

**THE FREEDOM BANK OF VIRGINIA**  
**10555 Main Street, Suite 100**  
**Fairfax, Virginia 22030**  
**703-242-5300**

**TO THE SHAREHOLDERS OF THE FREEDOM BANK OF VIRGINIA:**

The Board of Directors of The Freedom Bank of Virginia (the “Bank”) has determined to recommend an additional proposal for shareholder approval at the 2018 Annual Meeting of Shareholders, to be held at Westwood Country Club, 800 Maple Avenue East (Grand Ballroom), Vienna, Virginia on Wednesday, August 29, 2018 at 10:00 a.m., Eastern Time. The Board of Directors is asking the shareholders to approve an amendment to the Bank’s 2007 Stock Option and Equity Plan, as amended (the “Plan”), to increase the number of shares authorized for issuance under the Plan. Because this proposal was not described in the Bank’s proxy statement, dated July 30, 2018 (the “proxy statement”), the Bank is providing additional information in the enclosed supplement to the proxy statement (the “supplement”) and an amended proxy card to allow the Bank’s shareholders to vote on this new proposal. An amended Notice of Annual Meeting is being delivered with the supplement and provides details of the business to be conducted at the meeting.

***THE RECORD DATE FOR THE ANNUAL MEETING REMAINS THE CLOSE OF BUSINESS ON JULY 9, 2018.***

***PLEASE NOTE THAT THE BANK HAS ENCLOSED AN AMENDED PROXY CARD THAT INCLUDES THE ADDITIONAL PROPOSAL. PLEASE CONSIDER THESE MATERIALS AND THE INSTRUCTIONS ON HOW TO VOTE IN ORDER TO EFFECTIVELY VOTE FOR ALL PROPOSALS.***

In order to vote on the newly-added proposal, you must sign and return the enclosed revised proxy card, vote by telephone or over the Internet or attend the Annual Meeting and vote in person. Your vote on this new proposal is very important. Therefore, the Bank requests that you complete the attached revised proxy card with your vote on Proposals 1, 2 and 3, regardless of whether or not you have already returned the original proxy card previously sent to you, or you may vote by telephone or over the Internet. If you already completed and returned the original proxy card, by completing, signing and mailing the enclosed revised proxy card you will replace the original proxy card in its entirety and only your vote as indicated on the revised proxy card will be counted. If you have already voted by telephone or over the Internet, you may simply vote again, using the same procedures, in which case your later submitted vote will be recorded and your earlier vote revoked. ***If you have already voted and do not submit new voting instructions, your previously submitted proxy or voting instructions will be voted at the annual meeting with respect to all other proposals but will not be counted in determining the outcome of the newly added proposal.***

It is important that your shares are represented and voted at the meeting whether or not you are able to attend in person. Please complete, date, sign, and return the enclosed revised proxy card today (or vote by telephone or over the Internet), even if you plan to attend the Annual Meeting or have previously submitted the original proxy card. This will ensure that your vote on all proposals, including the additional proposal, is counted, including if you are unable to attend the Annual Meeting.

**For the reasons set forth in the proxy statement and the supplement, the Board unanimously recommends that you vote “FOR” the election of each nominee for director, “FOR” the amendment of the Plan, and “FOR” each matter to be considered.**

Your interest and continued support of The Freedom Bank of Virginia is sincerely appreciated.



H. Jason Gold  
Chairman of the Board



Craig S. Underhill  
President and Chief Executive Officer

August 10, 2018

**THE FREEDOM BANK OF VIRGINIA**  
**10555 Main Street, Suite 100**  
**Fairfax, Virginia 22030**  
**703-242-5300**

**AMENDED NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
**To be held August 29, 2018**

**TO THE SHAREHOLDERS OF THE FREEDOM BANK OF VIRGINIA:**

The Annual Meeting of Shareholders of The Freedom Bank of Virginia (the “Bank”) will be held at:

Westwood Country Club – in the Grand Ballroom  
800 Maple Avenue East  
Vienna, Virginia 22180

on Wednesday, August 29, 2018, at 10:00 a.m., Eastern Time, for the following purposes:

1. To elect three Class III directors to serve for a three-year term or until their respective successors have been duly elected and qualified and one Class II director to serve for a one-year term or until his successor has been duly elected and qualified;
2. To ratify the appointment of Dixon Hughes Goodman LLP as the Bank’s independent registered public accounting firm for the year ending December 31, 2018; and
3. To approve an amendment to the 2007 Stock Option and Equity Plan, as amended, to increase the number of shares of common stock available for issuance under the plan from 875,280 to 1,075,280.

These items of business are more fully described in the Bank’s proxy statement, dated July 30, 2018, with the exception of the third item of business, which is described in the accompanying supplement to the proxy statement.

Only shareholders of record as of the close of business on July 9, 2018 are entitled to notice of and to vote at the meeting or any adjournment or postponement of the meeting.

By Order of the Board of Directors



Craig S. Underhill  
President and Chief Executive Officer

August 10, 2018

Please sign, date, and return your proxy promptly, whether or not you plan to attend the meeting in person. No postage is required if mailed in the United States in the enclosed envelope. You may also vote by telephone or over the Internet. If your shares are not registered in your name, you will need additional documentation from your record holder in order to vote in person at the meeting. The proxy statement, the supplement to the proxy statement and the Bank's 2017 annual report are available at [www.freedombankva.com](http://www.freedombankva.com).

**THE FREEDOM BANK OF VIRGINIA**  
**SUPPLEMENT TO PROXY STATEMENT FOR**  
**ANNUAL MEETING OF SHAREHOLDERS**  
**To be held August 29, 2018**

This supplement to the proxy statement (this “Supplement”) supplements and amends the proxy statement, dated July 30, 2018 (the “Original Proxy Statement”) previously provided to you by The Freedom Bank of Virginia (the “Bank”). The Bank is providing you with this Supplement and the related revised proxy card in connection with the solicitation by and on behalf of the Board of Directors of the Bank (the “Board”) of the enclosed proxy to be used at its 2018 Annual Meeting of Shareholders (the “Annual Meeting”) of the Bank or at any adjournment or postponement of the Annual Meeting. The Amended Notice of Annual Meeting of Shareholders (the “Amended Notice”) and this Supplement will be mailed on or about August 10, 2018 to shareholders of record as of July 9, 2018.

The original Notice of Annual Meeting of Shareholders, the Original Proxy Statement and the Bank’s 2017 annual report (the “2017 Annual Report”) were mailed on or about July 30, 2018 to shareholders of record as of July 9, 2018. The Original Proxy Statement and this Supplement contain information about the Annual Meeting as well as information regarding the voting process, director elections, our corporate governance programs and executive and director compensation, among other things. The Bank recommends that you read all of these materials.

This Supplement is being furnished to provide information related to a newly-added Proposal 3 that the Board has recommended for shareholder approval at the Annual Meeting, which proposal seeks approval of an amendment to the Bank’s 2007 Stock Option and Equity Plan, as amended (the “Plan”), to increase the number of shares authorized for issuance under the Plan by 200,000 shares, or from 875,280 to 1,075,280 shares.

This Supplement does not provide all of the information that is important to your decisions in voting at the Annual Meeting. Additional information is contained in the Original Proxy Statement for the Annual Meeting that was previously mailed to you on or about July 30, 2018.

The amended proxy card enclosed with this Supplement differs from the proxy card previously furnished to you with the Original Proxy Statement, in that the enclosed amended proxy card includes Proposal 3. You may vote on all three proposals by submitting the amended proxy card enclosed with this Supplement or submitting a proxy via the Internet or by telephone by following the procedures on your amended proxy card. The receipt of your new proxy will revoke and supersede any proxy previously submitted. ***If you have already submitted your proxy card or otherwise voted and do not submit new voting instructions, your previously submitted proxy or voting instructions will be voted at the annual meeting with respect to all other proposals but will not be counted in determining the outcome of the newly added Proposal 3.***

Except for the addition of Proposal 3, this Supplement does not modify, amend, supplement or otherwise affect any matter presented for consideration in the Original Proxy Statement.

