BANK OF MONTREAL /CAN/
Form 424B2
March 21, 2019
Table of Contents

Registration Statement No. 333-217200
Filed Pursuant to Rule 424(b)(2)

The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement is not an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Preliminary Pricing Supplement, subject to completion, dated March 21, 2019

PRICING SUPPLEMENT dated , 2019

(to prospectus dated April 27, 2017 and

prospectus supplement dated September 23, 2018)

US$

Senior Medium-Term Notes, Series E

consisting of

US$ % Senior Notes due 2022

US$ Floating Rate Notes due 2022

This is an offering of US$ aggregate principal amount of our % Senior Notes due 2022, which we refer to as the Fixed Rate Notes and US$ aggregate principal amount of our Floating Rate Notes due 2022, which we refer to as the Floating Rate Notes and, together with the Fixed Rate Notes, the Notes . The Fixed Rate Notes will mature on , 2022 and the Floating Rate Notes will mature on , 2022. We will pay interest on the Fixed Rate Notes semi-annually on each and , beginning on , 2019. We will pay interest on the Floating Rate Notes quarterly on each , , and , beginning on , 2019.

The Notes will be bail-inable notes (as defined in the accompanying prospectus supplement dated September 23, 2018) and subject to conversion in whole or in part by means of a transaction or series of transactions and in one or more steps into common shares of Bank of Montreal or any of its affiliates under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act (the CDIC Act) and to variation or extinguishment in consequence, and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Notes.

We may redeem each tranche of Notes in whole at any time upon the occurrence of certain events pertaining to Canadian taxation at 100% of their principal amount, plus accrued and unpaid interest to, but excluding, the date of redemption. See Specific Terms of the Notes Tax Redemption.

The Notes will be our senior unsecured obligations and will rank equally in right of payment with all of our existing and future unsubordinated, unsecured indebtedness. The Notes will be issued only in registered book-entry form, in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof.

Investing in the Notes involves risks, including the risks described in the Risk Factors section beginning on page S-1 of the accompanying prospectus supplement and those described in management s discussion and analysis included in our Annual Report on Form 40-F for the year ended October 31, 2018, which is incorporated by reference in the accompanying prospectus, dated April 27, 2017, as supplemented by the accompanying prospectus supplement, dated September 23, 2018, and this pricing supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these Notes or passed upon the adequacy or accuracy of this pricing supplement or the accompanying prospectus and prospectus supplement. Any representation to the contrary is a criminal offense.

The Notes will be our senior unsecured obligations and will not be savings accounts or deposits that are insured by the United States Federal Deposit Insurance Corporation, the Bank Insurance Fund, the Canada Deposit Insurance Corporation (the CDIC) or any other governmental agency or instrumentality or other entity.

	Per Fixed Rate Note	Total	Per Floating Rate Note	Total
Price to Public[(1)]	%	US$	%	US$
Underwriting Commissions	%	US$	%	US$
Proceeds, Before Expenses, to Bank of Montreal	%	US$	%	US$

(1) Plus accrued interest, if any, from , 2019, if settlement occurs after that date.

The underwriters expect to deliver the Notes through the book-entry delivery system of The Depository Trust Company on or about , 2019.

BMO Capital Markets BNP PARIBAS Goldman Sachs & Co. LLC J.P. Morgan Wells Fargo Securities

The date of this pricing supplement is , 2019.

Table of Contents

TABLE OF CONTENTS

Pricing Supplement

Prospectus Supplement

Prospectus

Table of Contents

We are responsible for the information contained or incorporated by reference in this pricing supplement, the accompanying prospectus supplement, the accompanying prospectus, and in any free writing prospectus we may authorize to be delivered to you. We have not, and the underwriters have not, authorized anyone to give you any other information, and take no responsibility for any other information that others may give you. We are not, and the underwriters are not, making an offer to sell the Notes in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this pricing supplement, the accompanying prospectus supplement, the accompanying prospectus, the documents incorporated by reference or any free writing prospectus we may authorize to be delivered to you is accurate as of any date other than the dates thereon. Our business, financial condition, results of operations and prospects may have changed since those dates.

This pricing supplement, the accompanying prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of Notes in any member state (the Member States and each, a Member State) of the European Economic Area (EEA) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Member State of Notes which are the subject of the offering contemplated in this pricing supplement, the accompanying prospectus supplement and the accompanying prospectus may only do so in circumstances in which no obligation arises for Bank of Montreal or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer.

The expression Prospectus Directive means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive, and the expression offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This pricing supplement, the accompanying prospectus supplement and the accompanying prospectus are for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the Financial Promotion Order), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise

lawfully be communicated or caused to be communicated (all such persons together being referred to as relevant persons). This pricing supplement, the accompanying prospectus supplement and the accompanying prospectus are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this pricing supplement, the accompanying prospectus supplement and the accompanying prospectus relate is available only to relevant persons and will be engaged in only with relevant persons.

Table of Contents

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The Securities and Exchange Commission (the SEC) allows us to incorporate by reference into this pricing supplement, the accompanying prospectus supplement, dated September 23, 2018 (the accompanying prospectus supplement), and the accompanying prospectus, dated April 27, 2017 (the accompanying prospectus), the information in certain documents we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this pricing supplement, the accompanying prospectus supplement and the accompanying prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information incorporated by reference is considered to be automatically updated and superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. In other words, in the case of a conflict or inconsistency between information contained in this pricing supplement, the accompanying prospectus supplement or the accompanying prospectus and information incorporated by reference, you should rely on the information contained in the document that was filed later. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this pricing supplement, the accompanying prospectus supplement and the accompanying prospectus.

We incorporate by reference the following documents and all documents that we subsequently file with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the SEC rules) pursuant to Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), until the termination of the offering of the Notes under this pricing supplement:

Annual Report on Form 40-F for the fiscal year ended October 31, 2018, filed on December 4, 2018;

Reports on Form 6-K filed on December 4, 2018 (two filings) (Acc-nos: 0001193125-18-342102 and 0001193125-18-342259);

Report on Form 6-K filed on December 21, 2018 (Acc-no: 0001176256-18-000253);

Report on Form 6-K filed on January 29, 2019;

Report on Form 6-K filed on February 5, 2019;

Reports on Form 6-K filed on February 26, 2019 (four filings) (Acc-nos: 0001193125-19-052036, 0001193125-19-052042, 0001193125-19-052049 and 0001193125-19-052057); and

Report on Form 6-K filed on March 8, 2019.

We may also incorporate any other Form 6-K that we submit to the SEC on or after the date hereof and prior to the termination of the offering of the Notes under this pricing supplement if the Form 6-K filing specifically states that it is incorporated by reference into the Registration Statement of which the accompanying prospectus, as supplemented, forms a part.

We will provide without charge to each person, including any beneficial owner, to whom this pricing supplement is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this pricing supplement excluding exhibits to those documents, unless they are specifically incorporated by reference into those documents. You may obtain copies of those documents by requesting them in writing or by telephoning us at the following address: Bank of Montreal, 100 King Street West, 1 First Canadian Place, 21st Floor, Toronto, Ontario, Canada, M5X 1A1, Attention: Corporate Secretary; Telephone: (416) 867-6785.

Table of Contents

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately US$, after deducting underwriting commissions and estimated offering expenses payable by us. The net proceeds will be contributed to the general funds of Bank of Montreal and used for general corporate purposes.

Table of Contents

SPECIFIC TERMS OF THE NOTES

The Notes are part of a series of our senior debt securities called Senior Medium-Term Notes, Series E, and therefore, this pricing supplement, dated , 2019 (this pricing supplement), should be read together with the accompanying prospectus supplement and the accompanying prospectus. Terms used but not defined in this pricing supplement have the meanings given them in the accompanying prospectus supplement or accompanying prospectus, unless the context requires otherwise.

General

The Notes are part of a series of senior debt securities referred to as Senior Medium-Term Notes, Series E that we may issue from time to time under the Senior Indenture, dated as of January 25, 2010, as supplemented by the First Supplemental Indenture thereto, dated as of September 23, 2018, between Bank of Montreal and Wells Fargo Bank, National Association, as trustee (the trustee). The Notes will constitute our senior unsecured obligations and will rank equally in right of payment with all of our existing and future unsubordinated, unsecured indebtedness. The Notes will not be listed on any securities exchange.

The Notes will be issued in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess thereof. Upon issuance, the Notes of each tranche will be represented by one or more fully registered global notes. Each global note will be deposited with, or on behalf of, The Depository Trust Company, as depositary.

The Notes are bail-inable notes (as defined in the accompanying prospectus supplement) and subject to conversion in whole or in part by means of a transaction or series of transactions and in one or more steps into common shares of Bank of Montreal or any of its affiliates under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act (the *CDIC Act*) and to variation or extinguishment in consequence, and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Notes.

Please note that the information about the price to the public and the proceeds, before expenses, to Bank of Montreal on the front cover of this pricing supplement relates only to the initial sale of Notes. If you have purchased the Notes in a market making transaction after the initial sale, information about the price and date of sale will be provided to you in a separate confirmation of sale.

In this section, references to holders mean those who own the Notes registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in the Notes registered in street name or in the Notes issued in book-entry form through The Depository Trust Company or another depositary. Owners of beneficial interests in the Notes should read the section entitled Description of the Notes We May Offer Legal Ownership in the accompanying prospectus supplement and Description of the Debt Securities We May Offer Legal Ownership and Book-Entry Issuance in the accompanying prospectus.

Stated Maturity

If not previously redeemed by Bank of Montreal or otherwise declared to be due and payable, the Fixed Rate Notes will mature on , 2022 and the Floating Rate Notes will mature on , 2022, and at maturity holders will receive the outstanding principal amount of their Notes plus accrued and unpaid interest, if any.

Interest

Fixed Rate Notes

The Fixed Rate Notes will bear interest from and including , 2019 at a rate of % per year. Bank of Montreal will pay interest on the Fixed Rate Notes semi-annually in arrears on and of each

Table of Contents

year, beginning , 2019 (each, a Fixed Rate Interest Payment Date), and at maturity. Interest will be payable on each Fixed Rate Interest Payment Date to the person in whose name the Fixed Rate Notes are registered at the close of business on the preceding or , whether or not a business day. However, Bank of Montreal will pay interest at maturity to the person to whom the principal is payable.

If any Fixed Rate Interest Payment Date, the maturity date or any redemption date falls on a day that is not a business day for the Fixed Rate Notes, Bank of Montreal will postpone the making of such interest or principal payments to the next succeeding business day (and no interest will be paid in respect of the delay).

Interest on the Fixed Rate Notes will accrue from and including , 2019, to but excluding the first Fixed Rate Interest Payment Date, and then from and including each Fixed Rate Interest Payment Date to which interest has been paid or duly provided for to, but excluding, the next Fixed Rate Interest Payment Date or maturity, as the case may be.

Interest on the Fixed Rate Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Floating Rate Notes

The Floating Rate Notes will bear interest from and including , 2019. Bank of Montreal will pay interest on the Floating Rate Notes quarterly in arrears on , , and of each year, beginning on , 2019 (each, a Floating Rate Interest Payment Date), and at maturity. Interest will be payable on each Floating Rate Interest Payment Date to the person in whose name the Floating Rate Notes are registered at the close of business on the preceding , , and , whether or not a business day. However, Bank of Montreal will pay interest at maturity to the person to whom the principal is payable.

If any Floating Rate Interest Payment Date falls on a day that is not a business day for the Floating Rate Notes, Bank of Montreal will postpone the making of such interest or principal payment to the next succeeding business day (and interest thereon will continue to accrue to but excluding such succeeding business day), unless the next succeeding business day is in the next succeeding calendar month, in which case such interest payment date shall be the immediately preceding business day and interest shall accrue to but excluding such preceding business day. If the maturity date or a redemption date for the Floating Rate Notes would fall on a day that is not a business day, the payment of interest and principal will be made on the next succeeding business day, but no additional interest shall accrue and be paid unless we fail to make payment on such next succeeding business day.

Interest on the Floating Rate Notes will accrue from and including , 2019, to but excluding the first Floating Rate Interest Payment Date, and then from and including each Floating Rate Interest Payment Date to which interest has been paid or duly provided for to, but excluding, the next Floating Rate Interest Payment Date or maturity, as the case may be. The Floating Rate Notes will bear interest for each interest period at a rate per annum determined by the calculation agent, subject to the maximum interest rate permitted by New York or other applicable state law, as such law may be modified by United States law of general application, and the *Criminal Code* (Canada). The per annum rate at which interest on the Floating Rate Notes will be payable during each interest period will be equal to the then-applicable three-month LIBOR rate for U.S. dollars, determined on the Interest Determination Date for that interest period, plus % (basis points). In no event will the interest on the Floating Rate Notes be less than zero.

Interest Determination Date means the second London Business Day immediately preceding the applicable quarterly interest reset date. The quarterly interest reset date will be each , , and . The Interest Determination Date for the initial interest period will be the second London Business Day immediately preceding settlement for the Floating Rate Notes.

Table of Contents

interest period means the period commencing on any Floating Rate Interest Payment Date for the Floating Rate Notes (or, with respect to the initial interest period only, commencing on , 2019) to, but excluding, the next succeeding Floating Rate Interest Payment Date for the Floating Rate Notes, and in the case of the last such period, from and including the Floating Rate Interest Payment Date immediately preceding the maturity date to but not including such maturity date.

London Business Day means a day on which dealings in U.S. dollars are transacted in the London interbank market.

three-month LIBOR, for any Interest Determination Date, will be the offered rate for deposits in the London interbank market in U.S. dollars having an index maturity of three months, as of approximately 11:00 a.m., London time, on such Interest Determination Date. LIBOR will be determined by the offered rate appearing on the Reuters screen LIBOR01 page or any replacement page or pages on which London interbank rates of major banks for U.S. dollars are displayed (as more fully described in the immediately following paragraph and the section Description of the Notes We May Offer Interest Rates Floating Rate Notes LIBOR Notes in the accompanying prospectus supplement).

If the calculation agent determines on an Interest Determination Date that three-month LIBOR has been discontinued, then the calculation agent will use a substitute or successor base rate that it has determined in its sole discretion is most comparable to three-month LIBOR, provided that if the calculation agent determines there is an industry-accepted successor base rate that shall have replaced three-month LIBOR in the relevant market at the relevant time, then the calculation agent shall use such successor base rate. If the calculation agent has determined a substitute or successor base rate in accordance with the foregoing, the calculation agent in its sole discretion may determine the business day convention, the definition of business day and the interest determination dates to be used, and any other relevant methodology for calculating such substitute or successor base rate, including any adjustment factor needed to make such substitute or successor base rate comparable to three-month LIBOR, in a manner that is consistent with industry-accepted practices for such substitute or successor base rate. Unless the calculation agent uses a substitute or successor base rate as so provided, the provisions as described in the accompanying prospectus supplement under Description of the Notes We May Offer Interest Rates Floating Rate Notes LIBOR Notes will apply.

For each interest period, the calculation agent will determine the amount of accrued interest by multiplying the principal amount of the Floating Rate Notes by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors determined for each day during the interest period. The interest factor for each day will be expressed as a decimal and will be determined by dividing the interest rate, also expressed as a decimal, applicable to that day by 360.

The interest rate and amount of interest to be paid on the Floating Rate Notes for each interest period will be determined by the calculation agent. BMO Capital Markets Corp. is currently serving as our calculation agent; however, we may change the calculation agent at any time without notice, and BMO Capital Markets Corp. may resign as calculation agent at any time upon sixty (60) days written notice to us. All determinations made by the calculation agent shall, in the absence of manifest error, be conclusive for all purposes and binding on Bank of Montreal and the holders of the Floating Rate Notes. So long as three-month LIBOR is required to be determined with respect to the Floating Rate Notes, there will at all times be a calculation agent. In the event that any then acting calculation agent shall be unable or unwilling to act, or that such calculation agent shall fail duly to establish three-month LIBOR for any interest period, or we propose to remove such calculation agent, we shall appoint another calculation agent.

Payment of Additional Amounts

All payments made by Bank of Montreal under or with respect to the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost,

Table of Contents

assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereafter Canadian taxes), unless Bank of Montreal is required to withhold or deduct Canadian taxes by law or by the interpretation or administration thereof. If Bank of Montreal is so required to withhold or deduct any amount for or on account of Canadian taxes from any payment made under or with respect to the Notes, Bank of Montreal will pay to each holder of such Notes as additional interest such additional amounts (additional amounts) as may be necessary so that the net amount received by each such holder after such withholding or deduction (and after deducting any Canadian taxes on such additional amounts) will not be less than the amount such holder would have received if such Canadian taxes had not been withheld or deducted, except as described below. However, no additional amounts will be payable with respect to a payment made to a holder in respect of the beneficial owner thereof:

with which Bank of Montreal does not deal at arm s-length (for the purposes of the Income Tax Act (Canada)) (the Tax Act) at the time of the making of such payment;

which is a specified non-resident shareholder of Bank of Montreal for purposes of the Tax Act or a non-resident person not dealing at arm s-length with a specified shareholder (within the meaning of subsection 18(5) of the Tax Act) of Bank of Montreal;

which is subject to such Canadian taxes by reason of the holder being a resident, domiciliary or national of, engaged in business or maintaining a permanent establishment or other physical presence in or otherwise having some connection with Canada or any province or territory thereof otherwise than by the mere holding of the Notes or the receipt of payments thereunder;

which is subject to such Canadian taxes by reason of the holder s failure to comply with any certification, identification, documentation or other reporting requirements if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian taxes (provided that Bank of Montreal advises the trustee and the holders of such Notes then outstanding of any change in such requirements);

with respect to any Note presented for payment more than 30 days after the later of (i) the date payment is due and (ii) the date on which funds are made available for payment, except to the extent that the holder thereof would have been entitled to such additional amounts on presenting same for payment on or before such thirtieth day;

with respect to any estate, inheritance, gift, sale, transfer, personal property or similar tax or other governmental charge; or

which is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that the Canadian taxes would not have been imposed on such payment had such holder been the sole

beneficial owner of such Notes.

Bank of Montreal will also:

make such withholding or deduction; and

remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

Bank of Montreal will furnish to the registered holders of the relevant Notes, within 60 days after the date the payment of any Canadian taxes is due pursuant to applicable law, certified copies of tax receipts or other documents evidencing such payment.

In any event, no additional amounts will be payable under the provisions described above in respect of any Note in excess of the additional amounts which would be required if, at all relevant times, the beneficial owner of such Note were a resident of the United States for purposes of, and was entitled to the benefits of the

Table of Contents

Canada-U.S. Income Tax Convention (1980), as amended, including any protocols thereto. As a result of the limitation on the payment of additional amounts discussed in the preceding sentence, the additional amounts received by certain holders in respect of beneficial owners of the Notes may be less than the amount of Canadian taxes withheld or deducted and, accordingly, the net amount received by such holders of those Notes will be less than the amount such holders would have received had there been no such withholding or deduction in respect of Canadian taxes.

Wherever in the senior indenture governing the terms of the Notes there is mentioned, in any context, the payment of principal, or any premium or interest or any other amount payable under or with respect to a Note, such mention shall be deemed to include mention of the payment of additional amounts to the extent that, in such context, additional amounts are, were or would be payable as set forth in this section in respect thereof.

In the event of the occurrence of any transaction or event resulting in a successor to Bank of Montreal, all references to Canada in the preceding paragraphs of this subsection shall be deemed to be references to the jurisdiction of organization of the successor entity.

Notwithstanding the foregoing, all payments shall be made net of any deduction or withholding imposed or collected pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the Code), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (any such withholding, a FATCA Withholding Tax), and no additional amounts will be payable as a result of any such FATCA Withholding Tax.

Tax Redemption

Bank of Montreal (or its successor) may redeem each tranche of Notes, in whole but not in part, at a redemption price equal to the principal amount thereof together with accrued and unpaid interest to but excluding the date fixed for redemption, upon the giving of a notice as described below, if:

as a result of any change (including any announced prospective change) in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Canada (or the jurisdiction of organization of any successor to Bank of Montreal) or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment is announced and becomes effective on or after the date of this pricing supplement (or, in the case of a successor to Bank of Montreal, after the date of succession), and which in the written opinion to Bank of Montreal (or its successor) of legal counsel of recognized standing has resulted or will result (assuming, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) in Bank of Montreal (or its successor) becoming obligated to pay, on the next succeeding date on which payment under such Notes is due, additional amounts with respect to such Notes as described above under Payment of Additional Amounts; or

on or after the date of this pricing supplement (or, in the case of a successor to Bank of Montreal, after the date of succession), any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, Canada (or the jurisdiction of organization of the successor to Bank of Montreal) or any political subdivision or taxing authority thereof or therein, including any of those actions specified in the paragraph immediately above, whether or not such action was taken or decision was rendered with respect to Bank of Montreal (or its successor), or any change, amendment, application or interpretation shall be officially proposed, which, in any such case, in the written opinion to Bank of Montreal (or its successor) of legal counsel of recognized standing, will result (assuming, in the case of any announced prospective change, that such announced change

Table of Contents

will become effective as of the date specified in such announcement and in the form announced) in Bank of Montreal (or its successor) becoming obligated to pay, on the next succeeding date on which payment under such Notes is due, additional amounts with respect to such Notes;

and, in any such case, Bank of Montreal (or its successor), in its business judgment, determines that such obligation cannot be avoided by the use of reasonable measures available to it (or its successor) (which, for greater certainty, does not include substitution of the obligor under such Notes).

In the event Bank of Montreal elects to redeem any Notes pursuant to the provisions set forth in the preceding paragraph, it shall deliver to the trustee a certificate, signed by an authorized officer, stating (i) that Bank of Montreal is entitled to redeem such Notes pursuant to their terms and (ii) the principal amount of such Notes to be redeemed.

Notice of intention to redeem such Notes will be mailed to holders of such Notes not more than 60 nor less than 30 calendar days prior to the date fixed for redemption and such notice will specify, among other things, the date fixed for redemption and the redemption price.

Agreement with Respect to the Exercise of Canadian Bail-in Powers

By its acquisition of an interest in any Note, each holder or beneficial owner of that Note is deemed to (i) agree to be bound, in respect of that Note, by the CDIC Act, including the conversion of that Note, in whole or in part by means of a transaction or series of transactions and in one or more steps into common shares of Bank of Montreal or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and the variation or extinguishment of that Note in consequence, and by the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to that Note; (ii) attorn and submit to the jurisdiction of the courts in the Province of Ontario with respect to the CDIC Act and those laws; and (iii) acknowledge and agree that the terms referred to in paragraphs (i) and (ii), above, are binding on that holder or beneficial owner despite any provisions in the indenture or that Note, any other law that governs that Note and any other agreement, arrangement or understanding between that holder or beneficial owner and Bank of Montreal with respect to that Note.

Holders and beneficial owners of any Note will have no further rights in respect of that Note to the extent that Note is converted in a bail-in conversion, other than those provided under the bail-in regime, and by its acquisition of an interest in any Note, each holder or beneficial owner of that Note is deemed to irrevocably consent to the converted portion of the principal amount of that Note and any accrued and unpaid interest thereon being deemed paid in full by Bank of Montreal by the issuance of common shares of Bank of Montreal (or, if applicable, any of its affiliates) upon the occurrence of a bail-in conversion, which bail-in conversion will occur without any further action on the part of that holder or beneficial owner or the trustee; provided that, for the avoidance of doubt, this consent will not limit or otherwise affect any rights that holders or beneficial owners may have under the bail-in regime.

See Description of the Notes We May Offer Special Provisions Related to Bail-inable Notes in the accompanying prospectus supplement dated September 23, 2018 for a description of provisions applicable to the Notes as a result of Canadian bail-in powers.

Table of Contents

SUPPLEMENTAL TAX CONSIDERATIONS

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of the Notes should consult their tax advisers as to the consequences, under the tax laws of the country of which they are a resident for tax purposes and the tax laws of Canada and the United States, of acquiring, holding and disposing of the Notes and receiving payments of interest, principal or other amounts under the Notes. This summary is based upon the law as in effect on the date of this pricing supplement and is subject to any change in law that may take effect after such date.

Supplemental Canadian Federal Income Tax Considerations

The following summary describes the principal Canadian federal income tax considerations generally applicable to a holder of Notes who acquires, as beneficial owner, Notes pursuant to this pricing supplement or common shares of Bank of Montreal or any affiliate of Bank of Montreal on a bail-in conversion (Common Shares), and who, at all relevant times, for the purposes of the Tax Act and any applicable income tax convention, (i) is not resident and is not deemed to be resident in Canada, (ii) deals at arm s-length with Bank of Montreal and with any transferee resident (or deemed resident) in Canada to whom the holder disposes of Notes, (iii) is not a specified non-resident shareholder of Bank of Montreal or a non-resident person not dealing at arm s-length with a specified shareholder (as defined in subsection 18(5) of the Tax Act) of Bank of Montreal, (iv) does not use or hold Notes in a business carried on or deemed to be carried on in Canada, (v) does not receive any payment of interest on the Notes in respect of a debt or other obligation to pay an amount to a person with whom Bank of Montreal does not deal at arm s-length, and (vi) is not an insurer that carries on an insurance business in Canada and elsewhere (a Non-resident Holder).

This summary is based upon the provisions of the Tax Act and the regulations thereunder (the Regulations) in force on the date hereof and counsel s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing by it prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the Proposed Amendments) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation. Subsequent developments could have a material effect on the following description.

This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Notes should consult their own tax advisors with respect to their particular circumstances.

For purposes of the Tax Act, all amounts not otherwise expressed in Canadian dollars must be converted into Canadian dollars based on the single day exchange rate quoted by the Bank of Canada or such other rate that is acceptable to the Minister of National Revenue (Canada).

No Canadian withholding tax will apply to interest, principal or premium paid or credited to a Non-resident Holder by Bank of Montreal on a Note or to the proceeds received by a Non-resident Holder on the disposition of a Note including a redemption, payment on maturity, bail-in conversion, repurchase or purchase for cancellation.

No other tax on income or gains will be payable by a Non-resident Holder on interest, principal or premium on a Note or on the proceeds received by a Non-resident Holder on the disposition of a Note including a redemption, payment on maturity, bail-in conversion, repurchase or purchase for cancellation.

Table of Contents

Dividends paid or credited, or deemed under the Tax Act to be paid or credited, on Common Shares of Bank of Montreal or of any affiliate of Bank of Montreal that is a Canadian resident corporation to a Non-resident Holder will generally be subject to Canadian non-resident withholding tax at the rate of 25% on the gross amount of such dividends unless the rate is reduced under the provisions of an applicable income tax treaty or convention between Canada and the country of residence of the Non-resident Holder.

A Non-resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition or deemed disposition of a Common Share unless the Common Share is or is deemed to be taxable Canadian property of the Non-resident Holder for the purposes of the Tax Act and the Non-resident Holder is not entitled to an exemption under an applicable income tax convention between Canada and the country in which the Non-resident Holder is resident.

Supplemental United States Federal Income Tax Considerations

United States Holders

Some of the tax consequences of your investment in the Notes are summarized below. The discussion below supplements the discussion under United States Federal Income Taxation, beginning on page 43 of the accompanying prospectus, as supplemented by the discussion under United States Federal Income Taxation, beginning on page S-44 of the accompanying prospectus supplement, and is subject to the limitations and exceptions set forth therein. The following subsection and the discussions in the accompanying prospectus and prospectus supplement apply to you only if you are a United States holder, as defined in the accompanying prospectus.

