of the Community Bankers insiders (including all of Community Bankers officers, directors and initial stockholders) have agreed to vote the 1,875,000 shares of Community Bankers common stock acquired by them before Community Bankers initial public offering (which constitute approximately 39.9% of the shares required to approve the merger under Delaware law), on the merger proposal consistent with the majority of the votes cast on the merger by the holders of the shares of common stock issued in the initial public offering. They have further indicated that they will vote the shares held by them in favor of the adoption of the amendments to the certificate of incorporation, for the election of Chris A. Bagley and Keith Walz to Community Bankers board of directors, for the ratification of the appointment of the independent public accountants for the fiscal year ending December 31, 2007, and for the proposal to authorize the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the annual meeting to approve the proposals. While the shares voted by the Community Bankers insiders will count towards the voting and quorum requirements under Delaware law, they will not count towards the voting requirement under the certificate of incorporation because the insiders shares were not issued in Community Bankers initial public offering.

Q: What will Community Bankers stockholders receive in the proposed merger?

A: Community Bankers stockholders will receive nothing in the merger. Community Bankers stockholders will continue to hold the same number of shares of Community Bankers common stock that they owned prior to the merger. Community Bankers stockholders do not have appraisal rights in connection with the merger under applicable Delaware corporate law, but do have conversion rights as described below.

Q: How much of Community Bankers' voting interests will existing Community Bankers stockholders own upon completion of the merger?

A: It depends. The percentage of Community Bankers' voting interests that existing Community Bankers stockholders will own after the merger will vary depending on whether:

any TransCommunity stockholder exercises appraisal rights;

any of Community Bankers 7,500,000 outstanding warrants are exercised;

I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc., the representatives of the underwriters in Community Bankers initial public offering, exercise any of their unit purchase options;

any holders of Community Bankers common stock issued in Community Bankers initial public offering exercise their right to convert their shares into cash equal to a pro rata portion of the Community Bankers trust account; and

Community Bankers consummates its proposed merger with BOE.

Depending on the scenario, Community Bankers stockholders will own from 36.93% to 73.35% of Community Bankers voting interests after the merger, based on the number of shares of each of Community Bankers, TransCommunity and BOE issued and outstanding as of the date of their respective merger agreements. For a table outlining the effect of the various scenarios on the percentage of Community Bankers voting interests that existing Community Bankers stockholders will own after the merger with TransCommunity is completed, see The Merger Stock Ownership of Existing Community Bankers and TransCommunity Stockholders After the Merger.

Q: Do the Community Bankers stockholders have conversion rights?

A: Generally, yes. If you hold shares of common stock issued in Community Bankers initial public offering, then you have the right to vote against the merger proposal and demand that Community Bankers convert such shares into cash equal to a pro rata portion of the Community Bankers trust account. We sometimes refer to these rights to vote against the merger proposal and demand conversion of the shares into a pro rata portion of the Community Bankers trust account as conversion rights.

Q: If I am a Community Bankers stockholder and have conversion rights, how do I exercise them?

A: If you wish to exercise your conversion rights, you must:

affirmatively vote against the merger proposal in person or by submitting your proxy card before the vote on the merger proposal and checking the box that states Against for proposal number 1; and

either:

o check the box that states Exercise Conversion Rights on the proxy card; or

o send a letter to Community Bankers at 9912 Georgetown Pike, Suite D-203, Great Falls, VA 22066, stating that you are exercising your conversion rights and demanding your shares of Community Bankers common stock be converted into cash; and

either:

o physically tender, or if you hold your shares of Community Bankers common stock in street name, cause your broker to physically tender, your stock certificates representing shares of Community Bankers common stock to Community Bankers; or

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o deliver your shares electronically using the Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System, to Community Bankers' transfer agent by _____, 2008.

For more information, see "The Merger - Conversion Rights of Community Bankers Stockholders."

Taking any action that does not include an affirmative vote against the merger, including abstaining from voting on the merger proposal, will prevent you from exercising your conversion rights. However, voting against the merger proposal does not obligate you to exercise your conversion rights.

If you (1) initially vote for the merger proposal but then wish to vote against it and exercise your conversion rights or (2) initially vote against the merger proposal and wish to exercise your conversion rights but do not check the box on the proxy card providing for the exercise of your conversion rights or do not send a written request to Community Bankers to exercise your conversion rights, or (3) initially vote against the merger proposal but later wish to vote for it, you may request Community Bankers to send you another proxy card on

which you may indicate your intended vote and, if that vote is against the merger proposal, exercise your conversion rights by checking the box provided for such purpose on the proxy card.

You may make such request by contacting Community Bankers at the phone number or address listed on the Community Bankers Notice of Annual Meeting of Stockholders. Any corrected or changed proxy card or written demand of conversion rights must be received by Community Bankers prior to the annual meeting.

Prior to exercising your conversion rights you should verify the market price of Community Bankers common stock. You may receive higher proceeds from the sale of your common stock in the public market than from exercising your conversion rights, if the market price per share is higher than the amount of cash that you would receive upon exercise of your conversion rights.

Any request to exercise your conversion rights, once made, may be withdrawn at any time up to immediately prior to the vote on the merger proposal at the annual meeting (or any adjournment or postponement thereof). Furthermore, if you deliver your shares for conversion and subsequently decide prior to the annual meeting not to elect conversion, you may simply request that the transfer agent return the certificate (physically or electronically) to you.

Please note, however, that once the vote on the merger proposal is held at the annual meeting, you may not withdraw your request to exercise your conversion rights and request the return of your shares. If the merger is not consummated, your shares will be automatically returned to you.

If the merger is completed and you have properly exercised your conversion rights, then you will be entitled to receive a pro rata portion of the Community Bankers trust account, including a pro rata portion of the interest earned on the funds in the trust account less interest released to Community Bankers for working capital or to pay taxes, calculated as of the record date for determination of stockholders entitled to vote on the merger. As of the record date, there was approximately \$ in the trust account, so you will be entitled to convert each share of common stock that you hold into approximately \$. If you properly exercise your conversion rights, then you will be exchanging your shares of Community Bankers common stock for cash equal to a pro rata portion of the Community Bankers trust account and will no longer own these shares.

Q: What are the federal income tax consequences of exercising my conversion rights?

A: There will be no federal income tax consequences to non-converting stockholders as a result of the merger. Since Community Bankers stockholders will not be exchanging or otherwise disposing of their shares of Community Bankers common stock pursuant to the merger, Community Bankers stockholders will continue to hold their shares of Community Bankers common stock and will not recognize any gain or loss as a result of the merger. However, for those Community Bankers stockholders who exercise their conversion rights and convert their shares of Community Bankers common stock into the right to receive a pro rata portion of the Community Bankers trust account, such stockholders will generally be required to treat the transaction as a sale of the shares and recognize gain or loss upon the conversion. Such gain or loss will be measured by the difference between the amount of cash you receive and your tax basis in your converted shares. See *The Merger Certain Federal Tax Consequences to Community Bankers Stockholders*.

Q: Will I lose my warrants or will they be converted to shares of common stock if the merger is consummated or if I exercise my conversion rights?

A: No. Neither consummation of the merger with TransCommunity nor exercise of your conversion rights will result in the loss of your warrants. Your warrants will continue to be outstanding following consummation of the

merger whether or not you exercise your conversion rights. However, in the event that Community Bankers does not consummate the merger with TransCommunity by June 7, 2008, Community Bankers will be required to liquidate and any Community Bankers warrants you own will expire without value.

Q: What happens to the funds deposited in the Community Bankers trust account after completion of the merger?

A: Upon consummation of the merger, the funds deposited in the Community Bankers trust account will be released to Community Bankers, and a portion of the funds remaining in the trust account after payment of

amounts, if any, to Community Bankers stockholders requesting and exercising their conversion rights, will be used to pay expenses associated with the merger, to make capital contributions, to repurchase Community Bankers common stock and/or warrants or to engage in subsequent acquisitions following Community Bankers initial business combination.

Q: What happens if the merger is not consummated or is terminated?

A: If Community Bankers does not effect the merger with TransCommunity by June 7, 2008, Community Bankers must dissolve and liquidate. In any liquidation, the funds held in the trust account, plus any interest earned thereon (less any taxes due on such interest), together with any remaining net assets not held in trust, will be distributed pro rata to the holders of Community Bankers common stock issued in the initial public offering. Holders of Community Bankers common stock issued prior to the initial public offering have waived any right to any liquidation distribution with respect to those shares.

In addition, if the merger is not consummated, Community Bankers certificate of incorporation will not be amended pursuant to the proposals to adopt the amendments to the certificate of incorporation.

Should the merger agreement be terminated due to a material breach of such agreement by Community Bankers, then a termination fee of \$500,000 would be payable by Community Bankers to TransCommunity. Further, if either party terminates because the stockholders of the other party fail to approve the merger or if either party terminates because the transactions contemplated are not consummated by May 31, 2008, and another acquisition transaction, involving a change in control, is announced and results in a definitive agreement or a consummated acquisition transaction with the terminating party within 12 months of termination, then the party entering into the definitive agreement or consummating the acquisition transaction will owe the other party a termination fee of \$500,000. If a party terminates the agreement due to a material breach of the other party or the failure of the other party to recommend the merger to its stockholders, the termination fee of \$500,000 is payable upon termination. In the case of a termination involving a competing acquisition transaction, the termination fee of \$500,000 is payable upon the earlier of the execution of a definitive agreement or the consummation of the transaction. In those cases where a competing acquisition transaction with a third party is consummated, an additional termination fee of \$1,200,000 will also be payable upon consummation of the acquisition transaction.

QUESTIONS AND ANSWERS FOR TRANSCOMMUNITY STOCKHOLDERS

Q: Why is TransCommunity proposing the merger?

A: We believe that the proposed merger will provide substantial benefits to TransCommunity stockholders. The TransCommunity board of directors believes the merger provides TransCommunity stockholders with liquidity, capital raising and strategic and growth opportunities, such as the proposed merger with BOE, that would not have been readily available to TransCommunity on a stand-alone basis. To review the TransCommunity reasons for the transaction in greater detail, see *The Merger* TransCommunity's Reasons for the Merger.

Q: What will TransCommunity stockholders receive in the merger?

A: Each issued and outstanding share of TransCommunity common stock you own will be converted into 1.4200 shares of Community Bankers common stock, subject to possible adjustment as described in this joint proxy statement/prospectus. In addition, holders of outstanding options for TransCommunity common stock will receive options exercisable for of Community Bankers common stock. The number of shares underlying the options and the exercise price of the options will be adjusted to reflect the 1.4200 exchange ratio.

Q: Will TransCommunity stockholders be taxed on the Community Bankers common stock that they receive in exchange for their TransCommunity shares?

A: No. We expect the merger to qualify as a reorganization for United States federal income tax purposes. If the merger qualifies as a reorganization for United States federal income tax purposes, TransCommunity stockholders will not recognize any gain or loss to the extent TransCommunity stockholders receive Community Bankers common stock in exchange for their TransCommunity shares. We recommend that TransCommunity stockholders carefully read the complete explanation of the material United States federal income tax consequences of the merger beginning on page , and that TransCommunity stockholders consult their tax advisors for a full understanding of the tax consequences of their participation in the merger.

Q: How much of Community Bankers' voting interests will TransCommunity stockholders own upon completion of the merger?

A: It depends. The percentage of TransCommunity's voting interests that existing TransCommunity stockholders will own after the merger will vary depending on whether:

any TransCommunity stockholder exercises appraisal rights;

any of Community Bankers' 7,500,000 outstanding warrants are exercised;

I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc., the representatives in Community Bankers' initial public offering, exercise any of their unit purchase options;

any holders of Community Bankers common stock issued in Community Bankers' initial public offering exercise their right to convert their shares into cash equal to a pro rata portion of the Community Bankers Trust account; and

Community Bankers consummates its proposed merger with BOE.

Depending on the scenario, TransCommunity will own from 20.76% to 45.27% of Community Bankers' voting interests after the merger, based on the number of shares of each of Community Bankers, TransCommunity and BOE issued and outstanding as of the date of their respective merger agreements. For a table outlining the effect of the various scenarios on the percentage of Community Bankers' voting interests that existing TransCommunity stockholders will own after the merger with TransCommunity is completed, see "The Merger - Stock Ownership of Existing Community Bankers and TransCommunity Stockholders After the Merger."

Q: Will I have appraisal rights in the merger?

A: Yes. You have the right to assert appraisal rights with respect to the merger and demand in writing that Community Bankers pay the fair value of your shares of TransCommunity common stock under applicable provisions of Virginia law. In order to exercise and perfect appraisal rights, generally you must:

not vote any shares owned by you in favor of the merger;

deliver written notice of your intent to demand payment for your shares to TransCommunity before the vote is taken on the merger at the special meeting;

complete, sign and return the form to be sent to you pursuant to Section 13.1-734 of the Virginia Stock Corporation Act; and

if you hold certificated shares, deposit your TransCommunity common stock certificates in accordance with the instructions in the form.

Payment for your shares will be made only if the merger is completed. A copy of the applicable Virginia statutory provisions is included in this joint proxy statement/prospectus as Appendix C, and a more detailed description of the procedures to demand and perfect appraisal rights is included in the section entitled "The Merger - Appraisal Rights of TransCommunity Stockholders" beginning on page .

Q: What are the federal income tax consequences of exercising my appraisal rights?

A: If you exercise your appraisal rights and receive a cash payment with respect to your shares of TransCommunity common stock and have held your shares of TransCommunity common stock as a capital asset, you will recognize capital gain or loss equal to the difference between your tax basis in those shares and the amount of cash you received in exchange for those shares.

Q: Should I send in my stock certificates now?

A: No. You should not send in your stock certificates at this time. Promptly after the effective time of the merger, you will receive transmittal materials with instructions for surrendering your TransCommunity shares. **You should follow the instructions in the post-closing letter of transmittal regarding how and when to surrender your stock certificates.**

SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus. It may not contain all of the information that is important to you. To better understand the merger and its potential impact on you, we urge you to read this entire document carefully, including the appendices, exhibits and enclosures. Each item in this summary includes a page reference directing you to a more complete discussion of the item.

The Companies (page)

Community Bankers.

Community Bankers Acquisition Corp.
9912 Georgetown Pike, Suite D-203
Great Falls, Virginia 22066
(703) 759-0751

Community Bankers is a blank check company. Community Bankers was organized under the laws of the State of Delaware on April 6, 2005. As a Targeted Acquisition CorporationSM, or TA^{CM}, Community Bankers was formed to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business in the banking industry. Community Bankers consummated its initial public offering on June 8, 2006, raising approximately \$60 million, approximately \$59 million of which is currently held in a trust account at J.P. Morgan Chase Bank. Shares of Community Bankers common stock trade on the American Stock Exchange under the symbol BTC.

In addition to the merger agreement relating to the merger of Community Bankers with TransCommunity, Community Bankers has entered into an agreement and plan of merger, dated as of December 13, 2007, with BOE. BOE is a bank holding company incorporated under the laws of Virginia and is the holding company of Bank of Essex. Bank of Essex operates eight full-service offices, two in Tappahannock, and one each in Manquin, Mechanicsville, West Point, Glen Allen, Burgess and Callao, Virginia, respectively. Bank of Essex had deposits of \$241.0 million, loans of \$213.5 million, assets of \$294.8 million and equity of \$29.3 million, at September 30, 2007.

TransCommunity.

TransCommunity Financial Corporation
4235 Innslake Drive
Glen Allen, Virginia 23060
(804) 934-9999

TransCommunity is a registered financial holding company incorporated under the laws of Virginia and is the holding company for TransCommunity Bank, N.A. TransCommunity is headquartered in Glen Allen, Virginia. TransCommunity Bank operates five full service offices in its four operating divisions in Goochland, Powhatan, Louisa and Rockbridge Counties, Virginia. TransCommunity Bank had deposits of \$192.0 million, loans of \$189.0 million, assets of \$223.0 million and equity of \$29.9 million, at September 30, 2007.

Recent Developments (page)

Community Bankers.

On February 15, 2008, Community Bankers announced its results of operations for the period from April 1, 2007 until December 31, 2007. For the period from April 1, 2007 to December 31, 2007, interest income on its trust fund investments, including interest allocable to shares subject to possible conversion, amounted to \$1,933,962. This resulted in net income for the period from April 1, 2007 to December 31, 2007 of \$1,105,034 or net income per share, basic and diluted, of \$0.12 and \$0.09, respectively. The aggregate amount of cash and United States treasury securities held in the trust fund as of December 31, 2007, was \$58,452,512.

BOE.

On February 4, 2008, BOE announced its results of operations for the fourth quarter of 2007. Net income for the fourth quarter of 2007 was \$596,000, a decrease of \$317,000, or 34.7%, from net income of \$913,000 for the same period in 2006. The decrease to net income for the fourth quarter of 2007 compared to the same period in 2006

was due to a December 2006 sale of a former branch banking facility. This nonrecurring item caused gain on sale of other properties to be \$477,000 in the fourth quarter of 2006 compared to \$0 for the same period in 2007.

Additionally, there was an increase of \$187,000 in noninterest expenses, from \$2.2 million in the fourth quarter of 2006 to \$2.4 million in the fourth quarter 2007. Offsetting these decreases to net income was an increase of 8.9%, or \$209,000, in net interest income. Net interest income was \$2.6 million for the fourth quarter 2007 compared to \$2.4 million for the fourth quarter of 2006. Also, there was an increase of \$55,000, or 11.5%, in noninterest income, from \$479,000 in the fourth quarter of 2006, to \$534,000 for the same period in 2007. Income tax expense declined 42.0%, or \$84,000, from \$200,000 in the fourth quarter of 2006 to \$116,000 in the fourth quarter of 2007.

Additionally, strong asset quality resulted in no additional expense in provision for loan losses for the fourth quarter of both years. On December 31, 2007 loans past due 90 days or more and accruing interest was \$17,000 and loans not accruing interest totaled \$96,000. For the year ending December 31, 2007 charged-off loans were \$272,000 against recoveries of \$461,000. Earnings per common share were \$0.49 for the fourth quarter in 2007 compared to \$0.75 for the same period in 2006.

For the year ended December 31, 2007, BOE reported net income of \$2.608 million, compared to net income of \$3.1 million for 2006, a decrease of \$515,000, or 16.5%. This decrease in earnings was primarily the result of an increase of \$876,000, or 11.1%, in noninterest expenses. Salaries was the largest component of this increase, \$432,000, which increased primarily from the addition of staff that was hired and trained in 2007 to operate two new full service offices of Bank of Essex in Northumberland County, Virginia.

The year 2007 was the first full year of operations for BOE's corporate headquarters and branch banking facility that opened in June 2006, accounting for the majority of increases in occupancy expenses of \$159,000. Gain on sale of other properties decreased \$467,000 from 2006 to 2007 due to the sale of bank property referred to above. Additionally, legal and professional fees increased \$236,000 in 2007 compared to 2006 as a result of BOE's due diligence process prior to announcing the merger agreement with Community Bankers. Offsetting these decreases to net income was an increase of \$237,000, or 2.4%, in net interest income, from \$9.8 million in 2006 to \$10.0 million in 2007. Noninterest income increased \$204,000, or 11.4%, from \$1.8 million in 2006 to \$2.0 million in 2007. Also improving net income was a 95.2%, or \$119,000, reduction in provision for loan losses and a 33.5%, or \$292,000, decrease in income tax expense for 2007 compared to 2006. Earnings per common share were \$2.15 for the full year 2007 compared to \$2.58 for the same period in 2006. Average diluted shares outstanding increased by 5,143 during 2007.

Loans, net of allowance for loan losses, increased 12.6%, or \$24.5 million, and were \$219.0 million on December 31, 2007. Total deposits grew 5.9%, or \$13.7 million, to end 2007 at \$244.6 million.

TransCommunity.

Net income for the year ended December 31, 2007 was \$2.5 million, or \$0.54 per share (basic and diluted), versus net income of \$117 thousand, or \$0.03 per share for the same period during 2006.

Results for 2007 were significantly affected by recognition at year-end of a deferred tax asset totaling \$3.3 million, arising primarily from recognition by TransCommunity of the net operating loss carry forwards generated since TransCommunity's inception, in accordance with Generally Accepted Accounting Principles. As a result of recognizing this deferred tax asset, TransCommunity expects to incur tax expense related to income earned in 2008 and subsequent years.

Without recognition of this deferred tax asset, performance for 2007 would have been a loss of \$829 thousand, versus net income of \$117 thousand for 2006. Inclusive of the deferred tax asset, the return on average assets for 2007 was 1.16% compared to .06% for 2006. Return on average equity for 2007 was 8.23% compared to 0.39% for 2006.

During 2007, total assets grew by 20%, led by strong growth in the loan portfolio of 36%. Although TransCommunity's employee headcount remained constant during 2007, noninterest expenses grew 19% to \$10.6 million, reflecting one-time costs associated with the consolidation of TransCommunity's four banking charters, and centralization of many back-room operational functions.

TransCommunity's net interest margin for 2007 was 5.13% versus 5.14% for 2006. Although TransCommunity was able to maintain its historic high level of net interest margin during 2007, this key profitability indicator is expected to decline in 2008 as a result of the actions of the Federal Reserve Board to lower interest rates.

During 2007, as part of the consolidation of its bank charters, TransCommunity centralized its credit administration function, and hired its first chief credit officer. Following consolidation, the new chief credit officer performed a full review of the entire loan portfolio. This review, plus several credit downgrades in the final quarter of the year, resulted in an increase in the allowance for loan losses during 2007 of \$1.6 Million. At December 31, 2007 the allowance for loan losses stands at \$3.0 million, or 1.48% of total loans. At December 31, 2006, the allowance for loan losses was \$2,100,000, or 1.36% of total loans.

At December 31, 2007, total assets were \$238.2 million versus \$198.4 million at December 31, 2006. Loans, net of the allowance for loan losses, equaled \$202.4 million, as compared with \$149.3 million at year-end 2006. Total deposits at December 31, 2007 were \$203.6 million, representing growth of 23.4% from \$165.0 million at year-end 2006.

The Merger (page)

The merger agreement is attached as Appendix A to this joint proxy statement/prospectus. You should read the merger agreement because it is the legal document that governs the merger. The merger agreement provides for the merger of TransCommunity with and into Community Bankers. Following the merger:

the board of directors of the surviving corporation will be comprised of ten directors; six directors will be nominated by TransCommunity, one of which shall serve as chairman of Community Bankers upon consummation of the merger, and four directors will be nominated by Community Bankers;

the management of TransCommunity will continue in their existing roles as management of Community Bankers;

the current president and chief executive officer of Community Bankers would become its chief strategic officer; and

TransCommunity Bank, will become a subsidiary bank of Community Bankers, with its existing board of directors and senior management.

As a result of the merger, each share of TransCommunity stock will be converted into 1.4200 shares of Community Bankers common stock, subject to possible adjustment as described in this joint proxy statement/prospectus. Community Bankers common stock is listed on the American Stock Exchange under the symbol BTC. TransCommunity common stock is quoted on the OTC Bulletin Board under the symbol TCYF.OB.

We cannot complete the merger unless, among other things, we obtain the necessary government approvals and unless the stockholders of each of Community Bankers and TransCommunity approve the merger proposal.

Upon consummation of the merger with TransCommunity, the funds currently held in the trust account, less any amounts paid to stockholders who exercise their conversion rights and the deferred underwriting compensation, will be released to Community Bankers. Community Bankers intends to pay any additional expenses related to the merger and hold the remaining funds as capital at the holding company level pending use for general corporate and strategic purposes. Such purposes could include increasing the capital of TransCommunity Bank, future mergers and acquisitions, branch construction, asset purchases, payment of dividends, repurchases of shares of Community Bankers common stock and general corporate purposes. Until such capital is fully leveraged or deployed, Community Bankers may not be able to successfully deploy such capital and Community Bankers return on equity could be negatively impacted.

The Proposed Merger with BOE (page)

Subsequent to entering into the merger agreement, Community Bankers has also entered into a merger agreement with BOE. We anticipate that Community Bankers' merger with BOE would be consummated concurrent with or promptly following Community Bankers' merger with TransCommunity.

The merger agreement by and between Community Bankers and BOE provides for the merger of BOE with and into Community Bankers. The merger agreement with BOE is a material contract entered into by Community Bankers and consented to by TransCommunity. If the merger with BOE is consummated, the management, operations and finances of Community Bankers will be significantly impacted as described below. A copy of the merger agreement with BOE is attached as Appendix F.

In the event Community Bankers consummates its merger with BOE, the Community Bankers board of directors would be expanded to 14 members, to include an additional six directors to be nominated by BOE and with two directors nominated by Community Bankers resigning. Alexander F. Dillard, the current chairman of the board of BOE, would be chairman of the surviving corporation, with Troy A. Peery, Jr., the current chairman of the board of TransCommunity, and Gary A. Simanson, the current president and chief executive officer of Community Bankers, each serving as vice chairman. Chris A. Bagley and Keith Walz would resign as members of the board of directors after consummation of the merger with BOE.

The president and chief executive officer of TransCommunity, Bruce B. Nolte, would become the chief executive officer of the surviving corporation through December 31, 2009. The president and chief executive officer of BOE, George M. Longest, Jr., would become the president of the surviving corporation and chief executive officer of the surviving bank and, commencing on January 1, 2010, would become president and chief executive officer of the surviving corporation and would remain the chief executive of the surviving bank. For more information on management following the merger with BOE, see *The Merger Management and Operations After the Merger*.

Following the merger with BOE, TransCommunity Bank would be merged with and into Bank of Essex.

As a result of the proposed merger, each share of BOE common stock will be converted into 5.7278 shares of Community Bankers common stock; provided, if the daily average closing price for Community Bankers common stock for the 20 consecutive days of trading in such stock ending five days before the closing date is less than \$7.42, Community Bankers will increase the exchange ratio to the quotient obtained by dividing \$42.50 by such daily average closing price. For more information, see *The Merger The Proposed Merger between Community Bankers and BOE*. Community Bankers and BOE will be preparing a separate joint proxy statement/prospectus relating to the merger with BOE which will be mailed to Community Bankers and BOE stockholders in connection with the special meetings of the stockholders of Community Bankers and BOE at which a proposal to approve the merger with BOE will be considered.

The merger with TransCommunity is an initial business combination under Community Bankers certificate of incorporation and therefore must be completed prior to the closing of the merger with BOE. As Community Bankers must dissolve and liquidate if the merger with TransCommunity is not completed by June 7, 2008, it would not be advisable to complete the merger with BOE prior to completing the merger with TransCommunity. As a result, the voting requirement relating to an initial business combination will not apply to the vote on the merger with BOE and only the voting requirements under Delaware law, requiring the affirmative vote of the holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote on the merger with BOE (including both shares issued in the initial public offering and shares issued before the initial public offering), will apply. For more information, see *The Merger The Proposed Merger between Community Bankers and BOE*.

Reasons for the Merger (page)

Community Bankers. In reaching its decision to approve the merger agreement and recommend the merger to its stockholders, the Community Bankers board of directors reviewed various financial data and due diligence and evaluation materials and made an independent determination of fair market value. In addition, in reaching its decision to approve the merger agreement, the board of directors considered a number of factors, both positive and negative. It believes that the non-exhaustive list of factors below strongly supports its determination to approve the merger agreement and recommendation that its stockholders adopt the merger agreement. The positive factors included:

the markets in which TransCommunity operates;

the growth prospects associated with TransCommunity;

the balance sheet make-up and product mix, including the loan and deposit mix of TransCommunity;

opportunities to grow existing revenue streams and create new revenue streams associated with TransCommunity;

the competitive position of TransCommunity within its operating markets;

the industry dynamics, including barriers to entry;

the experience of TransCommunity's board of directors and management, including Bruce B. Nolte, the current president and chief executive officer of TransCommunity who will become president and chief executive officer of Community Bankers in the merger, including their recent experience in consolidating TransCommunity's subsidiary bank's charters and existing non-core business lines;

acquisition opportunities in the industry;

the opportunity for further consolidation and cost savings in the banking industry;

the valuation of comparable companies;

the companies' similar community banking philosophies;

the financial results of TransCommunity, including potential for revenue growth, enhanced operating margins and operating efficiencies; and

Keefe, Bruyette & Woods' fairness opinion that the merger is fair to Community Bankers from a financial point of view.

Negative factors that Community Bankers' board of directors considered included:

TransCommunity's poor earnings history;

the disruption that TransCommunity had experienced with its management and board of directors;

the reputational risk that these issues could raise;

TransCommunity's ability to successfully integrate its subsidiary banks; and

whether other banks would be attracted to join the franchise, although there were and are no plans, arrangements, agreements or understandings other than Community Bankers' proposed merger with BOE.

After reviewing all of these factors, the Community Bankers board of directors unanimously determined that the merger proposal and the transactions contemplated thereby are in the best interests of Community Bankers and unanimously recommended that Community Bankers' stockholders vote at the annual meeting to adopt the merger agreement.

In addition, Community Bankers' board knew and considered the financial interests of certain Community Bankers directors and executives when it approved the merger agreement. These financial interests are addressed in greater detail under the heading "The Merger - Certain Benefits of Directors and Officers of Community Bankers and TransCommunity."

TransCommunity. In reaching its decision to approve the merger agreement and recommend the merger to its stockholders, the TransCommunity board of directors relied heavily on a special committee comprised of three independent directors who have substantial experience in financial and strategic matters involving public companies. The board also consulted with TransCommunity management, engaged legal and financial advisors, reviewed various financial data, due diligence and evaluation materials, and made an independent determination that the proposed merger with Community Bankers was fair to TransCommunity's stockholders from a financial point of view. The

board of directors considered a number of factors, positive and negative, in determining whether to recommend that TransCommunity's stockholders approve the merger agreement. The positive factors included:

the premium over the company's prevailing stock price to be received by TransCommunity's stockholders (see "The Merger - Background of the Merger");

the value of the consideration TransCommunity's stockholders will receive relative to the projected book value and earnings per share of TransCommunity common stock (see "The Merger - Opinion of TransCommunity's Financial Advisor");

Sandler O'Neill's opinion that the consideration TransCommunity's stockholders will receive as a result of the merger is fair from a financial point of view;

the fact that TransCommunity's stockholders will receive shares in a larger company traded on the American Stock Exchange, which will potentially provide greater liquidity for TransCommunity stockholders to sell their shares quickly and efficiently than under the existing OTC Bulletin Board system;

the fact that the exchange ratio is fixed in the event that Community Banker's stock price increases before closing, but is adjustable in the event that Community Banker's stock price decreases, thereby affording TransCommunity's stockholders a combination of upside participation and downside protection (see The Merger Merger Consideration);

the additional capital to support a larger bank;

the potential for the combined company to attract merger candidates that TransCommunity would not be likely to attract on its own;

the proposed merger would be a strategic merger of equals in which the combined companies may achieve a level of growth that neither company could achieve on its own;

the financial terms of recent business combinations in the financial services industry and a comparison of the multiples of selected combinations with the terms of the merger;

the skills and experience offered by the Community Bankers' management and board of directors;

the anticipated compatibility of management and business philosophy of Community Bankers and TransCommunity;

the projected positive value of Community Bankers' shares offered to TransCommunity's stockholders in relation to the estimated market value, book value, and earnings per share of TransCommunity common stock (see The Merger Opinion of TransCommunity's Financial Advisor);

the competitive and regulatory environment for financial institutions generally; and

the fact that the merger will enable TransCommunity's stockholders to exchange their shares of common stock in a tax-free transaction.

The negative factors included:

the dilution of ownership rights of TransCommunity's stockholders (see The Merger Stock Ownership of Existing Community Bankers and TransCommunity Stockholders After the Merger);

the reduction in the level of control that TransCommunity's stockholders would have in the surviving corporation;

no special purposes acquisition company transactions have been completed in the banking industry;

TransCommunity was enjoying progress with its strategic plan, including recently consolidating its subsidiary banks into one subsidiary; and

potential stockholder opposition to the merger.

After reviewing all of these factors, the TransCommunity board of directors unanimously determined that the merger proposal and the transactions contemplated thereby are in the best interests of TransCommunity and unanimously recommended that TransCommunity's stockholders vote at the special meeting to approve the merger proposal.

TransCommunity's board of directors knew and considered the financial interests of certain TransCommunity directors and executives when it approved the merger agreement. These financial interests are addressed in greater detail under the heading "The Merger - Certain Benefits of Directors and Officers of Community Bankers and TransCommunity."

Regulatory Approvals (page)

We cannot complete the merger unless we obtain the approval of the Board of Governors of the Federal Reserve System, or the Federal Reserve, and the Bureau of Financial Institutions of the Virginia State Corporation Commission. Community Bankers filed applications with the Federal Reserve and with the Bureau of Financial Institutions of the Virginia State Corporation Commission on January 18, 2008. As of the date of this joint proxy statement/prospectus, we have not yet received the required regulatory approvals. Although we expect to obtain the necessary approvals in a timely manner, we cannot be certain when, or if, they will be received.

We cannot complete the merger with BOE unless we obtain the approval of the Federal Reserve and the Bureau of Financial Institutions of the Virginia State Corporation Commission. Community Bankers filed applications for

approval to merge with BOE with the Federal Reserve and with the Bureau of Financial Institutions of the Virginia State Corporation Commission on January 25, 2008. As of the date of this joint proxy statement/prospectus, we have not yet received the required regulatory approvals for the merger with BOE. Although we expect to obtain the necessary approvals to merger with BOE in a timely manner, we cannot be certain when, or if, they will be received.

Community Bankers Annual Meeting (page)

Community Bankers will hold its annual meeting of stockholders on , 2008, at .m., local time, at . At the annual meeting, Community Bankers stockholders will be asked to vote to approve the merger proposal, adopt the amendments to the certificate of incorporation, elect each of Chris A. Bagley and Keith Walz to the board of directors, ratify the appointment of Community Bankers independent public accountants for the fiscal year ending December 31, 2007, and authorize the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes present in person or represented by proxy at the annual meeting to approve the proposals.

Community Bankers Stockholders Meeting Record Date and Voting (page)

If you owned shares of Community Bankers common stock at the close of business on , 2008, Community Bankers record date, you are entitled to vote at the annual meeting. On the record date, there were 9,375,000 shares of Community Bankers stock outstanding. You will have one vote at the meeting for each share of Community Bankers stock you owned on the record date.

Pursuant to Delaware law, adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote at the annual meeting. Community Bankers certificate of incorporation also requires the affirmative vote of the holders of a majority of Community Bankers outstanding shares of common stock issued in Community Bankers initial public offering and voted at the annual meeting. Both requirements must be met for adoption of the merger agreement. In addition, for the merger to be consummated, the holders of less than 20% of the outstanding shares of common stock (1,499,999 shares) issued in Community Bankers initial public offering must have voted against the merger and thereafter exercised their rights to convert their shares into cash equal to a pro rata portion of Community Bankers trust account.

Adoption of the amendments to the certificate of incorporation requires the affirmative vote of a majority of the shares of Community Bankers outstanding common stock entitled to vote at the annual meeting. Election of each of Chris A. Bagley and Keith Walz to the board of directors and ratification of the appointment of Community Bankers independent public accountants for the fiscal year ending December 31, 2007 each requires the affirmative vote of the holders of a majority of the shares of Community Bankers common stock present in person or represented by proxy and entitled to vote at the annual meeting. Authorization for the board of directors to adjourn the annual meeting until a later date requires the affirmative vote of the holders of a majority of the shares of Community Bankers common stock present in person or represented by proxy and entitled to vote at the annual meeting, whether or not a quorum is present.

As of , 2008, Community Bankers insiders (including all of Community Bankers directors, executive officers, initial stockholders and their affiliates) beneficially owned approximately 20% of the outstanding shares of Community Bankers common stock. All of Community Bankers insiders have agreed to vote their shares of Community Bankers common stock, acquired prior to the initial public offering (which constitute approximately 39.9% percent of the shares required to approve the merger under Delaware law), consistent with the majority of the votes cast by the holders of the shares of Community Bankers common stock issued in the initial public offering as to the merger proposal and have indicated they will vote in favor of each of the other proposals to

be considered at the annual meeting. While the shares voted by the Community Bankers insiders will count towards the voting and quorum requirements under Delaware law, they will not count towards the voting requirement under the certificate of incorporation because the insiders' shares were not issued in Community Bankers' initial public offering.

The Board of Directors of Community Bankers Recommends Stockholder Approval (page)

The board of directors of Community Bankers has unanimously approved each of the proposals to be brought before the annual meeting, believes that the merger, the amendments to the certificate of incorporation, the election of the directors named in this joint proxy statement/prospectus, the ratification of the appointment of the independent public accountants for the fiscal year ending December 31, 2007, and authorizing the board of directors to adjourn the annual meeting are each in the best interest of Community Bankers and its stockholders, and recommends that the Community Bankers stockholders vote **FOR** approval of each of the proposals.

The Financial Advisor for Community Bankers Believes the Merger Proposal Consideration is Fair to Community Bankers (page)

Keefe, Bruyette & Woods, Inc. has served as financial advisor to Community Bankers in connection with the merger proposal and has given an opinion to the Community Bankers board of directors that, as of September 5, 2007, the date the Community Bankers board of directors voted on the merger proposal, the consideration Community Bankers will pay for the TransCommunity common stock is fair to Community Bankers from a financial point of view. A copy of the opinion delivered by Keefe, Bruyette & Woods, Inc. is attached to this joint proxy statement/prospectus as Appendix D. Community Bankers stockholders should read the opinion completely to understand the assumptions made, matters considered, and limitations of the review undertaken by Keefe, Bruyette & Woods, Inc. in providing its opinion.

TransCommunity's Special Meeting (page)

TransCommunity will hold its special meeting of stockholders on , 2008, at .m., local time, at . At the special meeting, TransCommunity's stockholders will be asked to vote to approve the merger proposal and the proposal to authorize the board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes at the special meeting, represented in person or by proxy, to approve the merger proposal.

TransCommunity Stockholders Meeting Record Date and Voting (page)

If you owned shares of TransCommunity common stock at the close of business on , 2008, the TransCommunity record date, you are entitled to vote on the merger proposal. On the record date, there were 4,586,741 shares of TransCommunity stock outstanding. You will have one vote at the meeting for each share of TransCommunity stock you owned on the record date. The affirmative vote of the holders of a majority of TransCommunity outstanding shares of common stock is required to approve the merger proposal. Approval of the proposal to authorize the board of directors to adjourn the special meeting until a later date requires the affirmative vote of a majority of the votes entitled to be cast at the special meeting, represented in person or by proxy, even though less than a quorum. As of , 2008, TransCommunity's current directors, executive officers, and their affiliates beneficially owned approximately % of the outstanding shares of TransCommunity common stock. Each of TransCommunity directors and executive officers has agreed, subject to several conditions, to vote his or her shares of TransCommunity common stock in favor of the merger proposal.

The Board of Directors of TransCommunity Recommends Stockholder Approval (page)

The board of directors of TransCommunity has unanimously approved the merger proposal, believes that the merger proposal is in the best interest of TransCommunity and its stockholders, and recommends that the TransCommunity stockholders vote **FOR** approval of the merger proposal.

The Financial Advisor for TransCommunity Has Rendered the Opinion that the Merger Proposal Consideration is Fair to TransCommunity's Stockholders from a Financial Point of View (page)

Sandler O'Neill & Partners, L.P. has served as financial advisor to TransCommunity in connection with the merger proposal and has given an opinion to the TransCommunity board of directors that, as of December 12, 2007, the date the TransCommunity board of directors voted on the merger proposal, the consideration to be received in the transaction was fair to TransCommunity's stockholders from a financial point of view, including the pro forma effects of Community Bankers' proposed merger with BOE (the BOE Transaction) on the combined entity. A copy of the opinion delivered by Sandler O'Neill is attached to this joint proxy statement/prospectus as Appendix E.

TransCommunity's stockholders should read the opinion completely to understand the assumptions made, matters considered, and limitations of the review undertaken by Sandler O'Neill in providing its opinion.

Certain Benefits of Directors and Officers of Community Bankers (page)

When considering the recommendations of the Community Bankers board of directors, you should be aware that some directors and officers have interests in the merger proposal that differ from the interests of other stockholders:

four of the five members of the board of directors of Community Bankers will continue to serve as members of the board of Community Bankers following the merger;

following the merger Gary A. Simanson, the current president and chief executive officer of Community Bankers, will become the vice chairman of the board of directors and chief strategic officer of Community Bankers, at a salary of \$270,000, pursuant to an employment agreement that will be effective upon completion of the merger;

if the merger is not approved and Community Bankers is required to liquidate, all the shares of common stock and all the warrants held by its directors and officers, which, as of the record date, for the shares, were worth \$ per share and \$ in the aggregate and, for the warrants, were worth \$ per warrant and \$ in the aggregate, will be worthless; and

if Community Bankers liquidates prior to the consummation of a business combination, Gary A. Simanson, its president and chief executive officer, and David Zalman, a stockholder, will be personally liable to ensure that the trust account is not reduced by claims of Community Bankers vendors and service providers for services rendered or products sold in the event of Community Bankers dissolution and liquidation. Messrs. Simanson and Zalman will not be liable for and will not pay any termination fees that may be payable by Community Bankers to TransCommunity or BOE under the respective merger agreements. See Information About Community Bankers Liquidation If No Business Combination and The Merger Expenses and Termination Fees.

Each board member was aware of these and other interests and considered them before approving and adopting the merger proposal.

Certain Benefits of Directors and Officers of TransCommunity (page)

When considering the recommendations of the TransCommunity board of directors, you should be aware that some directors and officers have interests in the merger proposal that differ from the interests of other stockholders, including the following:

following the merger, six members of the board of directors of TransCommunity, will join the board of directors of Community Bankers and Troy A. Peery, Jr., the chairman of TransCommunity, will become the chairman of Community Bankers;

following the merger with TransCommunity without considering the merger with BOE, which will impact certain management positions, Bruce B. Nolte will become president and chief executive officer of Community Bankers, and Patrick J. Tewell, TransCommunity's chief financial officer, will become chief financial officer of Community Bankers. In addition, M. Andrew McLean will continue to be the president of TransCommunity Bank and Richard C. Stonbraker will continue to be the chief lending officer of TransCommunity Bank;

following the merger, the existing directors of TransCommunity Bank will remain on the board of directors of TransCommunity Bank;

following the merger, Community Bankers will generally indemnify and provide liability insurance for up to three years following the merger to the present directors and officers of TransCommunity and TransCommunity Bank, subject to certain exceptions;

for the 12-month period following the merger, Community Bankers will adopt TransCommunity's benefit plans and will furnish those employees of TransCommunity who become employees of Community Bankers or a Community Bankers subsidiary benefits under the TransCommunity benefit plans;

following the merger, the stock options held by the officers and directors of TransCommunity will be converted into options to purchase common stock of Community Bankers, with adjustments to the number of shares and the exercise price to reflect the exchange ratio; and

following the merger, the restricted stock held by the officers and directors of TransCommunity will be converted into and become rights with respect to Community Bankers common stock.

Each board member was aware of these and other interests and considered them before approving and adopting the merger proposal.

Federal Income Tax Consequences (page)

We have structured the merger so that it will be considered a reorganization for United States federal income tax purposes. If the merger is a reorganization for United States federal income tax purposes, TransCommunity's stockholders generally will not recognize any gain or loss on the exchange of shares of TransCommunity common stock for shares of Community Bankers common stock. Any gain or loss which is recognized will be a capital gain or loss, provided that such shares were held as capital assets of the TransCommunity stockholder at the effective time of the merger.

If you are a Community Bankers stockholder and exercise your conversion rights or if you are a TransCommunity stockholder and exercise your appraisal rights, you will generally be required to treat the exchange of your shares for cash as a sale of the shares and recognize gain or loss in connection with such sale.

Determining the actual tax consequences of the merger to a TransCommunity stockholder may be complex. These tax consequences will depend on each stockholder's specific situation and on factors not within our control. TransCommunity's stockholders should consult their own tax advisors for a full understanding of the tax consequences of their participation in the merger.

Comparative Rights of Stockholders (page)

The rights of Community Bankers stockholders are currently governed by Delaware corporate law and Community Bankers' certificate of incorporation and bylaws. The rights of TransCommunity's stockholders are currently governed by Virginia corporate law and TransCommunity's articles of incorporation and bylaws. Upon consummation of the merger, the stockholders of TransCommunity will become stockholders of Community Bankers and the certificate of incorporation, as proposed to be amended and restated, and bylaws of Community Bankers and Delaware law will govern their rights. Community Bankers' certificate of incorporation and bylaws differ somewhat from those of TransCommunity. Material differences include:

Community Bankers' bylaws provide that any director may be removed, with or without cause, by holders of a majority of the shares entitled to vote at the election of directors; in comparison TransCommunity's articles of incorporation and bylaws provide that directors only may be removed for cause with the affirmative vote of at least two-thirds of the outstanding shares entitled to vote.

Community Bankers' bylaws provide that the election of directors is determined by a vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote, at a meeting of stockholders at which a quorum is present; in comparison TransCommunity's bylaws provide that all elections are determined by a plurality of the votes cast, in person or by proxy, at a meeting of stockholders at which a quorum is present.

Community Banker s bylaws provide that stockholder action may be taken by written consent, without prior notice and without a vote, if the written consent is signed by the holders of outstanding stock having at least the minimum number of votes that would be necessary to take such action at a meeting at which all shares entitled to vote thereon were present and voted; in comparison TransCommunity s bylaws provide that stockholder action may be taken by written consent if the action is unanimous.

Community Bankers bylaws provide that special meetings of the stockholders may be called by a majority of the board of directors or by the Chairman, the Chief Executive Officer or the President and will be called by the Secretary at the request in writing of stockholders owning a majority of the shares of capital stock of Community Bankers issued and outstanding and entitled to vote; in comparison TransCommunity s bylaws

provide that a special meeting of the stockholders will be held only on the call of the Chairman of the board of directors, the Chief Executive Officer or the board of directors.

Community Bankers has elected not to be governed by Section 203 of the DGCL, which limits engaging in a business combination with any interested stockholder; in comparison TransCommunity is subject to 13.1-725.1 and related provisions of the Virginia Stock Corporation Act known as the Affiliated Transaction Statute, which limits engaging in a business combination with any interested stockholder. TransCommunity is also subject to 13.1-728.4 of the Virginia Stock Corporation Act, which provides that certain notice and informational filings and special stockholder meetings and voting procedures must occur prior to consummation of a proposed control share acquisition.

Termination of the Merger Agreement (page)

Notwithstanding the approval of the merger proposal by the Community Bankers and TransCommunity stockholders, Community Bankers and TransCommunity can mutually agree at any time to terminate the merger agreement before completing the merger.

Either Community Bankers or TransCommunity can also terminate the merger agreement:

if the other party is in breach of any of its representations or warranties under the merger agreement and fails to cure the violation and the breach relates to an inaccuracy that, without considering any qualification in such representation, is likely to have a material adverse effect on the breaching party;

if required regulatory approval is denied by final nonappealable action of a regulatory authority or if any action taken by such authority is not appealed within the time limit for appeal;

if any law or order permanently restraining, enjoining, or otherwise prohibiting the consummation of the merger has become final and nonappealable;

if the approval of the stockholders of Community Bankers and TransCommunity is not obtained or the holders of 20% or more of the outstanding shares of Community Bankers common stock issued in Community Bankers initial public offering vote against the merger proposal and exercise their right to convert their shares into cash equal to a pro rata portion of the Community Bankers trust account;

if we do not complete the merger by May 31, 2008;

if a party's board of directors fails to reaffirm its approval upon the other party's request for such reaffirmation of the merger or if the party's board of directors resolves not to reaffirm the merger; or

if the Community Bankers or the TransCommunity board of directors withdraws, modifies, or changes in a manner adverse to the other party, its recommendation that the stockholders approve the merger in certain instances where failure to do so would likely result in a breach of the board of directors' respective fiduciary duties.

Stock Ownership of Existing Community Bankers and TransCommunity Stockholders After the Merger (page)

The table below outlines the effect of the various scenarios on the percentage of Community Bankers' voting interests that existing Community Bankers and TransCommunity stockholders will own after the merger with TransCommunity is completed, based on the number of shares of each of Community Bankers, TransCommunity and BOE issued and

outstanding as of the date of their respective merger agreements. Depending on the scenario, Community Bankers stockholders will own from 36.93% to 73.35% of Community Bankers voting interests after the merger, and TransCommunity will own from 20.76% to 45.27% of Community Bankers voting interests after the merger. The table assumes that none of the TransCommunity stockholders exercised appraisal rights and that Community Bankers existing stockholders continue to own the warrants to be exercised. The unit purchase option refers to the unit purchase option to purchase 525,000 units (each unit comprised of one share of common stock and one warrant to purchase one share of common stock) held by I-Bankers Securities, Inc., Maxim Group LLC and

Legend Merchant Group, Inc., the representatives of the underwriters in Community Bankers initial public offering.

Percent Ownership			BOE	Total	19.99% of Community Bankers Conversion Rights are Exercised	Community Bankers 7,500,000 Warrants are Exercised	525,000 Units Issuable Upon Exercise of the Unit Purchase Option are Exercised	The 525,000 Warrants Included in the Units issuable Upon Exercise of the Unit Purchase Option are Exercised	The Merger with BOE has been Completed
Community Bankers	Trans	Communit							
73.35%	26.65%	0.00%	100.00%			X	X	X	
72.76%	27.24%	0.00%	100.00%			X	X		
72.15%	27.85%	0.00%	100.00%			X			
71.61%	28.39%	0.00%	100.00%	X	X	X	X	X	
70.94%	29.06%	0.00%	100.00%	X	X	X			
70.24%	29.76%	0.00%	100.00%	X	X				
61.55%	38.45%	0.00%	100.00%				X	X	
60.32%	39.68%	0.00%	100.00%				X		
59.01%	40.99%	0.00%	100.00%						
57.81%	42.19%	0.00%	100.00%	X			X	X	
57.13%	20.76%	22.11%	100.00%		X	X	X	X	X
56.40%	21.11%	22.49%	100.00%		X	X	X		X
56.33%	43.67%	0.00%	100.00%	X			X		
55.65%	21.48%	22.88%	100.00%		X				X
54.98%	21.80%	23.22%	100.00%	X	X	X	X	X	X
54.73%	45.27%	0.00%	100.00%	X					
54.17%	22.19%	23.64%	100.00%	X	X	X	X		X
53.34%	22.59%	24.07%	100.00%	X	X				X
43.66%	27.28%	29.06%	100.00%				X	X	X
42.40%	27.89%	29.71%	100.00%				X		X
41.07%	28.53%	30.39%	100/00%						X
39.89%	29.11%	31.00%	100.00%	X			X	X	X
38.44%	29.81%	31.75%	100.00%	X			X		X
36.93%	30.54%	32.53%	100.00%	X					X

X - denotes that event occurred

Conversion Rights (page)

If you hold shares of common stock issued in Community Bankers initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards), then you have the right to vote against the merger proposal and demand that Community Bankers convert such shares into cash equal to a pro rata portion of the Community Bankers trust account in which a substantial portion of the net proceeds of Community Bankers initial

public offering are held calculated as of the record date. If you wish to exercise your conversion rights, you must:

affirmatively vote against the merger proposal in person or by submitting your proxy card before the vote on the merger proposal and checking the box that states Against for proposal number 1; and

either:

- check the box that states Exercise Conversion Rights on the proxy card; or

- send a letter to Community Bankers at 9912 Georgetown Pike, Suite D-203, Great Falls, VA 22066, stating that you are exercising your conversion rights and demanding your shares of Community Bankers common stock be converted into cash; and

either:

- physically tender, or if you hold your shares of Community Bankers common stock in street name, cause your broker to physically tender, your stock certificates representing shares of Community Bankers common stock to Community Bankers; or
- deliver your shares electronically using the Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System, to Community Bankers transfer agent by , 2008.

The DWAC delivery process can be accomplished, whether you are a record holder or your shares are held in street name, within a day, by simply contacting the transfer agent or your broker and requesting delivery of your shares through the DWAC System. There is a nominal cost associated with this tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the stockholder or the tendering broker \$35, and your broker may or may not pass this cost on to you.

Taking any action that does not include an affirmative vote against the merger, including abstaining from voting on the merger proposal, will prevent you from exercising your conversion rights. However, voting against the merger proposal does not obligate you to exercise your conversion rights.

If the merger is not consummated, no shares will be converted to cash. For more information regarding your conversion rights, see *The Merger Conversion Rights of Community Bankers Stockholders* on page of this joint proxy statement/prospectus.

Appraisal Rights (page)

If you are a TransCommunity stockholder, you have the right to assert appraisal rights with respect to the merger and demand in writing that Community Bankers pay the fair value of your shares of TransCommunity common stock under applicable provisions of Virginia law. In order to exercise and perfect appraisal rights, generally you must:

not vote any shares owned by you in favor of the merger;

deliver written notice of your intent to demand payment for your shares to TransCommunity before the vote is taken on the merger at the special meeting;

complete, sign and return the form to be sent to you pursuant to Section 13.1-734 of the Virginia Stock Corporation Act; and

if you hold certificated shares, deposit your TransCommunity common stock certificates in accordance with the instructions in the form.

A copy of the applicable Virginia statutory provisions is included in this joint proxy statement/prospectus as Appendix C, and a more detailed description of the procedures to demand and perfect appraisal rights is included in the section entitled *The Merger Appraisal Rights of TransCommunity Stockholders* beginning on page .

The Merger is Expected to Occur in the second quarter of 2008 (page)

The merger will occur shortly after all of the conditions to its completion have been satisfied or waived. Currently, we anticipate that the merger will occur in the second quarter of 2008. However, we cannot assure you when or if the merger will occur. We must first obtain the approval of the Community Bankers' stockholders and TransCommunity's stockholders at the annual meeting and special meeting, respectively, and all the necessary regulatory approvals.

Accounting Treatment (page)

The merger will be accounted for using the purchase method of accounting, with Community Bankers being treated as the acquiring entity for accounting purposes. Under the purchase method of accounting, the assets and liabilities of TransCommunity as of the effective time of the merger will be recorded at their respective fair values and added to those of Community Bankers.

Completion of the Merger is Subject to Certain Conditions (page)

Completion of the merger is subject to a number of conditions, including the approval of the merger proposal by the Community Bankers and TransCommunity stockholders and the receipt of all the regulatory consents and approvals that are necessary to permit the completion of the merger. Certain conditions to the merger may be waived by Community Bankers or TransCommunity, as applicable.

Comparative Market Value of Securities (page)

The following table sets forth the closing price per share of Community Bankers common stock and the closing price per share of TransCommunity common stock on September 5, 2007 (the last business day preceding the public announcement of the merger) and , 2008 (the most recent practicable trading date prior to the mailing this joint proxy statement/prospectus). The table also presents the equivalent market value per share of TransCommunity common stock based on the exchange ratio of 1.4200 shares of Community Bankers common stock for each share of TransCommunity common stock. You are urged to obtain current market quotations for shares of Community Bankers and TransCommunity common stock before making a decision with respect to the merger. Community Bankers common stock is listed on the American Stock Exchange under the symbol BTC, and TransCommunity common stock is quoted on the OTC Bulletin Board under the symbol TCYF.OB.

	Community Bankers Common Stock	TransCommunity Common Stock	Equivalent Price Per Share of TransCommunity Common Stock(1)
September 5, 2007	\$ 7.42	\$ 7.25	\$ 10.54
, 2008	\$	\$	\$

(1) The equivalent prices per share of TransCommunity common stock have been calculated by multiplying the closing price per share of Community Bankers common stock on each of the two dates by the exchange ratio of 1.4200.

Because the market price of Community Bankers common stock is subject to fluctuation, the market value of the shares of Community Bankers common stock that you may receive in the merger may increase or decrease prior to and following the merger. You are urged to obtain current market quotations for Community Bankers common stock.

RISK FACTORS

If the merger is consummated, TransCommunity stockholders will receive shares of Community Bankers common stock in exchange for their shares of TransCommunity common stock. An investment in Community Bankers common stock is subject to a number of risks and uncertainties, many of which also apply to an existing investment in TransCommunity common stock. Risks and uncertainties relating to general economic conditions are not summarized below. Those risks, among others, are highlighted on page under the heading A Warning About Forward-Looking Statements.

However, there are a number of other risks and uncertainties relating to Community Bankers and your decision on the merger proposal that you should consider in addition to the risks and uncertainties associated with financial institutions generally. Many of these risks and uncertainties could affect Community Bankers future financial results and may cause Community Bankers future earnings and financial condition to be less favorable than expected. This section summarizes those risks.

Risks Related to the Business of TransCommunity

TransCommunity has a limited operating history upon which to base any estimate of its future success.

TransCommunity was organized in 2001, and it and its subsidiary, TransCommunity Bank, have limited operating histories. As a consequence, there is limited historical financial information on which to base an evaluation of TransCommunity s current business or to make any estimate of its future performance.

Many of the loans in TransCommunity s loan portfolio have been originated in the last five years, which may not be representative of credit defaults in the future.

Approximately 96% of TransCommunity Bank s loans have been originated in the past five years and have a short term maturity. In general, loans do not begin to show signs of credit deterioration or default until they have been outstanding for some period of time. As a result, a portfolio of older loans will usually behave more predictably than a newer portfolio. Because TransCommunity s loan portfolio is relatively new with short term maturities, the current level of delinquencies and defaults may not be representative of the level that will prevail in the event TransCommunity makes loans with longer maturity periods. If delinquencies and defaults increase, TransCommunity may be required to increase its provision for loan losses, which would adversely affect its results of operations and financial condition.

TransCommunity s concentrations of loans may create a greater risk of loan defaults and losses.

TransCommunity has a substantial amount of loans secured by real estate in the central Virginia area, and substantially all of its loans are to borrowers in that area. Additionally, at September 30, 2007, approximately 80% of its loan portfolio consisted of commercial and residential construction loans, commercial real estate loans, commercial business loans and commercial lines of credit. These types of loans typically have a higher risk of default than other types of loans, such as fixed-rate single family residential mortgage loans. In addition, the repayments of these loans, which generally have larger balances than single family mortgage loans, often depend on the successful operation of a business or the sale or development of the underlying property, and as a result are more likely to be adversely affected by deteriorating conditions in the real estate market or the economy in general. These concentrations expose TransCommunity to the risk that adverse developments in the real estate market, or in general economic conditions in the central Virginia/Richmond metropolitan area, could increase the levels of nonperforming loans and charge-offs,

and reduce loan demand. In that event, TransCommunity would likely experience additional losses. Additionally, if, for any reason, economic conditions in the area deteriorate, or there is significant volatility or weakness in the economy or any significant sector of the area's economy, TransCommunity's ability to develop its business relationships may be diminished, the quality and collectibility of its loans may be adversely affected, the value of collateral may decline and loan demand may be reduced.

If TransCommunity's allowance for loan losses becomes inadequate, its results of operations may be adversely affected.

TransCommunity maintains an allowance for loan losses that it believes is adequate to absorb the estimated losses in its loan portfolio. Through periodic review of the loan portfolio, management determines the amount of the allowance for loan losses by considering, among other factors, general market conditions, credit quality of the loan portfolio and

performance of TransCommunity customers relative to their financial obligations with TransCommunity. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates that may be beyond its control, and these future losses may exceed its current estimates. There is no precise method for predicting credit losses since any estimate of loan losses is necessarily subjective and the accuracy depends on the outcome of future events. As a result, charge-offs in future periods may exceed its allowance for loan losses and additional increases in the allowance for loan losses would be required. If TransCommunity needs to make significant and unanticipated increases in its loan loss allowance in the future, its results of operations and financial condition would be materially adversely affected at that time.

The markets for TransCommunity's services are highly competitive, and TransCommunity faces substantial competition.

The banking business is highly competitive. TransCommunity competes with other commercial banks, savings and loan associations, credit unions, finance companies, mutual funds, insurance companies and brokerage and investment banking firms soliciting business from residents of and businesses located in its markets. Many of its competitors enjoy competitive advantages, including greater financial resources, a wider geographic presence or more accessible branch office locations, the ability to offer additional services, more favorable pricing alternatives and lower origination and operating costs. Failure to compete effectively to attract new and to retain existing customers could result in a decrease in loans TransCommunity originates and could negatively affect its results of operations.

In attracting deposits, TransCommunity competes with insured depository institutions such as banks, savings institutions and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. Traditional banking institutions, as well as entities intending to transact business online, are increasingly using the Internet to attract deposits without geographic or physical limitations. In addition, many non-bank competitors are not subject to the same extensive regulations that govern TransCommunity. These competitors may offer higher interest rates on deposits than TransCommunity offers, which could result in either TransCommunity attracting fewer deposits or increasing its interest rates in order to attract deposits. Increased deposit competition could raise TransCommunity's cost of funds and could adversely affect its ability to generate the funds necessary for its lending operations, which would negatively affect its results of operations.

Changes in interest rates could have an adverse effect on TransCommunity's income.

TransCommunity's profitability depends to a large extent upon its net interest income. Net interest income is the difference between interest income on interest-earning assets, such as loans and investments, and interest expense on interest-bearing liabilities, such as deposits and borrowings. TransCommunity's net interest income will be adversely affected if market interest rates change so that the interest it pays on deposits and borrowings increases faster than the interest it earns on loans and investments. Changes in interest rates also affect the value of its loans. An increase in interest rates could adversely affect borrowers' ability to pay the principal or interest on existing loans or reduce their ability to borrow more money. This may lead to an increase in TransCommunity's nonperforming assets or a decrease in loan originations, either of which could have a material and negative effect on TransCommunity's results of operations. A decrease in interest rates could also negatively impact earnings in the event TransCommunity's loans reprice more quickly than its sources of funds. TransCommunity's loans are primarily variable rate assets and TransCommunity relies substantially on fixed-rate certificates of deposits for its funding sources.

Interest rates are highly sensitive to many factors that are partly or completely outside of its control, including governmental monetary policies, domestic and international economic and political conditions and general economic conditions such as inflation, recession, unemployment and money supply. Fluctuations in market interest rates are neither predictable nor controllable and may have a material and negative effect on TransCommunity's business, financial condition and results of operations.

TransCommunity is subject to significant government regulations that affect its operations and may result in higher operating costs or increased competition for TransCommunity.

TransCommunity's success will depend not only on competitive factors, but also on state and federal regulations affecting financial and bank holding companies generally. TransCommunity is subject to extensive

regulation by the Board of Governors of the Federal Reserve System, the Office of Comptroller of the Currency and, to a lesser extent, the Bureau of Financial Institutions of the Virginia State Corporation Commission. Supervision, regulation and examination of banks and bank holding companies by bank regulatory agencies are intended primarily for the protection of depositors rather than stockholders. These agencies examine financial and bank holding companies and commercial banks, establish capital and other financial requirements and approve new branches, acquisitions or other changes of control. TransCommunity's ability to establish new banks or branches or make acquisitions is conditioned on receiving required regulatory approvals from the applicable regulators.

Regulations now affecting TransCommunity may change at any time, and these changes could affect it in unpredictable and adverse ways. Such changes could subject TransCommunity to additional costs, limit the types of financial services and products it may offer, increase the ability of non-banks to offer competing financial services and products, and/or assist competitors that are not subject to similar regulation, among other things. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and damage to TransCommunity's reputation, which could have a material adverse effect on its business, financial condition and results of operation.

TransCommunity's success will depend significantly upon general economic conditions in central Virginia and nationally.

TransCommunity's success will depend significantly upon general economic conditions in central Virginia as well as national economic conditions affecting Virginia. Any prolonged economic downturn or recession affecting central Virginia could impair borrowers' ability to repay existing loans, potentially causing an increase in TransCommunity's nonperforming assets and charge-offs; deter customers from incurring more debt, possibly decreasing loan originations; or cause customers to draw down their savings, potentially decreasing deposits. In that event, TransCommunity may experience lower earnings or losses, impaired liquidity and the erosion of capital. Such an economic downturn or recession could result from a variety of causes, including natural disasters, a prolonged downturn in various industries upon which the economy of central Virginia depends, or a national recession.

In addition, one of the focal points of TransCommunity's business is serving the banking and financial services needs of small to medium-sized businesses. These businesses generally have fewer financial resources in terms of capital or borrowing capacity relative to larger entities. As such, the businesses of many of TransCommunity's customers and their ability to repay outstanding loans may be more sensitive to changes in general economic conditions than larger entities. As a consequence, TransCommunity's results of operations and financial condition could be adversely affected by weakening economic conditions in central Virginia and nationally.

TransCommunity could be negatively impacted by recent developments in the mortgage industry.

Industry concerns over asset quality have increased nationally due in large part to issues related to subprime mortgage lending, declining real estate activity and general economic concerns. The markets in which TransCommunity currently operates remain stable and to date there has been no significant deterioration in the quality of TransCommunity's loan portfolio. In addition TransCommunity closed Main Street Mortgage, its former mortgage brokerage subsidiary, in late 2006. Management will continue to monitor delinquencies, risk rating changes, charge-offs and other indicators of risk in TransCommunity's portfolio, but even with these efforts, TransCommunity may be impacted by negative developments in the mortgage industry and the real estate markets.

Concentrations in loans secured by real estate may increase credit losses, which would have a negative affect on TransCommunity's financial results.

Many of TransCommunity's loans are secured by real estate (both commercial and residential) in TransCommunity's market area. A variety of loans secured by real estate are offered, including commercial lines of credit, commercial term loans, real estate, construction, home equity, consumer and other loans. At September 30, 2007, approximately 76% of TransCommunity's loans were secured by real estate. A major change in the real estate market, such as deterioration in value of the property, or in the local or national economy, could adversely affect TransCommunity's customers' ability to pay these loans, which in turn could adversely impact TransCommunity.

TransCommunity depends on the services of key personnel, and a loss of any of those personnel could disrupt its operations and could have a material adverse effect on its operations.

TransCommunity is a customer-focused and relationship-driven organization. Its growth and success has been in large part driven by the personal customer relationships maintained by its executives. TransCommunity depends on the performance of its management at the holding company as well as the presidents of each of its bank divisions. Although TransCommunity has entered into change in control agreements with certain of its officers, and Community Bankers intends to enter into employment agreements with certain TransCommunity executive officers, which would become effective at the effective time of the merger, these officers and other key employees may leave the employ of the surviving corporation and seek opportunities elsewhere. Moreover, TransCommunity does not maintain key man life insurance on any of its executive officers. The loss of services of one or more of these key employees could have a material adverse impact on TransCommunity's operations.

Failure to maintain effective systems of internal and disclosure controls could have a material adverse effect on TransCommunity's results of operation and financial condition.

Effective internal and disclosure controls are necessary for TransCommunity to provide reliable financial reports and effectively prevent fraud and to operate successfully as a public company. If TransCommunity cannot provide reliable financial reports or prevent fraud, its reputation and operating results would be harmed. As part of TransCommunity's ongoing monitoring of internal control it may discover material weaknesses or significant deficiencies in its internal control as defined under standards adopted by the Public Company Accounting Oversight Board, or PCAOB, that require remediation.

TransCommunity has discovered a material weakness and significant deficiency in its internal control over financial reporting. The material weakness relates to TransCommunity's accounting and documentation for loans participated to third parties, and the significant deficiency relates to TransCommunity's accounting and record generation and maintenance for loan origination costs and for amortizing fees. TransCommunity has adopted and implemented measures in connection with its efforts to improve internal control processes, including reviewing and modifying certain loan operating policies to provide guidance on daily operations, providing additional training to loan personnel, hiring a new chief credit officer and centralizing the credit administration function.

Despite efforts to strengthen its internal and disclosure controls, TransCommunity may identify additional other internal or disclosure control deficiencies in the future. Any failure to maintain effective controls or timely effect any necessary improvement of its internal and disclosure controls could, among other things, result in losses from fraud or error, harm its reputation or cause investors to lose confidence in its reported financial information, all of which could have a material adverse effect on its results of operation and financial condition.

The success of TransCommunity's future recruiting efforts will impact its ability to grow.

The implementation of TransCommunity's business strategy will require it to continue to attract, hire, motivate and retain skilled personnel to develop new customer relationships as well as new financial products and services. Many experienced banking professionals employed by TransCommunity's competitors are covered by agreements not to compete or solicit their existing customers if they were to leave their current employment. These agreements make the recruitment of these professionals more difficult. The market for these people is competitive, and TransCommunity may not be successful in attracting, hiring, motivating or retaining them. The success of TransCommunity's recruiting efforts may impact its ability to grow and its future profitability.

TransCommunity does not expect to pay regular dividends for the foreseeable future.

In the event the merger is not consummated, TransCommunity does not expect to pay dividends on its common stock for at least several years. In the event the merger is consummated, TransCommunity does plan to pay a one-time special dividend in the amount of \$0.25 per share to TransCommunity stockholders, which dividend would be paid immediately prior to the closing of the merger. Consequently, if the merger is not consummated, the return on TransCommunity's stock, if any, may be limited to capital appreciation for an indefinite period. TransCommunity's future dividend policy will depend in large part on the earnings of its subsidiary bank, capital requirements, financial condition and other factors considered relevant by its Board of Directors. Additionally, TransCommunity is a separate legal entity from its subsidiary bank and does not have significant operations or revenues of its own. TransCommunity substantially depends on dividends from its subsidiary bank to pay its operating expenses. The

availability of dividends from the subsidiary bank is limited by various statutes and regulations. In the event that its subsidiary bank is not permitted to pay dividends due to federal or state regulations, TransCommunity may not be able to pay its operating expenses. Consequently, any future inability to receive dividends from its subsidiary bank could adversely affect TransCommunity's business, financial condition, results of operations and cash flows.

If Community Bankers' merger with BOE is consummated, Community Bankers expects to pay regular dividends to its stockholders. Subject to board and regulatory approval, Community Bankers expects to pay quarterly cash dividends in an amount not less than the quotient obtained by dividing \$0.22 by the BOE exchange ratio for the foreseeable future.

Changes in accounting standards could impact reported earnings.

The accounting standard setters, including the Financial Accounting Standards Board, or the FASB, the Securities and Exchange Commission, or the SEC, and other regulatory bodies, periodically change the financial accounting and reporting standards that govern the preparation of consolidated financial statements. These changes can materially impact how TransCommunity records and reports its financial condition and results of operations. In some instances, TransCommunity could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements.

Risks Related To The Merger

To implement its growth strategy following the merger, Community Bankers must successfully identify opportunities for expansion and successfully integrate its new operations into its existing operating platform.

Following the merger, Community Bankers intends to continue to implement TransCommunity's current growth strategy of entering underserved or over-consolidated markets in Virginia by opportunistically acquiring or merging with other banking institutions, such as BOE, or establishing new branches of TransCommunity Bank or any successor bank subsidiary such as Bank of Essex. If following the merger, Community Bankers is unable to consummate its merger with BOE and identify additional attractive markets to enter or suitable acquisition or merger candidates, an important component of our growth strategy may be lost. Additionally, any future expansion or acquisition efforts may entail substantial costs and may not produce the revenue, earnings or synergies that Community Bankers had anticipated. Any future expansion or acquisitions that Community Bankers undertakes, such as the proposed merger with BOE, will involve operational risks and uncertainties. Acquired companies may have unforeseen liabilities, exposure to asset quality problems, key employee and customer retention problems and other problems that could negatively affect Community Bankers.

Community Bankers may not be able to successfully integrate the operations, management, products and services of the entities that it acquires, including those of TransCommunity and BOE, or otherwise establishes. The integration process may also require significant time and attention from its management that Community Bankers would otherwise direct at servicing existing business and developing new business. Community Bankers' failure to successfully integrate any entities that it acquires, including those of TransCommunity and BOE, or otherwise establishes into its existing operations may increase its operating costs significantly and adversely affect its business and earnings.

Community Bankers' working capital could be reduced if Community Bankers' stockholders exercise their right to convert their shares into cash equal to a pro rata portion of the Community Bankers trust account.

Pursuant to Community Bankers' certificate of incorporation, holders of shares issued in Community Bankers' initial public offering may vote against the merger and demand that Community Bankers convert their shares into cash equal

to a pro rata portion of the Community Bankers trust account. Community Bankers will not consummate the merger if holders of 20% or more of the shares of common stock issued in its initial public offering exercise these conversion rights. To the extent the merger is consummated and holders of less than 20% of the common stock issued in Community Bankers initial public offering have demanded to convert their shares, working capital available to Community Bankers following the merger will be reduced by the amount paid out of the trust to stockholders exercising their conversion rights. Additionally, if holders demand to convert their shares, there may be a corresponding reduction in the value of each share of common stock of Community Bankers. As of _____, 2008, assuming the merger proposal is adopted, the maximum amount of funds that could be disbursed to Community

Bankers stockholders upon the exercise of the conversion rights would be approximately \$, or approximately % of the funds currently held in trust as of the record date for the Community Bankers annual meeting.

A substantial number of Community Bankers shares will be issued in the merger and will be eligible for future resale in the public market after the merger, which could result in dilution and have an adverse effect on the market price of those shares.

If the merger is consummated, assuming the exchange ratio is not adjusted, up to 6,956,213 shares of Community Bankers common stock will be issued to the former stockholders of TransCommunity common stock, and warrants to purchase 7,500,000 shares of common stock issued in connection with Community Bankers initial public offering will become exercisable at \$5.00 per share on the date the merger is consummated, as described under Description of Securities of Community Bankers on page . Thus, if the merger is consummated, assuming the exchange ratio is not adjusted, Community Bankers will have approximately 16,331,213 shares of common stock outstanding. This number of shares of Community Bankers common stock was determined by adding the product of the exchange ratio of 1.4200 and 4,898,741, which is the maximum number of shares of TransCommunity common stock that may be outstanding prior to the effective time of the merger (including 312,000 shares subject to options), to 9,375,000, the number of shares of Community Bankers common stock outstanding on the Community Bankers record date. Community Bankers has issued to I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc., the representatives of the underwriters in Community Bankers initial public offering, unit purchase options to acquire 525,000 units, including 525,000 warrants. Moreover, 1,875,000 shares of Community Bankers common stock purchased by stockholders prior to its initial public offering will be released from escrow on June 2, 2009 and thereby be eligible for resale in the public market subject to compliance with applicable law. Consequently, at various times after completion of the merger, a substantial number of additional shares of Community Bankers common stock will be eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of such shares and of the warrants.

Furthermore, in connection with Community Bankers proposed merger with BOE, Community Bankers would issue up to 6,937,779 shares of Community Bankers common stock to the former stockholders of BOE common stock. Thus, if the merger with BOE is also consummated, assuming the exchange ratio in either merger is not adjusted, Community Bankers will have approximately 23,268,992 shares of common stock outstanding. This number of shares of Community Bankers common stock was determined by adding the product of the exchange ratio of 5.7278 and 1,240,605, which is the maximum number of shares of BOE common stock that may be outstanding prior to the effective time of the merger (including 29,359 shares subject to options), to 16,331,213, the maximum number of shares of Community Bankers common stock could have outstanding after consummation of the merger with TransCommunity. The combined companies would result in 23,268,992 shares of Community Bankers outstanding.

In addition, Gary A. Simanson, president and chief executive officer of Community Bankers, and David Zalman, a stockholder, agreed as part of Community Bankers initial public offering, pursuant to an agreement with the representatives of the underwriters in the initial public offering, that they or their affiliates or designees, would purchase up to 1,000,000 warrants in the aggregate in open market transactions at market prices not to exceed \$0.80 per warrant. Under this agreement, the representatives of the underwriters also agreed to place an irrevocable order for the purchase by them, or their affiliates or designees, of up to 500,000 warrants in the aggregate under identical terms and conditions as the purchases by Mr. Simanson and Mr. Zalman. As a result of the agreement, Community Bankers Acquisition LLC, an affiliate of Mr. Simanson, acquired an aggregate of 349,724 warrants and the representatives of the underwriters acquired an aggregate of 300,000 warrants. Warrants acquired by any of these parties pursuant to these purchases cannot be sold or transferred in the open market until after the consummation of a business combination and are not callable by Community Bankers while held by the purchasers. Accordingly, after the merger, 7,500,000 warrants will become exercisable which could result in dilution and an adverse effect on the market price of Community Bankers shares.