***THE ORIGINAL PROXY STATEMENT CONTAINS IMPORTANT ADDITIONAL INFORMATION AND THIS SUPPLEMENT SHOULD BE READ IN CONJUNCTION***

***WITH THE ORIGINAL PROXY STATEMENT.***

This Supplement is being mailed on or about August 10, 2018 to shareholders of record as of the close of business on July 9, 2018.

**GENERAL INFORMATION**

**Why did I receive this Supplement to the Original Proxy Statement?**

After the mailing of the Original Proxy Statement, the Board determined to recommend an additional proposal for shareholder approval at the Annual Meeting. This Supplement is being delivered to you by mail as a shareholder of record, as of July 9, 2018, of the Bank to provide you with information about the additional proposal to be voted on by the shareholders to approve an amendment to the Bank's Plan to increase the number of shares authorized for issuance under the Plan by 200,000 shares, or from 875,280 to 1,075,280 shares. This Supplement will be mailed on or about August 10, 2018 to our shareholders of record on the record date.

**When is the Annual Meeting?**

The Annual Meeting will be held on Wednesday, August 29, 2018, at 10:00 a.m. Eastern Time.

**Where will the Annual Meeting be held?**

The Annual Meeting will be held in the grand ballroom at Westwood Country Club, 800 Maple Avenue East, Vienna, Virginia 22180.

**What items will be voted on at the annual meeting?**

There are three matters scheduled for a vote:

1. To elect three Class III directors and one Class II director to serve until their respective successors have been duly elected and qualified (**Proposal One**);
2. To ratify the appointment of Dixon Hughes Goodman LLP ("Dixon Hughes") as the Bank's independent registered public accounting firm for the year ending December 31, 2018 (**Proposal Two**); and
3. To approve an amendment to the 2007 Stock Option and Equity Plan, as amended, to increase the number of shares of common stock available for issuance under the plan from 875,280 to 1,075,280 (**Proposal Three**).

As of the date of this Supplement, we are not aware of any other matters that will be presented for consideration at the Annual Meeting.

## **What are the recommendations of the Board?**

Our Board recommends that you vote:

“**FOR**” Proposal One, the election of the three Class III director nominees and one Class II director nominee named herein to serve on the Board;

“**FOR**” Proposal Two, the ratification of the appointment of Dixon Hughes as the Bank’s independent registered public accounting firm for the year ending December 31, 2018; and

“**FOR**” Proposal Three, the amendment of the Plan to increase the number of shares of common stock available for issuance under the plan from 875,280 to 1,075,280.

## **Will the Bank’s directors be in attendance at the Annual Meeting?**

The Bank encourages, but does not require, its directors to attend annual meetings of shareholders. However, the Bank anticipates that all of its directors will attend the 2018 Annual Meeting.

## **Who is entitled to vote at the Annual Meeting?**

Only shareholders of record at the close of business on the record date, July 9, 2018, are entitled to receive notice of the Annual Meeting and to vote the shares for which they are shareholders of record on that date at the Annual Meeting, or any postponement or adjournment of the Annual Meeting. As of the close of business on July 9, 2018, we had 6,059,501 shares of voting common stock outstanding and entitled to vote at the Annual Meeting. On the record date, we also had 660,143 shares of non-voting common stock outstanding that do not have a right to vote on the matters to be voted on at the Annual Meeting.

## **How do I vote?**

With respect to Proposal One, you may either vote “FOR” each of the nominees to the Board of Directors, or you may vote “WITHHOLD AUTHORITY” for one or more of the nominees. For each of the other proposals to be voted on, you may vote “FOR” or “AGAINST,” or abstain from voting altogether. The procedures for voting are as follows:

*Shareholders of Record: Shares Registered in Your Name.* If on July 9, 2018, your shares were registered directly in your name with the Bank’s transfer agent, American Stock Transfer & Trust Company, LLC, then you are a shareholder of record. If you are a shareholder of record, you may vote in person at the Annual Meeting or vote by giving us your proxy. You may give us your proxy by completing the enclosed proxy card and returning it in the enclosed postage-prepaid envelope, or by calling a toll-free telephone number or using the Internet as further described below and on the enclosed proxy card. **Whether or not you plan to attend the Annual Meeting, we urge you to fill out and return the enclosed proxy card or to otherwise give your proxy authorization by telephone or Internet, as specified on the proxy card, to ensure your vote is counted.** You may still attend the Annual Meeting and vote in person if you have already voted by proxy or have otherwise given your proxy authorization.

- **IN PERSON:** To vote in person, come to the Annual Meeting, and we will give you a ballot when you arrive.
- **BY MAIL:** To vote using the enclosed proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the postage pre-paid envelope provided. If you return your signed proxy card to us before the Annual Meeting, we will vote your shares as you direct.
- **BY INTERNET:** To vote by Internet, go to <https://proxyvote.com/> and use the Internet to transmit your voting instructions and for the electronic delivery of information **until** 11:59 p.m. Eastern Time on August 28, 2018. Have your proxy card available when you access the website and then follow the instructions.
- **BY TELEPHONE:** To vote by telephone, registered owners (direct accounts) should call 1-800-690-6903 and use any touch-tone telephone to transmit your voting instructions **until** 11:59 p.m. Eastern Time on August 28, 2018. Have your proxy card available when you call the phone number above and then follow the instructions.

*Beneficial Owners: Shares Registered in the Name of a Broker or Bank.* If on July 9, 2018, your shares were held in an account at a brokerage firm, bank, dealer, or other similar organization, then you are the beneficial owner of shares held in “street name,” and these proxy materials are being forwarded to you by that organization. If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from the Bank. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may be able to vote by telephone or over the Internet as instructed by your broker or bank. To vote in person at the Annual Meeting, you must obtain a valid proxy from your broker, bank, or other agent. Follow the instructions from your broker or bank included with these proxy materials, or contact your broker or bank to request a proxy card.

### **How many votes do I have?**

On each matter to be voted upon, you have one vote for each share of voting common stock owned by you as of the record date of July 9, 2018.

### **What does it mean if I receive more than one proxy card?**

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please provide a response (by telephone, Internet, or mail) for each proxy card you receive to ensure that all of your shares are voted.

### **What if I return a proxy card but do not make specific choices?**

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted: “FOR” the election of the director nominees named herein to serve on the Board, “FOR” the ratification of appointment of the auditors, and “FOR” the amendment of the Plan, in each case as set forth in the accompanying Amended Notice and further described herein.

If any other matter is properly presented at the meeting, your proxy (one of the individuals named on your proxy card) will vote your shares as recommended by the Board or, if no recommendation is given, will vote your shares using his or her discretion.

### **What should I do if I have already voted before receiving this Supplement?**

In order to vote on Proposal 3, you must sign and return the amended proxy card enclosed with this Supplement, vote by telephone or over the Internet as described above or attend the Annual Meeting and vote in person. If you have already completed and returned the original proxy card previously sent to you and you also complete and return the enclosed amended proxy card, the completed and signed amended proxy card will replace the original proxy card in its entirety and only your vote as indicated on the amended proxy card will be counted. This means that, in order to vote with respect to all three proposals, you must vote again on Proposals 1 and 2 in addition to voting on Proposal 3.

If you have already completed and returned the original proxy card and you do not complete and return a signed amended proxy card, your vote on Proposals 1 and 2 as indicated on the original proxy card will be voted at the Annual Meeting, but you will not have a recorded vote with respect to Proposal 3. If you have already voted by telephone or over the Internet, you may simply vote again, using the same procedures, in which case your later submitted vote will be recorded and your earlier vote revoked. If you have already voted by telephone or over the Internet and do not vote again, your vote on Proposals 1 and 2 will be recorded but you will not have a recorded vote on Proposal 3. Therefore, we urge you to cast your vote with respect to all proposals using the amended proxy card enclosed with this Supplement or one of the other methods described above.