The Fixed Rate Notes should constitute fixed-rate debt for United States federal income tax purposes. The Floating Rate Notes should be subject to the special rules governing variable rate debt instruments for United States federal income tax purposes. Under any Notes, you should generally be required to include the interest payments on the Notes in your income as ordinary income at the time you receive or accrue such payments, depending on your method of accounting for United States federal income tax purposes.

The Notes may be issued with a de minimis amount of original issue discount (OID). While a United States holder is generally not required to include de minimis OID in income prior to the sale or maturity of the Notes, United States holders that maintain certain types of financial statements and that are subject to the accrual method of tax accounting may be required to include de minimis OID on the Notes in income no later than the time upon which they include such amounts in income on their financial statements. United States holders that maintain financial statements should consult their tax advisors regarding the tax consequences to them of this requirement.

Interest paid by Bank of Montreal on the Notes is income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a United States holder and will generally be passive income for purposes of computing the foreign tax credit.

Your tax basis in your Notes generally will be the U.S. dollar cost of your Notes. You will generally recognize capital gain or loss on the sale or retirement of your Notes equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest, and your tax basis in your Notes. Capital gain of a noncorporate United States holder is generally taxed at a maximum rate of 20% where the property is held for more than one year.

Table of Contents

EMPLOYEE RETIREMENT INCOME SECURITY ACT

A fiduciary of a pension, profit-sharing or other employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (ERISA) (each, a Plan), should consider the fiduciary standards of ERISA in the context of the Plan s particular circumstances before authorizing an investment in the Notes. Among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan, and whether the investment would involve a prohibited transaction under ERISA or the U.S. Internal Revenue Code of 1986, as amended (the Code).

Section 406 of ERISA and Section 4975 of the Code prohibit Plans, as well as individual retirement accounts, Keogh plans and any other plans that are subject to Section 4975 of the Code (also Plans), from engaging in certain transactions involving plan assets with persons who are parties in interest under ERISA or disqualified persons under the Code with respect to the Plan. A violation of these prohibited transaction rules may result in excise tax or other liabilities under ERISA or the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA) (collectively, Non-ERISA Arrangements) are not subject to the requirements of Section 406 of ERISA or Section 4975 of the Code but may be subject to substantially similar provisions under applicable federal, state, local, non-U.S. or other laws (Similar Laws).

The acquisition and holding of Notes by a Plan or any entity whose underlying assets include plan assets by reason of any Plan s investment in the entity (a Plan Asset Entity) with respect to which we, the underwriters, the calculation agent, the trustee, the security registrar and the paying agent or certain of our or their affiliates are or become a party in interest or disqualified person may result in a prohibited transaction under ERISA or Section 4975 of the Code, unless the Notes are acquired and held pursuant to an applicable exemption. The U.S. Department of Labor has issued prohibited transaction class exemptions, or PTCEs , that may provide exemptive relief if required for direct or indirect prohibited transactions that may arise from the purchase or holding of Notes. Among those exemptions are PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers), PTCE 90-1 (for certain transactions involving insurance company pooled separate accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 95-60 (for transactions involving certain insurance company general accounts), and PTCE 96-23 (for transactions managed by in-house asset managers). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code may provide an exemption for the purchase and sale of the Notes offered hereby, provided that neither the issuer of the Notes offered hereby nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction, and provided further that the Plan pays no more and receives no less than adequate consideration in connection with the transaction (the service provider exemption). There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Any purchaser or holder (including each subsequent purchaser or holder) of Notes or any interest therein will be deemed to have represented by its purchase and holding of Notes offered hereby or any interest therein that it either (1) is not a Plan, a Plan Asset Entity or a Non-ERISA Arrangement and is not purchasing the Notes on behalf of or with the assets of any Plan, a Plan Asset Entity or Non-ERISA Arrangement or (2) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing Notes on behalf of or

with the assets of any Plan, a Plan Asset Entity or Non-ERISA Arrangement consult with their counsel regarding the availability of exemptive relief under any of the PTCEs listed above, the service provider

Table of Contents

exemption or the potential consequences of any purchase or holding under Similar Laws, as applicable. Purchasers of Notes have exclusive responsibility for ensuring that their purchase and holding of Notes do not violate the fiduciary or prohibited transaction rules of ERISA or the Code or any similar provisions of Similar Laws. The sale of any Notes to a Plan, Plan Asset Entity or Non-ERISA Arrangement is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plans, Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement or that such investment is appropriate for such Plans, Plan Asset Entities or Non-ERISA Arrangements generally or any particular Plan, Plan Asset Entity or Non-ERISA Arrangement.

Table of Contents

SUPPLEMENTAL PLAN OF DISTRIBUTION (CONFLICTS OF INTEREST)

Subject to the terms and conditions contained in a terms agreement dated the date of this pricing supplement (the terms agreement), the underwriters named below, for whom BMO Capital Markets Corp., BNP Paribas Securities Corp., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Wells Fargo Securities, LLC are acting as representatives, have severally agreed to purchase, and Bank of Montreal has agreed to sell to each of them, severally, the principal amounts of Notes set forth below:

Underwriter	Aggregate Principal Amount of Fixed Rate Notes	Aggregate Principal Amount of Floating Rate Notes
BMO Capital Markets Corp.	US$	US$
BNP Paribas Securities Corp.		
Goldman Sachs & Co. LLC		
J.P. Morgan Securities LLC		
Wells Fargo Securities, LLC		
Total	US$	US$

The terms agreement provides that the underwriters are obligated to purchase all of the Notes if any are purchased. The terms agreement also provides that if an underwriter defaults, the offering of the Notes may be terminated.

The underwriters initially propose to offer the Notes to the public at the public offering prices set forth on the cover page of this pricing supplement and may offer the Notes to certain dealers at the public offering prices less a concession not in excess of % of the principal amount of such Notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of % of the principal amount of the Notes on sales to certain dealers. After the initial offering of the Notes, the public offering price and other selling terms may from time to time be varied by the representatives. The offering of the Notes by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

We estimate that the total offering expenses of the Notes payable by us, excluding underwriting commissions, will be approximately US$.

Bank of Montreal has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or contribute to payments that the underwriters may be required to make in respect of any of these liabilities.

In connection with this offering, the underwriters may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the Notes originally sold by such syndicate member are purchased in a stabilizing or covering transaction to cover short positions. Such stabilizing transactions, syndicate covering

transactions and penalty bids may have the effect of stabilizing, maintaining or otherwise affecting the market price of the Notes, which may be higher than it would otherwise be in the absence of such transactions. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

In connection with the offering of any tranche of Notes, BMO Capital Markets Corp. (the Stabilizing Manager) (or persons acting on its behalf) may over allot Notes or effect transactions with a view to supporting

Table of Contents

the market price of the Notes during the stabilization period at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date of adequate public disclosure of the terms of the offer of the relevant tranche of Notes and, if begun, may cease at any time, but it must end no later than 30 calendar days after the date on which Bank of Montreal received the proceeds of the issue, or no later than 60 calendar days after the date of allotment of the Notes, whichever is earlier. Any stabilisation action or over allotment must be conducted by the Stabilizing Manager (or persons acting on its behalf) in accordance with all applicable laws and rules and will be undertaken at the offices of the Stabilizing Manager (or persons acting on its behalf) and on the over-the-counter market.

The Notes are new issues of securities with no established trading market. We do not intend to list the Notes on any securities exchange. The underwriters intend to make a market in the Notes. However, they are not obligated to do so and may discontinue market-making at any time without notice. If a trading market develops, no assurance can be given as to the liquidity of the trading market for any Notes.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for Bank of Montreal, for which they received or will receive customary fees and expenses. Underwriters, dealers and agents, and their affiliates or associates, may engage in transactions with us or perform services for us in the ordinary course of business and receive compensation from us. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of Bank of Montreal or its affiliates. If any of the underwriters or their affiliates has a lending relationship with us, certain of those underwriters or affiliates routinely hedge, and certain other underwriters or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We will use this pricing supplement in the initial sale of the Notes. In addition, BMO Capital Markets Corp. may use this pricing supplement in market-making transactions in any Notes after their initial sale. ***Unless the underwriters or we inform you otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.***

Conflicts of Interest

BMO Capital Markets Corp. is an affiliate of Bank of Montreal, and, as such, has a conflict of interest in this offering within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of Rule 5121. BMO Capital Markets Corp. is not permitted to sell Notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

Wells Fargo Securities, LLC, an affiliate of the Trustee, is an underwriter for this offering. Therefore, if a default occurs with respect to the Notes, the Trustee would have a conflicting interest for purposes of the Trust Indenture Act of 1939. In that event, except in very limited circumstances, the Trustee would be required to

Table of Contents

resign as trustee under the Indenture governing the Notes and we would be required to appoint a successor trustee. If the Trustee resigns following a default, it may be difficult to identify and appoint a qualified successor trustee. The Trustee will remain the trustee under the Indenture until a successor is appointed. During the period of time until a successor is appointed, the Trustee will have both (a) duties to noteholders under the Indenture and (b) a conflicting interest under the Indenture for purposes of the Trust Indenture Act.

Settlement

It is expected that delivery of the Notes will be made against payment therefor on or about the closing date specified on the cover page of this pricing supplement, which will be the business day following the date of pricing of the Notes (this settlement cycle being referred to as T+). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes more than two business days prior to the issue date will be required, by virtue of the fact that the Notes initially will settle in T+ , to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement.

Selling Restrictions

The Notes are being offered for sale in jurisdictions in the United States and outside the United States where it is legal to make such offers. The underwriters have represented and agreed that they have not offered, sold or delivered, and will not offer, sell or deliver, any of the Notes, directly or indirectly, or distribute this pricing supplement, the accompanying prospectus supplement or the accompanying prospectus or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof, and will not impose any obligations on Bank of Montreal except as set forth in the terms agreement.

European Economic Area

This pricing supplement, the accompanying prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of Notes in any member state (the Member States and each, a Member State) of the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Member State of Notes which are the subject of the offering contemplated in this pricing supplement, the accompanying prospectus supplement and the accompanying prospectus may only do so in circumstances in which no obligation arises for Bank of Montreal or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer.

Neither Bank of Montreal nor any underwriters have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the relevant underwriters which constitute the final placement of the Notes contemplated in this pricing supplement, the accompanying prospectus supplement and the accompanying prospectus.

The expression Prospectus Directive means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Member State concerned.

Each underwriter has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression retail investor means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

Table of Contents

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each person in a Member State of the European Economic Area who receives any communication in respect of, or who acquires any Notes under, the offers to the public contemplated in this pricing supplement, the accompanying prospectus supplement and the accompanying prospectus, or to whom the Notes are otherwise made available will be deemed to have represented, warranted and agreed to and with each underwriter and Bank of Montreal that it and any person on whose behalf it acquires Notes is: (a) a qualified investor within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive; and (b) not a retail investor as defined above.

United Kingdom

This pricing supplement, the accompanying prospectus supplement and the accompanying prospectus are for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the Financial Promotion Order), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc.) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as relevant persons). This pricing supplement, the accompanying prospectus supplement and the accompanying prospectus are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this pricing supplement, the accompanying prospectus supplement and the accompanying prospectus relate is available only to relevant persons and will be engaged in only with relevant persons.

In relation to anything to be done in the United Kingdom:

(a) this pricing supplement, the accompanying prospectus supplement and the accompanying prospectus have only been communicated and will only be communicated in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 (the FSMA) does not apply to Bank of Montreal; and

(b) each person involved in the issue of the Notes has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong) or an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is

Table of Contents

directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors in Hong Kong within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This pricing supplement, the accompanying prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this pricing supplement, the accompanying prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or to any person where such transfer arises from an offer pursuant to Section 275(1A) or Section 276(4)(i)(B) of the SFA; (2) where no consideration is or will be given for the transfer; (3) where the transfer is by operation of law; (4) as specified in Section 276(7) of the SFA; or (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

All Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12; Notice on the Sale of Investment Products and MAS Notice FAA-N16; Notice on Recommendations on Investment Products).

Table of Contents

VALIDITY OF THE NOTES

The validity of the Notes will be passed upon for us by Osler, Hoskin & Harcourt LLP, Toronto, Ontario, as to matters of Canadian law and applicable matters of Ontario law, and by Sullivan & Cromwell LLP, New York, New York, as to matters of New York law. The underwriters have been represented by Shearman & Sterling LLP, Toronto, Ontario.

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-217200

Prospectus Supplement to Prospectus dated April 27, 2017

US$25,000,000,000

Senior Medium-Term Notes, Series E

Terms of Sale

We may from time to time offer and sell notes with various terms, including the following:

fixed or floating interest rate, zero-coupon or issued with original issue discount; a floating interest rate may be based on:

commercial paper rate

U.S. prime rate

LIBOR

EURIBOR

treasury rate

CMT rate

CMS rate

CPI rate

federal funds rate

ranked as senior indebtedness of Bank of Montreal

maturity payment or interest may be determined by reference to the performance, price, level or value of one or more of the following:

securities of one or more issuers, including debt or equity securities of a third party;

one or more currencies;
one or more formulas;

one or more commodities;

any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; or

one or more indices or baskets of the items described above

book-entry form through The Depository Trust Company, Euroclear, Clearstream or any other clearing system or financial institution named in the relevant pricing supplement

redemption at the option of the Bank or repayment at the option of the holder

interest paid monthly, quarterly, semi-annually or annually

denominations of at least $1,000 and integral multiples of $1,000

denominated in U.S. dollars, a currency other than U.S. dollars or in a composite currency

settlement in immediately available funds or by physical delivery

The final terms of each note will be included in a pricing supplement and, if applicable, a product supplement. The notes will be issued at 100% of their principal amount unless otherwise specified in the relevant pricing supplement. We will receive between 92% and 100% of the aggregate proceeds from the sale of the notes, after paying the agents commissions of between 0% and 8% of the aggregate proceeds. See *Supplemental Plan of Distribution (Conflicts of Interest)* beginning on page S-47 for additional information about the agents commissions. The aggregate principal amount of the notes is subject to reduction as a result of the Bank s sale of other securities pursuant to a separate prospectus supplement to the accompanying prospectus.

See Risk Factors beginning on page S-1 to read about factors you should consider before investing in any notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus. Any representation to the contrary is a criminal offense.

These notes will be our unsecured obligations and will not be savings accounts or deposits that are insured by the United States Federal Deposit Insurance Corporation, the Deposit Insurance Fund, the Canada Deposit Insurance Corporation or any other governmental agency or instrumentality or other entity.

Notes that are bail-inable notes (as defined herein) are subject to conversion in whole or in part by means of a transaction or series of transactions and in one or more steps into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the Canada Deposit Insurance Corporation Act (the *CDIC Act*) and to variation or extinguishment in consequence, and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the bail-inable notes.

We may sell the notes directly or through one or more agents or dealers, including the agent listed below. The agents are not required to sell any particular amount of the notes.

We may use this prospectus supplement in the initial sale of any notes. In addition, we or any of our affiliates, including BMO Capital Markets Corp., may use this prospectus supplement in a market-making or other transaction in any note after its initial sale. ***Unless we or our agent informs the purchaser otherwise in the confirmation of sale or pricing supplement, this prospectus supplement and the accompanying prospectus are being used in a market-making transaction.***

The date of this prospectus supplement is September 23, 2018.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement, the accompanying prospectus and, if applicable, a product supplement, provide you with a general description of the notes we may offer. Each time we sell notes we will provide a pricing supplement containing specific information about the terms of the notes being offered. Each pricing supplement or product supplement may include a discussion of any risk factors or other special considerations that apply to those notes. The pricing supplement or any product supplement may also add, update or change the information in this prospectus supplement. If there is any inconsistency between the information in this prospectus supplement and any pricing supplement or any product supplement, you should rely on the information in that pricing supplement or product supplement, whichever is most recent.

RISK FACTORS

An investment in the notes is subject to the risks described below, as well as the risks described under Risk Factors in the accompanying prospectus and the categories of risks identified and discussed in the management s discussion and analysis of financial condition and results of operations included in our Annual Report on Form 40-F for the fiscal year ended October 31, 2017. You should carefully consider whether the notes are suited to your particular circumstances. This section describes the most significant risks relating to the terms of the notes. We urge you to read the following information about these risks, together with the other information in this prospectus supplement, the accompanying prospectus, any applicable product supplement and the relevant pricing supplement, before investing in the notes.

General Risks Relating to the Notes

Our Credit Ratings May Not Reflect All Risks of an Investment in the Notes

The credit ratings of our medium-term note program may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, your notes. In addition, real or anticipated changes in our credit ratings will generally affect any trading market for, or trading value of, your notes.

An Investment in the Notes Is Subject to Our Credit Risk

An investment in the notes is subject to the credit risk of Bank of Montreal, and the actual or perceived creditworthiness of Bank of Montreal may affect the market value of the notes.

Notes Offered Under This Prospectus May Not Be Conventional Debt Securities

Notes offered under this prospectus may not be conventional debt securities. If specified in the relevant pricing supplement or product supplement, the notes may provide no assurance that any of the principal amount of the notes will be paid at or before maturity. In addition, the notes may not provide holders with a return or income stream prior to maturity calculated by reference to a fixed or floating rate of interest determinable prior to maturity. The notes, unlike traditional debt obligations of a Canadian chartered bank, may be speculative or uncertain in that they could produce no return on a holder s original investment or not repay any principal amount at or before maturity. Prospective purchasers are directed to the relevant pricing supplement and, if applicable, product supplement for the specific terms of the relevant securities, including any risk factors set out therein.

There May Be No Market through which the Notes May Be Sold

Unless otherwise specified in the relevant pricing supplement or product supplement, there may be no market through which the notes may be sold and holders may not be able to sell notes. This may affect the pricing of the notes in the secondary market, the transparency and availability of trading prices, the liquidity of the notes, and the extent of issuer regulation.

Table of Contents

The Notes Are Not Covered By Deposit Insurance

The notes will not constitute savings accounts, deposits or other obligations that are insured by the Federal Deposit Insurance Corporation, the Deposit Insurance Fund or any other governmental agency or under the Canada Deposit Insurance Corporation Act, the Bank Act (Canada) or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution. Therefore, you will not be entitled to insurance from the Federal Deposit Insurance Corporation or the Canada Deposit Insurance Corporation or other such protection, and as a result, you could lose all or a portion of your investment.

The Notes Will Be Subject to Risks, Including Non-payment In Full or, in the Case of Bail-inable Notes, Conversion in Whole or in Part By Means of a Transaction or Series of Transactions and in One or More Steps Into Common Shares of the Bank or Any of its Affiliates, Under Canadian Bank Resolution Powers

Under Canadian bank resolution powers, the Canada Deposit Insurance Corporation (*CDIC*) may, in circumstances where the Bank has ceased, or is about to cease, to be viable, assume temporary control or ownership of the Bank and may be granted broad powers by one or more orders of the Governor in Council (*Canada*), each of which we refer to as an *Order*, including the power to sell or dispose of all or a part of the assets of the Bank, and the power to carry out or cause the Bank to carry out a transaction or a series of transactions the purpose of which is to restructure the business of the Bank. As part of the Canadian bank resolution powers, certain provisions of, and regulations under, the *Bank Act* (Canada) (the *Bank Act*), the CDIC Act and certain other Canadian federal statutes pertaining to banks, which we refer to collectively as the *bail-in regime*, provide for a bank recapitalization regime for banks designated by the Superintendent of Financial Institutions (*Canada*) (the *Superintendent*) as domestic systemically important banks, which include the Bank. We refer to those domestic systemically important banks as *D-SIBs*. See *Description of the Notes We May Offer Canadian Bank Resolution Powers* for a description of the Canadian bank resolution powers, including the bail-in regime.

If the CDIC were to take action under the Canadian bank resolution powers with respect to the Bank, this could result in holders or beneficial owners of the notes being exposed to losses and, in the case of bail-inable notes, conversion of the notes in whole or in part by means of a transaction or series of transactions and in one or more steps into common shares of the Bank or any of its affiliates, which we refer to as a *bail-in conversion*. Subject to certain exceptions discussed under *Description of the Notes We May Offer Canadian Bank Resolution Powers*, including for certain structured notes, senior debt issued on or after September 23, 2018, with an initial or amended term to maturity (including explicit or embedded options) greater than 400 days, that is unsecured or partially secured and that has been assigned a CUSIP or ISIN or similar identification number, is subject to bail-in conversion. We refer to notes that are subject to bail-in conversion as *bail-inable notes*.

Upon a bail-in conversion, if your bail-inable notes or any portion thereof are converted into common shares of the Bank or any of its affiliates, you will be obligated to accept those common shares, even if you do not at the time consider the common shares to be an appropriate investment for you, and despite any change in the Bank or any of its affiliates, or the fact that the common shares may be issued by an affiliate of the Bank, or any disruption to or lack of a market for the common shares or disruption to capital markets generally.

As a result, you should consider the risk that you may lose all of your investment, including the principal amount plus any accrued interest, if the CDIC were to take action under the Canadian bank resolution powers, including the bail-in regime, and that any remaining outstanding notes, or common shares of the Bank or any of its affiliates into which bail-inable notes are converted, may be of little value at the time of a bail-in conversion and thereafter.

S-2

Table of Contents

The Indenture Will Provide Only Limited Acceleration and Enforcement Rights for the Notes and Includes Other Provisions Intended to Qualify Bail-inable Notes as TLAC

In connection with the bail-in regime, the Office of the Superintendent of Financial Institutions (*OSFI*) guideline (the *TLAC Guideline*) on Total Loss Absorbing Capacity (*TLAC*) applies to and establishes standards for D-SIBs, including the Bank. Under the TLAC Guideline, beginning November 1, 2021, the Bank is required to maintain a minimum capacity to absorb losses composed of unsecured external long-term debt that meets the prescribed criteria or regulatory capital instruments to support recapitalization in the event of a failure. Bail-inable notes and regulatory capital instruments that meet certain prescribed criteria, which are discussed under *Description of the Notes We May Offer Canadian Bank Resolution Powers*, will constitute TLAC of the Bank.

In order to comply with the TLAC Guideline, our indenture under which the notes may be issued provides that, for any notes of a series issued on or after September 23, 2018 (including notes that are not subject to bail-in conversion), acceleration will only be permitted (i) if we default in the payment of the principal of, or interest on, any note of that series and, in each case, the default continues for a period of 30 business days, or (ii) certain bankruptcy, insolvency or reorganization events occur.

Holders and beneficial owners of bail-inable notes may only exercise, or direct the exercise of, the rights described in the accompanying prospectus under *Description of Debt Securities Events of Default Remedies If an Event of Default Occurs* where an Order has not been made under Canadian bank resolution powers pursuant to subsection 39.13(1) of the CDIC Act in respect of the Bank. Notwithstanding the exercise of those rights, bail-inable notes will continue to be subject to bail-in conversion until repaid in full.

The indenture also provides that holders or beneficial owners of bail-inable notes will not be entitled to exercise, or direct the exercise of, any set-off or netting rights with respect to bail-inable notes. In addition, where an amendment, modification or other variance that can be made to the indenture or the bail-inable notes as described in the accompanying prospectus under *Description of Debt Securities Modification and Waiver of the Debt Securities* would affect the recognition of those bail-inable notes by the Superintendent as TLAC, that amendment, modification or variance will require the prior approval of the Superintendent.

The Circumstances Surrounding a Bail-in Conversion Are Unpredictable and Can Be Expected To Have an Adverse Effect on the Market Price of Bail-inable Notes

The decision as to whether the Bank has ceased, or is about to cease, to be viable is a subjective determination by the Superintendent that is outside the control of the Bank. Upon a bail-in conversion, the interests of depositors and holders of liabilities and securities of the Bank that are not converted will effectively all rank in priority to the portion of bail-inable notes that are converted. In addition, except as provided for under the compensation process, the rights of holders in respect of the bail-inable notes that have been converted will rank on parity with other holders of common shares of the Bank (or, as applicable, common shares of the affiliate whose common shares are issued on the bail-in conversion).

There is no limitation on the type of Order that may be made where it has been determined that the Bank has ceased, or is about to cease, to be viable. As a result, you may be exposed to losses through the use of Canadian bank resolution powers other than bail-in conversion or in liquidation. See *The Notes Will Be Subject to Risks, Including Non-payment In Full or, in the Case of Bail-inable Notes, Conversion in Whole or in Part By Means of a Transaction or Series of Transactions and in One or More Steps Into Common Shares of the Bank or Any of its Affiliates, Under Canadian Bank Resolution Powers.* above.

Because of the uncertainty regarding when and whether an Order will be made and the type of Order that may be made, it will be difficult to predict when, if at all, bail-inable notes could be converted into common shares of the Bank or any of its affiliates, and there is not likely to be any advance notice of an Order. As a result

Table of Contents

of this uncertainty, trading behavior in respect of the bail-inable notes may not follow trading behavior associated with convertible or exchangeable securities or, in circumstances where the Bank is trending towards ceasing to be viable, other senior debt. Any indication, whether real or perceived, that the Bank is trending towards ceasing to be viable can be expected to have an adverse effect on the market price of the bail-inable notes, whether or not the Bank has ceased, or is about to cease, to be viable. Therefore, in those circumstances, you may not be able to sell your bail-inable notes easily or at prices comparable to those of senior debt securities not subject to bail-in conversion.

The Number of Common Shares to be Issued In Connection With, and the Number of Common Shares That Will Be Outstanding Following, a Bail-in Conversion are Unknown. It Is Also Unknown Whether the Shares To Be Issued Will Be Those of the Bank or One of Its Affiliates

Under the bail-in regime there is no fixed and pre-determined contractual conversion ratio for the conversion of the bail-inable notes, or other shares or liabilities of the Bank that are subject to a bail-in conversion, into common shares of the Bank or any of its affiliates, nor are there specific requirements regarding whether liabilities subject to a bail-in conversion are converted into common shares of the Bank or any of its affiliates. CDIC determines the timing of the bail-in conversion, the portion of bail-inable shares and liabilities to be converted and the terms and conditions of the conversion, subject to parameters set out in the bail-in regime, which are discussed under *Description of the Notes We May Offer Canadian Bank Resolution Powers*.

As a result, it is not possible to anticipate the potential number of common shares of the Bank or its affiliates that would be issued in respect of any bail-inable note converted in a bail-in conversion, the aggregate number of such common shares that will be outstanding following the bail-in conversion, the effect of dilution on the common shares received from other issuances under or in connection with an Order or related actions in respect of the Bank or its affiliates or the value of any common shares you may receive for your converted bail-inable notes, which could be significantly less than the principal amount of those bail-inable notes. It is also not possible to anticipate whether shares of the Bank or shares of its affiliates would be issued in a bail-in conversion. There may be an illiquid market, or no market at all, in the common shares issued upon a bail-in conversion and you may not be able to sell those common shares at a price equal to the value of your converted bail-inable notes and as a result may suffer significant losses that may not be offset by compensation, if any, received as part of the compensation process. Fluctuations in exchange rates may exacerbate those losses.

