

UNITED STATES OF AMERICA
BEFORE
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

BUREAU OF FINANCIAL INSTITUTIONS
OF THE COMMONWEALTH OF VIRGINIA
RICHMOND, VIRGINIA

_____)	
Amendment to the Written Agreement)	
by and among)	
)	
CONSOLIDATED BANK AND TRUST)	
COMPANY)	Docket No. 00-011-WA/RB-SM
Richmond, Virginia)	(Amended)
)	
FEDERAL RESERVE BANK)	
OF RICHMOND)	
Richmond, Virginia)	
)	
and)	
)	
BUREAU OF FINANCIAL)	
INSTITUTIONS OF THE)	
COMMONWEALTH OF VIRGINIA)	
Richmond, Virginia)	
_____)	

WHEREAS, the Consolidated Bank and Trust Company, Richmond, Virginia (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, the Federal Reserve Bank of Richmond (the "Reserve Bank"), and the Bureau of Financial Institutions of the Commonwealth of Virginia (the "Bureau") entered into a Written Agreement, dated September 5, 2000 (the "Written Agreement");

WHEREAS, additional deficiencies have been identified at the Bank that require further action to ensure the Bank's safe and sound operation, and the Bank, the Reserve Bank, and the

Bureau have mutually agreed to enter into this amendment to the Written Agreement (the "Amendment") to address these deficiencies; and

WHEREAS, on July 24th, 2003, the board of directors, at a duly constituted meeting, adopted a resolution authorizing and directing Walton M. Belle to enter into this Amendment on behalf of the Bank, and consenting to compliance by the Bank and its institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. 1813(u)), with each and every provision of this Amendment.

NOW, THEREFORE, the Bank, the Reserve Bank, and the Bureau agree that paragraphs 26 through 36 shall be added to the Written Agreement as follows:

Management and Directors

26. (a) Within 60 days of this Amendment, the Bank shall take such steps as are necessary to employ: (i) additional qualified, full-time, senior credit administration staff, and (ii) a qualified internal auditor.

(b) The Bank shall take all available actions as are necessary to increase the number of outside directors with banking experience and shall report quarterly to the Reserve Bank and the Bureau on efforts to secure the new outside directors. For the purposes of this paragraph, the term: (i) "outside director" is defined as an individual, not an employee or executive officer of the Bank, who, directly or indirectly, owns less than 10 percent of the outstanding voting stock of the Bank and who is not related in any manner to any shareholder who owns 10 percent or more of the outstanding voting stock of the Bank or any related interest of such a shareholder; and (ii) "executive officer" is defined as set forth in section 215.2(e) of Regulation O of the Board of Governors (12 C.F.R. 215.2(e)).

(c) The Bank shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Capital Adequacy

27. Within 60 days of this Amendment, the Bank shall submit to the Reserve Bank and the Bureau an acceptable, updated, written plan to maintain sufficient capital at the Bank.

The plan shall, at a minimum, address and consider:

- (i) The Bank's current and future capital requirements, including compliance with the Capital Adequacy Guidelines of the Board of Governors (12 C.F.R. Part 208, App. A and B);
- (ii) any planned growth in the Bank's assets;
- (iii) the Bank's level of concentrations of credit;
- (iv) the volume of the Bank's adversely classified assets;
- (v) the Bank's anticipated level of retained earnings;
- (vi) any unrealized depreciation in the Bank's available-for-sale securities portfolio; and
- (vii) the source and timing of additional funds to fulfill the future capital needs of the Bank.

Concentrations of Credit

28. Within 30 days of this Amendment, the Bank shall submit to the Reserve Bank and the Bureau an acceptable plan to control and monitor concentrations of credits, including, but not limited to, establishment of concentrations of credit limits for industries and types of loans, and management of the risk associated with asset concentrations.

Loan Documentation

29. (a) Within 60 days of this Amendment, the Bank shall take all steps necessary to correct all documentation and credit information deficiencies and loan policy exceptions listed in the report of the examination of the Bank conducted by the Reserve Bank that closed in

June 2002. The Bank shall maintain current and complete documentation on all loans consistent with its approved loan policies. In all cases where the Bank is unable to obtain needed documentation or credit information, it shall document the actions taken to secure the information and the reason the information could not be obtained, and shall maintain such documentation in the appropriate file for subsequent supervisory review.

(b) Within 60 days of the Bank's receipt of any subsequent federal or state report of examination, the Bank shall take all steps necessary to correct all documentation and credit information deficiencies and loan policy exceptions listed in such report of examination.