### **Can I change my vote after submitting my proxy card?**

Yes. You can revoke your proxy at any time before the final vote at the Annual Meeting. If you are the shareholder of record of your shares, you may revoke your proxy in any one of three ways:

- You may change your vote using the same method that you first used to vote your shares (by telephone, Internet or mail);
- You may send a written notice that you are revoking your proxy to The Freedom Bank of Virginia, 10555 Main Street, Suite 100, Fairfax, Virginia 22030, Attention: Cynthia Carter Atwater, Corporate Secretary; or
- You may attend the Annual Meeting and vote in person. Simply attending the Annual Meeting, however, will not, by itself, revoke your proxy.

If your shares are held by your broker or bank as a nominee or agent, you should follow the instructions provided by your broker or bank.

## **How are votes counted?**

Votes will be counted by the inspector of election appointed for the Annual Meeting, who will separately count “FOR” and “WITHHOLD AUTHORITY” votes for Proposal One, and with respect to Proposal Two and Proposal Three, “FOR,” “AGAINST” and “ABSTAIN.” A broker non-vote occurs when a nominee, such as a brokerage firm, bank, dealer, or other similar organization, holding shares for a beneficial owner, does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that proposal and has not received instructions with respect to that proposal from the beneficial owner. In the event that a broker, bank, custodian, nominee, or other record holder of our common stock indicates on a proxy that it does not have discretionary authority to vote certain shares on a particular proposal, then those shares will be treated as broker non-votes with respect to that proposal. A broker or other nominee generally may vote on routine matters such as the ratification of the appointment of Dixon Hughes (Proposal Two); therefore, no broker non-votes are expected to occur in connection with Proposal Two. The election of directors (Proposal One) and the amendment of the Plan (Proposal Three) are considered non-routine matters under applicable rules, and a broker or other nominee cannot vote without instructions on these non-routine matters; therefore, broker non-votes may occur in connection with Proposal One and Proposal Three. **Accordingly, if you own shares through a nominee, such as a brokerage firm, bank, dealer or other similar organization, please be sure to instruct your nominee how to vote to ensure that your vote is counted on each of the proposals.**

If your shares are held by your broker as your nominee (that is, in “street name”), you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker to vote your shares. Abstentions will be treated as shares present for the purpose of determining the presence of a quorum for the transaction of business at the Annual Meeting.

## **How many shares must be present to constitute a quorum for the Annual Meeting?**

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if one-third of the outstanding shares entitled to vote are represented by in person or by proxy at the Annual Meeting. On July 9, 2018, the record date, there were 6,059,501 shares outstanding and entitled to vote. Thus, at least 2,019,834 shares must be represented at the Annual Meeting in person or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy by mail, Internet or telephone (or one is submitted on your behalf by your broker, bank or other nominee) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement.

If a quorum is not present at the Annual Meeting, or if a quorum is present but there are not enough votes to approve one or more of the proposals, the person named as chairman of the Annual Meeting may adjourn the meeting to permit further solicitation of proxies. A shareholder vote may be taken on one or more of the proposals in this proxy statement prior to any such adjournment if there are sufficient votes for approval on such proposal(s).

### **How many votes are needed to approve each proposal?**

- For Proposal One, the nominees receiving a plurality of “FOR” votes, among votes properly cast in person or by proxy, will be elected. Consequently, votes withheld and broker non-votes will have no effect on this proposal.
- Proposal Two must receive “FOR” votes from a majority of all votes cast at the Annual Meeting, whether in person or by proxy. For purposes of the vote on this proposal, abstentions will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered as being present for the purpose of determining the presence of a quorum.
- Proposal Three must receive “FOR” votes from a majority of all votes cast at the Annual Meeting, whether in person or by proxy. For purposes of the vote on this proposal, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote, although they will be considered as being present for the purpose of determining the presence of a quorum.

### **How can I find out the results of the voting at the Annual Meeting?**

The results of the voting will be read at the Annual Meeting and included in the minutes. Shareholders not attending the meeting may contact Craig Underhill c/o The Freedom Bank of Virginia, 10555 Main Street, Suite 100, Fairfax, Virginia 22030, telephone (703) 667-4161, or email: [cunderhill@freedombankva.com](mailto:cunderhill@freedombankva.com) for the results.

### **Who is paying for this proxy solicitation?**

The cost of solicitation of proxies will be borne by the Bank. Solicitation will be made only by the use of mail, and if necessary, may be made in person or by telephone by officers and employees of the Bank. We anticipate that brokerage houses and other nominees, custodians, and fiduciaries will be requested to forward the proxy solicitation material to the beneficial owners of the stock held of record by such persons, and the Bank will reimburse them for their charges and expenses in this connection.

### **Whom should I contact if I have any questions?**

If you have any questions about the Annual Meeting, these proxy materials or your ownership of our common stock, please contact Sherry Levensky c/o The Freedom Bank of Virginia, 10555 Main Street, Suite 100, Fairfax, Virginia 22030, telephone (703) 667-4115, or email: [slevensky@freedombankva.com](mailto:slevensky@freedombankva.com).

**PROPOSAL THREE**  
**AMENDMENT OF 2007 STOCK OPTION AND EQUITY PLAN**

**Background and Purpose**

The Bank's 2007 Stock Option and Equity Plan, as amended (the "Plan"), provides for grants of stock options or restricted stock that may be settled in cash, stock or other property (collectively, "Awards"). The Plan presently provides that 875,280 shares (as adjusted for stock splits and stock dividends) of the Bank's common stock (the "Common Stock") have been allocated to, and will be reserved to satisfy Awards under, the Plan. On August 6, 2018, the Board approved an amendment to the Plan to increase the number of shares allocated to the Plan by 200,000 shares from 875,280 shares to 1,075,280 shares of Common Stock. As of August 6, 2018, Awards to purchase 504,043 shares were outstanding, and 20,519 shares remain available for future Awards under the Plan, or approximately 2.3% of the shares originally reserved.

**Amendment**

If the amendment is authorized by the shareholders, Section 4 of the Plan would be amended as follows:

4. *Stock Subject to Plan.* Subject to adjustment as provided in Section 9(d) hereof, the total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan shall not exceed 1,075,280. The Committee or the Board may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award.

See Appendix A for the full text of the amendment.

**Description of the Plan**

The following is a description of the material terms of the Plan, as it is proposed to be amended. This description is intended as a summary only and is qualified in its entirety by reference to the text of the Third Amendment to the 2007 Stock Option and Equity Plan which is attached to this Proxy Statement as Appendix A, and the Plan, as previously approved by the Bank's shareholders, which is attached to this Proxy Statement as Appendix B.

**Shares Available for Awards.** Under the Plan, as amended, the total number of shares of Common Stock that may be subject to the granting of Awards under the Plan at any time during the term of the Plan shall be equal to 1,075,280 shares.

The Committee (as defined below) is authorized to adjust the limitation described in the preceding paragraph and is authorized to adjust outstanding Awards (including adjustments to exercise prices of options and other affected terms of Awards) in the event that a dividend or other distribution (whether in cash, shares of Common Stock or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange or other similar corporate transaction or event affects the Common Stock so that an

adjustment is appropriate in order to prevent dilution or enlargement of the rights of participants. The Committee is also authorized to adjust performance conditions and other terms of Awards in response to these kinds of events or in response to changes in applicable laws, regulations or accounting principles.

**Eligibility.** The persons eligible to receive Awards under the Plan are the officers, directors, employees and independent contractors of the Bank and related entities. An employee on leave of absence may be considered as still in the employ of the Bank or a related entity for purposes of eligibility for participation in the Plan. As of August 6, 2018, approximately 91 persons were eligible to participate in the Plan.

**Administration.** The Plan is administered by a committee designated by the Board (the “Committee”). However, the Board may exercise any power or authority granted to the Committee. The Compensation & Benefits Committee of the Board has been appointed as the Committee for the Plan. Subject to the terms of the Plan, the Committee or the Board is authorized to select eligible persons to receive Awards, determine the type and number of Awards to be granted and the number of shares of Common Stock to which Awards will relate, specify times at which Awards will be exercisable or settleable (including performance conditions that may be required as a condition thereof), set other terms and conditions of Awards, prescribe forms of Award agreements, interpret and specify rules and regulations relating to the Plan, and make all other determinations that may be necessary or advisable for the administration of the Plan.