By Acquiring Bail-inable Notes, You Are Deemed to Agree to be Bound by a Bail-in Conversion and So Will Have No Further Rights in Respect of Bail-inable Notes That Are Converted in a Bail-in Conversion Other Than Those Provided Under the Bail-in Regime. Any Potential Compensation to be Provided Through the Compensation Process Under the CDIC Act is Unknown

The CDIC Act provides for a compensation process for holders of bail-inable notes who immediately prior to the making of an Order, directly or through an intermediary, own bail-inable notes that are converted in a bail-in conversion. Given the considerations involved in determining the amount of compensation, if any, that a holder that held bail-inable notes may be entitled to following an Order, it is not possible to anticipate what, if any, compensation would be payable in such circumstances. By acquiring an interest in any bail-inable note, you are deemed to agree to be bound by a bail-in conversion and so will have no further rights in respect of your bail-inable notes to the extent those bail-inable notes are converted in a bail-in conversion other than those provided under the bail-in regime. See *Description of the Notes We May Offer Canadian Bank Resolution Powers* in this prospectus supplement for a description of the compensation process under the CDIC Act.

Following a Bail-in Conversion, Holders or Beneficial Owners That Held Bail-inable Notes That Have Been Converted Will No Longer Have Rights Against the Bank as Creditors

Upon a bail-in conversion, the rights, terms and conditions of the portion of bail-inable notes that are converted, including with respect to priority and rights on liquidation, will no longer apply as the portion of

Table of Contents

converted bail-inable notes will have been converted on a full and permanent basis into common shares of the Bank or any of its affiliates ranking on parity with all other outstanding common shares of that entity. If a bail-in conversion occurs, then the interest of the depositors, other creditors and holders of liabilities of the Bank not bailed in as a result of the bail-in conversion will all rank in priority to those common shares.

Given the nature of the bail-in conversion, holders or beneficial owners of bail-inable notes that are converted will become holders or beneficial owners of common shares at a time when the Bank s and potentially its affiliates financial condition has deteriorated. They may also become holders or beneficial owners of common shares at a time when the relevant entity may have received or may receive a capital injection or equivalent support with terms that may rank in priority to the common shares issued in a bail-in conversion with respect to payment of dividends, rights on liquidation or other terms although there is no certainty that any such capital injection or support will be forthcoming.

We May Redeem Bail-inable Notes After the Occurrence of a TLAC Disqualification Event

If a TLAC Disqualification Event (as defined herein) is specified in the applicable pricing supplement, we may, at our option, with the prior approval of the Superintendent, redeem all but not less than all of the particular bail-inable notes prior to their stated maturity date after the occurrence of the TLAC Disqualification Event, at the time or times and at the redemption price or prices specified in that pricing supplement, together with unpaid interest accrued thereon to, but excluding, the date fixed for redemption. If we redeem bail-inable notes, you may not be able to reinvest the redemption proceeds in securities offering a comparable anticipated rate of return. Additionally, although the terms of the bail-inable notes are anticipated to be established to satisfy the TLAC criteria within the meaning of the TLAC Guideline to which the Bank is subject, it is possible that any bail-inable notes may not satisfy the criteria in future rulemakings or interpretations.

The Notes are Structurally Subordinated to the Liabilities of Our Subsidiaries

If we become insolvent, the Bank Act (Canada) provides that priorities among payments of our deposit liabilities and payments of all of our other liabilities (including payments in respect of the notes) are to be determined in accordance with the laws governing priorities and, where applicable, by the terms of the indebtedness and liabilities. Because we have subsidiaries, our right to participate in any distribution of the assets of our banking or non-banking subsidiaries, upon a subsidiary s dissolution, winding-up, liquidation or reorganization or otherwise, and thus your ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that we may be a creditor of that subsidiary and our claims are recognized. In addition, there are regulatory and other legal limitations on the extent to which some of our subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, us or some of our other subsidiaries. Accordingly, the notes will be structurally subordinated to all existing and future liabilities of our subsidiaries, and holders of the notes should look only to our assets and not those of our subsidiaries for payments on the notes.

Changes in Laws and Regulations, Including How They are Interpreted and Enforced in Applicable Jurisdictions, Could Have an Impact on Holders of the Notes

The financial services industry is highly regulated, and we have experienced changes and increased complexity in regulatory requirements as governments and regulators around the world continue major reforms intended to strengthen the stability of the financial system and protect key markets and participants. As a result, there is the potential for higher capital requirements and increased regulatory and compliance costs which could lower our returns and affect our growth. Failure to comply with applicable legal and regulatory requirements may result in litigation, financial losses, regulatory sanctions, enforcement actions, an inability to execute our business strategies, a decline in

investor and customer confidence and harm to our reputation.

Table of Contents

Risks Relating to Indexed Notes

We use the term *indexed notes* to mean notes whose value is linked to an underlying property or index. Indexed notes may present a high level of risk, and those who invest in indexed notes may lose all or a portion of their investment and may receive no interest on their investment. In addition, the treatment of indexed notes for U.S. federal income tax purposes is often unclear due to the absence of any authority specifically addressing the issues presented by any particular indexed note. Thus, if you propose to invest in indexed notes, you should independently evaluate the federal income tax consequences of purchasing an indexed note that apply in your particular circumstances. You should also read *Certain Income Tax Consequences United States Federal Income Taxation* in this prospectus supplement, as well as *United States Federal Income Taxation* in the accompanying prospectus, for a discussion of U.S. tax matters. In addition, interest in respect of an indexed note, or any portion of the principal amount of an indexed note in excess of its issue price, may be subject to Canadian non-resident withholding tax. See *Canadian Taxation Debt Securities* in the accompanying prospectus. Bank of Montreal or the applicable paying agent will deduct or withhold from a payment on a note any Canadian non-resident withholding tax exigible and will not pay any additional amounts to offset such deduction or withholding unless specified in the relevant pricing supplement. See *Description of the Notes We May Offer Withholding* in this prospectus supplement.

Investors in Indexed Notes Could Lose Their Investment

The amount of principal and/or interest payable on an indexed note and the cash and/or physical settlement value will be determined by reference to the price, value or level of one or more securities, currencies, commodities or other properties, any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance, and/or one or more indices or baskets of any of these items. We refer to each of these as an *index* . The direction and magnitude of the change in the price, value or level of the relevant index will determine the amount of principal and/or interest payable on the indexed note, and the cash and/or physical settlement value of an indexed note. The terms of a particular indexed note may or may not include a guaranteed return of a percentage of the face amount at maturity or a minimum interest rate. Thus, if you purchase a particular indexed note that does not include a guaranteed return of the face amount or other amount, you may lose all or a portion of the principal or other amount you invest and may receive no interest on your investment.

The Return on Indexed Notes May Be Below the Return on Similar Notes

Depending on the terms of an indexed note, as specified in the applicable pricing supplement, you may not receive any periodic interest payments or receive only very low payments on such indexed note. As a result, the overall return on such indexed note may be less than the amount you would have earned by investing the principal or other amount you invest in such indexed note in a non-indexed debt security that bears interest at a prevailing market fixed or floating rate.

The Issuer of a Security or Currency That Comprises an Index Could Take Actions That May Adversely Affect an Indexed Note

The issuer of a security that comprises an index or part of an index for an indexed note will have no involvement in the offer and sale of the indexed note and no obligations to the holder of the indexed note. Such an issuer may take actions, such as a merger or sale of assets, without regard to the interests of the holder of the indexed note. Any of these actions could adversely affect the value of a note indexed to that security or to an index of which that security is a component.

If the index for an indexed note includes a non-U.S. dollar currency or other asset denominated in a non-U.S. dollar currency, the government that issues that currency will also have no involvement in the offer and sale of the indexed note and no obligations to the holder of the indexed note. That government may take actions that could adversely affect the value of the note. See *Risks Relating to Notes Denominated or Payable in a Non-U.S. Dollar Currency* below for more information about these kinds of government actions.

Table of Contents

Investors in Indexed Notes Will Have No Ownership of the Underlying Securities

Investing in an indexed note will not entitle a holder to any direct or indirect ownership or entitlement to the underlying securities, except as specified in the relevant pricing supplement or, if applicable, product supplement. A holder will not be entitled to the rights and benefits of a holder of the underlying securities, including any right to receive any distributions or dividends or to vote at or attend any meetings of holders of the underlying securities.

An Indexed Note May Be Linked to a Volatile Index, Which Could Hurt Your Investment

Some indices are highly volatile, which means that their value may change significantly, up or down, over a short period of time. The amount of principal and/or interest that can be expected to become payable on an indexed note may vary substantially from time to time. Because the amounts payable with respect to an indexed note are generally calculated based on the value or level of the relevant index on a specified date or over a limited period of time, volatility in the index increases the risk that the return on the indexed note may be adversely affected by a fluctuation in the level of the relevant index. The volatility of an index may be affected by political or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of an indexed note.

An Index to Which a Note Is Linked Could Be Changed or Become Unavailable

Some indices sponsored by us or our affiliates or third parties may consist of or refer to several or many different securities, commodities or currencies or other instruments or measures. The sponsor of such an index typically reserves the right to alter the composition of the index and the manner in which the value or level of the index is calculated. An alteration may result in a decrease in the value of or return on an indexed note that is linked to the index. The indices for our indexed notes may include published indices of this kind or customized indices developed by us or our affiliates in connection with particular issues of indexed notes.

A published index may become unavailable, or a customized index may become impossible to calculate in the normal manner, due to events such as war, natural disasters, cessation of publication of the index, a suspension or disruption of trading in one or more securities, commodities or currencies or other instruments or measures on which the index is based or any other market disruption event described in the relevant pricing supplement or product supplement. If an index becomes unavailable or impossible to calculate in the normal manner, the terms of a particular indexed note may allow us to delay determining the amount payable as principal or premium or interest on an indexed note, or we may use an alternative method to determine the value of the unavailable index. Alternative methods of valuation are generally intended to produce a value similar to the value resulting from reference to the relevant index. However, it is unlikely that any alternative method of valuation we use will produce a value identical to the value that the actual index would have produced. If we use an alternative method of valuation for a note linked to an index of this kind, the value of the note, or the rate of return on it, may be lower than it otherwise would be.

Some indexed notes are linked to indices that are not commonly used or that have been developed only recently. The lack of a trading history may make it difficult to anticipate the volatility or other risks associated with an indexed note of this kind. In addition, trading in these indices or their underlying stocks, commodities or currencies or other instruments or measures, or options or futures contracts on these stocks, commodities or currencies or other instruments or measures, may be limited, which could increase their volatility and decrease the value of the related indexed notes or the rates of return on them.

Pricing Information About the Property Underlying a Relevant Index May Not Be Available

Special risks may also be presented because of differences in time zones between the United States and the market for the property underlying the relevant index, such that the underlying property is traded on a foreign

Table of Contents

exchange that is not open when the trading market for the notes in the United States, if any, is open or where trading occurs in the underlying property during times when the trading market for the notes in the United States, if any, is closed. In such cases, holders of the notes may have to make investment decisions at a time when current pricing information regarding the property underlying the relevant index is not available.

We May Engage in Hedging Activities that Could Adversely Affect an Indexed Note

In order to hedge an exposure on a particular indexed note, we may, directly or through our affiliates or other agents, enter into transactions involving the securities, commodities or currencies or other instruments or measures that underlie the index for the note, or involving derivative instruments, such as swaps, options or futures, on the index or any of its component items. To the extent that we enter into hedging arrangements with a non-affiliate, including a non-affiliate agent, such non-affiliate may enter into similar transactions. Engaging in transactions of this kind could adversely affect the value of an indexed note. It is possible that we or the hedging counterparty could achieve substantial returns and/or fees from our hedging transactions while the value of the indexed note may decline. However, neither we nor any of our affiliates or other agents will be obliged to hedge our exposure under an indexed note nor is there any assurance that any hedging transaction will be maintained or successful.

Information About Indices May Not Be Indicative of Future Performance

If we issue an indexed note, we may include historical information about the relevant index in the relevant pricing supplement. Any information about indices that we may provide will be furnished as a matter of information only, and you should not regard the information as indicative of the range of, or trends in, fluctuations in the relevant index that may occur in the future or indicative of any payment of principal or interest to be paid on the indexed notes.

We May Have Conflicts of Interest Regarding an Indexed Note

BMO Capital Markets Corp. and our other affiliates may have conflicts of interest with respect to some indexed notes. BMO Capital Markets Corp. and our other affiliates may engage in trading, including trading for hedging purposes, for their proprietary accounts or for other accounts under their management, in indexed notes and in the securities, commodities or currencies or other instruments or measures on which the index is based or in other derivative instruments related to the index or its component items. These trading activities could adversely affect the value of indexed notes. We and our affiliates may also issue or underwrite securities or derivative instruments that are linked to the same index as one or more indexed notes. By introducing competing products into the marketplace in this manner, we could adversely affect the value of a particular indexed note.

BMO Capital Markets Corp. or another of our affiliates may serve as calculation agent for the indexed notes and may have considerable discretion in calculating the amounts payable in respect of the notes. To the extent that BMO Capital Markets Corp. or another of our affiliates calculates or compiles a particular index, it may also have considerable discretion in performing the calculation or compilation of the index. Exercising discretion in this manner could adversely affect the value of an indexed note based on the index or the rate of return on the note.

Risks Relating to Floating Rate Notes

Floating Rates of Interest are Uncertain and Could be 0.0%

If your notes are floating rate notes or otherwise directly linked to a floating rate for some portion of the notes term, no interest will accrue on the notes with respect to any interest period for which the applicable floating rate specified in the applicable pricing supplement is zero on the related interest rate reset date. Floating interest rates, by their very

nature, fluctuate, and may be as low as 0.0%. Also, in certain economic

Table of Contents

environments, floating rates of interest may be less than fixed rates of interest for instruments with a similar credit quality and term. As a result, the return you receive on your notes may be less than a fixed rate security issued for a similar term by a comparable issuer.

Changes in Banks Inter-bank Lending Rate Reporting Practices or the Method Pursuant to which LIBOR or EURIBOR is Determined May Adversely Affect the Value of Securities to which LIBOR or EURIBOR Relates

Regulators and law enforcement agencies from a number of governments have been conducting investigations relating to the calculation of the London Interbank Offered Rate (LIBOR) across a range of maturities and currencies, and certain financial institutions that were member banks surveyed by the British Bankers Association (the BBA) in setting daily LIBOR have entered into agreements with the U.S. Department of Justice, the U.S. Commodity Futures Trading Commission and/or the U.K. Financial Services Authority in order to resolve the investigations. In addition, in September 2012, the U.K. government published the results of its review of LIBOR, which is commonly referred to as the Wheatley Review . The Wheatley Review made a number of recommendations for changes with respect to LIBOR, including the introduction of statutory regulation of LIBOR, the transfer of responsibility for LIBOR from the BBA to an independent administrator, changes to the method of compilation of lending rates, new regulatory oversight and enforcement mechanisms for rate-setting and the corroboration of LIBOR, as far as possible, by transactional data. Based on the Wheatley Review, on March 25, 2013, final rules for the regulation and supervision of LIBOR by the U.K. Financial Conduct Authority (the FCA) were published and came into effect on April 2, 2013 (the FCA Rules). In particular, the FCA Rules include requirements that (1) an independent LIBOR administrator monitor and survey LIBOR submissions to identify breaches of practice standards and/or potentially manipulative behavior, and (2) firms submitting data to LIBOR establish and maintain a clear conflicts of interest policy and appropriate systems and controls. The FCA Rules took effect on April 2, 2013.

In addition, in response to the Wheatley Review recommendations, ICE Benchmark Administration Limited (IBA) was appointed as the independent LIBOR administrator, from February 1, 2014.

The European Money Markets Institute (formerly Euribor-EBF) has continued in its role as administrator of the Euro Interbank Offered Rate (EURIBOR) but has also undertaken a number of reforms in relation to its governance and technical framework since January 2013 pursuant to recommendations by the European Securities and Markets Authority and the European Banking Authority.

On July 27, 2017, the FCA announced its intention to stop persuading or compelling banks to submit rates for the calculation of LIBOR by the end of 2021.

It is not possible to predict the further effect of the FCA Rules or the anticipated discontinuance of LIBOR after 2021, any changes in the methods pursuant to which the LIBOR or EURIBOR rates are determined, or any other reforms to LIBOR, EURIBOR or any other relevant benchmarks that will be enacted in the U.K., the European Union (the EU) and elsewhere, each of which may adversely affect the trading market for securities based on LIBOR, EURIBOR or any other relevant benchmark, including any notes that bear interest at rates based on LIBOR and/or EURIBOR and may cause such benchmarks to perform differently than in the past, or cease to exist. In addition, any legal or regulatory changes made by the FCA (including the FCA s July 2017 announcement), IBA, the European Money Markets Institute, the European Commission or any other successor governance or oversight body, or future changes adopted by such body, in the method pursuant to which the LIBOR, EURIBOR or any other relevant benchmarks are determined or the transition from LIBOR to a successor benchmark may result in, among other things, a sudden or prolonged increase or decrease in the reported benchmark, a delay in the publication of any such benchmark rates, trigger changes in the rules or methodologies in certain benchmarks discouraging market participants from continuing to administer or to participate in certain benchmarks, and, in certain situations, could result in a benchmark rate no

longer being determined and published. Accordingly, in respect of a note referencing LIBOR, EURIBOR or any other relevant benchmark, such proposals for reform and changes in applicable regulation could have a material adverse effect on the trading market for, the value of and return on such a note (including potential rates of interest thereon).

Table of Contents

If the calculation agent determines on an interest determination date that LIBOR has been discontinued, then the calculation agent will use a substitute or successor base rate that it has determined in its sole discretion is most comparable to LIBOR, as described further in this prospectus supplement. The calculation agent may be our affiliate and may have a conflict of interest in taking such actions, which could adversely affect the value of those notes.

Risks Relating to Notes Denominated or Payable in a Non-U.S. Dollar Currency

If you intend to invest in a non-U.S. dollar note *i.e.*, a note denominated in a non-U.S. dollar currency or a note whose principal and/or interest is payable in a currency other than U.S. dollars or that may be settled by delivery of a non-U.S. dollar currency or property denominated in a non-U.S. dollar currency you should consult your own financial and legal advisors as to the currency risks entailed by your investment. Notes of this kind may not be an appropriate investment for investors who are unsophisticated with respect to non-U.S. dollar currency transactions. The information in this prospectus supplement is directed primarily at investors who are U.S. residents. Investors who are not U.S. residents should consult their own financial and legal advisors about currency-related risks particular to their investments.

An Investment in a Non-U.S. Dollar Note Involves Currency-Related Risks

An investment in a non-U.S. dollar note entails significant risks that are not associated with a similar investment in a note that is payable solely in U.S. dollars and where settlement value is not otherwise based on a non-U.S. dollar currency. These risks include the possibility of significant changes in rates of exchange between the U.S. dollar and the various non-U.S. dollar currencies or composite currencies and the possibility of the imposition or modification of foreign exchange controls or other conditions by either the United States or non-U.S. governments. These risks generally depend on factors over which we have no control, such as economic and political events and the supply of, and demand for, the relevant currencies in the global markets.

Changes in Currency Exchange Rates Can Be Volatile and Unpredictable

Rates of exchange between the U.S. dollar and many other currencies have been highly volatile, and this volatility may continue and perhaps spread to other currencies in the future. Fluctuations in currency exchange rates could adversely affect an investment in a note denominated in a specified currency other than U.S. dollars. Depreciation of the specified currency against the U.S. dollar could result in a decrease in the U.S. dollar-equivalent value of payments on the note, including the principal payable at maturity. That in turn could cause the market value of the note to fall. Depreciation of the specified currency against the U.S. dollar could result in a loss to the investor on a U.S. dollar basis.

We Will Not Adjust Non-U.S. Dollar Notes to Compensate for Changes in Currency Exchange Rates

Except as described above or in the relevant pricing supplement or any applicable product supplement, we will not make any adjustment or change in the terms of a non-U.S. dollar note in the event of any change in exchange rates for the relevant currency, whether in the event of any devaluation, revaluation or imposition of exchange or other regulatory controls or taxes or in the event of other developments affecting that currency, the U.S. dollar or any other currency. Consequently, investors in non-U.S. dollar notes will bear the risk that their investment may be adversely affected by these types of events.

Government Policy Can Adversely Affect Currency Exchange Rates and, as a Result, the Return on an Investment in Non-U.S. Dollar Notes

Currency exchange rates can either float or be fixed by sovereign governments. From time to time, governments use a variety of techniques, such as intervention by a country s central bank or imposition of regulatory controls or taxes, to affect the exchange rate of their currencies. Governments may also issue a new

currency to replace an existing currency or alter the exchange rate or exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing non-U.S. dollar notes is that their yields or payouts could be significantly and unpredictably affected by governmental actions. Even in the absence of governmental action directly affecting currency exchange rates, political or economic developments in the country issuing the specified currency for a non-U.S. dollar note or elsewhere could lead to significant and sudden changes in the exchange rate between the U.S. dollar and the specified currency. These changes could affect the value of the non-U.S. dollar note as participants in the global currency markets move to buy or sell the specified currency or U.S. dollars in reaction to these developments.

Governments have imposed from time to time and may in the future impose exchange controls or other conditions, including taxes, with respect to the exchange or transfer of a specified currency that could affect exchange rates, as well as the availability of a specified currency for a security at its maturity or on any other payment date. In addition, the ability of a holder to move currency freely out of the country in which payment in the currency is received or to convert the currency at a freely determined market rate could be limited by governmental actions.

Non-U.S. Dollar Notes May Permit Us to Make Payments in U.S. Dollars or Delay Payment If We Are Unable to Obtain the Specified Currency

Non-U.S. dollar notes may provide that, if the specified currency is subject to convertibility, transferability, market disruption or other conditions affecting its availability at or about the time when a payment on the notes comes due because of circumstances beyond our control, we will be entitled to make the payment in U.S. dollars or delay making the payment. These circumstances could include the imposition of exchange controls or our inability to obtain the specified currency because of a disruption in the currency markets. If we made payment in U.S. dollars, the exchange rate we would use would be determined in the manner described below under *Description of Notes We May Offer* under the subheading *Payment Mechanics How We Will Make Payments Due in Other Currencies When the Specified Currency Is Not Available*. A determination of this kind may be based on limited information and would involve discretion on the part of our exchange rate agent, which may be an affiliate of ours. As a result, the value of the payment in U.S. dollars an investor would receive on the payment date may be less than the value of the payment the investor would have received in the specified currency if it had been available, or may be zero. In addition, a government may impose extraordinary taxes on transfers of a currency. If that happens we will be entitled to deduct these taxes from any payment on securities payable in that currency.

In a Lawsuit for Payment on a Non-U.S. Dollar Note, an Investor May Bear Currency Exchange Risk

The notes will be governed by New York law. Under Section 27 of the New York Judiciary Law, a state court in the State of New York rendering a judgment on a non-U.S. dollar note would be required to render the judgment in the specified currency. However, the judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on a non-U.S. dollar note, investors would bear currency exchange risk until judgment is entered, which may take a significant period of time.

In courts outside of New York, investors may not be able to obtain judgment in a specified currency other than U.S. dollars. For example, a judgment for money in an action based on a non-U.S. dollar note in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of the currency in which any particular security is denominated into U.S. dollars will depend upon various factors, including which court renders the judgment.

Information About Exchange Rates May Not Be Indicative of Future Performance

If we issue a non-U.S. dollar note, we may include with the relevant pricing supplement a currency supplement that provides information about historical exchange rates for the specified currency or currencies.

Table of Contents

Any information about exchange rates that we may provide will be furnished as a matter of information only, and you should not regard the information as indicative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future. That rate will likely differ from the exchange rate used under the terms that apply to a particular note.

Determinations Made by the Exchange Rate Agent

All determinations made by the exchange rate agent will be made in its sole discretion (except to the extent expressly provided in this prospectus or in the applicable prospectus supplement that any determination is subject to approval by Bank of Montreal). In the absence of manifest error, its determinations will be conclusive for all purposes and will bind all holders and us. The exchange rate agent will not have any liability for its determinations.

Non-U.S. Investors May Be Subject to Certain Additional Risks

If we issue a U.S. dollar note and you are a non-U.S. investor who purchased such notes with a currency other than U.S. dollars, changes in rates of exchange may have an adverse effect on the value, price or income of your investment.

This prospectus supplement contains a general description of certain tax consequences relating to the notes. If you are a non-U.S. investor, you should consult your tax advisors as to the consequences, under the tax laws of the country where you are resident for tax purposes, of acquiring, holding and disposing of notes and receiving payments of principal or other amounts under the notes.

USE OF PROCEEDS

Except as otherwise set forth in the relevant pricing supplement, the Bank will use the net proceeds of the offering for general banking purposes. The Bank and/or its affiliates may use all or any portion of the proceeds in transactions intended to hedge the Bank s obligations under the notes, including forward and option contracts.

DESCRIPTION OF THE NOTES WE MAY OFFER

You should carefully read the description of the terms and provisions of our debt securities and our senior indenture under *Description of Debt Securities We May Offer* in the accompanying proncentive and equity-based award metrics for key executives, including the CEO and the CFO. Based on the Review and recommendations from PM&P, including areas in which the metrics varied significantly from those used generally in the market and noting the need for more flexibility with regard to the level of achievement for the equity-based awards, for 2011 incentive compensation the Committee expanded the performance–based incentive metrics to include an asset quality component in addition to the ROE and ROA metrics already being used. The Committee also revised the equity-based award metric of the relative five-year total shareholder return by replacing the NASDAQ Bank Index with a custom index comprised of the peer companies selected each year based on criteria developed by PM&P for the Review and changed the measurement date for determining the equity-based awards from September 30th to December 31st beginning in 2011. Further, the Committee elected to incorporate a scaled payout percentage when determining the equity-based awards earned under the management incentive plan, rather than an absolute percentage based on achieving the overall goal. Finally, the Committee decided to use the same criteria from the 2010 peer group described above to determine the peer group in subsequent years, with the companies meeting these criteria subject to change from year to year as the peer group is updated to account for changes in asset size due to mergers, acquisitions or growth.

Base annual salary and short-term incentive compensation for the President and CEO of the Mortgage Corporation are established by an employment agreement originally entered into in 1995 and amended and restated as of January 1, 2013. The employment agreement provides for a fixed annual base salary and a performance-based short-term incentive directly related to the profitability of the Mortgage Corporation. The President and CEO of the Mortgage Corporation was responsible for bringing all of the critical personnel and operations of the Mortgage Corporation to the Corporation, at no cost to the Corporation. As a result, his employment agreement included a bonus provision for a percentage of future profits.

Benchmarking. In establishing a peer group for 2012, for purposes of performance-based incentive compensation and equity compensation, the Committee used the same criteria for determining the annual peer group that PM&P used in the Review. For 2012, the updated peer group (the "2012 peer group") consisted of 24 publicly-traded commercial financial institutions headquartered in Virginia, Maryland, North Carolina, South Carolina and Tennessee. The asset size for this peer group was within the range of $667 million to $2.1 billion, with a median of $1.06 billion based on December 31, 2011 assets. The peer group included all financial institutions satisfying these criteria with the exception of any financial institution that applied for participation in the Capital Purchase Program and did not receive approval. Based on these criteria, the following financial institutions were included in the peer group: NewBridge Bancorp (NC); First United Corporation (MD); Wilson Bank Holding Company (TN); First Security Group, Inc. (TN); Community Bankers Trust Corporation (VA); Shore Bancshares, Inc. (MD); Eastern Virginia Bankshares, Inc. (VA); Peoples Bancorp of North Carolina, Inc. (NC); Crescent Financial Bancshares, Inc. (NC); National Bankshares, Inc. (VA); Middleburg Financial Corporation (VA); Old Point Financial Corporation (VA); ECB Bancorp, Inc. (NC); First South Bancorp, Inc. (NC); Tri-County Financial Corporation (MD); American National Bankshares Inc. (VA); 1st Financial Services Corporation (NC); Southern First Bancshares, Inc. (SC); Valley Financial Corporation (VA); Monarch Financial Holdings, Inc. (VA); Carolina Bank Holdings, Inc. (NC); Palmetto Bancshares, Inc. (SC); Security Federal Corporation (SC); and Access National Corporation (VA).