Community Bankers existing stockholders will incur immediate and substantial dilution of their ownership and voting interests upon completion of the merger.

Community Bankers existing stockholders voting interest would be diluted from 100% to as little as 36.93% or as much as 73.35% after the merger, assuming that no TransCommunity stockholders exercise appraisal rights,

based on the number of shares of each of Community Bankers, TransCommunity and BOE issued and outstanding as of the date of their respective merger agreements. Factors that would affect the percentage of Community Bankers voting interests that existing Community Bankers stockholders would own after the merger include:

whether any of Community Bankers 7,500,000 outstanding warrants are exercised;

whether the 525,000 units issuable to the representatives of the underwriters in Community Bankers initial public offering upon exercise of their unit purchase options are issued;

whether any Community Bankers stockholders exercise their right to convert their shares into cash equal to a pro rata portion of the Community Bankers trust account; and

whether Community Bankers consummates its proposed merger with BOE;

For a table outlining the effect of the various scenarios on the percentage of Community Bankers voting interests that existing Community Bankers stockholders will own after the merger with TransCommunity is completed, see The Merger Stock Ownership of Existing Community Bankers and TransCommunity Stockholders After the Merger.

If the merger's benefits do not meet the expectations of financial or industry analysts, the market price of Community Bankers common stock may decline.

The market price of Community Bankers common stock may decline as a result of the merger if:

Community Bankers does not achieve the perceived benefits of the merger as rapidly, or to the extent anticipated by, financial or industry analysts;

Community Bankers is unable to consummate the proposed merger with BOE and achieve the perceived benefits of combining the two banks; or

the effect of the merger on Community Bankers financial results is not consistent with the expectations of financial or industry analysts.

Accordingly, investors may experience a loss as a result of a decline in the market price of Community Bankers common stock following the merger. A decline in the market price of Community Bankers common stock also could adversely affect its ability to issue additional securities and its ability to obtain additional financing in the future. In addition, if the daily average closing price for Community Bankers common stock for the 20 consecutive days of trading in such stock ending five days before the closing date is less than \$7.42, Community Bankers will increase the exchange ratio to the quotient obtained by dividing \$10.5364 by such daily average closing price resulting in Community Bankers issuing more shares of Community Bankers common stock to the TransCommunity stockholders.

The financial statements included in this proxy statement/prospectus do not take into account the consequences of a failure to complete a business combination by June 7, 2008.

The financial statements included in this joint proxy statement/prospectus have been prepared assuming that Community Bankers would continue as a going concern. As discussed in Note 1 to the Notes to the Community Bankers Financial Statements for the year ended March 31, 2007, Community Bankers is required to complete the merger with TransCommunity by June 7, 2008. The possibility of such business combination not being consummated raises substantial doubt as to Community Bankers ability to continue as a going concern and the financial statements

do not include any adjustments that might result from the outcome of this uncertainty.

If you are a TransCommunity Stockholder, you will likely not have an opportunity to vote on Community Bankers merger with BOE.

Under the terms of the merger agreement by and between Community Bankers and BOE, and subject to its terms and conditions, BOE will become a wholly-owned subsidiary of Community Bankers and each share of BOE common stock outstanding will be exchanged for 5.7278 shares of Community Bankers common stock (subject to possible adjustment in association with the daily average closing price for Community Bankers common stock for the 20 consecutive days of trading in such stock ending five days before the closing date). As we anticipate the merger with BOE would be consummated concurrent with or promptly following the merger with TransCommunity, it is unlikely current TransCommunity stockholders would become holders of Community Bankers common stock in time to be eligible to vote for or against the merger with BOE. Even if current TransCommunity stockholders are eligible to vote

for or against the merger with BOE, current TransCommunity stockholders would not have the right to assert appraisal rights with respect to the merger with BOE and would not be able to demand that they be paid the fair value of their shares of Community Bankers received in the merger between TransCommunity and Community Bankers, in connection with the merger with BOE. For more information concerning the merger with BOE, see *The Merger* *The Proposed Merger Between Community Bankers and BOE* and the final proxy statement/prospectus that Community Bankers will file with the SEC in connection with the proposed merger with BOE.

If you are a Community Bankers stockholder and do not vote your shares against the merger at the annual meeting or give instructions to your broker to do so, you will not be eligible to convert your shares of common stock into cash equal to a pro rata portion of the Community Bankers trust account upon consummation of the merger.

Pursuant to Community Bankers' certificate of incorporation, a holder of shares of Community Bankers common stock issued in its initial public offering may, if the stockholder votes against the merger and the merger is consummated, demand that Community Bankers convert such shares into cash equal to a pro rata portion of the Community Bankers trust account. This demand must be made in writing to Community Bankers or the proxy solicitor prior to the vote on the merger proposal at the annual meeting. If so demanded and the merger is consummated, Community Bankers will convert each share of common stock into a pro rata portion of the Community Bankers trust account in which a substantial portion of the net proceeds of Community Bankers' initial public offering are held, plus all interest earned thereon. If you exercise your conversion rights, then you will be exchanging your shares of common stock for cash and will no longer own these shares. If the merger with TransCommunity is not completed by June 7, 2008, then these shares will not be converted into cash and Community Bankers will need to liquidate. Shares that are voted for the merger or are broker non-voted or where the stockholder abstains from voting shall not in any event be eligible to be converted into cash upon completion of the merger.

Risks Related To Community Bankers

If the holders of 20% or more of the common stock issued in Community Bankers' initial public offering decide to vote against the proposed merger and convert their shares to cash, Community Bankers will have to liquidate, stockholders may receive less than their initial investment and Community Bankers' warrants will expire without value.

Under the terms of Community Bankers' certificate of incorporation, if holders of 20% or more of the shares issued in its initial public offering vote against the merger and exercise their right to convert their shares of Community Bankers common stock into cash equal to a pro rata portion of the Community Bankers trust account, Community Bankers will be unable to complete the merger and will have to dissolve and liquidate. In any liquidation, the net proceeds of Community Bankers initial public offering held in the Community Bankers trust account plus the deferred underwriting compensation, plus any interest earned thereon not released to Community Bankers for working capital or to pay income taxes, will be distributed pro rata to the holders of Community Bankers common stock issued in its initial public offering. If Community Bankers must liquidate its assets, the per-share liquidation to its stockholders will be approximately \$, plus interest accrued thereon until the date of any liquidation, as of , 2008. Furthermore, there will be no distribution with respect to Community Bankers outstanding warrants and, accordingly, the warrants will expire without value.

If Community Bankers is unable to complete the merger with TransCommunity and must dissolve and liquidate, third parties may bring claims against Community Bankers and, as a result, the proceeds held in trust could be reduced and the per share liquidation price received by stockholders could be less than \$ per share.

If Community Bankers does not effect the merger with TransCommunity by June 7, 2008, Community Bankers must dissolve and liquidate and third parties may bring claims against Community Bankers. Although Community Bankers

has prepaid certain of its material legal, printing, accounting, administrative and financial advisory fees and intends to prepay or obtain waiver agreements from vendors and service providers it may engage in the future for any material amounts whereby such parties will waive any right, title, interest or claim of any kind they may have in or to any monies held in the trust account, such persons may seek recourse against the trust account notwithstanding such agreements. Furthermore, a court might not uphold the validity of such agreements. Accordingly, the proceeds held in trust could be subject to claims that could take priority over those of Community

Bankers common stockholders. Additionally, if Community Bankers is forced to file a bankruptcy case or an involuntary bankruptcy case is filed against Community Bankers that is not dismissed, the proceeds held in the trust account could be subject to applicable bankruptcy law, and may be included in its bankruptcy estate and subject to the claims of third parties with priority over the claims of its stockholders. To the extent any bankruptcy or other claims deplete the trust account, Community Bankers may not be able to return to its common stockholders a per share liquidation price of at least \$ per share.

If Community Bankers does not consummate the business combination with TransCommunity by June 7, 2008 and must dissolve and liquidate, payments from the trust account to its common stockholders may be delayed.

If Community Bankers does not effect the merger with TransCommunity by June 7, 2008, Community Bankers must dissolve and liquidate. In such event, Community Bankers anticipates that its board of directors will convene and adopt a specific plan of dissolution and liquidation, which it will then vote to recommend to its stockholders. At such time it will also cause to be prepared a preliminary proxy statement setting out such plan of dissolution and liquidation as well as the board's recommendation of such plan. Community Bankers will promptly file its preliminary proxy statement with the SEC and then will mail the definitive proxy statement once it is legally permitted to do so (which could be after a lengthy SEC review) and convene a meeting of its stockholders at which they will vote on its plan of dissolution and liquidation. Community Bankers expects that all costs associated with the implementation and completion of its plan of dissolution and liquidation will be funded by any remaining net assets not held in the trust account although there may not be sufficient funds for such purpose. Community Bankers will not liquidate the trust account unless and until its stockholders approve its plan of dissolution and liquidation. Accordingly, the foregoing procedures may result in substantial delays in its liquidation and the distribution to its public stockholders of the funds in its trust account and any remaining net assets as part of its plan of dissolution and liquidation.

Community Bankers' stockholders may be held liable for claims by third parties against Community Bankers to the extent of distributions received by them.

If Community Bankers does not effect the merger with TransCommunity by June 7, 2008, it will dissolve and liquidate. Community Bankers anticipates that its liquidation will occur pursuant to Section 281(b) of the Delaware General Corporation Law, or the DGCL. Under the DGCL, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. If a corporation following its dissolution complies with the statutory procedures set forth in Section 280 of the DGCL, intended to ensure that the corporation makes reasonable provision for all claims against it, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. The procedures in Section 280 include a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions may be made to stockholders. However, it is Community Bankers' intention to seek approval of its stockholders to make liquidating distributions to its public stockholders as soon as reasonably practicable following its dissolution in accordance with Section 281(b) of the Delaware statute. Therefore, Community Bankers' stockholders could potentially be liable for any claims to the extent of distributions received by them in a dissolution and any liability of its stockholders may extend beyond the third anniversary of such dissolution.

Community Bankers may not properly assess all claims that may be potentially brought against it. As a result, Community Bankers stockholders could potentially be liable for any claims to the extent of distributions received by them in a dissolution (but no more) and any liability of Community Bankers' stockholders may extend well beyond the third anniversary of such dissolution. Accordingly, third parties may seek to recover from Community Bankers' stockholders amounts owed to them by Community Bankers.

Additionally, if Community Bankers is forced to file a bankruptcy case or an involuntary bankruptcy case is filed against it that is not dismissed, any distributions received by stockholders in Community Bankers' dissolution might be viewed under applicable debtor/creditor and/or bankruptcy laws as either a preferential transfer or a fraudulent conveyance. As a result, a bankruptcy court could seek to recover all amounts received by Community

Bankers stockholders in its dissolution. Furthermore, because Community Bankers intends to distribute the proceeds held in the trust account to its public stockholders as soon as possible after its dissolution, this may be viewed or interpreted as giving preference to Community Bankers public stockholders over any potential creditors with respect to access to or distributions from its assets. Also, the members of Community Bankers board of directors may be viewed as having breached their fiduciary duties to Community Bankers creditors and/or may have acted in bad faith, and thereby exposing Community Bankers directors and Community Bankers to claims of punitive damages, by paying public stockholders from the trust account prior to addressing the claims of creditors and/or complying with certain provisions of the DGCL with respect to Community Bankers dissolution and liquidation. Therefore, it is possible that claims will be brought against Community Bankers for these reasons.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus contains forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance, and business of Community Bankers following the merger. These statements are preceded by, followed by, or include the words believes, expects, anticipates, or estimates, or similar expressions. **Many possible events or factors could affect the future financial results and performance of Community Bankers following the merger. This could cause the results or performance of Community Bankers to differ materially from those expressed in the forward-looking statements. You should consider these important factors when you vote on the merger proposal.** Factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include the following:

we may experience delays in closing the merger whether due to inability to obtain stockholder or regulatory approval or otherwise;

we could lose key personnel or spend a greater amount of resources attracting, retaining and motivating key personnel than we have in the past;

competition among depository and other financial institutions may increase significantly;

changes in the interest rate environment may reduce operating margins;

general economic conditions, either nationally or in Virginia, may be less favorable than expected resulting in, among other things, a deterioration in credit quality and an increase in credit risk-related losses and expenses;

loan losses may exceed the level of allowance for loan losses of the surviving corporation;

the rate of delinquencies and amount of charge-offs may be greater than expected;

the rates of loan growth and deposit growth may not increase as expected;

legislative or regulatory changes may adversely affect our businesses;

Community Bankers may not find suitable merger or acquisition candidates in addition to TransCommunity and BOE or find other suitable ways in which to invest its excess capital;

Community Bankers must successfully integrate TransCommunity's operations and, potentially the operations of BOE, with its existing operating platforms if the merger is consummated;

Costs related to the merger and the proposed merger with BOE may reduce Community Bankers' working capital;

We may fail to obtain the required approvals of Community Bankers or BOE stockholders for the proposed merger with BOE;

Community Bankers may fail to close the merger and may be forced to dissolve and liquidate;

Community Bankers may fail to close the proposed merger with BOE; and

Community Bankers may fail to receive the necessary regulatory approvals for the merger with BOE.

The forward-looking statements are based on current expectations about future events. Although Community Bankers believes that the expectations reflected in the forward-looking statements are reasonable, Community Bankers cannot guarantee you that these expectations actually will be achieved. Community Bankers is under no duty to update any of the forward-looking statements after the date of this joint proxy statement/prospectus to conform those statements to actual results. In evaluating these statements, you should consider various factors, including the risks outlined in the section entitled Risk Factors, beginning on page .

SELECTED HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA**Selected Financial Data of Community Bankers**

The following table presents for Community Bankers, selected consolidated financial data for the year ended March 31, 2007, and the period April 6, 2005 to March 31, 2006, and the six-month periods ended September 30, 2007 and September 30, 2006. On October 29, 2007, Community Bankers' board of directors acted pursuant to Community Bankers' bylaws to change Community Bankers' fiscal year-end from March 31 to December 31, commencing with the nine-months ending December 31, 2007. The information is based on the consolidated financial statements of Community Bankers included in this joint proxy statement/prospectus.

You should read the following tables in conjunction with the consolidated financial statements of Community Bankers described above and with the notes to them.

Historical results are not necessarily indicative of results to be expected for any future period. In the opinion of the management of Community Bankers, all adjustments (which include only normal recurring adjustments) necessary to arrive at a fair statement of interim results of operations of Community Bankers have been included. With respect to Community Bankers, results for the six-month period ended September 30, 2007, are not necessarily indicative of results which may be expected for any other interim period or for the year as a whole.

	Six-Months Ended September 30, 2007 (Unaudited)	Six-Months Ended September 30, 2006 (Unaudited)	Year Ended March 31, 2007 (Audited)	For the Period from April 6, 2005 (Inception) to March 31, 2006 (Audited)
Statements of Income Data:				
Interest on cash and short-term investments held in trust	\$ 1,428,970	\$ 868,096	\$ 2,268,760	\$
Operating costs	171,886	93,132	338,661	
Income before taxes	1,257,084	774,964	1,930,099	
Provision for income taxes	477,692	294,486	806,000	
Net income	\$ 779,392	\$ 480,478	\$ 1,124,099	\$
Weighted average shares outstanding-basic	9,375,000	7,520,455	7,997,740	1,807,292
Weighted average shares outstanding-diluted	11,807,432	9,731,315	10,256,708	1,807,292
Net income per share-basic	\$ 0.08	\$ 0.06	\$ 0.14	\$

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Net income per share-diluted \$ 0.07 \$ 0.05 \$ 0.11 \$

	September 30, 2007 (Unaudited)	March 31, 2007 (Audited)	March 31, 2006 (Audited)
Balance Sheets Data:			
Total assets	\$ 59,021,312	\$ 58,812,412	\$ 436,957
Total current liabilities	2,344,692	2,915,185	390,082
Common stock, subject to conversion, 1,499,250 shares at conversion value	11,581,624	11,617,934	
Total stockholders' equity	45,094,996	44,279,293	46,875
Total liabilities and stockholders' equity	\$ 59,021,312	\$ 58,812,412	\$ 436,957

Selected Financial Data of TransCommunity

The following table presents for TransCommunity, selected consolidated financial data for the years ended December 31, 2006, 2005, 2004, 2003, and 2002, and the nine-month periods ended September 30, 2007 and September 30, 2006. The information is based on the consolidated financial statements of TransCommunity included in this joint proxy statement/prospectus.

You should read the following tables in conjunction with the consolidated financial statements of TransCommunity described above and with the notes to them.

Historical results are not necessarily indicative of results to be expected for any future period. In the opinion of the management of TransCommunity, all adjustments (which include only normal recurring adjustments) necessary to arrive at a fair statement of interim results of operations of TransCommunity have been included. With respect to TransCommunity, results for the nine-month period ended September 30, 2007 are not necessarily indicative of results which may be expected for any other interim period or for the year as a whole.

	For the Nine Month Periods Ending September 30,			For the Years Ended December 31,			
	2007	2006	2006	2005	2004	2003	2002
	(numbers in thousands, except Per Share Data)						
Balance sheet data:							
Assets	\$ 223,048	\$ 193,382	\$ 198,445	\$ 190,648	\$ 150,267	\$ 99,752	\$ 51,123
Investment securities	16,714	32,533	35,017	31,237	27,775	19,753	4,198
Loans	189,003	140,468	151,399	134,930	112,134	66,120	37,117
Allowance for loan losses	(2,663)	(1,912)	(2,065)	(1,602)	(1,401)	(870)	(527)
Deposits	191,964	160,335	164,973	146,603	123,662	82,675	36,712
Other borrowed funds	0	1,601	2,017	12,787	10,946	1,699	1,448
Stockholders equity	29,932	30,428	30,553	30,370	14,939	14,901	12,471
Summary results of operations data:							
Interest and dividend income	\$ 12,649	\$ 10,466	\$ 14,307	\$ 10,957	\$ 6,894	\$ 3,997	\$ 2,283
Interest expense	4,795	3,584	4,958	3,497	1,994	1,159	713
Net interest income	7,884	6,882	9,349	7,460	4,900	2,838	1,570
Provision for loan losses	1,134	311	493	266	549	386	227
Net interest income after provision for loan losses	6,750	6,571	8,856	7,194	4,351	2,452	1,343
Noninterest income	832	768	1,011	791	762	282	175
Noninterest expense	8,272	6,684	8,933	9,334	7,401	4,909	2,670

Income (loss) from continuing operations before income taxes	(690)	655	934	(1,349)	(2,288)	(2,175)	(1,152)
Income tax expense			15				
Net income (loss) from continuing operations	(690)	655	919	(1,349)	(2,288)	(2,175)	(1,152)
Net loss from discontinued operations	(77)	(651)	(802)	(423)	(293)	(62)	(45)
Net income (loss)	\$ (767)	\$ 4	\$ 117	\$ (1,772)	\$ (2,581)	\$ (2,237)	\$ (1,197)
Per Share Data:							
Net income (loss) per share from continuing operations- basic and diluted	\$ (0.15)	\$ 0.14	\$ 0.20	\$ (0.41)	\$ (1.08)	\$ (1.19)	\$ (1.05)
Net income (loss) per share basic and diluted	\$ (0.17)	\$ 0.00	\$ 0.03	\$ (0.53)	\$ (1.22)	\$ (1.19)	\$ (1.05)
Weighted average number of shares outstanding	4,587	4,582	4,582	3,315	2,114	1,887	1,143

	For the Nine Month Periods Ending September 30,		For the Years Ended December 31,				2002
	2007	2006	2006	2005	2004	2003	
	(numbers in thousands, except Per Share Data)						
Operating ratios:							
Income (Loss) on average equity from continuing operations	(2.29)%	2.17%	3.08%	(5.97)%	(17.21)%	(16.22)%	(14.06)%
Income (Loss) on average assets from continuing operations	(0.33)%	0.34%	0.49%	(0.84)%	(0.24)%	(2.96)%	(3.04)%
Income (Loss) on average equity	(2.55)%	0.01%	0.39%	(7.84)%	(19.42)%	(16.22)%	(14.06)%
Income (Loss) on average assets	(0.37)%	0.00%	0.06%	(1.04)%	(2.07)%	(2.96)%	(3.04)%
Net interest margin	5.32%	5.10%	5.14%	4.68%	4.23%	4.16%	4.43%
Loan to deposit ratio:	98.46%	87.61%	91.78%	92.15%	90.68%	79.98%	101.10%
Asset quality ratios:							
Allowance for loan losses to nonperforming loans	255.81%	427.77%	214.86%	970.91%	0.00%	703.52%	0.00%
Allowance for loan losses to total loans	1.41%	1.36%	1.36%	1.19%	1.25%	1.32%	1.42%
Net charge-offs to average loans	0.37%	0.09%	0.02%	0.05%	0.02%	0.00%	0.00%
Nonperforming assets to total loans	0.55%	0.32%	0.63%	0.12%	0.00%	0.00%	0.00%
Capital ratios:							
Average equity to average assets	14.41%	15.86%	15.79%	13.28%	10.67%	18.24%	21.62%
Leverage ratio	13.62%	15.94%	15.86%	17.59%	11.58%	19.72%	30.42%
Tier 1 risk-based capital ratio	13.85%	18.22%	17.16%	18.91%	13.75%	20.29%	46.12%
Total risk-based capital ratio	15.09%	19.37%	18.32%	19.92%	15.10%	21.44%	47.37%

Selected Financial Data of BOE

The following table presents for BOE, selected consolidated financial data for the years ended December 31, 2006, 2005, 2004, 2003 and 2002 and the nine-month periods ended September 30, 2007 and September 30, 2006. The information is based on the consolidated financial statements of BOE included in this joint proxy statement/prospectus.

You should read the following tables in conjunction with the consolidated financial statements of BOE described above and with the notes to them.

Historical results are not necessarily indicative of results to be expected for any future period. In the opinion of the management of BOE, all adjustments (which include only normal recurring adjustments) necessary to arrive at a fair statement of interim results of operations of BOE have been included. With respect to BOE, results for the nine-month period ended September 30, 2007, are not necessarily indicative of results which may be expected for any other interim period or for the year as a whole.

	For the Nine Month Periods Ending September 30,		For the Years Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
	(numbers in thousands, except Per Share Data)						
STATEMENT OF INCOME							
FORMATION							
Interest income	\$ 13,847	\$ 12,348	\$ 16,734	\$ 14,343	\$ 12,875	\$ 13,071	\$ 13,741
Interest expense	6,417	4,946	6,972	4,469	3,606	4,073	5,695
Net interest income	7,430	7,402	9,762	9,874	9,269	8,998	8,046
Provision for loan losses		125	125	240	305	700	1,208
Noninterest income	1,423	1,289	2,251	1,601	1,627	1,384	1,078
Noninterest expense	6,378	5,684	7,893	7,262	6,882	6,627	5,766
Income taxes	463	672	872	872	823	648	368
Net income	\$ 2,012	\$ 2,210	\$ 3,123	\$ 3,101	\$ 2,885	\$ 2,407	\$ 1,782
PER SHARE DATA							
Net income, basic	\$ 1.66	\$ 1.84	\$ 2.60	\$ 2.60	\$ 2.43	\$ 2.04	\$ 1.52
Net income, diluted	1.66	1.83	2.58	2.58	2.42	2.03	1.51
Cash dividend	0.60	0.38	0.77	0.73	0.63	0.56	0.53
Book value at period end	24.23	23.34	23.22	21.90	20.76	19.37	18.12
Adjustable book value at period end	23.87	22.88	22.78	21.36	20.10	18.61	17.25
BALANCE SHEET DATA							
Total assets	\$ 294,767	\$ 278,088	\$ 281,378	\$ 261,931	\$ 237,126	\$ 231,840	\$ 228,111
Loans, net	213,500	187,354	194,491	180,207	157,471	158,381	161,722
Securities	54,143	58,490	60,516	56,581	58,788	53,147	46,568
Deposits	240,990	232,091	230,865	223,132	206,973	203,282	201,261

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Shareholders equity	29,348	28,101	28,047	26,235	24,681	22,922	21,346
PERFORMANCE RATIOS							
Return on average assets	0.94%	1.09%	1.15%	1.24%	1.23%	1.04%	0.80%
Return on average equity	9.39%	10.90%	11.47%	12.18%	12.12%	10.80%	8.87%
Net interest margin	4.03%	4.23%	4.23%	4.55%	4.54%	4.45%	4.13%
Dividend payout	35.98%	20.36%	29.67%	28.13%	25.90%	27.45%	34.96%
ASSET QUALITY RATIOS							
Provision for loan losses to period end loans	1.24%	1.25%	1.22%	1.23%	1.31%	1.33%	1.29%
Provision for loan losses to nonperforming assets	100.56%	113.62%	136.67%	118.93%	68.13%	122.57%	87.76%
Nonperforming assets to total assets	0.80%	0.74%	0.62%	0.72%	1.29%	0.75%	1.06%
Net chargeoffs to average loans	(0.17)%	0.01%	(0.01)%	0.05%	0.21%	0.42%	0.74%
CAPITAL AND LIQUIDITY RATIOS							
Return on average	11.64%	10.21%	11.62%	11.55%	11.50%	10.80%	8.13%
Tier 1 Risk-Based Capital	14.85%	13.49%	15.35%	14.76%	15.31%	13.70%	10.42%
Total Risk-Based Capital	15.92%	14.45%	16.35%	15.67%	16.49%	14.88%	11.59%

Selected Unaudited Pro Forma Combined Financial Information

The following selected unaudited pro forma combined balance sheet data combines the pro forma consolidated balance sheet of Community Bankers and TransCommunity as of September 30, 2007 giving effect to the merger of Community Bankers and TransCommunity pursuant to the merger agreement, as if the merger had been consummated on September 30, 2007, and combines the pro forma consolidated balance sheet of Community Bankers, TransCommunity and BOE as of September 30, 2007, giving effect to the merger of Community Bankers and TransCommunity and the merger of Community Bankers and BOE, as if the mergers had been consummated on September 30, 2007. The following selected unaudited pro forma combined income statement data combines the pro forma statements of income of Community Bankers and the historical statements of operations of TransCommunity for the six-month period ended September 30, 2007, and the year ended March 31, 2007, giving effect to the merger, as if it had occurred at the beginning of all periods presented and combine the pro forma statements of income of Community Bankers and the historic statements of operations of TransCommunity, and the historic statements of income of BOE for the six-month period ended September 30, 2007, and the year ended March 31, 2007, giving effect to both mergers, as if they had occurred at the beginning of all periods presented.

The selected unaudited pro forma combined balance sheet data at September 30, 2007 and the selected unaudited pro forma combined income statement data for the periods ended September 30, 2007 and March 31, 2007 have been prepared using two different levels of approval of the merger by the Community Bankers stockholders, as follows:

Assuming Maximum Approval: This presentation assumes that 100% of Community Bankers stockholders approve the merger; and

Assuming Minimum Approval: This presentation assumes that only 80.1% of Community Bankers stockholders approve the merger.

We are providing this information to aid you in your analysis of the financial aspects of the merger. The summary unaudited pro forma combined financial data described above should be read in conjunction with the historical financial statements of Community Bankers, TransCommunity and BOE and the related notes thereto. The unaudited pro forma information is not necessarily indicative of the financial position or results of operations that may have actually occurred had the merger taken place on the dates noted, or the future financial position or operating results of the combined company. For more information, see Pro Forma Financial Information.

**COMMUNITY BANKERS ACQUISITION CORP.
TRANSCOMMUNITY FINANCIAL CORPORATION
BOE FINANCIAL SERVICES OF VIRGINIA, INC.
SELECTED UNAUDITED PRO FORMA COMBINED FINANCIAL DATA**

As of September 30, 2007			
Assuming Maximum Approval Pro Forma Combined (CBA & TFC)	Pro Forma Combined (CBA, TFC & BOE)	Assuming Minimum Approval Pro Forma Combined (CBA & TFC)	Pro Forma Combined (CBA, TFC & BOE)
(In thousands, except share and per share data)			

Selected Balance Sheet Data

Assets	\$ 305,292	\$ 625,635	\$ 293,710	\$ 614,053
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Loans, net	186,412	399,613	186,412	399,613
Securities	16,670	70,762	16,670	70,762
Deposits	192,255	433,042	192,255	433,042
Borrowings		21,124		21,124
Stockholders' equity	108,141	160,868	96,559	149,286
Shares outstanding	15,919,945	22,857,840	14,420,695	21,358,590
Per Share Data				
Book value per share	\$ 6.79	\$ 7.04	\$ 6.70	\$ 6.99
Capital Ratios				
Total capital to risk weighted assets	43.35%	28.78%	37.84%	26.13%
Tier 1 capital to risk weighted assets	42.10%	27.62%	36.59%	24.97%
Tier 1 capital to average assets	32.86%	21.61%	28.56%	19.53%

	For the Year Ended March 31, 2007(1)		For the Six Months Ended September 30, 2007(2)	
	Pro Forma Combined (CBA & TFC)	Pro Forma Combined (CBA, TFC & BOE)	Pro Forma Combined (CBA & TFC)	Pro Forma Combined (CBA, TFC & BOE)
	(In thousands, except share and per share data)			
Selected Income Statement Data				
Interest income	\$ 16,567	\$ 33,418	\$ 9,557	\$ 18,770
Interest expense	4,812	11,886	2,942	7,221
Net interest income	11,755	21,532	6,615	11,549
Provision for loan losses	493	618	512	512
Net interest income after provision for loan losses	11,262	20,914	6,103	11,037
Noninterest income	1,011	3,261	563	1,552
Noninterest expense	9,272	17,165	5,870	10,114
Amortization of intangibles	711	1,924	355	961
Income from continuing operations before income taxes	2,290	5,087	441	1,514
Provision for income taxes	821	1,286	478	574
Net income (loss) from continuing operations	1,469	3,801	(37)	940
Net (loss) from discontinued operations	(802)	(802)	(77)	(77)
Net income (loss)	667	2,999	(114)	863
Per Share Data				
No conversions:				
Net income (loss) per common share basic	\$ 0.05	\$ 0.14	\$ (0.002)	\$ 0.04
Net income (loss) per common share diluted	0.04	0.13	(0.002)	0.04
Maximum conversions:				
Net income (loss) per common share basic	\$ 0.05	\$ 0.15	\$ (0.01)	\$ 0.04
Net income (loss) per common share diluted	0.04	0.14	(0.01)	0.04
Weighted Average Shares Outstanding				
No conversions:				
Basic	14,503,812	21,385,563	15,588,540	22,811,915
Diluted	16,762,780	23,698,699	18,320,972	25,282,855
Maximum conversions:				
Basic	13,004,562	19,886,313	14,389,290	21,312,665
Diluted	15,263,530	22,199,449	16,821,722	23,783,605

(1) The year ended information for Community Bankers is as of March 31, 2007; the year ended information for TransCommunity and BOE is as of December 31, 2006.

- (2) The six month period is as of September 30, 2007 for Community Bankers; the six month period is as of June 30, 2007 for TransCommunity and BOE.

COMPARATIVE PER SHARE DATA

The following table sets forth for Community Bankers common stock, TransCommunity common stock and BOE common stock certain historical, pro forma and pro forma-equivalent per share financial information. The pro forma and pro forma-equivalent per share information gives effect to the merger with TransCommunity as if the merger had been effective at the beginning of all periods presented and gives effect to the mergers with TransCommunity and BOE as if both mergers had been effective at the beginning of all periods presented. The pro forma data in the tables assumes that the merger with TransCommunity is accounted for as an acquisition by Community Bankers of TransCommunity using the purchase method of accounting and the merger with BOE is accounted for as an acquisition by Community Bankers of BOE using the purchase method of accounting. See The Merger Accounting Treatment . The information in the following table is based on, and should be read together with, the historical and pro forma financial information that appears elsewhere in this joint proxy statement/prospectus. See Index to Financial Statements on page F-1 and Pro Forma Financial Information on page .

	Community Bankers Acquisition Corp.(1) (CBA)	TransCommunity Financial Corporation(2) (TFC)	Pro Forma Combined (CBA & TFC)	BOE Financial Services of Virginia, Inc (BOE)	Pro Forma Combined (CBA, TFC & BOE)	Pro Forma Equivalent (BOE) (4)
Number of shares of common stock outstanding upon consummation of the merger:						
Assuming no conversions	9,375,000 58.89%	6,544,945 41.11%	15,919,945	6,937,895	22,857,840	
Assuming maximum conversions	7,875,750 54.61%	6,544,945 45.39%	14,420,695	6,937,895	21,358,590	
Net income (loss) per share historical: For the year:(1)						
Basic	\$ 0.14	\$ 0.03		\$ 2.60		
Diluted	\$ 0.11	\$ 0.03		\$ 2.58		
Book value per share historical-Year End(2)	\$ 5.62	\$ 6.67		\$ 23.22		
Dividends per share historical Year End:(2)(5)	\$	\$		\$ 0.77		
Net Income (loss) per share historical						

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For the six month period:(3)							
Basic	\$	0.08	\$	(0.13)	\$	1.14	
Diluted	\$	0.07	\$	(0.13)	\$	1.13	
Book value per share historical September 30, 2007	\$	5.73	\$	6.53	\$	24.23	
Dividends per share historical for the six month period(3)(5)	\$		\$		\$	0.39	
Net income (loss) per share pro forma:							
For the year:(1)							
No conversions:							
Basic	\$	0.05		0.07	\$	0.14	0.80
Diluted	\$	0.04		0.06	\$	0.13	0.74
Maximum conversions:							
Basic	\$	0.05		0.07	\$	0.15	0.86
Diluted	\$	0.04		0.06	\$	0.14	0.80
For the six month period:(3)							
No conversions:							
Basic	\$	(0.002)		(0.003)	\$	0.04	0.23
Diluted	\$	(0.002)		(0.003)	\$	0.04	0.23
Maximum conversions:							
Basic	\$	(0.01)		(0.01)	\$	0.04	0.23
Diluted	\$	(0.01)		(0.01)	\$	0.04	0.23
Dividends per share:							
For the year:(1)							
No conversions	\$		\$		\$	0.04	\$ 0.23
Maximum conversions	\$		\$		\$	0.04	\$ 0.25
For the six month period:(3)							
No conversions	\$		\$		\$	0.02	\$ 0.12
Maximum conversions	\$		\$		\$	0.02	\$ 0.13

Community Bankers Acquisition Corp. (1)	TransCommunity Financial Corporation (2)	Community Pro Forma (CBA & TFC)	BOE Financial Services of Virginia, Inc (BOE)	Pro Forma Combined (CBA, TFC & BOE)	Pro Forma Equivalent (BOE)

Book value per share pro forma September 30, 2007

No conversions	\$	6.79	9.65	\$	7.04	40.31
Maximum conversions	\$	6.70	9.51	\$	6.99	40.03

- (1) The year end is as of March 31, 2007 for Community Bankers; the year end is as of December 31, 2007 for TransCommunity and BOE.
- (2) The year ended information for Community Bankers is as of March 31, 2007; the year ended information for TransCommunity and BOE is as of December 31, 2006. Historical book value per share for Community Bankers was calculated by dividing total stockholders equity by total shares outstanding (excluding shares subject to conversion).
- (3) The six month period is as of September 30, 2007 for Community Bankers; the six month period is as of June 30, 2007 for TransCommunity and BOE.
- (4) Transcommunity stockholders will receive 1.42 shares of Community Bankers common stock for each share of Transcommunity stock. BOE stockholders will receive 5.7278 shares of Community Bankers stock for each share of BOE stock.
- (5) If the Community Bankers merger with BOE is consummated, Community Bankers expects to pay quarterly dividends in an amount not less than the quotient of dividing \$0.22 by the BOE exchange ratio for the foreseeable future subject to board and regulatory approval.

COMMUNITY BANKERS ANNUAL MEETING

General

The Community Bankers board of directors is providing this joint proxy statement/prospectus to you in connection with its solicitation of proxies for use at the annual meeting of Community Bankers stockholders and at any adjournments or postponements of the annual meeting.

Your vote is important. Please complete, date and sign the accompanying proxy card and return it in the enclosed, postage prepaid envelope. If your shares are held in street name, you should instruct your broker how to vote by following the directions provided by your broker.

Meeting Date, Time, and Place and Record Date

Community Bankers will hold the annual meeting on _____, 2008, at _____ .m., local time, at _____. Only holders of Community Bankers common stock of record at the close of business on _____, 2008, the Community Bankers record date, will be entitled to receive notice of and to vote at the annual meeting. As of the record date, there were 9,375,000 shares of Community Bankers common stock outstanding and entitled to vote, with each such share entitled to one vote.

Matters to be Considered

At the annual meeting, Community Bankers stockholders will be asked to:

adopt the Agreement and Plan of Merger, dated as of September 5, 2007, by and between Community Bankers and TransCommunity, pursuant to which TransCommunity will merge with and into Community Bankers and shares of TransCommunity common stock will be converted into the right to receive 1.4200 shares of Community Bankers common stock, subject to possible adjustment as described in this joint proxy statement/prospectus and cash instead of fractional shares as further described in this joint proxy statement/prospectus;

adopt an amendment to the certificate of incorporation of Community Bankers to reset the terms of the classes of Community Bankers directors, effective upon consummation of the merger;

adopt an amendment to the certificate of incorporation of Community Bankers to change the corporation's name to Community Bankers Trust Corporation, effective upon consummation of the merger;

vote on the election of each of Chris A. Bagley and Keith Walz to the board of directors as Class I Directors to serve a term for three years expiring at the 2010 annual meeting of stockholders, or until a successor is elected and qualified (or, if the merger described in the first proposal above is consummated, until the effective date of the merger);

ratify the appointment of Miller, Ellin & Company LLP as independent public accountants for fiscal year ending December 31, 2007; and

authorize the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes, present in person or represented by proxy at the annual meeting, to approve the proposals.

Unless Community Bankers and TransCommunity agree otherwise, the merger will only be consummated if the stockholders of Community Bankers adopt the staggered board amendment to the certificate of incorporation. In addition, the amendments to the certificate of incorporation will only be effected in the event and at the time the merger with TransCommunity is consummated.

Finally, Community Bankers stockholders may also be asked to consider any other business that properly comes before the annual meeting. Each copy of this joint proxy statement/prospectus mailed to Community Bankers stockholders is accompanied by a proxy card for use at the annual meeting.

Vote Required

Pursuant to Delaware law, adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote at the annual meeting. Pursuant to Community Bankers certificate of incorporation, adoption of the merger agreement also requires the affirmative vote of holders of a majority of Community Bankers outstanding shares of common stock issued in Community Bankers initial public offering and voted at the meeting. Both requirements must be met for adoption of the merger agreement. In addition, the holders of less than 20% of the outstanding shares of common stock issued in the Community Bankers initial public offering must have voted against the merger and thereafter exercised their right to convert their stock into cash equal to a pro rata portion of the Community Bankers trust account.

Adoption of the amendments to the certificate of incorporation requires the affirmative vote of the holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote at the annual meeting.

Election of Chris A. Bagley and Keith Walz to the board of directors and ratification of the appointment of the independent public accountants each require the affirmative vote of the holders of a majority of the shares of Community Bankers common stock, present in person or represented by proxy and entitled to vote at the annual meeting.

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Authorization for the board of directors to adjourn the annual meeting requires the affirmative vote of the holders of a majority of the shares of Community Bankers common stock, present in person or represented by proxy and entitled to vote at the annual meeting, whether or not a quorum is present.

If not ratified, the appointment of Miller, Ellin & Company will be reconsidered by the audit committee.

On the record date, there were 9,375,000 outstanding shares of Community Bankers common stock, each of which is entitled to one vote at the annual meeting. On that date, the Community Bankers insiders (including all of Community Bankers officers, directors and initial stockholders) beneficially owned a total of approximately 20% of the outstanding shares of Community Bankers common stock.

All of the Community Bankers insiders have agreed to vote the shares of Community Bankers common stock acquired by them before Community Bankers initial public offering (which constitute approximately 39.9% of the shares required to approve the merger under Delaware law), on the merger proposal consistent with the majority of the votes cast by the holders of the shares of common stock issued in the initial public offering. They have further indicated that they will vote the shares held by them in favor of the adoption of the amendments to the certificate of incorporation, for the election of Chris A. Bagley and Keith Walz to Community Bankers board of directors, for the ratification of the appointment of the independent public accountants for the fiscal year ending December 31, 2007, and for the proposal to authorize the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the meeting to approve the proposals. While the shares voted by the Community Bankers insiders will count towards the voting requirement under Delaware law, they will not count towards the voting requirement under the certificate of incorporation because the insiders shares were not issued in Community Bankers initial public offering.

Quorum

The presence in person or representation by proxy, of shares of Community Bankers common stock representing a majority of Community Bankers outstanding shares entitled to vote at the annual meeting is necessary in order for there to be a quorum at the annual meeting. A quorum must be present in order for the vote on the merger agreement, the amendments to the certificate of incorporation, and the nominees for director. If there is no quorum present at the opening of the meeting, the annual meeting may be adjourned by the vote of a majority of the shares of Community Bankers common stock, present in person or represented by proxy and entitled to vote at the annual meeting.

Voting of Proxies

Shares of common stock represented by properly executed proxies received at or prior to the Community Bankers annual meeting will be voted at the annual meeting in the manner specified by the holders of such shares. If you are a stockholder of record (that is, you hold stock certificates registered in your own name), you may vote by following the instructions described on your proxy card. If your shares are held in nominee or street name, you will receive separate voting instructions from your broker or nominee with your proxy materials. If you hold your shares in street name, you can either obtain physical delivery of the shares directly into your name, and then vote your shares yourself, or request a legal proxy directly from your broker and bring it to the annual meeting, and then vote your shares yourself. In order to obtain shares directly into your name, you must contact your brokerage house representative. Brokerage firms may assess a fee for your conversion; the amount of such fee varies.

Properly executed proxies that do not contain voting instructions will be voted **FOR** approval of the merger agreement, approval of the amendments to the certificate of incorporation, election of Chris A. Bagley and Keith Walz to the board of directors, ratification of the appointment of the independent public accountants for the fiscal year ending December 31, 2007, and approval of the proposal to authorize adjournment.

Shares of any stockholder present in person or represented by proxy (including broker non-votes, which generally occur when a broker who holds shares in street name for a customer does not have the authority to vote on certain non-routine matters because its customer has not provided any voting instructions with respect to the matter) at the annual meeting who abstains from voting will be counted for purposes of determining whether a quorum exists.

Abstaining from voting (including by way of a broker non-vote), either in person or by proxy, will have the same effect as a vote against the adoption of the merger agreement and adoption of the amendments to the certificate of incorporation, but will have no effect on the vote relating to the election of directors, ratification of the appointment of the independent public accountants for the fiscal year ending December 31, 2007 or

authorization to adjourn the annual meeting. An abstention will not be considered a vote against the merger proposal, and, if you abstain, you will be unable to exercise any conversion rights. Accordingly, Community Bankers board of directors urges its stockholders to complete, date and sign the accompanying proxy card and return it promptly in the enclosed, postage-paid envelope.

Revocability of Proxies

The grant of a proxy on the enclosed proxy card does not preclude you from voting in person or otherwise revoking your proxy. If you are a stockholder of record, there are a number of ways you can change your vote. First, you may send a written notice to the person to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete and submit a later dated proxy with new voting instructions. Third, you may attend the annual meeting and vote in person. The latest vote actually received by Community Bankers prior to or at the annual meeting will be your vote. Any earlier votes will be revoked. Simply attending the annual meeting without voting, however, will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow the directions you will receive from your broker to change or revoke your proxy.

Solicitation of Proxies

Community Bankers will pay all of the costs of filing the registration statement with the SEC (of which this joint proxy statement/prospectus is a part) and of soliciting proxies in connection with the annual meeting. Community Bankers will also pay the costs associated with printing the copies of this joint proxy statement/prospectus that are sent to Community Bankers stockholders and the mailing fees associated with mailing this joint proxy statement/prospectus to Community Bankers stockholders. Solicitation of proxies may be made in person or by mail, telephone, or facsimile, or other form of communication by directors, officers, and employees of Community Bankers who will not be specially compensated for such solicitation. Nominees, fiduciaries, and other custodians will be requested to forward solicitation materials to beneficial owners and to secure their voting instructions, if necessary, and will be reimbursed for the expenses incurred in sending proxy materials to beneficial owners.

No person is authorized to give any information or to make any representation not contained in this joint proxy statement/prospectus and, if given or made, such information or representation should not be relied upon as having been authorized by Community Bankers, TransCommunity, or any other person. The delivery of this joint proxy statement/prospectus does not, under any circumstances, create any implication that there has been no change in the business or affairs of Community Bankers or TransCommunity since the date of this joint proxy statement/prospectus.

Authorization to Vote on Adjournment

At the annual meeting, you are being asked to grant authority to the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes present in person or represented by proxy at the annual meeting, to approve the proposals to be considered by Community Bankers stockholders. If you do not specify whether authority is granted or withheld, the proxy will be voted to grant authority to adjourn. Community Bankers has no plans to adjourn the annual meeting at this time, but intends to do so, if needed, to promote stockholder interests.

Recommendation of the Board of Directors

The Community Bankers board of directors has unanimously determined that the proposals and the transactions contemplated thereby are in the best interests of Community Bankers and its stockholders. The members of the Community Bankers board of directors unanimously recommend that the Community Bankers stockholders vote at the annual meeting to adopt the merger agreement, adopt the amendments to the certificate of incorporation, elect Chris A. Bagley and Keith Walz to the board of directors, ratify the appointment of the independent public

accountants and authorize the board of directors to adjourn the annual meeting to allow time for further solicitation of proxies in the event there are insufficient votes present in person or represented by proxy at the annual meeting, to approve the proposals.

In the course of reaching its decision to approve the merger agreement and the transactions contemplated thereby, the Community Bankers board of directors, among other things, consulted with its legal advisors, Nelson Mullins Riley & Scarborough LLP, regarding the legal terms of the merger agreement and with its financial advisor,

Keefe, Bruyette & Woods, Inc., as to the fairness, from a financial point of view, to Community Bankers, of the consideration to be received by the holders of TransCommunity common stock in the merger. For a discussion of the factors considered by the Community Bankers board of directors in reaching its conclusion, see [The Merger Community Bankers Reasons for the Merger](#) and [The Merger Opinion of Community Bankers Financial Advisor](#).

Community Bankers stockholders should note that Community Bankers directors and officers have certain interests in, and may derive benefits as a result of, the merger that are in addition to their interests as stockholders of Community Bankers. See [The Merger Certain Benefits of Directors and Officers of Community Bankers and TransCommunity](#).

TRANSCOMMUNITY SPECIAL MEETING

General

The TransCommunity board of directors is providing this joint proxy statement/prospectus to you in connection with its solicitation of proxies for use at the special meeting of TransCommunity's stockholders and at any adjournments or postponements of the special meeting.

Community Bankers is also providing this joint proxy statement/prospectus to you as a prospectus in connection with the offer and sale by Community Bankers of shares of its common stock to stockholders of TransCommunity in the merger.

Your vote is important. Please complete, date and sign the accompanying proxy card and return it in the enclosed, postage prepaid envelope. If your shares are held in street name, you should instruct your broker how to vote by following the directions provided by your broker.

Meeting Date, Time, and Place and Record Date

TransCommunity will hold the special meeting on _____, 2008, at _____ .m., local time, at _____. Only holders of TransCommunity common stock of record at the close of business on _____, 2008, the TransCommunity record date, will be entitled to receive notice of and to vote at the special meeting. As of the record date, there were _____ shares of TransCommunity common stock outstanding and entitled to vote, with each such share entitled to one vote.

Matters to be Considered

At the special meeting, TransCommunity's stockholders will be asked to:

approve the Agreement and Plan of Merger, dated as of September 5, 2007, by and between Community Bankers and TransCommunity, pursuant to which TransCommunity will merge with and into Community Bankers and shares of TransCommunity common stock will be converted into the right to receive 1.4200 shares of Community Bankers common stock, subject to possible adjustment as described in this joint proxy statement/prospectus and cash instead of fractional shares as further described in this joint proxy statement/prospectus; and

authorize the board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes present at the special meeting, in person or by proxy, to approve the merger agreement.

Each copy of this joint proxy statement/prospectus mailed to TransCommunity's stockholders is accompanied by a proxy card for use at the special meeting.

Vote Required

Approval of the merger proposal requires the affirmative vote of holders of a majority of the shares entitled to vote at the TransCommunity special meeting.

Approval of the proposal to authorize adjournment requires the affirmative vote of a majority of the votes entitled to be cast at the special meeting represented in person or by proxy, even though less than a quorum.

On the record date, there were outstanding shares of TransCommunity common stock, each of which is entitled to one vote at the special meeting. On that date, the directors and executive officers of TransCommunity and their affiliates beneficially owned a total of approximately % of the outstanding shares of TransCommunity common stock. Each of TransCommunity's directors and executive officers has agreed, subject to several conditions, to vote his or her shares of TransCommunity common stock in favor of the merger agreement.

Quorum

The presence, in person or by proxy, of shares of TransCommunity common stock representing a majority of TransCommunity outstanding shares entitled to vote at the special meeting is necessary in order for there to be a quorum at the special meeting. A quorum must be present in order for the vote on the merger agreement to occur. If there is no quorum present at the opening of the meeting, the special meeting may be adjourned by the vote of a majority of shares voting on the motion to adjourn.

Voting of Proxies

Shares of common stock represented by properly executed proxies received at or prior to the TransCommunity special meeting will be voted at the special meeting in the manner specified by the holders of such shares. If you are a stockholder of record (that is, you hold stock certificates registered in your own name), you may vote by following the instructions described on your proxy card. If your shares are held in nominee or street name, you will receive separate voting instructions from your broker or nominee with your proxy materials. If you hold your shares in street name, you can either obtain physical delivery of the shares directly into your name, and then vote your shares yourself, or request a legal proxy directly from your broker and bring it to the special meeting, and then vote your shares yourself. In order to obtain shares directly into your name, you must contact your brokerage house representative. Brokerage firms may assess a fee for your conversion; the amount of such fee varies.

Properly executed proxies which do not contain voting instructions will be voted **FOR** approval of the merger agreement and of the proposal to authorize adjournment.

Shares of any stockholder represented in person or by proxy (including broker non-votes, which generally occur when a broker who holds shares in street name for a customer does not have the authority to vote on certain non-routine matters because its customer has not provided any voting instructions with respect to the matter) at the special meeting who abstains from voting will be counted for purposes of determining whether a quorum exists.

Abstaining from voting (including by way of a broker non-vote), either in person or by proxy, will have the same effect as a vote against approval of the merger agreement. Accordingly, the TransCommunity board of directors urges its stockholders to complete, date and sign the accompanying proxy card and return it promptly in the enclosed, postage-paid envelope.

Revocability of Proxies

The grant of a proxy on the enclosed proxy card does not preclude you from voting in person or otherwise revoking your proxy. If you are a stockholder of record, there are a number of ways you can change your vote. First, you may send a written notice to the person to whom you submitted your proxy stating that you would like to revoke your proxy. Second, you may complete and submit a later dated proxy with new voting instructions. Third, you may attend

the special meeting and vote in person. The latest vote actually received by TransCommunity prior to or at the special meeting will be your vote. Any earlier votes will be revoked. Simply attending the special meeting without voting, however, will not revoke your proxy.

If you have instructed a broker to vote your shares, you must follow the directions you will receive from your broker to change or revoke your proxy.

Solicitation of Proxies

TransCommunity will pay all of the costs of soliciting proxies in connection with the TransCommunity special meeting, except that Community Bankers will pay the costs of filing the registration statement with the SEC, of which this joint proxy statement/prospectus is a part. TransCommunity will also pay costs associated with the printing of the copies of this joint proxy statement/prospectus that are sent to TransCommunity stockholders and the mailing fees associated with mailing this joint proxy statement/prospectus to TransCommunity stockholders. Solicitation of proxies may be made in person or by mail, telephone, or facsimile, or other form of communication by directors, officers and employees of TransCommunity who will not be specially compensated for such solicitation. Nominees, fiduciaries, and other custodians will be requested to forward solicitation materials to beneficial owners and to secure their voting instructions, if necessary, and will be reimbursed for the expenses incurred in sending proxy materials to beneficial owners.

No person is authorized to give any information or to make any representation not contained in this joint proxy statement/prospectus and, if given or made, such information or representation should not be relied upon as having been authorized by TransCommunity, Community Bankers or any other person. The delivery of this joint proxy statement/prospectus does not, under any circumstances, create any implication that there has been no change in the business or affairs of TransCommunity or Community Bankers since the date of this joint proxy statement/prospectus.

Authorization to Vote on Adjournment

At the special meeting, you are being asked to grant authority to the board of directors to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes represented in person or by proxy at the special meeting, to approve the merger agreement. If you do not specify whether authority is granted or withheld, the proxy will be voted to grant authority to adjourn. TransCommunity has no plans to adjourn the special meeting at this time, but intends to do so, if needed, to promote stockholder interests.

Recommendation of the Board of Directors

The TransCommunity board of directors has unanimously determined that the merger proposal and the transactions contemplated thereby are in the best interests of TransCommunity and its stockholders. The members of the TransCommunity board of directors unanimously recommend that the TransCommunity stockholders vote at the special meeting to approve the merger proposal and the proposal to adjourn the special meeting to allow time for further solicitation of proxies in the event there are insufficient votes represented in person or by proxy at the special meeting to approve the merger proposal.

In the course of reaching its decision to approve the merger proposal and the transactions contemplated thereby, the TransCommunity board of directors, among other things, consulted with its legal advisors, Williams Mullen, regarding the legal terms of the merger agreement and with its financial advisor, Sandler O'Neill, as to the fairness, from a financial point of view, to TransCommunity stockholders of the consideration to be received by the holders of TransCommunity common stock in the merger. For a discussion of the factors considered by the TransCommunity board of directors in reaching its conclusion, see *The Merger*, *TransCommunity's Reasons for the Merger* and *The Merger* *Opinion of TransCommunity's Financial Advisor*.

TransCommunity's stockholders should note that TransCommunity directors and officers have certain interests in, and may derive benefits as a result of, the merger that are in addition to their interests as stockholders of TransCommunity. See *The Merger* *Certain Benefits of Directors and Officers of Community Bankers and TransCommunity*.

THE MERGER

The descriptions of the terms and conditions of the merger proposal, the merger agreement and any related documents in this joint proxy statement/prospectus are qualified in their entirety by reference to the copy of the merger agreement attached as Appendix A to this joint proxy statement/prospectus, to the registration statement, of which this joint proxy statement/prospectus is a part, and to the exhibits to the registration statement.

Structure of the Merger

The merger agreement provides for the merger of TransCommunity with and into Community Bankers. Community Bankers will be the surviving corporation in the merger. TransCommunity Bank, a wholly owned subsidiary of TransCommunity, will become a wholly owned subsidiary of Community Bankers following the merger. Each share of TransCommunity common stock issued and outstanding at the effective time of the merger (except for shares held by Community Bankers, TransCommunity and TransCommunity Bank that are not held in a fiduciary capacity or as a result of previously contracted for debts), will be converted into shares of Community Bankers common stock and cash instead of fractional shares, as described below. The directors of Community Bankers will consist of four directors nominated by Community Bankers and six directors nominated by TransCommunity. One of the directors nominated by TransCommunity shall serve as chairman of Community Bankers upon consummation of the merger.

Following the merger, the surviving corporation will file an amended and restated certificate of incorporation substantially in the form attached as Appendix B to this joint proxy statement/prospectus, including the amendments being considered by Community Bankers stockholders at the annual meeting, assuming they are adopted. In addition, the text of sections A, B, and D of Article SIXTH will be removed from the amended and restated certificate of incorporation to reflect that, pursuant to their terms, they are terminated automatically with no action required by the board of directors or the stockholders in the event an initial business combination, such as the merger with TransCommunity, is consummated. In the event the Community Bankers stockholders do not adopt the staggered board amendment to the certificate of incorporation, the merger will not be completed unless Community Bankers and TransCommunity agree otherwise.

Background of the Merger

In May 2007, Gary A. Simanson, Community Bankers president and chief executive officer, contacted Bruce B. Nolte, TransCommunity's president and chief executive officer, to engage in a general conversation with respect to the banking environment in Virginia and TransCommunity's challenges in seeking to build a community banking focused franchise in certain markets in Virginia and Mr. Simanson's vision of offering banks in Virginia a different alternative for consolidating that could still maintain a local identity. Mr. Simanson approached Mr. Nolte and TransCommunity based on TransCommunity's history of seeking to establish and operate separately chartered community banks in attractive growth markets in Virginia, the above average growth rates of TransCommunity's loans and deposits, the operating and earnings challenges that TransCommunity had experienced in seeking to implement its strategy, and the announcement by TransCommunity that it would be streamlining its management and board structure and consolidating its separate subsidiary banks into one bank charter but still operating in each market as a separate division with its own name and local market identity. Following that initial contact, Messrs. Simanson and Nolte met in person several times during June 2007 and continued these discussions which led to preliminary discussions regarding a possible business combination between the companies.

During these discussions, Community Bankers communicated to TransCommunity that it was not interested in a simple acquisition of TransCommunity. Community Bankers stated that its interest was a strategic alliance combining the capital and management skills at Community Bankers with the operating banking platform and management skills of TransCommunity. Both parties discussed that the ultimate goal of any combined company would be to grow the company by acquisition in the Mid-Atlantic region. In addition, Mr. Simanson indicated that, as part of any potential combination, Community Bankers would be willing to cede control of the board of directors of the combined company and the position of board chairman to TransCommunity. Community Bankers also stated that it would be willing to allow the existing management team of TransCommunity to run the combined company. The discussion also focused on the possibility of stock as consideration in the transaction in order to allow a maximum level of capital

that would be available for future acquisitions and to grow the franchise.

In early July 2007, Mr. Nolte concluded that a merger with Community Bankers could be in the best interest of TransCommunity's stockholders and notified Troy A. Peery, Jr., the chairman of TransCommunity's board of directors of the discussions with Mr. Simanson. Messrs. Nolte, Peery and Simanson met on July 9, 2007, to discuss a proposed business combination.

Also in early July 2007, Mr. Simanson advised the Community Bankers board of directors of the nature and extent of the discussions with TransCommunity and was authorized to continue in further discussions and to seek the assistance of advisors as he felt necessary.

On July 18, 2007, Messrs. Nolte and Peery met with the executive committee of TransCommunity's board of directors and the chairman of the board's strategic planning committee to advise them of the discussions with Community Bankers. Following a discussion of the structure and strategic plan of Community Bankers and the discussions that had occurred between the parties to date, the executive committee unanimously agreed that a transaction with Community Bankers could be in the best interests of TransCommunity and its stockholders. The executive committee appointed a special committee, whose members are Richard F. Bozard, Christopher G. Miller and Jack C. Zoeller, all of whom are independent directors of TransCommunity, to further evaluate and, if appropriate, negotiate the details of a potential business combination with Community Bankers.

On July 21, 2007, the TransCommunity special committee had a lengthy meeting with Mr. Simanson without the presence of TransCommunity management. On July 28, 2007, the special committee reported its conclusions from this meeting to the executive committee and unanimously recommended that negotiations with Community Bankers be pursued. This recommendation was based on the following conclusions of the special committee:

A merger with Community Bankers would offer a premium over the present share value. In addition, TransCommunity stockholders would likely have the opportunity to benefit from further increases in value of the common stock that they would own in the combined company, as Community Bankers pursued further acquisitions following the merger with TransCommunity.

The proposed growth strategy, which would be based on a series of acquisitions executed with Mr. Simanson playing a lead role, would allow TransCommunity to advance to a higher threshold of growth than it would have been able to achieve on its own.

A merger with Community Bankers and the adoption of an aggressive acquisition strategy would likely present a greater and more immediate benefit to TransCommunity's stockholders than if TransCommunity did not pursue a business combination.

TransCommunity does not presently have the capital to pursue such a growth strategy on its own. The additional capital provided by Community Bankers would also help insulate the company against any severe downturn in the real estate and credit markets.

A proposed valuation of about \$10.50 per share for TransCommunity common stock (the midpoint of the range of \$9.50 to \$11.50 discussed with Community Bankers) would be reasonable in the context of a stock-for-stock strategic merger of equals. TransCommunity's stockholders would still have the opportunity to participate in additional increases in value as stockholders of a combined entity and that current TransCommunity directors would continue to constitute a majority of the resulting board of directors.

From an integration perspective, a merger with Community Bankers would pose few challenges, because the combined company would have only one operational banking platform, and there would be no systems to convert and no conflicts among branch networks.

Following his meeting with TransCommunity's special committee, Mr. Simanson contacted Keefe, Bruyette & Woods, Inc. to discuss how the market might view a business combination between Community Bankers and TransCommunity and the potential risk and benefits in pursuing such a transaction. Some of the potential benefits were deemed to be:

the branch locations in attractive, fast-growing markets;

that TransCommunity was consolidating its bank charters and back room operations to achieve cost savings and that given the earnings history of TransCommunity, the potential pricing would be reasonable;

culturally both companies strongly believed in a community banking model; and

a stock-for-stock transaction would provide for an extremely well-capitalized company that would be well positioned to take advantage of future opportunities.

Some of the risks were deemed to be:

TransCommunity's poor earnings history;

the disruption that TransCommunity had experienced with its management and board of directors;

the reputational risk that these issues could raise;

TransCommunity's ability to successfully integrate its subsidiary banks; and

whether other banks would be attracted to join the franchise, although there were and are no plans, arrangements, agreements or understandings other than Community Bankers' proposed merger with BOE.

In late July 2007, Mr. Simanson conferred with Nelson Mullins Riley & Scarborough LLP regarding the legal aspects of the potential business combination between Community Bankers and TransCommunity.

The executive committee of TransCommunity's board of directors met on July 25, 2007. At that meeting, the executive committee accepted the special committee's recommendation to pursue negotiations and engaged in a full discussion of a potential business combination. The executive committee also reviewed other possible strategic alternatives for TransCommunity, including a possible sale of the company. In light of its discussion, the executive committee voted unanimously to pursue negotiations with Community Bankers, to authorize the special committee to conduct such negotiations, and to authorize the special committee to engage investment bankers as necessary to assist with its efforts.

Over the next several weeks, the special committee of TransCommunity's board of directors and Mr. Nolte continued discussions with Mr. Simanson with respect to the details of a potential business combination. These individuals began to prepare a nonbinding, summary term sheet for such a combination.

During Community Bankers' regularly scheduled board meeting on August 13, 2007, Mr. Simanson apprised the board of the developments in the discussions with TransCommunity and that he had engaged the legal services of Nelson Mullins Riley & Scarborough LLP and would be engaging Keefe, Bruyette & Woods, Inc. to formally advise on the financial aspects of the proposed transaction.

On August 17, 2007, TransCommunity's board of directors held a special meeting to consider a potential transaction with Community Bankers. Among other things, the board discussed the history of contacts and discussions with Community Bankers, an overview of the terms of a possible stock-for-stock transaction, the strategic implications of completing a deal with Community Bankers and other potential transactions that may be available to TransCommunity, valuations of both Community Bankers and TransCommunity and some of the complexities associated with acquisitions by blank check companies. The board of directors also considered the impact of a potential transaction on stockholders, employees and management, the roles of the directors and management in the combined entity, the use of outside experts and need for a fairness opinion in this process.

Following a discussion at this meeting, TransCommunity's board of directors ratified the appointment of the special committee and unanimously authorized the special committee to continue negotiations with Community Bankers on terms similar to those presented at the board meeting. In addition, the board of directors approved the engagement of Sandler O'Neill & Partners, LP to provide investment banking advice and a fairness opinion on any transaction that would be proposed following these negotiations. The board of directors also formed a due diligence committee to undertake customary due diligence activities to evaluate Community Bankers and its management and board of

directors.

Following this meeting, the special committee of TransCommunity's board of directors and Mr. Nolte continued negotiations with Mr. Simanson. The special committee had numerous telephone and e-mail discussions and met in person with Mr. Nolte, Mr. Peery, and the company's investment banker and legal counsel to discuss the proposed terms of the transaction. The parties also began to prepare a definitive merger agreement.

During the week of August 20, 2007, Community Bankers reviewed the proposed terms with Keefe, Bruyette & Woods, Inc., and management and the board reviewed the terms of the draft documents. On the weekends of August 24, 2007 and September 1, 2007, Community Bankers conducted due diligence on TransCommunity.

On August 29, 2007, TransCommunity's board of directors held its regular monthly meeting. At that meeting, the special committee presented the board of directors with a proposed term sheet for the proposed transaction with Community Bankers. The proposed terms included Community Bankers as the acquiring entity and a proposed merger consideration value of \$10.53 for each share of TransCommunity common stock. The special committee also reported that both negotiations and due diligence were still underway. In addition, a representative from Williams Mullen, counsel to the company, discussed the merger generally and the duties and responsibilities of the board of directors. Sandler O'Neill also gave a presentation to the board of directors that evaluated the economics of a transaction with Community Bankers, as then contemplated.

Following these presentations, TransCommunity's board of directors discussed alternatives available to the company and unanimously concluded that the potential benefits of a transaction with Community Bankers would be in the best interests of TransCommunity and its stockholders. In addition, the board of directors discussed the possibility that its stockholders might not approve a potential transaction with Community Bankers and unanimously concluded that, if it could not obtain stockholder approval, TransCommunity would seek to remain independent and would continue to pursue its current organic growth strategy. The consensus of the board was that the proposed strategic merger with Community Bankers was a unique opportunity that should be pursued, but that this was not an appropriate time to pursue an outright sale of the company, because the earnings improvements attributable to the recent consolidation and changes in management had not yet been achieved and would take a year or more to be reflected in the company's stock price.

The preliminary term sheet was not executed, however both parties continued to review and negotiate the terms of the merger and a definitive merger agreement.

On September 5, 2007, TransCommunity's board of directors held another special meeting. At this meeting, the board of directors received presentations from Williams Mullen on the legal terms of the merger and the merger agreement and from Sandler O'Neill on the economics of the proposed transaction. At the conclusion of its presentation, Sandler O'Neill advised the board that the proposed merger with Community Bankers was fair to the stockholders of TransCommunity.

Following these presentations, and after a discussion, TransCommunity's board of directors unanimously approved the merger with Community Bankers and authorized Mr. Nolte to execute the merger agreement.

On September 5, 2007, Community Bankers' board of directors held a special meeting. At this meeting, the board of directors received presentations from Nelson Mullins Riley & Scarborough LLP on the legal terms of the merger and the merger agreement and from Keefe, Bruyette & Woods, Inc. on the economics of the proposed transaction. At the conclusion of its presentation, Keefe, Bruyette & Woods, Inc. advised the board of directors that the merger consideration with respect to the proposed merger with TransCommunity was fair, from a financial point of view, to Community Bankers.

Following these presentations, and after a discussion, Community Bankers' board of directors unanimously approved the merger with TransCommunity and authorized Mr. Simanson to execute the merger agreement.

Community Bankers and TransCommunity executed the merger agreement on September 5, 2007.

Community Bankers and TransCommunity issued a joint press release on September 6, 2007, announcing the transaction.

On December 12, 2007, Sandler O'Neill issued an updated fairness opinion, which supercedes its opinion of September 5, 2007, that also reviewed the effect of the proposed merger with BOE on the surviving corporation.

The Proposed Merger between Community Bankers and BOE

In addition to the proposed merger of Community Bankers with TransCommunity, Community Bankers has entered into an agreement and plan of merger, dated as of December 13, 2007, with BOE. BOE is a bank holding company incorporated under the laws of Virginia and is the holding company of Bank of Essex. Bank of Essex operates eight full-service offices, two in Tappahannock, and one each in Manquin, Mechanicsville, West Point, Glen Allen, Burgess and Callao, Virginia, respectively. Bank of Essex had deposits of \$241.0 million, loans of \$213.5 million, assets of \$294.8 million and equity of \$29.3 million, at September 30, 2007. The merger agreement

by and between Community Bankers and BOE provides for the merger of BOE with and into Community Bankers with Community Bankers as the surviving corporation. The headquarters of the surviving corporation will be the current headquarters of TransCommunity. Following the merger, TransCommunity Bank will merge with and into Bank of Essex, which will remain headquartered in Tappahannock and will be a wholly-owned subsidiary bank of Community Bankers and will operate each bank division of Bank of Essex under their current names. BOE has the right to terminate the merger agreement if Community Bankers' acquisition of TransCommunity does not close.

Based on the respective companies' balance sheets at September 30, 2007, assuming no Community Bankers stockholders exercise their conversion rights, by combining Community Bankers with TransCommunity and BOE, the resulting company would have approximately \$625.6 million in assets, \$399.6 million in loans, \$433.0 million in deposits and have stockholders equity of approximately \$160.9 million. As a result of the proposed merger with BOE, each share of BOE common stock will be converted into 5.7278 shares of Community Bankers common stock, subject to possible adjustment. If the daily average closing price for Community Bankers' common stock for the 20 consecutive days of trading in such stock ending five days before the closing date is less than \$7.42, Community Bankers will increase the exchange ratio to the quotient obtained by dividing \$42.50 by such daily average closing price. The aggregate consideration to be paid to the stockholders of BOE will be approximately \$52 million. Upon completion of Community Bankers' merger with BOE, each award, option, or other right to purchase or acquire shares of BOE common stock pursuant to stock options, stock appreciation rights, or stock awards granted by BOE under BOE's stock incentive plans, equity compensation plans and stock option plans, which are outstanding immediately prior to the merger, whether or not exercisable, will be converted into and become rights with respect to Community Bankers common stock, and Community Bankers will assume each right, in accordance with the terms of the relevant BOE stock plan and stock option agreement.

In reaching its decision to approve the merger agreement with BOE and recommend the merger with BOE to its stockholders, the Community Bankers board of directors reviewed various financial data and due diligence and evaluation materials and made an independent determination of fair market value. In addition, in reaching its decision to approve the merger agreement, the board of directors considered a number of factors and believes that the non-exhaustive list of factors below strongly supports its determination to approve the merger agreement and recommendation that its stockholders adopt the merger agreement:

the attractive nature of the markets in which BOE operates and its branch network;

BOE's demonstrated deposit and loan growth and history of consistent earnings;

BOE's attractive balance sheet make-up and product mix, including the loan and deposit mix of BOE and the compatibility of that mix with TransCommunity's balance sheet;

opportunities to grow existing revenue streams and create new revenue streams associated with BOE and the strength of the combined balance sheets, equity levels, and projected market capitalization of Community Bankers, TransCommunity and BOE;

the competitive position and market share of BOE within its operating markets and the likely ability for Bank of Essex, following its merger with TransCommunity Bank, to increase its market share;

the experience of BOE's board of directors and management, including George M. Longest, Jr., the current president and chief executive officer of BOE who will become president of Community Bankers after the merger and chief executive officer commencing on January 1, 2010;

the potential operating efficiencies and management enhancements of merging Bank of Essex with TransCommunity Bank, and the compatibility of management of Community Bankers, TransCommunity and BOE;

the valuation of comparable companies and the reasonable pricing of the transaction;

the similar operating philosophies and community banking culture of Community Bankers, TransCommunity and BOE;

the all stock for stock nature of the merger consideration, preserving capital for future growth and acquisitions;

the attractiveness of the surviving corporation following the merger to additional merger candidates;

the strong desire of management and the board of directors of BOE to stay involved in future growth of the company; and

Keefe, Bruyette & Woods, Inc.'s fairness opinion that the merger is fair to Community Bankers from a financial point of view.

The board of directors of Community Bankers did not ascertain any negative factors related to the proposed merger with BOE other than the risk of the ability to successfully integrate BOE with TFC and achieve the associated cost savings and efficiencies.

In reaching its decision to approve the merger agreement with Community Bankers and recommend the merger to its stockholders, the BOE board of directors consulted with BOE management, as well as with its outside financial and legal advisors, reviewed various financial data, due diligence and evaluation materials and made an independent determination that the proposed merger with Community Bankers was in the best interests of BOE and its stockholders. The board of directors considered a number of positive factors that it believes support its recommendation that BOE's stockholders approve the merger agreement, including:

the premium over BOE's prevailing stock price to be received by BOE's stockholders;

the financial analysis and presentation of Feldman Financial, and its oral opinion that, as of December 12, 2007, the exchange ratio was fair, from a financial point of view, to BOE's stockholders. For more information, see [Opinion of BOE's Financial Advisor](#) ;

the fact that the exchange ratio is fixed in the event that Community Bankers' stock price increases before closing, but is adjustable in the event that Community Bankers' stock price decreases, thereby affording BOE's stockholders a combination of upside participation and downside protection;

its belief that the surviving corporation's increased size and scale, including its significantly larger pro forma capital base, would better position it to compete and grow its business and to attract other high quality merger candidates;

its belief that the surviving corporation will be positioned to benefit from increased credit portfolio diversity and increased lending capacity;

the corporate governance provisions established for the merger, including the composition of the surviving corporation's board of directors and the designation of key senior management of the surviving corporation and their proposed employment arrangements;

its knowledge and analysis of the current competitive and regulatory environment for financial institutions generally, BOE's current competitive position and the other potential strategic alternatives available to BOE, including remaining independent, accelerating branch growth, making acquisitions, developing or acquiring non-bank businesses and selling BOE to a larger financial institution;

the skills and experience offered by the Community Bankers' management;

its review of Community Bankers' financial condition and TransCommunity's financial condition, earnings, business operations and prospects, taking into account the results of BOE's due diligence investigation of Community Bankers and TransCommunity, and the anticipated compatibility of management and shared business philosophy of Community Bankers, TransCommunity, and BOE;

the assessment of the likelihood that the merger would be completed in a timely manner without unacceptable regulatory conditions or requirements, including that no branch divestitures would likely be required, and the ability of the management team to successfully integrate and operate the business of the surviving corporation after the merger; and

the fact that the merger will enable BOE's stockholders to exchange their shares of BOE, in a tax-free transaction, for registered shares of common stock of a company that will have a significantly larger pro forma market capitalization.

The BOE board also considered the risks and potentially negative factors outlined below, but concluded that the anticipated benefits of combining with Community Bankers were likely to outweigh substantially these risks and factors. The risks and factors included:

the dilution of ownership rights of BOE's stockholders;

no special purposes acquisition company transactions have been completed in the banking industry;

the risk that Community Bankers may not be able to close the proposed merger with TransCommunity due to potential stockholder opposition;

whether other banks would be attracted to join the franchise;

the poor earnings history of TransCommunity;

the possibility that the merger and the related integration process could result in the loss of key employees, in the disruption of BOE's on-going business, and in the loss of customers; and

the risks of the type and nature described under A Warning about Forward-Looking Statements and Risk Factors.

Under the merger agreement, each of Community Bankers and BOE has agreed, except as otherwise contemplated by the merger agreement or with the prior written consent of the other party, and to cause its subsidiaries to:

operate its business only in the usual, regular, and ordinary course;

use reasonable efforts to preserve intact its business organization and assets and maintain its rights and franchises;

use reasonable efforts to cause its representations and warranties to be correct at all times;

in the case of BOE only, use reasonable efforts to provide all information requested by Community Bankers related to loans or other transactions made by BOE with a value equal to or exceeding \$250,000;

in the case of BOE only, consult with Community Bankers prior to entering into or making any loans or other transactions with a value equal to or exceeding \$500,000; and

take no action which would (1) adversely affect the ability of any party to obtain any consents required for the transactions contemplated by the merger agreement without imposition of a condition or restriction which, in the reasonable judgment of the board of directors of Community Bankers or the board of directors of BOE, would so materially adversely impact the economic or business benefits of the transactions contemplated by the merger agreement as to render inadvisable the consummation of the merger, or (2) materially adversely affect the ability of either party to perform its covenants and agreements under the merger agreement.