**Stock Options.** The Committee or the Board is authorized to grant stock options, including both incentive stock options (“ISOs”), which can result in potentially favorable tax treatment to the participant, and non-qualified stock options. The exercise price per share subject to an option is determined by the Committee, but in the case of an ISO must not be less than the fair market value of a share of Common Stock on the date of grant. For purposes of the Plan, the term “fair market value” means the fair market value of Common Stock, Awards or other property as determined by the Committee or the Board or under procedures established by the Committee or the Board. The maximum term of each option, the times at which each option will be exercisable, and provisions requiring forfeiture of unexercised options at or following termination of employment generally are fixed by the Committee or the Board, except that no option may have a term exceeding ten years. Options may be exercised by payment of the exercise price in cash, shares that have been held for at least 6 months, outstanding Awards or other property having a fair market value equal to the exercise price, as the Committee or the Board may determine from time to time.

**Restricted Stock.** The Committee or the Board is authorized to grant restricted stock. Restricted stock is a grant of shares of Common Stock which may not be sold or disposed of, and which may be forfeited in the event of specified terminations of employment, prior to the end of a restricted period specified by the Committee or the Board. A participant granted restricted stock generally has all of the rights of a shareholder of the Bank, unless otherwise determined by the Committee or the Board.

**Other Terms of Awards.** Awards may be settled in the form of cash, shares of Common Stock, other Awards or other property, in the discretion of the Committee or the Board. The Committee or the Board may require or permit participants to defer the settlement of all or part of

an Award in accordance with those terms and conditions that the Committee or the Board may establish, including payment or crediting of interest on deferred amounts. The Committee or the Board is authorized to place cash, shares of Common Stock or other property in trusts or make other arrangements to provide for payment of the Bank's obligations under the Plan. The Committee or the Board may condition any payment relating to an Award on the withholding of taxes and may provide that a portion of any shares of Common Stock or other property to be distributed will be withheld (or previously acquired shares of Common Stock or other property be surrendered by the participant) to satisfy withholding and other tax obligations. Awards granted under the Plan generally may not be pledged or otherwise encumbered and are not transferable except by will or by the laws of descent and distribution, or to a designated beneficiary upon the participant's death, except that the Committee or the Board may, in its discretion, permit transfers for estate planning or other purposes.

Awards under the Plan are generally granted without a requirement that the participant pay consideration in the form of cash or property for the grant (as distinguished from the exercise), except to the extent required by law. The Committee or the Board may, however, grant Awards in exchange for other Awards under the Plan, awards under other Bank plans, or other rights to payment from the Bank, and may grant Awards in addition to and in tandem with these other Awards, rights or other awards.

Participants receiving Awards under the Plan must become a party to the Bank's Shareholders' Agreement and the Bank's form of Confidentiality Agreement for employees.

**Acceleration of Vesting; Change in Control.** Vesting shall occur automatically in the case of a "change in control" of the Bank, as defined in the Plan, in each case based on the number of years of continuous service completed by the participant. For purposes of the Plan, the term "change in control" generally means (a) approval by shareholders of any reorganization, merger or consolidation or other transaction or series of transactions if persons who were shareholders immediately prior to this reorganization, merger or consolidation or other transaction do not, immediately thereafter, own more than 50% of the combined voting power of the reorganized, merged or consolidated Bank's then outstanding, voting securities, or a liquidation or dissolution of the Bank or the sale of all or substantially all of the assets of the Bank (unless the reorganization, merger, consolidation or other corporate transaction, liquidation, dissolution or sale is subsequently abandoned), or (b) the acquisition by any person, entity or "group," within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of more than 50% of either the then outstanding shares of the Bank's capital stock or the combined voting power of the Bank's then outstanding voting securities entitled to vote generally in the election of directors (hereinafter referred to as the ownership of a "Controlling Interest") excluding, for this purpose, any acquisitions by (1) the Bank or a related entity, (2) any person, entity or "group" that as of the date on which the Award is granted owns beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of a Controlling Interest or (3) any employee benefit plan of the Bank or a related entity.

**Amendment and Termination.** The Board may amend, alter, suspend, discontinue or terminate the Plan or the Committee's authority to grant Awards without further shareholder approval, except shareholder approval must be obtained for any amendment or alteration if this approval is required by law or regulation. Thus, shareholder approval may not necessarily be

required for every amendment to the Plan which might increase the cost of the Plan or alter the eligibility of persons to receive Awards. Shareholder approval will not be deemed to be required under laws or regulations (e.g., those relating to ISOs) that condition favorable tax treatment of participants on this approval, although the Board may, in its discretion, seek shareholder approval in any circumstance in which it deems this approval advisable. Unless earlier terminated by the Board, the Plan will terminate at the time no shares of Common Stock remain available for issuance under the Plan and the Bank has no further rights or obligations with respect to outstanding Awards under the Plan.

**Federal Income Tax Consequences of Awards.** The Plan is not qualified under the provisions of Section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and is not subject to any of the provisions of the Employee Retirement Income Security Act of 1974, as amended.

**Nonqualified Stock Options.** On exercise of a nonqualified stock option granted under the Plan, an optionee will recognize ordinary income equal to the excess, if any, of the fair market value on the date of exercise of the shares of stock acquired on exercise of the option over the exercise price. If the optionee is an employee of the Bank, that income will be subject to the withholding of federal income tax. The optionee’s tax basis in those shares will be equal to their fair market value on the date of exercise of the option, and his holding period for those shares will begin on that date.

If an optionee pays for shares of stock on exercise of an option by delivering shares of the Bank’s stock, the optionee will not recognize gain or loss on the shares delivered, even if their fair market value at the time of exercise differs from the optionee’s tax basis in them. The optionee, however, otherwise will be taxed on the exercise of the option in the manner described above as if he had paid the exercise price in cash. If a separate identifiable stock certificate is issued for that number of shares equal to the number of shares delivered on exercise of the option, the optionee’s tax basis in the shares represented by that certificate will be equal to his tax basis in the shares delivered, and his holding period for those shares will include his holding period for the shares delivered. The optionee’s tax basis and holding period for the additional shares received on exercise of the option will be the same as if the optionee had exercised the option solely in exchange for cash.

The Bank will be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income taxable to the optionee, provided that amount constitutes an ordinary and necessary business expense for the Bank and is reasonable in amount, and either the employee includes that amount in income or the Bank timely satisfies its reporting requirements with respect to that amount.

**Incentive Stock Options.** The Plan provides for the grant of stock options that qualify as “incentive stock options” as defined in section 422 of the Code. Under the Code, an optionee generally is not subject to tax upon the grant or exercise of an incentive stock option. In addition, if the optionee holds a share received on exercise of an incentive stock option for at least two years from the date the option was granted and at least one year from the date the option was exercised (the “Required Holding Period”), the difference, if any, between the amount realized on a sale or

other taxable disposition of that share and the holder's tax basis in that share will be long-term capital gain or loss.

If, however, an optionee disposes of a share acquired on exercise of an incentive stock option before the end of the Required Holding Period (a "Disqualifying Disposition"), the optionee generally will recognize ordinary income in the year of the Disqualifying Disposition equal to the excess, if any, of the fair market value of the share on the date the incentive stock option was exercised over the exercise price. If, however, the Disqualifying Disposition is a sale or exchange on which a loss, if realized, would be recognized for federal income tax purposes, and if the sales proceeds are less than the fair market value of the share on the date of exercise of the option, the amount of ordinary income recognized by the optionee will not exceed the gain, if any, realized on the sale. If the amount realized on a Disqualifying Disposition exceeds the fair market value of the share on the date of exercise of the option, that excess will be short-term or long-term capital gain, depending on whether the holding period for the share exceeds one year.

An optionee who exercises an incentive stock option by delivering shares of stock acquired previously pursuant to the exercise of an incentive stock option before the expiration of the Required Holding Period for those shares is treated as making a Disqualifying Disposition of those shares. This rule prevents "pyramiding" the exercise of an incentive stock option (that is, exercising an incentive stock option for one share and using that share, and others so acquired, to exercise successive incentive stock options) without the imposition of current income tax.