2012 Executive Compensation Components. For 2012, the principal components of compensation for named executive officers as defined in Item 402 of Regulation S-K were:

- base salary;
- performance-based incentive compensation;
- equity compensation;
- retirement and other benefits; and
- perquisites.

These elements combine to promote the objectives described above. Base salary, retirement plans and other benefits and perquisites provide a minimum level of compensation that helps attract and retain qualified executives. Performance-based incentives and equity compensation reward achievement of long-term and short-term goals and align executive compensation with the creation of longer-term shareholder value and promote retention.

Base Salaries. We provide named executive officers and other employees with base salaries to compensate them for services rendered during the fiscal year. Base salaries for named executive officers (with the exception of the President and CEO of the Mortgage Corporation) are determined for each executive based on his or her position and responsibility by using market data. Salary levels are considered annually as part of the Committee's performance review process as well as upon a promotion or other change in job responsibility. During its review of base salaries for executives for 2012, the Committee primarily considered:

- Market data provided by PM&P in 2010;
- Compensation data for the 2012 peer group;
- Responsibilities of the executive;
- Internal review of the executive's compensation relative to other officers; and
- Individual performance of the executive.

For 2012, for the CEO, the Committee took into account the factors identified above and PM&P's Review results that indicated the CEO average base salary for peer financial institutions was $345,000 in 2009. At the CEO's request, his base salary was limited to $253,000 in 2010, $268,000 in 2011, and $275,000 in 2012. For the CFO, the Committee, after taking into account the factors identified above, determined that his base salary should be increased to $230,000 for 2012 from $220,000 for 2011. In addition to the factors mentioned above, the Committee determined the base salary was appropriate in light of the CFO's responsibilities, which include the functions of a chief operating officer in addition to chief financial officer functions, and his duties associated with the oversight of C&F Finance, a significant subsidiary of the Corporation. Similar analyses were performed for other senior officers.

Performance-Based Incentive Compensation. Short-term cash incentive compensation for the CEO and CFO is governed by the Corporation's Management Incentive Plan ("MIP") adopted in 2005. Under the MIP, at the beginning of 2012 the Committee established performance objectives for the Corporation and the award formula or matrix by which all incentive awards were to be calculated. Executive officers were assigned a cash award target, to be paid if the Corporation achieved targeted performance goals in 2012, as well as minimum and maximum award levels if the Corporation achieved below or above the targeted performance goals. The Committee has the discretion to adjust upward or downward any award earned under the MIP or to grant an award even when minimum goals are not achieved.

For the named executive officers, with the exception of the President and CEO of the Mortgage Corporation, incentive compensation is designed to reward overall corporate performance by setting awards based on return on average equity ("ROE") and return on average assets ("ROA") relative to ROE and ROA of the peer financial institutions selected by the Committee to establish compensation levels for the CEO and CFO. The cash incentive compensation for the President and CEO of the Mortgage Corporation is set forth in his employment agreement and is based solely on a percentage of income before taxes generated by the Mortgage Corporation.

The remainder of management has more diverse performance goals consistent with the business they are managing. Where an employee has responsibility for the performance of a particular business, the performance goals are heavily weighted toward the operational performance of that unit. However, for members of the senior management team of the Bank (not including the named executive officers) at least 30% of their bonus is based on the ROE and ROA of the Corporation relative to the ROE and ROA of the peer financial institutions. All other employees earn bonuses based on the operational performance goals they have been assigned.

18

The cash award targets for the CEO and CFO for 2012 were based on achievement of a corporate goal, which was a weighted measure of the Corporation's ROE and ROA for 2012 relative to the 2012 peer group. This measure is the combined ranking of ROE and ROA of the 2012 peer group placing twice the weight on ROE ranking. Depending on the level of achievement with respect to the corporate goal under the MIP, for 2012 the CEO could earn a cash award of up to a maximum of 90% of his base salary as of January 1, 2012 and the CFO could earn a cash award of up to a maximum of 70% of his base salary as of January 1, 2012. The Committee chose these award levels so that the maximum awards would be paid when the Corporation has performed the best in Virginia and at or above the 90th percentile of the other financial institutions in the 2012 peer group based on combined ROE and ROA performance, while performance below the 40th percentile (the minimum award level) would result in no incentive payment. The Committee has the discretion under the MIP to adjust upward or downward any award earned under the MIP within the minimum and maximum award levels established by the Committee, or to grant an award even if the minimum corporate goal is not achieved. In addition to the Corporation's ROE and ROA performance versus the 2012 peer group, the Committee also reviewed the asset quality of the Corporation. As part of this review, the Committee looked at asset quality measures at the Bank, C&F Finance and the Mortgage Corporation. These asset quality metrics included nonperforming assets to average loans, nonperforming assets to average assets, charge off ratios, delinquency percentages, loan indemnifications, and extension rates on loans and repossession rates, including quarterly trends and comparisons to available asset quality metrics of the companies in the 2012 peer group. Based on the Corporation's ROE and ROA for 2012, in which the Corporation achieved results in excess of the 90th percentile of the 2012 peer group, and the Committee's review of relevant asset quality metrics, the CEO was entitled to a cash bonus of 79% of his base salary for 2012, but based on a recommendation from the CEO, the Committee awarded him a cash bonus of 55% of his base salary. The CFO was entitled to a cash bonus of 61% of his base salary for 2012, but based on his recommendation, the Committee awarded him a cash bonus of 60.9% of his base salary.

All short-term incentive payments to the President and CEO of the Mortgage Corporation for 2012 were made in accordance with his employment agreement and related directly to the profitability of the Mortgage Corporation.

Equity Compensation. The Corporation adopted the 2004 Incentive Stock Plan effective April 20, 2004 and amended the plan in 2008 to add restricted stock units and permit awards to non-employee directors under the plan. As amended, the plan permits the issuance of up to 500,000 shares of common stock for awards to key employees and non-employee directors of the Corporation and its subsidiaries in the form of stock options, stock appreciation rights, restricted stock and restricted stock units. With respect to executive compensation, the purpose of the 2004 Incentive Stock Plan is to promote the success of the Corporation and its subsidiaries by providing incentives to key employees and non-employee directors that link their personal interests with the long-term financial success of the Corporation and with growth in shareholder value. The 2004 Incentive Stock Plan is designed to provide flexibility to the Corporation in its ability to motivate, attract, and retain the services of key employees.

Each year, the Committee considers the desirability of granting long-term incentive awards under the 2004 Incentive Stock Plan. The Committee may utilize stock options, stock appreciation rights, restricted stock, restricted stock units, or a combination thereof, to focus executive officers, as well as other officers, on building profitability and shareholder value. The Committee notes in particular its view that equity grants make a desirable long-term compensation method because they closely align the interests of management with shareholder value. The Committee has the authority to establish equity goals and awards for all participants.

Historically, the primary form of equity compensation awarded by the Corporation was incentive and non-qualified stock options. This form was selected because of the favorable accounting and tax treatments received. However, beginning in 2006 the accounting treatment for stock options changed, making stock options a less attractive form of equity compensation. Consequently, certain changes were made to the equity award program. First, the form of equity award was changed to restricted stock. Second, a holding period and minimum stock ownership requirement was established for equity awards. If the 2013 Plan proposed in Proposal Five is approved by shareholders, no

additional awards will be granted under the 2004 Incentive Stock Plan; however, executive officers and other key employees would be eligible to receive awards, pursuant to the MIP or in the Board's discretion, under the 2013 Plan.

Under the MIP, executive officers may be awarded equity-based awards under the 2004 Incentive Stock Plan based on the achievement of targeted performance goal(s). For 2012, the equity-based award targets for the named executive officers were based solely on achievement of one corporate goal, which was five-year total shareholder return of the Corporation compared to the 2012 peer group. The Committee chose this longer-term measure because the Committee wanted to reward sustained performance. If the corporate goal is achieved under the MIP, for 2012 the CEO could earn a target equity-based award of 45% of his base salary as of January 1, 2012 and the CFO could earn a target equity-based award of 35% of his base salary as of January 1, 2012. These targets were selected to maintain overall compensation competitiveness if the Corporation shows sustained total shareholder return. The MIP permits the Committee to award a scaled payout based on performance that is higher or lower than the target. For 2012, if the Corporation's five-year total shareholder return is equal to or higher than the 70th percentile of the 2012 peer group, the CEO and CFO would earn 50% of their target award; if the Corporation's five-year total shareholder return is equal to or higher than the 80th or 90th percentile of the 2012 peer group, the CEO and CFO would earn 65% or 80%, respectively, of their target award. If the Corporation's five-year total shareholder return is below the 70th percentile or above the 100th percentile of the 2012 peer group, the Committee could use its discretion to grant or adjust an award of no more than 200% of the target. This ability to make equity-based awards based on the scaled payout percentage is in addition to the Committee's ability to adjust an award upward or downward in its discretion.

The President and CEO of the Mortgage Corporation does not have a targeted equity-based award stated as a percentage of his base salary. As with the CEO and CFO, if the one corporate goal mentioned above is met or the Committee at its discretion grants an award, the President and CEO of the Mortgage Corporation is eligible for an equity-based award. Grants of equity for the President and CEO of the Mortgage Corporation are recommended to the Committee by the CEO based on the performance of the Mortgage Corporation for the fiscal year.

The measurement date for the 2012 equity-based awards under the MIP was December 31, 2012. As of December 31, 2012, the five-year total shareholder return of the Corporation was above the five-year total shareholder return of the 2012 peer group. Based on this performance and the scaled payout formula discussed above, the Committee could have granted equity-based awards to the CEO and CFO equal to 200% of their equity-based award targets. Instead, in the exercise of its discretion as permitted under the MIP and the CEO's request for a smaller award, on January 15, 2013 the Committee granted 3,900 shares of restricted stock each to the CEO and CFO and 800 shares of restricted stock to the President and CEO of the Mortgage Corporation, which amounted to 57%, 68% and 17% of the base salaries of the CEO, CFO and President and CEO of the Mortgage Corporation, respectively. Because the Corporation's performance exceeded that of the 2012 peer group, the award to the CEO and the CFO was greater than their target awards of 45% and 35%, respectively, of base salary. The Committee believed that granting these awards would assist in retaining the services of the CEO, CFO and President and CEO of the Mortgage Corporation because these awards generally do not vest for five years. The amount of each award was based on achieving the corporate goal mentioned above and on the executive officer's performance, the level of his responsibilities, and internal equity considerations.

The Corporation's practice is to determine the dollar amount of equity compensation that is to be awarded for the equity component of the MIP and then to grant a number of shares of restricted stock that have a fair market value equal to that amount on the date of grant, rounded to avoid fractional shares. The fair market value is determined based on the closing price of the stock on the date of grant. For named executive officers, awards are generally made at the January meeting of the Board of Directors each year. For all other employees, with the exception of significant promotions and new hires, awards are generally made at the December meeting of the Board of Directors each year. The restricted stock granted for 2012 performance under the MIP is "time based." In order for the restricted stock to be earned or vest, the employee must remain employed for a period of five years after the date of grant. Once restricted stock awards vest, employees may not sell more than 50% of the award until a minimum level of stock ownership by the employee is achieved. Minimum ownership levels range from three times annual base salary for the CEO, one and one-half times annual base salary for the other named executive officers, one times annual base salary

for other senior officers, and for other selected officers one-half of such officer's annual base salary.

Retirement and Other Benefits. The Bank maintains a tax-qualified cash balance pension plan known as the VBA Master Defined Benefit Plan for Citizens and Farmers Bank (the "Retirement Plan") covering substantially all Bank employees who had reached the age of 21 and had been fully employed for at least one year. Under the cash balance plan, each participant's account receives two forms of credits: compensation credits and interest credits. Compensation credits equal a percentage of each participant's compensation. Compensation for this purpose includes both salary and bonus, subject to the compensation limit applicable to tax-qualified plans, which limit was $250,000 for 2012. The applicable compensation credit percentage ranges between 1% and 12% depending on the participant's combined age and years of credited service at the end of each plan year. Interest credits for a year are based on the prior year's December average yield on 30-year Treasuries plus 150 basis points, not to exceed the Internal Revenue Service ("IRS") third segment rate.

Upon termination of employment and after having completed at least three years of service, a participant will receive the amount then credited to the participant's cash balance account in an actuarially equivalent joint and survivor annuity (if married) or single life annuity (if not married). The participant may also choose from other optional forms of benefit, including a lump sum payment in the amount of the cash balance account. The Retirement Plan does not cover non-employee directors. The amount expensed for the Retirement Plan during the year ended December 31, 2012 was $436,253. The Retirement Plan allows for early retirement at the age of 55. The amount available at this age will be the amount then credited to the participant's cash balance account. Mr. Dillon is eligible for early retirement under the Retirement Plan and was entitled to a payment of $1,194,105 as of December 31, 2012.

The Bank maintains a tax-qualified 401(k) plan known as the Virginia Bankers Association Master Defined Contribution Plan for Citizens and Farmers Bank (the "Savings Plan"), pursuant to which all Bank employees, including the CEO and CFO, may make pre-tax contributions to the plan of up to 95% of covered compensation, subject to certain limitations on the amount under federal law. The Bank will match 100% of the first 5% of pay that is contributed to the Savings Plan, subject to statutory limitations. All employee contributions to the Savings Plan are fully vested upon contribution and Bank matching contributions vest at 20% annually beginning after two years of service and are fully vested at six years of service, or earlier in the event of retirement, death or attainment of age 65 while an employee.

In addition, each plan year, the Bank may make a profit sharing contribution to the Savings Plan. The amount of such contribution, if any, is within the discretion of the Bank's Board of Directors and will be determined during each plan year. Such contributions are only allocated to "covered participants," which designation is determined annually based on working at least 1,000 hours and being employed on the last day of the year (or ceasing employment due to retirement or death). The CEO and CFO were covered participants in 2012. For a covered participant, any profit sharing contribution is allocated to the employee's account based on the proportion of the employee's covered compensation to the covered compensation of all other covered participants. Profit sharing contributions are subject to the same vesting rules that apply to matching contributions under the Savings Plan. There was no profit sharing contribution to the Savings Plan for 2012.

The Mortgage Corporation also maintains a tax-qualified 401(k) plan known as the C&F Mortgage Corporation 401(k) Plan (the "401(k) Plan") pursuant to which eligible Mortgage Corporation employees can make pre-tax contributions of from 1% to 100% of compensation (with a discretionary company match), subject to statutory limitations. Substantially all employees of the Mortgage Corporation, including the President and CEO of the Mortgage Corporation, who have attained the age of 18 are eligible to participate on the first day of the next month following their employment date. The 401(k) Plan provides for an annual discretionary matching contribution to the account of each "eligible participant," based in part on the Mortgage Corporation's profitability for the year and on each employee's contributions to the 401(k) Plan. The 401(k) Plan also permits an additional annual discretionary employer contribution for "eligible participants," which is allocated to an employee's account based on the proportion of the employee's covered compensation to the covered compensation of all other eligible participants. "Eligible participants" are determined annually based on working at least 1,000 hours and being employed on the last day of the year. All employee contributions are fully vested upon contribution. An employee is vested in the employer's contributions 25% after two years of service, 50% after three years of service, 75% after four years of service, and fully vested after five years or attainment of age 65 while employed.

In addition to the Savings Plan and the 401(k) Plan, named executive officers and certain other eligible executives of the Corporation and its subsidiaries can participate in a non-qualified deferred compensation plan known as the Restated VBA Executives' Non-Qualified Deferred Compensation Plan for C&F Financial Corporation (the "Nonqualified Plan"). The Nonqualified Plan is designed to provide for deferral opportunities otherwise restricted by qualified plan limits and to establish a long-term retention incentive for our executives. The plan provides for five types of deferrals:

21

(1) Employee deferrals whereby certain employees are permitted to make deferrals of salary or cash incentive compensation. The CEO, CFO and President and CEO of the Mortgage Corporation did not elect any deferral of salary or cash incentive compensation for 2012.

(2) Excess match deferrals whereby the Corporation contributes to the Nonqualified Plan the amount of employer matching contributions in excess of statutory limitations. Any matching amounts in excess of the maximum annual pre-tax contribution for qualified retirement plans allowed by the Internal Revenue Service are deposited in the Nonqualified Plan. For the CEO and CFO, the amount accrued in 2012 was $8,000 and $4,500 respectively. The President and CEO of C&F Mortgage Corporation did not receive an excess match deferral for 2012.

(3) Excess profit sharing deferrals whereby the Corporation contributes to the Nonqualified Plan the amount of discretionary employer profit sharing contributions in excess of statutory limitations. No employer profit sharing contribution was made for 2012.

(4) Excess cash balance deferrals whereby the Corporation contributes to the Nonqualified Plan the amount entitled under the Retirement Plan in excess of statutory limitations. For the CEO and CFO, the amount accrued in 2012 was $17,600 and $9,200 respectively. The President and CEO of C&F Mortgage Corporation did not receive excess cash balance deferrals in 2012.

(5) Supplemental retirement deferrals whereby the Corporation makes discretionary employer contributions for the CEO in recognition of his performance and service, and discretionary employer contributions for the CFO as a retention incentive consistent with the Corporation's overall compensation strategy. For the CEO and CFO, the amounts accrued in 2012 were $50,000 and $23,000, respectively. While the contributions for the CEO vest immediately, the contributions for the CFO do not vest until death, disability, retirement or change in control. The President and CEO of C&F Mortgage Corporation was not awarded a supplemental deferral for 2012.

Perquisites. The annual cost to the Corporation of perquisites, including mandatory executive physicals every two years, use of a Corporation-owned automobile, matching charitable contributions, club dues and tax preparation assistance common among the Corporation's peer financial institutions, provided to the CEO exceeded $10,000 in the aggregate for 2012, but did not exceed $10,000 in the aggregate for 2011 or 2010. These amounts for 2012 are detailed in note 1 to the All Other Compensation Table for 2012 on page 28.

The annual cost to the Corporation of perquisites, including mandatory executive physicals every two years, use of a Corporation-owned automobile, matching charitable contributions and club dues for the CFO, exceeded $10,000 in the aggregate for 2012, 2011 and 2010. These amounts for 2012 are detailed in note 1 to the All Other Compensation Table for 2012 on page 28.

The CEO and the CFO also participate in other benefit plans on the same terms as other employees. These plans include medical, dental, life, and disability insurance.

The annual cost to the Corporation of perquisites, including use of a Corporation-owned automobile and payments for medical and dental insurance in excess of those made for all salaried employees, provided to the President and CEO of the Mortgage Corporation exceeded $10,000 in the aggregate for 2012, 2011 and 2010. These amounts for 2012 are detailed in note 1 to the All Other Compensation Table for 2012 on page 28.

Change in Vacation Policy. In December 2011, the Bank amended its vacation policy for all employees to reduce the amount of unused vacation that can be accrued and carried forward to future periods. Specifically with regard to the CEO and the CFO, prior to this amendment, the CEO and the CFO each could carry forward an unlimited amount of unused vacation. Beginning in 2012, a 120-hour vacation carryover limit was established for the CEO and the CFO

each. In connection with this policy change, in January 2012, the Bank made a one-time payout to affected employees, including the CEO and the CFO, of unused vacation accrued in excess of this carryover limit through December 31, 2011.

Prohibition on Hedging and Pledging Transactions. Under the Corporation's insider trading policy, directors and executive officers, including the named executive officers, are prohibited from (i) pledging the Corporation's stock as collateral for loans and (ii) selling the Corporation's stock "short," trading in the Corporation's stock in or through a margin account or otherwise engaging in hedging transactions or speculative or short-term trading of the Corporation's stock. These provisions are part of the Corporation's overall program to prevent the Corporation's directors and executive officers, including the named executive officers, from trading on material non-public information.

Employment and Change in Control Agreements. As is typical in the mortgage industry, Mr. McKernon is employed by the Mortgage Corporation under an employment agreement originally entered into in 1995 and amended and restated as of January 1, 2013. Under the agreement, the Mortgage Corporation has employed Mr. McKernon as its President and CEO under a three-year "evergreen" agreement, which remains in effect at all times unless and until terminated as permitted by the agreement. Either party, by notice to the other at any time and for any reason, may give notice of an intention to terminate the agreement three years from the date notice is received by the other. Additionally, either party may terminate the agreement in the event the Mortgage Corporation fails to meet certain specified financial performance criteria for a stipulated period or of a stipulated amount within a prescribed time period. The agreement terminates upon the death or disability of Mr. McKernon, or upon the failure of either party to fulfill its obligations under the agreement. Under the agreement, the Mortgage Corporation in 2012 paid Mr. McKernon an annual base salary of $195,000, and beginning in 2013 will pay Mr. McKernon an annual base salary of $220,000, in each case payable in monthly installments. The Mortgage Corporation also is obligated to pay Mr. McKernon a bonus, computed and paid on a monthly basis, based upon a variable percentage of the Mortgage Corporation's financial performance for the preceding month, subject to adjustment annually in order that the total bonus for a fiscal year will be equal to the specified percentage as determined by the year-end financial performance amount on which the bonus is based. The Mortgage Corporation has the right, at any time and at its option, to "buy out" Mr. McKernon's agreement and terminate his employment for an amount based upon the Mortgage Corporation's financial performance. In the event of a termination of his employment for any reason other than pursuant to a three-year notice, the Mortgage Corporation also may purchase a limited non-solicitation commitment from Mr. McKernon.

The agreement also provides that Mr. McKernon will be entitled, during his employment, to benefits commensurate with those furnished to other employees of the Mortgage Corporation. Prior to the January 1, 2013 amendment and restatement, the agreement also provided for Mr. McKernon to receive life insurance equal to three times his base salary. The agreement also contains provisions requiring confidentiality of information regarding the Mortgage Corporation. Mr. McKernon may terminate his employment agreement upon an event of "covered termination" as defined in his change in control agreement. Any termination of the employment agreement also will terminate Mr. McKernon's change in control agreement, except a termination of his employment agreement as described in the preceding sentence.

Effective with the January 1, 2013 amendment and restatement, the agreement now also provides that any incentive-based compensation or award Mr. McKernon receives will be subject to any clawback required pursuant to law, rule, regulation or stock exchange listing requirement or any policy of the Corporation adopted pursuant to any such law, rule, regulation or listing requirement.

The Corporation has entered into "change in control agreements" with the CEO, CFO and the President and CEO of the Mortgage Corporation because the Board has determined that it is in the best interest of the Corporation and its shareholders to have the continued dedication of these executives, notwithstanding the possibility, threat or occurrence of a change in control. The agreement for the CEO provides certain payments and benefits in the event of a termination of his employment by the Corporation without "cause," or by the CEO for "good reason," during the period beginning on the occurrence of a "change in control" (as defined in the agreement) of the Corporation and ending 61 days after the second anniversary of the change in control date. In such event, the CEO would be entitled (i) to

receive in a lump sum, two and one-half times the sum of his highest annual base salary during the 24-month period preceding the change in control date and his highest annual bonus for the three fiscal years preceding the change in control date; (ii) for a period of three years following termination, to receive continuing health insurance, life insurance, and similar benefits under the Corporation's welfare benefit plans and to have the three-year period credited as service towards completion of any service requirement for retiree coverage under the Corporation's welfare benefit plans; and (iii) if the CEO requests within six months after his termination, to have the Corporation acquire his primary residence for its appraised fair market value.

The agreements for the CFO and the President and CEO of the Mortgage Corporation provide certain payments and benefits in the event of a termination of their employment by the Corporation without "cause," or by the CFO and the President and CEO of the Mortgage Corporation for "good reason" within the period of coverage following a change in control. In March 2012, the agreements for the CFO and the President and CEO of the Mortgage Corporation were amended to provide for the same period of coverage as in the CEO's agreement. As a result, the agreements for the CFO and the President and CEO of the Mortgage Corporation now provide for the payments and benefits described below in the event of a covered termination during the period beginning on the occurrence of a change in control and ending 61 days after the second anniversary of the change in control date. In such event, the CFO and the President and CEO of the Mortgage Corporation would each be entitled (i) to receive in a lump sum, two times his highest annual base salary during the 24-month period preceding the change in control date and (ii) for a period of two years following termination, to receive continuing health insurance, life insurance, and similar benefits under the Corporation's welfare benefit plans and to have the two-year period credited as service towards completion of any service requirement for retiree coverage under the Corporation's welfare benefit plans. In addition, the CFO would be entitled to two times his highest annual bonus for the three fiscal years preceding the change in control date. Any payments which could have been made under these agreements to the CEO, CFO and the President and CEO of the Mortgage Corporation in 2012 would have been limited in accordance with the TARP Standards if the triggering events had occurred before the TARP Period ended on April 11, 2012.

Under these agreements following a change in control, the CEO, CFO and the President and CEO of the Mortgage Corporation may voluntarily terminate their employment for "good reason" and become entitled to these payments and benefits under certain circumstances. These circumstances include, but are not limited to, a material adverse change in position, authority or responsibilities, or a reduction in rate of annual base salary, benefits (including incentives, bonuses, stock compensation, and retirement and welfare plan coverage) or other perquisites as in effect immediately prior to the change in control date, as well as a right to terminate voluntarily during the 60-day periods after the change in control date, the first anniversary of the change in control date and the second anniversary of the change in control date. If any payments to or benefits under (collectively, "payments") these change in control agreements would be subject to excise tax as an "excess parachute payment" under federal income tax rules, the Corporation has agreed to pay the CEO, CFO and the President and CEO of the Mortgage Corporation additional amounts ("gross-up payments") to adjust for the incremental tax costs of such payments. However, if such payments and gross-up payments do not provide a net after-tax benefit of at least $25,000, as compared to the net after-tax proceeds resulting from an elimination of the gross-up payments and a reduction of the payments such that the receipt of payments would not give rise to any excise tax, then payments and benefits provided under the agreements will be reduced, so that the CEO, CFO and the President and CEO of the Mortgage Corporation will not be subject to a federal excise tax.

The Corporation does not provide for payments upon termination outside of the change in control agreements, but may negotiate individual severance packages with departing executives on a case-by-case basis. For terminations due to retirement, early retirement, disability and death, vesting of any unvested stock options, restricted stock and retirement benefits occur at the date of termination. Assuming termination for any of these reasons had occurred on December 31, 2012, because all outstanding stock options were already fully vested, these types of terminations would only trigger additional vesting of restricted stock and retirement benefits. The value of restricted stock vesting would have been $420,552, $410,817 and $116,820 for the CEO, CFO and President and CEO of Mortgage Corporation, respectively. The value of retirement benefits vesting would have been $279,269 for the CFO. The CEO and the President and CEO of the Mortgage Corporation would not have experienced any additional vesting with respect to retirement benefits because they are fully vested.

The following table shows the potential payments upon termination, including following a change in control of the Corporation, for the named executive officers based on agreements and plans in effect as of December 31, 2012. The amounts in this table are calculated assuming the change in control or termination event occurred on December 31, 2012 and all executives were paid in a lump sum payment.