Consummation of Community Bankers' merger with BOE is subject to a number of conditions, including receipt of the required stockholder approval from both Community Bankers and BOE stockholders, regulatory (Federal Reserve Board and Virginia State Corporation Commission's Bureau of Financial Institutions) approvals, consummation of Community Bankers' merger with TransCommunity, as well as satisfaction of certain other customary closing

conditions. In the case of Community Bankers, the holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote at the special meeting of stockholders at which the merger is considered must approve the merger.

The merger with TransCommunity is an initial business combination under Community Bankers certificate of incorporation and therefore must be completed prior to the closing of the merger with BOE. As Community Bankers must dissolve and liquidate if the merger with TransCommunity is not completed by June 7, 2008, it would not be advisable to complete the merger with BOE prior to completing the merger with TransCommunity. As a result, the voting requirement relating to an initial business combination will not apply to the vote on the merger with BOE and only the voting requirement under Delaware law, requiring the affirmative vote of the holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote on the merger with BOE

(including both shares issued in the initial public offering and shares issued before the initial public offering), will apply.

If Community Bankers' merger with BOE is consummated, Community Bankers expects to pay quarterly dividends to its stockholders in an amount not less than the quotient obtained by dividing \$0.22 by the BOE exchange ratio.

Community Bankers' Reasons for the TransCommunity Merger

In reaching its decision to approve the merger agreement and recommend the merger to its stockholders, the Community Bankers board of directors reviewed various financial data and due diligence and evaluation materials and made an independent determination of fair market value. In addition, in reaching its decision to approve the merger agreement, the board of directors considered a number of factors, both positive and negative. It believes that the non-exhaustive list of factors below strongly supports its determination to approve the merger agreement and recommendation that its stockholders adopt the merger agreement. The positive factors included:

the markets in which TransCommunity operates;

the growth prospects associated with TransCommunity;

the balance sheet make-up and product mix, including the loan and deposit mix of TransCommunity;

opportunities to grow existing revenue streams and create new revenue streams associated with TransCommunity;

the competitive position of TransCommunity within its operating markets;

the industry dynamics, including barriers to entry;

the experience of the TransCommunity's board of directors and management, including Bruce Nolte, the current president and chief executive officer of TransCommunity who will become president and chief executive officer of Community Bankers, including their recent experience in consolidating TransCommunity's subsidiary bank's charters and existing non-core business lines;

acquisition opportunities in the industry;

the opportunity for further consolidation and cost savings in the banking industry;

the valuation of comparable companies;

the companies' similar community banking philosophies;

the financial results of TransCommunity, including potential for revenue growth, enhanced operating margins and operating efficiencies; and

Keefe, Bruyette & Woods, Inc.'s fairness opinion that the merger is fair to Community Bankers from a financial point of view.

Negative factors that Community Bankers' board of directors considered included:

TransCommunity's poor earnings history;

the disruption that TransCommunity had experienced with its management and board of directors;

the reputational risk that these issues could raise;

TransCommunity's ability to successfully integrate its subsidiary banks; and

whether other banks would be attracted to join the franchise, although there were and are no plans, arrangements, agreements or understandings other than Community Bankers' proposed merger with BOE.

After reviewing all of these factors, the Community Bankers board of directors unanimously determined that the merger proposal and the transactions contemplated thereby are in the best interests of Community Bankers and

unanimously recommended that Community Bankers' stockholders vote at the annual meeting to adopt the merger agreement.

In addition, Community Bankers' board knew and considered the financial interests of certain Community Bankers directors and executives when it approved the merger agreement. These financial interests are addressed in greater detail under the heading "Certain Benefits of Directors and Officers of Community Bankers and TransCommunity."

The Community Bankers board of directors believes the merger is in the best interests of Community Bankers and its stockholders. The Community Bankers board of directors recommends that Community Bankers stockholders vote FOR the approval of the merger proposal and the consummation of the transactions contemplated thereby.

Satisfaction of 80% Requirement

Community Bankers represented in its prospectus relating to its initial public offering that the initial business or businesses acquired by Community Bankers in its initial business combination would have a fair market value equal to at least 80% of Community Bankers' net assets at the time of the transaction. Based on the financial analyses undertaken or reviewed by Community Bankers' board of directors generally in evaluating and approving the merger agreement, Community Bankers' board of directors determined that the proposed merger with TransCommunity meets this requirement.

In determining whether the fair market value of TransCommunity exceeds 80% of the net asset value held in trust, Community Bankers first determined the net asset value of the funds held in the trust account as of June 30, 2007, the most current date available prior to entering into the merger agreement. As of June 30, 2007, Community Bankers' net asset value was \$55.7 million (the difference between the funds held in the trust account of \$57.8 million, less the deferred payments to the underwriters of \$2.1 million), 80% of which was \$44.6 million.

The fair market value of the total consideration to be given by Community Bankers in the merger to TransCommunity's stockholders is approximately \$51.2 million, which is 92% of Community Bankers' net asset value as of June 30, 2007, and which includes \$48.3 million for the outstanding shares of TransCommunity (which is calculated by multiplying the 4,586,741 outstanding shares of TransCommunity by the exchange ratio of 1.4200 and by \$7.42, which is the closing price of Community Bankers common stock on the day prior to announcement of the merger) and \$2.9 million for the stock options of TransCommunity (which is calculated by multiplying the 275,275 stock options by 1.4200 and by \$7.42). The board of directors of Community Bankers considered TransCommunity's net loans, deposits, book value, net income, revenues, prospects, budget, previous non-recurring costs, historic trading price and peer group, as well as comparable transactions and the analysis of Keefe, Bruyette and Woods, Inc. in rendering its fairness opinion in determining that the merger satisfied the 80% requirement.

As of December 31, 2007, Community Bankers' net asset value was \$56.4 million. Community Bankers does not anticipate the net asset value of the funds held in the trust account at the time the merger is completed will be materially greater than those held in trust as of June 30, 2007.

Experience of Board of Directors and Management in Performing Financial Analyses

The Community Bankers board of directors has substantial experience in evaluating and valuing banks. Gary A. Simanson, Community Bankers' president and chief executive officer, has been managing director of First Capital Group, L.L.C., an investment banking advisory firm specializing in bank mergers and acquisitions, from March 1997 to the present. In such capacity, Mr. Simanson has both initiated and advised on bank merger and acquisition transactions around the country and has spoken nationally on bank mergers and acquisitions. In addition to serving as

managing director of First Capital Group, Mr. Simanson also served as Senior Vice President concentrating in bank mergers and acquisitions and capital markets with FTN Financial Capital Markets, a wholly owned investment banking and financial services subsidiary of First Horizon National Corporation (NYSE: FHS) from 1998 to 1999. Eugene S. Putnam, Jr., Community Bankers chairman of the board of directors, also has a long history of management in the banking industry having worked at Crestar Financial Corporation as senior vice president serving in various capacities with responsibility for corporate finance, treasury, mergers and acquisition

financing, capital planning, balance sheet management and investor relations and then at SunTrust after its acquisition of Crestar as senior vice president and director of investor relations and corporate communications. From 2001 to 2003, Mr. Putnam was executive vice president and chief financial officer at Sterling Bancshares, Inc., a \$3.5 billion bank holding company headquartered in Houston, Texas. Keith Walz has held numerous positions in the banking and private equity industry, serving in various capacities with ABN AMRO Capital (USA), and currently serves as managing partner at Kinsale Capital Partners, a leveraged buy-out private equity investment firm. Chris Bagley also has management experience in the banking industry and is currently chief lending officer at Prosperity Bank, a wholly-owned subsidiary of Prosperity Bancshares (Nasdaq PRSP) a \$6 billion bank holding company headquartered in Houston, Texas.

Consequences to Community Bankers if the Merger Proposal is Not Approved

If the merger proposal is not approved by either the Community Bankers stockholders or the TransCommunity stockholders, if 20% or more of the Community Bankers stockholders properly elect to convert their shares for cash equal to a pro rata portion of the Community Bankers trust account, if required regulatory approvals are denied or delayed or certain other closing conditions are not met and are not waived, the merger will not occur. In such an event: (1) the proceeds in the trust account will be liquidated to holders of shares purchased in Community Bankers initial public offering and (2) Community Bankers will be dissolved in accordance with Community Bankers amended and restated certificate of incorporation upon stockholder approval of such dissolution and liquidation.

In addition, if Community Bankers does not effect the merger with TransCommunity by June 7, 2008, Community Bankers must dissolve and liquidate. In any liquidation, the funds held in the trust account, plus any interest earned thereon (less any taxes due on such interest), together with any remaining net assets not held in trust, will be distributed pro rata to the holders of Community Bankers common stock issued in the initial public offering. Holders of Community Bankers common stock issued prior to the initial public offering have waived any right to any liquidation distribution with respect to those shares.

TransCommunity's Reasons for the Merger

In reaching its decision to approve the merger agreement and recommend the merger to its stockholders, the TransCommunity board of directors relied heavily on a special committee comprised of three independent directors who have substantial experience in financial and strategic matters involving public companies. The board also consulted with TransCommunity management, engaged legal and financial advisors, reviewed various financial data, due diligence and evaluation materials, and made an independent determination that the proposed merger with Community Bankers was fair to TransCommunity's stockholders from a financial point of view. The board of directors considered a number of factors, positive and negative, in determining whether to recommend that TransCommunity's stockholders approve the merger agreement. The positive factors included:

the premium over the company's prevailing stock price to be received by TransCommunity's stockholders;

the value of the consideration TransCommunity's stockholders will receive relative to the projected book value and earnings per share of TransCommunity common stock;

Sandler O'Neill's opinion that the consideration TransCommunity's stockholders will receive as a result of the merger is fair from a financial point of view;

the fact that TransCommunity's stockholders will receive shares in a larger company traded on the American Stock Exchange, which will potentially provide greater liquidity for TransCommunity stockholders to sell their shares quickly and efficiently than under the existing OTC Bulletin Board system;

the fact that the exchange ratio is fixed in the event that Community Banker's stock price increases before closing, but is adjustable in the event that Community Banker's stock price decreases, thereby affording TransCommunity's stockholders a combination of upside participation and downside protection;

the additional capital to support a larger bank;

the potential for the combined company to attract merger candidates that TransCommunity would not be likely to attract on its own;

the proposed merger would be a strategic merger of equals in which the combined companies may achieve a level of growth that neither company could achieve on its own;

the financial terms of recent business combinations in the financial services industry and a comparison of the multiples of selected combinations with the terms of the merger;

the skills and experience offered by the Community Bankers' management and board of directors;

the anticipated compatibility of management and business philosophy of Community Bankers and TransCommunity;

the projected positive value of Community Bankers' shares offered to TransCommunity's stockholders in relation to the estimated market value, book value, and earnings per share of TransCommunity common stock;

the competitive and regulatory environment for financial institutions generally; and

the fact that the merger will enable TransCommunity's stockholders to exchange their shares of common stock in a tax-free transaction.

The negative factors included:

the dilution of ownership rights of TransCommunity's stockholders;

the reduction in the level of control that TransCommunity's stockholders would have in the surviving corporation;

no special purposes acquisition company transactions have been completed in the banking industry;

TransCommunity was enjoying progress with its strategic plan, including recently consolidating its subsidiary banks into one subsidiary; and

potential stockholder opposition to the merger.

After reviewing all of these factors, the TransCommunity board of directors unanimously determined that the merger proposal and the transactions contemplated thereby are in the best interests of TransCommunity and unanimously recommended that TransCommunity's stockholders vote at the special meeting to approve the merger proposal.

TransCommunity's board of directors knew and considered the financial interests of certain TransCommunity directors and executives when it approved the merger agreement. These financial interests are addressed in greater detail under the heading "Certain Benefits of Directors and Officers of Community Bankers and TransCommunity."

The TransCommunity board of directors believes the merger is in the best interests of TransCommunity and its stockholders. The TransCommunity board of directors recommends that TransCommunity's stockholders vote FOR the approval of the merger proposal and the consummation of the transactions contemplated thereby.

Opinion of Community Bankers' Financial Advisor

On September 5, 2007, Community Bankers executed an engagement agreement with Keefe, Bruyette & Woods, Inc. Keefe, Bruyette & Woods, Inc.'s engagement encompassed assisting Community Bankers in analyzing, structuring, negotiating and effecting a transaction with TransCommunity. Community Bankers selected Keefe, Bruyette & Woods, Inc. because Keefe, Bruyette & Woods, Inc. is a nationally recognized investment-banking firm with substantial experience in transactions similar to the merger and is familiar with Community Bankers and its business. Community Bankers had previously engaged Keefe, Bruyette & Woods, Inc. on January 10, 2007, to advise on preliminary discussions Community Bankers had held earlier with BOE concerning the possibility of Community Bankers and BOE entering into a business combination. As part of its investment banking business, Keefe, Bruyette & Woods, Inc. is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On September 5, 2007, the Community Bankers board of directors held a meeting to evaluate the proposed merger of TransCommunity with and into Community Bankers. At this meeting, Keefe, Bruyette & Woods, Inc. reviewed the financial aspects of the proposed merger and rendered a written opinion as of such date to Community Bankers as to the fairness to Community Bankers, from a financial point of view, of the consideration to be paid in the merger.

The text of Keefe, Bruyette & Woods, Inc. s written opinion is attached as Appendix D to this document and is incorporated herein by reference. Community Bankers stockholders are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Keefe, Bruyette & Woods, Inc.

Keefe, Bruyette & Woods, Inc. s opinion speaks only as of the date of the opinion. The opinion is directed to the Community Bankers board of directors and addresses only the fairness, from a financial point of view, of the consideration to be paid in the merger. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any Community Bankers stockholder as to how the stockholder should vote at the Community Bankers special meeting on the merger or any related matter.

In rendering its opinion, Keefe, Bruyette & Woods, Inc.:

reviewed, among other things,

the merger agreement,

Annual Reports to stockholders and Annual Reports on Form 10-K of TransCommunity,

Quarterly Reports on Form 10-Q of TransCommunity,

Annual Reports on Form 10-K of Community Bankers, and

Quarterly Reports on Form 10-Q of Community Bankers;

held discussions with members of senior management of Community Bankers and TransCommunity regarding,

past and current business operations,

regulatory relationships,

financial condition, and

future prospects of the respective companies;

reviewed the market prices, valuation multiples, publicly reported financial condition and results of operations for TransCommunity and compared them with those of certain publicly traded companies that Keefe, Bruyette & Woods, Inc. deemed to be relevant;

compared the proposed financial terms of the merger with the financial terms of certain other transactions that Keefe, Bruyette & Woods, Inc. deemed to be relevant;

evaluated the potential pro forma impact of the merger on Community Bankers, and

performed other studies and analyses that it considered appropriate.

In conducting its review and arriving at its opinion, Keefe, Bruyette & Woods, Inc. relied upon and assumed the accuracy and completeness of all of the financial and other information provided to or otherwise made available to Keefe, Bruyette & Woods, Inc. or that was discussed with, or reviewed by or for Keefe, Bruyette & Woods, Inc., or that was publicly available. Keefe, Bruyette & Woods, Inc. did not attempt, or assume any responsibility, to verify such information independently. Keefe, Bruyette & Woods, Inc. relied upon the management of TransCommunity and Community Bankers as to the reasonableness and achievability of the financial and operating forecasts and projections, and assumptions and bases for those projections, provided to Keefe, Bruyette & Woods, Inc. Keefe, Bruyette & Woods, Inc. assumed, without independent verification, that the aggregate allowances for loan and lease losses for TransCommunity are adequate to cover those losses. Keefe, Bruyette & Woods, Inc. did not make or obtain any evaluations or appraisals of any assets or liabilities of TransCommunity or Community Bankers, nor did Keefe, Bruyette & Woods, Inc. examine or review individual credit files.

For purposes of rendering its opinion, Keefe, Bruyette & Woods, Inc. assumed that, in all respects material to its analyses:

the merger will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any material waivers; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications that may be imposed, will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger.

Keefe, Bruyette & Woods, Inc. further assumed that the merger will be accounted for as a purchase transaction under generally accepted accounting principles, and that the merger will qualify as a tax-free reorganization for United States federal income tax purposes. Keefe, Bruyette & Woods, Inc.'s opinion is not an expression of an opinion as to the prices at which shares of TransCommunity common stock or Community Bankers common stock will trade since the announcement of the proposed merger or the actual value of the Community Bankers common shares when issued pursuant to the merger, or the prices at which the Community Bankers common shares will trade following the completion of the merger.

In performing its analyses, Keefe, Bruyette & Woods, Inc. made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Keefe, Bruyette & Woods, Inc., TransCommunity and Community Bankers. Any estimates contained in the analyses performed by Keefe, Bruyette & Woods, Inc. are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the Keefe, Bruyette & Woods, Inc. opinion was among several factors taken into consideration by the Community Bankers board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Community Bankers board or management of Community Bankers with respect to the fairness of the consideration to be paid in the merger.

Summary of Analyses by Keefe, Bruyette & Woods, Inc.

The following is a summary of the material analyses presented by Keefe, Bruyette & Woods, Inc. to the Community Bankers board, in connection with its written fairness opinion. The summary is not a complete description of the analyses underlying the Keefe, Bruyette & Woods, Inc. opinion or the presentation made by Keefe, Bruyette & Woods, Inc. to the Community Bankers board, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or

summary description. In arriving at its opinion, Keefe, Bruyette & Woods, Inc. did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, Keefe, Bruyette & Woods, Inc. believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion. The tables alone do not provide a complete description of the financial analyses.

Summary of Proposal. TransCommunity stockholders will receive 1.4200 shares of Community Bankers common stock. Based on Community Bankers closing stock price on September 4, 2007 of \$7.42, the exchange ratio represented a value of \$10.54 per share to TransCommunity.

Selected Peer Group Analysis. Using publicly available information, Keefe, Bruyette & Woods, Inc. compared the financial performance, financial condition, and market performance of TransCommunity to the following 22 depository institutions that Keefe, Bruyette & Woods, Inc. considered comparable to TransCommunity:

Companies included in TransCommunity's peer group:

Virginia National Bank;

Citizens Bancorp of Virginia, Inc.;

First Capital Bancorp, Inc.;

BOE Financial Services of Virginia, Inc.;

Botetourt Bankshares, Inc.;

Pinnacle Bankshares Corporation;

Shore Financial Corporation;

Bank of James Financial Group, Inc.;

Heritage Bankshares, Inc.;

Cardinal Bankshares Corporation;

United Financial Banking Companies, Inc.;

MainStreet BankShares, Inc.;

Virginia Community Bankshares, Inc.;

Pioneer Bankshares, Inc.;

Bank of Virginia;

Virginia Bank Bankshares, Incorporated;

Bank of McKenney;

Farmers Bank of Appomattox;

SuffolkFirst Bank

Citizens Community Bank

MainStreet Bank

River City Bank

To perform this analysis, Keefe, Bruyette & Woods, Inc. used financial information as of the three month period ended June 30, 2007 if available, otherwise March 31, 2007 and for the three or twelve month period ended June 30, 2007 if available, otherwise March 31, 2007. Market price information was as of August 31, 2007. Certain financial data prepared by Keefe, Bruyette & Woods, Inc., and as referenced in the tables presented below may not correspond to the data presented in TransCommunity's historical financial statements, or to the data prepared by Sandler O'Neill presented under the section Opinion of TransCommunity's Financial Advisor, as a result of the different periods, assumptions and methods used by Keefe, Bruyette & Woods, Inc. to compute the financial data presented.

Keefe, Bruyette & Woods, Inc. s analysis showed the following concerning TransCommunity s financial performance:

Financial Performance Measures:	TransCommunity	TransCommunity Peer Group Median	TransCommunity Peer Group Maximum	TransCommunity Peer Group Minimum
Latest Twelve Months Core Return on Average Equity	(1.30)%	9.64%	14.10%	(3.01)%
Latest Twelve Months Core Return on Average Assets	(0.20)%	0.92%	1.89%	(0.51)%
Most Recent Quarter Net Interest Margin	5.35%	4.08%	5.47%	2.90%
Latest Twelve Months Efficiency Ratio	93%	69%	101%	54%

Keefe, Bruyette & Woods, Inc. s analysis showed the following concerning TransCommunity s financial condition:

Financial Condition Measures:	TransCommunity	TransCommunity Peer Group Median	TransCommunity Peer Group Maximum	TransCommunity Peer Group Minimum
Tangible Equity / Tangible Assets	13.98%	10.94%	16.01%	9.12%
Loans / Deposits	95%	89%	105%	66%
Latest Twelve Months Net Charge-offs / Avg. Loans	0.35%	0.02%	0.39%	(0.17)%
Loan Loss Reserves / Loans	117%	106%	188%	81%

Keefe, Bruyette & Woods, Inc. s analysis showed the following concerning TransCommunity s market performance:

Market Performance Measures:	TransCommunity	TransCommunity Peer Group Median	TransCommunity Peer Group Maximum	TransCommunity Peer Group Minimum
Price to earnings multiple, based on Last Twelve Months GAAP estimated earnings	NMx	16.3x	95.2x	10.1x
Price to book multiple value	1.17x	1.23x	2.02x	0.89x
Price to tangible book multiple value	1.17x	1.23x	2.02x	0.89x

Selected Transaction Analysis. Keefe, Bruyette & Woods, Inc. reviewed publicly available information related to selected comparably sized acquisitions of bank holding companies announced after January 1, 2005, with

headquarters in Virginia, Maryland and North Carolina with aggregate transaction values between \$25 million and \$100 million. The transactions included in the group were:

Acquiror:

Yadkin Valley Financial Corporation
 Bank of Carolinas Corporation
 Bradford Bancorp, Inc.
 Gateway Financial Holdings, Inc.
 Sandy Spring Bancorp, Inc.
 Sandy Spring Bancorp, Inc.
 Crescent Financial Corporation
 BNC Bancorp
 Premier Community Bankshares, Inc.
 Union Bankshares Corporation
 American National Bankshares, Inc.
 Citizens South Banking Corporation

Acquired Company:

Cardinal State Bank
 Randolph Bank & Trust Company
 Patapsco Bancorp, Inc.
 Bank of Richmond, N.A.
 CN Bancorp, Inc.
 Potomac Bank of Virginia
 Port City Capital Bank
 SterlingSouth Bank & Trust Company
 Albemarle First Bank
 Prosperity Bank & Trust Company
 Community First Financial Corporation
 Trinity Bank

Transaction multiples for the merger were derived from an offer price of \$10.54 per share for TransCommunity. For each precedent transaction, Keefe, Bruyette & Woods, Inc. derived and compared, among other things, the implied ratio of price per common share paid for the acquired company to:

the earnings per share of the acquired company for the latest 12 months of results publicly available prior to the time the transaction was announced;

book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;

tangible book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;

additionally, for each precedent transaction, Keefe, Bruyette & Woods, Inc. derived and compared the premium paid in aggregate consideration over tangible book value to core deposits. Core deposits were defined as total deposits less jumbo CDs (CDs with balances greater than \$100,000); and

market premium based on the latest closing price 1-day prior to the announcement of the acquisition.

The results of the analysis are set forth in the following table.

	Community Bankers/ TransCommunity	Comparable Transactions Median	Comparable Transactions Maximum	Comparable Transactions Minimum
Price / Trailing 12 months earnings per share	NMx	30.1x	41.2x	17.4x
Price / Book value	1.61x	2.33x	3.36x	1.77x

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Price / Tangible Book value	1.61x	2.45x	3.36x	1.82x
Core Deposit Premium	13.9%	20.2%	32.8%	9.3%
Market Premium	36.0%	37.6%	87.0%	21.9%

No company or transaction used as a comparison in the above analysis is identical to Community Bankers, TransCommunity or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Discounted Cash Flow Analysis. Keefe, Bruyette & Woods, Inc. performed a discounted cash flow analysis to estimate a range for the implied equity value per share of TransCommunity common stock. In this analysis, Keefe, Bruyette & Woods, Inc. assumed discount rates ranging from 11.0% to 15.0% to derive (1) the present value of the estimated free cash flows that TransCommunity could generate over the period beginning January 2008 and

ending in December 2012, including certain expenses forecasted as a result of the merger, and (2) the present value of TransCommunity's terminal value at the end of 2013. Terminal values for TransCommunity were calculated based on a range of 15.0x to 18.0x estimated 2013 earnings per share. In performing this analysis, Keefe, Bruyette & Woods, Inc. used TransCommunity's management's estimates for 2007 through 2010. Based on management's estimates, Keefe, Bruyette & Woods, Inc. assumed 15% earnings per share growth for 2011 and 2012, with 10% growth thereafter. Certain data was adjusted to account for certain restructuring charges anticipated by management to result from the merger. Keefe, Bruyette & Woods, Inc. assumed that TransCommunity would maintain a tangible equity / tangible asset ratio of 7.00% and would retain sufficient earnings to maintain that level. Any earnings in excess of what would need to be retained represented dividendable cash flows for TransCommunity.

Based on these assumptions, Keefe, Bruyette & Woods, Inc. derived a range of implied equity values per share of TransCommunity common stock of \$8.76 to \$11.48.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The analysis did not purport to be indicative of the actual values or expected values of TransCommunity common stock.

Forecasted Pro Forma Financial Analysis. Keefe, Bruyette & Woods, Inc. analyzed the estimated financial impact of the merger on Community Bankers' 2008 and 2009 estimated earnings per share. For Community Bankers, Keefe, Bruyette & Woods, Inc. used management's estimates of earnings per share for 2008 and grew those earnings by 5% for 2009. For TransCommunity, Keefe, Bruyette & Woods, Inc. used management's estimates for 2008 and 2009. In addition, Keefe, Bruyette & Woods, Inc. assumed that the merger will result in no cost savings, based upon management's estimates. Based on its analysis, Keefe, Bruyette & Woods, Inc. determined that the merger would be accretive to Community Bankers' earnings per share in 2009.

Furthermore, the analysis indicated that Community Bankers' Leverage Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk Based Capital Ratio would all remain above regulatory minimums for well capitalized institutions. This analysis was based on internal projections provided by Community Bankers' and TransCommunity's senior management teams. For all of the above analysis, the actual results achieved by Community Bankers following the merger may vary from the projected results, and the variations may be material.

Other Analyses. Keefe, Bruyette & Woods, Inc. reviewed the relative financial and market performance of TransCommunity to a variety of relevant industry peer groups and indices. Keefe, Bruyette & Woods, Inc. also reviewed earnings estimates, balance sheet composition, historical stock performance and other financial data for TransCommunity.

Community Bankers' board has retained Keefe, Bruyette & Woods, Inc. as an independent contractor to act as financial advisor to Community Bankers regarding the merger. As part of its investment banking business, Keefe, Bruyette & Woods, Inc. is continually engaged in the valuation of banking businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. As specialists in the securities of banking companies, Keefe, Bruyette & Woods, Inc. has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, Keefe, Bruyette & Woods, Inc. may, from time to time, purchase securities from, and sell securities to, Community Bankers and TransCommunity. As a market maker in securities Keefe, Bruyette & Woods, Inc. may from time to time have a long or short position in, and buy or sell, debt or equity securities of Community Bankers and TransCommunity for Keefe, Bruyette & Woods, Inc.'s own account and for the accounts of its customers.

Community Bankers and Keefe, Bruyette & Woods, Inc. have entered into an agreement relating to the services to be provided by Keefe, Bruyette & Woods, Inc. in connection with the merger. Community Bankers paid to Keefe, Bruyette & Woods, Inc. at the time Keefe, Bruyette & Woods, Inc. issued the fairness opinion, a cash fee of \$125,000 and has agreed to pay to Keefe, Bruyette & Woods, Inc. an additional cash fee of \$375,000 at the time of and contingent upon closing. Pursuant to the Keefe, Bruyette & Woods, Inc. engagement agreement, Community Bankers also agreed to reimburse Keefe, Bruyette & Woods, Inc. for reasonable out-of-pocket expenses and

disbursements incurred in connection with its retention and to indemnify it against certain liabilities, including liabilities under the federal securities laws.

Separately, Community Bankers and Keefe, Bruyette & Woods, Inc. have entered into an agreement relating to the services to be provided by Keefe, Bruyette & Woods, Inc. in connection with Community Bankers' proposed merger with BOE. Community Bankers paid to Keefe, Bruyette & Woods, Inc. at the time Keefe, Bruyette & Woods, Inc. issued the fairness opinion in connection with the proposed merger with BOE, a cash fee of \$125,000 and has agreed to pay to Keefe, Bruyette & Woods, Inc. an additional cash fee of \$375,000 at the time of and contingent upon the closing of the proposed merger with BOE. Pursuant to the Keefe, Bruyette & Woods, Inc. engagement agreement, Community Bankers also agreed to reimburse Keefe, Bruyette & Woods, Inc. for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify it against certain liabilities, including liabilities under the federal securities laws.

Opinion of TransCommunity's Financial Advisor

By letter dated August 7, 2007, TransCommunity retained Sandler O'Neill & Partners, LP to act as its financial advisor in connection with a possible business combination with another financial institution. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to TransCommunity in connection with the proposed merger and participated in certain of the negotiations leading to the execution of the merger agreement. At the December 12, 2007 meeting at which TransCommunity's special committee considered and approved the merger agreement, Sandler O'Neill delivered to the special committee its oral opinion, subsequently confirmed in writing that, as of such date, the consideration to be received in the transaction was fair to TransCommunity's stockholders from a financial point of view, including the effects of Community Bankers' transaction with BOE (the BOE Transaction) on the combined entity. Sandler O'Neill also advised the board that their December 12, 2007 fairness opinion would supercede the fairness opinion rendered by Sandler O'Neill on September 5, 2007.

The full text of Sandler O'Neill's opinion is attached as Appendix E to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion. TransCommunity stockholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the TransCommunity board of directors and is directed only to the fairness of the merger consideration to TransCommunity stockholders from a financial point of view. It does not address the underlying business decision of TransCommunity to engage in the merger or any other aspect of the merger and is not a recommendation to any TransCommunity stockholder as to how such stockholder should vote at the special meeting with respect to the merger or any other matter.

In connection with rendering its December 12, 2007 opinion, Sandler O'Neill reviewed and considered, among other things:

the merger agreement;

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certain publicly available financial statements and other historical financial information of TransCommunity that Sandler O Neill deemed relevant;

certain publicly available financial statements and other historical financial information of Community Bankers that Sandler O Neill deemed relevant;

an internal budget for TransCommunity for the year ending December 31, 2007 prepared by and reviewed with management of TransCommunity and management guidance on growth and performance thereafter;

the pro forma financial impact of the merger on Community Bankers based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior managements of TransCommunity and Community Bankers;

the financial impact of BOE Transaction on the combined entities as discussed with the senior management of Community Bankers;

publicly reported historical price and trading activity for the common stock of TransCommunity and Community Bankers, including a comparison of certain financial and stock market information for TransCommunity with similar publicly available information for certain other companies the securities of which are publicly traded;

to the extent publicly available, the financial terms of certain recent business combinations in the commercial banking industry;

the current market environment generally and the banking environment in particular; and

such other information, financial studies, analyses and investigations and financial, economic and market criteria as we considered relevant.

Sandler O Neill also discussed with certain members of senior management of TransCommunity the business, financial condition, results of operations and prospects of TransCommunity.

In performing its reviews and analyses and in rendering its opinion, Sandler O Neill assumed and relied upon the accuracy and completeness of all the financial information, analyses and other information that was publicly available or otherwise provided to Sandler O Neill by TransCommunity, including any information related to the BOE Transaction, and further relied on the assurances of management of TransCommunity that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. Sandler O Neill was not asked to and did not independently verify the accuracy or completeness of any of such information and they did not assume any responsibility or liability for the accuracy or completeness of any of such information. Sandler O Neill did not make an independent evaluation or appraisal of the assets, the collateral securing assets or the liabilities, contingent or otherwise, of TransCommunity or Community Bankers or any of their respective subsidiaries, or the collectibility of any such assets, nor was it furnished with any such evaluations or appraisals. Sandler O Neill is not an expert in the evaluation of allowances for loan losses and it did not make an independent evaluation of the adequacy of the allowance for loan losses of TransCommunity, nor did it review any individual credit files relating to TransCommunity. With TransCommunity's consent, Sandler O Neill assumed that the respective allowances for loan losses for TransCommunity were adequate to cover such losses and for the combined company.

With respect to the internal budget and management guidance for TransCommunity and the projections of transaction costs, purchase accounting adjustments and expected cost savings prepared by and/or reviewed with the managements of TransCommunity and Community Bankers and used by Sandler O Neill in its analyses, TransCommunity's and Community Bankers' management confirmed to Sandler O Neill that they reflected the best currently available estimates and judgments of management of the future financial performance of TransCommunity and Community Bankers and Sandler O Neill assumed that such performance would be achieved. Sandler O Neill expresses no opinion as to the budget it received or the guidance provided by management and estimates or the assumptions on which they are based. Sandler O Neill also assumed that there has been no material change in TransCommunity's and Community Bankers' assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to Sandler O Neill. Sandler O Neill did not express any opinion as to the financial

terms or conditions of Community Bankers merger with BOE except as to how such financial terms and conditions relate to the merger.

Sandler O'Neill's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Sandler O'Neill assumed, in all respects material to its analysis, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the merger agreement are not waived. Sandler O'Neill also assumed, with TransCommunity's consent, that there has been no material change in

TransCommunity's and Community Bankers' assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to it that TransCommunity and Community Bankers will remain as going concerns for all periods relevant to its analyses, and that the merger will qualify as a tax-free reorganization for federal income tax purposes. Finally, with TransCommunity's consent, Sandler O'Neill relied upon the advice that TransCommunity received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the agreement.

In rendering its December 12, 2007 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to TransCommunity or Community Bankers and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of TransCommunity or Community Bankers and the companies to which they are being compared.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of TransCommunity, Community Bankers and Sandler O'Neill. The analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to TransCommunity at its December 12, 2007 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of TransCommunity common stock or Community Bankers common stock or the prices at which TransCommunity or Community Bankers common stock may be sold at any time.

Summary of Proposal. Sandler O'Neill reviewed the financial terms of the proposed transaction. Based upon the closing price of Community Bankers common stock on December 10, 2007 of \$7.42 per share, a fixed exchange ratio of 1.4200 shares of Community Bankers stock for each share of TransCommunity common stock, or a fixed price of \$10.536 for each share of TransCommunity common stock, and the exchange of 100% of TransCommunity's shares into shares of Community Bankers in the merger, and based upon per-share financial information for TransCommunity for the twelve months ended September 30, 2007. Sandler O'Neill calculated the following ratios:

	Transaction Ratios(1)
Transaction value/Estimated Forward Four Quarter Earnings Per Share	36.8x
Transaction value/Book value per share	161%

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Transaction value/Tangible book value per share	161%
Tangible book premium/Core deposits(2)	13.3%

(1) Based upon the closing price of Community Bankers common stock on December 10, 2007 of \$7.42, a total per share consideration of \$10.536 will be exchanged for all of TransCommunity's shares.

(2) Assumes TransCommunity's total core deposits are \$134 million. Excludes CDs greater than \$100,000.

The aggregate offer value was approximately \$48.3 million, based upon 4,586,741 shares of TransCommunity common stock outstanding and including the intrinsic value of options to purchase an aggregate of 289,625 shares with a weighted average strike price of \$9.97 per share. Sandler O'Neill noted that the transaction value represented a 52.7% premium over the December 10, 2007 closing value of TransCommunity common stock.

In addition to the financial terms of the proposed transaction ratios, Sandler O'Neill reviewed the effect of a change in Community Bankers stock price to the common stock consideration paid to TransCommunity. Applying a range of Community Bankers stock prices of \$5.94 to \$8.90, it was noted that the total per share consideration would range from \$10.536 to \$12.644. This per share consideration range results in an aggregate transaction value range of \$48.6 million to \$58.8 million, based upon 4,586,741 shares of TransCommunity common stock outstanding and including the intrinsic value of options to purchase an aggregate of 289,625 shares with a weighted average strike price of \$9.97 per share. Sandler O'Neill calculated the following transaction values and transaction ratios:

Buyer's	Change		Purchase	Value of	Value	Aggregate Tangible	Price/	Price/	Premium
Stock	in Stock	Exchange	Price per	Shares	of	Deal	Forward	Quarter	to
Price	Price (%)	Ratio	Share (\$)	Received	Options	Value	Four	Earnings	Market
				(\$000)	(\$mm)	(\$mm)	Share (x)	per	(%)
\$ 8.90	20.0%	1.4200	\$ 12.644	57,993	774	58.8	193	44.2	83.2
\$ 8.72	17.5%	1.4200	\$ 12.380	56,785	698	57.5	189	43.3	79.4
\$ 8.53	15.0%	1.4200	\$ 12.117	55,577	622	56.2	185	42.3	75.6
\$ 8.35	12.5%	1.4200	\$ 11.853	54,369	545	54.9	181	41.4	71.8
\$ 8.16	10.0%	1.4200	\$ 11.590	53,161	469	53.6	177	40.5	68.0
\$ 7.98	7.5%	1.4200	\$ 11.327	51,952	393	52.3	173	39.6	64.2
\$ 7.79	5.0%	1.4200	\$ 11.063	50,744	317	51.1	169	38.7	60.3
\$ 7.61	2.5%	1.4200	\$ 10.800	49,536	172	48.6	165	36.9	53.1
\$ 7.42	0.0%	1.4200	\$ 10.536	48,326	164	48.5	161	36.8	52.7
\$ 7.23	(2.5)%	1.4564	\$ 10.536	48,393	164	48.6	161	36.8	52.7
\$ 7.05	(5.0)%	1.4947	\$ 10.536	48,393	164	48.6	161	36.8	52.7
\$ 6.86	(7.5)%	1.5351	\$ 10.536	48,393	164	48.6	161	36.8	52.7
\$ 6.68	(10.0)%	1.5777	\$ 10.536	48,393	164	48.6	161	36.8	52.7
\$ 6.49	(12.5)%	1.6228	\$ 10.536	48,393	164	48.6	161	36.8	52.7
\$ 6.31	(15.0)%	1.6705	\$ 10.536	48,393	164	48.6	161	36.8	52.7
\$ 6.12	(17.5)%	1.7211	\$ 10.536	48,393	164	48.6	161	36.8	52.7
\$ 5.94	(20.0)%	1.7749	\$ 10.536	48,393	164	48.6	161	36.8	52.7

Stock Trading History. Sandler O'Neill reviewed the history of the reported trading prices and volume of TransCommunity and Community Bankers common stock for the one-year period ended December 10, 2007. As described below, Sandler O'Neill then compared the relationship between the movements in the prices of TransCommunity and Community Bankers common stock to movements in the prices of the NASDAQ Bank Index, the S&P 500 Index, and compared the other S&P Bank Index. During the one year period ended December 10, 2007, TransCommunity underperformed each of the indices to which it was compared.

	TransCommunity Beginning Index Value December 8, 2006	s Stock Performance Ending Index Value December 10, 2007
TransCommunity	100.0%	76.7%
NASDAQ Bank Index	100.0	86.2
S&P 500 Index	100.0	107.5
Community Bankers	100.0	100.8

During the one-year period ended December 10, 2007, Community Bankers outperformed the NASDAQ Bank Index and underperformed the S&P 500 Index.

	Community Bankers Beginning Index Value December 8, 2006	Stock Performance Ending Index Value December 10, 2007
Community Bankers	100.0	100.8%
NASDAQ Bank Index	100.0	86.2
S&P 500 Index	100.0	107.5
TransCommunity	100.0	76.7

Comparable Company Analysis. Sandler O'Neill used publicly available information to compare selected financial and market trading information for TransCommunity with groups of financial institutions selected by Sandler O'Neill for TransCommunity. TransCommunity's peer groups consisted of the following: Publicly traded Virginia commercial banks, each having total assets as of the most recent quarter of \$150 million to \$300 million, Nationwide Publicly traded commercial banks each having total assets as of the most recent quarter of \$200 million to \$500 million, and Nationwide Publicly traded commercial banks each having a tangible equity to tangible assets ratio as of the most recent quarter of 15.0% or greater and positive earnings over the most recent twelve month period.

Virginia Comparable Group

Virginia National Bank(1)	Cardinal Bankshares Corp.
Citizens Bancorp of Virginia	United Financial Banking Co.(1)
Citizens Community Bank	MainStreet BankShares Inc
BOE Financial Services of VA	Virginia Community Bankshares(1)
Botetourt Bankshares Inc.	Pioneer Bankshares Inc.
Pinnacle Bankshares Corp.	Bank of Virginia
Shore Financial Corp.	SuffolkFirst Bank(1)
Bank of the James Finl Grp Inc	Bank of McKenney
Heritage Bankshares Inc.	Farmers Bank of Appomattox(1)

(1) Financial data as of the twelve months ended June 30, 2007.

The analysis compared publicly available financial information for TransCommunity as of and for the twelve months ended September 30, 2007 with that of the TransCommunity peer groups as of and for the twelve month period ended September 30, 2007. The table below sets forth the data for TransCommunity and the median data for the TransCommunity peer groups, with pricing data as of December 10, 2007.

	Comparable Group Analysis			
	TransCommunity	Virginia Peer Group	Nationwide Asset Size Peer Group	Nationwide Tangible Equity / Tangible Assets 15.0% Peer Group
Total Assets (\$mm)	\$ 223	\$ 208	\$ 311	\$ 197
Tangible Equity/Tangible Assets	13.42%	10.09%	8.95%	15.23%
Return on Average Assets	(0.32)%	1.01%	0.90%	0.96%
Return on Average Equity	(2.2)%	9.2%	9.7%	6.4%
Price/Tangible book value per share	106%	112%	138%	124%
Price/Last Twelve Months Earnings per share	NMx	13.3x	14.7x	18.9x
Price/2007 Estimated Earnings per share(1)	NMx	22.3x	15.3x	19.2x
Price/2008 Estimated Earnings per share(1)	23.8x	16.3x	13.2x	15.6x
Market Capitalization (\$mm)	\$ 31.6	\$ 29.2	\$ 38.2	\$ 34.4

(1) Based upon internal financial projections for TransCommunity for the year ending December 31, 2007 and December 31, 2008 prepared by and reviewed with management of TransCommunity.

Analysis of Selected Merger Transactions. Sandler O Neill reviewed 13 regional merger transactions announced from January 1, 2005 through December 10, 2007 involving Washington DC, Maryland and Virginia based depository institutions as acquired institutions with announced transaction values greater than \$15 million. Sandler O Neill also reviewed 21 nationwide merger transactions announced January 1, 2004 through December 10, 2007 involving nationwide commercial banks with reported net losses for the most recent twelve month period prior to announcement as acquired institutions with announced transaction values greater than \$15 million. Sandler O Neill reviewed the multiples of transaction price at announcement to estimated net income, transaction price to stated book value per share, transaction price to tangible book value per share, tangible book premium to core deposits and premium to market price and computed median multiples and premiums for the transactions. The median multiples from the nationwide group and the median multiples for the regional group were applied to TransCommunity's financial information as of and for the twelve months ended September 30, 2007. As illustrated in the following table, Sandler O Neill derived imputed ranges of values per share of TransCommunity common stock of \$10.18 to \$11.66 based upon the median multiples for the nationwide group and \$5.88 to \$21.20 based upon the median multiples for the regional depository institutions transactions.

Comparable Transaction Multiples

	Median Nationwide Multiple	Implied Value	Median Regional Multiple	Implied Value
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Transaction price/Estimated Net Income(1)	NA	NA	20.6x	\$ 5.88
Transaction price/Stated Book value	179%	\$ 11.66	270%	\$ 17.59
Transaction price/Tangible book value	177%	\$ 11.55	325%	\$ 21.20
Tangible book premium/Core deposits(2)	12.1%	\$ 10.18	25.2%	\$ 13.96
Market Premium(3)	50.8%	\$ 10.41	32.4%	\$ 9.14

(1) Based upon internal financial projections for TransCommunity for the forward four quarters ending September 30, 2008 prepared by and reviewed with management of TransCommunity.

(2) Assumes TransCommunity's total core deposits are \$134 million. Excludes CDs greater than \$100,000.

(3) Based on TransCommunity's closing price of \$6.90 per share as of December 10, 2007.

Discounted Cash Flow Analysis. Sandler O'Neill performed an analysis that estimated the future stream of after-tax cash flows of TransCommunity through December 31, 2010 under various circumstances, assuming TransCommunity's core dividend payout ratio of 0.0% and that TransCommunity performed in accordance with the earnings and growth projections reviewed with and confirmed by management of TransCommunity. To approximate the terminal value of TransCommunity common stock at December 31, 2010, Sandler O'Neill applied price to earnings multiples ranging from 12x to 22x and multiples of tangible book value ranging from 100% to 200%. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 9.9% to 14.9% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of TransCommunity common stock. As illustrated in the following tables, this analysis indicated an imputed range of values per share of TransCommunity common stock of \$4.57 to \$9.47 when applying the price/earnings multiples and \$5.01 to \$11.32 when applying multiples of tangible book value. In addition, the terminal value of TransCommunity common stock at December 31, 2010 was calculated using the same range of price to last twelve months earnings multiples (12x to 22x) applied to a range of discounts and premiums to management's budget projections. The range applied to the budgeted net income was 25.0% under budget to 25.0% over budget, using a discount rate of 12.95% for the tabular analysis. As illustrated in the following tables, this analysis indicated an imputed range of values per share for TransCommunity common stock of \$3.16 to \$12.48 when applying the price to earnings multiples to the -25.0% / +25.0% budget range.

Earnings Per Share Multiples

	12.0x	14.0x	16.0x	18.0x	20.0x	22.0x
9.9%	\$ 5.26	\$ 6.11	\$ 6.95	\$ 7.79	\$ 8.63	\$ 9.47
10.9%	\$ 5.12	\$ 5.93	\$ 6.75	\$ 7.56	\$ 8.38	\$ 9.20
11.9%	\$ 4.97	\$ 5.77	\$ 6.56	\$ 7.35	\$ 8.14	\$ 8.94
12.9%	\$ 4.83	\$ 5.60	\$ 6.38	\$ 7.15	\$ 7.92	\$ 8.69
13.9%	\$ 4.70	\$ 5.45	\$ 6.20	\$ 6.95	\$ 7.70	\$ 8.44
14.9%	\$ 4.57	\$ 5.30	\$ 6.03	\$ 6.76	\$ 7.48	\$ 8.21

Tangible Book Value per Share Multiples

	100%	120%	140%	160%	180%	200%
9.9%	\$ 5.77	\$ 6.88	\$ 7.99	\$ 9.10	\$ 10.21	\$ 11.32
10.9%	\$ 5.61	\$ 6.68	\$ 7.76	\$ 8.84	\$ 9.92	\$ 10.99
11.9%	\$ 5.45	\$ 6.50	\$ 7.54	\$ 8.59	\$ 9.63	\$ 10.68
12.9%	\$ 5.30	\$ 6.31	\$ 7.33	\$ 8.35	\$ 9.36	\$ 10.38
13.9%	\$ 5.15	\$ 6.14	\$ 7.13	\$ 8.12	\$ 9.10	\$ 10.09
14.9%	\$ 5.01	\$ 5.97	\$ 6.93	\$ 7.89	\$ 8.85	\$ 9.81

With Projected Net Income Variance (at 12.95% discount rate)

Earnings Per Share Multiples

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	12.0x	14.0x	16.0x	18.0x	20.0x	22.0x
(25.0)%	\$ 3.16	\$ 4.04	\$ 4.92	\$ 5.81	\$ 6.69	\$ 7.57
(20.0)%	\$ 3.35	\$ 4.30	\$ 5.24	\$ 6.18	\$ 7.12	\$ 8.06
(15.0)%	\$ 3.55	\$ 4.55	\$ 5.55	\$ 6.55	\$ 7.55	\$ 8.55
(10.0)%	\$ 3.75	\$ 4.81	\$ 5.87	\$ 6.92	\$ 7.98	\$ 9.04
(5.0)%	\$ 3.94	\$ 5.06	\$ 6.18	\$ 7.30	\$ 8.42	\$ 9.53
0.0%	\$ 4.14	\$ 5.32	\$ 6.49	\$ 7.67	\$ 8.85	\$ 10.02
5.0%	\$ 4.34	\$ 5.57	\$ 6.81	\$ 8.04	\$ 9.28	\$ 10.51
10.0%	\$ 4.53	\$ 5.83	\$ 7.12	\$ 8.42	\$ 9.71	\$ 11.00
15.0%	\$ 4.73	\$ 6.08	\$ 7.43	\$ 8.79	\$ 10.14	\$ 11.49
20.0%	\$ 4.92	\$ 6.34	\$ 7.75	\$ 9.16	\$ 10.57	\$ 11.98
25.0%	\$ 5.12	\$ 6.59	\$ 8.06	\$ 9.53	\$ 11.00	\$ 12.48

In connection with its analyses, Sandler O'Neill considered and discussed with the TransCommunity board of directors how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to net income. Sandler O'Neill noted that the discounted cash flow and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Pro Forma Merger Analysis. Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes on December 31, 2007; (2) 100% of the TransCommunity shares are exchanged for shares of Community Bankers common stock at an exchange ratio of 1.4200; (3) Community Bankers share price is \$7.42; (4) earnings per share estimates for 2008 and 2009 of \$0.14 and \$0.14 for Community Bankers, respectively, and \$0.38 and \$0.61 for TransCommunity, respectively; (5) no purchase accounting adjustments related to securities; (6) 1% cost saves on TransCommunity's non-interest expense base or \$98 thousand pre-tax, 100% of which is phased in 2008; (7) 5.0% pre-tax cost of cash used to fund the deal; (8) pre-tax restructuring charge of \$1.0 million capitalized at close; (9) 3.0% core deposit intangible amortized over 10 years using sum-of-years-digits methodology; (10) no deposit divestitures; (11) the BOE Transaction closes on June 30, 2008.

Based upon those assumptions, Sandler O'Neill's analysis indicated that during the years ended December 31, 2008 and December 31, 2009 the merger would be accretive to the combined entities' earnings per share in 2008 and accretive to the combined entities' earnings per share in 2009. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Sandler O'Neill Relationship. TransCommunity has agreed to pay Sandler O'Neill a transaction fee in connection with the merger of approximately \$140,000.00 of which \$75,000 has been paid and the balance of which is contingent, and payable, upon closing of the merger. The \$75,000.00 represents a fee for rendering its opinion on September 6, 2007. In connection with Sandler O'Neill's December 12, 2007 opinion, Sandler O'Neill received a fee of \$100,000. TransCommunity has also agreed to reimburse certain of Sandler O'Neill's reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under securities laws.

Sandler O'Neill has, in the past, provided certain investment banking services to TransCommunity and has received compensation for such services. In the ordinary course of its business as a broker-dealer, Sandler O'Neill may purchase securities from and sell securities to TransCommunity and Community Bankers and their affiliates. In the past two years, Sandler has not received any compensation from TransCommunity other than that described above. Sandler O'Neill may also actively trade the debt or equity securities of TransCommunity and/or Community Bankers or their affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Merger Consideration

If you are a TransCommunity stockholder, as a result of the merger, each share of TransCommunity common stock you own immediately prior to the completion of the merger will be automatically converted into the right to receive 1.4200 shares of Community Bankers common stock (subject to possible adjustment, as further described in this joint proxy statement/prospectus) and cash instead of fractional shares.

As of the record date for the TransCommunity special meeting, TransCommunity had 4,586,741 shares of common stock issued and outstanding and 275,275 shares of common stock subject to options. Based on the exchange ratio of 1.4200, Community Bankers would issue approximately 6,513,172 shares of Community Bankers common stock in consideration of the merger, excluding shares subject to TransCommunity options that are converted to options with

respect to Community Bankers common stock. Accordingly, Community Bankers would have then issued and outstanding approximately 15,888,172 shares of Community Bankers common stock based on the number of shares of Community Bankers common stock issued and outstanding on the record date for Community Bankers annual meeting. Based on the closing price of Community Bankers common stock of \$ on , 2008, the total value of the consideration Community Bankers will pay in the merger to the stockholders of TransCommunity is approximately \$ million.

In the event the average of the daily closing prices of Community Bankers common stock as reported on the American Stock Exchange for the 20 consecutive full trading days ending on the fifth day before the anticipated closing date of the merger is less than \$7.42, the exchange ratio will be increased to equal the quotient obtained by dividing \$10.5364 by the average of the daily closing prices during those 20 consecutive full trading days, rounded to the nearest one-tenth thousandth.

No assurance can be given that the current fair market value of Community Bankers common stock will be equivalent to the fair market value of Community Bankers common stock on the date that stock is received by a TransCommunity stockholder or at any other time. The fair market value of Community Bankers common stock received by a TransCommunity stockholder may be greater or less than the current fair market value of Community Bankers due to numerous market factors.

Fractional Shares

No fractional shares of Community Bankers common stock will be issued to any holder of TransCommunity common stock in the merger. Each holder of shares of TransCommunity common stock exchanged pursuant to the merger who would otherwise have been entitled to receive a fraction of a share of Community Bankers common stock (after taking into account all certificates delivered by such holder) shall receive, instead of such fraction of a share, cash (without interest) in an amount equal to such fractional part of a share of Community Bankers common stock multiplied by the market value of one share of Community Bankers common stock at the effective time of the merger. The market value of one share of Community Bankers common stock at the effective time of the merger will be the closing price on the American Stock Exchange (as reported by *The Wall Street Journal* or, if not reported thereby, any other authoritative source selected by Community Bankers) on the last trading day preceding the effective time of the merger.

Treatment of Options

Upon completion of the merger, each award, option, or other right to purchase or acquire shares of TransCommunity common stock pursuant to stock options, stock appreciation rights, or stock awards granted by TransCommunity under TransCommunity's stock incentive plans, equity compensation plans and stock option plans, which are outstanding immediately prior to the merger, whether or not exercisable, will be converted into and become rights with respect to Community Bankers common stock, and Community Bankers will assume each right, in accordance with the terms of the relevant TransCommunity stock plan and stock option agreement. Each of TransCommunity's stock options will vest and become immediately exercisable upon completion of the merger, as the merger constitutes a change in control under TransCommunity's stock plan. Community Bankers and TransCommunity anticipate that the fair value of the old options and the fair value of the new options will be the same because the number of shares which are subject to exercise under the predecessor TransCommunity stock options will be converted into a number of shares under the Community Bankers stock options based on the same conversion ratio used to convert TransCommunity stock into Community Bankers stock pursuant to the merger. Additionally, each outstanding share of TransCommunity restricted stock under any of TransCommunity's stock plans shall vest pursuant to its terms and shall be converted into and become rights with respect to Community Bankers common stock.

Upon completion of the merger with BOE, each award, option, or other right to purchase or acquire shares of BOE common stock pursuant to stock options, stock appreciation rights, or stock awards granted by BOE under BOE's stock incentive plans, equity compensation plans and stock option plans, which are outstanding immediately prior to the merger, whether or not exercisable, will be converted into and become rights with respect to Community Bankers common stock, and Community Bankers will assume each right, in accordance with the terms of the relevant BOE stock plan and stock option agreement. Each of BOE's options has vested and is exercisable and will remain vested and exercisable upon completion of the merger with BOE. Community Bankers and BOE anticipate that the fair value of the old options and the fair value of the new options will be the same because the number of shares which are

subject to exercise under the predecessor BOE stock options will be converted into a number of shares under the Community Bankers stock options based on the same conversion ratio used to convert BOE stock into Community Bankers stock pursuant to the merger.

Exchange of Certificates

As soon as reasonably practicable after the effective time of the merger, Community Bankers will mail appropriate transmittal materials to each record holder of TransCommunity common stock for use in effecting the surrender and cancellation of those certificates in exchange for Community Bankers common stock. Risk of loss and title to the certificates will remain with the holder until proper delivery of such certificates to Community Bankers by TransCommunity's stockholders. **TransCommunity's stockholders should not surrender their certificates for exchange until they receive a letter of transmittal and instructions from Community Bankers.** After the effective time of the merger, each holder of shares of TransCommunity common stock, except holders exercising appraisal rights, issued and outstanding at the effective time must surrender the certificate or certificates representing their shares of TransCommunity common stock to Community Bankers and will, as soon as reasonably practicable after surrender, receive the consideration they are entitled to under the merger agreement, together with all undelivered dividends or distributions in respect of such shares (without interest). Community Bankers will not be obligated to deliver the consideration to which any former holder of TransCommunity common stock is entitled until the holder surrenders the certificate or certificates representing his or her shares for exchange. The certificate or certificates so surrendered must be duly endorsed as Community Bankers may require. Community Bankers will not be liable to a holder of TransCommunity common stock for any property delivered in good faith to a public official pursuant to any applicable abandoned property law.

After the effective time of the merger (and prior to the surrender of certificates of TransCommunity common stock to Community Bankers), record holders of certificates that represented outstanding TransCommunity common stock immediately prior to the effective time of the merger will have no rights with respect to the certificates for TransCommunity common stock other than the right to surrender the certificates and receive the merger consideration in exchange for the certificates.

In the event that any dividend or distribution, the record date for which is on or after the effective time of the merger, is declared by Community Bankers on Community Bankers common stock, no such dividend or other distributions will be delivered to the holder of a certificate representing shares of TransCommunity common stock immediately prior to the effective time of the merger until such holder surrenders such certificate as set forth above.

In addition, holders of certificates that represent outstanding TransCommunity common stock immediately prior to the effective time of the merger will be entitled to vote after the effective time of the merger at any meeting of Community Bankers stockholders the number of whole shares of Community Bankers common stock into which such shares have been converted, even if such holder has not surrendered such certificates for exchange as described above.

Community Bankers stockholders will not be required to exchange certificates representing their shares of Community Bankers common stock or otherwise take any action after the merger is completed.

Expected Tax Treatment as a Result of the Merger

Community Bankers and TransCommunity have not and do not intend to seek a ruling from the Internal Revenue Service, or IRS, as to the federal income tax consequences of the merger. The following discussion describes the anticipated tax consequences of the merger, but does not address, among other matters:

state, local, or foreign tax consequences of the merger;

federal income tax consequences to TransCommunity stockholders who are subject to special rules under the Internal Revenue Code, such as foreign persons, tax-exempt organizations, insurance companies, financial institutions, dealers in stocks and securities, and persons who hold their stock as part of a straddle or conversion transaction;

federal income tax consequences affecting shares of TransCommunity common stock acquired upon the exercise of stock options, stock purchase plan rights, or otherwise as compensation;

the tax consequences to holders of options to acquire shares of TransCommunity common stock;

the tax consequences to Community Bankers and TransCommunity of any income and deferred gain recognized pursuant to Treasury Regulations issued under Section 1502 of the Internal Revenue Code; and

the tax consequences to TransCommunity stockholders relating to receipt of the one-time special dividend in the amount of \$0.25 per share by TransCommunity stockholders immediately prior to the merger.

Assuming that the merger is consummated in accordance with the merger agreement, it is anticipated that the following federal income tax consequences will occur:

the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

no gain or loss will be recognized by Community Bankers or TransCommunity as a result of the merger;

no gain or loss will be recognized by the stockholders of TransCommunity as a result of the exchange of all of the shares of TransCommunity common stock that they own for Community Bankers common stock pursuant to the merger, except that gain or loss will be recognized on the receipt of any cash instead of a fractional share;

the tax basis of Community Bankers common stock to be received by the TransCommunity stockholders, who exchange all of their TransCommunity common stock for Community Bankers common stock in the merger, will be the same as the tax basis of the TransCommunity common stock surrendered in exchange therefore (reduced by any amount allocable to a fractional share interest for which cash is received);

the holding period of the Community Bankers common stock to be received by TransCommunity stockholders, who exchange all of their TransCommunity common stock for Community Bankers common stock in the merger (and cash received instead of fractional shares of Community Bankers common stock), will include the holding period of the TransCommunity common stock surrendered in exchange therefore, provided the TransCommunity shares were held as a capital asset by the TransCommunity stockholders on the date of the exchange;

the payment of cash to TransCommunity stockholders instead of fractional share interests of Community Bankers common stock will be treated for federal income tax purposes as if the fractional shares were distributed as part of the exchange and then were redeemed by Community Bankers. These cash payments will be treated as having been received as distributions in full payment in exchange for the Community Bankers common stock redeemed, as provided in Section 302 of the Internal Revenue Code; and

the payment of cash to TransCommunity stockholders who perfect appraisal rights with respect to such stockholder's shares of TransCommunity will recognize capital gain or loss equal to the difference between such stockholder's tax basis in those shares and the amount of cash received in exchange for those shares, provided the TransCommunity shares were held as a capital asset by the TransCommunity stockholders.

Community Bankers has received an opinion of Nelson Mullins Riley & Scarborough LLP and TransCommunity has received an opinion of Williams Mullen, with respect to certain of the federal income tax consequences of the merger, the receipt of which are conditions of Community Bankers and TransCommunity in their obligation to complete the merger. If the material federal income tax consequences of the merger were substantially different from those described in this joint proxy statement/prospectus, Community Bankers and TransCommunity would resolicit the approval of its stockholders prior to completing the merger.

Tax consequences of the merger may vary depending upon the particular circumstances of each TransCommunity stockholder. Accordingly, TransCommunity stockholders are urged to consult their own tax advisors as to the specific tax consequences to them of the merger, including the applicability and effect of state, local, and foreign tax laws.

Certain Benefits of Directors and Officers of Community Bankers and TransCommunity

General. Some of the officers and directors of Community Bankers and TransCommunity may be deemed to have interests in the merger in addition to their interests as stockholders of TransCommunity generally. These interests include, among others, proposed employee benefits for those who become employees of Community

Bankers or a Community Bankers subsidiary after the merger, proposed employment agreements with four of TransCommunity's current executive officers and one of Community Bankers executive officers, the appointment of six current TransCommunity directors to the board of directors of Community Bankers and the continuation of four directors of Community Bankers as directors of Community Bankers after the merger, directors of TransCommunity Bank and insurance coverage for TransCommunity's directors and officers, as described below.

Employee Benefits. Following the merger Community Bankers will adopt TransCommunity's benefit plans and will continue to furnish to those employees of TransCommunity who become employees of Community Bankers, or a Community Bankers subsidiary after the effective time of the merger, benefits under the TransCommunity employee benefit plans. For purposes of participation, vesting and benefit accrual under Community Bankers' employee benefit plans, service with TransCommunity prior to the effective time of the merger will be treated as service with Community Bankers or its subsidiaries. Community Bankers will credit new Community Bankers employees for amounts paid under TransCommunity benefit plans for the plan year, including the effective time of the merger, for purposes of applying deductibles, co-payments, and out-of-pocket maximums under the Community Bankers benefit plans.

Director Retention Agreements. In connection with the merger, each of the current directors of TransCommunity has entered into a retention agreement with Community Bankers.

Employment Agreements. Community Bankers expects to enter into employment agreements with each of Bruce B. Nolte, Patrick J. Tewell, Richard C. Stonbraker, and M. Andrew McLean prior to the completion of the merger. Mr. Nolte currently receives an annual base salary of \$188,000 and after the effective time of the merger his annual base salary may be increased to \$205,000. Mr. Tewell currently receives an annual base salary of \$127,000 and after the effective time of the merger his annual base salary may be increased to \$140,000. Mr. Stonbraker currently receives an annual base salary of \$120,000 and after the effective time of the merger his annual base salary may be increased to \$132,000. Mr. McLean currently receives an annual base salary of \$170,000 and after the effective time of the merger his annual base salary may be increased to \$185,000.

Mr. Nolte currently has a change of control agreement with TransCommunity that provides that TransCommunity will owe Mr. Nolte severance equal to two times the sum of Mr. Nolte's annual base salary and bonus paid during the preceding calendar year in the event that, prior to the first anniversary of any change of control, Mr. Nolte's employment with TransCommunity is terminated under certain conditions. Mr. Nolte's change of control agreement also provides for the continuation of payment of premiums due under TransCommunity's long-term care insurance policy purchased for Mr. Nolte until all such payments are satisfied and for the vesting of all outstanding options, stock awards and other equity compensation held by Mr. Nolte under TransCommunity's equity compensation plan.

TransCommunity also currently has separate change of control agreements with each of Mr. Tewell, Mr. Stonbraker and Mr. McLean. Under the terms of each agreement, TransCommunity will owe the applicable officer severance equal to the sum of his respective annual base salary and bonus paid during the preceding calendar year in the event that, prior to the first anniversary of any change of control, his employment with TransCommunity is terminated under certain conditions.

Directors. Community Bankers has agreed to appoint six directors selected by TransCommunity to its board of directors as soon as practicable following the effective time of the merger. Community Bankers has agreed that the current directors of TransCommunity Bank serving as directors immediately prior to the effective time of the merger will continue as directors of TransCommunity Bank from and after the effective time of the merger in accordance with TransCommunity Bank's bylaws or until the earlier of their resignation or removal or otherwise ceasing to be a director. For more information, see [The Merger Management and Operations After the Merger](#).

In the event that Community Bankers merger with BOE is consummated, the board of directors of the surviving corporation will substantially change. For more information, see The Merger Management and Operations After the Merger.

Value of Shares held by Directors and Officers. Community Bankers directors and officers own shares of Community Bankers common stock that were acquired before Community Bankers initial public offering and are held in escrow. These shares will be released from escrow only if the merger is successfully completed and will then

be released on June 2, 2009. If the merger is not completed by June 7, 2008, and Community Bankers is therefore required to liquidate, the escrowed shares of common stock will be worthless and will not participate in any distribution upon liquidation of Community Bankers. In addition, the warrants held by such persons will expire without value in the event of a liquidation.

Warrants Held by Affiliates and Certain Other Persons. In addition, Gary A. Simanson, president and chief executive officer of Community Bankers, and David Zalman, a stockholder, agreed as part of Community Bankers initial public offering, pursuant to a written agreement with the representatives of the underwriters in the initial public offering, that they or their affiliates or designees, would purchase up to 1,000,000 warrants in the aggregate in open market transactions at market prices not to exceed \$0.80 per warrant. Under this agreement, the representatives of the underwriter also agreed to place an irrevocable order for the purchase by them, or their affiliates or designees, of up to 500,000 warrants in the aggregate under identical terms and conditions as the purchases by Mr. Simanson and Mr. Zalman. As a result of the agreement, Community Bankers Acquisition LLC, an affiliate of Mr. Simanson, purchased an aggregate of 349,724 warrants and the representatives of the underwriters acquired an aggregate of 300,000 warrants. Warrants acquired by any of these parties pursuant to these purchases cannot be sold or transferred in the open market until after the consummation of a business combination and are not callable by Community Bankers while held by the purchasers. Accordingly, after the merger, a substantial number of warrants will become exercisable which could result in dilution and an adverse effect on the market price of Community Bankers' shares.

Debts and Obligations. If Community Bankers liquidates prior to the consummation of a business combination, Gary A. Simanson, its president and chief executive officer, and David Zalman, a stockholder, will be personally liable to ensure that the trust account is not reduced by claims of Community Bankers' vendors and service providers for services rendered or products sold in the event of Community Bankers' dissolution and liquidation. Messrs. Simanson and Zalman will not be liable for and will not pay any termination fees that may be payable by Community Bankers to TransCommunity or BOE under the respective merger agreements. For more information, see [Information About Community Bankers' Liquidation If No Business Combination](#) and [The Merger Expenses and Termination Fees](#).

Insurance. Community Bankers has agreed to provide directors' and officers' insurance coverage for directors and officers of TransCommunity, by maintaining in effect for a period of up to three years after the effective time of the merger TransCommunity's current policy for directors and officers, provided that Community Bankers may (1) substitute policies of substantially the same coverage and amounts containing terms and conditions which are substantially no less advantageous as TransCommunity's current policy for directors and officers or (2), with the consent of TransCommunity prior to the effective time of the merger, substitute any other policy with respect to claims arising from facts or events which occurred prior to the effective time of the merger and covering persons covered by such insurance on the date of the merger agreement. Community Bankers has agreed to make premium payments in an amount not to exceed \$161,880 during the three-year period. If the amount of premiums necessary to maintain directors' and officers' insurance coverage exceeds \$161,880, Community Bankers will use its reasonable efforts to maintain the most advantageous policies of directors' and officers' liability insurance obtainable for a premium equal to \$161,880 but is not obligated to maintain coverage to the extent the cost of such coverage exceeds that amount.

Stock Options. Certain of the directors and executive officers of TransCommunity hold stock options granted to them under various TransCommunity option plans. Upon completion of the merger, each option to purchase or acquire shares of TransCommunity common stock granted by TransCommunity under TransCommunity's stock option plans, which are outstanding immediately prior to the merger, whether or not exercisable, will be converted into and become rights with respect to Community Bankers common stock, and Community Bankers will assume each right, in accordance with the terms of the relevant TransCommunity stock option plan and stock option agreement. The number of shares of Community Bankers common stock for which each option will be exercisable will be equal to the number of shares of TransCommunity common stock for which such option was exercisable multiplied by the

exchange ratio of 1.4200. The per share exercise price of Community Bankers common stock at which the option will be exercisable will be determined by dividing the exercise price per share of TransCommunity common stock at which the option was exercisable by the exchange ratio of 1.4200 and rounding up to the nearest cent.

At September 30, 2007, options to acquire 275,275 shares were outstanding, of which 233,275 were exercisable at that date.

The table below sets forth, as of January 11, 2008, information with respect to options under the various TransCommunity stock option plans held by each of TransCommunity's current directors and officers:

Name(1)	Number of Options Held	Number of Options Vested	Number of Unvested Options Held
Bruce B. Nolte	33,500	33,500	
M. Andrew McLean	3,100	3,100	
Patrick J. Tewell	5,000	5,000	
Troy A. Peery, Jr.	11,500	8,860	2,640
Richard F. Bozard	4,000	1,360	2,640
Christopher G. Miller	4,000	1,360	2,640
John W. Pretlow II	5,000	2,360	2,640
Stuart C. Siegel	19,000	16,360	2,640
John C. Watkins	10,700	9,110	2,640
Robin Traywick Williams	7,100	4,460	2,640
Jack C. Zoeller	4,000	1,360	2,640

- (1) The table sets forth the aggregate total number of options granted by TransCommunity to the individuals listed. Each of the individuals received multiple option grants from TransCommunity, at various exercise prices depending on the date of the grant. The exercise prices for the option grants range from \$8.50 per share to \$10.00 per share.

Restricted Stock Awards. Certain of the directors and executive officers of TransCommunity hold shares of restricted stock granted to them under TransCommunity's 2007 Equity Compensation Plan. Upon completion of the merger, each share of TransCommunity restricted stock granted by TransCommunity under TransCommunity's 2007 Equity Compensation Plan which is outstanding immediately prior to the merger, whether or not vested, will be converted into and become rights with respect to Community Bankers common stock, and Community Bankers will assume each right, in accordance with the terms of TransCommunity's 2007 Equity Compensation Plan and relevant restricted stock award agreement. Each share of TransCommunity restricted stock will be converted into 1.4200 shares of Community Bankers common stock.

At September 30, 2007, 22,375 shares of TransCommunity restricted stock were outstanding, of which none were vested at that date.

One half of the outstanding shares of TransCommunity restricted stock vest on a three year schedule, with 20% of those shares vesting on March 1, 2008, 20% vesting on March 1, 2009 and 60% vesting on March 1, 2010. The other half of outstanding shares of TransCommunity restricted stock will be issued on March 1, 2010 if certain TransCommunity income thresholds are exceeded. In the event of a change of control, any shares of TransCommunity restricted stock that have not previously become vested or forfeited, will become vested as of the date of the change of control.

As of January 14, 2008, the following current directors and executive officers of TransCommunity hold shares of TransCommunity restricted stock as follows:

Officer Name	Shares of Restricted Stock
Bruce B. Nolte	5,500
Patrick J. Tewell	2,500
M. Andrew McLean	4,875
Richard C. Stonbraker	1,500
Greg C. Tripp	3,000
George D. Yancey	2,000
Dennis P. Traubert	3,000
TOTAL	22,375

Note: Under the Equity Compensation Plan approved by the stockholders, awards of restricted stock in any year may not exceed 25,000 shares.

Management and Operations After the Merger

At the completion of the merger, the board of directors, executive officers and significant employees of Community Bankers will be as set forth below. The board of directors will be comprised of ten directors; six directors will be nominated by TransCommunity, and four directors will be nominated by Community Bankers. Initially, four directors, two of the directors nominated by Community Bankers and two of the directors nominated by TransCommunity shall be in the class of directors with a term ending at the surviving corporation's annual meeting of stockholders held in 2010, three directors, two of the directors nominated by TransCommunity and one director nominated by Community Bankers, shall be in the class of directors with a term ending at the surviving corporation's annual meeting of stockholders held in 2009 and three directors, two of the directors nominated by TransCommunity and one director nominated by Community Bankers, shall be in the class of directors with a term ending at the surviving corporation's annual meeting of stockholders held in 2008.

Name	Age	Original Entity	Position
Bruce B. Nolte	61	TransCommunity	President, Chief Executive Officer and Director
Patrick J. Tewell	43	TransCommunity	Chief Financial Officer
Gary A. Simanson	47	Community Bankers	Vice Chairman and Chief Strategic Officer
Troy A. Peery, Jr.	61	TransCommunity	Chairman
Chris A. Bagley	47	Community Bankers	Director
Richard F. Bozard	60	TransCommunity	Director
Christopher G. Miller	48	TransCommunity	Director
Eugene S. Putnam, Jr.	48	Community Bankers	Director
Keith Walz	40	Community Bankers	Director
Robin Traywick Williams	57	TransCommunity	Director

Jack C. Zoeller

58 TransCommunity

Director

Mr. Simanson is currently president and chief executive officer of Community Bankers, and Messrs. Bagley, Putnam and Walz are currently directors of Community Bankers. For more information see [Election of Directors](#) and [Information About Community Bankers Acquisition Corp. Current Directors](#).

Bruce B. Nolte and Patrick J. Tewell are currently the chief executive officer and chief financial officer, respectively, of TransCommunity. Messrs. Nolte, Peery, Bozard, Miller and Zoeller and Ms. Williams are current directors of TransCommunity. For more information see [Information about TransCommunity Financial Corporation Board of Directors, Board Committees and Attendance](#) and [Executive Officers of TransCommunity Who Are Not TransCommunity Directors](#).

Community Bankers believes that Messrs. Peery, Bagley, Putnam, Walz, Bozard, Miller and Zoeller and Ms. Williams are independent as that term is defined under the rules of the American Stock Exchange and the rules and regulations of the SEC. After the consummation of the merger, the board of directors of Community Bankers will make a formal determination with respect to the independence of each of its directors.

In the event that Community Bankers consummates its merger with BOE, the Community Bankers board of directors would be expanded to 14 members, to include an additional six directors to be nominated by BOE and the two directors nominated by Community Bankers resigning. Alexander F. Dillard, the current chairman of the board of BOE, would be chairman of the surviving corporation, with Troy A. Peery, Jr., the current chairman of the board of TransCommunity, and Gary A. Simanson, the current president and chief executive officer of Community Bankers, each serving as vice chairman. Mr. Bagley and Mr. Walz would resign as members of the board of directors after consummation of the merger with BOE.

Following the merger with BOE, the president and chief executive officer of TransCommunity, Bruce B. Nolte, would become the chief executive officer of the surviving corporation through December 31, 2009. The president and chief executive officer of BOE, George M. Longest, Jr., would become the president of the surviving corporation and chief executive officer of the surviving bank and, commencing on January 1, 2010, would become president and chief executive officer of the surviving corporation and would remain the chief executive of the surviving bank. The current chief financial officer of BOE, Bruce E. Thomas, would become the chief financial officer of the surviving corporation and the surviving bank. The current chief financial officer of TransCommunity, Patrick J. Tewell, would become the chief accounting officer of the surviving bank. Gary A. Simanson would serve as chief strategic officer of the surviving corporation.

The following table sets forth the board of directors, executive officers and significant employees following the completion of the proposed merger with BOE.