For purposes of the alternative minimum tax, the amount by which the fair market value of a share of stock acquired on exercise of an incentive stock option exceeds the exercise price of that option generally will be an adjustment included in the optionee's alternative minimum taxable income for the year in which the option is exercised. If, however, there is a Disqualifying Disposition of the share in the year in which the option is exercised, there will be no adjustment with respect to that share. If there is a Disqualifying Disposition in a later year, no income with respect to the Disqualifying Disposition is included in the optionee's alternative minimum taxable income for that year. In computing alternative minimum taxable income, the tax basis of a share acquired on exercise of an incentive stock option is increased by the amount of the adjustment taken into account with respect to that share for alternative minimum tax purposes in the year the option is exercised.

The Bank is not allowed an income tax deduction with respect to the grant or exercise of an incentive stock option or the disposition of a share acquired on exercise of an incentive stock option after the Required Holding Period. However, if there is a Disqualifying Disposition of a share, the Bank is allowed a deduction in an amount equal to the ordinary income includible in income by the optionee, provided that amount constitutes an ordinary and necessary business expense for the Bank and is reasonable in amount, and either the employee includes that amount in income or the Bank timely satisfies its reporting requirements with respect to that amount.

**Stock Awards.** Generally, the recipient of a stock award will recognize ordinary compensation income at the time the stock is received equal to the excess, if any, of the fair market value of the stock received over any amount paid by the recipient in exchange for the stock. If, however, the stock is non-vested when it is received under the Plan (e.g., if the employee is required to work for a period of time in order to have the right to sell the stock), the recipient

generally will not recognize income until the stock becomes vested, at which time the recipient will recognize ordinary compensation income equal to the excess, if any, of the fair market value of the stock on the date it becomes vested over any amount paid by the recipient in exchange for the stock. A recipient may, however, file an election with the Internal Revenue Service, within thirty (30) days of his or her receipt of the stock award, to recognize ordinary compensation income, as of the date the recipient receives the award, equal to the excess, if any, of the fair market value of the stock on the date the award is granted over any amount paid by the recipient in exchange for the stock.

The recipient's basis for the determination of gain or loss upon the subsequent disposition of shares acquired as stock awards will be the amount paid for the shares plus any ordinary income recognized either when the stock is received or when the stock becomes vested. Upon the disposition of any stock received as a stock award under the Plan, the difference between the sale price and the recipient's basis in the shares will be treated as a capital gain or loss and generally will be characterized as long-term capital gain or loss if the shares have been held for more than one year from the date as of which he or she would be required to recognize any compensation income.

**Importance of Consulting Tax Adviser.** The information set forth above is a summary only and does not purport to be complete. In addition, the information is based upon current federal income tax rules and therefore is subject to change when those rules change. Moreover, because the tax consequences to any recipient may depend on his particular situation, each recipient should consult his tax adviser as to the federal, state, local and other tax consequences of the grant or exercise of an Award or the disposition of stock acquired as a result of an Award.

#### **Recommendation of the Board**

**The Board of Directors unanimously recommends that shareholders vote "FOR" Proposal Three, the amendment of the 2007 Stock Option and Equity Plan.**

## **OTHER MATTERS**

Each proxy solicited hereby also confers discretionary authority on the Board of the Bank to vote the proxy with respect to the election of any person as a director if the nominee is unable to serve or for good cause will not serve, matters incident to the conduct of the Annual Meeting, and upon such other matters as may properly come before the Annual Meeting other than the matters described above in this proxy statement. However, if any other matters should properly come before the Annual Meeting, it is intended that the proxies solicited hereby will be voted with respect to those other matters in accordance with the judgment of the persons voting the proxies.

**YOUR VOTE IS IMPORTANT! WE URGE YOU TO SIGN AND DATE THE PROXY CARD AND RETURN IT TODAY OR YOU MAY VOTE BY TELEPHONE OR ELECTRONICALLY OVER THE INTERNET BY FOLLOWING THE INSTRUCTIONS ON THE PROXY CARD.**

**APPENDIX A**

**THIRD AMENDMENT TO THE  
2007 STOCK OPTION AND EQUITY PLAN  
OF THE FREEDOM BANK OF VIRGINIA**

This THIRD AMENDMENT (the “Amendment”) to the 2007 Stock Option and Equity Plan of The Freedom Bank of Virginia, a Virginia-chartered commercial bank (the “Bank”), shall be effective upon the date of approval (the “Effective Date”) of the Amendment by the affirmative vote of the holders of a majority of the votes cast at the 2018 Annual Meeting of the Bank’s shareholders.

WHEREAS, the Bank maintains the 2007 Stock Option and Equity Plan, effective April 25, 2007 and as amended (the “Plan”).

WHEREAS, pursuant to Section 9(f) of the Plan, the Board of Directors of the Company desires to increase the number of shares of common stock available for issuance under the Plan.

NOW, THEREFORE, the Plan is amended as follows as of the Effective Date:

- I. Section 4 of the Plan shall be amended by deleting it in its entirety and replacing it with the following:

“4. *Stock Subject to Plan.* Subject to adjustment as provided in Section 9(d) hereof, the total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan shall not exceed 1,075,280. The Committee or the Board may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award.”

- II. In all respects not amended above, the Plan is hereby ratified and confirmed.

\* \* \* \* \*

To record adoption of the Amendment as set forth above, the Bank has caused this document to be signed on this            day of            , 2018.

THE FREEDOM BANK OF VIRGINIA

By: \_\_\_\_\_

Name:

Title:

## APPENDIX B

### THE FREEDOM BANK OF VIRGINIA

#### 2007 STOCK OPTION AND EQUITY PLAN

1. *Purpose.* The purpose of this 2007 Stock Option and Equity Plan (the “Plan”) is to assist The Freedom Bank of Virginia, a Virginia corporation (the “Bank”) and its Related Entities in attracting, motivating, retaining and rewarding high-quality executives and other employees, officers, directors, and consultants by enabling such persons to acquire or increase a proprietary interest in the Bank in order to strengthen the mutuality of interests between such persons and the Bank’s shareholders, and providing such persons with long term performance incentives to expend their maximum efforts in the creation of shareholder value.

2. *Definitions.* For purposes of the Plan, the following terms shall be defined as set forth below, in addition to such terms defined in Section 1 hereof.

(a) “Award” means any Option or Restricted Stock, together with any other right or interest, granted to a Participant under the Plan.

(b) “Beneficiary” means the person, persons, trust or trusts which have been designated by a Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Plan upon such Participant’s death or to which Awards or other rights are transferred if and to the extent permitted under Section 9(b) hereof. If, upon a Participant’s death, there is no designated Beneficiary or surviving designated Beneficiary, then the term Beneficiary means the person, persons, trust or trusts entitled by will or the laws of descent and distribution to receive such benefits.

(c) “Board” means the Bank’s Board of Directors.

(d) “Cause” shall, with respect to any Participant, have the equivalent meaning (or the same meaning as “cause” or “for cause”) set forth in any employment agreement between the Participant and the Bank or a Related Entity or, in the absence of any such agreement, such term shall mean (i) the failure by the Participant to perform his or her duties as assigned by the Bank (or a Related Entity) in a reasonable manner, (ii) any violation or breach by the Participant of his or her employment agreement with the Bank (or a Related Entity), if any, (iii) any violation or breach by the Participant of his or her non-competition and/or non-disclosure agreement with the Bank (or a Related Entity), if any, (iv) any act by the Participant of dishonesty or bad faith with respect to the Bank (or a Related Entity), (v) chronic addiction to alcohol, drugs or other similar substances affecting the Participant’s work performance, or (vi) the commission by the Participant of any act, misdemeanor, or crime reflecting unfavorably upon the Participant or the Bank. The good faith determination by the Committee of whether the Participant’s Continuous Service was terminated by the Bank for “Cause” shall be final and binding for all purposes hereunder.

(e) “Change in Control” means a Change in Control as defined with related terms in Section 8 of the Plan.

(f) “Code” means the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(g) “Committee” means a committee designated by the Board to administer the Plan.