Executive Payments and Benefits upon Termination Table

	Severance Compensation		Benefits and Perquisites				
Name and Principal Position	Severance	Performance -Based Incentive Compensation	Unvested and Accelerated Restricted Stock	Welfare Benefits	Supplemental Retirement Benefits	280G Tax Gross-ups5,6	Total
Larry G. Dillon Chairman/President/Chief Executive Officer							
Voluntary Termination1	-	-	-	-	-	-	-
By Corporation without Cause1	-	-	-	-	-	-	-
By Corporation with Cause1	-	-	-	-	-	-	-
Change in Control2							
By Corporation without Cause	$ 687,500	$ 375,000	$ 420,552	$ 30,635	-	$ 634,196	$ 2,147,883
By Executive with Good Reason	$ 687,500	$ 375,000	$ 420,552	$ 30,635	-	$ 634,196	$ 2,147,883
Retirement	-	-	$ 420,552	-	-	-	$ 420,552
Disability8	-	-	$ 420,552	-	-	-	$ 420,552
Death8	-	-	$ 420,552	-	-	-	$ 420,552
Thomas F. Cherry Executive Vice President/ Chief Financial Officer/ Secretary							
Voluntary Termination1	-	-	-	-	-	-	-
By Corporation without Cause1	-	-	-	-	-	-	-
By Corporation with Cause1	-	-	-	-	-	-	-
Change in Control3							
By Corporation without Cause	$ 460,000	$ 280,000	$ 410,817	$ 25,113	$ 279,269	$ 630,813	$ 2,086,012
By Executive with Good Reason	$ 460,000	$ 280,000	$ 410,817	$ 25,113	$ 279,269	$ 630,813	$ 2,086,012
Retirement7	-	-	-	-	-	-	-
Disability8	-	-	$ 410,817	-	$ 279,269	-	$ 690,086
Death8	-	-	$ 410,817	-	$ 279,269	-	$ 690,086
Bryan E. McKernon							

President/Chief Executive Officer of C&F Mortgage							
Voluntary Termination1	-	-	-	-	-	-	-
By Corporation without Cause1	$ 146,250		-	-	-	-	$ 146,250
By Corporation with Cause1	-	-	-	-	-	-	-
Change in Control4							
By Corporation without Cause	$ 390,000	-	$ 116,820	$ 28,535	-	-	$ 535,355
By Executive with Good Reason	$ 390,000	-	$ 116,820	$ 28,535	-	-	$ 535,355
Retirement7	-	-	-	-	-	-	-
Disability8	-	-	$ 116,820	-	-	-	$ 116,820
Death8	-	-	$ 116,820	-	-	-	$ 116,820

1 There are no payments due for the CEO or CFO under separation of service voluntarily by the executive or by the Corporation with or without cause. The President and CEO of the Mortgage Corporation would receive a severance payment equal to nine months of his base salary if the Corporation elected to terminate his services without cause.

2 The severance and performance-based incentive compensation upon change in control for the CEO represents two and one-half times his highest annual base salary during the 24 months preceding the assumed change in control date and two and one-half times his highest annual bonus in the three years preceding the assumed change in control date. The equity amounts represent the fair market value of 10,800 shares of restricted stock that would immediately vest on the change in control date. (The closing price of the Corporation's stock was $38.94 per share on December 31, 2012.) The welfare benefits represent the net present value of the benefits costs for three years after the assumed change in control date. No value has been assigned to the CEO's right to have his primary residence acquired for its appraised fair market value due to the inability to estimate such an expense.

3 The severance and performance-based incentive compensation upon change in control for the CFO represents two times the highest annual base salary during the 24 months preceding the assumed change in control date and two times the highest annual bonus in the three years preceding the assumed change in control date. The equity amounts represent the fair market value of 10,550 shares of restricted stock that would immediately vest on the change in control date. (The closing price of the Corporation's stock was $38.94 per share on December 31, 2012.) The welfare benefits represent the net present value of the benefits costs for two years after the assumed change in control date. The retirement benefits represent the supplemental retirement benefit that would vest immediately upon change in control.

4 The severance upon change in control for the President and CEO of the Mortgage Corporation represents two times the highest annual base salary during the 24 months preceding the assumed change in control date. The equity amount represents the fair market value of 3,000 shares of restricted stock that would immediately vest on the change in control date. (The closing price of the Corporation's stock was $38.94 per share on December 31, 2012.) The welfare benefits represent the net present value of the benefits costs for two years after the assumed change in control date.

5 If any payments to or benefits under (collectively, "payments") the change in control agreements would be subject to excise tax as an "excess parachute payment" under federal income tax rules, the Corporation has agreed to pay the CEO, CFO, and the President and CEO of the Mortgage Corporation additional amounts ("gross-up payments") to cover the excise tax liability and the taxes on the gross-up payment (provided the net after-tax benefit to the executive is at least $25,000 greater than providing no gross-up payment and cutting the payments back to the maximum on which no excise tax would be due). The amount shown represents the estimated amount of tax gross-up payment for the CEO and CFO.

6 The President and CEO of the Mortgage Corporation would not have been subject to excise taxes on these change in control payments.

7 The CFO and President and CEO of the Mortgage Corporation were not eligible for retirement on December 31, 2012.

8 Payments for separation of service due to disability or death include accelerated vesting of restricted stock for the CEO, CFO, and President and CEO of the Mortgage Corporation. In addition, the CFO would be immediately vested in supplemental retirement benefits of $279,269.

Tax and Accounting Implications. As part of its role, the Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code (the "Code"), which provides that the Corporation may not deduct non-performance-based compensation of more than $1,000,000 annually that is paid to certain individuals. The Corporation has established and operated the MIP without regard to deductibility under Section 162(m) of the Code of compensation payable pursuant to it in order to provide the Committee flexibility in adjusting awards when it deems adjustment is warranted. In addition, the Corporation may choose to pay

compensation that will not be deductible under Section 162(m) of the Code in order to ensure competitive levels of total compensation for its executive officers. As a participant in the Capital Purchase Program, the Corporation agreed not to deduct compensation of more than $500,000 paid to any named executive officer for any year or portion of a year during the TARP Period. This limitation applies to essentially all compensation of the affected executives, including deferred compensation and performance-based incentive compensation. As a result, certain amounts that accrued in part during the TARP Period, and compensation that was earned during the TARP Period but paid after 2012, will also be subject to the $500,000 deduction limit on a pro-rata basis. While the Committee/Corporation is mindful of the Section 162(m) deduction limitation, during 2012 it concluded that any continuing impact of the $500,000 deduction limitation would not be a significant factor in its decision-making with respect to the compensation of the Corporation's executive officers, consistent with its compensation philosophy.

COMPENSATION COMMITTEE REPORT

Because the TARP Period ended April 11, 2012, less than six months after the Compensation Committee and the senior risk officer completed the compensation risk and manipulation reviews in November 2011, the TARP Standards did not require the Compensation Committee to conduct a compensation risk and manipulation review in 2012 or to set forth the related narrative disclosure and certifications in this Compensation Committee Report. See also “Compensation Policies and Practices as They Relate to Risk Management” for additional information regarding the compensation risk and manipulation assessments conducted in May 2012.

The Compensation Committee of the Corporation has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Proxy Statement.

Compensation Committee

J. P. Causey Jr., Chairman
Barry R. Chernack
James H. Hudson III

Summary Compensation Table for 2012

The table below summarizes the total compensation paid or earned by each of the Corporation’s named executive officers for the fiscal years ended December 31, 2012, 2011 and 2010.

Name and Principal Position	Year	Salary1 ($)	Bonus ($)	Stock Awards2 ($)	Option Awards ($)	Non-Equity Incentive Plan Compensa-tion3 ($)	Change in Pension Value and Nonqualified Deferred Compensa-tion Earnings4 ($)	All Other Compensation5 ($)	Total ($)
Larry G. Dillon	2012	$ 328,355	-	$ 99,575	-	$ 150,000	$ 78,517	$ 117,782	$ 774,229
Chairman/President/Chief	2011	$ 268,000	-	$ 76,560	-	$ 135,000	$ 91,786	$ 88,405	$ 659,751
Executive Officer	2010	$ 253,000	-	$ 60,630	-	$ 75,000	$ 83,287	$ 74,730	$ 546,647
Thomas F. Cherry Executive Vice President/	2012	$ 288,066	-	$ 99,575	-	$ 140,000	$ 30,680	$ 81,266	$ 639,587
Chief Financial Officer/	2011	$ 220,000	-	$ 76,560	-	$ 135,000	$ 32,606	$ 63,080	$ 527,246
Secretary	2010	$ 205,000	-	$ 60,630	-	$ 75,000	$ 25,386	$ 51,053	$ 417,069
Bryan E. McKernon	2012	$ 195,000	-	$ 21,338	-	$ 665,684	-	$ 38,668	$ 920,690
President/Chief Executive	2011	$ 195,000	-	$ 17,400	-	$ 418,138	-	$ 38,965	$ 669,503
Officer of C&F Mortgage	2010	$ 195,000	-	$ 15,158	-	$ 218,437	-	$ 26,878	$ 455,473

1 The amounts in this column for 2012 for the CEO and the CFO include the base salary earned in 2012 by the CEO and the CFO of $275,000 and $230,000, respectively, as well as a one-time vacation payout of $53,355 for the CEO and $58,066 for the CFO. In December 2011, the Bank amended its vacation policy for all its employees, which is discussed in further detail on page 22 under the heading “Change in Vacation Policy.”

27

2 The amounts in this column reflect the grant date fair value for restricted stock granted during fiscal years ended December 31, 2012, 2011 and 2010, respectively, pursuant to the 2004 Incentive Stock Plan, calculated in accordance with ASC Topic 718, based on the closing price of the Corporation's stock on the date of grant. These amounts do not include the restricted stock granted in January 2013 for 2012 performance.

3 The amounts in this column reflect the annual cash awards earned by the CEO and CFO under the MIP, which is discussed in further detail on pages 18 and 19 under the heading "Performance-Based Incentive Compensation." For the CEO, the amount reported is the reduced amount he recommended that he receive, rather than the $216,563, $241,200 and $185,576 he could have earned in 2012, 2011 and 2010, respectively, based on the Corporation's performance with respect to the MIP performance goals. For the CFO, the amount reported is the reduced amount he recommended that he receive, rather than the $140,875, $154,000 and $116,953 he could have earned in 2012, 2011 and 2010. The amount earned by the President and CEO of the Mortgage Corporation was earned in accordance with his employment agreement and related directly to the profitability of the Mortgage Corporation.

4 The amounts in this column reflect the actuarial increase in the present value of the named executive officers' accumulated benefits under the Retirement Plan established by the Corporation determined using credits based on age and years of service and interest credits consistent with those used in the Corporation's audited financial statements. The President and CEO of the Mortgage Corporation is not a participant in the Retirement Plan. The Corporation does not provide above-market or preferential earnings on nonqualified compensation.

5 The amounts in this column for 2012 are detailed in the All Other Compensation Table for 2012 immediately below.

All Other Compensation Table for 2012

Name	Perquisites and Other Personal Benefits1	Tax Gross-Ups and Reimburse-ments	Dividends Paid on Stock Awards	Discounted Securities Purchases	Payments/ Accruals on Termination Plans	Corporation Contributions to Defined Contribution Plans2	Corporation-paid Insurance Premiums3	Other
Larry G. Dillon	$ 12,920	-	$ 16,762	-	-	$ 88,100	-	-
Thomas F. Cherry	$ 16,309	-	$ 15,757	-	-	$ 49,200	-	-
Bryan E. McKernon	$ 27,975	-	$ 6,355	-	-	$ 2,250	$ 2,088	-

1 The perquisites in 2012 for the CEO included the use of a Corporation-owned vehicle ($4,567), matching contributions ($2,500), a mandatory executive physical ($4,953) and club dues ($900). The perquisites in 2012 for the CFO included the use of a Corporation-owned vehicle ($7,027), matching contributions ($800), a mandatory executive physical ($3,074) and club dues ($5,408). The perquisites in 2012 for the President and CEO of the Mortgage Corporation included the use of a Corporation-owned vehicle ($6,138), and payments for medical, dental, disability, and long term care insurance in excess of amounts paid for all salaried employees ($21,837). The incremental cost to the Corporation of the personal use of these Corporation-owned automobiles was determined by calculating the annual cost of each automobile to the Corporation (depreciation, insurance, fuel, maintenance, registration fees and inspection fees) and multiplying that amount by the percentage of the executive's personal use during the year.

2 The amounts in this column include: (i) the Corporation's accrued contributions for 2012 of $75,600 and $36,700 to the Nonqualified Plan for the CEO and CFO, respectively, and (ii) the Corporation's accrued contributions for 2012 of $12,500 and $12,500 to the Bank's Savings Plan for the CEO and CFO, respectively. The accrued contribution to the 401(k) Plan for the President and CEO of the Mortgage Corporation for 2012 was $2,250.

3 The amount in this column represents life insurance premiums paid on behalf of the President and CEO of the Mortgage Corporation in excess of amounts paid on behalf of all salaried employees. No such payments were made on behalf of the CEO or the CFO.

The following table summarizes certain information with respect to restricted stock granted to the President and CEO of the Mortgage Corporation and the cash and restricted stock awards granted to the CEO and CFO during or for the year ended December 31, 2012 under the Corporation's MIP, and reflects the amounts that could have been paid under each such award under the MIP.

Grants of Plan-Based Awards for 2012

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards1			Estimated Possible Payouts Under Equity Incentive Plan Awards2			All Other Stock Awards: Number of Shares of Stock or Units3	Grant Date Fair Value of Stock and Option Awards4	Fair Value of Actual Awards Received5
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold ($)	Target ($)	Maximum ($)	(#)	($)	($)
Larry G. Dillon										
Cash		$61,875	$123,750	$247,500						
Equity	1/17/2012				$61,875	$123,750	$247,500	-	$123,750	$157,443
Thomas F. Cherry										
Cash		$40,250	$80,500	$161,000						
Equity	1/17/2012				$40,250	$80,500	$161,000	-	$80,500	$157,443
Bryan E. McKernon6										
Cash		-	-	-						
Equity	1/15/2013				-	-	-	800	$32,296	$32,296

1 The amounts shown in the threshold column reflect the minimum cash incentive payment level under the MIP, which is 50% of the amount shown in the target column, and the amounts shown in the maximum column are 200% of the target amount. Target percentages for the CEO and CFO are 45% and 35% of 2012 base salary, respectively. If threshold goals are not met, no incentive award will be paid, unless the Compensation Committee determines to award annual incentive compensation in the exercise of its discretion under the MIP.

2 Target percentages for equity incentive compensation under the MIP for the CEO and CFO are 45% and 35% of 2012 base salary, respectively. If the target goal is met, the executive will receive an award equal to the target percentage of his base salary, unless the Compensation Committee exercises its discretion to reduce or increase the award. Once the Compensation Committee determines the award earned, the Compensation Committee grants to the executive a number of restricted shares, rounded to avoid fractional shares, equaling the dollar value of the award based on the closing price of the Corporation's stock on the date the Committee makes this determination. The maximum awards possible are 200% of the target awards. Performance at the 70% level of the target goal would result in an award equal to 50% of the target award, while for performance below that level, the Committee could use its discretion to grant an award.

3 The stock awards in this column represent the number of shares of restricted stock the Compensation Committee, in its discretion, issued to the President and CEO of the Mortgage Corporation for 2012. The restricted stock is subject to a five-year vesting period.

4 The amounts in this column with respect to the CEO and CFO represent the grant date fair value of the equity incentive plan awards granted on January 17, 2012, determined in accordance with FASB ASC Topic 718, based on the probable outcome of the performance conditions under the awards. The amount in this column with respect to the President and CEO of the Mortgage Corporation represents the grant date fair value of the restricted stock granted on January 15, 2013 for performance during 2012, determined in accordance with FASB ASC Topic 718. The closing price of the Corporation's stock was $40.37 on January 15, 2013.

5 The amounts in this column represent the fair market value of the actual equity awards granted on January 15, 2013 for 2012 performance based on the closing stock price on the date of grant. The closing price of the Corporation's stock was $40.37 on January 15, 2013. The restricted stock is subject to a five-year vesting period. See note 4 immediately above for further discussion.

6 The annual non-equity incentive compensation for the President and CEO of the Mortgage Corporation is governed by the terms of his employment agreement as described on page 23 of the "Compensation Discussion and Analysis" and depends on the profitability of the Mortgage Corporation but has no minimum, target or maximum payouts.

The following table includes certain information with respect to all previously-awarded unexercised options and unvested restricted stock awards held by the named executive officers at December 31, 2012.

Outstanding Equity Awards at Fiscal 2012 Year-End

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexer-cisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested1 (#)	Market Value of Shares or Units of Stock That Have Not Vested2 ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Larry G. Dillon	7,500	-	-	$ 37.99	12/20/2015	10,800	$ 420,552	-	-
	7,500	-	-	$ 39.29	12/21/2014	-	-	-	-
	6,000	-	-	$ 42.00	12/16/2013	-	-	-	-
Thomas F. Cherry	6,000	-	-	$ 37.99	12/20/2015	10,550	$ 410,817	-	-
	6,000	-	-	$ 39.29	12/21/2014	-	-	-	-
	3,500	-	-	$ 42.00	12/16/2013	-	-	-	-
Bryan E. McKernon	6,000	-	-	$ 37.99	12/20/2015	3,000	$ 116,820	-	-
	6,000	-	-	$ 39.29	12/21/2014	-	-	-	-
	3,500	-	-	$ 42.00	12/16/2013	-	-	-	-

1 The amounts in this column reflect the number of shares of restricted stock granted in 2009, 2010, 2011 and 2012 to each named executive officer pursuant to the 2004 Incentive Stock Plan. Shares vest in their entirety on the fifth anniversary of the grant date subject to certain restrictions under the TARP Standards, which generally remain applicable under the provisions of the award agreements even though the TARP Period ended April 11, 2012. The number of shares presented does not include the equity incentive plan award shares granted in January 2013 for 2012 performance.

2

The amounts in this column represent the fair market value of the restricted stock as of December 31, 2012, based on the closing price on December 31, 2012. The closing price of the Corporation's stock was $38.94 on that date.

The following table provides information regarding the value realized by our named executive officers who exercised an option award or held restricted stock that vested during 2012.

Option Exercises and Stock Vested for 2012

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise1 ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting2 ($)
Larry G. Dillon	4,500	$ 70,293	2,000	$ 70,880
Thomas F. Cherry	3,500	$ 60,385	1,500	$ 53,160
Bryan E. McKernon	3,500	$ 39,425	1,500	$ 53,160

1 The value realized on exercise is the difference between the exercise price of the option and the fair market value of the Corporation's stock on the date of exercise, multiplied by the number of shares subject to the exercise.

2 The value realized on vesting is the fair market value of the Corporation's stock on the date of vesting multiplied by the number of shares that vested.

The following table shows the actuarial present value of accumulated benefits payable to each of the named executive officers, including the number of years of service credited to each named executive officer under the Retirement Plan, which is described in more detail in the "Compensation Discussion and Analysis" on pages 20 and 21.

Pension Benefits for 2012

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit1 ($)	Payments During Last Fiscal Year ($)
Larry G. Dillon2	Retirement Plan	35	$ 1,194,105	-
Thomas F. Cherry	Retirement Plan	16	$ 264,204	-
Bryan E. McKernon3	-	-	-	-

1 Assumptions used in the calculation of these amounts are included in Note 11 to the Corporation's audited financial statements for the fiscal year ended December 31, 2012 included in the Corporation's Annual Report on Form 10-K filed with the SEC on March 5, 2013. This account balance for each participant will grow each year with annual pay credits based on age and years of service and monthly interest credits based for 2012 on the December 2011 average yield for 30-year Treasuries plus 150 basis points, not to exceed the IRS third segment rate.

2 As noted earlier, Mr. Dillon is eligible for early retirement under the Retirement Plan.

3 Mr. McKernon is not a participant in the Retirement Plan.

The following table summarizes our named executive officers' compensation under our Nonqualified Plan described in more detail in the "Compensation Discussion and Analysis" on pages 21 and 22.

Nonqualified Deferred Compensation for 2012

Name	Executive Contributions in Last FY1 ($)	Registrant Contributions in Last FY2 ($)	Aggregate Earnings in Last FY3 ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE4,5 ($)
Larry G. Dillon	-	$ 65,680	$ 57,241	-	$ 647,713
Thomas F. Cherry	-	$ 28,500	$ 36,921	-	$ 291,633
Bryan E. McKernon	-	-	$ 313,616	-	$ 2,322,338

1 Pursuant to the Nonqualified Plan, certain executives, including named executive officers, may defer awards earned under the MIP or base salary. Deferral elections are made by eligible executives in December of each year for amounts to be earned in the following year. An executive may defer all or a portion of his or her annual non-equity incentive compensation and base salary. No employee deferrals were made in 2012.

Registrant contributions in 2012 represent amounts earned in 2011 but contributed in 2012 and, therefore, are not included in the Summary Compensation Table and the All Other Compensation Table for 2012 on pages 27 and 28, respectively.

3 The investment options available to an executive under the deferral program are identical to the investment options under the Bank's Savings Plan.

4 The aggregate balance includes $279,269 for Mr. Cherry, which amount is not currently vested. These amounts only vest upon death, disability, retirement or a change in control.

5 Of the amounts disclosed in this column, $243,753, $127,281 and $94,914 were previously reported as compensation to Messrs. Dillon, Cherry and McKernon, respectively, in Summary Compensation Tables in prior year proxy statements beginning with the 2007 proxy.

PROPOSAL TWO
ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

As part of implementing the "say-on-pay" requirements of Section 14A of the Exchange Act, the SEC requires an advisory, non-binding shareholder vote to approve the compensation of the named executive officers in this Proxy Statement. Such a proposal, commonly known as a "say-on-pay" proposal, gives shareholders the opportunity to endorse or not to endorse the Corporation's executive pay program. Accordingly, our shareholders are hereby given the opportunity to cast an advisory vote on the Corporation's executive compensation as described above in this Proxy Statement under the heading "Compensation Discussion and Analysis" and the tabular disclosure of named executive officer compensation and the related material.

The Corporation has in place comprehensive executive compensation plans. This Proxy Statement fully and fairly discloses all material information regarding the compensation of the Corporation's named executive officers, so that shareholders can evaluate the Corporation's approach to compensating its executives. The Corporation believes that its executive compensation is competitive, is focused on pay for performance principles, is strongly aligned with the long-term interests of our shareholders and is necessary to attract and retain experienced, highly qualified executives critical to the Corporation's long-term success and the enhancement of shareholder value. The Board of Directors believes the Corporation's executive compensation achieves these objectives, and, therefore, unanimously recommends that shareholders vote "for" the proposal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" THIS PROPOSAL TO PROVIDE ADVISORY, NON-BINDING APPROVAL OF THE COMPENSATION OF NAMED EXECUTIVE OFFICERS.

PROPOSAL THREE
FREQUENCY OF THE ADVISORY VOTE ON EXECUTIVE COMPENSATION

Section 14A of the Exchange Act also requires that the Corporation's shareholders have the opportunity to recommend how frequently shareholder advisory votes should be held to approve the compensation of the named executive officers as disclosed in this Proxy Statement. This proposal is commonly referred to as "say-when-on-pay," and the vote on the say-when-on-pay proposal is an advisory, non-binding vote. Shareholders have the following choices regarding how often the Corporation holds the say-on-pay vote: every year, every two years, or every three years.

The Board of Directors recommends an advisory, non-binding say-on-pay vote every year because such frequency provides the highest level of accountability and communication by having the shareholder vote correspond with the most recent compensation information presented in the proxy statement for the Corporation's annual meetings.

As stated above, this is an advisory vote only. Shareholders are not voting to approve or disapprove the recommendation of the Board. The alternative receiving the greatest number of votes – every year, every two years, or every three years – will be the frequency that shareholders recommend. The Board will take into account the outcome of the vote when considering how frequently to provide an advisory vote on executive compensation in the future. However, the Board may decide that it is in the best interests of the Corporation and its shareholders to select a frequency of advisory vote on executive compensation that differs from the option that receives the highest number of votes from shareholders.

32

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR A FREQUENCY OF "EVERY YEAR" FOR FUTURE ADVISORY NON-BINDING VOTES ON EXECUTIVE COMPENSATION.

PROPOSAL FOUR
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANT

The Audit Committee has appointed YHB as the Corporation's independent registered public accountant for the fiscal year ending December 31, 2013. YHB also served as independent registered public accountant for the fiscal year ended December 31, 2012. In the event that the appointment of YHB is not ratified by shareholders at the Annual Meeting, the Audit Committee will consider making a change in the independent registered public accountant for 2014.

Representatives of YHB are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to your questions.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE "FOR" RATIFICATION OF THE APPOINTMENT OF YOUNT, HYDE & BARBOUR, P.C., AS THE CORPORATION'S INDEPENDENT REGISTERED PUBLIC ACCOUNTANT FOR THE FISCAL YEAR ENDING DECEMBER 31, 2013.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Corporation is currently comprised of three directors, all of whom satisfy all of the following criteria: (i) meet the independence requirements set forth in the NASDAQ listing standards' definition of "independent director," (ii) have not accepted directly or indirectly any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries, (iii) are not affiliated persons of the Corporation or any of its subsidiaries, (iv) have not participated in the preparation of the financial statements of the Corporation or any of its current subsidiaries at any time during the past three years, and (v) are competent to read and understand financial statements. In addition, at least one member of the Audit Committee has past employment experience in finance or accounting or comparable experience which results in the individual's financial sophistication. The Board has determined that the Chairman of the Audit Committee, Mr. Barry R. Chernack, qualifies as an "audit committee financial expert" within the meaning of applicable regulations of the SEC promulgated pursuant to the Sarbanes-Oxley Act. Mr. Chernack is independent of management based on the independence requirements set forth in the NASDAQ listing standards' definition of "independent director." The Audit Committee has furnished the following report:

The Audit Committee is appointed by the Corporation's Board of Directors to assist the Board in overseeing (1) the quality and integrity of the financial statements of the Corporation, (2) the independent registered public accountant's qualifications and independence, (3) the performance of the Corporation's internal audit function and independent registered public accountant, (4) the Corporation's compliance with legal and regulatory requirements, (5) the review, approval and ratification of all covered related party transactions and (6) the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies. The authority and responsibilities of the Audit Committee are set forth in a written charter adopted by the Board and include sole responsibility for the appointment, compensation and evaluation of the Corporation's independent registered public accountant and the internal auditors for the Corporation, as well as establishing the terms of such engagements. The Audit Committee has the authority to retain the services of independent legal, accounting or other advisors as the Audit Committee deems necessary, with appropriate funding available from the Corporation, as determined by the Audit Committee, for such services. The Audit Committee

reviews and reassesses its charter annually and recommends any changes to the Board for approval. The Audit Committee Charter is posted on the Corporation's website.

The Audit Committee is responsible for overseeing the Corporation's overall financial reporting process. In fulfilling its oversight responsibilities for the financial statements for fiscal year 2012, the Audit Committee:

- Monitored the preparation of quarterly and annual financial reports by the Corporation's management;
- Reviewed and discussed the annual audit process and the audited financial statements for the fiscal year ended December 31, 2012 with management and YHB, the Corporation's independent registered public accountant;
- Discussed with management, YHB and the Corporation's Director of Internal Audit the adequacy of the system of internal controls;
- Discussed with YHB the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards Vol. I. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, relating to the conduct of the audit; and
- Received written disclosures and a letter from YHB as required by the applicable requirements of the Public Company Accounting Oversight Board regarding YHB's communications with the Audit Committee concerning independence. The Audit Committee discussed with YHB its independence.