Name	Age	Original Entity	Position
Bruce B. Nolte	61	TransCommunity	Chief Executive Officer through December 31, 2009 and Director
George M. Longest, Jr.	47	BOE	President, Chief Executive Officer after December 31, 2009, Director
Bruce E. Thomas	44	BOE	Chief Financial Officer
Patrick J. Tewell	43	TransCommunity	Chief Accounting Officer
Gary A. Simanson	47	Community Bankers	Chief Strategic Officer and Vice Chairman
Alexander F. Dillard, Jr.	69	BOE	Chairman
Troy A. Peery, Jr.	61	TransCommunity	Vice Chairman
Richard F. Bozard	60	TransCommunity	Director
L. McCauley Chenault	56	BOE	Director
George B. Elliott	73	BOE	Director
Page Emerson Hughes, Jr.	64	BOE	Director
Christopher G. Miller	48	TransCommunity	Director
Philip T. Minor	73	BOE	Director
Eugene S. Putnam, Jr.	48	Community Bankers	Director
Robin Traywick Williams	57	TransCommunity	Director
Jack C. Zoeller	58	TransCommunity	Director

Conditions to Consummation

The obligations of Community Bankers and TransCommunity to consummate the merger are subject to the satisfaction or waiver (to the extent permitted) of several conditions, including:

holders of a majority of the outstanding shares of TransCommunity must have approved the merger proposal and both (1) holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote at the annual meeting and (2) holders of a majority of Community Bankers outstanding shares of common stock issued in Community Bankers initial public offering that are voted at the Community Bankers annual meeting must have approved the merger proposal, with holders of less than 20% of the outstanding shares of common stock issued in Community Bankers initial public offering voting against the merger and exercising their right to convert their shares for cash equal to a pro rata portion of the Community Bankers trust account;

the required regulatory approvals described under Regulatory Approvals must have been received, generally without any conditions or requirements which would, in the reasonable judgment of the board of directors of Community Bankers or the board of directors of TransCommunity, so materially adversely affect the economic or business benefits of the transactions contemplated by the merger agreement that, had the conditions or requirements been known, Community Bankers or TransCommunity would not have entered into the merger agreement;

each party must have received all consents (other than those described in the preceding paragraph) required for consummation of the merger and for the prevention of a default under any contract or permit of such party which, if not obtained or made, is reasonably likely to have, individually or in the aggregate, a material adverse effect on such party, generally without any conditions or requirements which would, in the reasonable judgment of the board of directors of Community Bankers or the board of directors of TransCommunity, so materially adversely affect the economic or business benefits of the transactions contemplated by the merger agreement that, had the conditions or requirements been known, Community Bankers or TransCommunity would not have entered into the merger agreement;

no court or governmental authority may have taken any action which prohibits, restricts, or makes illegal the consummation of the transactions contemplated by the merger agreement;

the shares of Community Bankers common stock to be issued as consideration in the merger will have been approved for listing on the American Stock Exchange or the Nasdaq Global Market, subject to official notice of issuance;

the representations and warranties of Community Bankers and TransCommunity in the merger agreement must be true and correct, without any qualifications, subject to an exception generally for inaccuracies with an aggregate effect not likely to have a material adverse effect on the applicable party, and the other party must have performed all of the agreements and covenants to be performed by it pursuant to the merger agreement, and must have delivered certificates confirming satisfaction of the foregoing requirements and certain other matters;

Community Bankers must have received from each affiliate of TransCommunity an agreement stating, among other things, that he or she will comply with federal securities laws when transferring any shares of Community Bankers common stock received in the merger (see Resales of Community Bankers Common Stock);

each of the persons serving as directors of Community Bankers from and after the effective time of the merger will have executed and delivered to Community Bankers a retention agreement as described elsewhere in this proxy statement prospectus (see Certain Benefits of Directors and Officers of Community Bankers and TransCommunity);

at the effective time of the merger, TransCommunity must have stockholders equity of at least \$30,000,000, total assets of at least \$210,000,000, total deposits of at least \$175,000,000, and net loans of at least \$175,000,000;

there must not have been since the date of the merger agreement any material changes in the members of the board of directors or management of TransCommunity;

Community Bankers shall have taken all necessary action to allow the distribution of all the assets in the trust account to Community Bankers in the merger at the effective time of the merger; and

each party will have received certain legal opinions and tax opinions from its outside counsel and opinions as to the fairness from a financial point of view of the merger consideration to its stockholders.

No assurances can be provided as to when or if all of the conditions precedent to the merger can or will be satisfied or waived by the appropriate party. As of the date of this joint proxy statement/prospectus, the parties know of no reason to believe that any of the conditions set forth above will not be satisfied.

The conditions to consummation of the merger may be waived, in whole or in part, to the extent permissible under applicable law, by the party for whose benefit the condition has been imposed, without the approval of such party's stockholders.

Regulatory Approvals

Community Bankers and TransCommunity have agreed to use their reasonable best efforts to obtain all regulatory approvals required to consummate the transactions contemplated by the merger agreement, which include approval from the Federal Reserve, as detailed below, and the Bureau of Financial Institutions of the Virginia State Corporation Commission. The merger cannot proceed in the absence of these regulatory approvals. Although Community Bankers and TransCommunity expect to obtain these required regulatory approvals, there can be no assurance as to if and when these regulatory approvals will be obtained.

The merger is subject to the prior approval of the Federal Reserve. Community Bankers filed an application with the Federal Reserve on January 18, 2008. In evaluating the merger, the Federal Reserve is required to consider, among other factors, the financial and managerial resources and future prospects of the institutions and the convenience and needs of the communities to be served. The Bank Holding Company Act of 1956, as amended, and Regulation Y promulgated thereunder, collectively, the BHCA, by the Federal Reserve prohibits the Federal Reserve from approving the merger if:

it would result in a monopoly or be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any part of the United States; or

its effect in any section of the country could be to substantially lessen competition or to tend to create a monopoly, or if it would result in a restraint of trade in any other manner, unless the Federal Reserve should find that any anti-competitive effects are outweighed clearly by the public interest and the probable effect of the merger in meeting the convenience and needs of the communities to be served.

The merger may not be consummated any earlier than the 15th day following the date of approval of the merger by the Federal Reserve, during which time the United States Department of Justice is afforded the opportunity to challenge the merger on antitrust grounds. The commencement of any antitrust action would stay the effectiveness of the approval of the Federal Reserve, unless a court of competent jurisdiction should specifically order otherwise.

The merger also is subject to the prior approval of the Bureau of Financial Institutions of the Virginia State Corporation Commission. Community Bankers filed an application with the Bureau of Financial Institutions of the

Virginia State Corporation Commission on January 18, 2008. In evaluating the merger, the Bureau of Financial Institutions of the Virginia State Corporation Commission will determine if:

the proposed acquisition would be detrimental to the safety and soundness of Community Bankers, TransCommunity or TransCommunity Bank;

Community Bankers, its directors and officers, and any proposed new directors and officers of TransCommunity or TransCommunity Bank are qualified by character, experience and financial responsibility to control and operate a Virginia financial institution;

the proposed acquisition would be prejudicial to the interests of the depositors, creditors, beneficiaries of fiduciary accounts or stockholders of the Community Bankers, TransCommunity or TransCommunity Bank; and

the acquisition is in the public interest.

Other than as summarized above, we are not aware of any governmental approvals or actions that may be required for consummation of the merger. Should any other approval or action be required, we currently contemplate that we would seek such approval or action. To the extent that the above summary describes statutes and regulations, it is qualified in its entirety by reference to those particular statutes and regulations.

Representations and Warranties Made by Community Bankers and TransCommunity in the Merger Agreement

Community Bankers and TransCommunity have made certain customary representations and warranties to each other in the merger agreement. For information on these representations and warranties, please refer to the merger agreement attached as Appendix A. If either party materially violates any of its representations or warranties and fails to cure such violation, the other party may terminate the merger agreement.

Termination of the Merger Agreement

Notwithstanding the approval of the merger proposal by TransCommunity's stockholders, we can mutually agree at any time to terminate the merger agreement before completing the merger.

Either TransCommunity or Community Bankers can also terminate the merger agreement:

if the other party is in breach any of its representations or warranties under the merger agreement and fails to cure the violation and the breach relates to an inaccuracy that without considering any qualification in such representation, is likely to have a material adverse effect on the breaching party;

if required regulatory approval is denied by final nonappealable action of such regulatory authority or if any action taken by such authority is not appealed within the time limit for appeal;

if any law or order permanently restraining, enjoining, or otherwise prohibiting the consummation of the merger has become final and nonappealable;

if Community Bankers or TransCommunity stockholder approval is not obtained or the holders of 20% or more of the outstanding shares of Community Bankers common stock issued in Community Bankers' initial public offering vote against the merger proposal and exercised their right to convert their shares into cash equal to a pro rata portion of the Community Bankers trust account;

if we do not complete the merger by May 31, 2008;

if a party's board of directors fails to reaffirm its approval upon the other party's request for such reaffirmation of the merger or if the party's board of directors resolves not to reaffirm the merger;

if a party's board of directors fails to include in the joint proxy statement its recommendation, without modification or qualification, that the stockholders approve the merger or if the party's board of directors

withdraws, qualifies, modifies, proposes publicly to withdraw, qualify, or modify, in a manner adverse to the other party, the recommendation that the stockholders approve the merger;

if a party's board of directors affirms, recommends, or authorizes entering into any acquisition transaction other than the merger or, within 10 business days after commencement of any tender or exchange offer for any shares of its common stock, the party's board of directors fails to recommend against acceptance of such tender or exchange offer or takes no position with respect to such tender or exchange offer; or

if a party's board of directors negotiates or authorizes the conduct of negotiations (and five business days have elapsed without such negotiations being discontinued) with a third party regarding an acquisition proposal other than the merger.

Either party can also terminate the merger agreement, provided that the party terminating is not in material breach of any representation, warranty, or covenant, or other agreement in the merger agreement, if prior to the adoption of the merger proposal by the stockholders, the other party's board of directors has (1) withdrawn or modified or changed its recommendation of approval of the merger agreement in a manner adverse to the terminating party in order to approve and permit the other party to accept a superior proposal and (2) determined, after consultation with, and the receipt of advice from outside legal counsel to the other party, that the failure to take such action as described in the preceding clause (1) would be likely to result in a breach of the board of directors' fiduciary duties under applicable law, provided, however, that at least five business days prior to any such termination, the other party shall, and shall cause its advisors to, negotiate with the terminating party, if such party elects to do so, to make such adjustments in the terms and conditions of the merger agreement as would enable the other party to proceed with the merger on the adjusted terms.

Amendment and Waiver

To the extent permitted by law, Community Bankers and TransCommunity, with the approval of their respective boards of directors, may amend the merger agreement by written agreement at any time without the approval of TransCommunity stockholders or Community Bankers stockholders. However, after the approval of the merger proposal by TransCommunity's stockholders, no amendment may reduce or modify the consideration to be received by TransCommunity's stockholders.

Prior to or at the effective time of the merger, either TransCommunity or Community Bankers may waive any default in the performance of any term of the merger agreement by the other party, may waive or extend the time for the fulfillment by the other party of any of its obligations under the merger agreement, and may waive any of the conditions precedent to the obligations of such party under the merger agreement, except any condition that, if not satisfied, would result in the violation of an applicable law.

Conduct of Business Pending the Merger

Under the merger agreement, each of Community Bankers and TransCommunity has agreed, except as otherwise contemplated by the merger agreement or with the prior written consent of the other party, and to cause its subsidiaries to:

- operate its business only in the usual, regular, and ordinary course;

- use reasonable efforts to preserve intact its business organization and assets and maintain its rights and franchises;

- use reasonable efforts to cause its representations and warranties to be correct at all times;

- in the case of TransCommunity only, use reasonable efforts to provide all information requested by Community Bankers related to loans or other transactions made by TransCommunity with a value equal to or exceeding \$250,000;

- in the case of TransCommunity only, consult with Community Bankers prior to entering into or making any loans or other transactions with a value equal to or exceeding \$500,000; and

- take no action which would (1) adversely affect the ability of any party to obtain any consents required for the transactions contemplated by the merger agreement without imposition of a condition or restriction which, in

the reasonable judgment of the board of directors of Community Bankers or the board of directors of TransCommunity, would so materially adversely impact the economic or business benefits of the transactions contemplated by the merger agreement as to render inadvisable the consummation of the merger, or (2) materially adversely affect the ability of either party to perform its covenants and agreements under the merger agreement.

In addition, each of Community Bankers and TransCommunity has agreed in the merger agreement not to take certain actions or agree or commit to take certain actions, or permit its subsidiaries to take or agree or commit to take

certain actions pending consummation of the merger without the prior consent of the other party and except as otherwise expressly contemplated by the merger agreement. Such actions include, without limitation:

amending its certificate of incorporation, articles of incorporation, bylaws, or other governing corporate instruments, except that either party may restate its certificate of incorporation or articles of incorporation without amendment thereto;

in the case of TransCommunity only, modifying TransCommunity Bank's lending policy;

incurring any obligation for borrowed money in excess of an aggregate of \$100,000, except in the ordinary course of business consistent with past practices and that are prepayable without penalty, charge or other payment, or imposing or suffering the imposition of any lien on any asset or permit a lien to exist, with certain limited exceptions;

acquiring or exchanging (other than exchanges in the ordinary course under employee benefit plans) any shares, or securities convertible into any shares, of the capital stock of Community Bankers or TransCommunity or any TransCommunity subsidiary or declaring or paying any dividend or making any other distribution in respect of either party's common stock;

subject to certain limited exceptions, issuing, selling, or pledging, encumbering, authorizing the issuance of, entering into any contract to issue, sell, pledge, encumber, or authorize the issuance of, or otherwise permit to become outstanding any additional shares of Community Bankers or TransCommunity common stock, any capital stock of any of TransCommunity's subsidiaries or any rights to acquire any such shares;

adjusting, splitting, combining or reclassifying any Community Bankers or TransCommunity capital stock, or issuing or authorizing the issuance of any other securities in respect of, or in substitution for, shares of Community Bankers or TransCommunity common stock, or selling, leasing, mortgaging or otherwise disposing of, in the case of TransCommunity only, any shares of capital stock of any subsidiary, and, in the case of either Community Bankers or TransCommunity, any asset, other than in the ordinary course for reasonable and adequate consideration;

purchasing any securities or making any material investments in any person or otherwise acquiring direct or indirect control over any person, except in the ordinary course of business consistent with past practice, subject to certain limited exceptions;

granting any bonus or increase in compensation or benefits to the employees, officers or directors of Community Bankers or TransCommunity or any TransCommunity subsidiary, committing or agreeing to pay any severance or termination pay, or any stay or other bonus to any Community Bankers or TransCommunity director, officer or employee, as applicable, entering into or amending any severance agreements with officers, employees, directors, independent contractors or agents of Community Bankers or TransCommunity or any TransCommunity subsidiary, changing any fees or other compensation or other benefits to directors of Community Bankers or TransCommunity or any TransCommunity subsidiary, or waiving any stock repurchase rights, accelerating, amending or changing the period of exercisability of any rights or restricted stock, as applicable, or in the case of TransCommunity, repricing rights granted under its stock incentive plans, equity compensation plans and stock option plans or authorizing cash payments in exchange for any rights, or accelerating or vesting or committing or agreeing to accelerate or vest any amounts, benefits or rights payable by Community Bankers or TransCommunity or any TransCommunity subsidiary;

except as contemplated by the merger agreement, entering into or amending (unless required by law) any employment contract that does not give Community Bankers, TransCommunity or the TransCommunity subsidiary the unconditional right to terminate the agreement following the effective time of the merger without liability other than for services already rendered;

subject to certain limited exceptions relating to requirements of law and maintaining tax qualified status, adopting any new employee benefit plan or terminating or withdrawing from or materially changing any existing employee benefit plans, welfare plans, insurance, stock or other plans, or making any distributions

from such employee benefit or welfare plans, except as required by law, the terms of such plans or consistent with past practice;

making any change in any tax or accounting methods or systems of internal accounting controls, except, without the review and consent of the other party, as may be appropriate and necessary to conform to changes in tax laws, regulatory accounting requirements or generally accepted accounting principles or file any amended tax return, enter into any closing agreement, settle any tax claim or assessment relating to Community Bankers or TransCommunity or any TransCommunity subsidiary, as applicable, surrender any right to claim a refund of taxes, consent to any extension or waiver of the limitation period applicable to any tax claim or assessment relating to Community Bankers or TransCommunity and any TransCommunity subsidiary, as applicable, or take any other similar action relating to the filing of any tax return or the payment of any tax;

commencing any litigation other than in accordance with past practice or settling any litigation for money damages or restrictions on the operations of Community Bankers or TransCommunity or any TransCommunity subsidiary;

entering into, modifying, amending, or terminating any material contract (including any loan contract respect to any extension of credit with an unpaid balance exceeding \$500,000) or waiving, releasing, compromising or assigning any material rights or claims, or, in the case of TransCommunity, making any adverse changes in the mix, rates, terms, or maturities of TransCommunity Bank's deposits and other liabilities; or

taking any action or failing to take any action that at the time of such action or inaction is reasonably likely to prevent, or would be reasonably likely to materially interfere with, the consummation of the merger.

Notwithstanding the foregoing, TransCommunity plans to pay a one-time special dividend in the amount of \$0.25 per share to TransCommunity stockholders, which dividend would be paid immediately prior to the consummation of the merger of TransCommunity with Community Bankers and after all conditions to the closing are satisfied. Community Bankers has given its consent to the payment of this special dividend.

In addition, the merger agreement provides that neither Community Bankers nor TransCommunity nor any of their respective affiliates and representatives will solicit any acquisition proposal (generally, a tender offer or proposal for a merger, asset acquisition or other business combination which would compete with the merger). Community Bankers and TransCommunity have also agreed not to and not to permit their respective affiliates and representatives to furnish any confidential information, negotiate, or enter into any contract, with respect to any acquisition proposal.

However, the merger agreement also provides that either party may furnish nonpublic information regarding itself and may enter into a confidentiality agreement or discussions or negotiations in response to a *bona fide* unsolicited written acquisition proposal if:

such party has not violated any of the restrictions against soliciting acquisition proposals;

its board of directors, in its good faith judgment believes (based on, among other things, the advice of its financial advisor) that such acquisition proposal constitutes a superior proposal;

its board of directors concludes in good faith, after consultation with and receipt of a written opinion from its outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties, to its stockholders;

(1) at least five business days prior to furnishing any such nonpublic information to, or entering into discussions or negotiations, the party gives the other party written notice of such party's intention to furnish nonpublic information to, or enter into discussions or negotiations and the identity of such prospective purchaser, and (2) such party receives from such prospective purchaser an executed confidentiality agreement containing terms no less favorable to the disclosing party than the confidentiality terms of the merger agreement; and

contemporaneously with furnishing any such nonpublic information, such party furnishes such nonpublic information to the other party (to the extent such nonpublic information has not been previously furnished by such party).

In addition, each of Community Bankers and TransCommunity have agreed to provide the other party with at least five business days prior written notice of a meeting of its board of directors at which meeting such board of directors is reasonably expected to resolve to recommend the acquisition proposal to its stockholders and together with such notice, a copy of the most recently proposed documentation or revisions relating to the acquisition proposal.

Notwithstanding these provisions, the merger agreement contemplates that Community Bankers may enter into additional merger agreements such as the agreement with BOE, subject to receiving the prior consent of TransCommunity.

Expenses and Termination Fees

The merger agreement provides that each party will be responsible for its own direct costs and expenses incurred in connection with the transactions contemplated by the merger agreement. In the case of TransCommunity, these expenses will be paid at closing and prior to the effective time of the merger.

The merger agreement provides that if either party terminates the merger agreement because of a material breach of the merger agreement by the other party, a termination fee of \$500,000 would be payable by the breaching party to the non-breaching party. Further, if either party terminates because the stockholders of the other party fail to approve the merger or if either party terminates because the transactions contemplated are not consummated by the May 31, 2008, and another acquisition transaction, involving a change in control, is announced and results in a definitive agreement or a consummated acquisition transaction with the terminating party within 12 months of termination, then the party entering into the definitive agreement or consummating the acquisition transaction will owe the other party a termination fee of \$500,000.

If a party terminates the agreement due to a material breach of the other party or the failure of the other party to recommend the merger to its stockholders, the termination fee of \$500,000 is payable upon termination. In the case of a termination involving a competing acquisition transaction, the termination fee of \$500,000 is payable upon the earlier of the execution of a definitive agreement or the consummation of the transaction. In those cases where a competing acquisition transaction with a third party is consummated, an additional termination fee of \$1,200,000 will also be payable upon consummation of the acquisition transaction.

Stock Ownership of Existing Community Bankers and TransCommunity Stockholders After the Merger

The table below outlines the effect of the various scenarios on the percentage of Community Bankers voting interests that existing Community Bankers and TransCommunity stockholders will own after the merger with TransCommunity is completed, based on the number of shares of each of Community Bankers, TransCommunity and BOE issued and outstanding as of the date of their respective merger agreements. Depending on the scenario, Community Bankers stockholders will own from 36.93% to 73.35% of Community Bankers voting interests after the merger, and TransCommunity will own from 20.76% to 45.27% of Community Bankers voting interests after the merger. The table assumes that none of the TransCommunity stockholders exercised appraisal rights and that Community Bankers existing stockholders continue to own the warrants to be exercised. The unit purchase option refers to the unit purchase option to purchase 525,000 units (each unit comprised of one share of common stock and one warrant to purchase one share of common stock) held by I-Bankers Securities, Inc., Maxim Group LLC and

Legend Merchant Group, Inc., the representatives of the underwriters in Community Bankers' initial public offering.

Percent Ownership			BOE	Total	19.99% of Community Bankers Conversion Rights are Exercised	Community Bankers 7,500,000 Warrants are Exercised	525,000 Units Issuable Upon Exercise of the Unit Purchase Option are Exercised	The 525,000 Warrants Included in the Units issuable Upon Exercise of the Unit Purchase Option are Exercised	The Merger with BOE has been Completed
Community Bankers	TransCommunity	BOE							
73.35%	26.65%	0.00%	100.00%			X	X	X	
72.76%	27.24%	0.00%	100.00%			X	X		
72.15%	27.85%	0.00%	100.00%			X			
71.61%	28.39%	0.00%	100.00%	X	X	X	X	X	
70.94%	29.06%	0.00%	100.00%	X	X	X			
70.24%	29.76%	0.00%	100.00%	X	X				
61.55%	38.45%	0.00%	100.00%			X	X		
60.32%	39.68%	0.00%	100.00%			X			
59.01%	40.99%	0.00%	100.00%						
57.81%	42.19%	0.00%	100.00%	X		X	X	X	
57.13%	20.76%	22.11%	100.00%		X	X	X	X	X
56.40%	21.11%	22.49%	100.00%		X	X	X		X
56.33%	43.67%	0.00%	100.00%	X		X			
55.65%	21.48%	22.88%	100.00%		X				X
54.98%	21.80%	23.22%	100.00%	X	X	X	X	X	X
54.73%	45.27%	0.00%	100.00%	X					
54.17%	22.19%	23.64%	100.00%	X	X	X			X
53.34%	22.59%	24.07%	100.00%	X	X				X
43.66%	27.28%	29.06%	100.00%			X	X	X	X
42.40%	27.89%	29.71%	100.00%			X			X
41.07%	28.53%	30.39%	100/00%						X
39.89%	29.11%	31.00%	100.00%	X		X	X	X	X
38.44%	29.81%	31.75%	100.00%	X		X			X
36.93%	30.54%	32.53%	100.00%	X					X

X - denotes that event occurred

Resales of Community Bankers Common Stock

The issuance of the shares of Community Bankers common stock to be issued to TransCommunity's stockholders in the merger has been registered under the Securities Act of 1933, or the Securities Act. These shares may be traded freely and without restriction by those stockholders not deemed to be affiliates of TransCommunity or Community Bankers as that term is defined under the Securities Act. Any subsequent transfer of such shares, however, by any

person who is an affiliate of TransCommunity at the time the merger is submitted for a vote or consent of the stockholders of TransCommunity will, under existing law, require either:

the registration under the Securities Act of the subsequent transfer of the shares of Community Bankers common stock;

compliance with Rule 145 promulgated under the Securities Act (permitting limited sales under certain circumstances); or

the availability of another exemption from registration.

An affiliate of TransCommunity, as defined by the rules promulgated pursuant to the Securities Act, is a person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with TransCommunity. TransCommunity has agreed that it will use its reasonable efforts to cause each person or entity that is an affiliate for purposes of complying with Rule 145 to enter into a written agreement relating to such restrictions on sale or other transfer.

Accounting Treatment

The merger will be accounted for using the purchase method of accounting, with Community Bankers being treated as the acquiring entity for accounting purposes. Under the purchase method of accounting, the assets and liabilities of Community Bankers will be adjusted to include the fair value of the assets and liabilities of TransCommunity as of the effective time. Financial statements issued after consummation of an acquisition accounted for as a purchase would reflect such values and would not be restated retroactively to reflect the historical financial position or results of operations of the acquired company.

Conversion Rights of Community Bankers Stockholders

If you are a Community Bankers stockholder who holds shares issued by Community Bankers in its initial public offering (whether such shares were acquired pursuant to such initial public offering or afterwards), you may exercise conversion rights with respect to the merger.

If you wish to exercise your conversion rights, you must:

affirmatively vote against the merger proposal in person or by submitting your proxy card before the vote on the merger proposal and checking the box that states Against for proposal number 1; and

either:

- o check the box that states Exercise Conversion Rights on the proxy card; or
- o send a letter to Community Bankers at 9912 Georgetown Pike, Suite D-203, Great Falls, VA 22066, stating that you are exercising your conversion rights and demanding your shares of Community Bankers common stock be converted into cash; and

either:

- o physically tender, or if you hold your shares of Community Bankers common stock in street name, cause your broker to physically tender, your stock certificates representing shares of Community Bankers common stock to Community Bankers; or
- o deliver your shares electronically using the Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System, to Community Bankers transfer agent by _____, 2008.

The DWAC delivery process can be accomplished, whether you are a record holder or your shares are held in street name, within a day, by simply contacting the transfer agent or your broker and requesting delivery of your shares through the DWAC System. There is a nominal cost associated with this tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the stockholder or the tendering broker \$35, and your broker may or may not pass this cost on to you.

Taking any action that does not include an affirmative vote against the merger, including abstaining from voting on the merger proposal, will prevent you from exercising your conversion rights. However, voting against the merger proposal does not obligate you to exercise your conversion rights.

If you (1) initially vote for the merger proposal but then wish to vote against it and exercise your conversion rights or (2) initially vote against the merger proposal and wish to exercise your conversion rights but do not check the box on the proxy card providing for the exercise of your conversion rights or do not send a written request to Community Bankers to exercise your conversion rights, or (3) initially vote against the merger proposal but later wish to vote for it, you may request Community Bankers to send you another proxy card on which you may indicate your intended vote and, if that vote is against the merger proposal, exercise your conversion rights by checking the box provided for such purpose on the proxy card. You may make such request by contacting Community Bankers at the phone number or address listed on the Community Bankers Notice of Annual Meeting of Stockholders. Any

corrected or changed proxy card or written demand of conversion rights must be received by Community Bankers prior to the annual meeting. Prior to exercising your conversion rights you should verify the market price of Community Bankers common stock. You may receive higher proceeds from the sale of your common stock in the public market than from exercising your conversion rights, if the market price per share is higher than the amount of cash that you would receive upon exercise of your conversion rights.

Any request to exercise your conversion rights, once made, may be withdrawn at any time up to immediately prior to the vote on the merger proposal at the annual meeting (or any adjournment or postponement thereof). Furthermore, if you deliver your shares for conversion and subsequently decide prior to the annual meeting not to elect conversion, you may simply request that the transfer agent return the certificate (physically or electronically) to you.

Please note, however, that once the vote on the merger proposal is held at the annual meeting, you may not withdraw your request to exercise your conversion rights and request the return of your shares. If the merger is not consummated, your shares will be automatically returned to you.

If the merger is completed and you have properly exercised your conversion rights, then you will be entitled to receive a pro rata portion of the Community Bankers trust account, including a pro rata portion of the interest earned on the funds in the trust account less interest released to Community Bankers for working capital or to pay taxes, calculated as of the record date for determination of stockholders entitled to vote on the merger. As of the Community Bankers record date, there was approximately \$ in the trust account, so you will be entitled to convert each share of common stock that you hold into approximately \$. If you properly exercise your conversion rights, then you will be exchanging your shares of Community Bankers common stock for cash equal to a pro rata portion of the Community Bankers trust account and will no longer own these shares.

In the event the merger is not consummated, holders of common stock issued in Community Bankers' initial public offering will not be able to convert their stock. In the event the merger is consummated and 19.99% of the outstanding shares of Community Bankers common stock issued in Community Bankers' initial public offering are converted, the value of the common stock (excluding the portion of the trust account attributable to the underwriters' discount) that may be converted to cash is \$. It is anticipated that the funds to be distributed to stockholders entitled to convert their shares who elect conversion will be distributed promptly after completion of a business combination and presentation of their stock certificates for cancellation.

If you are a holder of warrants that were issued by Community Bankers in the Community Bankers' initial public offering, exercise of your conversion rights does not result in either the conversion or loss of your warrants. Your warrants will continue to be outstanding and exercisable following a conversion of your common stock. However, in the event that Community Bankers does not consummate the merger with TransCommunity by June 7, 2008, Community Bankers will be required to liquidate and any Community Bankers warrants you may own will expire without value.

Certain Federal Tax Consequences to Community Bankers' Stockholders

Since Community Bankers stockholders will not be exchanging or otherwise disposing of their shares of Community Bankers common stock pursuant to the merger, Community Bankers stockholders will continue to hold their shares of Community Bankers common stock and will not recognize any gain or loss as a result of the merger. However, for those Community Bankers stockholders who exercise their conversion rights and convert their shares of Community Bankers common stock into the right to receive cash from the trust account, such stockholders will generally be required to treat the transaction as a sale of the shares and recognize gain or loss upon the conversion. Such gain should be capital gain or loss if such shares were held as a capital asset on the date of the conversion. Such gain or loss will be measured by the difference between the amount of cash received and the tax basis of that stockholder's

shares of Community Bankers common stock. A stockholder's tax basis in his shares of Community Bankers common stock generally will equal the cost of such shares. A stockholder who purchased Community Bankers units will have to allocate the cost between the shares of common stock and the warrants comprising the units based on their fair market values at the time of the purchase. Under certain circumstances, if the stockholder actually or constructively still owns shares of Community Bankers common stock after the conversion of shares into cash, the conversion may not be treated as a sale of stock by that stockholder for tax purposes but rather as a

corporate distribution. A stockholder may constructively own stock for tax purposes because, among other reasons, stock may be owned by certain family members or affiliated entities or the stockholder may retain warrants in Community Bankers. If the conversion does not qualify as a sale for federal tax purposes but instead is treated as a corporate distribution, then the receipt of cash in the conversion will be treated (1) as a dividend to the extent of Community Bankers' earnings and profits, (2) as a reduction of basis in the shares for any excess and (3) to the extent of any excess over basis, gain from the sale or exchange of shares. Community Bankers stockholders who do not exercise their conversion rights will continue to hold their shares of Community Bankers common stock and as a result will not recognize any gain or loss from the merger.

Appraisal Rights of TransCommunity Stockholders

As a TransCommunity stockholder, you have the right to assert appraisal rights with respect to the merger and demand in writing that you be paid the fair value of your shares of TransCommunity common stock under applicable provisions of Virginia law following consummation of the merger by Community Bankers as the surviving company following the merger. In order to exercise and perfect appraisal rights, generally you must:

not vote any shares owned by you in favor of the merger;

deliver written notice of your intent to demand payment for your shares to TransCommunity before the vote is taken on the merger at the special meeting;

complete, sign and return the form to be sent to you pursuant to Section 13.1-734 of the Virginia Stock Corporation Act; and

if you hold certificated shares, deposit your TransCommunity common stock certificates in accordance with the instructions in the form.

A copy of the applicable Virginia statutory provisions is included in this joint proxy statement/prospectus as Appendix C.

The following is only a summary of the rights of a dissenting TransCommunity stockholder, is not a complete statement of law pertaining to appraisal rights under the Virginia Stock Corporation Act, and is qualified in its entirety by reference to the full text of the provisions of the Virginia Stock Corporation Act pertaining to appraisal rights, a copy of which is attached as Appendix C hereto and incorporated into this discussion by reference. If you intend to exercise your right to dissent, you should carefully review the following summary and comply with all requirements of the Virginia Stock Corporation Act. You should also consult with your attorney. **No further notice of the events giving rise to appraisal rights will be furnished by TransCommunity to you.**

If you intend to exercise your appraisal rights, you should be aware that cash paid to you likely will result in your receipt of taxable income. (See Expected Tax Treatment as a Result of the Merger on page .)

The Virginia Stock Corporation Act provides in detail the procedure that you must follow if you wish to exercise your appraisal rights. In summary, to exercise appraisal rights:

you must deliver to TransCommunity before the vote on the merger agreement is taken at the special meeting, written notice of your intent to demand payment for your shares if the merger is completed; and

you must not vote your shares in favor of the merger agreement at the special meeting.

In other words, you do not have to vote against the merger agreement, or even vote at all, in order to exercise appraisal rights, but you may not vote in favor of the merger agreement, and in all cases you must give the required written notice. Your failure to satisfy these requirements will result in your not being entitled to exercise appraisal rights and receive payment for your shares under the provisions of the Virginia Stock Corporation Act, pertaining to appraisal rights. Even if you vote against the merger agreement (either in person or by proxy), you still have to send the required notice of intent in order to exercise appraisal rights. You should remember that, as described under the caption *TransCommunity Special Meeting Voting of Proxies* on page , if you return a signed proxy card but fail to provide instructions as to the manner in which your shares are to be voted, you will be considered to have voted in favor of the merger agreement and you will not be able to assert appraisal rights. If you do not return a proxy

card or otherwise vote at all at the special meeting, you will not be treated as waiving your appraisal rights as long as you have given the required notice of intent as described above.

If you intend to assert your appraisal rights, your notice of intent should be mailed or delivered to TransCommunity's corporate secretary at its corporate office located at 4235 Innslake Drive, Suite 200, Glen Allen, Virginia 23060, or it may be hand delivered to TransCommunity's corporate secretary at the special meeting (before the voting on the merger agreement begins). Notice of intent is effective at the earliest of the following:

when received by TransCommunity at its address prior to the special meeting;

five days after its deposit in the United States mail, as evidenced by the postmark, if mailed postage prepaid and correctly addressed to TransCommunity at its address prior to the special meeting; or

on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and if the receipt is signed by or on behalf of TransCommunity prior to the special meeting.

If you deliver a timely notice of intent, do not vote in favor of the merger agreement and the merger agreement is approved by both TransCommunity's stockholders at the special meeting (or at any adjournment of the special meeting) and by Community Bankers stockholders at its annual meeting (or any adjournment of the annual meeting), then, within ten days following the effective date of the merger, Community Bankers, as the company surviving the merger, will send you a written notice called an appraisal notice, by first-class mail, postage prepaid, to your address shown in TransCommunity's current record of stockholders, as long as you have satisfied the requirements to exercise appraisal rights. The appraisal notice will include another copy of the provisions of the Virginia Stock Corporation Act, pertaining to appraisal rights and will:

include a form you can use for demanding payment that will include the first date of any announcement to TransCommunity's stockholders of the terms of the merger and will require you to certify whether you acquired beneficial ownership of your shares of TransCommunity common stock before or after that date and to certify that you did not vote for the merger;

state where your payment demand must be sent, and where your TransCommunity share certificates must be deposited and the date by which those certificates must be deposited;

specify a date by which Community Bankers must receive your payment demand (which may not be fewer than 40 nor more than 60 days after the date of mailing of the appraisal notice and state that the stockholder shall have waived the right to demand appraisal unless the form is received by Community Bankers by the specified date);

state Community Bankers' estimate of the fair value of the shares;

state that, if requested in writing, Community Bankers will provide, to the stockholder within 10 days after the date by which Community Bankers must receive the form, the number of stockholders who returned the form by the specified date and the total number of shares owned by them; and

state the date by which the notice to withdraw must be received, which date must be within 20 days after the date by which Community Bankers must receive the form.

After receipt of the appraisal notice, you must deliver to Community Bankers a written payment demand and, in the case of certificated shares, deposit your TransCommunity share certificates with Community Bankers by the date set

forth in and in accordance with the terms and conditions of the appraisal notice and certify whether you acquired beneficial ownership of your shares of TransCommunity common stock before or after the announcement date. Otherwise, you will not be entitled to payment for your shares. If you deliver a payment demand, certify your beneficial ownership as required and deposit your share certificates as required by the appraisal notice, you will lose all rights as a stockholder unless you withdraw your payment demand by the date specified in the appraisal notice.

Within 30 days after the form is due Community Bankers will pay you (provided that you have satisfied all requirements to exercise appraisal rights) the amount Community Bankers estimates to be the fair value of your shares, plus interest accrued to the date of payment. Community Bankers payment will be accompanied by:

certain of Community Bankers most recent available financial statements;

an explanation of how Community Bankers estimated the fair value of your shares and how the interest was calculated; and

a statement of your right to demand payment if you are not satisfied with the payment and that failure to demand payment within a specified time will be deemed acceptance of Community Bankers' estimate as full payment.

However, unless you were the beneficial owner of your shares of TransCommunity common stock on the announcement date as set forth in the appraisal notice, Community Bankers may elect to withhold payment.

Within 30 days after the form is due, to the extent Community Bankers elected to withhold payment for after-acquired shares, Community Bankers will estimate the fair value of the shares, plus accrued interest, and will offer to pay this amount to each stockholder who asserted appraisal rights but failed to certify beneficial ownership if such stockholder agrees to accept it in full satisfaction of his demand. Community Bankers' payment offer will be accompanied by:

certain of Community Bankers' most recent available financial statements;

Community Bankers' estimate of the fair value of your shares and its offer to pay such value plus interest;

a statement that you may accept Community Bankers' estimate of fair value plus interest in full satisfaction of your demands or demand for appraisal;

a statement that those stockholders who wish to accept such offer must so notify Community Bankers of their acceptance of its offer within 30 days after receiving the offer; and

a statement that those stockholders who do not satisfy the requirements for demanding appraisal shall be deemed to have accepted Community Bankers' offer.

If you believe that the amount paid by Community Bankers, or the amount of Community Bankers' payment offer, as described above is less than the fair value of your shares of TransCommunity common stock or that the interest due is incorrectly calculated, then you may notify Community Bankers in writing of your own estimate of the fair value of your shares of TransCommunity common stock and may demand payment of your estimate plus interest. A stockholder offered payment who is dissatisfied with that offer must reject the offer and demand payment of the stockholder's estimate of the fair value of the shares plus interest. In any such event, if you fail to take any such action within the 30 days after Community Bankers makes or offers payment for your shares, you will be deemed to have waived your rights to demand payment and shall be entitled only to the payment of fair value as calculated by Community Bankers.

If you have taken all required actions and your demand for payment remains unsettled, Community Bankers may file a lawsuit within 60 days after receiving the payment demand and petition the appropriate circuit court to determine the fair value of the shares and accrued interest. If Community Bankers does not begin the action within the 60-day period, it will pay each stockholder who asserts appraisal rights whose demand remains unsettled the amount demanded. In the court proceeding described above, the court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. In addition, Community Bankers will make all stockholders who assert appraisal rights whose demands remain unsettled parties to the proceeding. Each stockholder who asserts appraisal rights made a party to the proceeding must be served with a copy of the complaint and will be entitled to judgment for the amount, if any, by which the court finds the fair value of his shares, plus interest, to exceed the amount paid by Community Bankers, or for the value, plus accrued interest, of his

after-acquired shares for which Community Bankers elected to withhold payment.

The court will determine the cost of any court proceeding, including reasonable compensation and reimbursement of expenses for appraisers appointed by the court. Those costs will be assessed against Community Bankers unless the court determines that some or all of the stockholders who assert appraisal rights acted arbitrarily, vexatiously or not in good faith in demanding payment, in which event the court may assess costs against those stockholders. The court may assess the fees and expenses of experts and counsel against Community Bankers if it finds that it did not substantially comply with the requirements of the statutes, and against any party who acted arbitrarily, vexatiously or not in good faith in asserting or defending against appraisal rights. If the court finds that the

services of counsel for any stockholder who asserts appraisal rights were of substantial benefit to other stockholders similarly situated, the court may award counsel fees, to be paid out of the amounts awarded the stockholders who asserted appraisal rights who were benefited. If a stockholder who asserts appraisal rights must bring an action against Community Bankers to require it to pay the amount Community Bankers estimates to be the fair value of the shares, plus interest and the stockholder is successful, the court will assess costs against Community Bankers.

The Virginia Stock Corporation Act contains certain additional provisions and requirements that apply in the case of dissents by nominees who hold shares for others, and by beneficial owners whose shares are held in the names of other persons.

Tax Consequences of Exercising Appraisal Rights

The payment of cash to TransCommunity stockholders who perfect appraisal rights with respect to such stockholder's shares of TransCommunity will recognize capital gain or loss equal to the difference between such stockholder's tax basis in those shares and the amount of cash received in exchange for those shares, provided the TransCommunity shares were held as a capital asset by the TransCommunity stockholders.

AMENDMENTS TO THE CERTIFICATE OF INCORPORATION OF COMMUNITY BANKERS

Community Bankers is asking its stockholders to adopt two amendments to its certificate of incorporation, effective upon consummation of the merger. The amendments to the certificate of incorporation will only be effected in the event and at the time the merger with TransCommunity is consummated. Assuming that the two amendments are adopted, the surviving corporation will file an amended and restated certificate of incorporation, substantially in the form attached as Appendix B.

Staggered Board Amendment

Community Bankers is proposing to amend its certificate of incorporation to reset the terms of Community Bankers three classes of directors. Currently, Community Bankers' certificate of incorporation provides for a staggered board of directors with three classes of directors, with each class being elected at successive annual meetings following Community Bankers' initial public offering. In order to comply with the requirements set forth in the merger agreement, Community Bankers is seeking approval for an amended Section F of Article SIXTH, pursuant to which each of the three classes of the staggered board of directors is elected at successive annual meetings following the closing of the merger with TransCommunity, which Community Bankers anticipates to occur during the second quarter of 2008. Unless Community Bankers and TransCommunity agree otherwise, the merger will only be consummated if the stockholders of Community Bankers adopt the staggered board amendment to the certificate of incorporation.

Name Change Amendment

Community Bankers is proposing to amend Article FIRST of its certificate of incorporation to change the name of Community Bankers from Community Bankers Acquisition Corp. to Community Bankers Trust Corporation. The reason for this amendment is that, in the event of a merger with TransCommunity, Community Bankers' current name will not accurately reflect its business operations. Accordingly, Community Bankers' board of directors believes that changing its name to Community Bankers Trust Corporation in connection with the merger will better reflect its business operations upon completion of the merger.

Stockholders will not be required to exchange outstanding stock certificates for new stock certificates if the amendment is adopted.

Filing of Amended and Restated Certificate of Incorporation

Following the merger, the surviving corporation will file an amended and restated certificate of incorporation substantially in the form attached as Appendix B to this joint proxy statement/prospectus, including the amendments being considered by Community Bankers stockholders at the annual meeting, assuming they are adopted. In addition, the text of sections A, B, and D of Article SIXTH will be removed from the amended and restated

certificate of incorporation to reflect that, pursuant to their terms, they are terminated automatically with no action required by the board of directors or the stockholders in the event an initial business combination, such as the merger with TransCommunity, is consummated.

Vote Required

Adoption of the amendments to the certificate of incorporation requires the affirmative vote of a majority of the shares of Community Bankers common stock entitled to vote at the annual meeting. Abstaining from voting or not voting on a proposal (including broker non-votes), either in person or by proxy, will have the same effect as a vote against adoption of the amendments to the certificate of incorporation.

Board Recommendation

*The Community Bankers Board of Directors recommends a vote **FOR** adoption of each of the amendments to the certificate of incorporation.*

ELECTION OF DIRECTORS OF COMMUNITY BANKERS

General

Pursuant to Community Bankers' certificate of incorporation, Community Bankers' board of directors, consisting of five persons, is divided into three classes, as nearly equal in size as possible, serving staggered terms. Class I serves for a term to expire at the first annual meeting of stockholders following the initial public offering. Class II serves for a term to expire at the second annual meeting of stockholders following the initial public offering. Class III serves for a term to expire at the third annual meeting of stockholders following the initial public offering. The Community Bankers' certificate of incorporation currently provides that commencing after the first annual meeting of stockholders following the initial public offering, and at each annual meeting thereafter, directors elected to succeed those directors whose terms expire shall be elected for a term in office to expire at the third annual meeting after their election.

Chris A. Bagley and Keith Walz are Class I directors on Community Bankers board of directors, and their terms expire at the first annual meeting following Community Bankers' initial public offering. Community Bankers' board of directors, upon the recommendation of the nominating committee, has approved and unanimously nominated each of Mr. Bagley and Mr. Walz for reelection as directors of Community Bankers to serve for three-year terms or until a successor is elected and qualified. If either Mr. Bagley or Mr. Walz become unavailable for any reason, which is not anticipated, the board of directors in its discretion may designate a substitute nominee. If you have filled out and returned the accompanying proxy card, your vote will be cast for the substitute nominee.

About the Nominees

Chris A. Bagley has been a director of Community Bankers since October 2007. Mr. Bagley has been chief credit officer with Prosperity Bank since 2001. From 1997 to 2001, Mr. Bagley served as banking center president at Prosperity Bank. Prosperity Bank is a bank subsidiary of Prosperity Bancshares, Inc. (Nasdaq: PRSP) a \$6 billion in asset bank holding company headquartered in Houston, Texas, which operates 105 banking centers in Texas under a community banking philosophy. Mr. Bagley received a Bachelor of Business Administration in finance from Stephen F. Austin State University and a Masters of Business Administration in finance from the University of Houston. Mr. Bagley is 47 years old.

Keith Walz has been a director of Community Bankers since April 2005. Mr. Walz is managing partner at Kinsale Capital Partners, a leveraged buy-out private equity investment firm, which he co-founded in January 2006. From

March 1996 to January 2006, Mr. Walz served as president of ABN AMRO Capital (USA), a small business investment company (SBIC) subsidiary of the ABN AMRO Bank N.V. (NYSE:ABN) group of companies, an international banking group with 3,000 banks in 60 countries. During his tenure with the firm, Mr. Walz also served as a managing director in ABN AMRO's Global Private Equity division, a private equity firm with over \$2 billion in invested capital. As a senior partner with the firm, Mr. Walz participated in the sourcing, evaluation, and monitoring

of over 35 investments, representing \$200 million of capital invested. Mr. Walz specializes in Enterprise Software and Network Infrastructure investments and has served on the board of directors of over a dozen companies in which ABN AMRO has invested. He has also held operating roles with ABN AMRO portfolio companies, including chairman and chief executive officer of Worldweb.net, a provider of content management solutions for enterprise web sites. Prior to joining ABN AMRO Capital, Mr. Walz was a vice president from 1991 to 1996 in ABN AMRO's Investment Banking division, responsible for financial reporting, analysis, and systems. From 1989 to 1991 he served as a finance associate with Tyson Foods, Inc., a processor and distributor of chicken, pork and other food products, where he focused on enhancing enterprise business processes and systems through the use of client/server computing technologies. He received a Masters of Business Administration from DePaul University and a Bachelor of Science degree in finance from the University of Arkansas. Mr. Walz is 40 years old.

Vote Required

Directors will be elected by the affirmative vote of the holders of a majority of the shares of Community Bankers common stock, present in person or represented by proxy and entitled to vote at the annual meeting. Community Bankers' certificate of incorporation does not allow for cumulative voting.

Board Recommendation

The Community Bankers Board of Directors recommends voting in favor of the nominees.

INFORMATION ABOUT COMMUNITY BANKERS ACQUISITION CORP.

General

Community Bankers is a blank check company organized under the laws of the State of Delaware on April 6, 2005. As a Targeted Acquisition CorporationSM or TACSM, Community Bankers was formed to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business in the banking industry. Prior to executing the merger agreement with TransCommunity, Community Bankers' activities were limited to organizational matters, completing its initial public offering and seeking and evaluating possible business combination opportunities.

On June 8, 2006, Community Bankers consummated its initial public offering of 7,500,000 units, which commenced trading on the American Stock Exchange under the symbol BTC.U. Each unit consisted of one share of common stock and one redeemable common stock purchase warrant. Each warrant entitles the holder to purchase from Community Bankers one share of Community Bankers common stock at an exercise price of \$5.00 per share beginning upon the consummation of a business combination. Community Bankers common stock and warrants started trading separately on the American Stock Exchange as of September 5, 2006, under the symbols BTC and BTC.WS, respectively.

In addition to the proposed merger of Community Bankers with TransCommunity, Community Bankers has entered into an agreement and plan of merger, dated as of December 13, 2007, with BOE, a bank holding company based in Tappahannock, Virginia. The merger agreement by and between Community Bankers and BOE provides for the merger of BOE with and into Community Bankers. As a result of the proposed merger, each share of BOE common stock will be converted into 5.7278 shares of Community Bankers common stock, subject to adjustment as further described elsewhere in this joint proxy statement/prospectus. We anticipate that Community Bankers' merger with BOE would be consummated after Community Bankers' merger with TransCommunity.

Recent Developments

On February 15, 2008, Community Bankers announced its results of operations for the period from April 1, 2007 to December 31, 2007. For the period from April 1, 2007 until December 31, 2007, interest income on its trust fund investments, including interest allocable to shares subject to possible conversion, amounted to \$1,933,962. This resulted in net income for the period from April 1, 2007 until December 31, 2007 of \$1,105,034 or net income per share, basic and diluted, of \$0.12 and \$0.09, respectively. The aggregate amount of cash and United States treasury securities held in the trust fund as of December 31, 2007, was \$58,452,512.

BALANCE SHEETS

	December 31, 2007 (Unaudited)	March 31, 2007 (Audited)
ASSETS		
Current assets:		
Cash	\$ 162,154	\$ 676,183
Cash and United States Treasury securities held in trust fund	58,452,512	58,118,729
Prepaid expenses	178,799	17,500
Deferred Acquisition Costs	647,487	
Total current assets	59,440,952	58,812,412
Total Assets	\$ 59,440,952	\$ 58,812,412
 LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Income taxes payable	\$ 338,690	\$ 806,000
Deferred payment to underwriter	2,100,000	2,100,000
Accrued expenses		9,185
Total Current Liabilities	2,438,690	2,915,185
Common stock, subject to conversion, 1,499,250 shares at conversion value	11,690,502	11,617,934
Commitments		
STOCKHOLDERS EQUITY		
Preferred stock, \$0.01 par value		
Authorized 5,000,000 shares; none issued		
Common stock, \$0.01 par value		
Authorized 50,000,000 shares issued and outstanding, 9,375,000 shares (which includes 1,499,250 shares subject to conversion)	93,750	93,750
Additional paid-in capital	42,988,876	43,061,444
Earnings accumulated during the development stage	2,229,134	1,124,099
Total Stockholders Equity	45,311,760	44,279,293
Total Liabilities and Stockholders Equity	\$ 59,440,952	\$ 58,812,412

STATEMENTS OF INCOME
(Unaudited)

	Nine Months Ended December 31, 2007	Year Ended March 31, 2007 (derived from the audited financial statements)	Cumulative Period from April 6, 2005 (inception) to December 31, 2007
Interest on cash and short-term investments held in trust	\$ 1,944,395	\$ 2,268,760	\$ 4,213,155
Operating costs	263,142	338,661	601,803
Income before taxes	1,681,253	1,930,099	3,611,352
Provision for income taxes	576,218	806,000	1,382,218
Net income	\$ 1,105,035	\$ 1,124,099	2,229,134
Weighted average shares outstanding-basic	9,375,000	7,997,740	6,140,625
Weighted average shares outstanding-diluted	11,807,432	10,256,708	8,573,075
Net income per share-basic	\$ 0.12	\$ 0.14	\$ 0.36
Net income per share-diluted	\$ 0.09	\$ 0.11	\$ 0.26

Trust Account

The net proceeds from the sale of Community Bankers units were approximately \$54,950,000. Of this amount, \$54,350,000 of the net proceeds, plus \$2,100,000 attributable to the underwriters discount that I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc., the representatives of the underwriters in Community Bankers initial public offering agreed to defer until Community Bankers consummated its initial business combination, was deposited in an interest-bearing trust account at JPMorgan Chase NY Bank maintained by Continental Stock Transfer & Trust Company, as trustee, pursuant to an agreement signed on June 8, 2006. Except for a portion of the interest earned on the Community Bankers trust account which may be released to Community Bankers, these proceeds will not be released until the earlier of the completion of a business combination or Community Bankers liquidation. The remaining \$600,000 in net proceeds, together with any interest released to Community Bankers to cover operating expenses, were made available to be used by Community Bankers to provide for business, legal and accounting due diligence on prospective business combinations and continuing general and administrative expenses. Substantially all of the net proceeds not held in the trust account of Community Bankers initial public offering are intended to be used to acquire a target business, including identifying and evaluating prospective acquisition candidates, selecting the target business, and structuring, negotiating and consummating the business combination. Upon consummation of the merger, the funds currently held in the trust account, less any

amounts paid to stockholders who exercise their conversion rights and the deferred underwriting compensation, will be released to Community Bankers. Community Bankers intends to pay any additional expenses related to the merger and hold the remaining funds as capital at the holding company level pending use for general corporate and strategic purposes. Such purposes could include increasing the capital of TransCommunity Bank, future mergers and acquisitions, branch construction, asset purchases, payment of dividends, repurchases of shares of Community Bankers common stock and general corporate purposes. Until such capital is fully leveraged or deployed, Community Bankers may not be able to successfully deploy such capital and Community Bankers' return on such equity could be negatively impacted.

Fair Market Value of Target Business

The initial target business or businesses Community Bankers acquires must have a collective fair market value equal to at least 80% of Community Bankers' net assets at the time of the business combination (excluding the portion of the trust account attributable to the underwriters' discount). The fair market value of such business or businesses will be determined by Community Bankers' board of directors based upon standards generally accepted by the financial community, such as actual and potential revenues, net income, assets, cash flow and book value.

Community Bankers is not required to obtain an opinion from an investment banking firm as to the fair market value if Community Bankers' board of directors independently determines that the target business has sufficient fair market value, but may do so.

Opportunity for Stockholder Approval of Business Combination

As Community Bankers will be issuing shares of Community Bankers common stock in the merger with TransCommunity totaling more than 20% of the outstanding shares of Community Bankers common stock immediately prior to the effective time of the merger, Delaware law requires that the Community Bankers stockholders adopt the merger agreement for the merger to be consummated. In addition, Community Bankers certificate of incorporation requires that it submit the merger with TransCommunity to Community Bankers stockholders for approval, even if stockholder approval were not required under Delaware law. Delaware law requires that the holders of a majority of the outstanding shares of Community Bankers common stock entitled to vote at the annual meeting adopt the merger agreement for the merger to be consummated.

Further, as required by its certificate of incorporation, Community Bankers will proceed with the merger with TransCommunity only:

if the holders of a majority of the outstanding shares of Community Bankers common stock issued in Community Bankers' initial public offering and voted at the annual meeting vote in favor of the merger proposal; and

the holders of less than 20% of the outstanding shares of Community Bankers stock issued in Community Bankers' initial public offering vote against the business combination and exercise their conversion rights.

All of Community Bankers' insiders, including all of Community Bankers' officers, directors and initial stockholders, have agreed to vote the 1,875,000 shares of Community Bankers common stock acquired by them before Community Bankers' initial public offering either for or against the business combination consistent with the majority of the votes cast by the holders of the shares of common stock issued in the initial public offering. This voting arrangement shall not apply to shares included in units purchased in Community Bankers' initial public offering or purchased following Community Bankers' initial public offering in the open market by any of Community Bankers' initial stockholders, officers or directors. Accordingly, they may vote on the merger with respect to shares of common stock acquired in or after the consummation of Community Bankers' initial public offering any way they choose.

Liquidation If No Business Combination

If Community Bankers does not complete the merger with TransCommunity by June 7, 2008, Community Bankers certificate of incorporation (1) provides that Community Bankers' corporate powers would automatically thereafter be limited to acts and activities relating to dissolving and winding up its affairs, including liquidation, and Community Bankers would not be able to engage in any other business activities and (2) requires that Community Bankers' board of directors within 15 days adopt a resolution finding Community Bankers' dissolution advisable and provide notice as soon as possible thereafter of a special meeting of stockholders to vote on Community Bankers' dissolution. Pursuant to Delaware law, Community Bankers' dissolution would require the affirmative vote of stockholders owning a majority of the then outstanding shares of Community Bankers' common stock. Community Bankers would promptly prepare a proxy statement and notice of special meeting of stockholders in accordance with the requirements of Delaware law and the federal securities laws, which proxy statement would be required to be submitted to and reviewed by the SEC, and thereafter forward the proxy statement and notice of meeting to Community Bankers stockholders no less than 10 nor more than 60 days prior to Community Bankers' special meeting of stockholders soliciting stockholder votes with respect to its dissolution. In the event that Community Bankers does not initially

obtain approval for such dissolution by stockholders owning a majority of the then outstanding shares of Community Bankers common stock, Community Bankers would continue to take all reasonable actions to obtain such approval, which may include adjourning the meeting from time to time to allow Community Bankers to obtain the required vote and retaining a proxy solicitation firm to assist Community Bankers in obtaining such vote. Community Bankers insiders (including all of its directors, officers and initial stockholders) have agreed to vote all shares of Community Bankers common stock owned by them that were purchased prior to or

issued in Community Bankers' initial public offering in favor of such dissolution. However, there can be no assurance that Community Bankers stockholders would approve a dissolution in a timely manner or ever approve a dissolution. If Community Bankers is not able to obtain the approval from a majority of the then outstanding shares of Community Bankers common stock, Community Bankers would not be able to dissolve and liquidate and Community Bankers would not be able to distribute funds from its trust account to public stockholders and these funds would not be available for any other corporate purpose.

Community Bankers anticipates that any liquidation would occur pursuant to Section 281(b) of the DGCL and, in this event, its board of directors would be required under Section 281(b) of the DGCL to adopt, within a three year period, a plan of distribution pursuant to which Community Bankers would pay or make reasonable provision to pay all of Community Bankers' existing claims and obligations, all contingent, conditional or unmatured contractual claims, claims subject of a pending suit, and claims that are likely to arise or become known within 10 years after its dissolution. Community Bankers' plan of distribution will provide that Community Bankers will pay or reserve for such claims from its funds not held in trust. Community Bankers' board of directors intends to adopt a plan of distribution and to distribute the funds held in trust and any of its remaining assets to public stockholders as promptly as practicable following Community Bankers' dissolution. Until adoption of Community Bankers' plan of distribution and distribution of the funds held in trust, which Community Bankers anticipates would be accomplished within six months following board approval of Community Bankers' dissolution, the funds would remain in trust and held by the trustee in permitted investments.

Assuming Community Bankers' dissolution were submitted to and approved by its stockholders in accordance with Delaware law, the holders of Community Bankers common stock issued in Community Bankers' initial public offering would, in that event, be entitled to receive their proportionate share of the trust account (including any interest not released to Community Bankers, net of taxes, and the deferred underwriting discount). In addition, such holders would be entitled to receive a pro rata portion of Community Bankers' remaining assets not held in trust, less amounts Community Bankers would pay, or reserve to pay, for all of Community Bankers' liabilities and obligations. These liabilities and obligations include Community Bankers' corporate expenses arising during Community Bankers' remaining existence and the costs associated with its dissolution and liquidation. Community Bankers' corporate expenses are expected to be primarily associated with preparation for and conduct of Community Bankers' special meeting of stockholders and Community Bankers' continuing public reporting obligations, including legal services, proxy soliciting firms, services of Community Bankers' independent public accounting firm and legal fees it may incur in the event of disputes with any claimants or creditors. Gary A. Simanson, Community Bankers' president and chief executive officer, and David Zalman, an initial stockholder, would be personally liable for ensuring that the trust account is not reduced by claims of Community Bankers' vendors and service providers in the event of Community Bankers' dissolution and liquidation. Messrs. Simanson and Zalman will not be liable for and will not pay any termination fees that may be payable by Community Bankers to TransCommunity or BOE under the respective merger agreements. To the extent funds reserved to pay liabilities or obligations are not subsequently used for such purpose, the funds would be available for distribution to Community Bankers' public stockholders or for ongoing corporate expenses including costs of its liquidation during its remaining existence.

Community Bankers' initial stockholders have waived their rights to participate in any distribution with respect to shares of common stock owned by them before Community Bankers' initial public offering upon its liquidation prior to a business combination. In addition, the representatives of the underwriters in Community Bankers' initial public offering have agreed to forfeit any rights to or claims against the portion of the trust account attributable to the contingent underwriting discount in the event Community Bankers does not timely complete a business combination and dissolve and distribute the funds held in the trust account upon its liquidation. There will be no distribution from the trust account with respect to Community Bankers' warrants, which will expire without value in the event of Community Bankers' liquidation.

Community Bankers currently estimates that if a liquidation were to occur by approximately _____, there would be approximately \$ _____ in Delaware franchise taxes and income taxes not waived by taxing authorities and for which Messrs. Simanson and Zalman have not agreed to indemnify Community Bankers. Thus, Community Bankers management believes that the total amount available for distribution upon liquidation to the holders of the

7,500,000 shares of common stock issued in Community Bankers' initial public offering, including deferred underwriting discounts and accrued interest through _____, would be approximately \$ _____ or \$ _____ per share.

Under the DGCL, stockholders may be held liable for claims by third parties against a corporation to the extent of distributions received by them in a dissolution. If a corporation, following its dissolution, complies with the statutory procedures set forth in Section 280 of the DGCL, intended to ensure that the corporation makes reasonable provision for all claims against it, any liability of stockholders with respect to a liquidating distribution is limited to the lesser of such stockholder's pro rata share of the claim or the amount distributed to the stockholder, and any liability of the stockholder would be barred after the third anniversary of the dissolution. The procedures in Section 280 include a 60-day notice period during which any third-party claims can be brought against the corporation, a 90-day period during which the corporation may reject any claims brought, and an additional 150-day waiting period before any liquidating distributions may be made to stockholders. However, it is Community Bankers' intention to seek approval of its stockholders to make liquidating distributions to its public stockholders as soon as reasonably practicable following Community Bankers' dissolution in accordance with Section 281(b) of the Delaware statute. Therefore, Community Bankers' stockholders could potentially be liable for any claims to the extent of distributions received by them in a dissolution and any liability of Community Bankers' stockholders may extend beyond the third anniversary of such dissolution.

In addition, the proceeds deposited in the trust account could become subject to the claims of Community Bankers' creditors and Community Bankers could be required to pay its creditors prior to making any distributions to the holders of shares of Community Bankers common stock that were issued in the initial public offering. Community Bankers has prepaid certain of its material legal, printing, accounting, administrative and financial advisory fees and intends to prepay or to obtain waiver agreements from vendors and service providers it may engage in the future for any material amounts. Any such waiver agreements will provide that the applicable vendor or service provider waives any right, title, interest or claim of any kind in or to any monies held in the trust account for the benefit of Community Bankers and the holders of shares of Community Bankers common stock that were issued in the initial public offering. If any potential vendor or service provider objects to being prepaid or refuses to enter into a waiver agreement, Community Bankers will consider whether there is a suitable alternative provider, the expected aggregate contract amount and Community Bankers' assessment of the potential risk to the trust account before engaging such person. However, because Community Bankers is a blank check company, rather than an operating company, and Community Bankers' operations are limited to searching for prospective target businesses to acquire, the only likely claims to arise would be from Community Bankers' vendors or service providers (such as accountants, lawyers or investment bankers) or potential target businesses. In addition, TransCommunity has agreed and Community Bankers will require any other target business to agree as part of any definitive acquisition agreement that it will not pursue any claim or enforce any right, title, interest or claim of any kind in or to any monies held in the trust account. As a result of these efforts coupled with Messrs. Simanson's and Zalman's agreement to be responsible to ensure that the proceeds in the trust account are not reduced by the claims of any vendor or service provider, management believes the claims that could be made against Community Bankers is significantly limited and the likelihood that any claim that would result in any liability extending to the trust is remote. However, there can be no guarantee that persons will not seek recourse against the trust account. Accordingly, Community Bankers cannot assure you that the actual per share liquidation price will not be less than \$ _____ per share due to claims of creditors.

Competition

If Community Bankers succeeds in effecting the merger with TransCommunity or another business combination, there will be, in all likelihood, intense competition from competitors of the target business in the commercial banking industry and other financial service businesses. Community Bankers cannot assure you that, subsequent to a business combination, Community Bankers will have the resources or ability to compete effectively.

Employees

Community Bankers officers and directors are not obligated to contribute any specific number of hours to Community Bankers matters and devote only as much time as they deem necessary to its affairs. Community Bankers executive officers are also involved with business ventures other than Community Bankers. The amount of

time they devote in any time period varies based on the availability of suitable target businesses to investigate although Mr. Simanson devotes the majority of his professional time to Community Bankers' business. Community Bankers does not currently have and does not intend to have any full time employees prior to the consummation of the merger with TransCommunity.

Properties

Community Bankers maintains its executive offices at 9912 Georgetown Pike, Suite D-203, Great Falls, Virginia 22066. The cost for this space is included in the \$7,500 per-month fee Community Bankers Acquisition, LLC charges Community Bankers for general and administrative services pursuant to a letter agreement between Community Bankers and Community Bankers Acquisition, LLC. The \$7,500 per month fee will no longer be payable following consummation of the merger with TransCommunity or another business combination. We believe, based on rents and fees for similar services in the Great Falls, Virginia metropolitan area, that the fee charged by Community Bankers Acquisition, LLC is at least as favorable as Community Bankers could have obtained from an unaffiliated person. Community Bankers considers its current office space adequate for its current activities.

Legal Proceedings

To the knowledge of management there is no litigation pending or contemplated against Community Bankers or any of Community Bankers' officers or directors in their capacity as such.

Periodic Reporting and Financial Information

Community Bankers has registered its units, common stock and warrants under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and has reporting obligations, including the requirement that it file annual and quarterly reports with the SEC. In accordance with the requirements of the Exchange Act, Community Bankers has filed with the SEC an Annual Report on Form 10-K for its fiscal year ended March 31, 2007 and a Quarterly Report on Form 10-Q for its quarter ended September 30, 2007.

Community Bankers Management's Discussion and Analysis of Financial Condition and Results of Operations for the Six Months Ended September 30, 2007

General

Community Bankers was incorporated on April 6, 2005, to serve as a vehicle to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating commercial bank or bank holding company. Community Bankers' first business combination or series of such transactions must have a fair market value of at least 80% of Community Bankers' net assets (excluding the amount held in the trust account representing a portion of the underwriters' discount) at the time of such transaction(s). Community Bankers consummated Community Bankers' initial public offering on June 8, 2006. Community Bankers have neither engaged in any operations nor generated any revenues to date other than interest income. Community Bankers' entire activity since inception has been to prepare for and consummate Community Bankers' initial public offering and to identify and investigate targets for an initial business combination.

Until the announcement on September 6, 2007, that Community Bankers had entered into an agreement and plan of merger with a target company, Community Bankers' efforts had been primarily organizational, activities relating to Community Bankers' offering and searching for and identifying targets for an initial business combination. Until the consummation of a business combination, Community Bankers expects interest earned on the offering proceeds held in trust to be Community Bankers' primary source of income.

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

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

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

Consummation of the merger is subject to a number of customary conditions including the approval of the merger by the stockholders of each of TransCommunity and Community Bankers and the receipt of all required regulatory approvals. In addition, closing of the transaction is also conditioned on holders of fewer than 20% of the shares of Community Bankers' common stock voting against the transaction and electing to convert their shares of Community Bankers' common stock into cash. Pursuant to the agreement and plan of merger either party may terminate the agreement in the event the merger is not consummated by May 31, 2008.

Due to regulatory and stockholder approvals as well as the closing conditions associated with the transaction, Community Bankers cannot assure stockholders and investors that Community Bankers will consummate the merger in the allotted time. If Community Bankers does not effect the merger with TransCommunity by June 7, 2008, Community Bankers will be forced to dissolve and liquidate.

Results of Operations for the Three Months Ended September 30, 2007

For the three months ended September 30, 2007, operating costs of \$111,605 consisted primarily of \$31,167 in legal and other professional fees, \$26,813 for office and administrative services, \$23,625 for amortization of prepaid insurance and \$30,000 for travel and due diligence. Interest income on the trust fund investments, including interest allocable to shares subject to possible conversion, amounted to \$712,368. This resulted in net income for the three months ended September 30, 2007 of \$372,550, net of \$228,338 of provision for income taxes.

Results of Operations for the Six Months Ended September 30, 2006

For the six months ended September 30, 2007, operating costs of \$171,887 consisted primarily of \$36,516 in legal and other professional fees, \$55,871 for office and administrative services and \$49,000 for amortization of prepaid insurance and \$30,500 for travel and due diligence. Interest income on the trust fund investments, including interest allocable to shares subject to possible conversion, amounted to \$1,418,538. This resulted in net income for the six months ended September 30, 2007 of \$779,392, net of \$477,691 of provision for income taxes.

Liquidity and Capital Resources

The net proceeds of Community Bankers' initial public offering, after deducting the underwriters discount and initial public offering expenses, was \$54,950,000. Of these net proceeds, \$54,350,000 has been placed in a trust account at J.P. Morgan Chase Bank maintained by Continental Stock Transfer & Trust Company, New York, New York, as trustee, and invested in U.S. government securities together with an additional \$2,100,000 of deferred underwriting compensation. The funds held in the trust account, other than the deferred underwriting compensation, may be used as consideration to pay the sellers of a target business with which Community Bankers ultimately completes a business

combination. One-half of the interest earned on the trust account, net of taxes, will be retained in the trust account for distribution to public stockholders under certain circumstances. The remaining interest earned on the trust account, net of taxes, up to \$1,129,000 may be released to us periodically to fund Community Bankers' working capital requirements. Upon the consummation of a business combination, Community Bankers will pay the deferred underwriting compensation to the underwriters out of the proceeds of the initial public offering held in trust. Any amounts not paid as consideration to the sellers of the target business or to the underwriters as deferred underwriting fees may be used to finance the operations of the target business, pay expenses associated

with the merger, make capital contributions, repurchase Community Bankers securities or to engage in subsequent acquisitions.

As of September 30, 2007, Community Bankers had cash not held in trust of \$397,225, including interest released to us from the trust account. During the balance of 2007 and in 2008 until consummation of a business combination, Community Bankers will generate interest income on Community Bankers cash outside of the trust account which can also be used to pay part of Community Bankers costs and expenses. Community Bankers will be using the funds not held in trust together with interest released to us from the trust account from time to time for identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the business combination. Community Bankers cash requirements are expected to change based on the timing, nature and outcome of Community Bankers intended business combination.

Community Bankers is obligated, commencing June 5, 2006, and ending upon the acquisition of a target business, to pay to Community Bankers Acquisition, LLC, an affiliate of one of Community Bankers directors and executive officers and a stockholder, a monthly fee of \$7,500 for office space and general and administrative services. Community Bankers anticipates that Community Bankers will incur, in addition to the administrative fee to Community Bankers Acquisition LLC, expenses for legal, accounting and other expenses attendant to the structuring, negotiating and completing of Community Bankers initial business combination, due diligence of prospective target businesses, expenses in legal and accounting fees relating to bank regulatory compliance, SEC reporting obligations and internal controls and for general working capital that will be used for miscellaneous expenses and reserves, including director and officer liability insurance premiums. Community Bankers has prepaid \$687,000 in expenses for professional fees, administrative services and insurance and believe that Community Bankers has sufficient capital to meet Community Bankers day-to-day operating expenses until consummation of Community Bankers initial business combination. However, Community Bankers may need to raise additional funds through a private offering or debt or equity securities if it is required to consummate a business combination that is presented to us. Community Bankers would only consummate such a fundraising simultaneously with the consummation of a business combination.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices and/or equity prices. Community Bankers exposure to market risk is limited to interest income sensitivity with respect to the funds placed in the trust account. However, the funds held in Community Bankers trust account have been invested only in U.S. government securities, defined as any Treasury Bill issued by the United States having a maturity of one hundred and eighty days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940, so Community Bankers is not deemed to be an investment company under the Investment Company Act. Thus, Community Bankers is subject to market risk primarily through the effect of changes in interest rates on government securities. The effect of other changes, such as foreign exchange rates, commodity prices and/or equity prices, does not pose significant market risk to us.

Community Bankers Management's Discussion and Analysis of Financial Condition and Results of Operations for the Year Ended March 31, 2007 and the Period April 6, 2005 to March 31, 2006

The following discussion of Community Bankers financial condition and results of operations should be read in conjunction with Community Bankers financial statements included in this joint proxy statement/prospectus, the accuracy of which involves risks and uncertainties. Community Bankers actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by Community

Bankers described in Risk Factors on page .

General

Community Bankers was incorporated on April 6, 2005, to serve as a vehicle to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating commercial bank or bank holding company. Community Bankers' first business combination or series of such transactions must have a fair market value of at least 80% of Community Bankers' net assets (excluding the amount held in the trust account representing a portion of the underwriters' discount) at the time of such transaction(s). Community Bankers consummated its initial public offering on June 8, 2006. Community Bankers neither engaged in any operations nor generated any revenues, other than interest income, nor incurred any debt or expenses during the period ended March 31, 2007, other than in connection with Community Bankers' initial public offering, meeting Community Bankers' regulatory reporting requirements including legal and accounting and certain legal and other expenses related to pursuing acquisitions of targets. Community Bankers' entire activity since inception has been to prepare for and consummate our initial public offering and to identify and investigate targets for an initial business combination.

Community Bankers is not presently engaged in, and will not engage in, any substantive commercial business until it consummates the merger with TransCommunity or another business combination. Community Bankers intends to utilize cash derived from the proceeds of its initial public offering, its capital stock, debt or a combination of cash, capital stock and debt, in effecting the merger with TransCommunity or another business combination. If Community Bankers is unable to consummate the merger with TransCommunity by June 7, 2008, Community Bankers will be required to dissolve and liquidate.

Results of Operations for the Period April 6, 2005 (inception) to March 31, 2006

For the period ended March 31, 2006, Community Bankers had no operating costs or income.

Results of Operations for the Year Ended March 31, 2007

For the year ended March 31, 2007, operating costs of \$338,661 consisted primarily of \$117,222 in legal and professional fees, \$75,000 for office and administrative services, \$87,500 for amortization of prepaid insurance and \$7,748 in travel expenses. Interest income on the trust account investments, including interest allocable to shares subject to possible conversion, amounted to \$2,268,760. This resulted in net income for the year ended March 31, 2007 of \$1,124,099.

Liquidity and Capital Resources

The net proceeds of Community Bankers' initial public offering, after deducting the underwriters' discount and offering expenses, was \$54,950,000. Of these net proceeds, \$54,350,000 was placed in a trust account at J.P. Morgan Chase Bank maintained by Continental Stock Transfer & Trust Company, New York, New York, as trustee, and invested in United States government securities together with an additional \$2,100,000 of deferred underwriting compensation. The funds held in the trust account, other than the deferred underwriting compensation, may be used as consideration to pay the sellers of a target business with which Community Bankers ultimately completes a business combination. One-half of the interest earned on the trust account, net of taxes, will be retained in the trust account for distribution to the holders of shares of Community Bankers common stock that was issued in the initial public offering under certain circumstances. The remaining interest earned on the trust account, net of taxes, up to \$1,129,000 may be released to Community Bankers periodically to fund its working capital requirements. Upon the consummation of the merger with TransCommunity or another business combination, Community Bankers will pay the deferred underwriting compensation to the underwriters in its initial public offering out of the proceeds of its initial public offering held in trust. Any amounts not paid as consideration to the sellers of the target business or to the underwriters in Community Bankers' initial public offering as deferred underwriting fees may be used to finance the operations of the target

business or for subsequent acquisitions.