(h) “Consultant” means any person (other than an Employee or a Director, solely with respect to rendering services in such person’s capacity as a director) who is engaged by the Bank or any Related Entity to render consulting or advisory services to the Bank or such Related Entity, including, but not limited to, Advisory Board members, Honorary Directors, Directors Emeritus, and individuals who provide advice or consultation without other compensation.

(i) “Continuous Service” means uninterrupted provision of services to the Bank in any capacity of Employee, Director, or Consultant. Continuous Service shall not be considered to be interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Bank, any Related Entities, or any successor entities, in any capacity of Employee Director, or Consultant, or (iii) any change in status as long as the individual remains in the service of the Bank or a Related Entity in any capacity of Employee, Director, or Consultant (except as otherwise provided in the applicable agreement evidencing an Award). An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave.

(j) “Corporate Transaction” means a Corporate Transaction as defined in Section 8(b)(i) of the Plan.

(k) “Director” means a member of the Board or the board of directors of any Related Entity.

(l) “Disability” means a permanent and total disability (within the meaning of Section 22(e) of the Code), as determined by a medical doctor satisfactory to the Committee.

(m) “Effective Date” means the effective date of the Plan, which shall be April 25, 2007.

(n) “Eligible Person” means each officer, Director and Employee of the Bank or of any Related Entity, and any Consultant to the Bank or any Related Entity. The foregoing notwithstanding, only Employees of the Bank, the Parent, or any Subsidiary shall be Eligible Persons for purposes of receiving any Incentive Stock Options, and only Employees, Consultants and Directors performing services for the Bank or a Subsidiary shall be Eligible Persons for purposes of receiving any Nonqualified Stock Options. An Employee on leave of absence may be considered as still in the employ of the Bank or a Related Entity for purposes of eligibility for participation in the Plan.

(o) “Employee” means any person, including an officer or Director, who is an employee of the Bank or any Related Entity. The Payment of a director’s fee by the Bank or a Related Entity shall not be sufficient to constitute “employment” by the Bank.

(p) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, including rules thereunder and successor provisions and rules thereto.

(q) “Fair Market Value” means the fair market value of Stock, Awards or other property as determined by the Committee or the Board, or under procedures established by the Committee or the Board. Such procedures shall comply with the requirements of Section 409A of the Code with respect to the determination of the Fair Market Value in the context of Awards of Nonqualified Stock Options and with the requirements of Section 422 of the Code with respect to the determination of the Fair Market Value in the context of Awards of Incentive Stock Options.

(r) “Good Reason” shall, with respect to any Participant, have the equivalent meaning (or the same meaning as “good reason” or “for good reason”) set forth in any employment agreement

between the Participant and the Bank or a Related Entity or, in the absence of any such agreement, such term shall mean (i) the assignment to the Participant of any duties materially inconsistent with the Participant's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as assigned by the Bank (or a Related Entity), or any other action by the Bank (or a Related Entity) which results in a material diminution in such position, authority, duties or responsibilities, in each case if such assignment or other action shall not have been discontinued or otherwise cured within 30 days after the Bank's receipt of written notice from the Participant with respect thereto; (ii) any failure by the Bank (or a Related Entity) to comply with its obligations to the Participant as agreed upon, if such failure shall not have been remedied within 30 days after the Bank's receipt of written notice from the Participant with respect thereto; or (iii) any purported termination by the Bank (or a Related Entity) of the Participant's Continuous Service otherwise than for Cause as defined in Section 2(d), or by reason of the Participant's Disability as defined in Section 2(l).

(s) "Incentive Stock Option" means any Option that is intended to be an incentive stock option within the meaning of Section 422 of the Code or any successor provision thereto and that is designated as such

(t) "Incumbent Board" means the Incumbent Board as defined in Section 8(b)(ii) of the Plan.

(u) "Nonqualified Stock Option" means any Option granted under this Plan that is not intended to qualify as an incentive stock option under Section 422 of the Code. Any Option not specifically designated as an Incentive Stock Option shall be a Nonqualified Stock Option.

(v) "Option" means a right granted to a Participant under Section 6(b) hereof, to purchase Stock or other Awards at a specified price during specified time periods.

(w) "Optionee" means a person to whom an Option is granted under this Plan or any person who succeeds to the rights of such person under this Plan.

(x) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(y) "Participant" means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(z) "Related Entity" means any corporation, partnership or other business entity which, directly or indirectly, controls, is under common control with, or is controlled by, the Bank.

(aa) "Restricted Stock" means Stock sold or issued to a Participant under Section 6(c) hereof, that is subject to certain restrictions and to a risk of forfeiture.

(bb) "Stock" means the Bank's Common Stock, par value \$3.16 per share, and such other securities as may be substituted (or resubstituted) for Stock pursuant to Section 9(d) hereof."

(cc) "Subsidiary" means a "subsidiary corporation" whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. *Administration.*

(a) *Authority of the Committee.* The Plan shall be administered by the Committee; provided, however, that except as otherwise expressly provided in this Plan the Board may exercise any power or authority granted to the Committee under this Plan. The Committee or the Board shall have full and final authority, in each case subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants, grant Awards, determine the type, number and other terms and conditions of, and all other matters relating to, Awards, prescribe Award agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, construe and interpret the Plan and Award agreements and correct defects, supply omissions or reconcile inconsistencies therein, and to make all other decisions and determinations as the Committee or the Board may deem necessary or advisable for the administration of the Plan. In exercising any discretion granted to the Committee or the Board under the Plan or pursuant to any Award, the Committee or the Board shall not be required to follow past practices, act in a manner consistent with past practices, or treat any Eligible Person in a manner consistent with the treatment of other Eligible Persons.

(b) *Manner of Exercise of Committee Authority.* Any action of the Committee or the Board shall be final, conclusive and binding on all persons, including the Bank, its Related Entities, Participants, Beneficiaries, transferees under Section 9(b) hereof or other persons claiming rights from or through a Participant, and shareholders. The express grant of any specific power to the Committee or the Board, and the taking of any action by the Committee or the Board, shall not be construed as limiting any power or authority of the Committee or the Board. The Committee or the Board may delegate to officers or managers of the Bank or any Related Entity, or committees thereof, the authority, subject to such terms as the Committee or the Board shall determine, (i) to perform administrative functions and (ii) to perform such other functions as the Committee or the Board may determine, in each case to the extent permitted under applicable law. The Committee or the Board may appoint agents to assist it in administering the Plan.

(c) *Limitation of Liability.* The Committee and the Board, and each member thereof, shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or Employee of the Bank, the Bank's independent auditors, Consultants or any other agents assisting in the administration of the Plan. Members of the Committee and the Board, and any officer or Employee acting at the direction or on behalf of the Committee or the Board, shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Bank with respect to any such action or determination.

4. *Stock Subject to Plan.* Subject to adjustment as provided in Section 9(d) hereof, the total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan shall not exceed 833,600. The Committee or the Board may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award.

5. *Eligibility.* Awards may be granted under the Plan only to Eligible Persons.

6. *Specific Terms of Awards.*

(a) *General.* Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee or the Board may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 9(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee or the Board shall determine, including terms requiring forfeiture of Awards in the event of termination of Continuous Service by the Participant and terms

permitting a Participant to make elections relating to his or her Award. The Committee or the Board shall retain full power and discretion to accelerate, waive or modify, at any time, any term or condition of an Award that is not mandatory under the Plan. Except in cases in which the Committee or the Board is authorized to require other forms of consideration under the Plan, or to the extent other forms of consideration must be paid to satisfy the requirements of Virginia law, no consideration other than services may be required for the grant (but not the exercise) of any Award.

(b) *Options.* The Committee and the Board each is authorized to grant Options to Participants on the following terms and conditions:

(i) *Exercise Price.* The exercise price per share of Stock purchasable under an Option shall be determined by the Committee or the Board, provided that such exercise price shall not, in the case of Incentive Stock Options, be less than 100% of the Fair Market Value of the Stock on the date of grant of the Option and shall not, in any event, be less than the par value of a share of Stock or less than the book value of a share of Stock on the date of grant of such Option. If an employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Bank or any Parent or Subsidiary and an Incentive Stock Option is granted to such employee, the option price of such Incentive Stock Option (to the extent required by the Code at the time of grant) shall be no less than 110% of the Fair Market Value of the Stock on the date such Incentive Stock Option is granted.