The Audit Committee also considered the status of pending litigation, taxation matters and other areas of oversight relating to the financial reporting and audit process that the Audit Committee determined appropriate. In addition, the Audit Committee's meetings included, when appropriate, executive sessions with the Corporation's independent registered public accountant and the Corporation's Director of Internal Audit, in each case without the presence of the Corporation's management.

In performing all of these functions, the Audit Committee acts only in an oversight capacity. Also, in its oversight role, the Audit Committee relies on the work and assurances of the Corporation's management, which has the primary responsibility for financial statements and reports, and of the independent registered public accountant, who, in their report, express an opinion on the conformity of the Corporation's annual financial statements to accounting principles generally accepted in the United States of America.

Based on the Audit Committee's review of the audited financial statements and discussions with management and YHB, the Audit Committee recommended to the Board that the audited financial statements be included in the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2012 for filing with the SEC.

Audit Committee

Barry R. Chernack, Chairman
J. P. Causey Jr.
C. Elis Olsson

Principal Accountant Fees

The following table presents the fees for professional audit services rendered by YHB for the audit of the Corporation's annual financial statements for the years ended December 31, 2012 and 2011, and fees billed for other services rendered by YHB during those periods. All such audit and non-audit services were pre-approved by the Audit Committee, which concluded that the provision of such services by YHB was compatible with the maintenance of that firm's independence in the conduct of their auditing functions.

	Year Ended December 31,	
	2012	2011
Audit fees (1)	$ 184,395	$ 179,531
Audit-related fees (2)	32,119	30,781
Tax fees (3)	24,020	25,698
All other fees	--	--
	$ 240,534	$ 236,010

(1)Audit fees consist of audit and review services, attestation report on internal controls under SEC rules,consents and review of documents filed with the SEC. For 2012, includes amounts billed through December 31, 2012, and additional amounts estimated to be billed for the 2012 audit.

(2)Audit-related fees consist of employee benefit plan audits, HUD audits and consultation concerning financial accounting and reporting standards.

(3)Tax fees consist of preparation of federal and state tax returns, review of quarterly estimated tax payments and consultation regarding tax compliance issues.

Audit Committee Pre-Approval Policy

Pursuant to the terms of the Corporation's Audit Committee Charter, the Audit Committee is responsible for the appointment, compensation and oversight of the work performed by the Corporation's independent registered public accountant. The Audit Committee, or a designated member of the Audit Committee, must pre-approve all audit (including audit-related) and non-audit services performed by the independent registered public accountant in order to assure that the provision of such services does not impair the registered public accountant's independence. The Audit Committee has delegated interim pre-approval authority to Mr. Barry R. Chernack, Chairman of the Audit Committee. Any interim pre-approval of permitted non-audit services is required to be reported to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent registered public accountant to management.

The term of any pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period. With respect to each proposed pre-approved service, the independent registered public accountant must provide detailed back-up documentation to the Audit Committee regarding the specific service to be provided pursuant to a given pre-approval of the Audit Committee. Requests or applications to provide services that require separate approval by the Audit Committee will be submitted to the Audit Committee (or the Audit Committee Chairman) by both the independent registered public accountant and the Corporation's CFO, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence. The Audit Committee conducts an annual review of its pre-approval policy to evaluate the policy's appropriateness and compliance with applicable law and exchange listing standards.

35

PROPOSAL FIVE – APPROVAL OF THE C&F FINANCIAL CORPORATION 2013 STOCK AND INCENTIVE COMPENSATION PLAN

The Board of Directors is asking shareholders to approve the C&F Financial Corporation 2013 Stock and Incentive Compensation Plan (the "2013 Plan"), which was approved by the Board of Directors on February 27, 2013, including the material terms of the performance goals for performance-based compensation under the 2013 Plan for purposes of compensation deductibility under Section 162(m) of the Code ("Section 162(m)").

The purposes of the 2013 Plan are to (i) promote the long-term growth and profitability of the Corporation and its subsidiaries, (ii) to provide key employees and non-employee directors with an incentive to achieve corporate objectives, (iii) to attract and retain individuals of outstanding competence, and (iv) to provide key employees and non-employee directors with incentives that are closely linked to the interests of all shareholders of the Corporation, in each case without exposing the Corporation or its subsidiaries to imprudent risks.

Subject to approval by the shareholders at the Annual Meeting, the 2013 Plan will become effective as of April 16, 2013 (the "Effective Date"), and will replace the 2004 Incentive Stock Plan, which expires on April 30, 2014. No awards may be granted under the 2013 Plan prior to shareholder approval at the Annual Meeting. If shareholders do not approve the 2013 Plan at the Annual Meeting, any future equity awards would be granted under the 2004 Incentive Stock Plan until its expiration date.

As of the date of this Proxy Statement, 180,700 shares of common stock remain available for grants under the 2004 Incentive Stock Plan. If the 2013 Plan is approved by shareholders, no new awards will be granted under the 2004 Incentive Stock Plan after the Annual Meeting. Awards previously granted under the 2004 Incentive Stock Plan will remain outstanding in accordance with their terms, but none of the remaining shares of common stock authorized under the 2004 Incentive Stock Plan will be transferred to or used under the 2013 Plan. Awards under the 2004 Incentive Stock Plan that are forfeited or expire without being exercised will not be available for awards under the 2013 Plan.

Reasons for the Plan

The Board of Directors believes that the Corporation must be able to offer a competitive equity incentive program to continue to successfully attract and retain the best possible candidates for positions of substantial responsibility within the Corporation. As a replacement for the 2004 Incentive Stock Plan that will expire on April 30, 2014, the Board of Directors believes that the 2013 Plan will be an important factor in continuing to attract, retain and reward the high caliber employees and directors essential to the Corporation's success and in providing incentives to these individuals to promote the success of the Corporation. Through the 2013 Plan, the Corporation will have several alternatives for providing cost-effective and competitive equity compensation awards by being able to offer its employees and directors options, tandem stock appreciation rights, restricted stock, restricted stock units, other stock-based awards and cash awards. By having the flexibility to grant these different types of awards, the Corporation will be able to customize its equity compensation packages on an individual basis.

Section 162(m) of the Code

By approving the 2013 Plan at the Annual Meeting, shareholders will be simultaneously approving the material terms of the performance goals under the 2013 Plan. If such approval is obtained at the Annual Meeting, the Corporation currently anticipates that, to the extent practicable and in the Corporation's best interest, performance-based compensation awards designed to satisfy the requirements of Section 162(m) to permit the deduction for tax purposes of the full amount of such awards may be granted under the 2013 Plan. The Corporation recognizes, however, that there may be business considerations that dictate that the Compensation Committee (for purposes of this proposal, the

"Committee") grant annual cash bonus awards and other equity incentive awards that may not be fully deductible under Section 162(m).

Under Section 162(m), compensation in excess of $1,000,000 paid in any one year to a public corporation's covered employees who are employed by the corporation at year-end will not be deductible for federal income tax purposes unless the compensation is considered "qualified performance-based compensation" under Section 162(m) (or another exemption is met). Covered employees include the CEO and the Corporation's three other most highly compensated executive officers as of the last day of the taxable year other than our CEO or CFO ("Covered Employees").

Under the 2013 Plan, options and stock appreciation rights granted with an exercise price at least equal to 100% of the fair market value of the underlying stock on the date of grant, and certain other awards which are conditioned upon achievement of performance goals can be designed to qualify as "qualified performance-based compensation."

In order to qualify as qualified performance-based compensation, among other requirements, Section 162(m) requires that shareholders approve the material terms of the performance goals under which such compensation may be paid under a plan every five years. If the shareholders approve the 2013 Plan, including the performance goals under the 2013 Plan pursuant to Section 162(m) at the Annual Meeting, then performance-based awards granted to Covered Employees following such shareholder approval, in the Committee's discretion, can be designed to be Section 162(m) compliant awards. If the 2013 Plan, including the material terms of the performance goals of the 2013 Plan, is not approved at the Annual Meeting, then any awards granted in the future to our Covered Employees (other than options and stock appreciation rights) will not qualify as "qualified performance-based compensation" and will count against the $1,000,000 deductible compensation limit otherwise imposed by Section 162(m).

A number of requirements must be met under Section 162(m) in order for particular compensation to qualify for the exception, and the rules and regulations promulgated under Section 162(m) are complicated and subject to change from time to time, sometimes with retroactive effect. As a result, there can be no guarantee that awards under the 2013 Plan potentially subject to the Section 162(m) limitations will be treated by the IRS as "qualified performance-based compensation" under Section 162(m) and/or deductible by the Corporation. In addition, other awards under the 2013 Plan, such as non-performance-based restricted stock and restricted stock units, generally will not qualify for the exception under Section 162(m), so that compensation paid to certain Covered Employees in connection with such awards may, to the extent it and other compensation subject to Section 162(m)'s deductibility cap exceed $1,000,000 in a given taxable year, will not be deductible by the Company as a result of Section 162(m).

Description of the 2013 Plan

The material terms of the 2013 Plan are summarized below. The following summary is qualified in its entirety by the full text of the 2013 Plan, which is attached to this Proxy Statement as Appendix A.

The 2013 Plan includes a number of important provisions, summarized below, that are designed to protect our shareholders' interests and that reflect the Corporation's commitment to best practices and effective management of equity compensation:

- No Repricing. Repricing of stock options and stock appreciation rights is prohibited.
- No Discount Stock Options or Stock Appreciation Rights. All stock options and stock appreciation rights must have an exercise price that is equal to or greater than the fair market value of our common stock on the date of grant.
- Limitation on Shares Authorized. The plan has a ten-year term with a fixed number of shares (500,000) of Corporation common stock authorized for issuance. It is not an "evergreen" plan, and no amendment that would increase the aggregate number of shares authorized under the plan can be made without shareholder approval.
- Section 162(m) Eligibility. The Committee has the flexibility to approve equity and cash awards eligible for treatment as performance-based compensation under Section 162(m).
-

Clawback. Awards (whether vested or unvested) will be subject to any clawback required pursuant to law, rule, regulation or stock exchange listing requirement or any policy of the Corporation adopted pursuant to any such law, rule, regulation or listing requirement.

Annual Award Limits

The 2013 Plan imposes annual per-participant award limits. The annual per-participant limits are as follows:

Award Type	Annual Per Participant Limit
Stock Options	25,000 shares
Tandem Stock Appreciation Rights	25,000 shares
Restricted Stock and Restricted Stock Units	15,000 shares
Other Stock-Based Awards	15,000 shares
Cash Awards	$2,000,000

In addition, no participant may be granted awards payable in shares of common stock in any calendar year that have a value that exceeds $500,000 in the aggregate, calculated as of the date of grant in a manner consistent with the Corporation's grant date fair value calculation used to determine compensation expense in accordance with applicable accounting principles.

Administration

The 2013 Plan will be administered by the Compensation Committee of the Board of Directors, unless a different committee is appointed by the Board of Directors. Pursuant to its charter, the Compensation Committee may consist only of directors who are independent for compensation committee purposes under applicable NASDAQ listing standards. If necessary, the Committee will act through a subcommittee of at least two Committee members who qualify as "non-employee directors" for purposes of Rule 16b-3 of the Exchange Act or "outside directors" within the meaning of Section 162(m), as applicable. The Committee will have full power and authority to (i) determine the terms and conditions upon which awards may be made and exercised, (ii) determine all terms and provisions of each award agreement, which need not be identical, (iii) construe and interpret the award agreements and the 2013 Plan, (iv) establish, amend, or waive rules or regulations for the 2013 Plan's administration, (v) accelerate the exercisability of any award or the termination of any period of restriction or other restrictions with respect to restricted stock or any other award, and (vi) make all other determinations and take all other actions necessary or advisable for the administration of the 2013 Plan.

The vesting, exercisability, payment and other restrictions applicable to an award will be determined by the Committee and set forth in a written award document approved by the Committee and delivered or made available to the participant as soon as practicable following the date of grant under the 2013 Plan.

Eligibility

Persons eligible to participate in the 2013 Plan and receive awards are all employees and officers and all non-employee directors who, in the opinion of the Committee, are "key employees" (in the case of employees and officers) and who merit becoming participants under the plan. A "key employee" is defined under the 2013 Plan as an officer or employee of the Corporation or its subsidiaries, who, in the opinion of the Committee, can contribute significantly to the growth and profitability of, or perform services of major importance to, the Corporation and its subsidiaries. A "non-employee director" is defined under the 2013 Plan as a member of the Board of the Corporation or any subsidiary, including any member of a "regional" or "advisory" board of the Corporation or any subsidiary, who is not an employee of the Corporation or a subsidiary. As of the date of this Proxy Statement, there are 527 employees and 18 non-employee directors who are eligible to be granted awards under the 2013 Plan.

38

Shares Reserved for Issuance

Subject to proportionate and equitable adjustment in the event of certain changes in the Corporation's capital structure, the maximum number of shares of common stock that may be issued under the 2013 Plan is 500,000. Shares of common stock related to an award that is settled in cash in lieu of common stock will not count against this maximum. Similarly, shares of common stock related to an award that terminates by expiration, forfeiture, cancellation or otherwise without the issuance of such shares (and for which no material benefits of ownership have been received, including dividends), or shares of common stock related to a restricted stock award that are forfeited (for which no material benefits of ownership have been received, including dividends), will not count against this maximum. However, any shares of common stock surrendered by a participant as payment of the exercise price, and any shares of common stock retained by the Corporation in satisfaction of payment of the exercise price or withholding taxes will count against this maximum.

Awards

Stock Options

The Committee will be authorized to grant options to purchase common stock, which may be incentive stock options within the meaning of Section 422 of the Code or non-qualified stock options. The Committee will determine the terms and conditions of all option grants, subject to the specific limitations set forth in the 2013 Plan. In general, no options may be granted with an exercise price of less than the fair market value of a share of common stock on the date of grant (for incentive stock options, 110% of that value if the grantee beneficially owns more than 10% of such stock), no incentive stock option may be exercisable after the expiration of ten years from its date of grant (five years for any incentive stock option granted to a key employee who, at the time of grant, beneficially owns more than 10% of the Corporation's outstanding common stock), and any options will be subject to certain restrictions on transferability. Payment of the option exercise price may be in cash, previously owned shares, by delivery of a promissory note (in the Committee's discretion and subject to restrictions and prohibitions of applicable law), by the Corporation withholding shares otherwise issuable upon the exercise having an aggregate fair market value on the date the option is exercised equal to the aggregate exercise price to be paid, by broker-assisted cashless exercise, or by a combination of the foregoing. The aggregate fair market value of shares with respect to which any participant may first exercise incentive stock options during any calendar year may not exceed $100,000 or such amount as shall be specified in Section 422 of the Code. Incentive stock options may not be granted on or following the tenth anniversary of the Effective Date of the 2013 Plan, and non-employee directors may not be granted incentive stock options.

Tandem Stock Appreciation Rights

The Committee will be authorized to grant stock appreciation rights in tandem with the grant of stock options ("Tandem SARs") under the 2013 Plan. The exercise of Tandem SARs will entitle the holder to an amount (the "appreciation") equal to the excess of (i) the fair market value of a specified number of shares of common stock at the time of exercise over (ii) the exercise price of the related option. Tandem SARs may be exercised with respect to all or a part of the shares subject to the related option. The appreciation will be payable in common stock, in cash if the participant has so elected in his or her written notice of exercise and the Committee has consented thereto, or a combination of the two. The exercise of Tandem SARs will cause a reduction in the number of shares subject to the related option equal to the number of shares with respect to which the Tandem SAR is exercised. Conversely, the exercise, in whole or in part, of a related option, will cause a reduction in the number of shares subject to the related option equal to the number of shares with respect to which the related option is exercised.

A Tandem SAR will expire no later than the expiration of the related option, is subject to certain limitations on transferability and is exercisable for no more than 100% of the difference between the option price of the related option and the fair market value of shares subject to the related option at the time the Tandem SAR is exercised. Tandem SARs may not be exercised after the expiration of ten years from the date of grant, and the term of any Tandem SAR cannot exceed ten years. Tandem SARs may only be exercised when the fair market value of a share exceeds the option price of the related option.

Restricted Stock

The Committee will be authorized to grant restricted stock awards under the 2013 Plan. Restricted stock awards are shares of common stock subject to restrictions on transfer and conditions of vesting, as determined by the Committee.

Any stock certificates representing restricted stock granted to participants will be registered in the participant's name. Until vested, the Corporation may provide that the certificates bear a legend restricting their transferability. Unless otherwise determined by the Committee, a participant with restricted stock will have the same rights as any other shareholder, including the right to receive dividends and voting rights. Any subsequent stock received by a participant as a result of a stock distribution or stock dividend on the restricted stock, however, will be subject to the same terms, conditions and restrictions as the restricted stock.

Restricted Stock Units

The Committee will be authorized to grant restricted stock units ("RSUs") under the 2013 Plan. An RSU entitles the participant to receive, upon vesting, an amount or number of shares of the Corporation's common stock having a fair market value equal to the product of multiplying the number of RSUs with respect to which the restrictions lapse by the fair market value per share on the date the restrictions lapse (the "RSU Value"). Payment of the RSU Value to the participant may be made in cash or shares as provided in the award agreement. RSUs will subject to restrictions on transfer and conditions of vesting, as determined by the Committee. No participant will have any rights of a shareholder with respect to an RSU unless and until the underlying shares of common stock are issued; provided, however that dividends payable with respect to shares subject to RSUs may be paid currently or may accumulate (without interest) and be paid in cash or shares of common stock only to the extent the related RSUs become earned and payable.

Other Stock-Based Awards

The Committee will be authorized to grant other forms of equity-based awards under the 2013 Plan which the Committee determines to be consistent with the purposes of the plan and interests of the Corporation, subject to such terms as may be determined by the Committee, including, without limitation, performance criteria, completion of a specified period of service with the Corporation, a combination of the foregoing or such other factors as determined by the Committee. Such awards are payable in shares, to the extent earned, and no participant will have any rights of ownership until the shares are paid to the participant.

Cash Awards

The Committee will be authorized to grant cash awards to any participant under the 2013 Plan; provided, however, that no participant may be granted a cash award in any calendar year with a payout that could exceed $2,000,000. The Committee will determine the terms and conditions of such cash awards, including, without limitation, performance criteria, completion of a specified period of service with the Corporation, a combination of the foregoing or such other factors as determined by the Committee. The Committee, in its sole discretion, may grant cash awards in payment of earned performance awards and other incentive compensation payable under the 2013 Plan or other plans or compensatory arrangements of the Corporation or any of its subsidiaries.

Performance Goals

The Committee may grant performance awards, which may be awards of a specified cash amount or may be share-based awards. Generally, performance awards require satisfaction of pre-established performance goals, consisting of one or more business criteria and a targeted performance level with respect to such criteria as a condition

of awards being granted or becoming exercisable or settleable, or as a condition to accelerating the timing of such events. Performance may be measured over a period of any length specified by the Committee. If so determined by the Committee, in order to avoid the limitations on tax deductibility under Section 162(m), the business criteria used by the Committee in establishing performance goals applicable to performance awards to the Covered Employees will be selected from among the following:

earnings and earnings per share (before or after interest, taxes, depreciation or amortization and whether or not excluding specific items, including but not limited to stock or other compensation expense);

net income and net income per share (before or after interest, taxes, depreciation or amortization and whether or not excluding specific items, including but not limited to stock or other compensation expense);

pre-tax, pre-provision earnings and pre-tax, pre-provision earnings per share;

core pre-tax, pre-provision earnings and core pre-tax, pre-provision earnings per share;

pre-tax, pre-provision earnings or core pre-tax, pre-provision earnings to risk-weighted assets;

revenues;

profits (net profit, gross profit, operating profit, economic profit, profit margins or other corporate profit measures, in total or with respect to specific categories or business units);

operating or cash earnings and operating or cash earnings per share;

cash (cash flow, cash generation or other cash measures);

return measures (including, but not limited to, total shareholder return, return on average assets, return on average shareholders' equity, return on investment and return on average tangible equity or average tangible common equity);

interest or net interest income;

net interest income on a tax equivalent basis;

net interest margin;

net interest margin on a tax equivalent basis;

interest-sensitivity gap levels;

expense targets, efficiency ratio or other expense measures;

assets under management;

levels of assets, loans (in total or with respect to specific categories of loans) and/or deposits (in total or with respect to specific categories of deposit accounts, and with respect to number of account relationships or account balance amounts);

market share;

growth in target market relationships;

investments;

value of assets;

asset quality levels;

charge-offs;

loan-loss reserves;

non-performing assets;

business expansion or consolidation (acquisitions and divestitures);

strategic plan development and implementation;

internal rate of return;

share price;

regulatory compliance;

satisfactory internal or external audits;

satisfactory regulatory examination results;

book value and book value per share;

tangible shareholders' equity and tangible book value per share;

tangible common equity and tangible common equity per share;

tangible common equity to tangible assets;

tangible common equity to risk-weighted assets;

improvement of financial ratings; and

net non-interest expense to average assets;	achievement of balance sheet or income statement objectives.

Any of these performance measures may be used to measure the performance of the Corporation as a whole or any subsidiary or business unit of the Corporation or any combination thereof, as the Committee may deem appropriate. Such performance may be measured on a diluted or non-diluted basis, in absolute terms or measured against or in relationship to a pre-established target, the Corporation's budget or budgeted results, previous period results, and/or relative to the performance of a group of other companies or a published or special index that the Committee, in its sole discretion, deems appropriate. The Committee may provide for accelerated vesting of any award based on the achievement of performance goals.

The Committee may provide in the award agreement that any evaluation of attainment of a performance goal may include or exclude the effects of any of the following events that occur during the relevant period: (i) extraordinary, unusual and/or non-recurring items of gain or loss, (ii) asset write-downs, (iii) litigation or claim judgments or settlements, (iv) the effect of changes in tax laws, accounting principles, or other laws or regulations or provisions affecting reported results under the applicable performance measures, (v) any reorganization and restructuring programs, and (vi) acquisitions or divestitures.

For any award intended to qualify as performance-based compensation under Section 162(m), the Committee will specify in writing the participants eligible to receive such award and the performance goal(s) applicable to such award within 90 days after the commencement of the relevant performance period or such earlier time as is required to comply with Section 162(m). No such award will be payable unless the Committee certifies in writing, that the performance goal(s) applicable to the award were satisfied. The Committee may not increase the value of an award of qualified performance-based compensation above the maximum value determined under the performance formula, but the Committee may reduce the value below such maximum if provided in the award agreement.

The foregoing notwithstanding, in its discretion, the Committee may also use other performance goals for performance-based awards under the 2013 Plan that are not intended to qualify as performance-based compensation under Section 162(m).

Restrictions on Transfer

The Committee may impose such restrictions on any shares acquired pursuant to an award under the 2013 Plan as it may deem advisable, including, without limitation, restricting transferability and/or designating such shares as restricted stock or shares subject to further service performance, consulting or noncompetition period or nonsolicitation period after settlement.

Termination Events

Except with respect to restricted stock and RSUs, or unless otherwise provided in a specific award agreement, in the event that a participant terminates his or her employment or service with the Corporation and its subsidiaries for any reason, then the unvested portion of any award will be automatically forfeited to the Corporation. The Committee may provide in an award agreement for vesting of awards in connection with the termination of a participant's employment or service on such basis as it deems appropriate, including, without limitation, any provisions for vesting at death, disability, retirement or in connection with a change in control, with or without the further consent of the Committee. Special provisions of the 2013 Plan apply to restricted stock and RSUs in connection with the retirement, death, disability, or termination of employment for other reasons of key employees and the termination of service of non-employee directors.

Amendment of Outstanding Awards

Subject to the terms, conditions and limitations of the 2013 Plan, the Committee may modify, extend or renew outstanding awards, or, if authorized by the Board of Directors, accept the surrender of outstanding awards (to the extent not yet exercised) granted under the 2013 Plan and authorize the granting of new awards pursuant to the 2013 Plan in substitution therefor, and the substituted awards may provide for a longer term than the surrendered awards, may provide for more rapid vesting and exercisability than the surrendered awards, or may contain any other provisions that are authorized by the 2013 Plan. The Committee may also modify the terms of any outstanding award agreement. The Committee may not, however, amend, modify or replace an outstanding option (or Tandem SAR) to lower the exercise price, or to extend the exercise period beyond the original term of the option or Tandem SAR. The Committee may also not modify an award to adversely affect the rights or obligations of the participant, without the participant's consent.

Change in Capitalization

The number and class of shares subject to each outstanding award, the option price, RSU Value and the annual limits on and the aggregate number and class of shares for which awards thereafter may be made shall be proportionately, equitably and appropriately adjusted in such manner as the Committee shall determine in order to retain the economic

value or opportunity to reflect any stock dividend, stock split, recapitalization, merger, consolidation, reorganization, reclassification, combination, exchange of shares or similar event in which the number or class of shares is changed without the receipt or payment of consideration by the Corporation. Where an award being adjusted is an incentive stock option or is subject to Section 409A of the Code, no changes will be made that would negatively impact the tax status of the award.

Change in Control

The 2013 Plan provides that upon a Change in Control of the Corporation (as defined in the 2013 Plan), the Committee may, in its sole discretion (except that it may not take any action which would cause any award not to comply with Section 409A of the Code), as to any outstanding award, either at the time the award is made or any time thereafter, take any one or more of the following actions: (i) provide for the acceleration of any time periods relating to the exercise or realization of any such award so that such award may be exercised or realized in full on or before a date initially fixed by the Committee, (ii) provide for the purchase or settlement of any such award by the Corporation, upon a participant's request, for an amount of cash equal to the amount which could have been obtained upon the exercise of such award or realization of such participant's rights had such award been currently exercisable or payable, (iii) make such adjustment to any such award then outstanding as the Committee deems appropriate to reflect such change in control, or (iv) cause any such award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation in such change in control.

Term

If the 2013 Plan is approved by shareholders, subject to the right of the Board of Directors to terminate the plan at any time, awards may be granted under the plan until April 15, 2023, after which date no further awards may be granted.

Termination or Amendment of the 2013 Plan

The Board of Directors may terminate, amend or modify the 2013 Plan at any time. Such amendment or modification may be without shareholder approval except to the extent that such approval is required by the Code, pursuant to the rules under Section 16 of the Exchange Act, by the stock exchange on which the Corporation's common stock is then listed, by any regulatory body having jurisdiction with respect thereto or under any other applicable laws, rules or regulations. No termination, amendment or modification of the 2013 Plan other than due to the Corporation's adjustment of its capital structure will in any manner adversely affect any award theretofore granted under the 2013 Plan, without the participant's written consent.

Summary of Federal Income Tax Consequences

The following is a general summary of the federal income tax consequences under the 2013 Plan. This summary does not address all matters that may be relevant to a particular participant based on his or her specific circumstances.

Incentive Stock Options

A participant will recognize no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option qualifying under Section 422 of the Code. Participants who neither dispose of their shares within two years following the date the option was granted nor within one year following the exercise of the option normally will recognize a capital gain or loss equal to the difference, if any, between the sale price and the purchase price of the shares. If a participant satisfies such holding periods upon a sale of the shares, the Corporation will not be entitled to any deduction for federal income tax purposes. If a participant disposes of shares within two years after the date of grant or within one year after the date of exercise (a "disqualifying disposition"), the difference between the fair market value of the shares on the exercise date and the option exercise price (not to exceed the gain realized on the sale if the disposition is a transaction with respect to which a loss, if sustained, would be recognized) will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be a capital gain. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. Any ordinary income recognized by a participant upon the disqualifying disposition of the shares generally should be deductible by the Corporation for federal income tax purposes, except to the extent such deduction is limited by applicable provisions of the Code.