Loan Status Reports

30. Within 30 days after the end of each calendar quarter following the date of this Amendment (September 30, December 31, March 31, and June 30), the Bank shall submit to the Reserve Bank and the Bureau a written report regarding the status of all loans that are on the Bank's watch list, past-due, matured but unpaid, or listed as classified in the most recent federal or state report of examination of the Bank. The report shall include, at a minimum, the current loan balance, date and amount of payments received, present collateral value, any discussions with the borrower, any borrower's commitment to repay, steps taken by management to improve or collect the loan, and estimate of any loss.

Bank Secrecy Act and Regulation H Compliance

31. Within 60 days of this Amendment, the Bank shall submit to the Reserve Bank and the Bureau an acceptable program to improve the Bank's internal controls to ensure compliance with all applicable provisions of the Currency and Foreign Transactions Reporting Act (31 U.S.C. 5311 et seq.) (the Bank Secrecy Act (the "BSA")) and the regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. 103.11 et seq.), as required by

section 208.63 of Regulation H of the Board of Governors (12 C.F.R. 208.63). The program shall include procedures to identify and incorporate into the program, on an ongoing basis, the requirements of any amendments to the BSA and any rules and regulations issued thereunder. At a minimum, the program shall include an effective system designed to ensure compliance with the recordkeeping and reporting requirements for currency transactions over \$10,000 and currency transaction reporting exemption procedures (31 C.F.R. 103.22).

32. Within 60 days of this Amendment, the Bank shall submit to the Reserve Bank and the Bureau an acceptable written customer due diligence program designed to reasonably ensure the identification and timely, accurate, and complete reporting of all known or suspected violations of law against or involving the Bank to law enforcement and supervisory authorities as required by the suspicious activity reporting provisions of Regulation H of the Board of Governors (12 C.F.R. 208.62).

33. (a) Within 120 days of this Amendment, the Bank shall complete a forensic review of transactions from January 2001 through the date of this Amendment (the "Review") to determine whether (i) currency transactions over \$10,000 were reported in accordance with requirements of the BSA and regulations thereunder; and (ii) suspicious activity involving accounts or transactions at, by, or through the Bank was properly identified and reported by the Bank in accordance with applicable suspicious activity reporting regulations.

(b) Within 30 days of this Amendment, the Bank shall submit to the Reserve Bank and the Bureau an acceptable plan that shall establish the (i) types of accounts and transactions, (ii) methodology, and (iii) sampling procedures to be used in the Review.

(c) Within 30 days of the completion of the Review, the Bank shall submit to the Reserve Bank and the Bureau a written report of the findings of the Review.

(d) Within 30 days of the completion of the Review, the Bank shall ensure that all transactions previously required to be reported have been reported in accordance with applicable regulations and guidelines.

Fiduciary Activities

34. Within 90 days of this Amendment, the Bank shall submit to the Reserve Bank and the Bureau acceptable programs, policies, and procedures for the Bank's Trust Department to ensure that the Bank's fiduciary activities are conducted in a safe and sound manner consistent with applicable Virginia state law. At a minimum, the programs, policies, and procedures shall address, consider, and include:

- (a) A comprehensive trust activities policy;
- (b) a comprehensive internal audit program, including reporting lines of authority, and the scope and frequency of audits;
- (c) an annual external audit;
- (d) procedures to ensure the accurate preparation of the trust activities entries for the Bank's Consolidated Report of Condition and Income;
- (e) secure, dual control of fiduciary assets;
- (f) a compliance program to ensure that trust activities comply with all applicable state law requirements;
- (g) procedures for preventing overdrafts in trust accounts; and
- (h) corrective steps that address the criticisms of the Bank's fiduciary activities noted in the report of the examination of the Bank conducted by the Reserve Bank and the Bureau in February 2003.

Approval of Plans and Procedures

35. Acceptable policies, procedures, plans, and programs required by paragraphs 27, 28, 31, 32, 33(b), and 34 of this Amendment shall be submitted and approved in accordance with the procedures set forth in paragraph 19(a) of the Written Agreement. The board of directors shall review all the approved policies, procedures, plans, and programs annually.

Miscellaneous

36. This Amendment does not supersede, stay, terminate, or suspend any provision of the Written Agreement.

37. This Amendment is a "written agreement" for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 8 of the FDI Act (12 U.S.C. 1818).

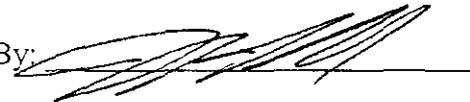
IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the 25th day of July, 2003

Consolidated Bank and Trust Company

By: Walter M. Belle

Chairman, Board of Directors

Federal Reserve Bank of Richmond

By: 

Bureau of Financial Institutions of
the Commonwealth of Virginia

By: 