



THE CHARTER

THE NEWSLETTER OF VIRGINIA COMPANY BANK

IN THIS ISSUE:

BANK SPOTLIGHT
New Hampton Office



IN THE COMMUNITY
The Bank Remains
Active In The Area



DIRECTOR SPOTLIGHT
In Memory of Michael E. Mares



OYSTER POINT BANKING OFFICE

NEWPORT NEWS
601 Thimble Shoals Blvd.
Suite 102
(757) 327-0150

LOBBY HOURS:
9:00 – 5:00, Mon-Thurs; 9:00 – 6:00, Fri

DRIVE-THRU HOURS:
9:00 – 5:30, Mon-Thurs; 9:00 – 6:00, Fri

COMMERCIAL OFFICERS

601 Thimble Shoals Blvd.
Suite 201
(757) 596-2700

NEW TOWN BANKING OFFICE

WILLIAMSBURG
5360 Discovery Park Blvd.
Suite 102
(757) 206-1904

LOBBY HOURS:
9:00 – 5:00, Mon-Thurs; 9:00 – 6:00, Fri



VIRGINIA COMPANY BANK
OPPORTUNITY LIES AHEAD

www.vacompanybank.com



LETTER FROM THE PRESIDENT

Clients and Friends,

I doubt this will come as news to most of you, but 2009 was a very difficult time for businesses in general and the banking industry specifically. Despite the industry headwinds, Virginia Company Bank was able to achieve significant improvement in our financial performance.

Total assets increased 3.5% to \$106.8 million led primarily by a 5.1% growth in loan balances. Deposits increased 11.8% from \$73.6 million to \$82.3 million, but, perhaps most importantly, the composition of deposits improved dramatically as Virginia Company Bank reduced its reliance on expensive time deposits and increased its demand deposits. These changes were very instrumental in improving our net interest margins. While Virginia Company Bank realized a net loss of \$80,000 (before the dividend and discount amortization on preferred stock) for 2009,

this represents an improvement of more than \$1,080,000 from the prior year results. Notably, our financial performance improved in each successive quarter, and we ended the year with our first ever quarterly profit in the fourth quarter of 2009.

Virginia Company Bank is aggressively seeking to lend money - we are just seeing far less demand among qualified borrowers. To put our 5.1% growth in loan balances in perspective, it is worth noting that loan balances at all FDIC insured institutions fell 7.4% nationwide in 2009. Growth is extremely important to Virginia Company Bank, however, it is critical that we maintain our underwriting discipline. I am proud to report that our institution ended the year with total non-performing assets of just \$504,000 which represents 0.55% of total loans. This is well below the respective national and Virginia averages of 3.36% and 2.26%. In addition, our total loans past due thirty days or more represented just 0.58% of total loans and, again, compares very favorably to the national and Virginia averages of 5.53% and 3.91%, respectively.

While the difficulties and challenges that impacted virtually everyone in 2009 are behind us, we realize 2010 will bring new challenges. I feel that Virginia Company Bank is moving on the right path to become the best financial institution on the Virginia Peninsula, and I strongly believe that our Bank offers each of our clients the most professional and enjoyable banking experience available on the Peninsula.

Warm regards,

Mark C. Hanna
President and CEO



COMING IN 2010



Virginia Company Bank is excited to announce our newest banking office scheduled for completion in the fall of 2010. The new banking office will be located at the corner of Coliseum Drive and Marcella Road in the heart of Hampton. We are very excited to be constructing a state of the art facility in the new Coliseum Central district.

Be on the lookout for more information about our Hampton Grand Opening this fall!



VIRGINIA COMPANY BANK IN THE COMMUNITY



LEFT:
The Williamsburg team at Big Brothers Big Sisters Bowl for Kid's Sake

RIGHT:
Wendy Belliar, Financial Services Representative at the Oyster Point banking office, at Habitat for Humanity's Mardi Gras "Raise the Roof" Auction

CHECK OUT A SAMPLING OF OUR INVOLVEMENT SO FAR IN 2010:

NETWORK WILLIAMSBURG

In January, the Bank resumed its involvement with Network Williamsburg's Business Education Series. This series helps non-profit organizations develop new ideas and reinforce basic business skills. The kick-off seminar was well attended, featuring a nationally recognized expert on social networking/marketing.

HABITAT FOR HUMANITY

The Bank was proud to participate in Habitat for Humanity's "Raise the Roof" 2010 auction. Held on February 16, the Mardi Gras themed auction event was a major fundraiser for the Peninsula chapter. VCB Director Donald Davis and Retail Banking Manager Terry Jacoby also serve as Directors for Habitat for Humanity Peninsula.

BIG BROTHERS BIG SISTERS OF GREATER WILLIAMSBURG

In Williamsburg, VCB turned out in force to support Big Brothers Big Sisters of Greater Williamsburg and their annual Bowl for Kid's Sake. Bowlers obtained sponsorships from friends, family, and coworkers to help raise money. Leigh Houghland, Williamsburg Market Executive, has been Board Chair of the agency for the last three years and has served on the Board for six years.

VIRGINIA PENINSULA CHAMBER OF COMMERCE

In March, Virginia Company Bank attended the Virginia Peninsula Chamber of Commerce's annual Gala Benefit Celebration. This year's VPCC Gala honored Joe Frank, whose term as Mayor of Newport News ends in June. Mark Hanna, President and CEO of VCB, serves as Chairman Elect for the VPCC.

DIRECTOR'S CHALLENGE



Director Jack Ezzell with President & CEO Mark Hanna

Special congratulations to our Directors for their success in the Director's Challenge, especially Jack Ezzell, our Annual Winner for 2009! The Bank challenges our Directors to refer new deposits each quarter. At the end of the year, the Director with the most referrals is awarded with an engraved trophy.

VCB EMPLOYEE HIGHLIGHTS



Pamela West, Assistant Branch Manager/Banking Officer

The Bank is excited to announce that Pamela West was recently promoted to Assistant Branch Manager/Banking Officer in our Williamsburg Office. We are also pleased to announce two new members of the VCB team: Teresa Nelson is our new Commercial Lending Assistant and Michele Mason is our new Vice President/Real Estate Portfolio Manager. Please join us in congratulating Pamela and welcoming Teresa and Michele!

IN MEMORIAM - MICHAEL E. MARES, 1952-2009

Until his untimely death in October of 2009, Mr. Mares was a certified public accountant and former member of Witt Mares, as well as a licensed attorney. He practiced as a certified public accountant for 27 years and earned a reputation for expertise in the areas of partnership and individual taxation, S corporations, and estate planning. Prior to joining Witt Mares in 1980, Mr. Mares practiced law locally.

Five times he was named one of the "100 Most Influential CPAs in the U.S." Mr. Mares was both an author and instructor for the American Institute of Certified Public Accountants and the Virginia State Bar Association and was nationally recognized as an authority on tax law. He testified several times before the U.S. Senate and House Committees on tax issues and was interviewed on MSNBC,

CNBC's Power Lunch, and Court TV's Prime Time Justice on tax matters. Mr. Mares served on many civic boards, including the Mary Immaculate Hospital Board and Bon Secours Hampton Roads Audit Committee.



As one of the founding directors of the Bank, Mr. Mares was one of the early visionaries who saw the need for Virginia Company Bank in our community. His efforts were very instrumental in soliciting investors and obtaining our Charter. Mr. Mares stayed very actively engaged in directing the Bank, serving as Chair of both the Audit Committee and the Compliance Committee. Additionally, he served on the Compensation Committee and the Real Estate Committee. Mr. Mares is greatly missed by the Directors and Staff of Virginia Company Bank.