The difference between the option exercise price and the fair market value of the shares on the exercise date is treated as an adjustment in computing a participant's alternative minimum taxable income and may be subject to an alternative minimum tax which is paid if such tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits which may arise with respect to participants subject to the alternative minimum tax.

Non-qualified Stock Options

Options not designated or qualifying as incentive stock options will be non-qualified stock options having no special tax status. A participant generally recognizes no taxable income as the result of the grant of such an option. Upon exercise of a non-qualified stock option, a participant normally recognizes ordinary income equal to the amount that the fair market value of the shares on such date exceeds the exercise price. If a participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a non-qualified stock option, any gain or loss, based on the difference between the sale price and the fair market value on the exercise date, will be taxed as capital gain or loss. No tax deduction is available to the Corporation with respect to the grant of a non-qualified stock option or the sale of the stock acquired pursuant to such grant. A tax deduction is available to the Corporation upon exercise of the option with respect to the ordinary income the participant recognizes at exercise.

Tandem Stock Appreciation Rights

In general, no taxable income is reportable when a Tandem SAR is granted to a participant. Upon exercise, the participant will recognize as ordinary income the amount of cash and the fair market value of the common stock that he or she receives. Any additional gain or loss recognized upon any later disposition of the shares would be capital gain or loss. The Corporation generally will be entitled to a federal income tax deduction equal to the amount of ordinary income the participant recognizes.

Restricted Stock

A participant acquiring restricted stock generally will recognize ordinary income equal to the fair market value of the shares on the vesting date. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. The participant may elect, pursuant to Section 83(b) of the Code, to accelerate the ordinary income tax event to the date of acquisition by filing an election with the IRS no later than 30 days after the date the shares are acquired. Upon the sale of shares acquired pursuant to a restricted stock award, any gain or loss, based on the difference between the sale price and the fair market value on the date the ordinary income tax event occurs, will be taxed as capital gain or loss. The Corporation generally will be entitled to a federal income tax deduction equal to the ordinary income the participant recognizes.

Restricted Stock Units

A participant will not recognize any taxable income at the time RSUs are granted. When the terms and conditions to which RSUs are subject have been satisfied and the RSUs are paid, the participant will recognize as ordinary income the amount of cash and the fair market value of the common stock that he or she receives. The Corporation will generally be entitled to a federal income tax deduction equal to the ordinary income the participant recognizes.

Other Stock-Based Awards

A participant will recognize ordinary income on receipt of shares of common stock paid with respect to a stock-based award. The Corporation generally will be entitled to a federal tax deduction equal to the amount of ordinary income the participant recognizes.

Cash Awards

A participant will not recognize any taxable income at the time a cash award is granted. When the terms and conditions to which a cash award is subject have been satisfied and the award is paid, the participant will recognize as

ordinary income the amount of cash he or she receives. The Corporation generally will be entitled to a federal income tax deduction equal to the amount of ordinary income the participant recognizes.

Section 409A of the Code

Section 409A of the Code provides certain requirements for non-qualified deferred compensation arrangements with respect to an individual's deferral and distribution elections and permissible distribution events. Awards granted under the 2013 Plan with a deferral feature may be subject to the requirements of Section 409A of the Code. If an award is subject to and fails to satisfy the requirements of Section 409A of the Code, the recipient of that award may recognize ordinary income on the amounts deferred under the award, to the extent vested, which may be prior to when the compensation is actually or constructively received. Also, if an award that is subject to Section 409A fails to comply with Section 409A's provisions, Section 409A imposes an additional 20% federal income tax on compensation recognized as ordinary income, as well as interest on such deferred compensation.

New Plan Benefits

Because any awards granted under the 2013 Plan will be made at the Committee's sole discretion, the benefits and amounts that may be received or allocated under the 2013 Plan are not determinable at this time.

The closing price of the common stock, as reported on NASDAQ on March 1, 2013 was $39.07 per share.

Vote Required and Recommendation of the Board of Directors

The affirmative vote of a majority of the votes cast on the proposal is required to approve the 2013 Plan and the material terms of the performance-based compensation under the 2013 Plan for purposes of compensation deductibility under Section 162(m).

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE C&F FINANCIAL CORPORATION 2013 STOCK AND INCENTIVE COMPENSATION PLAN AND THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER THE PLAN.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2012 with respect to compensation plans under which equity securities of the Corporation are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by shareholders (1)	276,432	$ 39.14	189,300	(2)
Equity compensation plans not approved by shareholders	--	--	--	
Total	276,432	$ 39.14	189,300	

(1) This plan category consists of (1) the 2004 Incentive Stock Plan, (2) the Amended and Restated C&F Financial Corporation 1994 Incentive Stock Plan, which expired on April 30, 2004, and (3) the Director Plan. The Corporation ceased granting awards to non-employee directors under the Director Plan upon amendment of the 2004 Incentive Stock Plan by shareholders in 2008.

(2) Consists only of securities remaining available for future issuance under the 2004 Incentive Stock Plan.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires directors, executive officers, and beneficial owners of greater than 10% of the Corporation's common stock to file reports concerning their ownership of and transactions in Corporation common stock. Based on a review of the copies of those reports furnished to the Corporation, or written representations that no other reports were required, the Corporation believes that its officers and directors complied with all such filing requirements under Section 16(a) during 2012.

OTHER BUSINESS

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

SHAREHOLDER PROPOSALS FOR 2014 ANNUAL MEETING

If any shareholder intends to propose a matter for consideration at the Corporation's 2014 Annual Meeting (other than shareholder nominations, discussed on pages 9 and 10), notice of the proposal must be received in writing by the Corporation's Secretary by January 29, 2014. If any shareholder intends to present a proposal to be considered for inclusion in the Corporation's proxy materials in connection with the 2014 Annual Meeting, the proposal must meet the requirements of Rule 14a-8 under the Exchange Act and must be received by the Corporation's Secretary, at the Corporation's principal office in West Point, Virginia, on or before November 15, 2013.

In addition, the proxy solicited by the Board of Directors for the 2014 Annual Meeting will confer discretionary authority to vote on any shareholder proposal presented at the meeting if the Corporation has not received notice of such proposal by January 29, 2014, in writing delivered to the Corporation's Secretary.

By Order of the Board of Directors,

/s/ Thomas F. Cherry

Thomas F. Cherry
Secretary

West Point, Virginia
March 15, 2013

A copy of the Corporation's Annual Report on Form 10-K (including exhibits) as filed with the Securities and Exchange Commission for the year ended December 31, 2012, will be furnished without charge to shareholders upon written request to Secretary, C&F Financial Corporation, 802 Main Street, P.O. Box 391, West Point, Virginia 23181. Copies of the Annual Report on Form 10-K may also be obtained without charge by visiting the Corporation's web site at www.cffc.com.

APPENDIX A

C&F FINANCIAL CORPORATION
2013 STOCK AND INCENTIVE COMPENSATION PLAN
(Effective April 16, 2013)

ARTICLE I
Establishment, Purpose, and Duration

1.1 Establishment of the Plan. C&F Financial Corporation, a Virginia corporation (the "Company"), hereby establishes the 2013 Stock and Incentive Compensation Plan. The Plan shall be known as the "2013 Stock and Incentive Compensation Plan," as set forth in this document, and shall be referred to herein as the "Plan." Unless otherwise defined herein, all capitalized terms shall have the meanings set forth in Section 2.1 herein. The Plan permits the grant of Incentive Stock Options, Non-qualified Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Other Stock-Based Awards and Cash Awards. The Plan shall become effective on the date shareholder approval of the Plan is obtained (the "Effective Date"), as long as such approval occurs within twelve months of the approval of the Plan by the Board of Directors of the Company.

1.2 Purpose of the Plan. The purpose of the Plan is to promote the long-term growth and profitability of the Company and its Subsidiaries, to provide Key Employees and Non-Employee Directors with an incentive to achieve corporate objectives, to attract and retain individuals of outstanding competence and to provide Key Employees and Non-Employee Directors with incentives that are closely linked to the interests of all shareholders of the Company. The Plan is not intended to expose the Company or its Subsidiaries to imprudent risks.

1.3 Duration of the Plan. The Plan shall commence on the Effective Date, as described in Section 1.1 herein and shall remain in effect, subject to the right of the Board of Directors to terminate the Plan at any time pursuant to Article XV herein. No Awards shall be made under the Plan prior to the Effective Date. No Awards shall be granted under the Plan after April 15, 2023; however, Awards granted on or before April 15, 2023 shall remain valid in accordance with their terms.

ARTICLE II
Definitions

2.1 Definitions. Except as otherwise defined in the Plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) "Agreement" means a written agreement implementing the grant of each Award signed by an authorized officer of the Company and by the Participant.

(c) "Award" means, individually or collectively, a grant under this Plan of Incentive Stock Options, Non-qualified Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Other Stock-Based Awards, or Cash Awards.

(d) "Award Date" or "Grant Date" means the date on which an Award is made by the Committee under this Plan.

(e) "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act.

A-1

(f) "Beneficiary" means the person designated by a Participant to (i) receive any Shares subject to a Restricted Stock Award, Restricted Stock Unit or Other Stock-Based Award made to such Participant that is payable upon death, (ii) have the right to exercise any Options or Stock Appreciation Rights granted to such Participant that are exercisable after death (provided that with regard to an Option and Tandem SAR, the Beneficiary shall be the same for both Awards), or (iii) receive any cash paid out under a Cash Award to such Participant where such payout is payable upon the Participant's death.

(g) "Board" or "Board of Directors" means the Board of Directors of the Company, unless otherwise indicated.

(h) "Cash Award" means an Award stated with reference to a specified dollar amount, payable in cash, as provided in Article XI herein.

(i) "Change in Control" shall be deemed to have occurred if the conditions set forth in any one of the following paragraphs shall have been satisfied:

(i) any Person (other than the Company, any Subsidiary, a trustee or other fiduciary holding securities under any employee benefit plan of the Company, or its Subsidiaries), who or which, together with all Affiliates and Associates of such Person, is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; or

(ii) if, at any time after the Effective Date, the composition of the Board of Directors of the Company shall change such that a majority of the Board of the Company shall no longer consist of Continuing Directors; or

(iii) if at any time, (A) the Company shall consolidate with, or merge with, any other Person and the Company shall not be the continuing or surviving corporation, (B) any Person shall consolidate with or merge with the Company, and the Company shall be the continuing or surviving corporation and, in connection therewith, all or part of the outstanding Shares shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, (C) the Company shall be a party to a statutory share exchange with any other Person after which the Company is a subsidiary of any other Person, or (D) the Company shall sell or otherwise transfer 50% or more of the assets or earning power of the Company and its Subsidiaries (taken as a whole) to any Person or Persons.

(j) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(k) "Committee" means the committee of the Board appointed to administer the Plan pursuant to Article III herein, which shall be the Compensation Committee of the Board unless a subcommittee is required as provided below or unless the Board determines otherwise. For actions which require that all of the members of the Committee constitute "non-employee directors" as defined in Rule 16b-3, as amended, under the Exchange Act, or any similar or successor rule, or "outside directors" within the meaning of Section 162(m)(4)(C)(i) of the Code, as amended, the Committee shall consist of a subcommittee of at least two members of the Compensation Committee meeting such qualifications.

(l) "Company" means C&F Financial Corporation, or any successor thereto as provided in Article XIV herein.

(m) "Continuing Director" means an individual who was a member of the Board of Directors of the Company on the Effective Date or whose subsequent nomination for election or re-election to the Board of Directors of the Company was recommended or approved by the affirmative vote of two-thirds of the Continuing Directors then in office.

(n) "Domestic Relations Order" means a domestic relations order that satisfies the requirements of Section 414(p)(1)(B) of the Code, or any successor provision, as if such section applied to the applicable Award.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(p) "Fair Market Value" of a Share means (A) the closing market price (that is, the price at which last sold on the applicable principal U.S. market) of the Share on the relevant date if it is a trading date or, if not, on the most recent date on which the Share was traded prior to such date, as reported by the NASDAQ Stock Market, or, if not reported on NASDAQ Stock Market, such other market on which the Share is traded, or (B) if the Share is not traded as provided in (A), the fair market value as determined pursuant to a reasonable method adopted by the Committee in good faith for such purpose.

(q) "Family Member" means with respect to any Participant, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father– in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any individual sharing the Participant's household (other than a tenant or employee), a trust in which these individuals have more than fifty percent (50%) of the beneficial interest, a foundation in which these individuals (or the Participant) control the management of assets, and any other entity in which these individuals (or the Participant) own more than fifty percent (50%) of the voting interests.

(r) "Incentive Stock Option" or "ISO" means an option to purchase Shares, granted under Article VI herein, which is designated as an incentive stock option and is intended to meet the requirements of Section 422 of the Code.

(s) "Key Employee" means an officer or other employee of the Company or its Subsidiaries, who, in the opinion of the Committee, can contribute significantly to the growth and profitability of, or perform services of major importance to, the Company and its Subsidiaries.

(t) "Non-Employee Director" means an individual who is a member of the Board of the Company or a Subsidiary or the group known as the "regional" or "advisory" board of the Company or any Subsidiary (including any division of a Subsidiary) and, in either case, who is not an employee of the Company or a Subsidiary. For purposes hereof the term Subsidiary includes any corporation, partnership, limited liability company, or joint venture, which becomes a Subsidiary after the approval of the Plan by the Board.

(u) "Non-qualified Stock Option" or "NQSO" means an option to purchase Shares, granted under Article VI herein, which is not intended to be an Incentive Stock Option.

(v) "Option" means an Incentive Stock Option or a Non-qualified Stock Option.

(w) "Other Stock-Based Award" means an Award payable in Shares pursuant to Article X herein.

(x) "Participant" means a Key Employee or Non-Employee Director who is granted an Award under the Plan.

(y) "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock is restricted or the earning and vesting of Restricted Stock Units occur, pursuant to Articles VIII or IX herein.

(z) "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d).

(aa) "Plan" means the C&F Financial Corporation 2013 Stock and Incentive Compensation Plan, as described and as hereafter from time to time amended.

(bb) "Qualified Performance-Based Compensation" means compensation under an Award that is granted in order to provide remuneration solely on account of the attainment of one or more Qualifying Performance Goals under circumstances that satisfy Section 162(m) of the Code.

(cc) "Qualifying Performance Goal" means a performance criterion selected by the Committee for a given Award based on one or more Qualifying Performance Measures.

(dd) "Qualifying Performance Measures" means measures as described in Article XII herein on which Qualifying Performance Goals may be based.

(ee) "Related Option" means an Option with respect to which a Stock Appreciation Right has been granted.

(ff) "Restricted Stock" means an Award of Shares granted to a Participant pursuant to Article VIII herein.

(gg) "Restricted Stock Unit" means an Award, designated as a Restricted Stock Unit, which is a bookkeeping entry granted to a Participant pursuant to Article IX herein and valued by reference to the Fair Market Value of a Share, which is subject to restrictions and forfeiture until the designated conditions for the lapse of the restrictions are satisfied. A Restricted Stock Unit is sometimes referred to as a "Restricted Unit." Restricted Stock Units represent an unfunded and unsecured obligation of the Company, except as otherwise provided for by the Committee.

(hh) "Stock" or "Shares" means the common stock of the Company.

(ii) "Stock Appreciation Right" or "SAR" means an Award, designated as a stock appreciation right, granted to a Participant pursuant to Article VII herein.

(jj) "Subsidiary" shall mean any subsidiary corporation of the Company within the meaning of Section 424(f) of the Code ("Section 424(f) Corporation") and any partnership, limited liability company or joint venture in which either the Company or a Section 424(f) Corporation is at least a fifty percent (50%) equity participant.

ARTICLE III
Administration

3.1 The Committee. The Plan shall be administered by the Committee which shall have all powers necessary or desirable for such administration. The express grant in this Plan of any specific power to the Committee shall not be construed as limiting any power or authority of the Committee. In addition to any other powers and subject to the provisions of the Plan, the Committee shall have the following specific powers: (i) to determine the terms and conditions upon which the Awards may be made and exercised; (ii) to determine all terms and provisions of each Agreement, which need not be identical; (iii) to construe and interpret the Agreements and the Plan; (iv) to establish, amend, or waive rules or regulations for the Plan's administration; (v) to accelerate the exercisability of any Award or the termination of any Period of Restriction or other restrictions with respect to Restricted Stock or any other Award;

and (vi) to make all other determinations and take all other actions necessary or advisable for the administration of the Plan.

3.2 Selection of Participants. The Committee shall have the authority to grant Awards under the Plan, from time to time, to such Key Employees and/or Non-Employee Directors as may be selected by it to be Participants. Each Award shall be evidenced by an Agreement.

3.3 Decisions Binding. All determinations and decisions made by the Board or the Committee pursuant to the provisions of the Plan shall be final, conclusive, and binding.

3.4 Requirements of Rule 16b-3 and Code Section 162(m). Notwithstanding any other provision of the Plan, the Board or the Committee may impose such conditions on any Award, and amend the Plan in any such respects, as may be required to satisfy the requirements of Rule 16b-3, as amended (or any successor or similar rule), under the Exchange Act.

Any provision of the Plan to the contrary notwithstanding, and except to the extent that the Committee determines otherwise: (i) transactions by and with respect to officers and directors of the Company who are subject to Section 16(b) of the Exchange Act (hereafter, "Section 16 Persons") shall comply with any applicable conditions of SEC Rule 16b-3; (ii) transactions with respect to persons whose remuneration is subject to the provisions of Section 162(m) of the Code shall conform to the requirements of Section 162(m)(4)(C) of the Code; and (iii) every provision of the Plan shall be administered, interpreted, and construed to carry out the foregoing provisions of this sentence.

Notwithstanding any provision of the Plan to the contrary, the Plan is intended to give the Committee the authority to grant Awards that qualify as performance-based compensation under Code Section 162(m)(4)(C) as provided in Article XII herein as well as Awards that do not so qualify. Every provision of the Plan shall be administered, interpreted, and construed to carry out such intention, and any provision that cannot be so administered, interpreted, and construed shall to that extent be disregarded; and any provision of the Plan that would prevent an Award that the Committee intends to qualify as performance-based compensation under Code Section 162(m)(4)(C) from so qualifying shall be administered, interpreted, and construed to carry out such intention, and any provision that cannot be so administered, interpreted, and construed shall to that extent be disregarded.

3.5 Indemnification. In addition to such other rights of indemnification as they may have as directors or as members of the Committee, the members of the Committee shall be indemnified by the Company against reasonable expenses, including attorneys' fees, actually and reasonably incurred in connection with the defense of any action, suit, or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan or any Award granted or made hereunder, and against all amounts reasonably paid by them in settlement thereof or paid by them in satisfaction of a judgment in any such action, suit, or proceeding, if such members acted in good faith and in a manner which they believed to be in, and not opposed to, the best interests of the Company and its Subsidiaries.

ARTICLE IV
Stock Subject to the Plan

4.1 Number of Shares and Annual Limits. Subject to adjustment as provided in Section 4.3 herein, the maximum aggregate number of Shares that may be issued pursuant to Awards made under the Plan shall not exceed 500,000. Except as provided in Section 4.2 herein, the issuance of Shares in connection with the exercise of, or in settlement of any Awards, under the Plan shall reduce the number of Shares available for future Awards under the Plan. In addition to the annual individual limits provided for each type of Award (which are set forth in the Article applicable to each Award), no Participant may be granted Awards payable in Shares in any calendar year that have a value that exceeds $500,000 in the aggregate. For purposes of calculating this limit, an Award shall be valued on the Grant Date in a manner consistent with the Company's Grant Date fair value calculation used to determine compensation expense to be recognized by the Company over the applicable service period in accordance with

applicable accounting principles.

4.2 Lapsed Awards or Forfeited Shares. If any Award granted under this Plan (for which no material benefits of ownership have been received, including dividends) terminates, expires, or lapses for any reason other than by virtue of exercise or settlement of the Award, or if Shares issued pursuant to Awards (for which no material benefits of ownership have been received, including dividends) are forfeited, any Shares subject to such Award again shall be available for the grant of an Award under the Plan, subject to Section 7.2 herein.

4.3 Capital Adjustments. The number and class of Shares subject to each outstanding Award, the Option Price, RSU Value, and the annual limits on and the aggregate number and class of Shares for which Awards thereafter may be made shall be proportionately, equitably, and appropriately adjusted in such manner as the Committee shall determine in order to retain the economic value or opportunity to reflect any stock dividend, stock split, recapitalization, merger, consolidation, reorganization, reclassification, combination, exchange of shares or similar event in which the number or class of Shares is changed without the receipt or payment of consideration by the Company. Where an Award being adjusted is an ISO or is subject to Section 409A of the Code, the adjustment shall also be effected so as to comply with Section 424(a) of the Code and not to constitute a modification within the meaning of Section 424(h) or 409A, as applicable, of the Code.

ARTICLE V
Eligibility

Persons eligible to participate in the Plan and receive Awards are all employees of the Company and its Subsidiaries who, in the opinion of the Committee, are Key Employees and merit becoming Participants and all Non-Employee Directors who, in the opinion of the Committee, merit becoming Participants.

ARTICLE VI
Stock Options

6.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Key Employees and/or Non-Employee Directors at any time and from time to time as shall be determined by the Committee. The Committee shall have complete discretion in determining the number of Shares subject to Options granted to each Participant, provided, however, that (i) no Participant may be granted Options in any calendar year for more than 25,000 Shares, (ii) the aggregate Fair Market Value (determined at the time the Award is made) of Shares with respect to which any Participant may first exercise ISOs granted under the Plan during any calendar year may not exceed $100,000 or such amount as shall be specified in Section 422 of the Code and rules and regulations thereunder, (iii) no ISO may be granted on or following the tenth anniversary of the Effective Date, and (iv) no ISO may be granted to a Non-Employee Director.

6.2 Option Agreement. Each Option grant shall be evidenced by an Agreement that shall specify the type of Option granted, the Option Price (as defined in Section 6.3 herein), the duration of the Option, the number of Shares to which the Option pertains, any conditions imposed upon the exercisability of Options in the event of retirement, death, disability or other termination of employment, and such other provisions as the Committee shall determine. The Agreement shall specify whether the Option is intended to be an Incentive Stock Option within the meaning of Section 422 of the Code, or Non-qualified Stock Option not intended to be within the provisions of Section 422 of the Code, provided, however, that if an Option is intended to be an Incentive Stock Option but fails to be such for any reason, it shall continue in full force and effect as a Non-qualified Stock Option.

6.3 Option Price. The exercise price per Share covered by an Option ("Option Price") shall be determined by the Committee subject to the following limitations. The Option Price shall not be less than 100% of the Fair Market Value of such Share on the Grant Date. In addition, an ISO granted to an employee who, at the time of grant, owns (within the meaning of Section 424(d) of the Code) Shares possessing more than 10% of the total combined voting power of all classes of Shares of the Company, shall have an Option Price which is at least equal to 110% of the Fair Market Value of the Share.

6.4 Duration of Options. Each Option shall expire at such time as the Committee shall determine at the time of grant; provided, however, no ISO shall be exercisable after the expiration of ten years from its Award Date. In addition, an ISO granted to a Key Employee who, at the time of grant, owns (within the meaning of Section 424(d) of the Code) Shares possessing more than 10% of the total combined voting power of all classes of Shares of the Company, shall not be exercisable after the expiration of five years from its Award Date.

6.5 Exercisability. Options granted under the Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall determine, which need not be the same for all Participants.

6.6 Method of Exercise. Options shall be exercised by the delivery of a written notice to the Company in the form prescribed by the Committee setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares. The Option Price shall be payable to the Company in full by any method provided for in the Agreement or as otherwise approved by the Committee in its discretion, which may be in cash, by delivery of Shares valued at Fair Market Value at the time of exercise, by delivery of a promissory note (in the Committee's discretion and subject to restrictions and prohibitions of applicable law), by the Company withholding Shares otherwise issuable upon the exercise having an aggregate Fair Market Value on the date the Option is exercised equal to the aggregate Exercise Price to be paid, by broker-assisted cashless exercise, or by a combination of the foregoing. As soon as practicable after receipt of written notice and payment, the Company shall cause the appropriate number of Shares to be issued in the Participant's name, which issuance shall be effected in book-entry or electronic form, provided that issuance and delivery in certificated form shall occur if the Participant so requests or the Committee so directs. No Participant who is awarded Options shall have rights as a shareholder until the date of exercise of the Options.

6.7 Transfer of Options. An Option by its terms shall not be transferable by the Participant other than due to the Participant's death as provided in Article XVI herein, or pursuant to the terms of a Domestic Relations Order, and shall be exercisable, during the life of the Participant, only by the Participant or an alternate payee designated pursuant to such a Domestic Relations Order; provided, however, that a Participant may, at any time at or after the grant of a Non-qualified Stock Option under the Plan, apply to the Committee for approval to transfer all or any portion of such Non-qualified Stock Option which is then unexercised to such Participant's Family Member. The Committee may approve or withhold approval of such transfer in its sole and absolute discretion. If such transfer is approved, it shall be effected by written notice to the Company given in such form and manner as the Committee may prescribe and actually received by the Company prior to the death of the person giving it. Thereafter, the transferee shall have, with respect to such Non-qualified Stock Option, all of the rights, privileges and obligations which would attach thereunder to the Participant. If a privilege of the Option depends on the life, continued service or other status of the Participant, such privilege of the Option for the transferee shall continue to depend upon the life, continued service or other status of the Participant. The Committee shall have full and exclusive authority to interpret and apply the provisions of the Plan to transferees to the extent not specifically addressed herein.

6.8 Disqualifying Disposition of Shares Issued on Exercise of an ISO. If a Participant makes a "disposition" (within the meaning of Section 424(c) of the Code) of Shares issued upon exercise of an ISO within two years from the date of grant or within one year from the date the Shares are transferred to the Participant, the Participant shall, within ten days of disposition, notify the Committee in order that any income realized as a result of such disposition can be properly reported by the Company on IRS forms W-2 or 1099.

ARTICLE VII
Stock Appreciation Rights

7.1 Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, Stock Appreciation Rights may be granted to Key Employees and/or Non-Employee Directors, at the discretion of the Committee in connection with the grant, and exercisable in lieu of Options ("Tandem SARs"). No Participant may be granted more than 25,000 Tandem SARs in any calendar year.

7.2 Exercise of Tandem SARs. Tandem SARs may be exercised with respect to all or part of the Shares subject to the Related Option. The exercise of Tandem SARs shall cause a reduction in the number of Shares subject to the Related Option equal to the number of Shares with respect to which the Tandem SAR is exercised. Conversely, the exercise, in whole or in part, of a Related Option, shall cause a reduction in the number of Shares subject to the Related Option equal to the number of Shares with respect to which the Related Option is exercised. Shares with respect to which the Tandem SAR shall have been exercised may not be subject again to an Award under the Plan.

Notwithstanding any other provision of the Plan to the contrary, a Tandem SAR shall expire no later than the expiration of the Related Option, shall be transferable only when and under the same conditions as the Related Option and shall be exercisable only when the Related Option is eligible to be exercised. In addition, if the Related Option is an ISO, a Tandem SAR shall be exercised for no more than 100% of the difference between the Option Price of the Related Option and the Fair Market Value of Shares subject to the Related Option at the time the Tandem SAR is exercised.