(ii) *Time and Method of Exercise.* Unless otherwise determined by the Committee or the Board and set forth in the written agreement applicable to a particular Option, and except as otherwise set forth in this Plan, each Option shall vest and become exercisable in accordance with the following vesting schedule: the Option shall vest and become exercisable with respect to one-third (1/3) of the number of shares of Stock subject thereto on each of the second, third and fourth anniversaries of the grant date. The Committee or the Board shall determine the time or times at which Options shall cease to be or become exercisable following termination of Continuous Service or upon other conditions, the methods by which such exercise price may be paid or deemed to be paid (including in the discretion of the Committee or the Board a cashless exercise procedure), the form of such payment, including, without limitation, cash, Stock, other Awards or awards granted under other plans of the Bank or a Related Entity, or other property (including notes or other contractual obligations of Participants to make payment on a deferred basis), and the methods by or forms in which Stock will be delivered or deemed to be delivered to Participants.

(iii) *Incentive Stock Options.* The terms of any Incentive Stock Option granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any Incentive Stock Option under Section 422 of the Code, unless the Participant has first requested the change that will result in such disqualification. Thus, if and to the extent required to comply with Section 422 of the Code, Options granted as Incentive Stock Options shall be subject to the following special terms and conditions:

(A) the Option shall not be exercisable more than ten years after the date such Incentive Stock Option is granted; provided, however, that if a Participant owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Bank or any Parent and the Incentive Stock Option is granted to such Participant, the term of the Incentive Stock Option shall be (to the extent required by the Code at the time of the grant) for no more than five years from the date of grant; and

(B) The aggregate Fair Market Value (determined as of the date the Incentive Stock Option is granted) of the shares of stock with respect to which Incentive Stock Options granted under the Plan and all other option plans of the Bank or its Parent during any calendar year exercisable for the first time by the Participant during any calendar year shall not (to the extent required by the Code at the time of the grant) exceed \$100,000.

(iv) *Nonqualified Options.* The exercise price per share of Stock subject to a Nonqualified Stock Option shall be determined by the Committee or the Board at the time the Option is granted; provided, that the exercise price on the date of the grant shall not be less than (a) one-hundred percent (100%) of the Fair Market Value of such shares of Stock, or (b) the par value of such shares of Stock or (c) the book value of such shares of Stock.

(c) *Restricted Stock.* The Committee and the Board each is authorized to sell Restricted Stock to Participants on the following terms and conditions:

(i) *Issuance and Restrictions.* Restricted Stock may be issued and sold to a Participant subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee or the Board may impose pursuant to a purchase agreement setting forth the terms of such Award, or as otherwise provided in this Plan. The restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Committee or the Board may determine at the date of purchase or thereafter. Unless otherwise determined by the Committee or the Board and set forth in the written agreement applicable to a particular sale of Restricted Stock, and except as otherwise set forth in this Plan, (A) all Restricted Stock shall be subject to vesting, as described below, in accordance with the following vesting schedule: the Restricted Stock shall vest with respect to one-third (1/3) of the number of shares of Restricted Stock subject thereto on each of the second, third and fourth anniversaries of the grant date, and (B) all shares of Restricted Stock shall be subject to repurchase by the Bank upon the termination of employment or service, for any reason, of the Participant, as follows: all unvested shares of Restricted Stock shall be subject to repurchase by the Bank at the original purchase price paid by the Participant, and all vested shares of Restricted Stock shall be subject to repurchase by the Bank at the then-current fair market value (as determined by the Board or the Committee). Except to the extent restricted under the terms of the Plan and any Award agreement relating to the Restricted Stock, a Participant issued Restricted Stock shall have all of the rights of a shareholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee or the Board). During the restricted period applicable to the Restricted Stock, subject to Section 9(b) below, the Restricted Stock may not be sold, transferred, pledged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) *Certificates for Stock.* Restricted Stock issued under the Plan may be evidenced in such manner as the Committee or the Board shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee or the Board may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Bank retain physical possession of the certificates, and/or that the Participant deliver a stock power to the Bank, endorsed in blank, relating to the Restricted Stock.

(iii) *Dividends and Splits.* As a condition to the issuance of Restricted Stock, the Committee or the Board may require that any cash dividends paid on a share of Restricted Stock be automatically reinvested in additional shares of Restricted Stock or applied to the purchase of additional Awards under the Plan. Unless otherwise determined by the Committee or the Board, Stock distributed in connection with a Stock split or Stock dividend, and other property distributed as a dividend, shall be subject

to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Stock or other property has been distributed.

(d) *Shareholders' and Confidentiality Agreement.* Notwithstanding anything to the contrary contained in this Plan, unless otherwise determined by the Board or the Committee, it shall be a condition precedent to the issuance of any Stock pursuant to an Option or to the grant of any Restricted Stock pursuant hereto that the applicable Participant shall become a party to (i) the Bank's Shareholders' Agreement, if any (the "Shareholders' Agreement"), or any other replacement or additional agreement entered into after the Effective Date by the shareholders of the Bank generally, and (ii) the Bank's form employee Confidentiality Agreement, if any (the "Confidentiality Agreement"), or any other replacement or additional agreement entered into after the Date of Grant by the employees of the Bank generally.

7. *Certain Provisions Applicable to Awards.*

(a) *Stand-Alone, Additional, Tandem, and Substitute Awards.* Awards granted under the Plan may, in the discretion of the Committee or the Board, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Bank, any Related Entity, or any business entity to be acquired by the Bank or a Related Entity, or any other right of a Participant to receive payment from the Bank or any Related Entity. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award or award, the Committee or the Board shall require the surrender of such other Award or award in consideration for the grant of the new Award. In addition, Awards may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Bank or any Related Entity, in which the value of Stock subject to the Award is equivalent in value to the cash compensation (for example, Restricted Stock), or in which the exercise price, grant price or purchase price of the Award in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Stock minus the value of the cash compensation surrendered (for example, Options granted with an exercise price "discounted" by the amount of the cash compensation surrendered).

(b) *Term of Awards.* The term of each Award shall be for such period as may be determined by the Committee or the Board; provided that in no event shall the term of any Option exceed a period of ten years (or such shorter term as may be required in respect of an Incentive Stock Option under Section 422 of the Code).

(c) *Form and Timing of Payment Under Awards; Deferrals.* Subject to the terms of the Plan and any applicable Award agreement, payments to be made to the Bank or a Related Entity upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee or the Board shall determine, including, without limitation, cash, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The settlement of any Award may be accelerated, and cash paid in lieu of Stock in connection with such settlement, in the discretion of the Committee or the Board or upon occurrence of one or more specified events (in addition to a Change in Control). Installment or deferred payments may be required by the Committee or the Board (subject to Section 9(e) of the Plan) or permitted at the election of the Participant on terms and conditions established by the Committee or the Board. Payments may include, without limitation, provisions for the payment or crediting of a reasonable interest rate on installment or deferred payments.

8. *Change in Control.*

(a) *Effect of "Change in Control."* Unless otherwise provided in an Award agreement, in the event of a "Change in Control," as defined in Section 8(b):

(i) In the case of a Participant who has completed three (3) or more full years of Continuous Service at the time of the Change in Control, the vesting and exercisability of any Award carrying a right to exercise that was not previously vested and exercisable as of the time of the Change in Control shall accelerate in full upon the Change in Control, and the restrictions and forfeiture conditions applicable to any other Award granted under the Plan shall automatically lapse, and such Awards shall be deemed fully vested as of the time of the Change in Control, in each case except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 9(a) hereof; and

(ii) in the case of a Participant who has completed less than three (3) full years of Continuous Service at the time of the Change in Control, the vesting and exercisability of any Award carrying a right to exercise that was not previously vested and exercisable as of the time of the Change in Control shall accelerate with respect to 50% of the shares of Stock subject to the Award upon the Change in Control, and the restrictions and forfeiture conditions applicable to any other Award granted under the Plan shall automatically lapse with respect to 50% of the shares of Stock subject to the Award, and such Awards shall be deemed vested with respect to 50% of the shares of Stock subject thereto as of the time of the Change in Control, in each case except to the extent of any waiver by the Participant and subject to applicable restrictions set forth in Section 9(a) hereof; provided, however, that the Committee may, within its discretion, further accelerate the vesting and exercisability of any Award carrying a right to exercise such that upon a Change in Control a higher percentage of the shares of Stock subject thereto shall be vested, and/or the restrictions and forfeiture conditions applicable to any such Award shall lapse with respect to a higher percentage of the shares of Stock subject thereto, subject in each case to applicable restrictions set forth in Section 9(a) hereof.