As of March 31, 2007, Community Bankers had cash not held in trust of \$676,183, including \$600,000 of interest released to Community Bankers from the trust account. In 2007, Community Bankers will generate interest income on its cash outside of the trust account which can also be used to pay part of its costs and expenses. Community Bankers uses the funds not held in trust together with interest released to Community Bankers from the

trust account from time to time for identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the business combination. Community Bankers' cash requirements are expected to change based on the timing, nature and outcome of our intended business combination.

Off Balance Sheet Arrangements

As of March 31, 2007, Community Bankers did not have any off balance sheet arrangements.

Contractual Obligations

The following table shows the amounts due in connection with Community Bankers' contractual obligations as of March 31, 2007.

	Total	Payments Due by period			More Than 5 Years
		Less Than 1 Year	1-3 Years	3-5 Years	
Long-term contractual obligations(1)(2)	\$ 105,000	\$ 90,00	\$ 15,000		

- (1) Represents sums payable to Community Bankers Acquisition LLC, an affiliate of Community Bankers' president and a stockholder, for office space, office and secretarial services commencing June 5, 2006 and continuing at \$7,500 per month through the acquisition of a target business.
- (2) Does not include \$2,100,000 which the underwriters in Community Bankers' initial public offering deposited in the trust account at JP Morgan Chase NY Bank maintained by Continental Stock Transfer & Trust Co., as trustee, and which fees will be deferred and paid to such underwriters only upon consummation of a business combination within 18 months after June 8, 2006 (or 24 months in the event a letter of intent, agreement in principle or definitive agreement has been executed within 18 months after June 8, 2006 and the business combination has not yet been consummated within such 18 month period). In the event a business combination is not timely completed, such funds will be forfeited by such underwriters and available for distribution upon Community Bankers' liquidation.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is a broad term for the risk of economic loss due to adverse changes in the fair value of a financial instrument. These changes may be the result of various factors, including interest rates, foreign exchange rates, commodity prices and/or equity prices. Community Bankers' exposure to market risk is limited to interest income sensitivity with respect to the funds placed in the trust account. However, the funds held in the Community Bankers trust account have been invested only in U.S. government securities, defined as any Treasury Bill issued by the United States having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940, so Community Bankers is not deemed to be an investment company under the Investment Company Act. Thus, Community Bankers is subject to market risk primarily through the effect of changes in interest rates on government securities. The effect of other changes, such as foreign exchange rates, commodity prices and/or equity prices, does not pose significant market risk to Community Bankers.

Current Directors

In addition to Messrs. Bagley and Walz, the Community Bankers board of directors also includes the following incumbent directors. For more information on Messrs. Bagley and Walz, see Election of Directors.

Eugene S. Putnam, Jr. has served as chairman of the board of directors of Community Bankers since June 2005. Mr. Putnam has over twenty years of experience in the financial services industry. Mr. Putnam began his financial services career in Los Angeles in 1986 as an operations and corporate cash manager with First Interstate

Bank of California. In 1988, Mr. Putnam joined Crestar Financial Corporation (\$26 billion in assets) in Richmond, Virginia. At Crestar, Mr. Putnam was a senior vice president, serving in various capacities with responsibility for corporate finance, treasury, mergers and acquisition financing, capital planning, balance sheet management and investor relations. In 1998, SunTrust Banks Inc. (\$103 billion in assets) acquired Crestar and Mr. Putnam joined SunTrust in Atlanta as senior vice president and director of investor relations and corporate communications. In 2001, Mr. Putnam was recruited to Houston and joined Sterling Bancshares Inc. (\$3.5 billion in assets) as executive vice president and chief financial officer where he served until 2003. From August 2003 until June 2005 he served as president of Coastal Securities LP, a registered broker-dealer. From June 2005 until June 2007, he served as executive vice president and chief financial officer of Aegis Mortgage Corporation, formerly one of the largest mortgage production franchises in the U.S. which filed for bankruptcy protection in August 2007. Mr. Putnam graduated from UCLA with a Bachelor of Science degree in economics and earned a MBA with a concentration in finance from The University of North Carolina at Chapel Hill. Mr. Putnam is 48 years old.

Gary A. Simanson has served as Community Bankers president, chief executive and financial officer, secretary and director since its inception in April 2005. Mr. Simanson has been managing director of First Capital Group, L.L.C., an investment banking advisory firm specializing in bank mergers and acquisitions, from March 1997 to the present. In such capacity, Mr. Simanson has both initiated and advised on bank merger and acquisition transactions around the country and has spoken nationally on bank mergers and acquisitions. In addition to serving as managing director of First Capital Group, Mr. Simanson also served as Senior Vice President concentrating in bank mergers and acquisitions and capital markets with FTN Financial Capital Markets, a wholly owned investment banking and financial services subsidiary of First Horizon National Corporation (NYSE: FHS) from 1998 to 1999. From 1992 to 1995, Mr. Simanson was an associate general counsel at Union Planters Corporation, then a NYSE-traded bank holding company (presently part of Regions Financial Corporation (NYSE: RF)), where his duties included the negotiation and preparation of all bank merger and acquisition transaction documents, due diligence, regulatory filings, registration statements and other securities filings and other bank regulatory matters. From 1989 to 1992 he was a practicing attorney, specializing in the securities, bank regulatory and bank merger and acquisition areas. Mr. Simanson received a Bachelor of Arts degree majoring in economics from George Washington University in 1981, writing his thesis on the Monetary Control Act of 1980; Masters of Business Administration majoring in finance from George Washington University in 1984; and a Juris Doctor from Vanderbilt University in 1989, writing his thesis on money laundering and the Bank Secrecy Act. Mr. Simanson is licensed to practice law in the states of New York, Tennessee and Colorado. Mr. Simanson is 47 years old.

Stewart J. Paperin has served as a director of the Company since April 2005. Mr. Paperin has served from 1996 to the present as executive vice president of the Soros Foundations, a worldwide private philanthropic foundation, where he oversees financial, administrative and economic development activities. Mr. Paperin has been responsible for the foundation's activities in over forty countries and has led its efforts in economic development which have included successful investment and start-up of an array of banks and financial services companies. Mr. Paperin has served as director of Enterprise Acquisition Corp., a Delaware blank check company, since 2007. Mr. Paperin also served from 1996 to July 2005 as a senior advisor and portfolio manager for Soros Fund Management LLC, a financial services company, and since July 2005 has served as a consultant to Soros Fund Management LLC. His responsibilities have encompassed supervision of an extensive portfolio of Russian investments including a substantial holding in the national telephone company of Russia, OAO Svyazinvest, where he was also a Director. Mr. Paperin has also served as a director of Penn Octane Corporation (Nasdaq: POCC), a company engaged in the purchase, transportation and sale of liquefied petroleum gas, from 1996 to 2007. Prior to joining the Soros organizations, Mr. Paperin served from 1990 to 1993 as President of Brooke Group International, an investment firm concentrated on the former Soviet Union, and from 1989 to 1991 as senior vice president and chief financial officer of Western Union Corporation, a provider of money transfer and message services, which was controlled by Brooke Group. Mr. Paperin also served as chief financial officer of Timeplex Corporation, a telecommunications equipment provider, from 1986 to 1989 and of Datapoint Corporation, a computer equipment manufacturer, from 1985 to 1986. Mr. Paperin was also a financial

officer of Pepsico Corporation from 1980 to 1985 and has also served as a management consultant at Cresap McCormick & Paget from 1975 to 1980. Mr. Paperin was awarded a Bachelor of Arts and a Master of Science degree at the State University of New York at Binghamton. He is a member of the Council for Foreign Relations and was awarded an honorary Doctor of Humane Letters by the State University of New York. Mr. Paperin is 59 years old.

Special Advisors

Community Bankers also may consult, from time to time, with certain individuals who have experience in the financial and/or banking sectors, who Community Bankers calls its special advisors, each of whom may also be a stockholder, who may assist Community Bankers in its search for, and evaluation of, its target business and other matters relating to its operations. However, no compensation of any kind, including finder's and consulting fees, other than reimbursement for any out-of-pocket expenses incurred in connection with activities on our behalf, such as identifying potential target businesses and performing due diligence on suitable business combinations, will be paid to any of Community Bankers' existing stockholders, including its special advisors, or any of their affiliates, for services rendered to Community Bankers prior to or in connection with the consummation of the business combination. Community Bankers' special advisor is as follows:

David W. Spainhour has served as a special advisor to the board of directors since June 2005. He is Chairman Emeritus of Pacific Capital Bancorp, (Nasdaq: PCBC) which is the holding company for Pacific Capital Bank, a nationally chartered bank. With 48 branches and \$7.0 billion in assets, Pacific Capital Bancorp is the largest independent banking company headquartered on the Central Coast of California and operates under the local brand names of Santa Barbara Bank & Trust, First Bank of San Luis Obispo, First National Bank of Central California, South Valley National Bank, San Benito Bank, and Pacific Capital Bank. Mr. Spainhour joined the bank in 1966 as controller, was named senior vice president in 1972, elected to the board of directors in 1974 and served as president and chief executive officer from 1989 until being named chairman of the board of directors of Santa Barbara Bank & Trust in 1996. He served as chairman of the board of directors of the holding company, Pacific Capital Bancorp, from April 2000 until his retirement in 2004. Prior to joining Santa Barbara Bank & Trust, he spent 12 years with the former Security Pacific National Bank in Los Angeles. Additionally, he serves on a variety of community boards and has received numerous honors and awards, including most recently the Santa Barbara News-Press Lifetime Achievement Award in 2000. He attended Glendale College, UCLA, the National School of Bank Investments, and the University of Southern California's Managerial Policy Institute. In 1970 he graduated from the Pacific Coast Banking School, University of Washington, where he was named to the school's Hall of Fame in 1998 for his personal achievements and contributions to the financial services community.

Community Bankers may identify, from time to time, additional individuals to serve as special advisors if those individuals possess a level of experience within the financial or banking sectors that Community Bankers believes may be beneficial to it.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires Community Bankers' executive officers and directors, and persons who own more than 10% of any publicly traded class of our equity securities, to file reports of ownership and changes in ownership of equity securities of Community Bankers with the SEC and the American Stock Exchange. Officers, directors, and greater-than-10% stockholders are required by the SEC's regulations to furnish the Company with copies of all Section 16(a) forms that they file.

Based solely upon a review of Forms 3 and Forms 4 furnished to Community Bankers during the most recent fiscal year, and Forms 5 with respect to its most recent fiscal year, Community Bankers believes that all such forms required to be filed pursuant to Section 16(a) of the Exchange Act were timely filed, as necessary, by the officers, directors, and security holders required to file the same during the fiscal year ended March 31, 2007.

Board of Directors

The board of directors oversees the business affairs of Community Bankers and monitors the performance of management. Pursuant to Community Bankers' bylaws, the board of directors has established that the board of directors shall consist of five members. Community Bankers' board of directors is divided into three classes with only one class of directors being elected in each year and each class serving a three-year term. The term of office of the first class of directors, consisting of Messrs. Bagley and Walz, will expire at Community Bankers' first annual meeting of stockholders following completion of the initial public offering. The term of office of the second class of directors, consisting of Mr. Paperin, will expire at the second annual meeting following completion of the initial

public offering. The term of office of the third class of directors, consisting of Mr. Simanson and Mr. Putnam, will expire at the third annual meeting following completion of the initial public offering.

During the fiscal year ended March 31, 2007, Community Bankers' board of directors acted through one meeting and through unanimous written consent. During 2007, all directors attended at least 75% of the meetings of our board of directors and the committees on which they served except that Mr. Paperin did not attend one of the two meetings of the audit committee during that period.

Community Bankers' board of directors has established policies regarding meetings and executive sessions. Under such policies, Community Bankers' board of directors is to meet at least quarterly and the independent directors of Community Bankers' board of directors shall meet in executive session without management on a regularly scheduled basis, but no less than once annually. Community Bankers' board of directors encourages all current board of directors members and all nominees for election to Community Bankers' board of directors put forth in its proxy statement to attend the annual meeting of stockholders; *provided, however*, attendance shall not be required if personal circumstances affecting the board of directors member or director nominee make his or her attendance impracticable or inappropriate.

Committees of the Board of Directors

Community Bankers' board of directors has an audit committee, a nominating committee and compensation committee, each consisting of Eugene S. Putman, Jr., Stewart J. Paperin and Keith Walz.

Audit Committee

Each of the directors Community Bankers appointed to its audit committee are independent as defined by the rules of the American Stock Exchange and the rules and regulations of the SEC. Each member of Community Bankers' audit committee is financially literate under the current listing standards of the American Stock Exchange, one of whom qualifies as an audit committee financial expert, as such term is defined by SEC rules.

The audit committee, in accordance with its charter, reviews the professional services and independence of Community Bankers' independent registered public accounting firm and our accounts, procedures and internal controls. The audit committee also recommends the firm selected to be Community Bankers' independent registered public accounting firm, reviews and approves the scope of the annual audit, reviews and evaluates with the independent public accounting firm Community Bankers' annual audit and annual consolidated financial statements, reviews with management the status of internal accounting controls, evaluates problem areas having a potential financial impact on Community Bankers that may be brought to the committee's attention by management, the independent registered public accounting firm or the board of directors, and evaluates all of Community Bankers' public financial reporting documents. The audit committee also monitors compliance on a quarterly basis with the terms of Community Bankers' initial public offering. If any noncompliance is identified, then the audit committee is charged with the responsibility to take immediately all action necessary to rectify such noncompliance or otherwise cause compliance with the terms of Community Bankers' initial public offering. The audit committee held two meetings during the fiscal year ended March 31, 2007.

Nominating Committee

Community Bankers' board of directors has also established a nominating committee, consisting of Stewart J. Paperin, Eugene S. Putnam, Jr. and Keith Walz, and has adopted a charter for this committee. The nominating committee is responsible for making recommendations to the board of directors regarding the membership of Community Bankers' board of directors, including; (1) recommending to the board of directors the slate of director nominees for election at

the annual meeting of stockholders; (2) considering, recommending and recruiting candidates to fill any vacancies or new positions on the board of directors, including candidates that may be recommended by stockholders; (3) establishing criteria for selecting new directors; and (4) reviewing the backgrounds and qualifications of possible candidates for director positions. The nominating committee did not hold any meetings during the fiscal year ended March 31, 2007.

The nominating committee will evaluate a candidate proposed by any single stockholder or group of stockholders that beneficially owned more than 5% of Community Bankers common stock for at least one year (and will hold the required number of shares through the meeting of stockholders at which the election will occur) and that satisfies the notice, information and consent procedures set forth below.

To submit a recommendation of a director candidate to the committee, a stockholder should submit the following information in writing, addressed to the chairman of the nominating committee, care of the corporate secretary, at our main office; (1) the name of the person recommended as a director candidate; (2) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act, as amended; (3) the written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected; (4) as to the stockholder making the recommendation, the name and address, as they appear on Community Bankers books, of such stockholder; *provided, however*, that if the stockholder is not a record holder of Community Bankers common stock, the stockholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of such stockholder's shares of Community Bankers common stock; and (5) a statement disclosing whether such stockholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In order for a director candidate to be considered for nomination at Community Bankers annual meeting of stockholders, the recommendation must be received by the committee at least 120 calendar days prior to the date Community Bankers proxy statement was released to stockholders in connection with the previous year's annual meeting, advanced by one year.

Compensation Committee

Community Bankers board of directors has also established a compensation committee, consisting of Eugene S. Putnam, Jr., Keith Walz and Stewart J. Paperin, in order to comply with the American Stock Exchange corporate governance listing requirements. Community Bankers compensation committee does not currently have a charter, as management will receive no compensation until completion of a business combination and held no meetings during the fiscal year ended March 31, 2007.

Code of Conduct and Ethics

Community Bankers has adopted a Code of Conduct and Ethics that applies to all employees as well as its principal executive, financial and accounting officers. Community Bankers will provide a copy of its Code of Conduct and Ethics free of charge to any person who submits a written request to Gary A. Simanson, President and Chief Executive Officer, Community Bankers Acquisition Corp., 9912 Georgetown Pike, Suite D-203, Great Falls, Virginia 22066.

Communicating with the Board

Community Bankers board of directors has established a policy regarding stockholder communications. Communications from security holders should be in the form of written correspondence, and should be sent via registered mail or overnight delivery service to Community Bankers corporate office, care of the corporate secretary. The correspondence shall include supporting documentation evidencing the security holder's security holdings in Community Bankers. Community Bankers board of directors will not respond to or act upon any security holder correspondence that pertains to the solicitation of services or products (for use by Community Bankers or its board of directors) conducted by or obtained from the security holder or any entity with which the security holder has an affiliation. Security holders should follow the rules adopted under the Exchange Act and the procedures disclosed within the Community Bankers bylaws and proxy statement to submit stockholder proposals intended for inclusion in

our proxy statement for the next annual meeting of stockholders and should follow the procedures described within Community Bankers proxy statement or other Exchange Act filings to submit board of director nominations. See procedure for stockholder nominations set forth above.

Executive Compensation

No executive officer or director has received any cash compensation for services rendered. Commencing on June 5, 2006, through the acquisition of a target business, Community Bankers will pay Community Bankers Acquisition, LLC, an affiliate of Mr. Simanson, Community Bankers' president and chief executive officer, and Mr. Zalman, a stockholder, a fee of \$7,500 per month for providing Community Bankers with office space and certain office and secretarial services.

Other than this \$7,500 per-month fee, no compensation of any kind, including finder's and consulting fees, will be paid to any of Community Bankers' existing stockholders, or any of their respective affiliates, including First Capital Group, an entity owned by Mr. Simanson, for services rendered to Community Bankers prior to or with respect to the business combination. However, Community Bankers' existing stockholders will be reimbursed for any out-of-pocket expenses incurred in connection with activities on Community Bankers' behalf such as identifying potential target businesses and performing due diligence on suitable business combinations. Such individuals may be paid consulting, management or other fees from target businesses, either prior to or as a result of the business combination, with such amounts being fully disclosed to stockholders, to the extent then known, in the proxy materials furnished to the stockholders. There is no limit on the amount of these out-of-pocket expenses and there will be no review of the reasonableness of the expenses by anyone other than Community Bankers' board of directors, which includes persons who may seek reimbursement, or a court of competent jurisdiction if such reimbursement is challenged.

Employment Agreements

Currently, Community Bankers does not have an employment agreement with Gary A. Simanson, its sole executive officer. Community Bankers expects to enter into employment agreements with each of Bruce B. Nolte, Patrick J. Tewell, Richard C. Stonbraker, M. Andrew McLean and Gary A. Simanson prior to the completion of the merger. Upon completion of the proposed merger with BOE, Community Bankers also expects to enter into employment agreements with George M. Longest, Jr. and Bruce E. Thomas. For more information, see "Certain Benefits of Directors and Officers of Community Bankers and TransCommunity" Employment Agreements.

Director Compensation

None of Community Bankers' directors received compensation for their service to Community Bankers since inception through December 31, 2007, nor have there been any grants of stock based awards or stock options to directors. Compensation has not been determined for directors of the surviving corporation following the merger with TransCommunity.

Indemnification Matters

Community Bankers' certificate of incorporation provides for indemnification of agents including directors, officers and employees to the maximum extent allowed by Delaware law. Community Bankers' certificate of incorporation requires indemnification of any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, employee or agent if our board of directors (or other committee or entity empowered to make such a determination) formally determines that he acted in good faith and in a manner reasonably deemed consistent with, or not opposed to, Community Bankers' best interests. With respect to any criminal action or proceeding, Community Bankers' board of directors (or other committee or entity empowered to make such a determination) must formally determine that he had no reasonable cause to believe his conduct was unlawful. In the

case of any action, suit or proceeding by or in the right of Community Bankers, no indemnification shall be made if such person is determined to be liable to Community Bankers, unless and only to the extent that the court in which such proceeding was brought determines upon application that such person is fairly and reasonably entitled to indemnity. To the extent that a director, officer, employee or agent has prevailed in defense of any such action, suit or proceeding, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him. The indemnification provided by Community Bankers

certificate of incorporation is not exclusive of any other rights to which those seeking indemnification may be entitled under any statute, bylaw, agreement, vote of uninvolved stockholders, directors or otherwise.

Community Bankers' certificate of incorporation also provides that Community Bankers may purchase and maintain insurance covering its directors, officers, employees and agents against any liability asserted against any of them and incurred by any of them, whether or not Community Bankers would have the power to indemnify them against such liability under the provisions of our certificate of incorporation and applicable Delaware law.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to Community Bankers' directors, officers or controlling persons pursuant to the provisions described above, or otherwise, Community Bankers has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

Community Bankers Related Party Transactions

Prior to the date of Community Bankers' initial public offering, Community Bankers sold an aggregate of 1,875,000 shares of its common stock at a purchase price of \$0.025 per share or an aggregate of \$46,875 (sale transactions as to 1,850,000 of these shares occurred in April 2005 and as to the 25,000 shares beneficially issued to David Spainhour in June 2005) to the following holders of Community Bankers' outstanding common stock:

Name	Number of Shares	Relationship to Us
Gary A. Simanson	575,000	President, Chief Executive and Financial Officer, Secretary and Director
Community Bankers Acquisition, LLC	575,000	Affiliate of Messrs. Simanson and Zalman
The David and Vicki Jo Zalman 2006 Children's Trust	475,000	Stockholder
Eugene S. Putnam, Jr. 2004 Irrevocable Trust	75,000	Chairman of the Board
Stewart J. Paperin	75,000	Director
Keith Walz	75,000	Director
David W. Spainhour and Carolyn E. Spainhour, Trustees of the Spainhour Family Trust U/A dated 8/22/97	25,000	Special advisor

All of the shares owned by Community Bankers' initial stockholders are held in escrow by Continental Stock Transfer & Trust Company as escrow agent. These shares will be released from escrow on June 2, 2009, but only if the merger with TransCommunity or another business combination is completed on or before the deadlines contained in Community Bankers' certificate of incorporation. The holders of the majority of these shares are entitled to make up to two demands that Community Bankers register these shares for resale pursuant to an agreement signed concurrently with the consummation of Community Bankers' initial public offering. The holders of the majority of these shares are entitled to elect to exercise these registration rights at any time after the date on which these shares of common stock are released from escrow. In addition, these stockholders will have certain piggy-back registration rights on registration statements filed subsequent to the date on which these shares of common stock are released from escrow. Community Bankers will bear the expenses incurred in connection with the filing of any such registration statements.

In addition, Gary A. Simanson, president and chief executive officer of Community Bankers, and David Zalman, a stockholder, agreed as part of Community Bankers' initial public offering, pursuant to an agreement with the

representatives of the underwriters in the initial public offering, that they or their affiliates or designees, would purchase up to 1,000,000 warrants in the aggregate in open market transactions at market prices not to exceed \$0.80 per warrant. Under this agreement, I-Bankers Securities, Inc., Maxim Group LLC and Legend Merchant Group, Inc., the representatives of the underwriters, also agreed to place an irrevocable order for the purchase by them, or their affiliates or designees, of up to 500,000 warrants in the aggregate under identical terms and conditions as the purchases by Mr. Simanson and Mr. Zalman. As a result of the agreement, Community Bankers Acquisition LLC, an affiliate of Mr. Simanson, acquired an aggregate of 349,724 warrants and the representatives of the underwriters acquired an aggregate of 300,000 warrants.

Community Bankers Acquisition, LLC, an affiliate of Mr. Simanson, Community Bankers' president and chief executive officer, has agreed that, commencing on the effective date of Community Bankers' initial public offering prospectus through the acquisition of a target business, it will make available to Community Bankers a small amount of office space and certain office and secretarial services, as Community Bankers may require from time to time. Community Bankers has agreed to pay Community Bankers Acquisition, LLC \$7,500 per month for these services. An aggregate of \$180,000, including a prepaid amount of \$37,500, has been paid through December 31, 2007.

Community Bankers will reimburse its officers, directors and stockholders for any reasonable out-of-pocket business expenses incurred by them in connection with certain activities on Community Bankers' behalf such as identifying and investigating possible target businesses and business combinations. There is no limit on the amount of accountable out-of-pocket expenses reimbursable by Community Bankers, which will be reviewed only by Community Bankers' board of directors or a court of competent jurisdiction if such reimbursement is challenged. As of the date of this joint proxy statement/prospectus, the out-of-pocket expenses currently owed by Community Bankers to its officers and directors is estimated to be less than \$.

Other than the \$7,500 per month administrative fees and reimbursable out-of-pocket expenses payable to Community Bankers' officers, directors and stockholders, no compensation or fees of any kind, including finders and consulting fees, will be paid to any of Community Bankers' existing stockholders, officers or directors who owned Community Bankers common stock prior to Community Bankers' initial public offering, or to any of their respective affiliates, including First Capital Group which is affiliated with Mr. Simanson, for services rendered to Community Bankers prior to or with respect to the business combination.

All ongoing and future material transactions between Community Bankers and any of its officers and directors or their respective affiliates will be on terms believed by Community Bankers to be no less favorable than are available from unaffiliated third parties and will require prior approval in each instance by a majority of the members of Community Bankers' board of directors who do not have an interest in the transaction. In their consideration of each transaction, these members of the board of directors will be provided with access, should they so request and at Community Bankers' expense, to Community Bankers' attorneys or independent legal counsel selected by them. Moreover, Community Bankers shall endeavor to obtain and present to the directors considering such transaction estimates obtained from unaffiliated third parties for similar goods or services to ascertain whether such transaction is on terms that are no less favorable to Community Bankers than is otherwise available from such unaffiliated third parties. If a transaction with an affiliated third party is found to be on terms less favorable to Community Bankers than with an unaffiliated third party, Community Bankers will not engage in such transaction.

Principal Stockholders of Community Bankers***Beneficial Owners of at Least Five Percent of Community Bankers Common Stock***

The following table shows, as of February 14, 2008, and to the best of Community Bankers knowledge, all beneficial owners of 5% or more of the voting securities of Community Bankers.

Name and Address of Beneficial Owner	Common Stock Beneficially Owned(1)	Percent of Class(1)
Daniel B. Zwirn Zwirn Holdings, LLC DBZ GP, LLC D.B. Zwirn and Co. L.P. D.B. Zwirn Spec. Opportunities Fund, Ltd. D.B. Zwirn Spec. Opportunities Fund, L.P. 745 Fifth Ave, 18 th Floor New York, NY 10151	963,674(6)	10.28%
Baupost Group, L.L.C. SAK Corporation Seth A. Klarman 10 St. James Avenue, Suite 2000 Boston, MA 02116	927,400(2)	9.9%
HBK Investments LP HBK Services LLC HBK Partners II LP HBK Management LLC HBK Master Fund LP 300 Crescent Court, Ste 700 Dallas, TX 75201	926,600(3)	9.9%
Gary A. Simanson Community Bankers Acquisition LLC 9912 Georgetown Pike, Suite D-203 Great Falls, VA 22066	862,500(4)	9.2%
Andrew Weiss, PH.D Weiss Capital, LLC Weiss Asset Management, LLC 29 Commonwealth Ave, 10th Floor Boston, MA 02116	815,585(5)	8.7%
The David and Vicki Jo Zalman 2006 Children s Trust c/o New ICM 220 Sam Biskin El Campo, TX 77437	475,000(7)	5.1%
Azimuth Opportunity, LLC	539,990(8)	5.76%

c/o WSmiths Finance
Nemours Chambers
P.O. Box 3170
Road Town, Tortola,
British Virgin Islands

- (1) Unless otherwise noted in these footnotes, Community Bankers believes that all shares referenced in this table are owned of record by each person named as beneficial owner and that each person has sole voting and dispositive power with respect to the shares of common stock owned by each of them.
- (2) Based on information derived from a Schedule 13G, dated February 13, 2007, filed by such entities with the SEC, Baupost Group, LLC (Baupost) is a registered investment adviser. SAK Corporation is the manager of Baupost and has sole voting and dispositive power with respect to the shares set forth above; however, Seth A.

Klarman, as the sole director SAK Corporation and a controlling person of Baupost, may be deemed to have beneficial ownership under Section 13(d) of the securities beneficially owned by Baupost.

- (3) Based on information derived from a Schedule 13G, dated February 4, 2008, filed by such entities with the SEC. Jamiel A. Akhtar, Richard L. Booth, David C. Haley, Lawrence H. Lebowitz and William E. Rose are each managing members of HBK Management, LLC and may be deemed to have control over such entities.
- (4) Based on information derived from a Schedule 13G/A, dated January 7, 2008, filed by such entities with the SEC. As of the date of the filing, Gary A. Simanson beneficially owned 862,500 shares, including 287,500 shares held by Community Bankers Acquisition, LLC, of which Gary A. Simanson is the sole manager and has sole voting and dispositive power with respect to such shares.
- (5) Based on information derived from a Schedule 13G, dated February 12, 2008, filed by such entities with the SEC. Andrew M. Weiss, Ph.D., as the managing member of Weiss Asset Management, LLC and managing member of Weiss Capital, LLC, may be deemed to have control over both entities. Mr. Weiss disclaims beneficial ownership of the shares reported above, except to the extent of his pecuniary interest.
- (6) Based on information derived from a jointly filed Form 4 filed on October 18, 2007, by such persons with the SEC. As of the date of the filing, D.B. Zwirn & Co., L.P.; DBZ GP, LLC; Zwirn Holdings, LLC; and Daniel B. Zwirn may each be deemed the beneficial owner of (1) 355,282 shares owned by D.B. Zwirn Special Opportunities Fund, L.P. and (2) 608,392 shares owned by D.B. Zwirn Special Opportunities Fund, Ltd. (the Funds). D.B. Zwirn & Co., L.P. is the manager of each of the Funds, and consequently has voting control and investment discretion over the shares held by each of the Funds. Daniel B. Zwirn is the managing member of and thereby controls Zwirn Holdings, LLC, which in turn is the managing member of and thereby controls DBZ GP, LLC, which in turn is the general partner of and thereby controls D.B. Zwirn & Co., L.P. In addition, each of D.B. Zwirn & Co., L.P.; DBZ GP, LLC; Zwirn Holdings, LLC; and Daniel B. Zwirn disclaims beneficial ownership of the shares held by the Funds. The business address of D.B. Zwirn Special Opportunities Fund, Ltd. is P.O. Box 896 GeorgeTown Harbour Centre, 2nd Floor Grand Cayman, Cayman Islands, British West Indies.
- (7) Daniel Zalman, the trustee of the trust for which David Zalman's minor children are beneficiaries, exercises sole dispositive, voting and investment power for such shares based on information derived from a schedule 13G, filed with the SEC. David Zalman disclaims beneficial ownership of such shares. David Zalman was one of Community Bankers' initial stockholders.
- (8) Based on information derived from a Schedule 13G, dated September 20, 2007, filed with the SEC.

Security Ownership of Directors and Executive Officers

The following table sets forth information regarding the beneficial ownership of Community Bankers common stock as of the date hereof by:

each of Community Bankers' executive officers and directors; and

all Community Bankers' executive officers and directors as a group.

Unless otherwise indicated, Community Bankers believes that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Ownership	Approximate Percentage of Outstanding Common Stock
Gary A. Simanson Community Bankers Acquisition LLC	862,500(2)(3) 287,500	9.2% 3.1%
Eugene S. Putnam, Jr.	75,000(4)	*%
Stewart J. Paperin	75,000	*%
Keith Walz	75,000	*%
Chris Bagley	0	*%
All executive officers and directors as a group (5 individuals)	1,375,000	14.7%

* Less than 1%

- (1) Unless otherwise noted in these footnotes, Community Bankers believes that all shares referenced in this table are owned of record by each person named as beneficial owner and that each person has sole voting and dispositive power with respect to the shares of common stock owned by each of them. Except as otherwise indicated, the business address of each of the following is c/o Community Bankers, 9912 Georgetown Pike, Ste. D203, Great Falls, Virginia 22066. All of Community Bankers' officers and directors have agreed (1) to vote all of their respective shares of common stock beneficially owned by them and acquired prior to the initial public offering either for or against Community Bankers' initial business combination as determined by the majority of the votes cast by the holders of the shares of Community Bankers common stock issued in Community Bankers' initial public offering and (2) to vote all shares then beneficially owned by them in the event Community Bankers is unable to timely complete a business combination in favor of its dissolution and liquidation.
- (2) Includes 575,000 shares held by Mr. Simanson and 287,500 shares held by Community Bankers Acquisition, LLC, of which Mr. Simanson is the sole manager and has sole voting and dispositive power with respect to such shares.
- (3) Does not include an aggregate of 349,724 warrants held by Community Bankers Acquisition LLC, which are not exercisable.
- (4) The shares are held by the Eugene S. Putnam, Jr. 2004 Irrevocable Trust, of which Mr. Putnam serves as the trustee and has sole voting and dispositive power.

RATIFICATION OF COMMUNITY BANKERS INDEPENDENT PUBLIC ACCOUNTANTS

General

The audit committee has appointed Miller, Ellin & Company LLP, as Community Bankers' independent public accountants for the fiscal year ending December 31, 2007, and Community Bankers stockholders are being asked to ratify the appointment. If not ratified, the appointment of Miller, Ellin & Company will be reconsidered by the audit committee.

Independent Public Accountants

The audit committee is directly responsible for the appointment, compensation, and oversight of the performance of Community Bankers' independent registered public accounting firm. In addition to retaining Yount, Hyde and Barbour, P.C. to audit Community Bankers' financial statements for the year ended March 31, 2006, Community Bankers' board of directors retained Yount Hyde & Barbour, P.C. to provide auditing services in connection with its initial public offering. Effective May 15, 2007, the board of directors engaged Miller, Ellin & Company LLP to audit Community Bankers' financial statements for the fiscal year ended March 31, 2007. The audit committee has reviewed all services provided by Yount Hyde and Barbour, P.C. and Miller, Ellin & Company LLP, including services provided in connection with the review of Community Bankers' financial statements during and for the year ended March 31, 2007, and has concluded that the provision of such services was compatible with maintaining such firms' respective independence in the conduct of its auditing functions.

Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

As reported on a Current Report on Form 8-K filed May 18, 2007, Community Bankers advised Yount, Hyde & Barbour, P.C. on May 15, 2007, that the Audit Committee of Community Bankers board of directors had determined to engage Miller, Ellin & Company LLP on that date as Community Bankers independent registered public accounting firm to audit Community Bankers financial statements as of and for the fiscal year ended March 31, 2007, and to serve as Community Bankers independent registered public accounting firm for the fiscal year ending March 31, 2008. As reported on a Current Report on Form 8-K filed November 2, 2007, on October 29, 2007, Community Bankers board of directors acted in accordance with Community Bankers bylaws to change Community Bankers fiscal year to end on December 31, commencing with the fiscal year ending December 31, 2007. The reports of Yount, Hyde & Barbour, P.C. on Community Bankers consolidated financial statements as of and for the fiscal year ended March 31, 2006, did not contain any adverse opinion or disclaimer of opinion, nor were

they qualified or modified as to uncertainty, audit scope or accounting principle. During the period from inception through the fiscal year ended March 31, 2006, and through May 15, 2007, there were no (1) disagreements with Yount, Hyde and Barbour, P.C. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Yount, Hyde and Barbour's satisfaction, would have caused Yount, Hyde and Barbour to make reference thereto in its report on the financial statements for such years, or (2) reportable events described under Item 304(a)(1)(iv) of Regulation S-K.

Fees of Independent Public Accountants

The aggregate fees incurred by Community Bankers for audit and non audit services for the years ended March 31, 2007, and March 31, 2006 were as follows:

Service Category	Year Ended March 31, 2007	Year Ended March 31, 2006
Audit Fees	\$	\$ 30,000
Audit Related Fees	10,000	
Tax Fees All Other Fees		
Total	\$ 10,000	\$ 30,000

In the above table, in accordance with the SEC's definitions and rules audit fees are fees for professional services for the audit of a company's financial statements included in the annual report on Form 10-K, for the review of a company's financial statements included in the quarterly reports on Form 10-Q, and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements; audit-related fees are fees for assurance and related services that are reasonably related to the performance of the audit or review of a company's financial statements; and tax fees are fees for tax compliance, tax advice and tax planning. Included in audit fees are fees that were billed and unbilled for the 2007 audit and fees associated with Community Bankers' initial public offering. Audit fees associated with Community Bankers' initial public offering paid to Yount, Hyde & Barbour totaled \$30,000.

Pre-Approved Policies and Procedures

The audit committee has adopted policies and procedures for the pre-approval of services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Such policies and procedures provide that the audit committee shall preapprove all auditing and permitted non-audit services (including the fees and terms thereof).

As permitted under the Sarbanes-Oxley Act of 2002, the audit committee may form and delegate pre-approval authority for audit and permitted non-audit services to a subcommittee consisting of one or more members of the audit committee. Any service pre-approved by a delegatee must be reported to the audit committee at the next scheduled meeting.

Audit Committee Report

REPORT OF THE AUDIT COMMITTEE

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The information contained in this joint proxy statement/prospectus with respect to the report of the audit committee and charter and the independence of the members of the Audit Committee shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that Community Bankers specifically incorporates it by reference in such filing.

The audit committee has reviewed and discussed with management and Community Bankers independent registered public accounting firm, Miller, Ellin & Company, LLP, Community Bankers audited consolidated financial statements for the year ended March 31, 2007 and discussed all material accounting issues.

Management has the primary responsibility for the Community Bankers' financial statements and its accounting, auditing and financial reporting processes. The audit committee appoints the accounting firm to be retained as independent external auditors to audit Community Bankers' financial statements, and once retained, the accounting firm reports directly to the audit committee. The audit committee is responsible for approving both audit and non-audit services to be provided by the independent external auditors. The audit committee is not providing any expert or special assurance as to Community Bankers' financial statements. Community Bankers' independent registered public accounting firm is responsible for expressing an opinion on the conformity of Community Bankers' financial statements with accounting principles generally accepted in the United States. The audit committee is not providing any professional certification as to the independent registered public accounting firm's work product.

The audit committee's review and discussion with Community Bankers' independent registered public accounting firm included matters requiring discussion pursuant to Statement on Auditing Standards No. 61 (Communications with Audit Committees). Among the matters to be communicated to the audit committee are: (1) methods used to account for significant unusual transactions; (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus; (3) the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditor's conclusions regarding the reasonableness of those estimates; and (4) disagreements with management over the application of accounting principles, the basis for management's accounting estimates, and the disclosures in the financial statements in addition to discussing the adequacy and effectiveness of the accounting and financial controls (including our system to monitor and manage business risk) and legal and ethical compliance programs. The audit committee further discussed with Miller, Ellin & Company, LLP, matters relating to its independence, and has received the written disclosures and letter from it required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees).

On the basis of the reviews and discussions referred to above, the audit committee recommended to the Community Bankers' board of directors that the board approve the inclusion of the Community Bankers' audited consolidated financial statements for the year ended March 31, 2007 in the Community Bankers' annual report on Form 10-K for the fiscal year ended March 31, 2007 for filing with the SEC.

By the members of the Audit Committee:

Mr. Keith Walz, Chairman
Mr. Eugene S. Putnam, Jr.
Mr. Stewart J. Paperin

Vote Required

Ratification of the appointment of the independent public accountants for the fiscal year ending December 31, 2007, requires the affirmative vote of the holders of a majority of the shares of Community Bankers common stock, present in person or represented by proxy and entitled to vote at the annual meeting.

Board Recommendations

The Community Bankers Board of Directors recommends that you vote FOR ratification of the selection of Miller, Ellin & Company LLP as independent public accountants for the fiscal year ended December 31, 2007.

INFORMATION ABOUT TRANSCOMMUNITY FINANCIAL CORPORATION

General

TransCommunity is a financial holding company and the parent company of TransCommunity Bank. TransCommunity was formed in March 2001, principally in response to perceived opportunities resulting from the takeover in recent years of a number of Virginia-based banks by national and regional banking institutions. Until June 29, 2007, TransCommunity was the holding company for four separately-chartered banking subsidiaries Bank of Powhatan, Bank of Goochland, Bank of Louisa and Bank of Rockbridge. On June 29, 2007, these four

subsidiaries were consolidated into a new TransCommunity Bank. Each former subsidiary now operates as a division of TransCommunity Bank, but has retained its name and local identity in the community that it serves.

At September 30, 2007, TransCommunity had total assets of \$223.0 million, total loans net of the allowance for loan losses of \$186.3 million, total deposits of \$192.0 million and total stockholders' equity of \$29.9 million.

TransCommunity's headquarters are located at 4235 Innslake Drive, Glen Allen, Virginia.

Recent Developments

Net income for the year ended December 31, 2007 was \$2.5 million, or \$0.54 per share (basic and diluted), versus net income of \$117 thousand, or \$0.03 per share for the same period during 2006.

Results for 2007 were significantly affected by recognition at year-end of a deferred tax asset totaling \$3.3 million, arising primarily from recognition by TransCommunity of the net operating loss carry forwards generated since TransCommunity's inception, in accordance with Generally Accepted Accounting Principles. As a result of recognizing this deferred tax asset, TransCommunity expects to incur tax expense related to income earned in 2008 and subsequent years.

Without recognition of this deferred tax asset, performance for 2007 would have been a loss of \$829 thousand, versus net income of \$117 thousand for 2006. Inclusive of the deferred tax asset, the return on average assets for 2007 was 1.16% compared to .06% for 2006. Return on average equity for 2007 was 8.23% compared to 0.39% for 2006.

During 2007, total assets grew by 20%, led by strong growth in the loan portfolio of 36%. Although TransCommunity's employee headcount remained constant during 2007, noninterest expenses grew 19% to \$10.6 million, reflecting one-time costs associated with the consolidation of TransCommunity's four banking charters, and centralization of many back-room operational functions.

TransCommunity's net interest margin for 2007 was 5.13% versus 5.14% for 2006. Although TransCommunity was able to maintain its historic high level of net interest margin during 2007, this key profitability indicator is expected to decline in 2008 as a result of the actions of the Federal Reserve Board to lower interest rates.

During 2007, as part of the consolidation of its bank charters, TransCommunity centralized its credit administration function, and hired its first chief credit officer. Following consolidation, the new chief credit officer performed a full review of the entire loan portfolio. This review, plus several credit downgrades in the final quarter of the year, resulted in an increase in the allowance for loan losses during 2007 of \$1.6 Million. At December 31, 2007 the allowance for loan losses stands at \$3.0 million, or 1.48% of total loans. At December 31, 2006, the allowance for loan losses was \$2,100,000, or 1.36% of total loans.

At December 31, 2007, total assets were \$238.2 million versus \$198.4 million at December 31, 2006. Loans, net of the allowance for loan losses, equaled \$202.4 million, as compared with \$149.3 million at year-end 2006. Total deposits at December 31, 2007 were \$203.6 million, representing growth of 23.4% from \$165.0 million at year-end 2006.

TRANSCOMMUNITY FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
December 31, 2007 and December 31, 2006

	December 31, 2007 Unaudited	December 31, 2006
(Dollars in thousands)		
ASSETS		
Cash and due from banks	\$ 2,204	\$ 3,669
Federal funds sold	2,107	1,422
Total cash and cash equivalents	4,311	5,091
Securities available for sale, at fair value	10,243	13,597
Securities held to maturity, fair value of \$6,393 and \$21,286 at December 31, 2007 and December 31, 2006, respectively	6,400	21,420
Loans	205,480	151,399
Allowance for loan losses	(3,036)	(2,065)
Total loans, net	202,444	149,334
Premises and equipment, net	8,205	6,689
Other investments	938	896
Assets from discontinued operations, net		88
Deferred tax asset	3,312	
Other assets	2,418	1,330
Total assets	\$ 238,271	\$ 198,445
LIABILITIES		
Deposits:		
Demand:		
Noninterest bearing	\$ 20,390	\$ 20,450
Interest bearing	41,768	37,850
Savings	10,174	9,478
Time	131,266	97,195
Total deposits	203,598	164,973
Note payable		500
Federal funds purchased		1,517
Accrued interest payable	682	540
Liabilities from discontinued operations, net		10
Accrued expenses and other liabilities	758	352
Total liabilities	\$ 205,038	\$ 167,892

STOCKHOLDERS EQUITY

Common stock (25,000,000 shares authorized \$.01 par value) 4,586,741 and 4,581,741 shares issued and outstanding at December 31, 2007 and December 31, 2006, respectively	46	46
Additional paid in capital	39,926	39,809
Accumulated deficit	(6,764)	(9,262)
Accumulated other comprehensive income (loss)	25	(40)
 Total stockholders equity	 \$ 33,233	 \$ 30,553
 Total liabilities and stockholders equity	 \$ 238,271	 \$ 198,445

TRANSCOMMUNITY FINANCIAL CORPORATION**CONSOLIDATED STATEMENTS OF OPERATIONS****For the Years Ended December 31, 2007 and 2006**

	2007	2006
	(Dollars and shares in thousands, except per share data)	
Interest and dividend income		
Interest on loans, including fees	\$ 15,795	\$ 12,366
Interest on federal funds sold	570	1,115
Interest on debt securities-taxable	711	765
Dividends on equity securities	67	61
Total interest and dividend income	17,143	14,307
Interest expense		
Interest on deposits	6,628	4,475
Interest on secured borrowings		471
Interest on other borrowed funds	48	12
Total interest expense	6,676	4,958
Net interest income	10,467	9,349
Provision for loan losses	1,686	493
Net interest income after provision for loan losses	8,781	8,856
Noninterest income		
Bank service charges and fees	1,110	1,011
Total noninterest income	1,110	1,011
Noninterest expense		
Salaries and employee benefits	5,433	4,711
Occupancy expenses	723	689
Equipment expenses	699	600
Other operating expenses	3,788	2,933
Total noninterest expense	10,643	8,933
(Loss) income from continuing operations before income taxes	(752)	934
Income tax expense (benefit)	(3,325)	15
Net income from continuing operations	2,573	919
Net loss from discontinued operations	(77)	(802)

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Net income	\$ 2,496	\$ 117
Net income per share from continuing operations (basic and diluted)	\$ 0.56	\$ 0.20
Net income per share (basic and diluted)	\$ 0.54	\$ 0.03
Weighted average number of shares outstanding	4,587	4,582

TransCommunity Bank and its Divisions

TransCommunity Bank operates a community banking business in central Virginia west and north of the greater Richmond metropolitan area. TransCommunity Bank is structured to support the operations of its four bank divisions, allowing each bank division, with its own board of directors and local management team to exercise broad decision-making flexibility. TransCommunity believes that the best banks are independently run, locally directed, focused on their local communities and able to respond to customer needs as rapidly as possible. Under the TransCommunity business model, each of its community bank divisions has the authority to serve and represent its local community. The focus of TransCommunity's consolidated bank operations is principally to create cost savings through use of a common operational platform.

Information with respect to each of TransCommunity Bank's divisions is set forth below.

Bank of Powhatan. Bank of Powhatan commenced its banking operations in March 2000 and has one office located on the north side of U.S. Route 60, the major east-west highway in Powhatan County.

Powhatan County is a suburb of Richmond and is experiencing significant growth in population. According to the University of Virginia Weldon Cooper Center for Public Service, from 2000 to 2006, Powhatan County's population grew 20%. The Powhatan County deposit market grew 154% or by \$149 million from June 30, 2000 to June 30, 2007, according to a report, from the Federal Deposit Insurance Corporation (FDIC). The bank is evaluating opening a second office in Powhatan County serving a highly desirable area, which includes the zip code with the highest average household income in the greater Richmond metropolitan area.

At September 30, 2007, the Bank of Powhatan had \$64.4 million of total deposits. At June 30, 2007, it had \$65.4 million of total deposits, which represents a 26.6% market share in deposits in Powhatan County as of the most recent report from the FDIC.

Bank of Goochland. Bank of Goochland opened in November 2002. Goochland County is contiguous to Powhatan County but separated by the James River west of Richmond and is a 45-minute drive from Charlottesville. Bank of Goochland operates two offices in Goochland County. The main office is located in Centerville, on U.S. Route 250, a heavily-traveled route used by Goochland County residents in their commute to and from work in the Richmond area. This location is six miles west of Glen Allen (where TransCommunity is headquartered), a significant business community in western Henrico County. The Bank also operates a second office at historic Goochland Courthouse, which serves the western portion of the Goochland market.

According to the University of Virginia Weldon Cooper Center for Public Service, Goochland County has experienced a 17% population growth from 2000 to 2006. The deposits in Goochland County grew 136% or by \$104 million from June 30, 2000 to June 30, 2007, according to the most recent report from the FDIC.

At September 30, 2007, the Bank of Goochland had \$89.1 million of total deposits. At June 30, 2007, it had \$82.5 million of total deposits, which represents a 46% market share in deposits in Goochland County as of the most recent report from the FDIC.

Bank of Louisa. Bank of Louisa opened its first office in July 2003, in the Town of Louisa, as a branch of the Bank of Powhatan. In April 2004, Bank of Louisa was spun off as a separately-chartered bank subsidiary of TransCommunity. Concurrent with its opening, Bank of Louisa purchased the assets and assumed the deposits of the Louisa branch of Bank of Powhatan. The permanent main office for Bank of Louisa, located in the town of Louisa,

opened in April 2005.

Louisa County is contiguous to Goochland County's northern boundary and just east of Charlottesville. According to the University of Virginia Weldon Cooper Center for Public Service, Louisa County has experienced 18% population growth from 2000 to 2006. Deposits in Louisa County grew 57% or \$99 million from June 30, 2000 to June 30, 2007, according to the latest report from the FDIC.

At September 30, 2007, the Bank of Louisa had \$30.1 million of total deposits. At June 30, 2007, it had \$29.9 million of total deposits, which represents a 11.1% market share in deposits in Louisa County as of the most recent report from the FDIC.

Bank of Rockbridge. The Bank of Rockbridge opened in December 2006 as a new bank subsidiary of TransCommunity. The central valley area including Rockbridge and the City of Lexington area grew 5% in population between 2000 and 2006, according to the University of Virginia Weldon Cooper Center for Public Service. Deposits in Rockbridge County and the City of Lexington grew 55% or \$171 million during this same time to \$480 million, according to the FDIC.

At September 30, 2007, the Bank of Rockbridge had \$8.4 million of total deposits. At June 30, 2007, it had \$6.3 million of total deposits, which represents a 1.3% market share in deposits in Rockbridge County and the City of Lexington as of the most recent report from the FDIC.

Operating Strategy

TransCommunity's operating strategy has historically focused on the operating efficiencies that a holding company could offer a multi-bank subsidiary structure. The centralization of many back room operations functions that do not routinely touch the customer lowers overall operating costs, as the holding company could provide services such as information technology, telephone and data services, item processing and website management in bulk form, and to improve operating efficiencies. In addition, managing the delivery of these services from TransCommunity has allowed its bank managers to devote more time to serving customers. TransCommunity's current common operating platform includes deposit operations, credit administration and accounting.

The business model, however, is not dependent on maintaining separate subsidiary bank charters; rather, the primary focus is local decision-making and empowering the managers in the communities that TransCommunity serves with operational decision-making authority. In recent years, the cost of maintaining separate and independent subsidiaries has increased with more stringent regulatory requirements for internal accounting and financial controls. In January 2007, TransCommunity's board of directors voted unanimously to consolidate its four existing bank subsidiaries into a single legal entity, TransCommunity Bank. The consolidation was completed on June 29, 2007. TransCommunity believes that the consolidation of its banks will result in significantly lowered operating expenses, and can be achieved without impacting the local decision-making processes that are at the heart of its business model.

TransCommunity's long-term strategy is to build a profitable financial services organization. This strategy means more product and financial solutions for the customer, more cost savings and revenue generating opportunities. TransCommunity does not plan to expand or acquire other entities for the sake of asset growth alone. Its focus is on revenue growth and profitability, and on developing a complete financial services platform.

Growth Strategy

TransCommunity's goal is to provide superior, long-term returns to its stockholders by building a significant community banking franchise in Virginia. Virginia is dominated by large, out-of-state banks, which have expanded their market presence in Virginia primarily by acquiring Virginia-domiciled institutions. TransCommunity intends to target underserved or over-consolidated markets in Virginia and to enter those markets through one of the following strategies:

Strategic De Novo Banks. TransCommunity has developed substantial knowledge and expertise in organizing *de novo* banks. To date, it has opened four *de novo* banks. While TransCommunity has recently chosen to consolidate its four existing bank charters into a single bank, there may be situations where the operational and economic benefits of establishing additional new independent banks outweigh the associated costs. TransCommunity may add new *de novo* banks in attractive markets where it can hire experienced management teams.

Selective De Novo Branching. To date, only Bank of Goochland has established a new branch office. At present, TransCommunity is actively evaluating an additional branch for its Bank of Powhatan division. As it grows, TransCommunity will consider opportunities to establish new branches in its existing market footprint to leverage the brand awareness developed by its bank divisions, and to provide additional convenience to its customers. In some cases, TransCommunity may establish branches in new markets that

operate under a separate name with a doing business as designation to better establish a close tie to the local community.

Opportunistic Acquisitions. While Virginia is dominated by large, out-of-state banks, there are over 70 banking institutions headquartered in Virginia that have less than \$250 million in assets. TransCommunity believes that many of these smaller banks will seek to merge with companies that have the infrastructure in place to handle the growing back-office and regulatory burden faced by smaller institutions. TransCommunity's decentralized decision-making structure and approach should also be attractive to the management, board of directors, employees and stockholders of such companies. TransCommunity believes that these factors will make TransCommunity a competitive acquirer.

Lending Activities

General. Each of TransCommunity Bank's divisions emphasizes a range of lending activities, including real estate, commercial, and consumer loans to individuals, small businesses and professional firms located in central Virginia. Each division has its own loan underwriting authority exercised by its president and loan committee. TransCommunity has developed a common set of loan underwriting standards for use by each of its banks which vary by type of loan, as described below. Each of TransCommunity Bank's divisions seeks to underwrite loans in accordance with these common underwriting guidelines, as well as applicable regulatory supervisory limits. TransCommunity does not maintain a loan committee at the holding company level. TransCommunity believes that local lending authority allows it to be more responsive than its regional and national competitors.

Since loans typically provide higher interest yields than other types of interest-earning assets, TransCommunity seeks to invest a substantial percentage of its earning assets in its loan portfolio. TransCommunity believes it has a competitive market advantage over larger national and regional banking institutions because it provides borrowers with a wide variety of lending products in the range of approximately \$250,000 to \$1.5 million that these larger banks may not want to offer because of the size or characteristics of the loan, or may not be able to deliver as expeditiously as TransCommunity. At September 30, 2007, TransCommunity had total loans of \$189.0 million, representing 92% of its earning assets.

Each of TransCommunity Bank's divisions seeks to maintain a diversified loan portfolio and to limit the amount of loans to any single client. At September 30, 2007, the 25 largest client relationships at TransCommunity Bank represented \$46 million, or 24% of its loan portfolio. As TransCommunity Bank continues to grow and mature, it expects that these concentrations will decrease as a percentage of total loans.

Regardless of the purpose of an individual loan, each of TransCommunity Bank's divisions seeks to obtain a security interest in real estate whenever possible, in addition to any other collateral available, in order to increase the likelihood of the ultimate repayment of the loan.

Loans Secured by Real Estate. At September 30, 2007, loans secured by real estate represented 80% of the loans in TransCommunity's consolidated portfolio. Real estate lending by TransCommunity Bank's divisions generally consists of commercial real estate loans, construction and development loans, and residential and home equity loans. Interest rates for all categories of real estate loans may be fixed or adjustable, with adjustable-rate loans predominating. In addition to interest, TransCommunity generally charges an origination fee on each loan.

Real estate loans originated by TransCommunity's banks are subject to the same risks as other loans and are particularly sensitive to fluctuations in the value of real estate. While real estate market values in the central Virginia market have risen strongly during the past decade, fluctuations in the value of real estate, as well as other factors arising after a loan has been made, could negatively affect a borrower's cash flow, creditworthiness and ability to repay

the loan.

Commercial Real Estate Loans. At September 30, 2007, commercial real estate loans totaled \$49 million or 26% of TransCommunity's consolidated loan portfolio. These loans generally have rate terms of five years or less, although payments may be structured on a longer amortization basis. Each of TransCommunity Bank's divisions evaluates every borrower on an individual basis and attempts to determine the business risks and credit profile of each borrower. TransCommunity also generally requires that a borrower's cash flow be at least 1.15% of monthly debt service

obligations. In order to insure secondary sources of payment and liquidity to support loan requests, TransCommunity typically reviews personal financial statements of all principal owners and requires their personal guarantees.

Construction and Development Loans. Each of TransCommunity Bank's divisions offers residential and commercial construction loans to builders and developers as well as to consumers who wish to build their own homes. None of TransCommunity Bank's divisions makes loans in this category on a fixed-rate basis, and as of September 30, 2007, all loans in this category were adjustable rate loans. As of September 30, 2007, a total of \$59 million, or approximately 31% of TransCommunity's consolidated loan portfolio consisted of construction and development real estate loans. The duration of TransCommunity's construction and development loans does not normally exceed 24 months. Construction and development loans generally carry a higher degree of risk than long-term financing of existing properties because repayment depends on the ultimate completion of the project and usually the sale of the property. Specific risks include:

- cost overruns;
- mismanaged construction;
- inferior or improper construction techniques;
- economic changes or downturns during construction;
- a downturn in the real estate market;
- rising interest rates which may prevent sale of the property; or
- failure to sell completed projects in a timely manner.

TransCommunity attempts to reduce the risk associated with construction and development loans by obtaining personal guarantees where possible and by keeping the loan-to-value ratio of the completed project at or below 80% for commercial loans and 85% for consumer loans.

Residential Loans and Home Equity Loans. None of TransCommunity Bank's divisions originates traditional long-term residential mortgages, but each of the divisions does issue second mortgage residential loans and home equity lines of credit. With respect to home equity lines of credit, TransCommunity's policy is to limit extensions of credit to 90% of the available equity in each property. As of September 30, 2007, a total of \$43 million, or 23%, of TransCommunity's consolidated loan portfolio consisted of residential mortgage loans and home equity lines of credit.

Commercial Business Loans. Each of TransCommunity Bank's divisions makes loans for commercial purposes in various lines of business, including manufacturing, service industry and professional service areas. TransCommunity also offers small business loans utilizing government enhancements such as the Small Business Administration's, or SBA, 7(a) program and 504 program, which loans are partially guaranteed by the government, thereby reducing their risk. As of September 30, 2007, a total of \$19 million, or 10%, of TransCommunity's consolidated loan portfolio consisted of commercial business loans.

Consumer Loans. Each of TransCommunity Bank's divisions makes loans to individuals for personal and household purposes, including secured and unsecured installment loans and revolving lines of credit. Consumer loans are underwritten based on the borrower's income, current debt level, past credit history, and the availability and value of collateral. Consumer loans are both fixed and variable, with negotiable terms. TransCommunity's installment loans typically amortize over periods not exceeding 60 months. Each of TransCommunity Bank's divisions offer consumer

loans with a single maturity date when a specific source of repayment is available. Typically, each of TransCommunity's banks requires monthly payments of interest and a portion of the principal on revolving loan products. As of September 30, 2007, a total of \$19 million, or 10%, of TransCommunity's consolidated loan portfolio consisted of loans to consumers.

Loan Approval. Certain credit risks are inherent in making loans. These include prepayment risks, risks resulting from uncertainties in the future value of collateral, risks resulting from changes in economic and industry conditions and risks inherent in dealing with individual borrowers. Each of TransCommunity Bank's divisions attempts to mitigate repayment risks by adhering to common credit policies and procedures. These policies and

procedures, which are maintained by TransCommunity and are common to all divisions, include officer lending limits, a multi-layered loan approval process for larger loans, documentation examination, and follow-up procedures for any exceptions to credit policies. Each of TransCommunity Bank's divisions has a loan committee of its board of directors that is responsible for oversight of the lending function at that bank. When the amount of aggregate loans to a single borrower exceeds an individual officer's lending authority, the loan request will be considered by an officer with a higher lending authority or by the bank's loan committee. None of TransCommunity Bank's divisions makes any loans to (1) any director or officer of that bank, (2) any director or officer of any affiliate bank, or (3) any officer or director of the holding company, unless the loan is approved by the board of directors of the bank and is on terms not more favorable to such person than would be available to a person not affiliated with that bank.

Credit Administration and Loan Review. TransCommunity maintains a continuous loan review system that is managed at the consolidated bank level. Each of TransCommunity Bank's divisions also applies a consistent credit grading system to each loan, and TransCommunity utilizes an independent consultant to review the loan files annually on a test basis to confirm the grading of each loan. This independent consulting firm reports directly to the chairman of TransCommunity's audit committee of the board of directors. TransCommunity holds each loan officer responsible for the loans he or she makes, regardless of whether other individuals or committees joined in the approval. This responsibility continues until the loan is repaid or until the loan is formally assigned to another officer.

Lending Limits. The lending activities of each of TransCommunity Bank's divisions are subject to a variety of lending limits imposed by federal law. In general, a bank is subject to a legal limit on loans to a single borrower equal to 15% of that bank's capital and unimpaired surplus. This limit will increase or decrease as that bank's capital increases or decreases. Based on the capitalization of TransCommunity Bank at September 30, 2007, TransCommunity Bank's total equity capital of \$30 million allows for a lending limit up to \$4.5 million at any of its divisions.

Deposit Services

TransCommunity focuses on customer service to attract and retain deposits. Each of TransCommunity Bank's divisions offers a full range of commercial and retail deposit services, including checking accounts, savings accounts, money market accounts and other time deposits of varying types. The principal source of deposits at each of TransCommunity Bank's divisions is the local, central Virginia market. Because of the historically low interest rate environment in the last four years, each of TransCommunity Bank's divisions has also been able to obtain a portion of its deposits from bank-to-bank deposits generated outside its local market at certain times. As of September 30, 2007, none of TransCommunity Bank's consolidated deposits was from out of market sources. Deposit rates are reviewed regularly by senior management of each bank. TransCommunity believes that the deposit rates it offers are competitive with those offered by other financial institutions in its market area. By focusing on core deposits, TransCommunity believes it can continue to keep the overall cost of its deposits low and thereby benefit from wide net interest margins.

Competition

Banks generally compete with other financial institutions through the selection of banking products and services offered, the pricing of services, the level of service provided, the convenience and availability of services, and the degree of expertise and the personal manner in which services are offered. Virginia law permits statewide branching by banks. Consequently, commercial banking in Virginia is highly competitive. Many large banking organizations, most of which are controlled by out-of-state holding companies, currently operate in the greater Richmond, Virginia metropolitan area, and TransCommunity's primary market area. As of September 30, 2007, the aggregate deposit market in the Commonwealth of Virginia amounted to approximately \$182 billion, of which out-of-state banking institutions controlled approximately 46% of these deposits. In addition, competition between commercial banks and thrift institutions (savings institutions and credit unions) has intensified significantly in recent years with the

elimination of many previous distinctions between the various types of financial institutions and the granting of expanded powers to thrift institutions in areas which previously had been the sole domain of commercial banks. Legislation enacted in recent years has resulted in the almost total elimination of most distinctions between a commercial bank and a thrift institution. Consequently, competition among financial institutions of all types is largely unlimited with respect to legal ability and authority to provide most financial

services. Furthermore, as a consequence of federal and Virginia legislation, out-of-state banks not previously allowed to operate in Virginia are allowed to commence operations and compete in TransCommunity's primary market area. See Supervision and Regulation.

TransCommunity faces competition from other banks, as well as thrift institutions, consumer finance companies, insurance companies and other institutions in TransCommunity's respective market areas. Some of these competitors are not subject to the same degree of regulation and restriction imposed upon the banks. Some of these competitors also have broader geographic markets and substantially greater resources and lending limits than TransCommunity Bank's divisions and offer certain services that the divisions are not expected to provide in the near term. Such competitors may also be in a position to make more effective use of media advertising, support services and electronic technology than TransCommunity.

Employees

At September 30, 2007, TransCommunity had 73 full-time equivalent employees as compared to 72 full-time equivalent employees at December 31, 2006.

As a financial holding company TransCommunity is heavily regulated. For a further description of the regulations to which TransCommunity is subject see Supervision and Regulation.

Properties

TransCommunity's headquarters are located in approximately 14,000 square feet of leased space at 4235 Innslake Drive, Glen Allen, Virginia. This office space was leased in August 2003 and occupied in December 2003. The office houses corporate operations, along with executive officers. The initial term of this lease is through April 30, 2014.

The Bank of Powhatan is located at 2320 Anderson Highway, Powhatan, Virginia. This bank's building, which is of new construction, is a two-story brick structure, containing approximately 6,000 square feet. It has four teller stations, three drive-through windows and a drive-up ATM and night depository. TransCommunity owns this property.

The Bank of Goochland is located at 100 Broad Street Road, Manakin-Sabot, Virginia. This bank's main office building, which is of new construction, is a two-story brick structure containing approximately 9,500 square feet. It has five teller stations, two drive-through windows and a drive-up ATM and a night depository. TransCommunity owns this property.

The Bank of Goochland also operates a branch office in a leased facility located at Goochland Courthouse, containing approximately 1,400 square feet. The initial term of this lease ended on September 1, 2007, after which it is extended on a month-to-month basis.

The Bank of Louisa is located at 217 East Main Street, in the Town of Louisa, Virginia. This bank's building, which is of new construction, is a two-story brick structure containing approximately 9,000 square feet. It has four teller stations, two drive-through windows, a drive-up ATM and a night depository facility. TransCommunity owns this property.

The Bank of Rockbridge located at 744 North Lee Highway in the City of Lexington, Virginia. This bank's building, which was an existing bank building, is a two story brick structure containing approximately 4,200 square feet. It has three teller stations, a drive-through window, a walk-up ATM and a night depository facility. TransCommunity leases the premises with an option after three years to extend the life of the lease for additional terms. The lease automatically renewed for a term of three years on January 31, 2007.

TransCommunity believes that all of its properties are adequately covered by insurance. In addition, all of TransCommunity's properties are in good operating condition and are adequate for TransCommunity's present and anticipated future needs.

See Notes 7 and 20 of the notes to consolidated financial statements for the year ended December 31, 2006 for more information on TransCommunity's properties.

Legal Proceedings

In the ordinary course of operations, TransCommunity and its subsidiary bank expect to be parties to various legal proceedings.

At present, there are no pending or threatened proceedings against TransCommunity or its subsidiary that, if determined adversely, would have a material effect on the business, results of operations, or financial position of TransCommunity or its subsidiary.

On November 2, 2006, James L. Minter filed a lawsuit against TransCommunity and William C. Wiley, the former chief executive officer and chairman of the board of directors of TransCommunity, in the Circuit Court of the County of Powhatan in Virginia. The suit arose out of the purchase of Main Street Mortgage by Bank of Powhatan in early 2001. Main Street Mortgage, a mortgage brokerage company, had operated as a wholly owned subsidiary of Bank of Powhatan and was closed on November 29, 2006. Mr. Minter alleged that in late 2000 Wiley withheld information concerning the value of Main Street Mortgage from the Bank of Powhatan's board of directors and that the Bank of Powhatan would not have acquired Main Street Mortgage if the valuation had been provided to the Bank of Powhatan's board of directors. Mr. Minter's suit claimed that TransCommunity aided and abetted and conspired with Wiley in his misrepresentation of Main Street Mortgage's value. Mr. Minter's suit also alleged that the December 2005 separation agreement between TransCommunity and William Wiley improperly released claims TransCommunity had against Mr. Wiley arising out of Mr. Wiley's alleged concealment of the Main Street Mortgage valuation from the Bank of Powhatan's board of directors in late 2000.

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

TransCommunity moved for a dismissal of the lawsuit, brought claims against Mr. Minter for breach of fiduciary duty related to his use of confidential company information for personal gain and removed him from the board of the Bank of Powhatan. In response to TransCommunity's motion to dismiss the lawsuit, on August 8, 2007, the court dismissed the two counts that Mr. Minter had asserted against TransCommunity. The court, however, permitted Mr. Minter to replead the count in which Mr. Minter alleged that TransCommunity aided and abetted Mr. Wiley in his allegedly fraudulent conduct. Mr. Minter amended his complaint, with the only claim against TransCommunity based on TransCommunity's alleged derivative liability for Mr. Wiley's conduct. TransCommunity again moved for a dismissal of Mr. Minter's claim, and, on December 7, 2007, the court dismissed Mr. Minter's lone remaining claim against TransCommunity and all of Mr. Minter's claims against Mr. Wiley with prejudice. TransCommunity's counterclaim against Mr. Minter for breach of fiduciary duty remains pending.

On December 19, 2007, Mr. Minter filed a new action in the Circuit Court of the County of Powhatan in Virginia, purportedly on behalf of TransCommunity, alleging breach of fiduciary duty and civil conspiracy against defendants Troy A. Peery, Jr., Robin T. Williams, John J. Sponski, John C. Watkins and Bruce B. Nolte, all of whom are current or former directors of TransCommunity. The lawsuit arises out of the same set of facts as the case dismissed by the court in December, 2007, and seeks damages of \$3.35 million. Mr. Minter has not yet requested service of the lawsuit's papers, and may have filed the lawsuit in an attempt to protect the statute of limitations. TransCommunity has put its directors and officers insurance carrier on notice and is evaluating the allegations and claims. Based on the facts presently known, TransCommunity believes it has limited liability exposure arising from this lawsuit.

TransCommunity Management's Discussion and Analysis of Financial Condition and Results of Operations for the Nine Months Ended September 30, 2007 and September 30, 2006.

The following discussion and analysis and the related financial data present a review of TransCommunity's consolidated operating results for the three-month and nine-month period ended September 30, 2007 and 2006, and consolidated financial condition at September 30, 2007 and December 31, 2006. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto contained in TransCommunity's Annual Report on Form 10-K for the year ended December 31, 2006 filed with the Commission on April 16, 2007, and the consolidated financial statements and notes in the September 30, 2007 Form 10-Q.

Significant Accounting Policies

TransCommunity's financial position and results of operations are impacted by management's application of accounting policies involving judgments made to arrive at the carrying value of certain assets. In implementing its policies, management must make estimates and assumptions about the effect of matters that are inherently less than certain. Actual results could differ significantly from these estimates which could materially affect the amounts of TransCommunity's assets, liabilities, income and expenses. Critical accounting policies applied by TransCommunity include those that relate to the allowance for loan losses. For a more detailed discussion on these critical accounting policies, see *Significant Accounting Policies* on page F-8 of TransCommunity's Annual Report on Form 10-K for the year ended December 31, 2006.

Overview

TransCommunity's results of operations are dependent primarily on its net interest income, which is the difference between the interest earned on its assets, primarily its loan and securities portfolios, and its cost of funds, which consists of the interest paid on its deposits and borrowings. TransCommunity's results of operations are also affected by its provision for loan losses as well as non-interest income and non-interest expenses. Non-interest expenses consist of employee compensation and benefits, occupancy and equipment, insurance, professional fees, telecommunications and data processing and other operating expenses.

In addition to the foregoing, results of TransCommunity's operations, like those of other financial services companies, are affected by its asset and liability composition, as well as factors beyond its control, such as general economic conditions and the monetary and fiscal policies of the federal government. Lending activities are affected by the demand for commercial and retail financing and are thus influenced by interest rates and other factors affecting the availability of funds. Deposit flows and costs of funds are influenced by yields available on competing investments and by general market rates of interest.

In January 2007, TransCommunity's board of directors voted to consolidate the charters of its four subsidiary banks. This charter consolidation process was completed on June 29, 2007. In addition, a system conversion with TransCommunity's core processor was successfully completed in August 2007. Costs associated with the charter consolidation process negatively impacted TransCommunity's performance during the first three quarters of 2007. As TransCommunity operates under a consolidated charter with a converted system, TransCommunity expects overhead costs to decline.

In evaluating TransCommunity's financial condition and operating performance, management focuses on the following:

- increasing loan originations;
- increasing core deposit balances;
- preserving TransCommunity's history of strong net interest margins;
- retaining high credit standards and low levels of non-performing assets;
- maintaining an adequate loan loss reserve;
- managing interest rate risk;

controlling expenses; and

ensuring adequate funding for ongoing growth.

Highlights of TransCommunity's three-month statement of operations ended September 30, 2007, as compared to the similar statement in 2006, and the statement of financial condition dated September 30, 2007, as compared to December 31, 2006 include the following:

net loss of \$161 thousand was reported versus net income of \$98 thousand during the 3rd quarter of 2006;

interest income grew \$733 thousand, or 19.4%;

net interest income increased by \$339 thousand, or 14.0%;

assets grew \$8.3 million, or 3.9% during the quarter, and \$24.6 million, or 12.4%, since December 31, 2006;

noninterest expenses increased \$339 thousand, or 15%; and

provisions for loan losses increased \$455 thousand, or 272%.

Highlights of TransCommunity's nine-month statement of operations ended September 30, 2007 as compared to the same period in 2006 include the following:

yield on earnings assets increased 76 basis points to 8.53%;

net interest margin increased 22 basis points to 5.32%;

provisions for loan losses increased \$823 thousand, or 265%; and

noninterest expenses increased \$1.6 million, or 24%.

Results of Operations. For the quarter ended September 30, 2007, TransCommunity reported a loss of \$161 thousand, resulting from larger-than-anticipated provisions to the loan loss reserve in the amount of \$622 thousand. During the third quarter, two commercial loans went into default, each requiring a significant addition to the loss reserve, and TransCommunity made further additions to the reserve following completion of its annual independent loan review. In addition, the loan portfolio grew more rapidly than forecast during the third quarter, requiring further additions to the loan loss reserve.

During 2006, net income for the same period was \$98 thousand, including a net loss from discontinued operations in the amount of \$159 thousand.

Net loss per share for the quarter ended September 30, 2007, both basic and diluted, was \$0.04, compared with net income per share, basic and diluted, of \$0.02 for the same period during 2006.

For the nine-month period ended September 30, 2007, net losses were \$767 thousand, including losses from discontinued operations of \$77 thousand, compared with net income of \$4 thousand during the same period in 2006. The year-to-date loss for 2007 can be attributed to the costs associated with the consolidation of TransCommunity's banking charters, extraordinary fees charged by TransCommunity's former external auditors, and larger-than-anticipated additions to the reserve for loan losses.

Net Interest Income. For the three months ended September 30, 2007, net interest income totaled \$2.8 million, a \$339 thousand, or 14.0%, increase over TransCommunity's performance for the same period during 2006. When compared with the previous three-month period ended June 30, 2007, net interest income increased \$108 thousand, or 4.1%.

For the nine months ended September 30, 2007, net interest income totaled \$7.9 million, a \$1 million, or 14.6%, increase over TransCommunity's performance for the same period during 2006. Average earning assets for the nine-month period ended September 30, 2007 grew 10.3%, to \$198.2 million compared to \$179.6 million during the same period in 2006.

The net interest margin is the net interest income expressed as a percentage of average earnings assets. For the nine-month period ended September 30, 2007, the net interest margin increased 22 basis points from the same period in 2006, to 5.32% from 5.10%. The increase in net interest margin is attributable to benefits derived from an increase on yields of earning assets of 76 basis points to 8.53%, while the cost of interest-bearing liabilities increased 62 basis points, from 3.47% to 4.09%.

Average loans outstanding increased \$30.9 million, or 22.3%, to \$169.7 million coupled with a 5.1% increase in yield on average loans to 9.15% for the nine-month period ended September 30, 2007, compared to a yield of 8.71% for the same period during 2006.

For the nine-month period ended September 30, 2007, loan income of \$11.6 million increased approximately 28.2% from \$9.1 million during the same period in 2006.

Management believes that the overall outlook for its net interest income is positive, although TransCommunity expects to experience higher deposit costs in future periods. Management expects commercial loans to continue to grow because of the focus placed on loan growth throughout TransCommunity. Loan-related earning assets tend to have a higher spread than those earned in TransCommunity's investment portfolio. TransCommunity's consolidated net interest margin compares favorably with other commercial banks in its market area.

The following table details the net interest income calculations for the nine-month periods ended September 30, 2007 and 2006.

TRANSCOMMUNITY FINANCIAL CORPORATION
NET INTEREST MARGIN ANALYSIS
AVERAGE BALANCE SHEETS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006

	2007			2006		
	Average		Average	Average		Average
	Balance	Interest	Rates	Balance	Interest	Rates
	Sheet	Income/Expens	Earned/Paid	Sheet	Income/Expens	Earned/Paid
	(In thousand dollars)					
ASSETS						
Loans, including fees(1)	\$ 169,718	\$ 11,616	9.15%	\$ 138,791	\$ 9,042	8.71%
Federal funds sold	11,946	458	5.13	22,845	826	4.83
Investments	16,502	575	4.66	17,970	576	4.29
Total Earning Assets	198,166	12,649	8.53	179,606	10,444	7.77
Allowance for loan losses	(2,033)			(1,740)		
Non-earning assets	12,785			12,684		
Total Assets	\$ 208,918			\$ 190,550		
LIABILITIES AND STOCKHOLDERS EQUITY						
Deposits:						
Demand - Interest bearing	\$ 36,014	\$ 507	1.88%	\$ 37,050	\$ 444	1.60%
Savings	10,036	116	1.55	9,897	115	1.55
Time deposits	108,750	4,094	5.03	81,382	2,549	4.19
Total deposits	154,800	4,717	4.07	128,329	3,108	3.24
Other borrowed Funds	1,006	48	6.43	10,190	484	6.36
Total interest-bearing Liabilities	155,806	4,765	4.09	138,519	3,592	3.47
Non-interest bearing Deposits	22,073			20,843		
Other liabilities	938			964		
Total liabilities	178,817			160,326		
Stockholders equity	30,101			30,224		
	\$ 208,918			\$ 190,550		

Total liabilities and
stockholders equity

Net interest earnings	\$	7,884	\$	6,852
Interest spread		4.44%		4.30%
Net interest margin		5.32%		5.10%

Provision for Loan Losses. For the three-month period ended September 30, 2007, the provision for loan losses was \$622 thousand, an increase of \$455 thousand over the same period in 2006. Large provisions during the third quarter are attributable to strong loan growth coupled with downgraded credits. There were seven commercial loans with deteriorated credit quality that comprised approximately \$500 thousand, or 80% of the 3rd quarter provisions. For the nine-month period ended September 30, 2007, the provision for loan losses was approximately

\$1,134 thousand, an increase of \$823 thousand over the same period in 2006. At September 30, 2007, nonperforming assets totaled \$1,041 thousand, versus \$267 thousand at September 30, 2006.

Asset quality declined slightly since December 31, 2006, when nonperforming assets equaled \$961 thousand. There is no other real estate owned. Net charge-offs for the nine months ended September 30, 2007 amounted to \$628 thousand, versus \$126 thousand for the same period in 2006. The charge-offs are due primarily to loans related to the discontinued operations of Main Street Mortgage. For the three-month period ended September 30, 2007, net charge-offs equaled \$92 thousand, versus \$101 thousand during the same period in 2006.

In March, 2007, TransCommunity employed its first chief credit officer. In June 2007, all credit administration functions were centralized as part of the consolidation of TransCommunity's four bank subsidiaries. As part of the establishment of a centralized credit administration function, management has engaged in an in-depth analysis of the total loan portfolio and has made adjustments to individual loan risk ratings as necessary. In addition, during the third quarter, the entire loan portfolio was reviewed as part of the annual independent loan review by an outside consulting firm. As a result of this ongoing loan review process, management is of the opinion the overall credit quality of the loan portfolio is sound, and that the allowance for loan losses is adequate.

The allowance for loan losses is evaluated continually by management and is based on management's review of the probability of collection, industry historical experience, the nature and volume of the loan portfolio, credit concentrations, adverse conditions that may effect a borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. An adequate allowance relative to the quality of the loan portfolio sufficient to meet anticipated future loan losses is calculated using appropriate risk factors depending on the type of borrower and whether the loan is secured or unsecured. Loans that are classified adversely are assigned a loss reserve based on their risk rating and liquidation analysis based on present value of estimated cash flow and/or collateral. Unclassified loans are assigned a collective pool loan loss percentage based on historical peer group data in the absence of internal company loss history. As TransCommunity's loan portfolio seasons, the factors will be adjusted to reflect actual loss experience. The allowance for loan loss is subjective in the absence of actual, material loss data and, as such, requires estimates that are susceptible to periodic revision as conditions change.

Noninterest Income. During the three months ended September 30, 2007, bank service charges and other fees of \$269 thousand increased 16% from \$232 thousand reported for the same period in 2006. On a year-to-date basis, noninterest income totaled \$832 thousand for the nine months ended September 30, 2007, an increase of 8.3% from \$768 thousand for the same period in 2006. The overall increase in noninterest income is attributable principally to higher customer service fees, including those associated with broker fees and commissions.

Noninterest Expense. Noninterest expenses for the quarter ended September 30, 2007 increased \$339 thousand, or 15%, as compared with the same period in 2006. For the nine-month period ended September 30, 2007, noninterest expenses were up by \$1.6 million, or 23.7% compared with the same period in 2006.

The growth in noninterest expense for both the third quarter and the year-to-date is attributable to the opening of the Bank of Rockbridge in December 2006, and the costs associated with the consolidation of TransCommunity's banking charters in June of 2007.

During 2007, noninterest expenses have declined each quarter, from \$2,918 thousand in the first quarter, to \$2,780 thousand in the second quarter, to \$2,573 thousand for the quarter ended September 30, 2007. This favorable trend reflects the impact of the recently completed charter consolidation. TransCommunity expects further decreases in noninterest expenses during the fourth quarter of 2007.

Segment Information. TransCommunity had two additional segments in 2006, which were discontinued by December 31, 2006. Currently, the organization consists solely of a bank operating under its holding company, which is essentially a shell corporation. Therefore, current segment information is not provided.

Financial Condition

On September 30, 2007, TransCommunity had total assets of \$223 million, up 12.4% from \$198.4 million at December 31, 2006. On September 30, 2007, loans totaled \$189 million, an increase of \$37.6 million since December 31, 2006.

Loans totaled \$189 million and \$140.5 million at September 30, 2007 and 2006, respectively. This represents growth of \$48.5 million, or an increase of 34.6%. Despite increased competition, TransCommunity's banks continued to experience strong loan demand, particularly with construction-related loans. However, TransCommunity remains focused on maintaining its pricing discipline and asset quality, and adhering to its conservative underwriting standards.

During the first nine months of 2007, TransCommunity's average cost of interest-bearing liabilities increased to 4.09%, up from 3.47% during the first nine months of 2006. Average interest-bearing liabilities grew \$17.3 million, from \$138.5 million during the first nine months of 2006 to \$155.8 million during the same period in 2007. Total deposits increased \$27 million, or 16.4%, to \$192 million at September 30, 2007, up from \$165 million at December 31, 2006. Noninterest-bearing deposits increased \$2.1 million, or 10.4% since December 31, 2006. Management views these deposits as a key source for funding the loan growth. As traditional deposits become more difficult to obtain, alternative funding sources will likely result in relatively higher costs.

At September 30, 2007, TransCommunity's capital position remained strong with an average equity-to-average assets ratio of 14.41%. TransCommunity had a leverage ratio of 13.62%, a Tier 1 risk-based capital ratio of 13.85% and a total risk-based capital ratio of 15.09%. At September 30, 2007, the book value of TransCommunity's common stock was \$6.53 per share.

Income Taxes

No income tax provision has been recorded since, at this time, there is insufficient evidence to conclude that TransCommunity will produce taxable income in the future which cannot be offset by loss carryforwards from the current and prior periods. However, TransCommunity may owe income taxes in the future, including those as determined by the alternate minimum tax (AMT) system. Income taxes for the year ended December 31, 2006, equaled \$15 thousand using AMT calculations, which is available as a credit to reduce the regular tax liability in future years.

Loans

Total loans increased \$23.6 million during the nine months of 2007 to \$189 million.

Loans by type are shown in the following schedule:

	September 30, 2007	December 31, 2006
	(Dollars in thousands)	
Real estate:		
Construction	\$ 36,702	\$ 21,348
Residential	36,589	29,007
Commercial	63,759	60,571
Commercial, industrial and agricultural	41,760	31,284
Consumer and installment	10,133	8,725
All other	60	464
Total Loans	\$ 189,003	\$ 151,399

Allocation of the Allowance for Loan Losses

The allowance for loan losses consists of an allocated component and an unallocated component. The allocated component of the allowance for loan losses reflects expected losses resulting from analyses developed through specific credit allocations for individual loans. The unallocated portion of the allowance for loan losses reflects management's estimate of probable inherent but not specifically identified losses within the portfolio.

TransCommunity's allocations for the allowance for loan losses were as follows:

	September 30, 2007		December 31, 2006	
	Allowance	Percent	Allowance	Percent
	(Dollars in thousands)			
Real estate:				
Construction	\$ 517	19%	\$ 291	14%
Residential	516	19%	396	19%
Commercial	898	34%	826	40%
Commercial, industrial and agricultural	581	22%	427	21%
Consumer and installment	143	5%	119	6%
All other	8	1%	6	0%
Total Loans	2,663	100%	2,065	100%

Nonaccrual, Past Due and Restructured Loans

At September 30, 2007, TransCommunity had \$1.0 million in loans classified as non-accrual or past due more than 90 days. At December 31, 2006, TransCommunity had \$961 thousand in loans classified as non-accrual or past due more than 90 days. Loans are placed in a non-accrual status when, in the opinion of management, the accrued interest income will not be collected.

Secured Borrowings

TransCommunity had recorded secured borrowings in past financial statements due to the prior accounting treatment on certain loan participation agreements entered into with third-party financial institutions since the second quarter of 2004. TransCommunity discovered that it had incorrectly accounted for loans subject to these agreements in August 2006. Due to amendments to these agreements so that they could be properly reported under applicable accounting standards, TransCommunity has eliminated the reporting of secured borrowings.

Liquidity and Interest Sensitivity

At September 30, 2007, TransCommunity had liquid assets of \$20.4 million in the form of cash, federal funds sold and available-for-sale investments. Management believes that liquid assets were adequate at September 30, 2007 to meet its customers' deposit and credit needs. Management anticipates that additional liquidity will be provided by the growth in deposit accounts and loan repayments at TransCommunity Bank. TransCommunity Bank also has the ability to purchase overnight federal funds from a correspondent bank and borrow from the Federal Reserve Bank, if necessary.

Management is not aware of any trends, events or uncertainties that are reasonably likely to have a material impact on TransCommunity's short-term or long-term liquidity.

At September 30, 2007, TransCommunity had a positive cumulative Gap Rate Sensitivity Ratio of 0.46% for the one-year repricing period. A positive one-year Gap Rate Sensitivity Ratio reflects management's ability to generate loans and investment securities that will mature or reprice faster than interest-bearing deposits in a rising rate environment. Management constantly monitors the interest rate risk and believes that the current position is an acceptable risk for a growing financial services company.

TransCommunity's interest sensitivity analysis is shown on the following schedule:

TRANSCOMMUNITY FINANCIAL CORPORATION
INTEREST SENSITIVITY ANALYSIS
SEPTEMBER 30, 2007

	1-365 Days	1 to 5 Years (Dollars in thousands)	Over 5 Years	Total
Uses of Funds:				
Loans:				
Real estate:				
Construction	\$ 34,265	\$ 2,274	\$ 163	\$ 36,702
Residential	23,864	10,484	2,241	36,589
Commercial	28,745	33,865	1,149	63,759
Commercial, industrial and agricultural	19,785	20,659	1,316	41,760
Consumer installment	5,686	4,276	171	10,133
All other	14	46		60
Total Loans	112,359	71,604	5,040	189,003
Federal funds sold	4,061			4,061
Investment securities held to maturity, at cost	1,200	4,200	1,000	6,400
Investment securities available for sale, at fair value	7,505	1,806	1,003	10,314
Total	\$ 125,125	\$ 77,610	\$ 7,043	\$ 209,778
Sources of Funds:				
Demand Deposits-				
Interest bearing	33,802			33,802
Savings accounts	10,357			10,357
Time Deposits > \$100,000	35,045	19,613		54,658
Time Deposits < \$100,000	44,949	25,589	34	70,572
Total interest-bearing deposits	124,153	45,202	34	169,389
Federal funds purchased				
Borrowings				
Total	\$ 124,153	\$ 45,202	\$ 34	\$ 169,389
Discrete Gap	\$ 972	\$ 32,408	\$ 7,009	\$ 40,388
Cumulative Gap	\$ 972	\$ 33,380	\$ 40,388	\$
Ratio of Cumulative Gap to Total Earning Assets	0.46%	15.91%	19.25%	

Contractual Obligations

TransCommunity has entered into certain contractual obligations to make future payments under contracts. The following table summarizes TransCommunity's contractual obligations as of September 30, 2007:

	Payments Due by Period				More Than 5 Years
	Total	Less Than One Year	1-3 Years	3-5 Years	
Contractual obligations:					
Operating lease obligations	\$ 2,525,093	\$ 422,012	\$ 852,022	\$ 586,667	\$ 664,392
Data processing services	2,535,000	518,333	1,036,667	980,000	
Total	\$ 5,060,093	\$ 940,345	\$ 1,888,689	\$ 1,566,667	\$ 664,392

On August 9, 2007, TransCommunity executed an agreement for the construction of a new branch office located at 1949 Sandy Hook Road, Goochland, Virginia 23063. This branch will replace the existing leased facility at Goochland Courthouse. The agreement, which is in the amount of approximately \$1.4 million, is a fixed price contract that will not be financed. Monthly payments will be made following a percentage completion method. Completion is expected in the first quarter of 2008, and branch personnel will relocate from the nearby rented space.

Future Prospects

TransCommunity's loss for the third quarter resulted primarily from seven deteriorated loans that required additional provisions to absorb any potential future loss. Profitability was achieved for a period of time during the third quarter of 2007, and earnings would have been reported if the higher-than-expected provisions had not been reserved. TransCommunity successfully consolidated its four bank charters during the second quarter of 2007, and TransCommunity completed its system conversion in August 2007. In addition, during the third quarter, a new contract was negotiated with its data processor. Based on the current levels of activity and fee structure, TransCommunity expects to significantly reduce these costs by at least \$400,000 annually.

TransCommunity's new consolidated bank and each of its operating divisions is performing well and producing net interest margins that compare favorably with the experience of its peers. Loan demand in each of TransCommunity's markets remains brisk, and our regulators, its outside loan review firm, and its own internal loan review process all confirm that the quality of its loan portfolio remains strong.

TransCommunity conducts business in some of the best markets in the country. Each of those markets is led by an experienced banker with significant knowledge of their local market. With operating costs expected to decline, TransCommunity is poised for strong growth in the months ahead. Management continues to seek successful commercial lending officers in its market area to enhance loan growth and resulting interest and fee income.

The planned merger with Community Bankers will provide additional capital which will permit management to consider external expansion on an accelerated basis. The new capital will also support more rapid rates of internal growth. In addition, the recent charter consolidation and system conversion prepares TransCommunity to realize benefits of a streamlined structure. More information related to the proposed merger can be found in Note 10 to the financial statement within Part I, Item 1, and in our Form 8-K filed September 6, 2007.

TransCommunity Management's Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2006 and December 31, 2005.

The following discussion provides information about the major components of the results of operations and financial condition, liquidity, and capital resources of TransCommunity through December 31, 2006. This discussion and analysis should be read in conjunction with TransCommunity's Consolidated Financial Statements and Notes to Consolidated Financial Statements. It should also be read in conjunction with *A Warning About Forward Looking Statements*.

Overview

During 2006, TransCommunity reported its first net profit of \$117 thousand, versus a loss for the year 2005 of \$1.8 million. TransCommunity's 2006 results thus represent a year-over-year improvement of \$1.9 million. Over the same period, income per share, both basic and diluted, improved from a loss of \$0.53 to a profit of \$0.03.

Net income from continuing operations totaled \$919 thousand for the year ended 2006 as compared to a loss of \$1.3 million for the year ended 2005, an improvement of \$2.3 million. Over the same period earnings per share from

continuing operations improved \$0.61 per share from a loss of \$0.41 in 2005 to a gain of \$0.20 during 2006.

Operating results for 2006 were impacted by two significant events. First, during the third quarter of 2006, TransCommunity determined that it had incorrectly accounted for loans subject to certain loan participation agreements entered into with third-party financial institutions. Under the direction of the audit committee of TransCommunity's board of directors, TransCommunity completed an evaluation of the manner in which it accounted for loan participation agreements.

As a result, TransCommunity filed an amendment to its annual report on Form 10-KSB for the year ended December 31, 2005. As a result of the restatement, TransCommunity's period end total loans and secured borrowings were increased by \$12.5 million and \$7.2 million at December 31, 2005 and 2004, respectively. In addition, interest income on loans and interest expense on other borrowings were also increased by \$550 thousand and \$112 thousand for the years ended December 31, 2005 and 2004, respectively. None of the adjustments resulting from the restatement had any impact on TransCommunity's net worth at any date or on its net income, net interest income, noninterest income or noninterest expense for any period.

Second, on November 29, 2006, the board of directors of TransCommunity directed management to close Main Street Mortgage, a mortgage brokerage company. Main Street Mortgage had operated as a wholly-owned subsidiary of the Bank of Powhatan, a wholly-owned subsidiary of TransCommunity, since 2001.

At December 31, 2006, TransCommunity had on a consolidated basis, total assets of \$198.4 million, total deposits of \$165.0 million, total loans of \$151.4 million and total stockholders' equity of \$30.6 million. In comparison at December 31, 2005 and 2004 TransCommunity reported total assets of \$190.6 million and \$150.3 million, total deposits of \$146.6 million and \$123.7 million, total loans of \$135.1 million and \$112.1 million and total stockholders' equity of \$30.4 million and \$14.9 million, respectively.

On February 7, 2007, TransCommunity announced the consolidation of the charters of TransCommunity's four bank subsidiaries into a single legal entity. The consolidation of the bank charters will provide significant financial advantages for TransCommunity's stockholders, as the costs associated with operating under multiple charters are reduced or eliminated.

During 2006, TransCommunity continued to experience changes in its management team and board of directors. During the first quarter of 2006, Messrs Agee, Crowder, Metts, Minter and J. Purcell submitted their resignations as directors of TransCommunity. Acting on the recommendation of TransCommunity's nominating and governance committee, the board of directors, appointed a total of six new directors during 2006, including Messrs. Bozard, Broomall, Claeys, Miller, D. Purcell and Zoeller. In the fourth quarter of 2006, and in January, 2007, Messrs Broomall, Claeys, Nuckols and D. Purcell submitted their resignations as directors of TransCommunity. Additionally, in January, 2007, TransCommunity's chief financial officer, Mr. Littreal, submitted his resignation as an officer of TransCommunity in order to take a similar position at a larger organization.

Discontinued operations

Pursuant to TransCommunity's evaluation of the criteria specified in SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, it concluded that its actions to close the operations of the following segments required disclosure in the consolidated financial statements as discontinued operations.

In 2006, management continued to implement cost control measures in its operating units. In November of 2006, the board of directors approved the closing of Main Street Mortgage. These measures enable TransCommunity to better align its operations with its community banking focus.

Main Street Mortgage was acquired by the Bank of Powhatan in 2001, had generated revenues of \$1.9 million and \$3.9 million in the years 2006 and 2005. Expenses during the same periods were \$2.7 million and \$4.0 million.

During 2005, Main Street Mortgage originated residential and commercial mortgage loans of \$162 million, generated gross revenues of \$3.9 million, and incurred net losses of \$84 thousand. In 2006, The operations of Main Street Mortgage resulted in a net loss from discontinued operations of \$802 thousand in 2006. Management completed the dissolution of Main Street Mortgage in the first quarter of 2007.

During 2004, TransCommunity established a financial services division to enable our subsidiary banks to offer trust banking, asset management and insurance and securities brokerage services to TransCommunity's customers. To support these activities, TransCommunity sought and received regulatory approval to exercise trust banking powers through each of its subsidiary banks.

During 2005, losses from financial service activities totaled \$339 thousand. As a result, during the fourth quarter of 2005, the TransCommunity board of directors voted to discontinue offering these services in-house and directed management to establish more cost-effective ways to deliver investment products. In the first quarter of

2006, TransCommunity's financial services operations were integrated into its community banking business segment. See Financial Services Segment.

(Loss) Gain from Discontinued Operations

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

Summary Financial Data for Discontinued Operations Main Street Mortgage

	Years Ended December 31,		
	2006	2005	2004
	(In thousand dollars)		
Operating Revenues	\$ 1,887	\$ 3,872	\$ 3,221
Salaries and employee benefits	\$ 1,723	\$ 3,091	\$ 2,544
Occupancy expenses	177	226	182
Equipment costs	107	116	97
Other operating expenses	682	523	388
Gain (loss) from discontinued operations	\$ (802)	\$ (84)	\$ 10

Summary Financial Data for Discontinued Operations Financial Services

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

Community Banking Segment

Net income for the community banking segment was \$2.4 million, an increase of \$703 thousand over 2005 net income of \$1.7 million. Net interest income grew by \$1.6 million, or 22.1%, as a result of increased loan volumes and higher

yields. Deposit interest expense benefited from relatively low interest rates as a \$17.1 million increase in average deposit balances resulted in only a \$1.6 million increase in interest expense on deposits. The provision for loan losses increased \$227 thousand largely as a result the growth in TransCommunity's loan portfolio of \$16.3 million. Noninterest income in the community banking segment increased by \$297 thousand to \$975 thousand during 2006. Noninterest expense in the community banking segment increased by \$265 thousand, or 4.5%, while assets grew by \$19.1 million, or 10.7%.

Mortgage Segment

Main Street Mortgage's total revenue in 2006 totaled \$1.9 million verses \$3.9 million in 2005, a 51.3% decrease. Losses amounted to \$802 thousand compared to \$84 thousand in 2005. Confronted with increasing losses, as well as the difficulty of turning around this non-core business, the board of directors on November 29, 2006

approved the closing of Main Street Mortgage. Main Street Mortgage had operated as a wholly-owned subsidiary of Bank of Powhatan, which is a wholly-owned subsidiary of TransCommunity, since 2001.

Financial Services Segment

Due to continued losses in this segment, the board of directors voted in the fourth quarter of 2005 to cease operations. The trust department at each of the banks was effectively discontinued at December 31, 2005 and management reorganized the remaining financial services during the quarter ending March 2006 and integrated the remaining Financial Services operations into the community banking segment. For the year ending 2005, TransCommunity realized a loss of \$339 thousand from this discontinued operation.

Financial Condition at December 31, 2006

During the year ended December 31, 2006, TransCommunity's assets increased by \$7.8 million, or 4.1%, to 198.4 million. Of this increase in total assets, \$8.8 million represented growth in interest-earning assets, while non-interest bearing assets declined by \$1.0 million. Continued strong loan demand throughout the year resulted in an increase of \$16.3 million, or 12.1%, in total loans outstanding.

During 2006, investment securities increased by \$3.8 million to \$35.0 million.

Loan growth in 2006 was concentrated in the commercial and industrial and real estate lending portfolios. TransCommunity's total loan growth of \$16.3 million in 2006 was the result of an \$11.1 million or 54.8% increase in commercial and industrial loans from \$20.2 million to \$31.3 million, and a \$4.3 million or 4.0% increase from \$106.6 million to \$110.9 million in real estate loans.

Customer deposits continue to be TransCommunity's primary funding source. TransCommunity's deposits are primarily generated through its community banks. At December 31, 2006, deposits totaled \$165.0 million, an increase of \$18.4 million or 12.5% from year-end 2005. Time deposits increased \$23.5 million. This increase of \$23.5 million was offset by a reduction of \$8.3 million in interest bearing demand deposits and \$12.5 million in securitized borrowings during 2006.

TransCommunity's capital position remains strong, with all of its regulatory capital ratios at levels that categorize TransCommunity as well capitalized under bank regulatory capital guidelines. At December 31, 2006, TransCommunity's stockholder equity totaled \$30.6 million, an increase of \$200 thousand from the December 31, 2005 balance. This increase in stockholder equity is primarily the result of TransCommunity achieving a net profit for 2006.

Net Interest Income

Like most financial institutions, the primary component of TransCommunity's earnings is net interest income. Net interest income is the difference between interest income, principally from loans and investments, and interest expense, principally on customer deposits and borrowings. Changes in net interest income result from changes in volume and changes in interest rates earned and paid. By volume, TransCommunity means the average dollar level of interest-earning assets and interest-bearing liabilities. Spread refers to the difference between the average yield on interest-earning assets and the average cost of interest-bearing liabilities, and margin refers to net interest income divided by average interest-earning assets. Spread and margin are influenced by the levels and relative mix of interest-earning assets and interest-bearing liabilities, as well as by levels of noninterest-bearing liabilities. During the years ended December 31, 2006 and 2005, TransCommunity's average interest-earning assets were \$181.1 million, and \$158.5 million, respectively. During these same years, TransCommunity's net interest margins were 5.14% and 4.68%,

respectively.

Average Balances and Average Rates Earned and Paid. The table contained in Schedule I on page sets forth, for the years 2006, 2005 and 2004, information with regard to average balances of assets and liabilities, as well as the total dollar amounts of interest income from interest-earning assets and interest expense on interest-bearing liabilities, resultant yields or costs, net interest income, net interest spread, net interest margin and ratio of average interest-earning assets to average interest-bearing liabilities. Average loans include nonaccruing loans, the effect of which is to lower the average yield.

Results of Operations

Net Income. TransCommunity's net income for 2006 was \$117 thousand, an improvement of \$1.9 million and \$2.7 million from net losses of \$1.8 million and \$2.6 million in 2005 and 2004, respectively. Net income per share, both basic and diluted, was \$0.03 for the year ended December 31, 2006, reflecting per share increases of \$0.56 and \$1.25 when compared to per share losses of \$0.53 and \$1.22 per share for the years ended December 31, 2005 and 2004, respectively. Total assets averaged \$192.1 million during 2006 as compared to \$170.3 million in 2005, an increase of \$21.8 million or 12.8%. Total average assets increased \$67.4 million or 54.1% when comparing 2006 to 2004.

During 2006, the prime rate increased 100 basis points, and TransCommunity benefited from its asset sensitive balance sheet position. While it is management's goal to remain relatively interest rate neutral, TransCommunity is currently asset sensitive and does benefit from a rising interest rate environment. As a result of TransCommunity's continued growth in interest-earning assets during 2006, combined with slower growth in funding costs and rising interest rates, its net interest income increased \$1.9 million, or 25.3% from the year ended December 31, 2005 to the year ended December 31, 2006.

During 2005, TransCommunity continued to experience strong growth at each of its subsidiary banks and TransCommunity was able to raise sufficient capital to support its growth strategy. Total assets averaged \$170.3 million during 2005 as compared to \$124.6 million in 2004, an increase of \$45.7 million or 36.7%. During 2005, the prime rate increased 200 basis points. As a result of TransCommunity's growth in interest-earning assets during 2005, combined with low funding costs and rising interest rates, TransCommunity's net interest income increased \$2.5 million, or 52.1% during that year. The growth in TransCommunity's non-interest expense during 2005 included some non-recurring restructuring related costs, which totaled \$302 thousand or \$0.09 per share.

In absolute terms, TransCommunity's net interest income after the provision for loan losses increased by \$1.7 million or 23.1%, when comparing 2006 to 2005, while its non-interest income grew by \$220 thousand and its non-interest expense decreased by \$401 thousand. When comparing 2005 to 2004, TransCommunity's net interest income after the provision for loan losses increased by \$2.8 million, while its non-interest income grew by \$29 thousand from continuing operations. However, this income growth was largely offset by the increase in non-interest expenses from continuing operations of \$1.9 million arising from increased salaries and benefits. Additional details on these components of net income are described below.

Net Interest Income. TransCommunity's net interest income increased to \$9.3 million for the year ended December 31, 2006, an increase of \$1.9 million, or 25.3%, over net interest income for 2005. TransCommunity's growth in interest income was the result of growth in its level of average earning assets as well as continued strong loan demand. Average total interest-earning assets increased \$22.6 million or 14.3%, during 2006 as compared to 2005, while TransCommunity's average yield increased by 101 basis points from 6.88% during 2005 to 7.89% during 2006. The interest rates earned on a significant portion of TransCommunity's loans adjust immediately when index rates such as TransCommunity's prime rate changes. Conversely, most of TransCommunity's interest-bearing liabilities, including certificates of deposit and borrowings, have rates fixed until maturity. As a result, interest rate increases generally result in an immediate increase in TransCommunity's interest income on loans. There is a delayed impact on interest expense because 64.4% of TransCommunity's average interest-bearing deposits were classified as time deposits, which only experience increases in interest costs upon renewal.

TransCommunity's average total interest-bearing liabilities increased by \$11.4 million, or 8.9%, from 2005 to 2006. With rates consistently increasing during 2006, TransCommunity's average cost of interest-bearing liabilities increased by 84 basis points from 2.73% during 2005 to 3.57% during 2006, allowing TransCommunity's interest rate spread to increase by 17 basis points.

TransCommunity's average total interest-bearing liabilities increased by \$35.1 million, or 37.7%, from 2004 to 2005. With rates consistently increasing during 2005, TransCommunity's average cost of interest-bearing liabilities increased by 59 basis points from 2.14% during 2004 to 2.73% during 2005, allowing TransCommunity's interest rate spread to increase 33 basis points.

During 2005, TransCommunity's net interest income increased by \$2.5 million, or 52.1%, to \$7.4 million, when compared to 2004. TransCommunity's growth in interest income for 2005 was the result of growth in its level of average earning assets as well as continued strong loan demand. Average total interest-earning assets increased \$43.2 million or 37.5%, during 2005 as compared to 2004, while TransCommunity's average yield increased by 92 basis points from 5.96% during 2004 to 6.88% in 2005. For 2005, 58.9% of TransCommunity's average interest-bearing deposits were classified as time deposits.

TransCommunity's investment income and interest expense for 2005 was impacted by the July 2005 stock offering in which TransCommunity completed the sale of 2.3 million shares of its common stock. A portion of the net proceeds from that offering was used to repay the outstanding principal balance of \$1.45 million and accrued interest on TransCommunity's operating line of credit. TransCommunity used \$3.3 million of the proceeds from that offering to strengthen the capital position of two of its subsidiary banks, which improved their respective lending limits.

For the year ended December 31, 2006, TransCommunity's net interest spread was 4.32% and its net interest margin was 5.14%. For the year ended December 31, 2005, TransCommunity's net interest spread was 4.15% and its net interest margin was 4.68%. For the year ended December 31, 2004, TransCommunity's net interest spread was 3.82% and its net interest margin was 4.23%.

Provision for Loan Losses. TransCommunity recorded a \$493 thousand provision for loan losses for the year ended December 31, 2006, representing an increase of \$227 thousand from the \$266 thousand provision expense for 2005, but less than the \$549 thousand recorded in 2004. The level of the loan loss provision for these years is consistent with loan growth and net charge-offs that TransCommunity experienced.

Provisions for loan losses are charged to income to bring TransCommunity's allowance for loan losses at period end to a level deemed appropriate by management based on the factors discussed under **Asset Quality Allowance for Loan Losses**. While the dollar amount of the provision for loan losses increased on a year-over-year basis, the ratio of the allowance for loan losses to period-ending total loans only increased 17 basis points from 1.19% to 1.36%. Nonperforming loans totaled \$961 thousand or 0.6% of total loans at December 31, 2006. Nonperforming loans totaled \$165 thousand or 0.12% of total loans at December 31, 2005. TransCommunity reported no nonperforming loans at December 31, 2004.

The allowance for loan losses at December 31, 2006 of \$2.1 million represents 1.36% of total loans and 214.9% of nonperforming loans. The allowance for loan losses at December 31, 2005 of \$1.6 million equaled 1.19% of total loans outstanding at that date.

Non-Interest Income. For the year ended December 31, 2006, non-interest income from continuing operations increased \$220 thousand, or 27.7%, to \$1.0 million from \$800 thousand for the prior year. The increase in non-interest income resulted primarily from an increase in service charges and fees on deposit accounts.

For the year ended December 31, 2005, non-interest income from continuing operations increased slightly over the amount for 2004. Service charges and fees on deposit accounts increased by 3.8%, to \$791 thousand during 2005.

Non-Interest Expense. TransCommunity strives to maintain non-interest expenses at levels that TransCommunity believes are appropriate given the nature of its operations and the need to invest in personnel and facilities to support its growth. TransCommunity's ratio of non-interest expenses from continuing operations to average total assets during 2006 declined to 4.65% as compared to 5.48% during 2005. TransCommunity was better able to control non-interest expense during the year despite its continued growth. For the year ended December 31, 2006, non-interest expense decreased \$401 thousand, or 4.3%, over 2005. Salary and employee benefits expense decreased \$407 thousand, or 8.0%, including (1) the non-recurring restructuring charges in 2005 and 2006, (2) pre-opening expenses at the Bank of

Rockbridge, (3) merit adjustments to salaries and (4) increased benefit costs. Net occupancy expense increased \$75 thousand, or 12.2%, reflecting the expenses associated with TransCommunity's normal operations.

The following table summarizes the changes in TransCommunity's non-interest expenses over the past two years.

	2006 vs 2005		
	2006	2005	%
(Dollars in thousands)			
Compensation & Employee Benefits	\$ 4,711	\$ 5,118	(8.00)%
Net occupancy expense	689	614	12.20%
Supplies and equipment	797	927	(14.00)%
Marketing and advertising	130	288	(54.90)%
Data processing	728	362	101.10%
Professional Fees	784	918	(14.60)%
Telecommunications	106	156	(32.10)%
Other	988	951	3.90%
Total Non-Interest Expenses	\$ 8,933	\$ 9,334	(4.30)%

For the year ended December 31, 2005, TransCommunity's non-interest expense increased \$1.9 million, or 26.1%, over 2004. Salary and employee benefits expense increased \$1.1 million, or 28.1%, including (1) the non-recurring restructuring charges in the fourth quarter of 2005, (2) personnel costs at the proposed Bank of Rockbridge, (3) merit adjustments to salaries and (4) increased benefit costs. Net occupancy expense increased \$112 thousand during 2005, or 22.3%, reflecting the expenses associated with TransCommunity's normal operations and the Bank of Rockbridge building lease agreement.

Income Taxes. At December 31, 2006, TransCommunity had total net operating loss, or NOL, carryforwards of \$7.5 million, which begin to expire in 2021. For 2006, the Company utilized \$1 million of the NOL carryforward to offset taxable income. Under the Alternative Minimum Tax, or AMT, system, the utilization of an AMT NOL carryover is limited to 90% of the AMT taxable income. This limitation resulted in an AMT tax liability of \$15 thousand, which has been recorded in this year's statement of operations. This AMT is available as a credit to reduce regular tax liability in future years. The AMT credit carryover is included in deferred tax assets, subject to the valuation allowance discussed below. Under Section 382 of the Internal Revenue Code, if a corporation undergoes an ownership change (generally defined as a greater than 50% change in its equity ownership over a three-year period), the corporation's ability to use its pre-ownership change net operating loss carryforwards and certain other pre-ownership change tax attributes against its post-ownership change income may be limited. The stock offerings consummated in July 2005, and in 2002 were ownership changes which triggered Section 382 and limits the annual utilization of pre-ownership change net operating losses in post-ownership change years. To the extent the NOL limitation amount in any taxable year exceeds TransCommunity's taxable income in that year, the excess can be carried over effectively to increase the limitation in the next succeeding year or years. Given that none of TransCommunity's NOLs begin to expire until 2021, TransCommunity believes it will be able to fully utilize its NOLs prior to their respective expiration dates. Management will continue to monitor TransCommunity's trend toward profitable operations and when sufficient evidence of future taxable income becomes available, it will reduce the valuation allowance and recognize the related tax benefit in the statement of operations. See Note 12 of the notes to TransCommunity's consolidated financial statements elsewhere in this annual report for information concerning TransCommunity's NOLs.

At December 31, 2006, and December 31, 2005, TransCommunity had NOL carryforwards of \$7.5 million and \$8.5 million, respectively. No provision for income tax benefits associated with these NOLs has been recorded in the

statement of operations since there is insufficient evidence to conclude that TransCommunity would produce taxable income in the future. Accordingly, the deferred tax asset related to the tax loss carryforwards and other deferred tax assets have been fully reduced by a valuation allowance.

Investment Portfolio

TransCommunity currently manages its investment securities portfolio consistent with established policies that include guidelines for Investment quality, rate sensitivity, liquidity and pledging needs on a bank by bank basis. This

investment function will be centralized under the proposed centralization of operations and charter collapsing process. The aggregate investment portfolio approximates 115% of TransCommunity's consolidated stockholders' equity.

TransCommunity accounts for securities under FASB Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities. This standard requires classification of investments into three categories, held to maturity, or HTM, available for sale, or AFS, or trading, as further defined in Note 1 to TransCommunity's Consolidated Financial Statements for the year ended December 31, 2006. TransCommunity does not maintain a trading account and has classified no securities in this category. HTM securities are required to be carried on the financial statements at amortized cost. AFS securities are carried on the financial statements at fair value. The unrealized gains or losses, net of deferred income taxes, are reflected in stockholders' equity. The HTM classification places restrictions on TransCommunity's ability to sell securities or to transfer securities into the AFS classification. At December 31, 2006, 61.2% of the portfolio was classified as HTM.

TransCommunity holds in its loan and securities portfolios, investments that adjust or float according to changes in prime lending rate. These holdings are not considered speculative but instead necessary for good asset/liability management.

The carrying value of the securities portfolio was \$35.0 million at December 31, 2006, an increase of \$3.8 million or 11.9% from the carrying value of \$31.2 million at December 31, 2005. The market value of the AFS securities at December 31, 2006 was \$13.6 million. The unrealized loss on the AFS securities was \$40,000 at December 31, 2006. The reduction in the net market value loss at December 31, 2006 is reflective of the continued rise in market interest rates.

Since TransCommunity Bank anticipates much of the balance sheet growth to be experienced during 2007, if any, to be in the form of net portfolio loans, specific strategies will be executed during the early part of 2007 to maintain the investment portfolio at an amount comparable to the December 31, 2006 balances.

**Investment Securities Portfolio
(Years Ended December 31)**

The amortized cost basis of securities held to maturity and available for sale at the dates indicated were as follows:

	2006	2005
	(Dollars in thousands)	
Held to maturity	\$ 21,420	\$ 25,882
Available for sale	13,637	5,430
	\$ 35,057	\$ 31,312

**Maturity Distribution and Yields of Investment Securities
Taxable-Equivalent Basis
(At December 31, 2006)**

Due in 1 Year or Less	Due after 1 Year Through 5 Years	Due after 5 Years	Total
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	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(Dollars in thousands)							
Held to maturity	\$ 15,020	5.10%	\$ 5,400	3.89%	\$ 1,000	5.15%	\$ 21,420	4.79%
Available for sale	10,330	5.07%	3,307	4.55%			13,637	4.94%
Total	\$ 25,350	5.09%	\$ 8,707	4.14%	\$ 1,000	5.15%	\$ 35,057	4.85%

Loans

Total loans increased \$16.5 million during the year ended December 31, 2006 to \$151.4 million as a result of continued growth of TransCommunity's subsidiary banks.

Loans by type are shown in the following schedule:

	2006	At December 31,			2002
		2005	2004	2003	
		(Dollars in thousands)			
Real estate					
Construction	21,348	16,041	17,472	17,396	7,093
Residential	29,007	25,147	21,722	15,904	11,190
Commercial	60,571	65,470	48,701	16,224	9,026
Commercial, Industrial and Agricultural	31,284	20,205	17,425	9,926	5,026
Consumer & Installment	8,725	7,436	6,616	6,180	4,416
All other	464	631	198	490	366
Loans before allowance for Loan losses	151,399	134,930	112,134	66,120	37,117
Less: Allowance for loan losses	2,065	1,602	1,401	870	527
Net Loans	149,334	133,328	110,733	65,250	36,590

Loan categories that are particularly sensitive to rate changes as of December 31, 2006 are shown in the following schedule:

	Variable Interest Rate:			Fixed Interest Rate:			Total	Total Maturities
	Within 1	1 to 5	After 5	Within 1	1 to 5	After 5		
	Year	Years	Years	Year	Years	Years		
Commercial, industrial and agricultural	\$ 16,493	\$ 3,478	\$ 19,971	\$ 1,486	\$ 9,266	\$ 561	\$ 11,313	\$ 31,284
Real estate - construction	18,656	942	19,598	875	875		1,750	21,348
Total	\$ 35,149	\$ 4,420	\$ 39,569	\$ 2,361	\$ 10,141	\$ 561	\$ 13,063	\$ 52,632

Concentration of Credit Risk

TransCommunity has a concentration of loans to borrowers secured by commercial real estate. At December 31, 2006, loans to these borrowers amounted to \$60.6 million, or 40.0% of TransCommunity's consolidated loan portfolio. This compares with \$65.5 million and \$48.7 million and 48.5% and 43.4% for the years 2005 and 2004, respectively.

Asset Quality Allowance for Loan Losses

The allowance for loan losses represents management's estimate of the amount deemed adequate to provide for potential losses in the loan portfolio. Among other factors, management considers TransCommunity'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 and anticipated economic conditions. There are additional risks of future loan losses, which cannot be precisely quantified nor attributed to particular loans or classes of loans. Because 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 size of the allowance in comparison to peer companies identified by regulatory agencies.

Management maintains a list of loans which have a potential weakness that may need special attention. This list is used to monitor such loans and is used in the determination of the sufficiency of TransCommunity's allowance for loan losses. As of December 31, 2006, the allowance for loan losses was \$2.1 million, or 1.36% of total loans, as compared to \$1.6 million and \$1.4 million, or 1.19%, and \$1.25% in 2005 and 2004, respectively.

	2006	At December 31,			2002
		2005	2004	2003	
		(Dollars in thousands)			
Allowance for loan losses, January 1	\$ 1,602	\$ 1,401	\$ 870	\$ 527	\$ 233
Provision charged to expense	493	266	549	348	294
Loans charged off	(30)	(65)	(18)	(5)	
Recoveries					
Allowance for loan losses, December 31	\$ 2,065	\$ 1,602	\$ 1,401	\$ 870	\$ 527
Allowance for loan losses to total loans	1.36%	1.19%	1.25%	1.32%	1.42%

Nonperforming Assets

At December 31, 2006, TransCommunity had \$961 thousand in nonperforming loans. At December 31, 2005 and 2004, TransCommunity had \$165 thousand and \$0, respectively, of loans classified as nonperforming. Loans are placed on nonaccrual status when, in the opinion of management, the collection of principal and interest are considered to be doubtful. No interest is accrued on loans placed in a nonaccrual status, and any unpaid interest previously accrued on such loans is reversed when a loan is placed in nonaccrual status.

The following table contains nonperforming asset information as of the dates indicated.

	2006	At December 31,			2002
		2005	2004	2003	
		(Dollars in thousands)			
Loans past due 90 days and accruing interest	\$ 41	\$ 140	\$	\$	\$
Nonaccrual loans	920	25			
Restructured loans					
Total nonperforming loans	961	165			
Other real estate owned					
Total nonperforming assets	\$ 961	\$ 165	\$	\$	\$
Allowance for loan losses to nonperforming loans	214.86%	970.91%	0.00%	0.00%	0.00%
Allowance for loan losses to total loans	1.36%	1.19%	1.25%	1.32%	1.42%

Allocation of the Allowance for Loan Losses

The allowance for loan losses consists of an allocated component and an unallocated component. The allocated component of the allowance for loan losses reflects expected losses resulting from analyses developed through specific allocations for individual loans. The unallocated portion of the allowance reflects management's estimate of probable inherent but not specifically identified losses within the portfolio.

The following table shows the allocation of the allowance for loan losses at December 31:

	2006		2005		2004	
	Allowance	Percent of Total Loans	Allowance	Percent of Total Loans	Allowance	Percent of Total Loans
	(Dollars in thousands)					
Real estate:						
Construction	\$ 289	14%	\$ 192	12%	\$ 228	16%
Residential	392	19%	304	19%	270	19%
Commercial	826	40%	769	48%	611	43%
Commercial, industrial and agricultural	413	20%	240	15%	228	16%
Consumer and installment	124	6%	80	5%	50	5%
All other	21	1%	17	1%	14	1%
Total allowance for loan losses	\$ 2,065	100%	\$ 1,602	100%	\$ 1,401	100%

Premises and Equipment

Premises and equipment decreased to \$6.7 million at December 31, 2006 from \$6.8 million at December 31, 2005, but was up from \$6.1 million at December 31, 2004. This decrease for 2006 was primarily attributable to the depreciation of assets.

Deposits

TransCommunity's deposits increased \$18.4 million, or 12.5% during 2006. A schedule of time deposits by scheduled maturity is shown in TransCommunity's consolidated balance sheets. Time deposits of \$100,000 or more equaled 45.0% of total time deposits at December 31, 2006.

	Average Deposits to Average Rates Paid			
	December 31, 2006		December 31, 2005	
	Average Balance	Average Rate	Average Balance	Average Rate
	(Dollars in thousands)			
Deposits:				
Demand Interest bearing	\$ 37,068	1.69%	\$ 38,805	1.13%
Savings	9,778	1.55	9,267	1.20
Time deposits	84,750	4.36	68,876	3.39
Total interest-bearing deposits	131,596	3.40%	116,948	2.47%

The following table presents the maturity schedule of certificates of deposit of \$100,000 or more at the dates indicated:

	2006	December 31 2005	2004
	(Dollars in thousands)		
Within 3 months	\$ 8,008	\$ 4,657	\$ 5,171
3-12 months	13,700	8,024	2,589
1-3 years	15,649	5,394	9,379
Over 3 years	6,357	10,098	9,009
Total	\$ 43,714	\$ 28,173	\$ 26,148
Percent of total deposits	26.50%	19.22%	21.14%

Capital

On July 22, 2005, TransCommunity completed the sale of 2.3 million shares of its common stock at \$8.00 per share in a registered public offering to a limited number of institutional investors. The minimum share purchase in the offering was 25,000 shares. The offering was made through a firm commitment underwriting in which Sandler O'Neill served as the sole manager. TransCommunity received net proceeds from the offering of approximately \$16.8 million after deducting underwriting discounts and expenses. A portion of the net proceeds from the offering was used to repay the outstanding principal balance of \$1.45 million and accrued interest on TransCommunity's line of credit.

TransCommunity utilized \$8.0 million, to provide the initial capital for Bank of Rockbridge, a new bank TransCommunity established in Rockbridge County, Virginia. Additionally, TransCommunity used \$3.3 million of the proceeds from that offering to strengthen the capital position of two of its subsidiary banks. The remaining proceeds were used to accommodate future growth and for general corporate purposes, which included, among other things, operating expenses of the holding company headquarters.

The Federal Reserve, the Comptroller of the Currency, the FDIC and the Bureau of Financial Institutions of the Virginia State Corporation Commission have adopted risk-based capital measures for regulatory purposes to assist in the assessment of capital adequacy. Management seeks to balance the return on equity to stockholders while satisfying the regulatory standards for risk-based capital ratios. Management believes, as of December 31, 2006, that TransCommunity and each of its subsidiary banks met all of the minimum regulatory capital requirements and are categorized as well capitalized. At December 31, 2006, TransCommunity had a leverage ratio of 15.86%, a Tier 1 risk-based capital ratio of 17.16% and a total risk-based capital ratio of 18.32%. The book value of TransCommunity common stock at December 31, 2006 was \$6.67 per share.

	At December 31,		
	2006	2005	2004
	(Dollars in thousands)		
Tier 1 Capital:			
Common stock	\$ 46	\$ 46	\$ 22
Surplus	39,809	39,778	22,567
Accumulated deficit	(9,262)	(9,379)	(7,607)
Net unrealized losses-securities available for sale	(40)	(75)	(44)
Total equity	30,553	30,370	14,938
Less: intangibles/goodwill	136	491	551
Less: net unrealized losses-securities available for sale	(40)	(75)	(44)
Total Tier 1 Capital	30,457	29,954	14,431
Tier 2 Capital:			
Allowance for loan losses(1)	2,065	1,602	1,422
Total Tier 2 Capital	2,065	1,602	1,422
Total risk-based capital	\$ 32,522	\$ 31,556	\$ 15,853
Risk-weighted assets	\$ 177,512	\$ 158,379	\$ 104,974
Capital ratios:			
Average equity to average assets	15.79%	13.28%	10.67%

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Leverage ratio	15.86%	17.59%	11.58%
Tier 1 risk-based capital ratio	17.16%	18.91%	13.75%
Total risk-based capital ratio	18.32%	19.92%	15.10%

(1) includes allowance for loan losses associated with discontinued operations for 2005 and 2004.

Liquidity and Interest Sensitivity

Liquidity measures whether an entity has sufficient cash flow to meet its financial obligation and commitments on a timely basis. TransCommunity is liquid when it has the cash available to meet borrowing and cash withdrawal requirements of customers and it can pay for current and planned expenditures and satisfy its debt obligations.

TransCommunity funds loan demand and operation expenses from four primary sources:

Net Income.

Deposits. TransCommunity can offer new products or change its rate structure in order to increase deposits. In 2006 TransCommunity generated \$18.4 million in deposit growth.

Sale of securities and overnight funds. At year-end 2006 TransCommunity had \$13.6 million in securities designated available for sale.

Borrowings from the Federal Reserve Bank of Richmond.

TransCommunity's management believes that its current level of liquidity is sufficient to meet its current and anticipated operational needs including current loan commitments, deposit maturities and other obligations.

Off-Balance Sheet Arrangements

The following table sets forth contractual obligations and other commitments representing required and potential cash outflows as of December 31, 2006:

	Total	Less Than One Year	1-3 Years	3-5 Years	After Five Years
	(Dollars in thousands)				
Minimal annual rentals or noncancellable operating leases	2,748	478	900	693	677
Loan Commitments	53,289	24,992	13,668	3,332	11,297
	56,037	25,470	14,568	4,025	11,974

At December 31, 2006, TransCommunity had \$53.3 million of off-balance sheet credit exposure in the form of \$48.3 million of commitments and \$5.0 million of standby letters of credit. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon. Standby letters of credit are conditional commitments issued by TransCommunity 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 loan facilities to customers. TransCommunity generally holds collateral supporting those commitments if deemed necessary.

Interest Rate Risk

Closely related to the concept of liquidity is the concept of interest rate sensitivity (i.e., the extent to which assets and liabilities are sensitive to changes in interest rates). Interest rate sensitivity is often measured by the extent to which mismatches or gaps occur in the repricing of assets and liabilities within a given period. Gap analysis is utilized to quantify such mismatches. A positive gap results when the amount of earning assets repricing within a given time period exceeds the amount of interest-bearing liabilities repricing within that time period. A negative gap results when the amount of interest-bearing liabilities repricing within a given time period exceeds the amount of earning assets repricing within such time period.

TransCommunity's potential interest rate volatility is a primary component of its market risk. Fluctuations in interest rates will ultimately impact the level of income and expense recorded on a large portion of TransCommunity's assets and liabilities, and the market value of all interest-earning assets, other than those which possess a short term to maturity. Based upon TransCommunity's nature of operations, TransCommunity is not subject to foreign currency exchange. TransCommunity does not own any trading assets and does not have any hedging transactions in place, such as interest rate swaps and caps.

TransCommunity monitors and controls interest rate risk through a variety of techniques, including use of traditional interest rate sensitivity analysis (also known as gap analysis). Traditional gap analysis involves arranging TransCommunity's interest-earning assets and interest-bearing liabilities by repricing periods and then computing the difference (or interest rate sensitivity gap) between the assets and liabilities that are estimated to reprice during each time period and cumulatively through the end of each time period.

Both interest rate sensitivity modeling and gap analysis are done at a specific point in time and involve a variety of significant estimates and assumptions. Interest rate sensitivity modeling requires, among other things, estimates of how much and when yields and costs on individual categories of interest-earning assets and interest-bearing liabilities will respond to general changes in market rates, future cash flows and discount rates.

Gap analysis requires estimates as to when individual categories of interest-sensitive assets and liabilities will reprice, and assumes that assets and liabilities assigned to the same repricing period will reprice at the same time and in the same amount. Gap analysis does not account for the fact that repricing of assets and liabilities is discretionary and subject to competitive and other pressures.

The schedule on the following page does not necessarily indicate the impact of general interest rate movements on TransCommunity's net interest income because the repricing of certain categories of assets and liabilities, for example, prepayments of loans and withdrawal of deposits, is beyond TransCommunity's control. As a result, certain assets and liabilities indicated as repricing within a stated period may in fact reprice at different times and at different levels.

SCHEDULE I

TRANSCOMMUNITY FINANCIAL CORPORATION
INTEREST SENSITIVITY ANALYSIS

December 31, 2006

	1-365 Days	1 to 5 Years (Dollars in thousands)	Over 5 Years	Total
Uses of Funds:				
Loans:				
Real estate				
Construction	\$ 19,531	\$ 1,817	\$	\$ 21,348
Residential	18,423	8,450	2,134	29,007
Commercial	36,595	22,075	1,901	60,571
Commercial, industrial and agricultural	17,979	12,744	561	31,284
Consumer and installment	5,338	3,266	139	8,743
All other	263	201		464
 Total Loans (see Note 14)	 98,129	 48,553	 4,735	 151,417
Federal funds sold	\$ 1,422	\$	\$	\$ 1,422
Investment securities held to maturity, at cost	15,020	5,400	1,000	21,420
Investment securities available for sale, at fair value	10,317	3,280		13,597
 Total	 \$ 124,888	 \$ 57,232	 \$ 5,735	 \$ 187,855
 Sources of Funds:				
Demand Deposits Interest bearing	\$ 37,850	\$	\$	\$ 37,850
Savings accounts	9,478			9,478
Time Deposits > \$100,000	21,708	22,006		43,714
Time Deposits < \$100,000	26,694	26,780	7	53,481
 Total interest-bearing deposits	 95,730	 48,786	 7	 144,523
 Federal funds purchased	 1,517			 1,517
Note payable	500			500
 Total	 \$ 97,747	 \$ 48,786	 \$ 7	 \$ 146,540
 Discrete Gap	 \$ 27,141	 \$ 8,446	 \$ 5,728	 \$ 41,315
Cumulative Gap	\$ 27,141	\$ 35,587	\$ 41,315	
Ratio of Cumulative Gap to Total Earning Assets	14.45%	18.94%	21.99%	

SCHEDULE II

TRANSCOMMUNITY FINANCIAL CORPORATION
NET INTEREST MARGIN ANALYSIS AVERAGE BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

	2006			2005			2004		
Average Balance Sheet	Interest Income/Expense	Average Rates Earned/Paid	Average Balance Sheet	Interest Income/Expense	Average Rates Earned/Paid	Average Balance Sheet	Interest Income/Expense	Average Rates Earned/Paid	
(Dollars in thousands)									
ASSETS: (2)									
Loans, including fees(1)	\$ 140,049	\$ 12,344	8.81%	\$ 121,030	\$ 9,636	7.96%	\$ 89,925	\$ 6,345	7.06%
Federal funds sold	22,635	1,115	4.93	20,414	678	3.32	7,072	89	1.26
Investments	18,433	826	4.48	17,065	597	3.50	18,302	435	2.38
Total Earning Assets	181,117	14,285	7.89	158,509	10,911	6.88	115,299	6,869	5.96
Allowance for loan losses	(1,790)			(1,553)			(1,106)		
Non-earning assets	12,725			13,304			10,430		
Total Assets	\$ 192,052	\$		\$ 170,260	\$		\$ 124,623		
LIABILITIES AND STOCKHOLDERS EQUITY(2)									
Deposits:									
Demand Interest bearing	\$ 37,068	\$ 627	1.69%	\$ 38,805	\$ 440	1.13%	\$ 25,729	\$ 254	0.99%
Savings	9,778	152	1.55	9,267	111	1.20	7,575	77	1.02
Time deposits	84,750	3,696	4.36	68,876	2,337	3.39	54,243	1,452	2.68
Total deposits	131,596	4,475	3.40	116,948	2,888	2.47	87,547	1,783	2.04
Other borrowed Funds(1)	7,881	501	6.36	11,168	610	5.46	5,502	211	3.83
Total interest-bearing Liabilities	139,477	4,976	3.57	128,116	3,498	2.73	93,049	1,994	2.14
Non-interest bearing Deposits	21,212			18,751			15,081		
Other liabilities	1,038			784			3,198		
Total liabilities	161,727			147,651			111,328		
Stockholders equity	30,325			22,609			13,295		

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Total liabilities and stockholders equity	\$ 192,052	\$	\$ 170,260		\$ 124,623
Net interest earnings	9,309		\$ 7,413		\$ 4,875
Interest spread		4.32%		4.15%	3.82%
Net interest margin		5.14%		4.68%	4.23%

- (1) Average balances for certain loans and secured borrowings totaling approximately \$7.5 million, \$10.1 million and \$3.8 million for the years ended December 31, 2006, 2005 and 2004, respectively, were calculated using month-end balances. All other reported average balances were calculated using daily balances.
- (2) Average balances, interest income and interest expense include the results from discontinued operations. See Note 14 in the Consolidated Financial Statements.

SCHEDULE III

TRANSCOMMUNITY FINANCIAL CORPORATION
EFFECT OF RATE-VOLUME CHANGE ON NET INTEREST INCOME

	2006 Compared to 2005			2005 Compared to 2004		
	Increase (Decrease)			Increase (Decrease)		
	Volume	Rate	Total	Volume	Rate	Total
	(Dollars in thousands)					
Interest Income:						
Loans, including fees	\$ 1,514	\$ 1,194	\$ 2,708	\$ 2,195	\$ 1,096	\$ 3,291
Federal funds sold	74	363	437	168	421	589
Investments	48	181	229	(29)	191	162
Total Earning Assets	1,636	1,738	3,374	2,334	1,708	4,042
Interest Expense:						
Demand deposits	(20)	207	187	129	57	186
Savings deposits	6	35	41	17	17	34
Time deposits	539	820	1,359	392	493	885
Total deposits	525	1,062	1,587	538	567	1,105
Other borrowed Funds	(180)	71	(109)	217	182	399
Total interest-bearing Liabilities	345	1,133	1,478	755	749	1,504
Net increase (decrease) in net interest income	\$ 1,291	\$ 605	\$ 1,896	\$ 1,579	\$ 959	\$ 2,538

Note: Volume changes have been determined by multiplying the prior years' average rate by the change in average balances outstanding. The rate change is the difference between the total change and the volume change.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss in a financial instrument arising from adverse changes in market rates or prices such as interest rates, foreign currency exchange rates, commodity prices and equity prices. TransCommunity's primary market risk exposure is interest rate risk. The ongoing monitoring and management of this risk is an important component of TransCommunity's asset/liability management process. The board of directors of each bank delegates responsibility for carrying out asset/liability management policies to the Asset/Liability Committee, or ALCO, of TransCommunity Bank. In this capacity, ALCO develops guidelines and strategies that govern TransCommunity's asset/liability management related activities, based upon estimated market risk sensitivity, policy limits, and overall market interest rate levels and trends. Under the new consolidated entity, it is anticipated that this function will be consolidated into the single bank's operations and the board will establish the same type of ALCO committee to operate for the consolidated investment portfolio using the currently existing guidelines and procedures used by each separately chartered bank.

Interest rate risk represents the sensitivity of earnings to changes in market interest rates. As interest rates change, the interest income and expense streams associated with the TransCommunity's financial instruments also change, affecting net interest income, the primary component of the TransCommunity's earnings. The flat yield curve that currently exists, has existed now for several years and has forced the banks' ALCO committees to focus on maintaining a short maturity highly liquid portfolio with a high level of floating investments. This portfolio structure is also necessary to maintain the liquidity for a growing loan portfolio experienced by TransCommunity Bank. The chart below summarized the estimated impact on net interest income from interest rate changes as listed based on earning assets and interest bearing liabilities for the years ended 2006 and 2005.

Rate Change	2006 Estimated Net Interest Income Impact (Dollars in thousands)
+ 200 bp	\$ 834
+ 100 bp	419
- 100 bp	(415)
- 200 bp	(831)

Rate Change	2005 Estimated Net Interest Income Impact (Dollars in thousands)
+ 200 bp	\$ 603
+ 100 bp	299
- 100 bp	(308)
- 200 bp	(613)

As market conditions vary from those currently being experienced, the banks, and in the future the consolidated bank, will monitor and make appropriate adjustments to the investment portfolio to address these changes to include, but not be limited to, increasing the duration on the portfolio and converting a larger portion of TransCommunity's investment portfolio from floating to fixed rates.

Directors

Certain information regarding TransCommunity's directors is set forth below.

Name and Age	Director Since	Principal Occupation During Past Five Years
Bruce B. Nolte (61)	2005	Chief Executive Officer and President, TransCommunity since January 1, 2006; President, TransCommunity since May 1, 2001.
John W. Pretlow, Jr. (62)	2001	Owner, John W. Pretlow Insurance Agency, Inc., Richmond, Virginia, since 1975.
Christopher G. Miller (48)	2006	Chief Financial Officer, Star Scientific Inc. (tobacco company), Chester, Virginia since 2000; Chief Executive Officer, The Special Opportunities Group LLC (technology venture capital fund), since 1999.
Richard F. Bozard (60)	2006	Vice President and Treasurer, Owens & Minor, Inc. (medical and surgical supplies distributor), Mechanicsville, Virginia, since 1991; Senior Vice President and Treasurer of Owens & Minor Medical, Inc., a subsidiary of Owens & Minor, since 2004.
Stuart C. Siegel (65)	2002	Chairman, S&K Famous Brands, Inc., Richmond, Virginia, since 1977; Director, SunTrust Bank, Central Board, Richmond, Virginia.
John C. Watkins (60)	1998(1)	President, Watkins Nurseries, Inc., Midlothian, Virginia, since 1991; Member, Virginia State Senate; Chairman, Bank of Powhatan, N.A., Powhatan, Virginia
Robin Traywick Williams (57)	2002	Chairman, Virginia Racing Commission, Richmond, Virginia, from 1998 to 2003; Chief of Staff, Lieutenant Governor of Virginia, during 2001; Director, Bank of Goochland, N.A., Goochland, Virginia
Troy A. Peery, Jr. (61)	2002	Chairman of the Board of TransCommunity since January 1, 2006; President, Peery Enterprises (real estate development), Manakin-Sabot, Virginia, since October 1998.
Jack C. Zoeller (58)	2006	Visiting Research Professor, George Washington University, since 2005; President and Chief Executive Officer, AtlantiCare Risk Management Corp., Vienna, Virginia and Barbados, 1995 to 2005; President and Chief Executive Officer, North American Health & Life Insurance Co., since 1996.

(1) Includes term as a director of Bank of Powhatan, N.A. before TransCommunity became the holding company for Bank of Powhatan, N.A. in 2001.

There are no family relationships between any director or executive officer of TransCommunity. The board of directors is not aware of any involvement in legal proceedings that is material to an evaluation of the ability or integrity of any director.

Board Independence

The board of directors has determined that all members of the board of directors except for Mr. Nolte are independent as defined by the marketplace rules of the Nasdaq Stock Market. In reaching this conclusion, the board of directors considered that TransCommunity and its subsidiary bank may conduct business with companies of which certain members of the board of directors or members of their immediate families are or were directors or officers. The only such business conducted, however, consists of banking transactions in the ordinary course of its business, on substantially the same terms, including interest rates and collateral on loans, as those prevailing at the

same time for comparable transactions with others. These transactions do not involve more than the normal risk of collectibility or present other unfavorable features.

Executive Officers of TransCommunity Who Are Not TransCommunity Directors

Name (Age)	Principal Occupation During Past Five Years
M. Andrew McLean(53)	President and Chief Executive Officer, TransCommunity Bank, since June 29, 2007, President and Chief Executive Officer of Bank of Goochland, N.A., since October 15, 2001.
Patrick J. Tewell(43)	Chief Financial Officer since March 12, 2007; Senior Financial/IT Auditor of the Federal Reserve Bank, Richmond, Virginia, from 2004 to 2007; Vice President and Controller, Hanover Bank, from 2002 to 2004; and Vice President and Controller, Commerce Bank, from 2000 to 2002.

Executive Compensation For TransCommunity

Compensation Discussion and Analysis

Introduction. This discussion and analysis describes TransCommunity's approach to compensating key executives. The objective of TransCommunity's compensation program is to attract, retain and motivate qualified individuals. Historically, TransCommunity's approach has relied heavily on determinations made at the subsidiary bank board of directors level, with input from management. Prior to December 2006, the board of directors as a whole handled matters pertaining to executive and board of directors compensation. In December 2006, the board of directors delegated this responsibility to the compensation committee.

TransCommunity's named executive officers for 2006 were:

Bruce B. Nolte President and Chief Executive Officer;

William B. Littreal Former Chief Financial Officer;

Thomas Crowder Executive Vice President;

M. Andrew McLean President, Bank of Goochland

James F. Keller President, Bank of Powhatan

George D. Yancey President, Bank of Louisa

T. David Grist Former President, Bank of Rockbridge

The discussion below is intended to help you understand the information provided in the executive compensation tables and provide context for TransCommunity's overall compensation program.

TransCommunity's Approach. The year 2005 was a challenging one for TransCommunity. William C. Wiley, TransCommunity's former chairman and chief executive officer, left in December 2005. In January 2006,

TransCommunity entered into a Memorandum of Understanding with the Federal Reserve Bank of Richmond. This regulatory enforcement action required changes in TransCommunity's corporate governance practices, staffing levels, and financial controls. TransCommunity reported a significant net loss in 2005 and was unsuccessful in gaining regulatory approval to charter a fourth subsidiary bank. Bruce B. Nolte, TransCommunity's chief operating officer, was promoted to chief executive officer upon Mr. Wiley's departure, and William B. Littreal, TransCommunity's controller, was promoted to chief financial officer in February 2006.

As a result of these developments, it was apparent to the board of directors that 2006 would be a challenging year of transition. TransCommunity did not articulate a compensation program for 2006 for the holding company officers because Messrs. Nolte and Littreal were both new to their positions and because many other, more important issues confronted TransCommunity and absorbed the attention of the board of directors.

In December 2006, the compensation committee engaged Captrust Executive Benefits Group to advise it on amounts and methods of compensation for executive officers. Captrust assisted the committee in development of a peer group of 24 banking institutions against which to compare TransCommunity's overall executive compensation arrangements. None of the 2006 compensation was based on the peer group determined by Captrust; however, TransCommunity plans to use this information for future compensation decisions.

Executives of TransCommunity. For 2006, Mr. Nolte's annual salary was unchanged from 2005 at \$130,000. Mr. Nolte did not receive any bonus for 2005, and no bonus or other short term incentive plan was in effect for Mr. Nolte in 2006. Since TransCommunity achieved consolidated profitability for 2006, was released from the Memorandum of Understanding and successfully chartered the Bank of Rockbridge under Mr. Nolte's leadership, he was awarded a \$40,000 cash bonus.

In 2006, Mr. Littreal's salary was \$115,000 as provided in his December 28, 2005 employment contract. Also in accordance with his employment contract, Mr. Littreal was awarded an option to purchase 5,000 shares of TransCommunity common stock at a price of \$7.65 per share on January 4, 2006, the closing price for TransCommunity common stock on the date that Mr. Littreal's options were granted. He exercised the options prior to his resignation on January 26, 2007. No bonus or other short term incentive plan was in effect for Mr. Littreal in 2006. Because Mr. Littreal achieved all assigned goals and oversaw significant improvements in TransCommunity's financial reporting, it awarded Mr. Littreal a cash bonus of \$25,750 for 2006.

For Mr. Littreal's options, a grant date of January 4, 2006 was selected by the board of directors at its meeting on that date. The compensation committee does not have a plan, program or practice to coordinate the timing of option grants to TransCommunity's executives with the release of material non-public information.

Mr. Crowder served as TransCommunity's chief financial officer during January 2006. On January 4, 2006, Mr. Crowder resigned from his position as chief financial officer and was chosen to serve as executive vice president. In connection with the change in his responsibilities, his salary was changed from \$130,000 to \$115,000. Mr. Crowder did not have an employment agreement with TransCommunity. He was awarded a cash bonus of \$11,500 for 2006 based on his achievement of all assigned goals.

Bank Presidents. In April 2006, TransCommunity adopted a compensation plan developed by management for compensating the president of each subsidiary bank, as well as other employees of TransCommunity's bank subsidiaries. The plan established a uniform methodology for use by the compensation committee and all bank boards to evaluate and compensate bank presidents and other bank employees. The plan has two parts, base salary and cash bonus.

For 2006, base salary for the bank presidents was a function of bank asset size as follows:

Bank Asset Size	Base Salary Range
\$0 - \$35 million	\$ 100,000 - \$120,000
\$35 - \$65 million	\$ 120,000 - \$130,000
\$65 - \$100 million	\$ 130,000 - \$140,000
Over \$100 million	\$ 140,000 - \$150,000

For 2006, there were also different bonus plans for de-novo banks and mature banks that were profitable and had recovered their start-up losses. If a bank had not recovered its start-up losses and become profitable, its board of directors could award annual bonuses of up to \$25,000 if the bank satisfied the performance goals TransCommunity

set. In 2006, the only bank subsidiary that was not mature was Bank of Louisa. Bank of Goochland and Bank of Powhatan were each allowed a bonus pool based on such bank's return on average equity. A return on average equity of less than 8% results in no bonus pool, while a return of 8% up to 20% or more results in a pool equal to between 1% up to a maximum of 5.5% of earnings. Both banks met the return on average equity requirements and TransCommunity's established bonus pools. Bonus pool dollars were to be used by subsidiary bank boards to reward bank employees in addition to the bank president.

Any bank president salary or bonus in excess of the policy described above required board of directors approval. The boards of directors of their respective banks, in accordance with the policy, set the base salaries and

bonuses of Messrs. McLean, Keller and Yancey. Bank of Louisa sought and received authority to pay both salary and bonus in excess of the policy limits by an immaterial amount.

Mr. Grist served as the designated president for the Bank of Rockbridge, which opened in December 2006. Mr. Grist was paid a base salary of \$140,000 for 2006 pursuant to the terms of his employment. The board of directors also approved cash bonus compensation for Mr. Grist for 2006 of \$20,000. Of this bonus, \$15,000 was based on the letter agreement between TransCommunity and Mr. Grist and \$5,000 was awarded for the opening of the Bank of Rockbridge. On March 21, 2007, Mr. Grist resigned from his employment.

Changes in Methodology. The compensation committee has retained CapTrust Executive Benefits Group as an independent consultant to assist in developing policies for executive compensation. The committee has adopted the following compensation philosophy and strategy:

Total Compensation Philosophy

The goal of TransCommunity's comprehensive compensation program is to compensate fairly its executives in a manner consistent with its identified industry peers and to reward them for achieving TransCommunity's operational and financial goals that will provide returns to TransCommunity's our stockholders.

TransCommunity's compensation program will support management's goal of hiring, retaining and rewarding superior executives who are critical to corporate success.

All of TransCommunity's compensation components will be coordinated, competitive, and where appropriate, performance-based. Those components now include base compensation and short-term variable incentives. TransCommunity believes that in the future, equity-based compensation should play an important role in providing long term incentive to its executives.

Total Compensation Strategy

TransCommunity's executive compensation programs will be benchmarked to an industry-specific peer group and, where appropriate, to standardized financial services survey data. Compensation comparability will be determined using, among other criteria, asset size, earnings, location, structure, number of employees, market capitalization and service offerings.

Generally, the compensation committee aims to have base compensation, and targeted short-term variable compensation at the 50th percentile of TransCommunity's peer group. However, because TransCommunity seeks to attract and retain experienced, senior professionals (most of whom would come from national or regional banks) at key positions, total current compensation of some executives may exceed that target.

Incentive compensation will become a larger percentage of an executive's total compensation when he or she assumes significant responsibilities and has the ability to have a significant impact on the financial and/or operational success of the Corporation.

Equity-based compensation generally is to be preferred as a long-term incentive so that executives reap the rewards and share the risks of other stockholders in the success of the Corporation.

The compensation committee of the board of directors is charged with designing and administering the executive compensation program.

The compensation committee is in the process of developing a written program that will address the types, amounts and reasons for elements of compensation, including salary, bonus and long term incentives.

Conclusion. TransCommunity anticipates that during 2007 the compensation committee will continue to refine its processes and will develop a more comprehensive total compensation plan for senior management.

Compensation Committee Report

The compensation committee of the board of directors reviews and establishes the salary and other compensation of TransCommunity's executive officers, including the named executive officers. The committee consists entirely of independent directors who are not officers or employees of TransCommunity.

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis with management of TransCommunity. Based on that review and discussion, the committee has recommended to the board of directors that it be included in TransCommunity's Annual Report on Form 10-K for the year ended December 31, 2006 and this joint proxy statement/prospectus.

Compensation Committee
John C. Watkins, Chairman
Richard F. Bozard
Troy A. Peery, Jr.
Stuart C. Siegel
Jack C. Zoeller

Annual Compensation of Executive Officers

In the tables and discussion below, TransCommunity summarizes the compensation earned during the last fiscal year by its executives, collectively referred to as the named executive officers. There were no stock awards, non-equity incentive plan compensation or nonqualified deferred compensation earnings during 2006.

Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Bruce B. Nolte President and Chief Executive Officer	2006	130,000	40,000		29,197(1)	199,197
William B. Littreal(2) Former Chief Financial Officer	2006	115,000	25,750	13,517	16,017(3)	170,284
Thomas Crowder(4) Executive Vice President	2006	115,000	11,500		24,402(5)	150,902
T. David Grist Former President, Bank of Rockbridge	2006	140,000	20,000		26,310(6)	186,310
James F. Keller(7) President, Bank of Powhatan	2006	140,000	12,000		26,160(8)	178,160
M. Andrew McLean President, Bank of Goochland	2006	132,000	40,000		27,440(9)	199,140
George D. Yancey President, Bank of Louisa	2006	135,000	20,000		26,634(10)	181,634

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- (1) Consists of \$11,700 in 401(k) contributions, \$7,187 in long-term care premiums, \$5,760 of employer paid healthcare and a \$4,550 car allowance.
- (2) Mr. Littreal resigned as TransCommunity's Chief Financial Officer in January 2007.
- (3) Consists of \$10,257 in 401(k) contributions and \$5,760 of employer paid healthcare.
- (4) Mr. Crowder served as the Chief Financial Officer of TransCommunity during January 2006.
- (5) Consists of \$10,463 in 401(k) contributions and \$13,939 of employer paid healthcare.
- (6) Consists of \$13,950 in 401(k) contributions and \$5,760 of employer paid healthcare and a \$6,600 car allowance.

- (7) Mr. Keller resigned as president of Bank of Powhatan on August 8, 2007.
- (8) Consists of \$12,600 in 401(k) contributions, \$5,760 of employer paid healthcare and a \$7,800 car allowance.
- (9) Consists of \$13,880 in 401(k) contributions, \$5,760 of employer paid healthcare and a \$7,800 car allowance.
- (10) Consists of \$13,950 in 401(k) contributions, \$5,760 of employer paid healthcare, a \$6,000 car allowance and \$924 of employer paid club dues.

Employment Agreements. TransCommunity had an employment agreement with George D. Yancey, and his agreement expired on April 18, 2007. The board of directors has determined not to renew this agreement. During 2006, TransCommunity also had employment agreements with William B. Littreal and James F. Keller. Information on these agreements is described below.

Mr. Littreal served as our chief financial officer under an employment agreement dated as of December 28, 2005 until January 26, 2007. The employment agreement provides for a one-time retention bonus of \$10,000, a base salary of \$115,000 and an option award to purchase 5,000 shares of our common stock at a price of \$7.65 per share.

Mr. Littreal received no severance pay in connection with his resignation.