(b) *Definition of “Change in Control.* A “Change in Control” shall be deemed to have occurred upon:

(i) Approval by the shareholders of the Bank of a reorganization, merger, consolidation or other form of corporate transaction or series of transactions, in each case, with respect to which persons who were the shareholders of the Bank immediately prior to such reorganization, merger or consolidation or other transaction do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company’s then outstanding voting securities, or a liquidation or dissolution of the Bank or the sale of all or substantially all of the assets of the Bank (unless such reorganization, merger, consolidation or other corporate transaction, liquidation, dissolution or sale (any such event being referred to as a “Corporate Transaction”) is subsequently abandoned); or

(ii) the acquisition (other than from the Bank) by any person, entity or “group”, within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act, of more than 50% of either the then outstanding shares of the Bank’s capital stock or the combined voting power of the Bank’s then outstanding voting securities entitled to vote generally in the election of directors (hereinafter referred to as the ownership of a “Controlling Interest”) excluding, for this purpose, any acquisitions by (A) the Bank or a Related Entity, (B) any person, entity or “group” that as of the date on which the Award is granted owns beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of a Controlling Interest or (C) any employee benefit plan of the Bank or a Related Entity (including, without limitation, an ESOP).

## 9. *General Provisions.*

(a) *Compliance With Legal and Other Requirements.* The Bank may, to the extent deemed necessary or advisable by the Committee or the Board, postpone the issuance or delivery of Stock or payment of other benefits under any Award until completion of such registration or qualification of such

Stock or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Stock or other Bank securities are listed or quoted, or compliance with any other obligation of the Bank, as the Committee or the Board may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Stock or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations. The foregoing notwithstanding, in connection with a Change in Control, the Bank shall take or cause to be taken no action, and shall undertake or permit to arise no legal or contractual obligation, that results or would result in any postponement of the issuance or delivery of Stock or payment of benefits under any Award or the imposition of any other conditions on such issuance, delivery or payment, to the extent that such postponement or other condition would represent a greater burden on a Participant than existed on the 90th day preceding the Change in Control.

(b) *Code Section 409A.* If and to the extent that the Committee believes that any Awards may constitute a “nonqualified deferred compensation plan” under Section 409A of the Code, the terms and conditions set forth in the Award Agreement for that Award shall be drafted in a manner that is intended to comply with, and those provisions (and /or the provisions of the Plan applicable thereto) shall be interpreted in a manner consistent with, the applicable requirements of Section 409A of the Code, and the Committee, in its sole discretion and without the consent of any Participant, may amend any Award Agreement (and the provisions of the Plan applicable thereto) if and to the extent that the Committee determines necessary or appropriate to comply with the applicable requirements of Section 409A of the Code.

(c) *Limits on Transferability; Beneficiaries.* No Award or other right or interest of a Participant under the Plan, including any Award or right which constitutes a derivative security as generally defined in Rule 16a-1(c) under the Exchange Act, shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party (other than the Bank or a Subsidiary), or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than Incentive Stock Options) may be transferred to one or more Beneficiaries or other transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if and to the extent such transfers and exercises are permitted by the Committee or the Board pursuant to the express terms of an Award agreement (subject to any terms and conditions which the Committee or the Board may impose thereon). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award agreement applicable to such Participant, except as otherwise determined by the Committee or the Board, and to any additional terms and conditions deemed necessary or appropriate by the Committee or the Board.

(d) *Adjustments.*

(i) *Adjustments to Awards.* In the event that any dividend or other distribution (whether in the form of cash, Stock, or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Stock and/or such other securities of the Bank or any other issuer such that a substitution, exchange, or adjustment is determined by the Committee or the Board to be appropriate, then the Committee or the Board shall, in such manner as it may deem equitable, substitute, exchange or adjust any or all of (A) the number and kind of shares of Stock which may be delivered in connection with Awards granted thereafter, (B) the number and kind of shares

of Stock by which annual per-person Award limitations are measured under Section 5 hereof, (C) the number and kind of shares of Stock subject to or deliverable in respect of outstanding Awards, (D) the exercise price, grant price or purchase price relating to any Award and/or make provision for payment of cash or other property in respect of any outstanding Award, and (E) any other aspect of any Award that the Committee or Board determines to be appropriate.

(ii) *Other Adjustments.* In addition, the Committee and the Board is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, acquisitions and dispositions of businesses and assets) affecting the Bank, any Related Entity or any business unit, or the financial statements of the Bank or any Related Entity, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Bank, any Related Entity or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant.

(e) *Taxes.* The Bank and any Related Entity are authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Stock, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee or the Board may deem advisable to enable the Bank and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Stock or other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee.

(f) *Changes to the Plan and Awards.* The Board may amend, alter, suspend, discontinue or terminate the Plan, or the Committee's authority to grant Awards under the Plan, without the consent of shareholders or Participants, except that any amendment or alteration to the Plan shall be subject to the approval of the Bank's shareholders not later than the annual meeting next following such Board action if such shareholder approval is required by any federal or state law or regulation, and the Board may otherwise, in its discretion, determine to submit other such changes to the Plan to shareholders for approval; provided that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. The Committee or the Board may waive any conditions or rights under, or amend, alter, suspend, discontinue or terminate any Award theretofore granted and any Award agreement relating thereto, except as otherwise provided in the Plan; provided that, without the consent of an affected Participant, no such Committee or the Board action may materially and adversely affect the rights of such Participant under such Award.

(g) *Limitation on Rights Conferred Under Plan.* Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ of the Bank or a Related Entity; (ii) interfering in any way with the right of the Bank or a Related Entity to terminate any Eligible Person's or Participant's Continuous Service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and Employees, or (iv) conferring on a Participant any of the rights of a shareholder of the Bank unless and until the Participant is duly issued or transferred shares of Stock in accordance with the terms of an Award.

(h) *Unfunded Status of Awards; Creation of Trusts.* The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Stock pursuant to an Award, nothing contained in the Plan or any

Award shall give any such Participant any rights that are greater than those of a general creditor of the Bank; provided that the Committee may authorize the creation of trusts and deposit therein cash, Stock, other Awards or other property, or make other arrangements to meet the Bank's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee or the Board may specify and in accordance with applicable law.

(i) *Nonexclusivity of the Plan.* Neither the adoption of the Plan by the Board nor its submission to the shareholders of the Bank for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable.

(j) *Payments in the Event of Forfeitures; Fractional Shares.* Unless otherwise determined by the Committee or the Board, in the event of a forfeiture of an Award with respect to which a Participant paid cash or other consideration, the Participant shall be repaid the amount of such cash or other consideration. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee or the Board shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(k) *Governing Law.* The validity, construction and effect of the Plan, any rules and regulations under the Plan, and any Award agreement shall be determined in accordance with the laws of the Commonwealth of Virginia without giving effect to principles of conflicts of laws, and applicable federal law.

(l) *Plan Effective Date and Shareholder Approval; Termination of Plan.* The Plan shall become effective on the Effective Date, subject to subsequent approval within 12 months of its adoption by the shareholders of the Bank eligible to vote in the election of directors, by a vote sufficient to meet the requirements of any laws, regulations, and obligations of the Bank applicable to the Plan. Awards may be granted subject to shareholder approval of the Plan, but may not be exercised or otherwise settled in the event such shareholder approval is not obtained. The Plan shall terminate at such time as no shares of Stock remain available for issuance under the Plan and the Bank has no further rights or obligations with respect to outstanding Awards under the Plan.