The terms of the agreements of Mr. Keller, whose agreement expired on July 7, 2006, and Mr. Yancey are generally the same. Each agreement provided for the individual to serve as president and chief executive officer of his respective bank, with responsibility for performing such services and duties as each respective bank's chairman or board of directors may designate. Mr. Keller's agreement with the Bank of Powhatan commenced July 8, 2003, and provided for an annual base salary of \$120,000. Mr. Yancey's agreement with the Bank of Louisa commenced April 19, 2004, and provided for a base salary of \$110,000. The base salary provided for in each agreement is subject to increase in the discretion of each respective board of directors, and each agreement included an automobile allowance and health and disability insurance coverage. Each agreement was for an initial period of three years, with a two-year renewal at the option of the bank.

Mr. Yancey's agreement provided for his services at the pleasure of the Bank of Louisa board of directors. If, during the term of the agreement, the employment of Mr. Yancey were to be terminated without cause, he would be entitled to a severance payment equal to his annual salary in effect at that time. Mr. Yancey could only be terminated upon the vote of two-thirds of the Bank of Louisa board of directors. See the section on Payments Upon Termination for detail on severance payments.

Stock Options and Stock Awards

There were no stock options exercised by any of TransCommunity's named executive officers during 2006, and no restricted stock vested in 2006.

The following table shows the one grant of options the board of directors made to a named executive officer during 2006. There were no other stock-based awards made to the named executive officers during 2006.

Grants of Plan-Based Awards Table

All Other Option Awards:	Exercise or Base
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Name	Grant Date	Number of Securities Underlying Options (#)	Price of Option Awards (\$/sh)
William B. Littreal	1/4/06	5,000	\$ 7.65

On July 25, 2007, the compensation committee of the TransCommunity board of directors granted awards of restricted stock to each of its three executive officers Bruce B. Nolte, Patrick J. Tewell and M. Andrew McLean. Each award was made pursuant to TransCommunity's 2007 Equity Compensation Plan. TransCommunity granted awards of restricted stock to the executive officers as follows: Mr. Nolte, 5,500 shares of common stock; Mr. Tewell, 2,500 shares of common stock; and Mr. McLean, 4,875 shares of common stock. TransCommunity also granted awards of restricted stock to the following individuals who no longer serve as executive officers, as follows: James F. Keller, 2,000 shares of common stock; and George D. Yancey, 2,000 shares of common stock.

The terms of each award are set forth in a restricted stock award agreement between TransCommunity and the officer. Under the agreement, 50% of the award vests, and becomes transferable and nonforfeitable, based on time,

with 10% of the total award vesting on March 1, 2008, 10% vesting on March 1, 2009 and 30% vesting on March 1, 2010. The remaining 50% of the award vests on March 1, 2010 if TransCommunity's net income (on a pre-tax basis) equals or exceeds \$3.0 million for fiscal year 2009. If there is a change in control of TransCommunity, as defined in the plan, all restricted stock that had not previously vested or been forfeited will vest as of the date of the change in control. Each officer is the beneficial owner of the shares of restricted stock, subject to the restriction on transferability and risk of forfeiture.

Holdings of Stock Options and Stock Awards

In the table below, TransCommunity lists information on the holdings of unexercised stock options and unvested stock awards as of December 31, 2006 for each of the named executive officers.

Outstanding Equity Awards at Fiscal Year-End

Name	Option Awards		Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
Bruce B. Nolte	33,500		10.00	4/15/2013
William B. Littreal	5,000		7.65	1/1/2016(1)
Thomas Crowder	5,000		10.00	4/15/2013
T. David Grist				
James F. Keller	1,000		10.00	5/8/2011
	12,000		10.00	4/15/2013
M. Andrew McLean	3,100		10.00	4/15/2013
George D. Yancey				

(1) Mr. Littreal exercised all of his outstanding option awards on January 27, 2007.

Payments Upon Termination

The following table shows the payments that TransCommunity would make to each of the named executive officers in the event of such employee was terminated in connection with a change in control on December 31, 2006.

Termination Event	Severance Payment	Bonus	Other Payments(1)	Equity Awards(2)	Total
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Change of Control Termination

Bruce B. Nolte(3)

William B. Littreal(4)

N/A

Thomas Crowder				
T. David Grist	140,000	20,000	5,760	165,760
James F. Keller	140,000	12,000	5,760	157,760
M. Andrew McLean	135,000	40,000	5,760	180,760
George D. Yancey	135,000	20,000	5,760	160,760

- (1) These amounts represent employer paid healthcare.
- (2) At December 31, 2006, none of the outstanding equity awards were in the money.
- (3) Mr. Nolte did not have an employment or change in control agreement during 2006; however, he entered into a change in control agreement in January 2007. If his employment agreement had been in place at December 31, 2006, he would have been entitled to payments totaling \$347,127 if he was terminated in connection with a change in control.

- (4) Mr. Littreal had an employment agreement that provided for payments from TransCommunity in the event of a change in control. Mr. Littreal terminated his employment with TransCommunity in January 2007 and is no longer entitled to any benefits upon a change in control.

TransCommunity has no other provisions for payments to the named executive officers other than in connection with a change in control, except for Mr. Yancey's employment agreement. If Mr. Yancey had been terminated without cause, he would have received \$135,000 in a lump sum payment within 30 days of his termination.

The following is a summary of the terms of our plans and agreements that provide for payments to the named executive officers in the event of their termination.

Stock Option Plan. The TransCommunity Financial Corporation 2001 Stock Option Plan provides for the award of stock options to TransCommunity's directors and officers. The plan provides that, in the event of a change in control, TransCommunity's compensation committee, as composed prior to any change in control, may decide that it will:

accelerate any time periods remaining for the exercise of any such stock options;

purchase or settle any stock options, upon a participant's request, for an amount equal to the amount that would have been obtained upon the exercise of the option had the option been currently exercisable;

adjust any stock outstanding as deemed appropriate to reflect the change in control; or

cause any options then outstanding to be assumed by the acquiring or surviving corporation in the change in control.

Under the plan, a change in control will occur when:

a person or group acquires beneficial ownership of 25% or more of either (1) the then outstanding shares of TransCommunity common stock or (2) the combined voting power of TransCommunity's then outstanding voting securities;

the individuals who constitute the board of directors immediately prior to any transaction cease for any reason to constitute at least a majority of the board of directors. Any individual who becomes a director subsequent to a transaction whose election was approved by a vote of a majority of the directors who served on the board of directors before the transaction shall be thereupon considered a member serving on the board of directors since before the transaction; or

a reorganization, merger or consolidation or sale or other disposition of all or substantially all of TransCommunity's assets of TransCommunity unless:

the beneficial owners of TransCommunity's stock immediately prior to a transaction beneficially own more than 60% of the shares of common stock of the outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such transaction;

no person beneficially owns 25% or more of, respectively, the then shares of common stock of the corporation resulting from such transaction, or the combined voting power of the stock of the resulting corporation unless the person had such an interest before the transaction; and

a majority of the members of the board of directors of the corporation resulting from such transaction were members of the board of directors preceding the transaction.

TransCommunity's stockholders approve of its complete liquidation or dissolution.

Employment Agreements. We have an employment agreement with Mr. Yancey. His agreement expired on April 18, 2007, and the board of directors determined not to renew this agreement. Mr. Yancey's agreement provides for payments to him in the event of a termination without cause or a termination in connection with a change in control. The agreement does not provide for any payments in the event of retirement, disability or death.

The agreement provides that if the board of directors terminates Mr. Yancey without cause, he would be entitled to a lump sum payment, payable within 30 days of the effective date of the termination, equal to his annual salary then in effect.

If Mr. Yancey is terminated within one year of a change in control, he would be entitled to receive an amount equal to three times his annual salary then in effect, reduced to the extent that such payments would constitute an excess parachute payment.

The agreement provides that a change in control occurs when:

TransCommunity is acquired by another party, provided that the individuals who constitute the board of directors immediately prior to any transaction cease for any reason to constitute at least a majority of the board of directors;

TransCommunity sells all or substantially all of its assets; or

a person or group acquires beneficial ownership of more than 50% of TransCommunity's outstanding voting power.

Change in Control Agreements. Messrs. Nolte, Keller, McLean and Yancey each entered into change in control agreement that provides for the executive to receive compensation in the event he is terminated without cause or resigns for good reason within one year following a change in control. Mr. Yancey's change in control agreement became effective upon the expiration of his employment agreement in April 2007. Each of the agreements provides that a change in control occurs when:

TransCommunity is acquired by another party, provided that a majority of the members of the board of directors of the corporation resulting from such transaction were not members of the board of directors immediately preceding the transaction;

a reorganization, merger or consolidation or sale or other disposition of all or substantially all of TransCommunity's assets unless:

the beneficial owners of TransCommunity's stock immediately prior to a transaction beneficially own more than 50% of the shares of common stock of the outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such transaction;

no person beneficially owns 30% or more of, respectively, the then shares of common stock of the corporation resulting from such transaction or the combined voting power of the stock of the resulting corporation, unless the person had such an interest before the transaction; and

a majority of the members of the board of directors of the corporation resulting from such transaction were members of the board of directors preceding the transaction.

TransCommunity's stockholders approve its complete liquidation or dissolution.

Under the agreements with each of the bank presidents, entered into in June 2006, a bank president who is terminated in connection with a change in control will receive a lump sum payment within 30 days of the termination in an amount equal to his then current annual salary and an amount equal to the bonus he received for the prior year, if any.

The agreement between Mr. Nolte and us, entered into in January 2007, provides that, in the event Mr. Nolte is terminated in connection with a change in control, he will receive the following benefits:

within 30 days following the termination, a lump-sum payment equal to two times his then current annual base salary;

within 30 days following the termination, a lump-sum payment equal to two times the amount of bonus he received in the previous year;

continued payment of the premiums due under his long-term care insurance policy; and

any options stock awards or other equity awards will be fully exercisable or vest upon the termination.

2007 Equity Compensation Plan

On May 29, 2007, the stockholders of TransCommunity approved the TransCommunity 2007 Equity Compensation Plan. The 2007 plan authorizes the compensation committee of TransCommunity's board of directors to grant one or more of the following awards to directors, officers, key employees, consultants and advisors to TransCommunity and its subsidiary who are designated by the compensation committee: options; stock appreciation rights; stock awards; performance share awards; incentive awards; and stock units. The compensation committee will administer the 2007 plan.

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

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

The board of directors may amend or terminate the 2007 plan at any time, provided that no such amendment will be made without stockholder approval if (1) the amendment would increase the aggregate number of shares of common stock that may be issued under the 2007 plan (other than as permitted under the 2007 plan), (2) the amendment changes the class of individuals eligible to become participants or (3) such approval is required under any applicable law, rule or regulation.

Director Compensation

During 2006, TransCommunity's directors received no retainer or fees for attending board or committee meetings.

TransCommunity's non-employee directors are eligible for equity awards under its 2001 Stock Option Plan, as amended. No such awards were made to any directors in 2006. See the "Exercisable Options" column in the beneficial ownership table under "Securities Ownership of Certain Beneficial Owners and Management" for the total number of options exercisable within 60 days of March 31, 2007 that were awarded in prior years to the directors.

TransCommunity's directors have not received any compensation in connection with their service since its inception, based on the conclusion of the board of directors that the directors should not receive compensation until TransCommunity had reached consolidated profitability. Based on TransCommunity's historical results, the board of directors approved a plan to compensate the directors starting in 2007. In January 2007, each director was also granted 4,000 stock options, vesting annually over a three-year term. A director will also receive fees for each meeting he attends in the following amounts: \$500 for board of directors meetings, \$100 for committee meetings other than the audit and compensation committees and \$250 for audit and compensation committee meetings. The chairman of the board of directors will receive a \$1,000 fee for each board of directors meeting.

Securities Authorized for Issuance Under Equity Compensation Plan

The following table sets forth information as of December 31, 2006 with respect to certain compensation plans under which equity securities of TransCommunity are authorized for issuance.

Plan Category	(a)		(b)		(c)
	Number of Securities to be		Weighted-Average Exercise Price of		Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	Issued Upon Exercise of Outstanding Options, Warrants and Rights		Outstanding Options, Warrants and Rights		
Equity compensation plans approved by stockholders	0		N/A		N/A
Equity compensation plans not Approved by stockholders(1)	246,725	\$	9.95		
Total	246,725	\$	9.95		

(1) All shares shown relate to the 2001 Stock Option Plan. The plan was amended in March 2003 to increase the total number of shares issuable under the plan to 330,000. Information concerning options awarded under the plan to directors and officers of TransCommunity is contained in the Exercisable Options column in the beneficial ownership table under Securities Ownership of Certain Beneficial Owners and Management.

Interest of Management and Board of Directors in Certain Transactions

Certain of TransCommunity's directors and officers and persons with whom they are associated have had, and expect to have in the future, banking transactions with TransCommunity Bank. In the opinion of TransCommunity's management, all such loans and commitments for loans that have been made to these individuals were made in the ordinary course of business, were made on substantially the same terms, including interest rates, collateral and repayment terms as those prevailing at the time for comparable loans with persons not related to TransCommunity Bank, and do not involve more than the normal risk of collectibility or present other unfavorable features.

TransCommunity's has not adopted a formal policy that covers the review and approval of related person transactions by TransCommunity's board of directors. The board of directors, however, does review all such transactions that are proposed to it for approval. During such a review, the board of directors will consider, among other things, the related person's relationship to TransCommunity, the facts and circumstances of the proposed transaction, the aggregate dollar amount of the transaction, the related person's relationship to the transaction and any other material information.

TransCommunity's audit committee has the responsibility to review significant conflicts of interest involving directors or executive officers.

In addition, any extensions of credit to TransCommunity's directors and officers are required to be on substantially the same terms as comparable transactions to persons not related to TransCommunity Bank at the time of the extension of credit, pursuant to Regulation O - Loans to Executive Officers, Directors and Principal Stockholders of Member Banks.

Principal Stockholders of TransCommunity***Securities Ownership of Certain Beneficial Owners and Management***

The following table sets forth, as of February 14, 2008, the number and percentage of shares of TransCommunity common stock beneficially owned by persons known by TransCommunity to be the owners of more than 5% of TransCommunity common stock, by each of TransCommunity's directors (which include the nominees for director) and executive officers named in the Summary Compensation Table, and by all current directors and executive officers as a group.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)			Percent of Class
	Shares(2)	Exercisable Options	Total	
Northaven Management, Inc. 375 Park Avenue, Suite 2709 New York, NY	457,000(3)		457,000	9.96%
Paragon Associates and Paragon Associates II Joint Venture 500 Crescent Court, Suite 260 Dallas, TX	445,000(4)		445,000	9.70%
Wellington Management Company, LLP 75 State Street Boston, MA	443,800(5)		443,800	9.68%
Financial Stocks Capital Partners 507 Carew Tower 411 Vine Street Cincinnati, OH	400,000(6)		400,000	8.72%
PRB Investors, L.P. 600 Third Avenue, 17th Floor New York, NY	359,927(7)		359,927	7.80%
Bay Pond Partners, L.P. 75 State Street Boston, MA	336,900(8)		336,900	7.35%
Richard F. Bozard	500		500	
Thomas M. Crowder	10,750(9)	5,000	15,750	*
James F. Keller	12,100	13,000	25,100	*
William B. Littreal(10)	5,000(11)		5,000	*
M. Andrew McLean	6,975(12)	3,100	10,075	*
Christopher G. Miller	1,000		1,000	
Bruce B. Nolte	29,350(13)	33,500	62,850	1.36%
Troy A. Peery, Jr.	7,000	7,500	14,500	*
John W. Pretlow, Jr.	1,300	1,000	2,300	*
Stuart C. Siegel	15,000	15,000	30,000	*
John C. Watkins	3,500	6,700	10,200	*

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Robin Traywick Williams	3,100(14)	3,100	6,200	*
George D. Yancey	1,000		1,000	*
Jack C. Zoeller	4,500		4,500	*
All Directors and Executive Officers as a Group (12 persons)	79,975	77,650	157,625	3.38%

* Represents less than one percent (1%) of total outstanding shares of TransCommunity common stock as of January 15, 2007.

- (1) For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 of the Exchange Act under which, in general, a person is deemed 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 60 days.

- (2) Except as otherwise indicated and except to the extent that in certain cases shares may be held in joint tenancy with a spouse, each director, nominee or executive officer has sole voting and investment power with respect to the shares shown.
- (3) According to a Schedule 13D jointly filed with the SEC on October 15, 2007, Northaven Management, Inc. shares voting and investment power with respect to all 448,000 shares with (1) Northaven Partners, L.P., which beneficially owns 262,879 shares, (2) Northaven Partners II, L.P., which beneficially owns 15,920 shares, (3) Northaven Partners III, L.P., which beneficially owns 150,591 shares, (4) Northaven Offshore, Ltd., which beneficially owns 27,610 shares, (5) Northaven Associates, LLC, which beneficially owns 457,000 shares, (6) Northaven Management, Inc., which beneficially owns 457,000 shares, (7) Paul R. Burke, who beneficially owns 457,000 shares, (8) Richard Brown, who beneficially owns 457,000 shares, and (9) James L. Zech, who beneficially owns 457,000 shares.
- (4) According to a Schedule 13D/A jointly filed with the SEC on October 11, 2007, Paragon Associates and Paragon Associates II Joint Venture share voting and investment power with respect to all shares with Bradbery Dyer III.
- (5) According to a Schedule 13G/A filed with the SEC on February 14, 2008, these shares are owned by, and voting and investment power is shared with, clients of Wellington Management Company, LLP, including Bay Bond Partners, L.P., which is also a beneficial owner of more than 5% of TransCommunity common stock. Based on a Form ADV filed by Wellington Management Company, LLP, with the SEC on January 7, 2008, the control persons of Wellington Management Company, LLP are Laurie Gabriel, Saul Pannell, John Ryan, Perry Traquina, Phillip Perelmuter, James Hoffman, Karl Bandtel, Jean Hynes and Lucius Hill. See footnote (8).
- (6) According to a Schedule 13D/A jointly filed with the SEC on November 6, 2007, Financial Stocks Capital Partners IV L.P. shares voting and investment power with respect to all 400,000 shares with (1) Finstocks Capital Management IV, LLC which beneficially owns 400,000 shares, (2) Steven N. Stein who beneficially owns 400,000 shares and (3) John M. Stein who beneficially owns 400,000 shares.
- (7) According to a Schedule 13G/A jointly filed with the SEC on February 14, 2008, PRB Investors, L.P. shares voting and investment power with respect to all 359,927 shares with (1) PRB Advisors, L.L.C., (2) Stephen J. Paluszek and (3) Andrew P. Bergmen.
- (8) According to a Schedule 13G/A jointly filed with the SEC on February 14, 2008, Bay Pond Partners, L.P. shares voting and investment power with respect to all 336,900 shares with (1) Wellington Hedge Management, LLC which beneficially owns 336,900 shares and (2) Wellington Hedge Management, Inc. which beneficially owns 336,900 shares. Based on a Form ADV filed by Wellington Management Company, LLP, with the SEC on January 7, 2008, the control persons of Wellington Management Company, LLP are Laurie Gabriel, Saul Pannell, John Ryan, Perry Traquina, Phillip Perelmuter, James Hoffman, Karl Bandtel, Jean Hynes and Lucius Hill. See footnote (5).
- (9) Includes 4,500 shares held by Mr. Crowder as trustee for family trusts.
- (10) Mr. Littreal is TransCommunity's former chief financial officer.
- (11) Mr. Littreal exercised his outstanding options in connection with his resignation on January 26, 2007. The Company does not know whether Mr. Littreal owned such shares on January 15, 2007.

(12) Includes 100 shares held by Mr. McLean as custodian for minor relatives.

(13) Includes 350 shares held by Mr. Nolte or his wife as custodian for minor relatives.

(14) Includes 3,000 shares held by Ms. Williams' spouse's profit-sharing plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires directors, executive officers, and any persons holding more than 10% of TransCommunity common stock to report their initial ownership of TransCommunity's equity securities and any subsequent changes in that ownership to the SEC. Based on a review of these reports and written representations furnished to TransCommunity by its directors and executive officers, TransCommunity believes that its officers and directors complied with all filing requirements under Section 16(a) of the Exchange Act during 2006. Each of TransCommunity's directors inadvertently filed late a report on Form 4 covering the grant of stock options to acquire shares of common stock in January 2007.

INFORMATION ABOUT BOE FINANCIAL SERVICES OF VIRGINIA, INC.

General

BOE owns all of the stock of its sole direct subsidiary, Bank of Essex. BOE was incorporated under Virginia law in 2000 to become the holding company for the Bank of Essex. The headquarters of BOE is located in Tappahannock, Virginia.

Bank of Essex was established in 1926 and is headquartered in Tappahannock, Virginia. Bank of Essex operates eight full-service offices in Virginia, engages in a general commercial banking business and provides a wide range of financial services primarily to individuals and small businesses, including individual and commercial demand and time deposit accounts, commercial and consumer loans, travelers checks, safe deposit box facilities, investment services and fixed rate residential mortgages. Two offices are located in Tappahannock, one each in Manquin, Mechanicsville, West Point, Glen Allen, Burgess and Callao, Virginia, respectively.

Essex Services, Inc. is a wholly owned subsidiary of Bank of Essex and was formed to sell title insurance to Bank of Essex's mortgage loan customers. Essex Services, Inc. also offers insurance products through an ownership interest in Bankers Insurance, LLC and investment products through an affiliation with VBA Investments, LLC.

BOE recently constructed a new headquarters facility which is located at 1325 Tappahannock Boulevard, approximately one mile from its former Main Office at 323 Prince Street. Upon the opening of this office BOE simultaneously closed a branch bank located across the highway from the new headquarters and redesignated the current main office as a branch bank. The former main office also houses Bank of Essex's data processing department and loan processing center. BOE began operating from this new location and closed the branch bank on June 12, 2006.

BOE's expansion efforts have contributed to its growth and improved profitability. Total assets have increased from \$115.5 million at the end of 1996 to \$281.4 million at December 31, 2006. Net income has grown from \$947,000 in 1996 to \$3.1 million in 2006. Diluted earnings per share were \$1.01 in 1996 versus \$2.58 in 2006. BOE's return on assets was 0.85% in 1996 and 1.15% in 2006. Return on equity was 10.57% in 1996 and 11.47% in 2006.

Loan growth since BOE expanded into metropolitan Richmond has come principally from rate sensitive commercial loans which have served to mitigate BOE's interest rate risk. At the same time this growth in commercial loans has increased Bank of Essex's credit risk.

Recent Developments

On February 4, 2008, BOE announced its results of operations for the fourth quarter of 2007. Net income for the fourth quarter of 2007 was \$596,000, a decrease of \$317,000, or 34.7%, from net income of \$913,000 for the same period in 2006. The decrease to net income for the fourth quarter of 2007 compared to the same period in 2006 was due to a December 2006 sale of a former branch banking facility. This nonrecurring item caused gain on sale of other properties to be \$477,000 in the fourth quarter of 2006 compared to \$0 for the same period in 2007. Additionally, there was an increase of \$187,000 in noninterest expenses, from \$2.209 million in the fourth quarter of 2006 to \$2.396 million in the fourth quarter 2007. Offsetting these decreases to net income was an increase of 8.9%, or \$209,000, in net interest income. Net interest income was \$2.569 million for the fourth quarter 2007 compared to \$2.360 million for the fourth quarter of 2006. Also, there was an increase of \$55,000, or 11.5%, in noninterest income, from \$479,000 in the fourth quarter of 2006, to \$534,000 for the same period in 2007. Income tax expense declined

42.0%, or \$84,000, from \$200,000 in the fourth quarter of 2006 to \$116,000 in the fourth quarter of 2007. Additionally, strong asset quality resulted in no additional expense in provision for loan losses for the fourth quarter of both years. On December 31, 2007 loans past due 90 days or more and accruing interest was \$17,000 and loans not accruing interest totaled \$96,000. For the year ending December 31, 2007 charged-off loans were \$272,000 against recoveries of \$461,000. Earnings per common share were \$0.49 for the fourth quarter in 2007 compared to \$0.75 for the same period in 2006.

For the year ended December 31, 2007, BOE reported net income of \$2.608 million, compared to net income of \$3.123 million for 2006, a decrease of \$515,000, or 16.5%. This decrease in earnings was primarily the result of

an increase of \$876,000, or 11.1%, in noninterest expenses. Salaries was the largest component of this increase, \$432,000, which increased primarily from the addition of staff that was hired and trained in 2007 to operate two new full service offices of Bank of Essex in Northumberland County, Virginia.

The year 2007 was the first full year of operations for BOE's corporate headquarters and branch banking facility that opened in June 2006, accounting for the majority of increases in occupancy expenses of \$159,000. Gain on sale of other properties decreased \$467,000 from 2006 to 2007 due to the sale of bank property referred to above. Additionally, legal and professional fees increased \$236,000 in 2007 compared to 2006 as a result of BOE's due diligence process prior to announcing the merger agreement with Community Bankers. Offsetting these decreases to net income was an increase of \$237,000, or 2.4%, in net interest income, from \$9.762 million in 2006 to \$9.999 million in 2007. Noninterest income increased \$204,000, or 11.4%, from \$1.796 million in 2006 to \$2.000 million in 2007. Also improving net income was a 95.2%, or \$119,000, reduction in provision for loan losses and a 33.5%, or \$292,000, decrease in income tax expense for 2007 compared to 2006. Earnings per common share were \$2.15 for the full year 2007 compared to \$2.58 for the same period in 2006. Average diluted shares outstanding increased by 5,143 during 2007.

Loans, net of allowance for loan losses, increased 12.6%, or \$24.463 million, and were \$218.954 million on December 31, 2007. Total deposits grew 5.9%, or \$13.728 million, to end 2007 at \$244.593 million.

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**BALANCE SHEET**

	12/31/2007	12/31/2006 (Unaudited) (In thousands)	Percent Change
<u>ASSETS</u>			
Cash and due from banks	\$ 4,100	\$ 5,520	(25.7)%
Federal funds sold			0.0%
Securities available for sale, at fair value	52,543	55,963	6.1%
Securities held to maturity (fair value approximately \$3,010 in 2007 and \$2,949 in 2006)	3,000	3,000	0.0%
Equity securities, restricted, at cost	1,761	1,553	13.4%
Loans, net of allowance for loan losses (\$2,595 in 07 and \$2,400 in 06)	218,954	194,491	12.6%
Bank premises and equipment, net	10,663	10,454	2.0%
Accrued interest receivable	1,514	1,363	11.1%
Intangible assets	398	524	(24.0)%
Other assets	9,498	8,510	11.6%
Total assets	\$ 302,431	\$ 281,378	7.5%
<u>LIABILITIES</u>			
Non-interest bearing deposits	\$ 26,220	\$ 27,809	(5.7)%
Interest bearing deposits	218,373	203,056	7.5%
Total deposits	\$ 244,593	\$ 230,865	5.9%
Federal funds purchased	3,152	3,207	(1.7)%
Federal Home Loan Bank advances	17,000	12,000	41.7%
Accrued interest payable	1,007	851	18.3%
Other liabilities	2,445	2,284	7.0%
Trust preferred capital notes	4,124	4,124	0.0%
Total liabilities	\$ 272,321	\$ 253,331	7.5%
<u>STOCKHOLDERS EQUITY</u>			
Common stock	\$ 6,061	\$ 6,041	0.3%
Surplus	5,576	5,477	1.8%
Retained earnings	18,874	17,256	9.4%
Accumulated other comprehensive income (loss)	(401)	(727)	(44.8)%
Total stockholders equity	\$ 30,110	\$ 28,047	7.4%
Total liabilities and stockholders equity	\$ 302,431	\$ 281,378	7.5%

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**INCOME STATEMENT**

	For the Quarter Ended 12/31/2007	For the Quarter Ended 12/31/2006 (Unaudited) (In thousands)	Percent Change
Interest and fee income	\$ 4,848	\$ 4,386	10.5%
Interest expense	2,279	2,026	12.5%
Net interest income	\$ 2,569	\$ 2,360	8.9%
Provision for loan losses			0.0%
Net interest income after provision for loan losses	\$ 2,569	\$ 2,360	8.9%
Noninterest income	534	479	11.5%
Securities gain/(loss)	5	6	(16.7)%
Gain/(loss) other properties		477	(100.0)%
Noninterest expenses	2,396	2,209	8.5%
Income taxes	116	200	(42.0)%
Net income	\$ 596	\$ 913	(34.7)%
Earnings per share, fully diluted	\$ 0.49	\$ 0.75	(34.7)%

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**INCOME STATEMENT**

	For the Year Ended 12/31/2007	For the Year Ended 12/31/2006 (Unaudited) (In thousands)	Percent Change
Interest income	\$ 18,694	\$ 16,734	11.7%
Interest expense	8,695	6,972	24.7%
Net interest income	\$ 9,999	\$ 9,762	2.4%
Provision for loan losses	6	125	(95.2)%
Net interest income after provision for loan losses	\$ 9,993	\$ 9,637	3.7%

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Noninterest income	2,000	1,796	11.4%
Securities gain/(loss)	(37)	(13)	184.6%
Gain/(loss) other properties		467	(100.0)%
Noninterest expenses	8,768	7,892	11.1%
Income taxes	580	872	(33.5)%
Net income	\$ 2,608	\$ 3,123	(16.5)%
Earnings per share, fully diluted	\$ 2.15	\$ 2.58	(16.7)%

Employees

At September 30, 2007, BOE had 96 full-time equivalent employees. None of its employees is represented by any collective bargaining unit. BOE considers relations with its employees to be excellent.

SEC Filings

BOE maintains an internet website at www.bankofessex.com. This website contains information relating to BOE and its business. Stockholders of BOE and the public may access BOE's periodic and current reports, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports, filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, through the Investors section of BOE's website. The reports are made available on this website as soon as practicable following the filing of the reports with the SEC. This information is free of charge and may be reviewed, downloaded and printed from the website at any time.

Market Area

BOE's eight offices serve a diverse market from the edge of the City of Richmond in Hanover and Henrico Counties to Tappahannock, Virginia on the Rappahannock River in Essex County and into the Northern Neck. From suburban Hanover and Henrico Counties, the market area is primarily rural along Route 360 through King William and King and Queen Counties into Essex County and two recently opened offices in Northumberland County in the Northern Neck of Virginia. BOE's management believes Route 360 is a developing growth corridor from Richmond to the east. Tappahannock is approximately 40 miles from downtown Richmond and about one hour from Fredericksburg. Through its Tappahannock branches, BOE also serves the central portions of the Middle Peninsula and the Northern Neck of Virginia. Through its West Point office, BOE serves portions of the Middle Peninsula of Virginia.

BOE made application in 2007 with the State Corporation Commission's Bureau of Financial Institutions and received approval to establish two branches in Northumberland County, Virginia. One location will be constructed in Callao and one in Burgess. Route 360 runs through Northumberland County, which is located in the Northern Neck of Virginia and has experienced significant growth in total deposits the last ten years as the area has evolved from an area dependent upon agricultural and industrial seafood production to a growing waterfront retirement community with associated service businesses. These two offices are currently open in temporary mobile banking units and construction of permanent facilities is expected to begin in mid-year 2008.

Competition

Within the Richmond, Middle Peninsula and Northern Neck areas, BOE operates in a highly competitive environment, competing for deposits and loans with commercial corporations, savings and loans and other financial institutions, including non-bank competitors, many of which possess substantially greater financial resources than those available to BOE. Many of these institutions have significantly higher lending limits than BOE. In addition, there can be no assurance that other financial institutions, with substantially greater resources than BOE, will not establish operations in BOE's service area. The financial services industry remains highly competitive and is constantly evolving.

In Essex County, BOE commands 38.7% of the deposits in the market, according to the most recently available survey of deposits by the FDIC (June 30, 2007). Serving King William County, the branches at Central Garage and West Point have experienced steady growth, reaching 21.5% of the deposits in the King William County market as of the June 30, 2007 FDIC survey of deposits, while competing with previously established branches. BOE's office located on Route 360 in eastern Hanover County had \$37.7 million in total deposits on June 30, 2007. In Henrico County BOE's office located near Virginia Center Commons Mall has experienced strong growth while competing against other community banks and established offices of statewide banks in the vicinity. This office had \$47.2 million in total deposits on June 30, 2007.

Factors such as rates offered on loan and deposit products, types of products offered, the number and location of branch offices, as well as the reputation of institutions in the market, affect competition for loans and deposits. BOE emphasizes customer service, establishing long-term relationships with its customers, thereby creating customer loyalty, and providing adequate product lines for individuals and small-to-medium size business customers.

BOE would not be materially or adversely impacted by the loss of a single customer. BOE is not dependent upon a single or a few customers.

Credit Policies

BOE follows written policies and procedures to enhance management of credit risk. The loan portfolio is managed under a specifically defined credit process. This process includes formulation of portfolio management strategy, guidelines for underwriting standards and risk assessment, procedures for ongoing identification and management of credit deterioration, and regular portfolio reviews to estimate loss exposure and ascertain compliance with BOE's policies. Lending authority is granted to individual lending officers with the current highest limit being \$350,000 for either secured or unsecured loans. A Loan Committee comprised of five loan officers can approve credits of up to \$500,000. Approval of such credits requires a majority vote of the Loan Committee. The Executive Committee of the board of directors, meeting monthly, can approve loans up to Bank of Essex's legal lending limit. The board of directors meets monthly as well and it too may approve loans up to Bank of Essex's legal lending limit.

BOE's management generally requires that secured loans have a loan-to-value ratio of 85% or less. Management believes that when a borrower has significant equity in the assets securing the loan, the borrower is less likely to default on the outstanding loan balance.

A major element of credit risk management is diversification. BOE's objective is to maintain a diverse loan portfolio to minimize the impact of any single event or set of circumstances. Concentration parameters are based on factors of individual risk, policy constraints, economic conditions, collateral and product type.

Lending activities include a variety of consumer, real estate and commercial loans with a strong emphasis on serving the needs of customers within BOE's market territory. Consumer loans are made primarily on a secured basis in the form of installment obligations or personal lines of credit. The focus of real estate lending is single family residential mortgages, but also includes home improvement loans, construction lending and home equity lines of credit. Commercial lending is provided to businesses seeking credit for working capital, the purchase of equipment and facilities and commercial development.

Properties

The principal office of BOE and Bank of Essex is located at 1325 Tappahannock Boulevard, Tappahannock, Virginia 22560. Bank of Essex operated a branch in the Tappahannock Towne Center in Tappahannock from 1981-2006. In November 1988, Bank of Essex opened the King William office at Central Garage in King William County. The fourth facility, the East Hanover office, opened in August 1992, on Route 360 east of Mechanicsville in Hanover County. In February 1996, Bank of Essex opened its fifth office in West Point, Virginia in King William County. In June 1999, Bank of Essex opened its sixth office in Henrico County near Virginia Center Commons. This office houses other lines of business such as the commercial loan department and fixed rate mortgages. In June 1990, Bank of Essex purchased land in Tappahannock, Virginia. An additional adjoining parcel was purchased in 2004 and the Virginia State Corporation Commission Bureau of Financial Institutions approved the building of a new facility that houses executive offices of BOE as well as a branch office. When this new facility opened the Tappahannock Towne Center Office was closed and sold. The new facility was opened on June 12, 2006. Simultaneous to the opening of the new Main Office the Prince Street Office was redesignated from the Main Office to a branch. In November 2007, Bank of Essex opened its seventh office on Route 360 in Burgess, Virginia which is the lower end of Northumberland County. In January 2008, Bank of Essex opened its eighth office in Callao, Virginia, also located on Route 360 in the upper end of Northumberland County. Bank of Essex is currently operating in temporary facilities but has purchased sites in both locations and expects to be in permanent full-service facilities sometime in 2008. In October 2002 Bank

of Essex purchased a small parcel of land adjoining the King William Office.

BOE or Bank of Essex owns all of its properties.

Legal Proceedings

In the course of its operations, BOE is party to various legal proceedings. Based upon information currently available, and after consultation with its general counsel, management believes that such legal proceedings, in the aggregate, will not have a material adverse effect on BOE's business, financial position or results of operations.

BOE Management's Discussion and Analysis of Financial Condition and Results of Operations for the Nine Months Ended September 30, 2007

General

BOE's financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP). The financial information contained within BOE's statements is, to a significant extent, financial information that is based on measures of the financial effects of transactions and events that have already occurred. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or relieving a liability. BOE uses historical loss factors as one factor in determining the inherent loss that may be present in its loan portfolio. Actual losses could differ significantly from the historical factors that BOE uses. In addition, GAAP itself may change from one previously acceptable method to another method. Although the economics of BOE's transactions would be the same, the timing of events that would impact its transactions could change.

Critical Accounting Policies

Allowance for Loan Losses. The allowance for loan losses is an estimate of the losses that may be sustained in BOE's loan portfolio. The allowance is based on two basic principles of accounting: (i) SFAS 5, *Accounting for Contingencies*, which requires that losses be accrued when they are probable of occurring and estimatable and (ii) SFAS 114, *Accounting by Creditors for Impairment of a Loan*, which requires that losses be accrued based on the differences between the value of collateral, present value of future cash flows or values that are observable in the secondary market and the loan balance. The use of these values is inherently subjective and BOE's actual losses could be greater or less than the estimates.

The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions.

The following discussion is intended to assist readers in understanding and evaluating the financial condition and results of operations of BOE and Bank of Essex. This section should be read in conjunction with BOE's consolidated financial statements and accompanying notes included elsewhere in this report.

Overview

On September 30, 2007 BOE had total assets of \$294.767 million, an increase of \$13.389 million, or 4.76% from \$281.378 million at December 31, 2006. Total assets at September 30, 2006 were \$278.088 million. The September 30, 2007 total assets figure represents an increase of 6.00%, or \$16.679 million over one year ago. Total loans amounted to \$216.172 million on September 30, 2007, an increase of \$19.281 million, or 9.79%, over December 31, 2006 total loans of \$196.891 million. The September 30, 2007 figure represents an increase of

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\$26.452 million, or 13.94% over total loans of \$189.720 million on September 30, 2006. BOE's available-for-sale securities portfolio decreased \$6.581 million, or 11.76%, from \$55.963 million at December 31, 2006 to \$49.382 million at September 30, 2007.

Total available-for-sale securities were \$53.937 million on September 30, 2006. BOE had federal funds sold of \$966,000 on September 30, 2007, federal funds purchased of \$3.207 million on December 31, 2006 and federal funds sold of \$6.016 million on September 30, 2006.

BOE is required to account for the effect of market changes in the value of securities available-for-sale under SFAS 115. The market value of the September 30, 2007 securities available-for-sale portfolio was \$49.382 million

compared to a book value \$49.548 million. At December 31, 2006 market value of the available-for-sale portfolio was \$55.963 compared to a book value of \$56.018 million. On September 30, 2006 the market value of the available-for-sale portfolio was \$53.937 million with an associated book value of \$54.118 million. The impact of the change in market value of available-for-sale securities, net of deferred income taxes, is reflected in the Statement of Changes in Stockholders' Equity under Accumulated Other Comprehensive Income (Loss).

Total deposits at September 30, 2007 were \$240.990 million. This \$10.125 million increase is 4.39% greater than total deposits of \$230.865 million at December 31, 2006 and \$8.899 million, or 3.83% greater than total deposits of \$232.091 million at September 30, 2006.

Stockholders' equity at September 30, 2007 was \$29.348 million and represented 9.96% of total assets. Stockholders' equity was \$28.047 million, or 9.97% of total assets at December 31, 2006 and \$28.101 million, or 10.11% of total assets at September 30, 2006.

Results of Operations

Net Income. Net income was \$640,000 for the third quarter of 2007, or \$0.53 per diluted share. This compares to net income of \$706,000, or \$0.58 per diluted share in the third quarter of 2006. The decrease in earnings in the third quarter of 2007 compared to 2006 was \$66,000, or 9.35%.

The decrease in earnings was primarily attributable to a \$284,000, or 14.57%, increase in noninterest expenses for the third quarter of 2007. Noninterest expenses were \$2.233 million for the third quarter of 2007 compared to \$1.949 million for the same period in 2006. Salaries were the largest component of this increase, up \$140,000, or 16.93%, for the third quarter of 2007 compared to the same period in 2006. This increase in salaries was largely composed of adding additional banking staff to operate two new branches in Northumberland County, Virginia, both of which BOE anticipates opening in the fourth quarter of 2007.

Offsetting this decrease to net income for the quarter ended September 20, 2007 were an increase of \$138,000, or 5.63%, to net interest income after provision for loan losses, an increase of \$9,000 to total noninterest income and a decrease of \$71,000, or 30.21%, to income tax expense.

For the nine months ended September 30, 2007, net income was \$2.012 million, down 8.96%, or \$198,000, from net income of \$2.210 million for the same period in 2006. This represents a decrease in earnings per share, on a diluted basis of \$0.17, or 9.29%, from \$1.83 to \$1.66. Noninterest expenses increased 12.21%, or \$694,000, primarily due to a full year of expenses associated with BOE's new headquarters and branch banking facility that opened mid-year 2006 and from additional staffing and operating expense mentioned above in relation to entering new banking markets. Total noninterest expenses were \$6.378 million through nine months of 2007 compared to \$5.684 million for the same period in 2006.

Offsetting this decrease to net income was an increase of \$28,000 to net interest income, an increase of \$134,000 to total noninterest income, a decrease of \$125,000 to provision for loan losses and a reduction of income tax expense of \$209,000 for the nine month period ended September 30, 2007.

Net Interest Income. BOE's results of operations are significantly affected by its ability to manage effectively the interest rate sensitivity and maturity of its interest-earning assets and interest-bearing liabilities. At September 30, 2007, BOE's interest-earning assets exceeded its interest-bearing liabilities by approximately \$35.463 million, compared with a \$33.452 million excess one year ago. Net interest margins on a fully tax equivalent basis were 3.96% through September 30, 2007 compared to 4.24% through September 30, 2006. The decrease in net interest margin was the result of an increase of 30 basis points in yield on total earning assets coupled with an increase of 59 basis points

in the cost of total sources of funds. BOE's yield on average earning assets, on a fully tax equivalent and annualized basis, was 7.10% for the first nine months of 2007 compared to 6.80% for the first nine months of 2006. Total cost of funds was 3.15% for the first nine months of 2007 compared to 2.56% for the same period in 2006.

BOE's loan-to-deposit ratio was 87.53, on average, through the first nine months of 2007 compared to 84.10% for the same period in 2006. On September 30, 2007, BOE's loan-to-deposit ratio was 89.70% compared to 85.28% on December 31, 2006 and 81.74% on September 30, 2006.

Provision for Loan Losses. BOE's provision for loan losses was \$0 for the third quarter of 2007 and also in the third quarter of 2006. During the third quarter of 2007 BOE realized a recovery of \$400,000 of a loan charged-off in 2002. This has bolstered BOE's allowance for loan losses. Allowance for loan losses was \$2.672 million on September 30, 2007 compared to \$2.400 million on December 31, 2006 and \$2.366 million on September 30, 2006. This was 1.24%, 1.22% and 1.25% of total loans for September 30, 2007, December 31, 2006 and September 30, 2006, respectively.

For the third quarter of 2007 BOE had net recoveries of \$309,000 represented by charged-off loans of \$97,000 and recoveries of \$406,000. For the nine months ended September 30, 2007 BOE had net recoveries of \$268,000 represented by charged-off loans of \$150,000 and recoveries of \$418,000. This compares to net charged-off loans of \$16,000 for the third quarter of 2006 and net charged-off loans of \$8,000 for the first nine months of 2006.

Noninterest Income. Noninterest income was \$446,000 in the third quarter of 2007 compared to \$437,000 in the same period of 2006. This represents an increase of 2.06%, or \$9,000. Service charges on deposit accounts were \$284,000 in the third quarter of 2007 and \$258,000 in the third quarter of 2006. This is an increase of 1.01%, or \$26,000. Securities losses were \$39,000 in the third quarter of 2007 and \$0 for the same period in 2006. Other noninterest income increased 9.58% or \$16,000, from \$167,000 in the third quarter of 2006 to \$183,000 in the third quarter of 2007.

For the nine month period ended September 30, 2007 noninterest income of \$1,423,000 was an increase of \$134,000, or 10.40%, from noninterest income of \$1,289,000 for the first nine months of 2006. Service charges on deposit accounts were \$797,000 for the period compared to \$779,000 in 2006. This is an increase of 2.31%, or \$18,000. Other income increased \$153,000, or 30.97% and was \$647,000 for the first nine months of 2007 compared to \$494,000 for the same period in 2006.

Noninterest Expenses. Noninterest expenses were \$2.233 million and increased \$284,000, or 14.57%, in the third quarter of 2007 compared to 2006. Salaries increased, \$140,000, from \$827,000 in the third quarter of 2006 to \$967,000 in the third quarter of 2007. Other operating expenses increased \$80,000, or 23.23%, in the third quarter of 2007 and were \$426,000 compared to \$346,000 for the same period in 2006. Employee benefits and postage expenses each increased \$19,000 and data processing expenses as well as stationery and printing expenses increased \$16,000 each for the third quarter of 2007 compared to the same period in 2006.

For the nine month period ended September 30, 2007 noninterest expenses were \$6.378 million, a \$694,000, or 12.21%, increase over noninterest expenses of \$5.684 million for the first nine months of 2006. Salaries increased \$309,000, or 12.83%, and were \$2.717 million for the first nine months of 2007 compared to \$2.408 million for the same period in 2006. Other operating expenses increased \$161,000, or 15.22%, and were \$1.219 million for the nine months ended September 30, 2007 compared to \$1.058 million for the same period in 2006. Additional noninterest expense increases for the nine month period ended September 30, 2007 compared to the same period in 2006 were an \$87,000 increase in employee benefits and costs, a \$64,000 increase in occupancy expenses, an increase of \$38,000 increase in data processing expenses a \$15,000 increase in stationery and printing costs, a \$10,000 increase in furniture and equipment related expenses and a \$5,000 increase in both postage expenses and Bank of Essex franchise tax expense.

Income Taxes. Income tax expense was \$164,000 in the third quarter of 2007. This represents a decrease of \$71,000 compared to \$235,000 of income tax expense in the third quarter of 2006. Income tax expense for the nine month period ended September 30, 2007 was \$463,000 compared to \$672,000 for the same period in 2006. This represents a decrease of \$209,000 and is primarily the result of a lower effective tax rate due to the addition of \$5.500 million in Bank Owned Life Insurance and tax exempt municipal income.

Asset Quality. BOE's allowance for loan losses totaled \$2.672 million on September 30, 2007, or 1.24% of total loans. On December 31, 2006, the allowance for loan losses totaled \$2.400 million and was 1.23% of total loans. On September 30, 2006, the allowance for credit losses was \$2.366 million and was 1.25% of total loans.

On September 30, 2007, BOE had nonaccruing assets of \$206,000 compared to \$34,000 on September 30, 2006. Loans past due and still accruing interest totaled \$13,000 on September 30, 2007 compared to \$78,000 on September 30, 2006.

Capital Requirements. The determination of capital adequacy depends upon a number of factors, such as asset quality, liquidity, earnings, growth trends and economic conditions. BOE seeks to maintain a strong capital base to support its growth and expansion plans, provide stability to current operations and promote public confidence in BOE.

The federal banking regulators have defined three tests for assessing the capital strength and adequacy of banks, based on two definitions of capital. Tier 1 Capital is defined as a combination of common and qualifying preferred stockholders' equity less goodwill. Tier 2 Capital is defined as qualifying subordinated debt and a portion of the allowance for loan losses. Total Capital is defined as Tier 1 Capital plus Tier 2 Capital.

Three risk-based capital ratios are computed using the above capital definitions, total assets and risk-weighted assets and are measured against regulatory minimums to ascertain adequacy. All assets and off-balance sheet risk items are grouped into categories according to degree of risk and assigned a risk-weighting and the resulting total is risk-weighted assets. Tier 1 Risk-based Capital is Tier 1 Capital divided by risk-weighted assets. Total Risk-based Capital is Total Capital divided by risk-weighted assets. The Leverage ratio is Tier 1 Capital divided by total average assets.

BOE's ratio of Total Capital to risk-weighted assets was 15.92% on September 30, 2007 compared to 14.45% on September 30, 2006. Its ratio of Tier 1 Capital to risk-weighted assets was 14.85% on September 30, 2007 and 13.49% on September 30, 2006. BOE's leverage ratio (Tier I Capital to average adjusted total assets) was 11.64% on September 30, 2007 and 10.21% on September 30, 2006. These ratios exceed regulatory minimums. BOE issued trust preferred subordinated debt that qualifies as regulatory capital in the fourth quarter of 2003. This trust preferred debt has a 30-year maturity with a 5-year call option and was issued at a rate of three month LIBOR plus 3.00% and was priced at 8.36% in the third quarter of 2007.

Liquidity

Liquidity represents BOE'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, interest-bearing deposits with banks, federal funds sold, and certain investment securities. As a result of BOE's management of liquid assets and the ability to generate liquidity through liability funding, management believes that BOE maintains overall liquidity sufficient to satisfy its depositors' requirements and meet its customers' credit needs.

Financial Instruments With Off-Balance Sheet Risk and Credit Risk and Contractual Obligations

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

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

Recent Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements but may change current practice for some entities. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods

within those years. BOE does not expect the implementation of SFAS 157 to have a material impact on its consolidated financial statements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159). This statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of SFAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The fair value option established by this Statement permits all entities to choose to measure eligible items at fair value at specified election dates. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The fair value option may be applied instrument by instrument and is irrevocable. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. BOE is in the process of evaluating the impact SFAS 159 may have on its consolidated financial statements.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates and equity prices. BOE's market risk is composed primarily of interest rate risk. BOE's ALCO is responsible for reviewing the interest rate sensitivity position and establishing policies to monitor and limit exposure to this risk. The board of directors reviews and approves the guidelines established by ALCO.

Earnings Simulation Analysis. Interest rate risk is monitored through the use of two complimentary modeling tools: earnings simulation modeling and economic value simulation (net present value estimation). Each of these models measure changes in a variety of interest rate scenarios. While each of the interest rate risk measures has limitations, taken together they represent a reasonably comprehensive view of the magnitude of interest rate risk in BOE, the distribution of risk along the yield curve, the level of risk through time, and the amount of exposure to changes in certain interest rate relationships. Earnings simulation and economic value models, which more effectively measure the cash flow and optionality impacts, are utilized by management on a regular basis and are explained below.

Management uses simulation analysis to measure the sensitivity of net interest income to changes in interest rates. The model calculates an earnings estimate based on current and projected balances and rates. This method is subject to the accuracy of the assumptions that management has input, but it provides a better analysis of the sensitivity of earnings to changes in interest rates than other potential analyses.

Assumptions used in the model are derived from historical trends and management's outlook and include loan and deposit growth rates and projected yields and rates. Such assumptions are monitored and periodically adjusted as appropriate. All maturities, calls and prepayments in the securities portfolio are assumed to be reinvested in like instruments. Mortgage loans and mortgage backed securities prepayment assumptions are based on industry estimates of prepayment speeds for portfolios with similar coupon ranges and seasoning. Different interest rate scenarios and yield curves are used to measure the sensitivity of earnings to changing interest rates. Interest rates on different asset and liability accounts move differently when the prime rate changes and are reflected in the different rate scenarios.

BOE uses its simulation model to estimate earnings in rate environments where rates ramp up or down around a most likely rate scenario, based on implied forward rates. The analysis assesses the impact on net interest income over a 12 month time horizon by applying 12-month shock versus the implied forward rates of 200 basis points up

and down. The following table represents the interest rate sensitivity on net interest income for BOE across the rate paths modeled as of September 30, 2007:

	Change in Net Interest Income	
	(Percent)	(\$ in thousands)
Change in Yield Curve		
+200 basis points	2.46%	\$ 278
Most likely rate scenario	0.00%	
-200 basis points	(2.96)%	(334)

Economic Value Simulation. Economic value simulation is used to determine the estimated fair value of assets and liabilities over different interest rate scenarios. Economic values are calculated based on discounted cash flow analysis. The net economic value of equity is the economic value of all assets minus the economic value of all liabilities. The change in net economic value over different rate scenarios is an indication of the longer term earnings sensitivity capability of the balance sheet. The same assumptions are used in the economic value simulation as in the earnings simulation. The economic value simulation uses simultaneous rate shocks to the balance sheet, whereas the earnings simulation uses rate shock over 12 months. The following chart reflects the estimated change in net economic value over different rate environments using economic value simulation as of September 30, 2007:

	Change in Economic Value of Equity	
	(Percent)	(\$ in thousands)
Change in Yield Curve		
+200 basis points	(11.48)%	\$ (4,405)
Most likely rate scenario	0.00%	
-200 basis points	12.06%	4,627

BOE Management's Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2006 and December 31, 2005

The following discussion is intended to assist the readers in understanding and evaluating the financial condition and results of operation of BOE. This review should be read in conjunction with BOE's consolidated financial statements and accompanying notes included elsewhere in this Annual Report. This analysis provides an overview of the significant changes that occurred during the periods presented.

Critical Accounting Policies

General. BOE's financial statements are prepared in accordance with GAAP. The financial information contained within our statements is, to a significant extent, based on measures of the financial effects of transactions and events that have already occurred. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing expense, recovering an asset or relieving a liability. BOE uses historical loss factors as one factor in determining the inherent loss that may be present in its loan portfolio. Actual losses could differ significantly from the historical factors that BOE uses. In addition, GAAP itself may change from one previously acceptable method to another method. Although the economics of our transactions would be the same, the timing of events that would

impact BOE s transactions could change.

Allowance for Loan Losses. The allowance for loan losses is an estimate of the losses that may be sustained in BOE s loan portfolio. The allowance is based on two basic principles of accounting: (i) SFAS 5, Accounting for Contingencies, which requires that losses be accrued when they are probable of occurring and estimatable and (ii) SFAS 114, Accounting by Creditors for Impairment of a Loan, which requires that losses be accrued based on the differences between the value of collateral, present value of future cash flows or values that are observable in the secondary market and the loan balance. The use of these values is inherently subjective and our actual losses could be greater or less than the estimates.

The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions.

Overview

BOE's strategic plan is directed toward the enhancement of its franchise value and operating profitability by increasing its asset size and expanding its customer base. BOE operates eight full service offices mainly along the U.S. 360 corridor from Burgess, Virginia to the Richmond, Virginia metropolitan market, a span of about 75 miles. Management believes that its most significant profitable growth opportunities will continue to be within one hour of Tappahannock. (See Information About BOE Business General for further explanation on BOE's strategic plan.)

Year 2006 Compared to Year 2005. On December 31, 2006, BOE had total assets of \$281.378 million, total loans of \$196.891 million, total deposits of \$230.865 million and total stockholder's equity of \$28.047 million. BOE had net income of \$3.123 million in 2006, a \$22,000, or 0.7% increase from \$3.101 million in net income in 2005. This resulted in a return on average equity of 11.47% in 2006 compared to 12.18% in 2005. Return on average assets in 2006 was 1.15%, compared to 1.24% in 2005. BOE's total loans increased 7.9%, or \$14.435 million, in 2006 over 2005. Total loans were \$196.891 million at December 31, 2006 compared to \$182.456 million at December 31, 2005. Loan increases came from loans secured by real estate, including loans secured by 1-4 family properties and commercial lending. This is due to continued growth in and around the corridor surrounding Richmond, Virginia, including the area in and around Essex County. At December 31, 2006, the ratio of non-performing assets to total assets was 0.62% compared to 0.72% at December 31, 2005. Net recoveries to average loans were 0.01% in 2006 compared to net charge offs of 0.05% in 2005. Loans past due 90 days or more and still accruing interest at December 31, 2006 were \$102,000 and \$260,000 at December 31, 2005. BOE's allowance for loan losses to period end loans at December 31, 2006 was 1.22% compared to 1.23% at December 31, 2005.

Year 2005 Compared to Year 2004. On December 31, 2005, BOE had total assets of \$261.931 million, total loans of \$182.456 million, total deposits of \$223.132 million and total stockholder's equity of \$26.235 million. BOE had net income of \$3.101 million in 2005, a \$215,000, or 7.5% increase from \$2.885 million in net income in 2004. This resulted in a return on average equity of 12.18% in 2005 compared to 12.12% in 2004. Return on average assets in 2005 was 1.24%, compared to 1.23% in 2004. BOE's total loans increased 14.3%, or \$22.896 million, in 2005 over 2004. Total loans were \$182.456 million at December 31, 2005 compared to \$159.560 million at December 31, 2004. Loan increases came from loans secured by real estate, including loans secured by 1-4 family properties, commercial real estate and construction lending. At December 31, 2005, the ratio of non-performing assets to total assets was 0.72% compared to 1.29% at December 31, 2004. Net charge offs to average loans were 0.05% in 2005 compared to 0.21% in 2004. Loans past due 90 days or more and still accruing interest at December 31, 2005 were \$260,000 and \$100,000 at December 31, 2004. BOE's allowance for loan losses to period end loans at December 31, 2005 was 1.23% compared to 1.31% at December 31, 2004.

Results of Operations

Net Income

Year 2006 Compared to Year 2005. BOE had net income of \$3.123 million in 2006 compared to \$3.101 million in 2005. This represented an increase of 0.7%, or \$22,000. Diluted earnings per share in 2006 were \$2.58, compared to diluted earnings per share in 2005 of \$2.58. These earnings per share are based on average shares outstanding of 1,210,922 in 2006 and 1,203,725 in 2005. The increase in net income included a \$490,000 increase in total profits

(losses) on other properties resulting from a \$485,000 gain on the sale of a bank building. Also improving net income was \$160,000 in increases in other categories of noninterest income and a \$115,000 reduction in provision for loan losses. Offsetting these increases in net income for 2006 compared to 2005 was a decrease of \$112,000, or 1.1%, in net interest income. Comprising net interest income was a \$2.391 million, or 16.7%, increase in interest income which was offset by an increase of \$2.503 million, or 56.0%, in interest expenses caused by fierce competition among banks for funding and an inverted yield curve throughout much of 2006. Also affecting net

income was an increase of \$631,000, or 8.7%, in noninterest expenses, \$93,000 of which was related to the opening of a new headquarters during 2006.

Year 2005 Compared to Year 2004. BOE had net income of \$3.101 million in 2005 compared to \$2.885 million in 2004. This represented an increase of 7.5%, or \$215,000. Diluted earnings per share in 2005 were \$2.58, compared to diluted earnings per share in 2004 of \$2.42. These earnings per share are based on average shares outstanding of 1,203,725 in 2005 and 1,194,511 in 2004.

BOE's profitability increased in 2005 in comparison to 2004 due to an increase of \$605,000, or 6.5%, in net interest income. Net interest income increased from \$9.269 million in 2004 to \$9.874 million in 2005. Additionally, provision for loan losses decreased by \$65,000, or 21.2%, in 2005 compared to 2004. Provision for loan losses was \$240,000 in 2005 compared to \$305,000 in 2004. Provision for loan losses decreased in 2005 compared to 2004 due to a reduction in net charged-off loans. Net charged-off loans were \$80,000 in 2005 compared to \$345,000 in 2004. This combination resulted in a net interest income after provision for loan losses increase of \$670,000, or 7.5%.

Offsetting these increases in net income was a \$380,000, or 5.5% increase for 2005 compared to 2004 in noninterest expenses. Noninterest expenses were \$7.262 million in 2005 and \$6.882 million in 2004. Also offsetting net income increases was an increase of \$49,000, or 5.9%, in income tax expenses. Income tax expense totaled \$872,000 in 2005 and \$823,000 in 2004. Noninterest income decreased \$26,000, or 1.6%, and was \$1.601 million in 2005 compared to \$1.627 million in 2004.

Net Interest Income

Year 2006 Compared to Year 2005. Net interest income is the major component of BOE's earnings and is equal to the amount by which interest income exceeds interest expense. BOE's earning assets are composed primarily of loans and securities, while deposits and short-term borrowings represent the major portion of interest-bearing liabilities. Changes in the volume and mix of these assets and liabilities, as well as changes in the yields earned and rates paid, determine changes in net interest income.

Net interest income, on a fully tax equivalent basis, was \$10.514 million in 2006, \$53,000 less than the \$10.567 million reported for 2005. BOE's level of earning assets increased \$16.169 million, or 7.0%, on average, in 2006 to \$248.586 million compared to \$232.417 million in 2005. Loans receivable were \$189.837 million, on average, in 2006 compared to \$172.367 million in 2005, an increase of \$17.470 million, or 10.1%. The yield on loans receivable increased from 6.93% in 2005 to 7.52% in 2006. On a fully tax equivalent basis the yield on loans receivable increased \$2.338 million in 2006, to \$14.282 million in 2006 from \$11.944 million in 2005. This represents an increase of 19.6%. Investment securities and federal funds sold decreased, on average, 2.2% in 2006 to \$58.749 million, down from \$60.050 million, on average, in 2005. The tax equivalent yield on investment securities, including equity securities and federal funds sold was 5.45% in 2006 compared to 5.15% in 2005. On a fully taxable equivalent basis, income on investment securities and federal funds sold income increased 3.6%, or \$111,000, from \$3.092 million in 2005 to \$3.203 million in 2006. This earning asset rate and volume activity resulted in a yield on earning assets of 7.03% in 2006 based on \$17.485 million in fully taxable equivalent income compared to 6.47% in 2005 based on \$15.036 million in fully taxable equivalent income. This is a \$2.449 million increase from 2005 to 2006, or 16.3%. BOE's interest-bearing liabilities increased \$20.413 million, on average, from \$194.364 million in 2005 to \$214.777 million in 2006, an increase of 10.5%. The cost of interest-bearing liabilities increased from 2.30% in 2005 to 3.25% in 2006.

The increase in yield on earning assets of 56 basis points coupled with the increased cost of interest-bearing liabilities of 95 basis points resulted in a net interest margin for BOE of 4.23% in 2006 compared to a net interest margin of 4.55% in 2005. Net interest margin is calculated by dividing BOE's net interest income on a tax equivalent basis by the

average earning assets. Volume increases in loans, coupled with higher rate and volume increases on interest-bearing liabilities resulted in a decrease in the interest spread. BOE's net interest spread decreased 39 basis points from 4.17% in 2005 to 3.78% in 2006. Spread is calculated by subtracting the cost of interest-bearing liabilities from the yield on earning assets.

Year 2005 Compared to Year 2004. Net interest income, on a fully tax equivalent basis, was \$10.567 million in 2005, 6.7% higher than the \$9.902 million reported for 2004. BOE's level of earning assets increased

\$14.368 million, or 6.6%, on average, in 2005 to \$232.417 million compared to \$218.049 million in 2004. Loans receivable were \$172.367 million, on average, in 2005 compared to \$162.507 million in 2004, an increase of \$9.860 million, or 6.1%. The yield on loans receivable increased from 6.56% in 2004 to 6.93% in 2005. On a fully tax equivalent basis the yield on loans receivable increased \$1.280 million in 2005, to \$11.944 million in 2005 from \$10.664 million in 2004. This represents an increase of 12.0%. Investment securities and federal funds sold increased, on average, 8.1% in 2005 to \$60.050 million, up from \$55.542 million, on average, in 2004. The tax equivalent yield on investment securities, including equity securities and federal funds sold was 5.15% in 2005 compared to 5.12% in 2004. On a fully taxable equivalent basis, income on investment securities and federal funds sold income increased 8.7%, or \$248,000, from \$2.844 million in 2004 to \$3.092 million in 2005. This earning asset rate and volume activity resulted in a yield on earning assets of 6.47% in 2005 based on \$15.036 million in fully taxable equivalent income compared to 6.19% in 2004 based on \$13.508 million in fully taxable equivalent income. This is a \$1.528 million increase from 2004 to 2005, or 11.3%. BOE's interest-bearing liabilities increased \$8.971 million, on average, from \$185.393 million in 2004 to \$194.364 million in 2005. The cost of interest-bearing liabilities increased from 1.95% in 2004 to 2.30% in 2005, an increase of 18.0%.

The increase in yield on earning assets of 28 basis points coupled with the increased cost of interest-bearing liabilities of 35 basis points resulted in a net interest margin for BOE of 4.55% in 2005 compared to a net interest margin of 4.54% in 2004. Net interest margin is calculated by dividing BOE's net interest income on a tax equivalent basis by the average earning assets. Volume increases in loans and in securities, coupled with lower rate and volume increases in interest-bearing liabilities resulted in a decrease in the interest spread. BOE's net interest spread decreased 8 basis points from 4.25% in 2004 to 4.17% in 2005. Spread is calculated by subtracting the cost of interest-bearing liabilities from the yield on earning assets.

BOE's net interest margin is affected by changes in the amount and mix of earning assets and interest-bearing liabilities, referred to as a volume change. It is also affected by changes in yields earned on earning assets and rates paid on interest-bearing deposits and other borrowed funds, referred to as a rate change. The following table sets forth for each category of earning assets and interest-bearing liabilities, the average amounts outstanding, the interest earned or incurred on such amounts and the average rate earned or incurred for the years ended December 31, 2006, 2005 and 2004. The table also sets forth the average rate earned on total earning assets, the average rate paid on total interest-bearing liabilities, and the net interest margin on average total earning assets for the same periods.

BOE FINANCIAL SERVICES OF VIRGINIA, INC.**AVERAGE BALANCES, INTEREST INCOME AND EXPENSES, AND
AVERAGE YIELDS AND RATES****Years Ended December 31,
(dollars in thousands)**

	2006			2005			2004		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Earning Assets:									
Accounts receivable	\$ 189,837	14,282	7.52%	\$ 172,367	11,944	6.93%	\$ 162,507	\$ 10,664	6.53%
Securities, taxable(1)	20,546	951	4.63%	22,714	965	4.25%	20,232	890	4.40%
Securities, non-taxable	35,274	2,091	5.93%	34,849	2,039	5.85%	31,448	1,861	5.92%
Mortgage securities	1,484	84	5.66%	1,039	49	4.72%	935	40	4.27%
Real estate funds sold	1,445	77	5.33%	1,448	39	2.69%	2,927	53	1.81%
Earning assets	\$ 248,586	\$ 17,485	7.03%	\$ 232,417	\$ 15,036	6.47%	\$ 218,049	\$ 13,508	6.44%
Non-Earning Assets:									
Accounts due from banks	6,023			6,327			8,964		
Provision for loan losses	(2,339)			(2,205)			(2,060)		
Other assets	20,246			13,441			10,689		
Non-earning assets	23,930			17,563			17,593		
Total assets	\$ 272,516			\$ 249,980			\$ 235,642		
Interest-Bearing Liabilities:									
Deposits:									
Interest-bearing demand									
(NOW) deposits	26,218	90	0.34%	28,872	99	0.34%	\$ 27,387	\$ 95	0.35%
Money market deposits	14,750	226	1.53%	15,306	154	1.01%	17,085	143	0.83%
Time deposits	21,143	179	0.85%	23,857	190	0.80%	22,767	174	0.76%
CD deposits	135,760	5,560	4.10%	116,592	3,542	3.04%	112,749	2,987	2.65%
Real estate funds purchased	2,048	102	4.98%	2,503	101	4.03%	1,405	20	1.42%
Other advances & other									
Loans	14,858	814	5.48%	7,234	382	5.29%	4,000	187	4.68%
Interest-bearing liabilities	\$ 214,777	\$ 6,971	3.25%	\$ 194,364	\$ 4,469	2.30%	\$ 185,393	\$ 3,606	1.95%
Interest Bearing Liabilities:									
Time deposits	28,259			28,730			25,139		

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liabilities	2,245		1,417		1,290
non-interest bearing ities	30,504		30,147		26,429
liabilities	245,281		224,511		211,822
holders equity	27,235		25,469		23,820
liabilities and holders equity	\$ 272,516		\$ 249,980		\$ 235,642
est spread		3.78%		4.17%	4.2
interest margin	\$ 10,514	4.23%	\$ 10,567	4.55%	\$ 9,902 4.5

(1) Income and yields are reported on a tax-equivalent basis assuming a federal tax rate of 34%.

Net interest income is affected by both (1) changes in the interest rate spread (the difference between the weighted average yield on interest earning assets and the weighted average cost of interest-bearing liabilities) and (2) changes in volume (average balances of interest earning assets and interest-bearing liabilities).

For each category of interest-earning assets and interest-bearing liabilities, information is provided regarding changes attributable to (1) changes in volume of balances outstanding (changes in volume multiplied by prior period interest rate) (2) changes in the interest earned or paid on the balances (changes in rate multiplied by prior period volume) and (3) a combination of changes in volume and rate allocated pro rata.

RATE AND VOLUME ANALYSIS
(Dollars in thousands)

	Year Ended December 31, 2006			Year Ended December 31, 2005		
	Compared to December 31, 2005			Compared to December 31, 2004		
	Increase (Decrease) Due to			Increase (Decrease) Due to		
	Rate	Volume	Total	Rate	Volume	Total
Interest Earned On:						
Loans receivable	\$ 1,071	\$ 1,267	\$ 2,338	\$ 614	\$ 666	\$ 1,280
Securities, taxable	\$ 210	\$ (224)	\$ (14)	(29)	104	\$ 75
Securities, non-taxable	\$ 26	\$ 25	\$ 52	(20)	199	\$ 179
Equity securities	\$ 11	\$ 24	\$ 35	4	5	\$ 9
Federal funds sold	\$ 38	\$ (0)	\$ 38	382	(396)	\$ (14)
Total interest income	\$ 1,356	\$ 1,092	\$ 2,448	\$ 951	\$ 578	\$ 1,529
Interest Paid On:						
Interest bearing demand (NOW) deposits	\$ (0)	\$ (9)	\$ (9)	\$ (1)	\$ 5	\$ 4
Money market deposits	\$ 77	\$ (5)	\$ 72	\$ 23	(12)	\$ 11
Savings deposits	\$ 13	\$ (26)	\$ (12)	8	9	\$ 16
Time deposits	\$ 1,371	\$ 647	\$ 2,018	450	105	\$ 555
Federal funds purchased	\$ 5	\$ (4)	\$ 1	57	24	\$ 81
Federal Home Loan Bank advances and other borrowings	\$ 14	\$ 417	\$ 432	27	168	\$ 195
Total interest expense	\$ 1,480	\$ 1,020	\$ 2,500	\$ 564	\$ 299	\$ 862
Net interest income	\$ (124)	\$ 72	\$ (52)	\$ 387	\$ 279	\$ 667

Interest Rate Sensitivity

An important component of both earnings performance and liquidity is management of interest rate sensitivity. Interest rate sensitivity reflects the potential effect on net interest income of a movement in market interest rates. BOE

is subject to interest rate sensitivity to the degree that its interest earning assets mature or reprice at a different time interval from that of its interest-bearing liabilities.

INTEREST SENSITIVITY ANALYSIS
December 31, 2006 (Dollars in thousands)

	Maturing or Repricing In:			Total
	< 3	3-12	Over	
	Months	Months	1 Year	
Interest-sensitive assets:				
Cash	\$ 5,520	\$	\$	\$ 5,520
Loans	69,350	26,484	101,057	196,891
Securities	1,015	7,114	52,387	60,516
Total interest-sensitive assets	\$ 75,885	\$ 33,598	\$ 153,444	\$ 262,927
Interest-sensitive liabilities:				
Non-interest bearing deposits	\$	\$	\$ 27,809	\$ 27,809
Certificates of deposit	22,067	91,695	28,208	141,970
Interest-bearing checking, money market deposits, NOW and savings accounts	17,843		43,243	61,086
Federal funds purchased	3,207			3,207
FHLB advances		7,000	5,000	12,000
Trust Preferred Securities			4,124	4,124
Total interest sensitive liabilities	\$ 43,117	\$ 98,695	\$ 108,384	\$ 250,196
Period gap	32,768	(65,097)	45,060	12,731
Cumulative gap	32,768	(32,329)	12,731	
Ratio of cumulative interest sensitive assets to interest sensitive liabilities	176.0%	77.2%	105.1%	
Ratio of cumulative gap to interest sensitive assets	12.5%	(12.3)%	4.8%	

Provision For Loan Losses

The provision for loan losses is charged to income to bring the total allowance for loan losses to a level deemed appropriate by management of BOE based on such factors as historical experience, the volume and type of lending conducted by BOE, the amount of non-performing assets, regulatory policies, generally accepted accounting principles, general economic conditions, and other factors related to the collectibility of loans in BOE's portfolio.

The provision for loan losses was \$125,000 in 2006, a decrease of \$115,000, or 48.0%, compared to the \$240,000 in provision for 2005. The provision for loan losses reflects a decrease in net charged-off loans in 2006. Charged-off loans were in a net recovery position in 2006 of \$26,000 after charging off \$138,000 and recovering a total of \$164,000. This compares to \$80,000 in net charge-offs in 2005 after charging off \$159,000 in loans and recognizing \$79,000 in recoveries.

Management believes the allowance for loan losses is adequate to absorb losses inherent in the loan portfolio. In view of BOE's plans to continue its loan growth, management will continue to closely monitor the performance of its

portfolio and make additional provisions as necessary.

Non-Interest Income

Non-interest income in 2006 was \$2.250 million, an increase of 40.6%, or \$650,000, from non-interest income of \$1.601 million in 2005. Net gains (losses) on sale of premises and equipment was the largest component of this increase, \$490,000. Of this amount, \$485,000 was the result of the sale of a former branch banking facility. Net gains (losses) on sale of premises and equipment was a loss of \$23,000 in 2005 compared to a gain of \$467,000 in 2006. Other income increased \$114,000, or 19.6%, and was \$693,000 in 2006 compared to \$579,000 in 2005. Service charge income increased 5.7%, or \$56,000, and was \$1.043 million in 2006 compared to \$986,000 in 2005.

Net gains on sales of loans was \$61,000, an 8.9%, or \$5,000, increase over the 2005 total of \$56,000. Net security gains (losses) were \$16,000 less in 2006 than 2005. Net security gains (losses) were a loss of \$13,000 in 2006 compared to a gain of \$3,000 in 2005.

Non-interest income in 2005 was \$1.601 million, a decrease of \$26,000, or 1.6%, from non-interest income of \$1.627 million in 2004. Service charges on deposit accounts decreased \$8,000, or 0.8%, to \$986,000 in 2005 from \$994,000 in 2004. Other income increased 25.4%, or \$117,000, in 2005. Other income was \$579,000 in 2005 and \$462,000 in 2004. Securities gains were \$3,000 in 2005, a \$63,000 decrease from securities gains of \$66,000 in 2004. Gains on sales of loans were \$56,000 in 2005 and \$57,000 in 2004, a \$1,000 decrease. Net gains/(losses) on sales of other properties decreased \$72,000, or 147.2%, from a \$49,000 gain in 2004 to a \$23,000 loss in 2005.

Non-Interest Expense

Non-interest expense was \$7.893 million in 2006, a \$631,000, or 8.7% increase, over non-interest expense of \$7.262 million in 2005. Salaries were \$3.247 million in 2006 and were the largest component of this increase, \$193,000, or 6.3%, over salaries of \$3.054 million in 2005. Employee benefits were up \$152,000, or 15.5%, higher than employee benefits in 2005 of \$982,000. This increase was due to continued increases in health industry costs provided to employees. Data processing expense of \$555,000 in 2006 was 4.7%, or \$25,000, higher than data processing expense of \$530,000 in 2005. Other operating expenses of \$1.499 million were \$62,000, or 4.3%, higher than other operating expenses of \$1.437 million in 2005. Bank franchise tax increased \$16,000, or 7.3%, in 2006 and was \$238,000 compared to \$222,000 in 2005. Stationary and printing expenses increased \$34,000, or 24.6%, and were \$138,000 in 2005 compared to \$172,000 in 2006. Furniture and equipment related expenses were \$449,000 in 2006 compared to \$415,000 in 2005, an increase of \$34,000, or 8.2%. Postage expense increased \$22,000, or 14.3%, and was \$175,000 in 2006 compared to \$153,000 in 2005. Occupancy expenses increased \$93,000, or 28.0% and were \$423,000 in 2006 compared to \$330,000 in 2005.

Non-interest expense was \$7.262 million in 2005, a \$380,000, or 5.5%, increase, over non-interest expense of \$6.882 million in 2004. Salaries were \$3.054 million in 2005 and were the largest component of this increase, \$196,000, or 6.9%, over salaries of \$2.858 million in 2004. This increase was due to an increase in full-time equivalent employees from 88 in 2004 to 93 in 2005. Employee benefits were \$982,000, up \$178,000, or 22.1% higher than employee benefits in 2004 of \$804,000. This increase was due to the increase in full-time equivalent employees described above and continued increases in health industry costs provided to employees. Data processing expense of \$530,000 in 2005 was 12.4%, or \$59,000, higher than data processing expense of \$471,000 in 2004. Other operating expenses of \$1.404 million were \$32,000, or 2.3%, higher than other operating expenses of \$1.437 million in 2004. Bank franchise tax increased \$7,000, or 3.5%, in 2005 and was \$222,000 compared to \$214,000 in 2004.

Analysis of Financial Condition

Loan Portfolio

The loan portfolio is the largest category of BOE's earning assets and is comprised of commercial loans, agricultural loans, real estate loans, home equity loans, construction loans, consumer loans, and participation loans with other financial institutions. The primary markets in which BOE makes loans include the counties of Essex, King and Queen, King William, Hanover, Henrico, Northumberland and the City of Richmond. The mix of the loan portfolio is weighted toward loans secured by real estate and commercial loans. In management's opinion, there are no significant concentrations of credit with particular borrowers engaged in similar activities.

Net loans consist of total loans minus the allowance for loan losses, unearned discounts and deferred loan fees. BOE's net loans were \$194.491 million at December 31, 2006, representing an increase of 7.9%, or \$14.284 million more

than net loans of \$180.207 million at December 31, 2005. The average balance of loans as a percentage of average earning assets was 76.4% in 2006, up slightly from 74.2% in 2005.

In the normal course of business, BOE makes various commitments and incurs certain contingent liabilities, which are disclosed but not reflected in the consolidated financial statements contained in this Annual Report, including standby letters of credit and commitments to extend credit. At December 31, 2006, commitments for

standby letters of credit totaled \$4.971 million and commitments to extend credit totaled \$45.251 million. Commitments for standby letters of credit totaled \$4.602 million at December 31, 2005 and commitments to extend credit totaled \$40.381 million.

LOAN PORTFOLIO
December 31,
(Dollars in thousands)

	2006	2005	2004	2003	2002
Loans:					
Commercial	\$ 22,934	\$ 22,873	\$ 23,534	\$ 26,099	\$ 33,428
Real Estate	138,008	121,296	103,387	106,212	121,570
Real Estate construction	29,984	32,084	25,924	21,505	1,465
Installment & other	5,965	6,203	6,714	6,693	7,375
Total loans	\$ 196,891	\$ 182,456	\$ 159,559	\$ 160,509	\$ 163,838
Allowance for loan losses	(2,400)	(2,249)	(2,088)	(2,128)	(2,116)
Net loans	\$ 194,491	\$ 180,207	\$ 157,471	\$ 158,381	\$ 161,722

Remaining Maturities of Selected Loan Categories

	Commercial	Real Estate Construction
	(In thousands)	
within one year	\$ 7,546	\$ 22,207
Variable Rate		
One to five years	\$ 8,198	\$ 468
After five years	\$ 3,951	63
Total	\$ 12,149	\$ 531
Fixed Rate		
One to five years	\$ 2,632	\$ 6,129
After five years	\$ 607	\$ 1,117
Total	\$ 3,239	\$ 7,246
Total Maturities	\$ 22,934	\$ 29,984

Asset Quality

Generally, interest on loans is accrued and credited to income based upon the principal balance outstanding. It is typically BOE's policy to discontinue the accrual of interest income and classify a loan on non-accrual when principal or interest is past due 90 days or more and the loan is not well-secured and in the process of collection, or when, in the opinion of management, principal or interest is not likely to be paid in accordance with the terms of the obligation.

BOE will generally charge-off loans after 120 days of delinquency unless they are adequately collateralized, in the process of collection and, based on a probable specific event, management believes that the loan will be repaid or brought current within a reasonable period of time. Loans will not be returned to accrual status until future payments of principal and interest appear certain. Interest accrued and unpaid at the time a loan is placed on non-accrual status is charged against interest income. Subsequent payments received are applied to the outstanding principal balance.

Real estate acquired by BOE as a result of foreclosure or in-substance foreclosure is classified as other real estate owned (OREO). Such real estate is recorded at the lower of cost or fair market value less estimated selling

costs, and the estimated loss, if any, is charged to the allowance for loan losses at that time. Further allowances for losses are recorded as charges to other expenses at the time management believes additional deterioration in value has occurred. BOE had no OREO at December 31, 2006 or 2005.

BOE's credit policies generally require a loan-to-value ratio of 85% for secured loans. At December 31, 2006, loans past due 90 days or more and still accruing interest totaled \$102,000, of which \$7,000 was secured by real estate and the remainder was secured and unsecured commercial and installment loans. As of December 31, 2005, loans past due 90 days or more and still accruing totaled \$260,000, all of which was secured by real estate and the remainder was secured and unsecured commercial and installment loans. Non-accrual loans at December 31, 2006 were \$0 and at December 31, 2005 non-accrual loans were \$174,000.

NON-PERFORMING ASSETS
December 31,
(Dollars in thousands)

	2006	2005	2004	2003	2002
Nonaccrual and impaired loans	\$ 1,756	\$ 1,891	\$ 3,065	\$ 1,737	\$ 2,411
Restructured loans	0	0	0		
Total nonperforming loans	\$ 1,756	\$ 1,891	\$ 3,065	\$ 1,737	\$ 2,411
Foreclosed assets	0	0	0		
Total nonperforming assets	\$ 1,756	\$ 1,891	\$ 3,065	\$ 1,737	\$ 2,411
Loans past due 90 or more days accruing interest	\$ 102	\$ 260	\$ 100	\$ 285	\$ 102
Nonperforming loans to total loans, at period end	0.89%	1.04%	1.92%	1.08%	1.47%
Nonperforming assets to period end assets	0.62%	0.72%	1.29%	0.75%	1.06%

Allowance for Loan Losses

In originating loans, BOE recognizes that credit losses will be experienced and the risk of loss will vary with, among other things, general economic conditions, the type of loan being made, the creditworthiness of the borrower over the term of the loan and, in the case of a collateralized loan, the quality of the collateral for such loan. BOE maintains an allowance for loan losses based upon, among other things, historical experience, the volume and type of lending conducted by BOE, the amount of non-performing assets, regulatory policies, generally accepted accounting principles, general economic conditions, and other factors related to the collectibility of loans in BOE's portfolios. In addition to general allowances, specific allowances are provided for individual loans when ultimate collection is considered questionable by management after reviewing the current status of loans, which are contractually past due and after considering the net realizable value of any collateral for the loan.

Management actively monitors BOE's asset quality in a continuing effort to charge-off loans against the allowance for loan losses when appropriate and to provide specific loss allowances when necessary. Although management believes it uses the best information available to make determinations with respect to the allowance for loan losses, future adjustments may be necessary if economic conditions differ from the assumptions used in making the initial determinations. As of December 31, 2006, the allowance for loan losses amounted to \$2.400 million, or 1.22% of total

loans. BOE's allowance for loan losses was \$2.249 million at December 31, 2005, or 1.23% of total loans.

The allowance for loan losses as a percentage of non-performing assets was 136.67% at December 31, 2006. The ratio of allowance for loan losses as a percentage of non-performing assets at December 31, 2005 was 118.93%.

ALLOWANCE FOR LOAN LOSSES
Years ended December 31,
(Dollars in thousands)

	2006	2005	2004	2003	2002
Balance, beginning of period	\$ 2,249	\$ 2,088	\$ 2,129	\$ 2,116	\$ 2,084
Less chargeoffs:					
Commercial	0	35	128	613	943
Installment	138	124	265	203	262
Real estate	0	0	38	13	39
Total chargeoffs	138	159	431	829	1,244
Plus recoveries					
Commercial	103	15	24	98	17
Installment	59	54	55	44	51
Real estate	2	11	6		
Total recoveries	164	80	85	142	68
Net chargeoffs	(26)	79	346	687	1,176
Provision for loan losses	125	240	305	700	1,208
Balance, end of period	\$ 2,400	\$ 2,249	\$ 2,088	\$ 2,129	\$ 2,116
Allowance for loan losses to period end loans	1.22%	1.23%	1.31%	1.33%	1.29%
Allowance for loan losses to non performing assets	136.67%	118.93%	614.12%	122.57%	87.76%
Net chargeoffs to average loans	(0.01)%	0.05%	0.21%	0.42%	0.74%

ALLOCATION OF ALLOWANCE FOR LOAN LOSSES
December 31,
(Dollars in thousands)

	2006	Percent(1)	2005	Percent(1)	2004	Percent(1)	2003	Percent(1)	2002	Percent(1)
Commercial	\$ 437	11.6%	\$ 524	12.5%	\$ 428	14.7%	\$ 346	16.3%	\$ 432	20.4%
Installment	188	3.1%	141	3.4%	180	4.2%	89	4.2%	95	4.5%
Real Estate	1,775	85.3%	1,584	84.1%	1,480	81.1%	1,694	79.6%	1,589	75.1%
	\$ 2,400	100.0%	\$ 2,249	100.0%	\$ 2,088	100.0%	\$ 2,129	100.0%	\$ 2,116	100.0%

(1) *Percent of loans in each category to total loans.*

Investment Activities

Securities available-for-sale are used as part of BOE's interest rate risk management strategy and may be sold in response to interest rate, changes in prepayment risk, liquidity needs, the need to increase regulatory capital and other factors. The fair value of BOE's securities available-for-sale totaled \$55.963 million at December 31, 2006, compared to \$52.393 million at December 31, 2005.

BOE is required to account for the effect of market changes in the value of securities available-for-sale (AFS) under Statement of Financial Accounting Standard #115 (SFAS 115). The market value of the December 31, 2006 securities available-for-sale portfolio was \$54,000 less than the associated book value of these securities. On December 31, 2005 the market value of securities available-for-sale exceeded their book value by \$121,000.

As of December 31, 2006 the book value of the available-for-sale investment portfolio increased \$3.505 million, or 6.7%, from \$52.514 million at December 31, 2005 to \$56.018 million at December 31, 2006.

SECURITIES PORTFOLIO
(Dollars in thousands)

	2006		2005		2004	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Held-to-Maturity:						
U.S. Treasury Issue and other						
U.S. Government agencies	\$ 3,000	\$ 2,949	\$ 3,000	\$ 2,933	\$ 3,000	\$ 3,000
State, county and municipal	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Held-to-Maturity	\$ 3,000	\$ 2,949	\$ 3,000	\$ 2,933	\$ 3,000	\$ 3,000
Available-for-Sale						
U.S. Treasury Issue and other						
U.S. Government agencies	\$ 16,373	\$ 16,105	\$ 14,633	\$ 14,233	\$ 17,129	\$ 17,057
State, county and municipal	38,299	38,226	36,834	36,849	33,720	34,733
Other	1,346	1,632	1,047	1,311	2,904	3,185
Total Available-for-Sale	\$ 56,018	\$ 55,963	\$ 52,514	\$ 52,393	\$ 53,753	\$ 54,955

SECURITIES PORTFOLIO MATURITY AND YIELDS
December 31, 2006
(Dollars in thousands)

	Under	1 to	5 to	Over	Total
	1 Year	5 Years	10 Years	10 Years	
Maturity Distribution:					
U.S. Treasury Issue and other U.S.					
Government agencies	\$ 4,528	\$ 10,278	\$ 1,299	\$ 3,000	\$ 19,105
State, county and municipal tax exempt	4,338	16,455	14,294	1,276	36,363
State, county and municipal taxable	203	1,323	337		1,863
Other		1,289		343	1,632
Total Investment Securities	\$ 9,069	\$ 29,345	\$ 15,930	\$ 4,619	\$ 58,963

Weighted Average Yield:

U.S. Treasury Issue and other U.S. Government agencies	4.43%	4.07%	5.49%	6.00%	4.55%
State, county and municipal tax exempt	5.65%	5.58%	5.29%	5.69%	5.48%
State, county and municipal taxable	5.00%	5.25%	4.65%	0.00%	5.12%
Other	0.00%	6.01%	0.00%	4.36%	5.66%
 Weighted Average Yield by Category	 5.03%	 5.06%	 5.29%	 5.79%	 5.17%

Deposits

BOE primarily uses deposits to fund its loans and investment portfolio. In 2006, BOE's deposits grew \$7.733 million, or 3.5%. Total deposits at December 31, 2006 were \$230.865 million compared to \$223.132 million at December 31, 2005. Certificates of deposit increased \$14.359 million, or 11.3%, from \$127.545 million at December 31, 2005 to \$141.910 million at December 31, 2006. This was the largest component of growth in deposits in 2006. Non-interest bearing deposits were \$27.809 million at December 31, 2006, a \$2.982 million, or 9.7%, decrease from \$30.791 million at December 31, 2005. Additionally, there was a \$2.048 million, or 9.2%, decrease in savings deposits. Savings deposits were \$20.103 million at December 31, 2006 compared to \$22.151 million at December 31, 2005. NOW accounts decreased \$706,000, or 2.6%, from \$27.689 million at December 31, 2005 to \$26.983 million at December 31, 2006. Money Market Deposit Accounts decreased \$889,000, or 5.9%, from \$14.955 million at December 31, 2005 to \$14.066 million at December 31, 2006.

In 2005, BOE's deposits grew \$16.159 million, or 7.8%. Total deposits at December 31, 2005 were \$223.132 million compared to \$206.973 million at December 31, 2004. Certificates of deposit increased \$14.243 million, or 12.6%, from \$113.302 million at December 31, 2004 to \$127.545 million at December 31, 2005. This was the largest component of growth in deposits in 2005. Non-interest bearing demand deposits were the only other deposit category experiencing growth in 2005. Non-interest bearing deposits were \$30.791 million at December 31, 2005, a \$5.186 million, or 20.3%, increase from \$25.605 million at December 31, 2004. Offsetting these increases to deposit growth was a \$3.165 million, or 12.5%, decrease in savings deposits. Savings deposits were \$25.316 million at December 31, 2004 compared to \$22.151 million at December 31, 2005. NOW accounts decreased \$337,000, or 1.2%, from \$28.026 million at December 31, 2004 to \$27.689 million at December 31, 2005. Money Market Deposit Accounts increased \$232,000, or 1.6%, from \$14.723 million at December 31, 2004 to \$14.955 million at December 31, 2005.

BOE offers a variety of deposit accounts to individuals and small-to-medium sized businesses. Deposit accounts include checking, savings, money market deposit accounts and certificates of deposit. Certificates of deposit of \$100,000 or more totaled \$43.980 million at December 31, 2006 and \$39.864 million at December 31, 2005, an increase of \$8.774 million, or 22.0%.

AVERAGE DEPOSITS AND AVERAGE RATES PAID
(Dollars in thousands)

Year Ended December 31,	2006		2005		2004	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
Interest bearing deposits:						
NOW accounts	\$ 26,218	0.34%	\$ 28,872	0.34%	\$ 27,387	0.35%
Money market deposits	14,750	1.53%	15,306	1.01%	17,085	0.84%
Regular savings	21,143	0.85%	23,857	0.80%	22,767	0.76%
Certificates of deposit	135,760	4.10%	116,592	3.04%	112,749	2.65%
Total interest bearing deposits	\$ 197,871	3.06%	\$ 184,627	2.16%	\$ 179,988	1.89%
Noninterest bearing deposits	28,259		28,730		25,139	
Total deposits	\$ 226,130		\$ 213,357		\$ 205,127	

**MATURITIES OF CERTIFICATES OF DEPOSIT OF \$100,000 OR MORE
AT DECEMBER 31, 2006
(Dollars in thousands)**

	Dollars	Percent
Three months or less	\$ 10,141	23.06%
Over three months to six months	8,883	20.20%
Over six months to one year	17,228	39.17%
Over one year	7,728	17.57%
	\$ 43,980	100.00%

Short-Term Borrowings

BOE occasionally finds it necessary to purchase funds on a short-term basis due to fluctuations in loan and deposit levels. BOE has several arrangements under which it may purchase funds. Federal Funds guidance facilities are maintained with correspondent banks totaling \$16.500 million for the year ending December 31, 2006. \$3.207 million was drawn on these facilities at December 31, 2005. As another means of borrowing funds, BOE may borrow from the Federal Home Loan Bank of Atlanta. Total expense on Federal Home Loan Bank of Atlanta borrowings in 2006 was \$476,000 and in 2005 was \$119,000. Total expense on Federal Funds purchased and other borrowings was \$102,000 in 2006 and \$101,000 in 2005.

Capital Requirements

The determination of capital adequacy depends upon a number of factors, such as asset quality, liquidity, earnings, growth trends and economic conditions. BOE seeks to maintain a strong capital base to support its growth and expansion plans, provide stability to current operations and promote public confidence in BOE.

BOE's capital position exceeds all regulatory minimums. The federal banking regulators have defined three tests for assessing the capital strength and adequacy of banks, based on two definitions of capital. Tier 1 Capital is defined as a combination of common and qualifying preferred stockholders' equity less goodwill. Tier 2 Capital is defined as qualifying subordinated debt and a portion of the allowance for loan losses. Total Capital is defined as Tier 1 Capital plus Tier 2 Capital. Three risk-based capital ratios are computed using the above capital definitions, total assets and risk-weighted assets and are measured against regulatory minimums to ascertain adequacy. All assets and off-balance sheet risk items are grouped into categories according to degree of risk and assigned a risk-weighting and the resulting total is risk-weighted assets. Total Risk-based Capital is Total Capital divided by risk-weighted assets. The Leverage ratio is Tier 1 Capital divided by total average assets.

During the fourth quarter of 2003 BOE engaged in a trust preferred offering, raising \$4.124 million in trust preferred subordinated debt which qualifies as capital for regulatory purposes. This trust preferred debt has a 30-year maturity with a 5-year call option and was issued at a rate of three month LIBOR plus 3.00% for a weighted average rate of 8.10% during 2006.

The following table shows BOE's capital ratios:

CAPITAL RATIOS
December 31,

	2006	2005	2004
Tier 1 Risk-based Capital	15.35%	14.76%	15.31%
Total Risk-based Capital	16.35%	15.67%	16.49%
Leverage Ratio	11.62%	11.55%	11.50%

Liquidity

Liquidity represents BOE'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, interest-bearing deposits with banks, federal funds sold, and certain investment securities. As a result of BOE's management of liquid assets and the ability to generate liquidity through liability funding, management believes that BOE maintains overall liquidity sufficient to satisfy its depositors' requirements and meet its customers' credit needs.

As of December 31, 2006, cash, federal funds sold and available-for-sale securities represented 25.90% of deposits and other liabilities compared to 26.37% at December 31, 2005. Managing loan maturities also provides asset liquidity. At December 31, 2006 approximately \$95.834 in loans would mature or reprice with a one-year period.

The following table summarizes BOE's liquid assets for the periods indicated:

SUMMARY OF LIQUID ASSETS
December 31,
(Dollars in thousands)

	2006	2005	2004
Cash and due from banks	\$ 5,520	\$ 7,365	\$ 4,354
Federal funds sold	0	0	5,064
Available for sale securities, at fair value	55,963	52,393	54,955
Total liquid assets	\$ 61,483	\$ 59,758	\$ 64,373
Deposits and other liabilities	\$ 237,358	\$ 226,572	\$ 208,657
Ratio of liquid assets to deposits and other liabilities	25.90%	26.37%	30.85%

Financial Ratios

Financial ratios give investors a way to compare BOE's within industries to analyze financial performance. Return on average assets is net income as a percentage of average total assets. It is a key profitability ratio that indicates how effectively a bank has used its total resources. Return on average assets was 1.15% in 2006 and 1.24% in 2005. Return on average equity is net income as a percentage of average stockholders' equity. It provides a measure of how productively a corporation's equity has been employed. BOE's return on average equity was 11.47% in 2006 and 12.18% in 2005. Dividend payout ratio is the percentage of net income paid to stockholders as cash dividends during a given period. It is computed by dividing dividends per share by net income per share. BOE has a dividend payout ratio of 29.67% in 2006 and 28.13% in 2005. BOE utilizes leverage within guidelines prescribed by federal banking regulators as described in the section "Capital Requirements" in the preceding section. Leverage is average stockholders' equity divided by total quarterly average assets. This ratio was 9.99% in 2006 and 10.19% in 2005.

FINANCIAL RATIOS
Years ended December 31,

2006	2005	2004
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Return on average assets	1.15%	1.24%	1.23%
Return on average equity	11.47%	12.18%	12.12%
Dividend payout ratio	29.67%	28.13%	25.90%
Average equity to average asset ratio	9.99%	10.19%	10.11%

Financial Instruments With Off-Balance Sheet Risk and Credit Risk and Contractual Obligations

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

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

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

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

Commitments to extend credit are agreements to lend to a client as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Bank of Essex evaluates each client's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Bank of Essex upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties.

Unfunded commitments under lines of credit are commitments for possible future extensions of credit to existing clients. Those lines of credit may not be drawn upon to the total extent to which Bank of Essex is committed.

Standby letters of credit are conditional commitments issued by Bank of Essex to guarantee the performance of a client to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to clients. Bank of Essex holds certificates of deposit, deposit accounts, and real estate as collateral supporting those commitments for which collateral is deemed necessary.

A summary of BOE's contractual obligations at December 31, 2006 is as follows:

Payment Due by Period
(In thousands)

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
Contractual Obligations					
Federal Funds Purchased	\$ 3,207	\$ 3,207	\$ 0	\$ 0	\$ 0
FHLB Advances	12,000	7,000	0	0	5,000
Trust Preferred Capital Notes	4,124				4,124
Total Obligations	\$ 19,331	\$ 10,207	\$ 0	\$ 0	\$ 9,124

BOE does not have any capital lease obligations, as classified under applicable FASB statements, or other purchase or long-term obligations.

Recent Accounting Pronouncements

In September 2006, the SEC released Staff Accounting Bulletin No. 108 (SAB 108). SAB 108 expresses the SEC staff's views regarding the process of quantifying financial statement misstatements. SAB 108 expresses the SEC staff's view that a registrant's materiality evaluation of an identified unadjusted error should quantify the effects of the error on each financial statement and related financial statement disclosures and that prior year misstatements should be considered in quantifying misstatements in current year financial statements. SAB 108 also states that correcting prior year financial statements for immaterial errors would not require previously filed reports to be amended. Such correction may be made the next time the registrant files the prior year financial statements. The cumulative effect of the initial application should be reported in the carrying amounts of assets and liabilities as of the beginning of that fiscal year and the offsetting adjustment should be made to the opening balance of retained earnings for that year. Registrants will disclose the nature and amount of each individual error being corrected in the cumulative adjustment. The SEC staff encourages early application of the guidance in SAB 108 for interim periods of the first fiscal year ending after November 15, 2006. period ended December 31, 2006, BOE does not anticipate the implementation of SAB 108 will have a material impact on its consolidated financial statements.

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155, *Accounting for Certain Hybrid Financial Instruments* an amendment of FASB Statements No. 133 and 140 (SFAS 155). SFAS 155 permits fair value measurement of any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. The Statement also clarifies which interest-only strips and principal-only strips are not subject to the requirements of Statement 133. It establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation. SFAS 155 also clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives. SFAS 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. BOE does not expect the implementation of SFAS 155 to have a material impact on its consolidated financial statements.

In March 2006, the FASB issued Statement of Financial Accounting Standards No. 156, *Accounting for Servicing of Financial Assets* an amendment of FASB Statement No. 140 (SFAS 156). SFAS 156 requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into certain servicing contracts. The Statement also requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable. SFAS 156 permits an entity to choose between the amortization and fair value methods for subsequent measurements. At initial adoption, the Statement permits a one-time reclassification of available for sale securities to trading securities by entities with recognized servicing rights. SFAS 156 also requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. This Statement is effective as of the beginning of an entity's first fiscal year that begins after September 15, 2006. BOE does not expect the implementation of SFAS 156 to have a material impact on its consolidated financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements but may change current practice for some entities. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those years. BOE does not expect the implementation of SFAS 157 to have a material impact on its consolidated financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* — an amendment of FASB Statements No. 87, 88, 106, and 132(R) (SFAS 158). SFAS 158 requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The funded status of a benefit plan will be measured as the difference between plan assets at fair

value and the benefit obligation. For a pension plan, the benefit obligation is the projected benefit obligation. For any other postretirement plan, the benefit obligation is the accumulated postretirement benefit obligation. SFAS 158 also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position. The Statement also requires additional disclosure in the notes to financial statements about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. BOE is required to initially recognize the funded status of a defined benefit postretirement plan and to provide the required disclosures as of the end of the fiscal year ending after December 15, 2006. The requirement to measure plan assets and benefit obligations as of the date of the employers fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. See Note 8 for more information on the impact of SFAS 158.

In June 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes: An Interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS 109. The Interpretation prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. FIN 48 is effective for fiscal years beginning after December 15, 2006. BOE does not expect the implementation of FIN 48 to have a material impact on its consolidated financial statements.

In September 2006, the Emerging Issues Task Force issued EITF 06-4, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements*. This consensus concludes that for a split-dollar life insurance arrangement within the scope of this Issue, an employer should recognize a liability for future benefits in accordance with FASB Statement No. 106 (if, in substance, a postretirement benefit plan exists) or APB Opinion No. 12 (if the arrangement is, in substance, an individual deferred compensation contract) based on the substantive agreement with the employee. The consensus is effective for fiscal years beginning after December 15, 2007. BOE is currently evaluating the effect that EITF No. 06-4 will have on its consolidated financial statements when implemented.

In September 2006, The Emerging Issues Task Force issued EITF 06-5, *Accounting for Purchases of Life Insurance-Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4*. This consensus concludes that a policyholder should consider any additional amounts included in the contractual terms of the insurance policy other than the cash surrender value in determining the amount that could be realized under the insurance contract. A consensus also was reached that a policyholder should determine the amount that could be realized under the life insurance contract assuming the surrender of an individual-life by individual-life policy (or certificate by certificate in a group policy). The consensus are effective for fiscal years beginning after December 15, 2006. BOE is currently evaluating the effect that EITF No. 06-5 will have on its consolidated financial statements when implemented.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates and equity prices. BOE's market risk is composed primarily of interest rate risk. BOE's ALCO is responsible for reviewing the interest rate sensitivity position and establishing policies to monitor and limit exposure to this risk. The board of directors reviews and approves the guidelines established by ALCO.

Interest rate risk is monitored through the use of two complimentary modeling tools: earnings simulation modeling and economic value simulation (net present value estimation). Each of these models measures changes in a variety of interest rate scenarios. While each of the interest rate risk measures has limitations, taken together they represent a reasonably comprehensive view of the magnitude of interest rate risk in BOE, the distribution of risk along the yield

curve, the level of risk through time, and the amount of exposure to changes in certain interest rate relationships. Earnings simulation and economic value models, which more effectively measure the cash flow and optionality impacts, are utilized by management on a regular basis and are explained below.

Earnings Simulation Analysis

Management uses simulation analysis to measure the sensitivity of net interest income to changes in interest rates. The model calculates an earnings estimate based on current and projected balances and rates. This method is subject to the accuracy of the assumptions that management has input, but it provides a better analysis of the sensitivity of earnings to changes in interest rates than other potential analyses.

Assumptions used in the model are derived from historical trends and management's outlook and include loan and deposit growth rates and projected yields and rates. Such assumptions are monitored and periodically adjusted as appropriate. All maturities, calls and prepayments in the securities portfolio are assumed to be reinvested in like instruments. Mortgage loans and mortgage backed securities prepayment assumptions are based on industry estimates of prepayment speeds for portfolios with similar coupon ranges and seasoning. Different interest rate scenarios and yield curves are used to measure the sensitivity of earnings to changing interest rates. Interest rates on different asset and liability accounts move differently when the prime rate changes and are reflected in the different rate scenarios.

BOE uses its simulation model to estimate earnings in rate environments where rates ramp up or down around a most likely rate scenario, based on implied forward rates. The analysis assesses the impact on net interest income over a 12 month time horizon by applying 12-month shock versus the implied forward rates of 200 basis points up and down. The following table represents the interest rate sensitivity on net interest income for BOE across the rate paths modeled as of December 31, 2006:

	Change in Net Interest Income	
	(Percent)	(\$ in thousands)
Change in Yield Curve		
+200 basis points	0.17%	\$ 19
Most likely rate scenario	0.00%	
-200 basis points	(1.17)%	(129)

Economic Value Simulation

Economic value simulation is used to determine the estimated fair value of assets and liabilities over different interest rate scenarios. Economic values are calculated based on discounted cash flow analysis. The net economic value of equity is the economic value of all assets minus the economic value of all liabilities. The change in net economic value over different rate scenarios is an indication of the longer term earnings sensitivity capability of the balance sheet. The same assumptions are used in the economic value simulation as in the earnings simulation. The economic value simulation uses simultaneous rate shocks to the balance sheet, whereas the earnings simulation uses rate shock over 12 months. The following chart reflects the estimated change in net economic value over different rate environments using economic value simulation as of December 31, 2006:

	Change in Economic Value of Equity	
	(Percent)	(\$ in thousands)
Change in Yield Curve		

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+200 basis points	(13.09)%	\$	(4,794)
Most likely rate scenario	0.00%		
-200 basis points	9.67%		3,541

SUPERVISION AND REGULATION

General

The following discussion sets forth some of the material elements of the regulatory framework applicable to bank holding companies and their subsidiaries and provides some specific information that is currently relevant to TransCommunity and TransCommunity Bank and will be relevant to Community Bankers following the merger. Other laws and regulations that govern various aspects of the operations of banks and bank holding companies are not described herein, although violations of such laws and regulations could result in supervisory enforcement action against a holding company, TransCommunity Bank or directors, officers and employees of each. The regulatory framework is intended primarily for the protection of depositors and the Federal Deposit Insurance Funds and not for the protection of security holders. To the extent that the following information describes statutory and regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions. In the future, a change in applicable statutes, regulations or regulatory policy may have a material effect on Community Bankers and/or TransCommunity Bank.

Holding Company Regulation and Structure

Upon Federal Reserve approval Community Bankers will be a registered bank holding company under the bank holding company laws of the Commonwealth of Virginia. Community Bankers will also be subject to regulation and supervision by the Bureau of Financial Institutions of the Virginia State Corporation Commission.

Currently, TransCommunity is and Community Bankers following the merger will be subject to regulation under the BHCA and the examination and reporting requirements of the Federal Reserve System. Under the BHCA, a bank holding company may not directly or indirectly acquire ownership or control of more than 5% of the voting shares or substantially all of the assets of any bank or merge or consolidate with another bank holding company without the prior approval of the Federal Reserve.

The BHCA also limits the activities of a bank holding company and its subsidiaries to that of banking, managing or controlling banks, or any other activity that is determined to be so closely related to banking or to managing or controlling banks that an exception is allowed for those activities. Under the Gramm-Leach-Bliley Act, or GLBA, however, qualifying bank holding companies may elect to be financial holding companies and to engage in a wider variety of activities.

In 2004, TransCommunity elected to become a financial holding company and, therefore, is currently permitted to engage, directly or through subsidiaries, in a wide variety of activities which are financial in nature or are incidental or complementary to a financial activity, in addition to all of the activities otherwise allowed to us. Community Bankers has filed an election with the Federal Reserve to be a financial holding company upon consummation of the proposed transaction. As a financial holding company Community Bankers would be permitted to engage in activities such as securities activities such as underwriting, dealing, and brokerage, investment and merchant banking, and insurance underwriting, sales and brokerage activities.

The OCC conducts regular examinations of TransCommunity Bank, reviewing such matters as the adequacy of loan loss reserves, quality of loans and investments, management practices, compliance with laws, and other aspects of their operations. In addition to these regular examinations, TransCommunity Bank must furnish the OCC and the FDIC with periodic reports containing a full and accurate statement of its affairs.

Gramm-Leach-Bliley Act of 1999

The Gramm-Leach-Bliley Financial Modernization Act of 1999, or GLBA, enables bank holding companies to acquire insurance companies and securities firms and effectively repeals depression-era laws that prohibited the affiliation of banks and other financial services entities under a single holding company.

Qualifying bank holding companies may elect to become financial holding companies under the GLBA. Financial holding companies are permitted to engage in activities considered financial in nature, as defined in GLBA, and may engage in a substantially broader range of activities than bank holding companies or banks. The GLBA enables financial holding companies to offer virtually any type of financial service, or services incident to financial services, including banking, securities underwriting, insurance underwriting and making merchant banking investments in commercial and financial companies.

Financial services authorized by the GLBA also may be engaged in by a financial subsidiary of a national or state bank, with the exception of insurance or annuity underwriting, insurance company portfolio investments, real estate investment and development, and merchant banking, all of which must be conducted under the financial holding company. In addition, the GLBA allows insurers and other financial services companies to acquire banks; removes various restrictions that applied to bank holding company ownership of securities firms and mutual fund advisory companies; and establishes the overall regulatory structure applicable to bank holding companies that also engage in insurance and securities operations.

To become a financial holding company, a bank holding company must provide notice to the Federal Reserve of its desire to become a financial holding company, and certify to the Federal Reserve that it and each of its bank subsidiaries is well-capitalized, well-managed and has at least a satisfactory rating under the CRA. In the first quarter of 2004, TransCommunity has elected to be treated as a financial holding company under the GLBA.

The GLBA establishes a system of functional regulation, under which the Federal Reserve will regulate the banking activities of financial holding companies and other federal regulators will regulate banks' financial subsidiaries. The SEC regulates securities activities of financial holding companies and state insurance regulators will regulate their business activities. The GLBA also provides new protections against the transfer and use by financial institutions of consumers' non-public, personal information.

The GLBA also modifies other current financial laws, including laws related to financial privacy and community reinvestment. The new financial privacy provisions generally prohibit financial institutions, including TransCommunity, from disclosing nonpublic personal financial information to nonaffiliated third persons unless customers have the opportunity to opt out of the disclosure.

In accordance with OCC regulations promulgated under the GLBA, TransCommunity Bank is required to disclose its policies for collecting and protecting confidential information. Customers generally may prevent TransCommunity Bank from sharing nonpublic personal financial information with nonaffiliated third parties except under narrow circumstances, such as the processing of transactions requested by the consumer or when the financial institution is jointly sponsoring a product or service with a nonaffiliated third party. Additionally, TransCommunity Bank generally may not disclose consumer account numbers to any nonaffiliated third party for use in telemarketing, direct mail marketing or other marketing to consumers.

FDIC Insurance

Deposits at TransCommunity Bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to the limits set forth under applicable law, including coverage for certain retirement accounts of up to \$250,000. The deposits of these banks are subject to the deposit insurance assessments of the Deposit Insurance Fund, or DIF, of the FDIC.

Effective January 1, 2007, each insured institution is assigned to one of four risk categories based on supervisory evaluations, regulatory capital levels and certain other factors. An institution's assessment rate depends upon the category to which it is assigned. Risk Category I, which contains the least risky depository institutions, is expected to include more than 90% of all institutions. Unlike the other categories, Risk Category I contains further risk differentiation based on the FDIC's analysis of financial ratios, examination component ratings and other information. Assessment rates are determined by the FDIC and currently range from five to seven basis points for the healthiest institutions (Risk Category I) to 43 basis points of assessable deposits for the riskiest (Risk Category IV). The FDIC may adjust rates uniformly from one quarter to the next, except that no single adjustment can exceed three basis points.

Interstate Banking

Federal law permits bank holding companies from any state to acquire banks and bank holding companies located in any other state, subject to certain conditions, including nation-wide and state-imposed concentration limits. Banks are also able to branch across state lines, provided certain conditions are met, including that applicable state laws expressly permit such interstate branching. Virginia has adopted legislation that permits branching across state lines, provided there is reciprocity with the state in which the out-of-state bank is located. After a bank has established branches in a state through an interstate merger transaction, the bank may establish and acquire

additional branches at any location in the state where a bank headquartered in that state could have established or acquired branches under the applicable federal or state law.

Capital Requirements

Banking regulatory agencies have issued risk-based and leverage capital guidelines applicable to banking organizations which they supervise. Under the risk-based capital guidelines of the federal regulatory agencies, TransCommunity and TransCommunity Bank are required to maintain a minimum ratio of total capital to risk-weighted assets of at least 8% and a minimum Tier 1 capital to risk-weighted assets of at least 4%. Following the merger, Community Bankers will be required to comply with this capital requirement. At least half of total capital is required to be composed of common equity, retained earnings and qualifying perpetual preferred stock, less certain intangibles and other adjustments (Tier 1 capital). The remainder (Tier 2 capital) may consist of a limited amount of subordinated debt and other qualifying debt (including certain hybrid capital instruments), and a limited amount of the loan loss reserve. As of September 30, 2007, TransCommunity Bank was considered well capitalized under the regulatory guidelines of the FDIC.

In addition, the Federal Reserve has established minimum leverage capital ratio guidelines for bank holding companies. These requirements provide for a minimum leverage ratio of tier 1 capital to adjusted average quarterly assets less certain amounts (leverage ratio) equal to 3% for bank holding companies that are rated a composite 1 and 4% for all other bank holding companies that meet certain criteria, including having the highest regulatory rating. The risk-based capital guidelines of the federal regulatory agencies explicitly identify concentrations of credit risk and the risk arising from non-traditional activities, as well as an institution's ability to manage these risks, as important factors to be taken into account by the agencies in assessing an institution's overall capital adequacy. The capital guidelines also provide that an institution's exposure to a decline in the economic value of its capital due to changes in interest rates be considered by the agency as a factor in evaluating a banking organization's capital adequacy.

Limits on Dividends and Other Payments

TransCommunity is and following the merger Community Bankers will be a legal entity separate and distinct from its bank subsidiary. A significant portion of the revenues of Community Bankers will depend upon dividends or fees paid to it by TransCommunity Bank. Federal law also prohibits a national bank from paying dividends that would be greater than TransCommunity Bank's undivided profits after deducting statutory bad debts in excess of TransCommunity Bank's allowance for loan losses. Prior regulatory approval is required if the total of all dividends declared by a national bank in any calendar year will exceed the sum of that bank's net profits for that year and its retained net profits for the preceding two calendar years, less any required transfers to surplus.

In addition, TransCommunity and TransCommunity Bank are and following the merger, Community Bankers will be subject to various general regulatory policies and requirements relating to the payment of dividends, including the requirements to maintain adequate capital above regulatory minimums. Appropriate federal regulatory authorities are authorized to determine, under certain circumstances relating to the financial condition of a bank or bank holding company, that the payment of dividends would be unsafe or unsound practice and to prohibit payment thereof. Appropriate federal regulatory authorities have indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsound and unsafe banking practice and that banking organizations should generally pay dividends only out of current operating earnings. In addition, Community Bankers will be subject to state laws that limit the amount of dividends it can pay to its stockholders. Community Bankers expects that these laws, regulations or policies may materially impact the ability of TransCommunity Bank and, therefore, Community Bankers' ability to pay dividends.

There are a number of obligations and restrictions imposed on bank holding companies and their depository institution subsidiaries by federal law and regulatory policy that are designed to reduce potential loss exposure to the depositors of such depository institutions and to the FDIC insurance funds in the event that the depository institution is insolvent or in danger of becoming insolvent. For example, under the policy of the Federal Reserve with respect to bank holding company operations, a bank holding company is required to commit resources to support its subsidiary depository institutions.

Other Regulations

Community Bankers and TransCommunity Bank will also be subject to certain other federal laws and regulations which directly impact operations of Community Bankers:

USA PATRIOT Act

The USA PATRIOT Act amended, in part, the Bank Secrecy Act, collectively, the BSA, providing for the facilitation of information sharing among governmental entities and financial institutions for the purpose of combating terrorism and money laundering by enhancing anti-money laundering and financial transparency laws, as well as enhanced information collection tools and enforcement mechanics for the U.S. government, including: (1) requiring standards for verifying customer identification at account opening; (2) rules to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering; (3) reports by nonfinancial trades and businesses filed with the Treasury Department's Financial Crimes Enforcement Network for transactions exceeding \$10,000; (4) filing suspicious activities reports by brokers and dealers if they believe a customer may be violating U.S. laws and regulations; and (5) requires enhanced due diligence requirements for financial institutions that administer, maintain, or manage private bank accounts or correspondent accounts for non-U.S. persons.

Under the USA PATRIOT Act, the Federal Bureau of Investigation, or FBI, can send our banking regulatory agencies lists of the names of persons suspected of involvement in terrorist activities. We can be requested, to search our records for any relationships or transactions with persons on those lists. If Community Bankers find any relationships or transactions, Community Bankers must file a suspicious activity report and contact the FBI.

The Office of Foreign Assets Control, or OFAC, which is a division of the U.S. Department of the Treasury, is responsible for helping to insure that United States entities do not engage in transactions with enemies of the United States, as defined by various Executive Orders and Acts of Congress. OFAC has sent, and will send, our banking regulatory agencies lists of names of persons and organizations suspected of aiding, harboring or engaging in terrorist acts. If Community Bankers find a name on any transaction, account or wire transfer that is on an OFAC list, Community Bankers must freeze such account, file a suspicious activity report and notify the FBI. We have appointed an OFAC compliance officer to oversee the inspection of our accounts and the filing of any notifications. We actively check high-risk OFAC areas such as new accounts, wire transfers and customer files. We perform these checks utilizing software, which is updated each time a modification is made to the lists provided by OFAC and other agencies of Specially Designated Nationals and Blocked Persons.

Community Reinvestment Act

TransCommunity Bank is subject to the requirements of the Community Reinvestment Act (CRA). The CRA imposes on financial institutions an affirmative and ongoing obligation to meet the credit needs of their local communities, including low and moderate-income neighborhoods, consistent with the safe and sound operation of those institutions. TransCommunity Bank's efforts in meeting community credit needs are currently evaluated as part of the examination process pursuant to lending, investment and service tests. These factors are considered in evaluating mergers, acquisitions and applications to open a branch or facility, and an unsatisfactory rating can substantially delay or block a transaction.

Consumer Laws and Regulations

TransCommunity Bank is subject to various laws and regulations dealing generally with consumer protection matters. TransCommunity Bank may be subject to potential liability under these laws and regulations for material violations. Its loan operations are also subject to federal laws applicable to credit transactions, such as the:

Federal Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;

Home Mortgage Disclosure Act of 1975, requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves;

Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;

Fair Credit Reporting Act of 1978, as amended by the Fair and Accurate Credit Transactions Act, governing the use and provision of information to credit reporting agencies, certain identity theft protections and certain credit and other disclosures;

Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies;

Servicemembers Civil Relief Act; and

Rules and regulations of the various federal agencies charged with the responsibility of implementing these federal laws.

Our deposit operations are also subject to federal laws applicable to deposit transactions, such as the:

Truth in Savings Act, which imposes disclosure obligations to enable consumers to make informed decisions about accounts at depository institutions;

Electronic Funds Transfer Act and Regulation E issued by the Federal Reserve to implement that Act, which govern automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services; and

Rules and regulations of the various federal agencies charged with the responsibility of implementing these federal laws.

Sarbanes-Oxley Act of 2002

Community Bankers and TransCommunity are subject to the periodic reporting requirements of the Exchange Act, including the filing of annual, quarterly and other reports with the SEC. As an Exchange Act reporting company, Community Bankers is directly affected by the Sarbanes-Oxley Act of 2002, or SOX, that is aimed at improving corporate governance and reporting procedures. Community Bankers and TransCommunity believe they are in substantial compliance with applicable SEC and other rules and regulations implemented pursuant to SOX and intends to comply with any applicable rules and regulations implemented in the future.

Change in Control

Subject to various exceptions, the BHCA and the Change in Bank Control Act, together with related regulations, require Federal Reserve approval prior to any person or company acquiring control of a bank holding company. Moreover, the Bureau of Financial Institutions must approve an acquisition of a Virginia financial holding company. In general under federal and Virginia law, control is conclusively presumed to exist if an individual or company acquires 25% or more of any class of voting securities of a bank holding company. Under federal law, control is rebuttably presumed to exist if a person or company acquires 10% or more, but less than 25%, of any class of voting securities and either:

the bank holding company has registered securities under Section 12 of the Exchange Act; or

no other person owns a greater percentage of that class of voting securities immediately after the transaction.

Economic and Monetary Policies

The operations of TransCommunity are affected not only by general economic conditions, but also by the economic and monetary policies of various regulatory authorities. In particular, the Federal Reserve regulates money, credit and interest rates in order to influence general economic conditions. These policies have a significant influence on overall growth and distribution of loans, investments and deposits and affect interest rates charged on loans or paid for time and savings deposits. Federal Reserve monetary policies have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future.

COMPARATIVE RIGHTS OF COMMUNITY BANKERS AND TRANSCOMMUNITY STOCKHOLDERS

Community Bankers and TransCommunity are incorporated under the laws of the State of Delaware and the Commonwealth of Virginia, respectively. Accordingly, the rights of Community Bankers' stockholders and TransCommunity's stockholders are governed by the laws of the States of Delaware and Virginia, respectively. As a result of the merger, TransCommunity's stockholders will become stockholders of Community Bankers. Thus, following the merger, the rights of TransCommunity's stockholders who become Community Bankers' stockholders in the merger will be governed by the laws of the State of Delaware and by the Community Bankers certificate of incorporation and bylaws. Community Bankers' board of directors has submitted proposals to adopt amendments to Community Bankers' certificate of incorporation at its annual meeting of stockholders, and if the stockholders approve the proposals to adopt amendments to Community Bankers' certificate of incorporation, as a result of the merger, TransCommunity's stockholders will be governed by Community Bankers' amended and restated certificate of incorporation in substantially the form attached as Appendix B. If the staggered board amendment to the certificate of incorporation is adopted and the merger consummated, the Community Bankers board of directors will amend the bylaws to conform those sections relating to the staggered board of directors to the staggered board amendment to the certificate of incorporation. TransCommunity stockholders will be governed by Community Bankers' bylaws, as a result of the merger. Virginia corporate law only refers to shares and stockholders and does not use the term "stock" or "stockholder." Nonetheless, for ease of understanding throughout this joint proxy statement/prospectus, Community Bankers have applied the term "stock" to refer to the ownership rights of the stockholders of TransCommunity and "stockholders" to refer to the shareholders of TransCommunity. Accordingly, with respect to TransCommunity, any references to "stock" should also be understood to refer to "shares" under Virginia corporate law and any references to "stockholders" should also be understood to refer to "shareholders" under Virginia corporate law.

The following is a comparison of certain rights of Community Bankers stockholders and those of TransCommunity's stockholders. Certain significant differences in the rights of Community Bankers stockholders and those of TransCommunity's stockholders arise from differing provisions of Community Bankers' and TransCommunity's respective governing corporate instruments and respective governing laws.

The following summary is not intended to be a complete statement of Delaware or Virginia law or of the provisions of each company's governing documents affecting, and the differences between, the rights of Community Bankers stockholders and those of TransCommunity's stockholders. The identification of specific provisions or differences is not meant to indicate that other equally or more significant differences do not exist. This summary is qualified in its entirety by reference to the respective governing corporate instruments of Community Bankers and TransCommunity and Delaware and Virginia laws.

Community Bankers

Transcommunity

Authorized Capital

Community Bankers is authorized to issue 50,000,000 shares of common stock, par value \$0.01 per share, of which 9,375,000 shares were issued and outstanding as of the date of this joint proxy statement/prospectus. Community Bankers is authorized to issue 5,000,000 shares of preferred stock, par value \$0.01

TransCommunity is authorized to issue 25,000,000 shares of common stock, par value \$0.01 per share, of which 4,586,741 shares were issued and outstanding as of the date of this joint proxy statement/prospectus, and 5,000,000 shares of preferred stock, of which no shares are issued and outstanding as

per share, of which no shares are issued and outstanding as of the date of this joint proxy statement/prospectus. Community Bankers' certificate of incorporation does not provide that stockholders have a preemptive right to acquire authorized and unissued shares of Community Bankers' stock.

of the date of this joint proxy statement/prospectus. TransCommunity's articles of incorporation do not provide that stockholders have a preemptive right to acquire authorized and unissued shares of TransCommunity.

Community Bankers

Transcommunity

Number of Directors

Community Bankers' bylaws provide that the board must consist of no less than one director, with the exact number fixed by the board of directors. The Community Bankers board of directors currently has five members.

TransCommunity's articles of incorporation and bylaws provide that the board must consist of not less than three directors and no more than 15 directors, with the exact number fixed by the board of directors. The TransCommunity board of directors currently has nine members.

Classification of Directors

Community Bankers' certificate of incorporation divides the board of directors into three classes of directors, as nearly equal as possible, with each class being elected to a staggered three-year term.

TransCommunity currently has a staggered board; however, its articles of incorporation provide for the elimination of its staggered board by 2010. At the 2008 annual meeting, the successors of the directors whose terms expire at that meeting will be elected for a term that will expire at the 2009 annual meeting. At the 2009 annual meeting, the successors of the directors whose terms expire at that meeting will be elected for a term that will expire at the 2010 annual meeting. At each subsequent annual meeting, directors will be elected for a term that will expire at the next annual meeting.

Vacancies and Newly Created Directorships

Community Bankers' certificate of incorporation and bylaws provide that vacancies on the board of directors, including vacancies resulting from any increase in the authorized number of directors, may be filled by the affirmative vote of a majority of the remaining members of the board of directors or the sole remaining member of the board of directors. The term of a director appointed to fill a vacancy expires at the next stockholders' meeting wherein directors are elected.

TransCommunity's articles of incorporation and bylaws provide that the directors at the time in office, whether or not a quorum, may fill, by a majority vote of the directors in office, any vacancies on the board of directors, including those vacancies resulting from an increase in the number of directors. The term of a director appointed to fill a vacancy expires at the next annual meeting of stockholders.

Removal of Directors

Community Bankers' bylaws provide that any director may be removed, with or without cause, by holders of a majority of the shares entitled to vote at an election of directors.

TransCommunity's articles of incorporation and bylaws provide that directors only may be removed for cause with the affirmative vote of at least two-thirds of the outstanding shares entitled to vote.

Election of Directors

Community Bankers' bylaws provide that all stockholder action, including the election of directors, is determined by a vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote, at a meeting of stockholders at which a quorum is present. Community Bankers' certificate of incorporation does not provide for cumulative voting for the election of directors.

TransCommunity's bylaws provide that all elections are determined by a plurality of the votes cast, in person or by proxy, at a meeting of stockholders at which a quorum is present. TransCommunity's articles of incorporation and bylaws do not provide for cumulative voting for the election of directors.

Community Bankers

Transcommunity

Nomination of Director Candidates

According to the Community Bankers bylaws, nominations of persons for election to the board of directors at a meeting of stockholders may be made at such meeting by or at the direction of the board of directors, by any committee or persons appointed by the board of directors or by any stockholder of Community Bankers entitled to vote for the election of directors at the meeting who complies with the notice procedures. Such nominations by a stockholder shall be made by giving written notice to the Secretary of Community Bankers, not less than 60 days nor more than 90 days prior to the meeting; provided however, that in the event that less than 70 days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder, to be timely, must be received no later than the close of business on the tenth day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs.

According to TransCommunity's bylaws, the board of directors may nominate directors by resolution at any time prior to solicitation of proxies for the annual meeting. Any stockholder entitled to vote for the election of directors may make nominations for the election of directors by giving written notice to the Secretary of TransCommunity not less than 30 days prior to the first anniversary of the initial notice given to stockholders of record on the record date for the previous annual meeting by or at the direction of the board of directors, provided that the notice shall not be required to be given more than 90 days prior to the annual meeting of stockholders.

Special Meetings of the Board

Community Bankers bylaws allow for special meetings of the board of directors to be held whenever called by (1) the Chairman, the Chief Executive Officer or the President; (2) the Chairman, the Chief Executive Officer, the President or the Secretary on the written request of a majority of the board of directors; or (3) resolution adopted by the board of directors.

TransCommunity's bylaws allow for special meetings of the board of directors to be called at any time by the Chairman of the Board, the Chief Executive Officer or any two of the directors.

Stockholder Action Without Meeting

Community Bankers bylaws provide that an action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of such stockholders, may be taken by written consent, without prior notice and without a vote, if the written consent is signed by the holders of outstanding stock having at least the minimum number of votes that would be necessary to take such action at a meeting at which all shares entitled to vote thereon were present and voted, and is delivered to Community Bankers.

TransCommunity's bylaws provide that any action required or permitted by law to be taken at a stockholders meeting may be taken by written consent if the action is unanimous. The action shall be evidenced by one or more written consents describing the action taken, signed by all the stockholders entitled to vote thereon and delivered to the Secretary of TransCommunity for inclusion in the minutes or filing with the corporate records.

Special Meetings of Stockholders

Community Bankers bylaws provide that special meetings of the stockholders may be called by a majority of the board of directors or by the Chairman, the Chief Executive Officer or the President and will be called by the Secretary at the request in writing of stockholders owning a majority of the shares of the entire capital stock of Community Bankers issued and outstanding and entitled to vote.

TransCommunity's bylaws provide that a special meeting of the stockholders will be held only on the call of the Chairman of the board of directors, the Chief Executive Officer or the board of directors.

Community Bankers

Transcommunity

Stockholder Vote Required for Merger

Delaware law provides that the affirmative vote of a majority of all outstanding shares entitled to vote is required to adopt a merger agreement. Adoption of the merger agreement by stockholders is not required by Delaware law if (1) the agreement of merger does not amend in any respect the certificate of incorporation of Community Bankers, (2) each share of stock of Community Bankers outstanding immediately prior to the effective date of the merger is to be an identical outstanding or treasury share of the surviving corporation after the effective date of the merger, and (3) either no shares of common stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or the authorized unissued shares or the treasury shares of common stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under such plan do not exceed 20% of the shares of common stock of Community Bankers outstanding immediately prior to the effective date of the merger. However, Community Bankers' certificate of incorporation provides that the initial acquisition by Community Bankers of a company must be submitted to the stockholders for a vote regardless of whether it must be submitted under DGCL. Approval of such acquisition requires the affirmative vote of the holders of a majority of Community Bankers' outstanding shares of common stock issued in the initial public offering of Community Bankers cast at the meeting. In addition, the holders of less than 20% of the outstanding shares of common stock issued in the Community Bankers' initial public offering must have voted against the acquisition and thereafter exercised their right to convert their shares into cash equal to a pro rata portion of the Community Bankers trust account. If an initial acquisition, such as the merger with TransCommunity, is required to be approved by stockholders pursuant to Delaware law, then both the Delaware requirements and the certificate of incorporation requirements must be met to approve the acquisition.

TransCommunity's articles of incorporation provide that a plan of merger or exchange shall be approved by the vote of a majority of all the votes entitled to be cast on such transactions by each voting group entitled to vote on the transaction at a meeting at which a quorum of the voting group is present, provided that the transaction has been approved and recommended by at least two-thirds of the directors in office at the time of such approval and recommendation. If the transaction is not so approved and recommended, then the transaction shall be approved by the vote of eighty percent (80%) or more of all votes entitled to be cast on such transactions by each voting group entitled to vote on the transaction.

Community Bankers

Transcommunity

Affiliated Transaction Statute

Community Bankers has elected not to be governed by Section 203 of the DGCL, which limits engaging in a business combination with any interested stockholder.

TransCommunity is subject to 13.1-725.1 and related provisions of the Virginia Stock Corporation Act known as the Affiliated Transaction Statute. Generally, no corporation may engage in any affiliated transaction with any interested stockholder for a period of three years following such interested stockholder's determination date unless the transaction is approved by a vote of a majority of the disinterested directors and by the vote of holders of two thirds of the voting shares of the corporation other than shares owned by the interested stockholder.

State Anti-takeover Provisions

Community Bankers has elected not to be governed by Section 203 of the DGCL, which limits engaging in a business combination with any interested stockholder. There is no other Delaware law on this issue.

TransCommunity is subject to 13.1-728.4 of the Virginia Stock Corporation Act, which provides that certain notice and informational filings and special stockholder meetings and voting procedures must occur prior to consummation of a proposed control share acquisition.

Control share acquisition is defined as any acquisition of an issuer's shares that would entitle the acquirer to exercise or direct the voting power of the issuer in the election of directors within any of the following ranges:

- one fifth or more but less than one third of such voting power;
- one third or more but less than a majority of such voting power; or
- a majority or more of such voting power.

Indemnification of Directors and Officers

In accordance with Delaware law, Community Bankers certificate of incorporation and bylaws provide that Community Bankers will indemnify any person who was or is a party to any threatened pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact he is or was a director, officer, employee, or agent of the corporation, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. The board of directors may indemnify and advance expenses to any officer, employee or agent of Community Bankers to the extent authorized by the board of directors.

To the full extent that the Virginia Stock Corporation Act permits, TransCommunity's articles of incorporation provide that TransCommunity will indemnify directors and officers of the corporation against liabilities, fines, penalties and claims, imposed or asserted against the director or officer by reason of having been a director or officer, against all liabilities and reasonable expenses incurred in the proceeding except as are incurred because of such individual's willful misconduct or knowing violation of the criminal law.

Community Bankers

Transcommunity

Limitation on Liability of Directors

Community Bankers' certificate of incorporation and bylaws provide that a director is not personally liable to the company or any of its stockholders for monetary damages for breach of fiduciary duty as director except for liability:

for any breach of the director's duty of loyalty to the corporation or its stockholders;

for acts or omissions not in good faith or which involved intentional misconduct, or a knowing violation of law;

under Section 174 of the General Corporation Law of Delaware; or

for any transaction from which the director derive an improper personal benefit.

TransCommunity's articles of incorporation provide that a director shall not be liable to the corporation or its stockholders for monetary damages, to the full extent that the Virginia Stock Corporation Act permits the limitation or elimination of liability.

Amendments to Governing Instruments

Delaware law provides that a corporation may amend its articles of incorporation if the board of directors proposes the amendment to the stockholders and the amendment receives the requisite stockholder approval. Unless a corporation's articles of incorporation provide otherwise, amendments must be approved by a majority of all votes entitled to be cast on the matter, as well as a majority of the votes entitled to be cast on the matter within each voting class entitled to vote as a separate voting class on the amendment.

Community Bankers' certificate of incorporation provides that a majority of the entire board of directors may amend the bylaws.

Amendments to TransCommunity's articles of incorporation require approval by the affirmative vote of a majority of all the votes entitled to be cast at a meeting of stockholders where a quorum is present.

New bylaws may be made by stockholders, and the stockholders may prescribe that any bylaw made by them shall not be altered, amended or repealed by the board of directors. The bylaws may also be amended or repealed by the board of directors except where this power is reserved to the stockholders or the stockholders, in amending or adopting particular bylaws, provide expressly that the board of directors may not amend or repeal the same.

COMPARATIVE MARKET PRICES AND DIVIDENDS

Community Bankers common stock is listed on the American Stock Exchange under the symbol BTC and TransCommunity common stock is quoted on the OTC Bulletin Board under the symbol TCYF.OB. The following table sets forth the high and low trading prices of shares of Community Bankers common stock as reported on the American Stock Exchange and TransCommunity common stock as reported by OTC Bulletin Board, except for the period between October 26, 2006, and April 20, 2007, at which time TransCommunity common stock was not quoted on the OTC Bulletin Board, respectively. Community Bankers stockholders and TransCommunity stockholders are advised to obtain current market quotations for Community Bankers common stock and TransCommunity common stock. The market price of Community Bankers common stock and TransCommunity common stock will fluctuate between the date of this joint proxy statement/prospectus and the completion of the merger. No assurance can be given concerning the market price of Community Bankers common stock or TransCommunity common stock before the effective date of the registration statement or the market price of Community Bankers common stock after the effective date of the registration statement. Neither Community Bankers nor TransCommunity has paid any cash dividends on their respective common stock during the periods presented.

	Community Bankers Common Stock(1)		TransCommunity Common Stock	
	High	Low	High	Low
2005				
First Quarter				
Second Quarter				
Third Quarter			\$ 9.00	\$ 7.15(2)
Fourth Quarter			\$ 8.50	\$ 6.50
2006				
First Quarter			\$ 9.00	\$ 7.50
Second Quarter			\$ 10.25	\$ 8.00
Third Quarter			\$ 10.10	\$ 8.40
Fourth Quarter	\$ 7.23	\$ 7.00	\$ 9.00	\$ 8.00
2007				
First Quarter	\$ 7.59	\$ 7.10	\$ 10.75	\$ 7.82
Second Quarter	\$ 7.58	\$ 7.23	\$ 9.50	\$ 6.25
Third Quarter	\$ 7.44	\$ 7.31	\$ 9.75	\$ 7.25
Fourth Quarter)	\$ 7.45	\$ 7.36	\$ 8.50	\$ 6.50

(1) Community Bankers common stock began trading on the American Stock Exchange on September 5, 2006.

(2) OTC Bulletin Board reporting as to TransCommunity common stock began on July 22, 2005.

The closing price for the Community Bankers common stock and TransCommunity common stock on September 5, 2007, the last trading day before announcement of the execution of the merger agreement, was \$7.42 and \$7.25, respectively.

PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed combined consolidated balance sheet combines the pro forma consolidated balance sheets of Community Bankers and TransCommunity as of September 30, 2007, giving effect to the merger of Community Bankers and TransCommunity, as if the merger had been consummated on September 30, 2007, and combines the pro forma consolidated balance sheets of Community Bankers, TransCommunity and BOE as of September 30, 2007, giving effect to the merger of Community Bankers and TransCommunity and the merger of Community Bankers and BOE, as if the mergers had been consummated on September 30, 2007. The following unaudited pro forma condensed combined consolidated statements of income combine the pro forma statements of income of Community Bankers and the historical statements of operations of TransCommunity for the six-month period ended September 30, 2007, and the year ended March 31, 2007, giving effect to the merger, as if it had occurred at the beginning of all periods presented, and combine the pro forma statements of income of Community Bankers and the historic statements of operation of TransCommunity and the historic statements of income of BOE for the six-month period ended September 30, 2007, and the year ended March 31, 2007, giving effect to both the merger with TransCommunity and the merger with BOE, as if they had occurred at the beginning of all periods presented.

The unaudited pro forma condensed combined balance sheet at September 30, 2007 and the statements of income for the periods ended September 30, 2007 and March 31, 2007 have been prepared using two different levels of approval of the merger by the Community Bankers stockholders, as follows:

Assuming Maximum Approval: This presentation assumes that 100% of Community Bankers stockholders approve the merger; and

Assuming Minimum Approval: This presentation assumes that only 80.1% of Community Bankers stockholders approve the merger and the remaining 19.9% all vote against the merger and elect to exercise their conversion rights.

We are providing this information to aid you in your analysis of the financial aspects of the merger. The unaudited pro forma condensed financial statements described above should be read in conjunction with the historical financial statements of Community Bankers, TransCommunity and BOE and the related notes thereto. The unaudited pro forma information is not necessarily indicative of the financial position or results of operations that may have actually occurred had the merger taken place on the dates noted, or the future financial position or operating results of the combined company.

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

**UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET
ASSUMING MAXIMUM APPROVAL
SEPTEMBER 30, 2007**

	Trans- Community Bankers Acquisition Corp.(CBA)		Community Financial Corporation (TFC)		BOE Financial Services of Virginia, Inc (BOE)		Pro Forma Acquisition Adjustments		Pro Forma Combined (CBA, TFC & BOE)
			Pro Forma Adjustments (In thousands, except per share data)						
ASSETS									
Cash and due from banks	\$ 397	\$ 6,051	\$ 57,937 (B) (1,147)(A1)	\$ 63,238	\$ 4,619	\$		\$ 67,857	
Federal funds sold Cash and United States Treasury securities held in trust fund		4,061	(57,937)(B)	4,061	966			5,027	
Securities available for sale, at fair value		10,314		10,314	49,382			59,696	
Securities held to maturity		6,400	(44)(E)	6,356	4,761		(51)(N)	11,066	
Loans, net of allowance for loan losses		186,340	72 (E)	186,412	213,500		(299)(N)	399,613	
Premises and equipment, net		7,114		7,114	10,577			17,691	
Core deposit intangible			5,684 (E)	5,684			9,702 (N)	15,386	
Goodwill			15,011 (F)	15,011			16,224 (O)	31,235	
Other assets	687	2,768	3,647 (E)	7,102	10,962			18,064	
Total Assets	\$ 59,021	\$ 223,048	\$ 23,223	\$ 305,292	\$ 294,767	\$ 25,576		\$ 625,635	
LIABILITIES AND STOCKHOLDERS EQUITY									
Deposits:									
Noninterest bearing	\$	\$ 22,575	\$	\$ 22,575	\$ 28,968	\$		\$ 51,543	
Interest bearing		169,389	291 (E)	169,680	212,022		(203)(N)	381,499	
Total Deposits		191,964	291	192,255	240,990		(203)	433,042	
Federal Home Loan Bank advances					17,000			17,000	

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Trust preferred capital notes					4,124		4,124
Other liabilities	2,344	1,152	1,400 (C)	4,896	3,305	1,400 (L) 1,000 (L1)	9,601 1,000
Total liabilities	\$ 2,344	\$ 193,116	\$ 1,691	\$ 197,151	\$ 265,419	\$ 2,197	\$ 464,767
Common stock, subject to conversion, 1,449,250 shares at conversion value	11,582		(11,582)(J1)				
STOCKHOLDERS EQUITY							
<i>Community Bankers Acquisition Corp.</i>							
Preferred stock, \$0.01 par value Authorized 5,000,000 shares; none issued							
Common Stock, \$0.01 par value Authorized 50,000,000 shares Issued and outstanding 9,375,000 shares which includes 1,449,250 shares subject to conversion)	94		65 (A)	159		69 (K)	228
Additional paid-in capital	43,098		51,399 (A) 11,582 (J1)	94,497 11,582		52,658 (K)	147,155 11,582
Earnings accumulated during the development stage	1,903			1,903			1,903
<i>TransCommunity Financial Corporation</i>							
Common Stock, \$0.01 par value Authorized 25,000,000 shares issued and outstanding 4,586,741 shares		46	(46)(D)				
Additional paid-in capital		39,904	(39,904)(D)				
Accumulated deficit		(10,027)	11,174 (D) (1,147)(A1)				
Accumulated other comprehensive loss		9	(9)(D)				
<i>BOE Financial Services of Virginia, Inc.</i>							
Common Stock, \$5 par value Authorized 10,000,000 shares issued and outstanding 2,211,267 shares					6,056	(6,056)(H)	
Additional paid-in capital					5,551	(5,551)(H)	
Retained Earnings					18,542	(18,542)(H)	
Accumulated other comprehensive loss					(801)	801 (H)	

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Total stockholders equity	45,095	29,932	33,114	108,141	29,348	23,379	160,868
Total liabilities and stockholders equity	\$ 59,021	\$ 223,048	\$ 23,223	\$ 305,292	\$ 294,767	\$ 25,576	\$ 625,635

See Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

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

**UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET
ASSUMING MINIMUM APPROVAL
SEPTEMBER 30, 2007**

	Trans- Community Bankers Acquisition Corp. (CBA)		Community Financial Corporation (TFC)		Pro Forma Acquisition Adjustments (In thousands, except per share data)	Pro Forma Combined (CBA &TFC)	BOE Financial Services of Virginia, Inc (BOE)		Pro Forma Acquisition Adjustments	Pro Forma Combined (CBA, TFC & BOE)
ASSETS										
Cash and due from banks	\$ 397	\$ 6,051	\$ 57,937 (B)	\$ 51,656	\$ 4,619	\$	\$ 56,275			
			(11,582)(J2)							
			(1,147)(A1)							
Federal funds sold		4,061		4,061	966		5,027			
Cash and United States Treasury securities held in trust fund	57,937		(57,937) (B)							
Securities available for sale, at fair value		10,314		10,314	49,382		59,696			
Securities held to maturity		6,400	(44) (E)	6,356	4,761	(51)(N)	11,066			
Loans, net of allowance for loan losses		186,340	72 (E)	186,412	213,500	(299) (N)	399,613			
Premises and equipment, net		7,114		7,114	10,577		17,691			
Core deposit intangible			5,684 (E)	5,684		9,702 (N)	15,386			
Goodwill			15,011 (F)	15,011		16,224 (O)	31,235			
Other assets	687	2,768	3,647 (E)	7,102	10,962		18,064			
Total Assets	\$ 59,021	\$ 223,048	\$ 11,641	\$ 293,710	\$ 294,767	\$ 25,576	\$ 614,053			
LIABILITIES AND STOCKHOLDERS EQUITY										
Deposits:										
Noninterest bearing	\$	\$ 22,575	\$	\$ 22,575	\$ 28,968	\$	\$ 51,543			
Interest bearing		169,389	291 (E)	169,680	212,022	(203)(N)	381,499			
Total Deposits		191,964	291	192,255	240,990	(203)	433,042			
Federal Home Loan Bank advances					17,000		17,000			
Trust preferred capital notes					4,124		4,124			

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Other liabilities	2,344	1,152	1,400 (C)	4,896	3,305	1,400 (L) 1,000(L1)	9,601 1,000
Total liabilities	\$ 2,344	\$ 193,116	\$ 1,691	\$ 197,151	\$ 265,419	\$ 2,197	\$ 464,767
Common stock, subject to conversion, 1,449,250 shares at conversion value	11,582		(11,582)(J2)				
STOCKHOLDERS EQUITY							
<i>Community Bankers Acquisition Corp.</i>							
Preferred stock, \$0.01 par value Authorized 5,000,000 shares; none issued							
Common Stock, \$0.01 par value Authorized 50,000,000 shares Issued and outstanding 9,375,000 shares which includes 1,449,250 shares subject to conversion)	94		65 (A) (15)(J2)	144		69 (K)	213
Additional paid-in capital	43,098		51,163 (A) 15(J2)	94,512		52,658 (K)	147,170
Earnings accumulated during the development stage	1,903			1,903			1,903
<i>TransCommunity Financial Corporation</i>							
Common Stock, \$0.01 par value Authorized 25,000,000 shares issued and outstanding 4,586,741 shares		46	(46) (D)				
Additional paid-in capital		39,904	(39,904) (D)				
Accumulated deficit		(10,027)	11,174 (D) (1,147)(A1)				
Accumulated other comprehensive loss		9	(9) (D)				
<i>BOE Financial Services of Virginia, Inc.</i>							
Common Stock, \$5 par value Authorized 10,000,000 shares issued and outstanding 2,211,267 shares					6,056	(6,056)(M)	
Additional paid-in capital					5,551	(5,551)(M)	
Retained Earnings					18,542	(18,542)(M)	
Accumulated other comprehensive loss					(801)	801 (M)	

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Total stockholders equity	45,095	29,932	21,532	96,559	29,348	23,379	149,286
Total liabilities and stockholders equity	\$ 59,021	\$ 223,048	\$ 11,641	\$ 293,710	\$ 294,767	\$ 25,576	\$ 614,053

See Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

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

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

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

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

No conversions:

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

Maximum conversions:

Basic				(0.001)		0.04
Diluted				(0.001)		0.04

**Weighted Average
Shares Outstanding**

No conversions:

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

Maximum conversions:

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

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

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

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

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

See Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

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

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

Community Bankers	Pro	BOE	Pro	Pro	Pro	Pro	
Acquisition Corp.	TransCommunity	Forma	Forma	Financial	Forma	Forma	
(1)	Corporation(2)	Acquisition	Combined	Services of	Acquisition	Combined	
		Adjustments	(CBA & TFC)	Virginia, Inc(3)	Adjustments	(CBA, TFC & BOE)	
		(In thousands, except per share data)					
Interest income	\$2,269	\$14,307	\$(9)(H)	\$16,567	\$16,734	\$(117)(Q)	\$33,418
Interest expense		4,958	(146)(I)	4,812	6,972	(102)(R)	11,886
Net interest income	2,269	9,349	137	11,755	9,762	15	21,532
Provision for loan losses		493		493	125		618
Net interest income after provision for loan losses	2,269	8,856	137	11,262	9,637	15	20,914
Noninterest income		1,011		1,011	2,250		3,261
Noninterest expense	339	8,933		9,272	7,893		17,165
Amortization of intangibles			711(G)	711		1,213(P)	1,924
Total noninterest expense	339	8,933	711	9,983	7,892	1,213	19,088
Income from continuing operations before income taxes	1,930	934	(574)	2,290	3,995	(1,198)	5,087
Provision for income taxes	806	15		821	872	(407)(S)	1,286
Net income from continuing operations	1,124	919	(574)	1,469	3,123	(791)	3,801
Net (loss) from discontinued operations		(802)		(802)			(802)

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Net income	\$1,124	\$117	\$(574)	\$667	\$3,123	\$(791)	\$2,999
Net Income (Loss) Per Common Share							
No conversions:							
Basic	\$0.14	\$0.03		\$0.05	\$2.60		\$0.14
Diluted	0.11	0.03		0.04	\$ 2.58		0.13
Maximum conversions:							
Basic				0.05			0.15
Diluted				0.04			0.14
Weighted Average Shares Outstanding							
No conversions:							
Basic	7,997,740	4,581,741		14,503,812	1,201,465		21,385,563
Diluted	10,256,708	4,581,741		16,762,780	1,210,922		23,698,699
Maximum conversions:							
Basic				13,004,562			19,886,313
Diluted				15,263,530			22,199,449

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

See Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statement

Notes to Unaudited Pro Forma Condensed Combined Consolidated Financial Statements

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

Note 1 Basis of Presentation and TransCommunity Acquisition

Basis of Presentation

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

TransCommunity Acquisition

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

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

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

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

Pro Forma Adjustments

Described below is the pro forma estimate of the total purchase price of the transaction as well as the adjustment to allocate the purchase price based on the preliminary estimates of the fair values of the assets and liabilities of TransCommunity.

Estimated fair value of Community Bankers common stock to be issued to TransCommunity s stockholders	\$48,328
Fair value of vested Community Bankers common stock to be issued to TransCommunity s restricted stockholders	236
Fair value of vested Community Bankers common stock to be issued to TransCommunity s option holders	2,900
Transaction related costs incurred by Community Bankers in the merger	1,000
Total purchase price paid by Community Bankers for TransCommunity	52,464
Less adjusted net assets of TransCommunity	(37,453)
Goodwill recorded in the merger	15,011
The adjusted net assets of TransCommunity are determined as follows:	
TransCommunity s stockholders equity at September 30, 2007	29,932
Less special dividend of \$0.25 per share	(1,147)
Less transaction related costs incurred by TransCommunity in the merger	(400)
Adjustments for fair values of assets acquired and liabilities assumed	9,068
Adjusted net assets of TransCommunity	37,453
The fair value adjustments for the TransCommunity Corporation assets acquired and liabilities assumed are as follows:	
Increase in loans	72
Decrease in securities	(44)
Core deposit intangible	5,684
Increase in deposits	(291)
Deferred income taxes	3,647
Total fair value adjustments	\$ 9,068

Estimated fair value of Community Bankers common stock to be issued to TransCommunity s stockholders:	Common Stock	Restricted Stock	Stock Options
Number of shares for TransCommunity	4,586,741	22,375	275,275
Exchange ratio	1.42	1.42	1.42
Stock price	6,513,172 7.42	31,773 7.42	390,891 7.42

Estimated fair value	48,327,738	235,752	2,900,408
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Described below is the pro forma estimate of the total purchase price of the transaction as well as the adjustment to allocate the purchase price based on the preliminary estimates of the fair values of the assets and liabilities of BOE. BOE anticipates incurring non-recurring charges related to the merger. These charges are estimated to be \$1,000,000 to be paid in the third and fourth quarters of 2008 and relate primarily to the termination of certain data processing contracts. BOE does not anticipate charges from the formation of employee contracts.

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