7.3 Other Conditions Applicable to Tandem SARs. No Tandem SAR shall be exercisable after the expiration of ten years from its Award Date; and the term of any Tandem SAR granted under the Plan shall not exceed ten years from the Grant Date. A Tandem SAR may be exercised only when the Fair Market Value of a Share exceeds the Option Price of the Related Option. A Tandem SAR shall be exercised by delivery to the Committee of a notice of exercise in the form prescribed by the Committee.

7.4 Payment Upon Exercise of Tandem SARs. Subject to the provisions of the Agreement, upon the exercise of a Tandem SAR, the Participant is entitled to receive, without any payment to the Company (other than required tax withholding amounts), an amount equal to the product of multiplying (i) the number of Shares with respect to which the Tandem SAR is exercised by (ii) an amount equal to the excess of (A) the Fair Market Value per Share on the date of exercise of the Tandem SAR over (B) the Option Price of the Related Option.

Payment to the Participant shall be made in Shares, valued at the Fair Market Value of the date of exercise, in cash if the Participant has so elected in his written notice of exercise and the Committee has consented thereto, or a combination thereof. To the extent required to satisfy the conditions of Rule 16b-3(e) under the Exchange Act, or any successor or similar rule, or as otherwise provided in the Agreement, the Committee shall have the sole discretion to consent to or disapprove the election of any Participant to receive cash in full or partial settlement of a Tandem SAR. In cases where an election of settlement in cash must be consented to by the Committee, the Committee may consent to, or disapprove, such election at any time after such election, or within such period for taking action as is specified in the election, and failure to give consent shall be disapproval. Consent may be given in whole or as to a portion of the Tandem SAR surrendered by the Participant. If the election to receive cash is disapproved in whole or

in part, the Tandem SAR shall be deemed to have been exercised for Shares, or, if so specified in the notice of exercise and election, not to have been exercised to the extent the election to receive cash is disapproved.

7.5 Transfer of Tandem SARs. A Tandem SAR by its terms shall not be transferable by the Participant other than due to the Participant's death as provided in Article XVI herein, or pursuant to the terms of a Domestic Relations Order, and shall be exercisable, during the life of the Participant, only by the Participant or an alternate payee designated pursuant to such a Domestic Relations Order; provided, however, that a Participant may, at any time at or after the grant of a Tandem SAR under the Plan, apply to the Committee for approval to transfer all or any portion of such Tandem SAR which is then unexercised to such Participant's Family Member. Such transfer shall only be allowed, subject to Committee approval, if both the related Option and the Tandem SAR are transferred to the same Family Member. The Committee may approve or withhold approval of such transfer in its sole and absolute discretion. If such transfer is approved, it shall be effected by written notice to the Company given in such form and manner as the Committee may prescribe and actually received by the Company prior to the death of the person giving it. Thereafter, the transferee shall have, with respect to such Tandem SAR, all of the rights, privileges and obligations which would attach thereunder to the Participant. If a privilege of the Tandem SAR depends on the life, continued service or other status of the Participant, such privilege of the Tandem SAR for the transferee shall continue to depend upon the life, continued service or other status of the Participant. The Committee shall have full and exclusive authority to interpret and apply the provisions of the Plan to transferees to the extent not specifically addressed herein.

ARTICLE VIII
Restricted Stock

8.1 Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock under the Plan to such Key Employees and/or Non-Employee Directors and in such amounts as it shall determine, provided, however, that no Participant may be granted Restricted Stock Awards and Restricted Stock Unit Awards in any calendar year for more than 15,000 shares of Stock. Participants receiving Restricted Stock Awards are not required to pay the Company therefor (except for applicable tax withholding) other than by the rendering of services.

8.2 Restricted Stock Agreement. Each Restricted Stock grant shall be evidenced by an Agreement that shall specify the number of Restricted Stock Shares granted, the applicable Period of Restriction, any performance criteria or other restrictions and provisions as the Committee shall determine.

8.3 Transferability. Except as provided in this Article or Article XVI herein, and subject to the limitation in the next sentence, the Shares of Restricted Stock granted hereunder may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the termination of the applicable Period of Restriction and/or the satisfaction of any performance criteria or other restrictions specified by the Committee in its sole discretion and set forth in the Agreement. All rights with respect to the Restricted Stock granted to a Participant under the Plan shall be exercisable during his lifetime only by such Participant or his guardian or legal representative.

8.4 Other Restrictions. The Committee may impose such other restrictions on any Shares of Restricted Stock granted pursuant to the Plan as it may deem advisable including, without limitation, restrictions under applicable Federal or state securities laws, and may legend the certificates representing Restricted Stock (or otherwise denote the Restricted Stock as restricted, if issued in book-entry or electronic form) to give appropriate notice of such restrictions. Unless otherwise determined by the Committee, custody of Shares of Restricted Stock issued in certificated form shall be retained by the Company until the termination of the restrictions pertaining thereto.

8.5 Certificate Legend. In addition to any legends placed on certificates, or to which Shares of Restricted Stock issued in book-entry or electronic form are made subject, pursuant to Section 8.4 herein, any Award of Restricted Stock issued in book-entry or electronic form shall be subject to the following legend, and any certificates representing Restricted Stock shall bear the following legend, until such time as the restrictions hereunder lapse and such Shares become freely transferable:

The sale or other transfer of the Shares represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer set forth in the C&F Financial Corporation 2013 Stock and Incentive Compensation Plan, in the rules and administrative procedures adopted pursuant to such Plan, and in an Agreement dated _____. A copy of the Plan, such rules and procedures, and such Restricted Stock Agreement may be obtained from the Secretary of C&F Financial Corporation.

8.6 Removal of Restrictions. Except as otherwise provided in this Article, Shares of Restricted Stock covered by each Restricted Stock Award made under the Plan shall become freely transferable by the Participant after the last day of the Period of Restriction or on the day immediately following the date on which the performance criteria have been timely satisfied, as applicable. Once the Shares are released from the restrictions, the Participant shall be entitled to have the legend required by Section 8.5 herein removed from his Share certificate or similar notation removed from such Shares if issued in book-entry or electronic form.

8.7 Voting Rights. Participants entitled to or holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares while subject to restrictions hereunder.

8.8 Dividends and Other Distributions. Unless otherwise provided in the Agreement, while subject to restrictions hereunder, Participants entitled to or holding Shares of Restricted Stock granted hereunder shall be entitled to receive all dividends and other distributions paid with respect to those Shares while they are so held. If any such dividends or distributions are paid in Shares, the Shares shall be subject to the same restrictions on transferability and the same rules for custody as the Shares of Restricted Stock with respect to which they were distributed.

8.9 Termination of Employment Due to Retirement. Unless otherwise provided in the Agreement, in the event that a Participant who receives an Award as a Key Employee terminates his employment with the Company or one of its Subsidiaries because of normal retirement (as defined in the rules of the Company in effect at the time), any restrictions applicable to the Restricted Stock Shares pursuant to Section 8.3 herein shall automatically terminate and, except as otherwise provided in Section 8.4 herein the Shares of Restricted Stock shall thereby be free of restrictions and freely transferable. Unless otherwise provided in the Agreement, in the event that a Participant who receives an Award as a Key Employee terminates his employment with the Company because of early retirement (as defined in the rules of the Company in effect at the time), the Committee, in its sole discretion, may waive the restrictions remaining on any or all Shares of Restricted Stock pursuant to Section 8.3 herein and add such new restrictions to those Shares of Restricted Stock as it deems appropriate.

8.10 Termination of Employment Due to Death or Disability. Unless otherwise provided in the Agreement, in the event the employment of a Participant who receives an Award as a Key Employee is terminated because of death or disability while subject to restrictions hereunder, any remaining restrictions applicable to the Restricted Stock pursuant to Section 8.3 herein shall automatically terminate and, except as otherwise provided in Section 8.4 herein the Shares of Restricted Stock shall thereby be free of restrictions and fully transferable.

8.11 Termination of Employment for Other Reasons. Unless otherwise provided in the Agreement, in the event that a Participant who receives an Award as a Key Employee terminates his employment with the Company for any reason other than for death, disability, or retirement, as set forth in Sections 8.9 and 8.10 herein, while subject to restrictions hereunder, then any Shares of Restricted Stock still subject to restrictions as of the date of such

termination shall automatically be forfeited and returned to the Company

8.12 Termination of Service of a Non-Employee Director. The Committee may provide in the applicable Agreement similar or other provisions to those provided for in Sections 8.9, 8.10 and 8.11 herein in connection with Restricted Stock granted to Non-Employee Directors.

8.13 Failure to Satisfy Performance Criteria. In the event that the specified performance criteria are established with respect to an Award and not satisfied within the time period established by the Committee, the Shares of Restricted Stock which were awarded subject to the satisfaction of such performance goals shall be automatically forfeited and returned to the Company, unless otherwise determined by the Committee, subject to any limitations under Article XII herein, if applicable.

ARTICLE IX
Restricted Stock Units

9.1 Grant of Restricted Stock Units. Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Restricted Stock Units under the Plan (with one Restricted Stock Unit representing one Share) to such Key Employees and/or Non-Employee Directors and in such amounts as it shall determine, provided, however, that no Participant may be granted Restricted Stock Awards and Restricted Stock Unit Awards in any calendar year for more than 15,000 shares of Stock. Participants receiving Restricted Stock Unit Awards are not required to pay the Company therefor (except for applicable tax withholding) other than the rendering of services.

9.2 Restricted Stock Unit Agreement. Each Restricted Stock Unit Award shall be evidenced by an Agreement that shall specify the Period of Restriction, the number of Restricted Stock Units granted, and the applicable restrictions (whether service-based restrictions, with or without performance acceleration, and/or performance-based restrictions) and such other provisions as the Committee shall determine. If a Restricted Stock Unit Award is intended to be a performance-based compensation Award, the terms and conditions of such Award, including the performance criteria and Period of Restriction and, if different, performance period, shall be set forth in an Agreement, and the requirements to satisfy or achieve the performance goal(s) as so provided therein shall be considered to be restrictions under the Plan.

9.3 Transferability. Except as provided in this Article or Article XVI herein, and subject to the limitation in the next sentence, the Restricted Stock Units granted hereunder ands the rights thereunder may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the termination of the applicable Period of Restriction and/or the satisfaction of any performance criteria or other restrictions specified by the Committee in its sole discretion and set forth in the Agreement. All rights with respect to the Restricted Stock Units granted to a Participant under the Plan shall be exercisable during his lifetime only by such Participant or his guardian or legal representative.

9.4 Dividends and Other Distributions. Unless otherwise provided in the Agreement (which may or may not provide for the current payment, or for the accumulation subject to the same restrictions, vesting, forfeiture, and payment as the Restricted Stock Units to which they are attributable, of dividends and other distributions made in cash or property other than Shares), during the Period of Restriction, Participants holding Restricted Stock Units shall have no rights to dividends and other distributions made in cash or property other than Shares which would have been paid with respect to the Shares represented by those Restricted Stock Units if such Shares were outstanding. Participants holding Restricted Stock Units shall have no right to vote the Shares represented by such Restricted Stock Units until such Shares are actually issued. Unless otherwise provided in the Agreement, if any deemed dividends or other distributions would be paid in Shares, such Shares shall be considered to increase the Participant's Restricted Stock Units with respect to which they were declared based on one Share equaling one Restricted Stock Unit. In addition, unless otherwise provided in the Agreement, during the Period of Restriction, any such deemed dividends and other distributions for which rights are provided but which are not paid currently shall be deemed converted to additional Restricted Stock Units based on the Fair Market Value of a Share on the date of payment or distribution of the deemed

dividend or distribution.

9.5 Settlement after Lapse of Restrictions. Subject to the provisions of the Agreement, upon the lapse of restrictions with respect to a Restricted Stock Unit, the Participant is entitled to receive, without any payment to the Company (other than required tax withholding amounts), an amount or number of Shares having a Fair Market value equal to the product of multiplying (i) the number of Units with respect to which the restrictions lapse by (ii) the Fair Market Value per Share on the date the restrictions lapse (such amount, the "RSU Value").

The Agreement may provide for payment of the RSU Value at the time of vesting or, on an elective or non-elective basis, for payment of the RSU Value at a later date, adjusted (if so provided in the Agreement) from the date of vesting based on an interest, dividend equivalent, earnings, or other basis (including deemed investment of the RSU Value in Shares) set out in the Agreement (the "adjusted RSU Value"). The Committee is expressly authorized to grant Restricted Stock Units which are deferred compensation covered by Section 409A of the Code, as well as Restricted Stock Units which are not deferred compensation covered by Section 409A of the Code.

Payment of the RSU Value or adjusted RSU Value to the Participant shall be made in cash or Shares as provided in the Agreement, valued at the Fair Market Value on the date or dates the restrictions on the Award lapse in the case of an immediate payment after vesting, or at the Fair Market Value on the date of settlement in the event of an elective or non-elective delayed payment. Any payment in Shares shall be effected in book-entry or electronic form, provided that issuance and delivery in certificated form shall occur if the Participant so requests in writing or the Committee so directs.

9.6 Incorporation of Sections 8.9, 8.10, 8.11, 8.12 and 8.13 by Reference. Unless otherwise provided in the Agreement, the provisions of Sections 8.9, 8.10, 8.11, 8.12 and 8.13 herein shall apply to Restricted Stock Units awarded under the Plan.

ARTICLE X
Other Stock-Based Awards

Subject to the terms of the Plan, the Committee may grant other forms of equity-based Awards not described above which the Committee determines to be consistent with the purpose of the Plan and the interests of the Company, subject to such terms as shall be determined by the Committee, including, without limitation, performance criteria which must be satisfied (which may, but need not, include Qualifying Performance Goals), completion of a specified period of service with the Company, a combination of any of the foregoing factors or such other factors as determined by the Committee, and, provided, however, that no Participant may be granted an Other Stock-Based Award in any calendar year for more than 15,000 Shares. Such Awards shall be payable in Shares, to the extent earned, and no Participant shall have any rights of ownership until the Shares are paid to the Participant.

ARTICLE XI
Cash Award

Subject to the terms of the Plan, the Committee may grant Cash Awards to any Participant, provided, however, that no Participant may be granted a Cash Award in any calendar year with a payout that could exceed $2 million. The Committee shall determine the terms and conditions of such Cash Awards, including, without limitation, performance criteria which must be satisfied (which may, but need not, include Qualifying Performance Goals), completion of a specified period of service with the Company, a combination of any of the foregoing factors or such other factors as determined by the Committee. Notwithstanding any provision herein to the contrary, the Committee, in its sole discretion, may grant Cash Awards in payment of earned performance awards and other incentive compensation payable under the Plan or any other plans or compensatory arrangements of the Company or any Subsidiary.

ARTICLE XII
Qualified Performance-Based Compensation

12.1 General. Notwithstanding any other terms of the Plan, the vesting, achievement, and value (as determined by the Committee) of each Award other than an Option or Stock Appreciation Right that, at the time of grant, the Committee intends to be Qualified Performance-Based Compensation shall be determined by the attainment of one or more Qualifying Performance Goals as determined by the Committee in conformity with Section 162(m) of the Code, together with satisfaction of any other conditions, such as continuation of Service, as may be required by the Plan or otherwise determined by the Committee. The Committee shall specify in writing, by resolution or otherwise, the Participants eligible to receive such an Award (which may be expressed in terms of a class of individuals) and the Qualifying Performance Goal(s) applicable to such Awards within ninety (90) days after the commencement of the period to which the Qualifying Performance Goal(s) relate(s) or such earlier time as is required to comply with Section 162(m) of the Code and the regulations thereunder. No such Award shall be payable unless the Committee certifies in writing, by resolution or otherwise, that the Qualifying Performance Goal(s) applicable to the Award were satisfied. In no case may the Committee increase the value of an Award of Qualified Performance-Based Compensation above the maximum value determined under the performance formula by the attainment of the applicable Qualifying Performance Goal(s), but the Committee may reduce the value below such maximum if the terms of the Award so provide.

12.2 Qualifying Performance Measures. Unless and until the Company proposes for shareholder vote and the shareholders approve a change in the general Qualifying Performance Measures set forth in this Article XII, the Qualifying Performance Goal(s) upon which the payment or vesting of an Award that is intended to qualify as Qualified Performance-Based Compensation shall be limited to the following measures (referred to as "Qualifying Performance Measures"): earnings and earnings per share (before or after interest, taxes, depreciation or amortization and whether or not excluding specific items, including but not limited to stock or other compensation expense); net income and net income per share (before or after interest, taxes, depreciation or amortization and whether or not excluding specific items, including but not limited to stock or other compensation expense); pre-tax, pre-provision earnings and pre-tax, pre-provision earnings per share; core pre-tax, pre-provision earnings and core pre-tax, pre-provision earnings per share; pre-tax, pre-provision earnings or core pre-tax, pre-provision earnings to risk-weighted assets; revenues; profits (net profit, gross profit, operating profit, economic profit, profit margins or other corporate profit measures, in total or with respect to specific categories or business units); operating or cash earnings and operating or cash earnings per share; cash (cash flow, cash generation or other cash measures); return measures (including, but not limited to, total shareholder return, return on average assets, return on average shareholders' equity, return on investment and return on average tangible equity or average tangible common equity); interest or net interest income; net interest income on a tax equivalent basis; net interest margin; net interest margin on a tax equivalent basis; net non-interest expense to average assets; interest-sensitivity gap levels; expense targets, efficiency ratio or other expense measures; assets under management; levels of assets, loans (in total or with respect to specific categories of loans) and/or deposits (in total or with respect to specific categories of deposit accounts, and with respect to number of account relationships or account balance amounts); market share; growth in target market relationships; investments; value of assets; asset quality levels; charge-offs; loan-loss reserves; non-performing assets; business expansion or consolidation (acquisitions and divestitures); strategic plan development and implementation; internal rate of return; Share price; regulatory compliance; satisfactory internal or external audits; satisfactory regulatory examination results; book value and book value per share; tangible shareholders' equity and tangible book value per share; tangible common equity and tangible common equity per share; tangible common equity to tangible assets; tangible common equity to risk-weighted assets; improvement of financial ratings; and achievement of balance sheet or income statement objectives.

Any Qualifying Performance Measure(s) may be used to measure the performance of the Company as a whole or any Subsidiary or business unit of the Company or any combination thereof, as the Committee may deem appropriate. Such performance may be measured on a diluted or non-diluted basis, in absolute terms or measured against or in relationship to a pre-established target, the Company's budget or budgeted results, previous period results, and/or relative to the performance of a group of other companies or a published or special index that the Committee, in its sole discretion, deems appropriate. In the Agreement, the Committee may provide for accelerated vesting of any Award based on the achievement of Qualifying Performance Goal(s).

The Committee may provide in the Agreement that any evaluation of attainment of a Qualifying Performance Goal may include or exclude the effects of any of the following events that occur during the relevant period: (i) extraordinary, unusual and/or non-recurring items of gain or loss; (ii) asset write-downs; (iii) litigation or claim judgments or settlements; (iv) the effect of changes in tax laws, accounting principles, or other laws or regulations or provisions affecting reported results under the applicable Qualified Performance Measure(s); (v) any reorganization and restructuring programs; and (vi) acquisitions or divestitures.

In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Qualifying Performance Measures without obtaining shareholder approval of such changes, the Committee shall have sole discretion to make such changes without obtaining shareholder approval. For purposes of clarification, the Committee may, in its discretion, also grant performance-based Awards under the Plan that are not intended to satisfy, and do not satisfy, the requirements of Qualified Performance-Based Compensation.

ARTICLE XIII
Change in Control

In the event of a Change in Control of the Company, the Committee, as constituted before such Change in Control, in its sole discretion (except that it may not take any action which would cause any Award not to comply with Section 409A of the Code) may, as to any outstanding Award, either at the time the Award is made or any time thereafter, take any one or more of the following actions: (i) provide for the acceleration of any time periods relating to the exercise or realization of any such Award so that such Award may be exercised or realized in full on or before a date initially fixed by the Committee; (ii) provide for the purchase or settlement of any such Award by the Company, upon a Participant’s request, for an amount of cash equal to the amount which could have been obtained upon the exercise of such Award or realization of such Participant’s rights had such Award been currently exercisable or payable; (iii) make such adjustment to any such Award then outstanding as the Committee deems appropriate to reflect such Change in Control; or (iv) cause any such Award then outstanding to be assumed, or new rights substituted therefor, by the acquiring or surviving corporation in such Change in Control.

ARTICLE XIV
Modification, Extension and Renewals of Awards

Subject to the terms and conditions and within the limitations of the Plan, the Committee may modify, extend or renew outstanding Awards, or, if authorized by the Board, accept the surrender of outstanding Awards (to the extent not yet exercised) granted under the Plan and authorize the granting of new Awards pursuant to the Plan in substitution therefor, and the substituted Awards may provide for a longer term than the surrendered Awards, may provide for more rapid vesting and exercisability than the surrendered Awards, or may contain any other provisions that are authorized by the Plan. The Committee may also modify the terms of any outstanding Agreement. Notwithstanding the forgoing, neither the Committee nor the Board shall have the right or authority following the grant of an Option (and, if applicable, any related Stock Appreciation Right) pursuant to the Plan to amend or modify the Option Price of any such Option, or to cancel the Option and related Stock Appreciation Right at a time when the Option Price is greater than the Fair Market Value of the Share in exchange for another Option or

Award, or to extend the exercise period beyond the original term of the Option. Notwithstanding the foregoing, no modification of an Award, shall, without the consent of the Participant, adversely affect the rights or obligations of the Participant.

ARTICLE XV
Amendment, Modification and Termination of the Plan

15.1 Amendment, Modification and Termination. At any time and from time to time, the Board may terminate, amend, or modify the Plan. Such amendment or modification may be without shareholder approval except to the extent that such approval is required by the Code, pursuant to the rules under Section 16 of the Exchange Act, by any national securities exchange or system on which the Shares are then listed or reported, by any regulatory body having jurisdiction with respect thereto or under any other applicable laws, rules or regulations.

15.2 Awards Previously Granted. No termination, amendment or modification of the Plan other than pursuant to Section 4.3 herein shall in any manner adversely affect any Award theretofore granted under the Plan, without the written consent of the Participant.

ARTICLE XVI
Beneficiary Designations

A Participant may designate a Beneficiary to receive any Options or Stock Appreciation Rights that may be exercised after his death or to receive any other Award that may be paid after his death, as provided for in the Agreement. If the Agreement does not address when a Beneficiary can receive an Award, the following rules shall apply: (1) with regard to an Option or related Stock Appreciation Right, the Beneficiary shall have one year to exercise any vested Options and related Stock Appreciation Right, and (2) with regard to other Awards, the Beneficiary shall only have a right to receive the Award if the Award is fully earned and payable at or prior to the death of the Participant, as determined by the Committee in its sole discretion. Such designation and any change or revocation of such designation shall be made in writing in the form and manner prescribed by the Committee. In the event that the designated Beneficiary dies prior to the Participant, or in the event that no Beneficiary has been designated, any Awards that may be exercised or paid following the Participant's death shall be transferred or paid to the Participant's estate. If the Participant and his or her Beneficiary shall die in circumstances that cause the Committee, in its discretion, to be uncertain which shall have been the first to die, the Participant shall be deemed to have survived the Beneficiary.

ARTICLE XVII
Restrictions on Stock Transferability

The Committee shall impose such restrictions on any Shares acquired pursuant to an Award under the Plan as it may deem advisable, including, without limitation, restrictions under the applicable Federal securities law, under the requirements of the Financial Industry Regulatory Authority, Inc. or any stock exchange upon which such Shares are then listed or quoted and under any blue sky or state securities laws applicable to such Shares. In addition to applicable restrictions above, the Committee may impose such restrictions on any Shares delivered to a Participant in settlement of an Award as it may deem advisable in its sole and absolute discretion, including, without limitation, restricting transferability and/or designating such Shares as Restricted Stock or Shares subject to further service, performance, consulting or noncompetition period or nonsolicitation period after settlement. Any Stock acquired pursuant to an Award under the Plan shall, if issued in book-entry form, be subject to and, if issued in certificated form, bear a legend referencing the restrictions on such Stock, which legend may be similar to the legend placed on certificates pursuant to Section 8.5 herein.

ARTICLE XVIII
Withholding

18.1 Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy Federal, State and local taxes (including the Participant's FICA obligation, if any) required by law to be withheld with respect to any grant, exercise, or payment made under or as a result of this Plan.

18.2 Share Withholding. With respect to withholding required upon the exercise of Non-qualified Stock Options, or upon the lapse of restrictions on Restricted Stock, or upon the occurrence of any other similar taxable event, Participants may elect, subject to the approval of the Committee, to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares having a Fair Market Value equal to the amount required to be withheld. The value of the Shares to be withheld shall be based on Fair Market Value of the Shares on the date that the amount of tax to be withheld is to be determined. All elections shall be irrevocable and be made in writing, signed by the Participant on forms approved by the Committee in advance of the day that the transaction becomes taxable.

ARTICLE XIX
Successors

All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company.

ARTICLE XX
General

20.1 Requirements of Law. The granting of Awards and the issuance of Shares under this Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or self regulatory organizations (i.e., exchanges) as may be required.

20.2 Effect of Plan. The establishment of the Plan shall not confer upon any Key Employee or Non-Employee Director any legal or equitable right against the Company, a Subsidiary, or the Committee, except as expressly provided in the Plan. The Plan does not constitute an inducement or consideration for the employment or service of any Key Employee or Non-Employee Director, nor is it a contract between the Company or any of its Subsidiaries and any Key Employee or Non-Employee Director. Participation in the Plan shall not give any Key Employee or Non-Employee Director any right to be retained in the employment or service of the Company or any Subsidiary. Except as may be otherwise expressly provided in the Plan or in an Agreement, no Key Employee or Non-Employee Director who receives an Award shall have rights as a shareholder of the Company prior to the date Shares are issued to the Participant pursuant to the Plan.

20.3 Creditors. The interests of any Participant under the Plan or any Agreement are not subject to the claims of creditors and may not, in any way, be assigned, alienated or encumbered.

20.4 Governing Law. The Plan, and all Agreements hereunder, shall be governed, construed and administered in accordance with the laws of the Commonwealth of Virginia and the intention of the Company is that ISOs granted under the Plan qualify as such under Section 422 of the Code.

20.5 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as

if the illegal or invalid provision had not been included.

20.6 Termination of Employment or Service. Unless otherwise provided in the Agreement or in Articles VIII or IX herein, in the event that a Participant terminates his or her employment or service with the Company and its Subsidiaries for any reason, then the unvested portion of such Award shall automatically be forfeited to the Company. Unless otherwise provided in the Agreement pertaining to an Award or as may be required by applicable law, in determining cessation of employment or service, transfers between the Company and/or any Subsidiary shall be disregarded, and changes in status between that of an employee and a Non-Employee Director shall be disregarded. The Committee may provide in an Agreement made under the Plan for vesting of Awards in connection with the termination of a Participant's employment or service on such basis as it deems appropriate, including, without limitation, any provisions for vesting at death, disability, retirement, or in connection with a Change in Control, with or without the further consent of the Committee. The Agreements evidencing Awards may contain such provisions as the Committee may approve with reference to the effect of approved leaves of absence.

20.7 Transfer of Awards. Except as provided in Articles VI and VII herein or in the Agreement, no Award shall be transferable for any reason (including pursuant to a Domestic Relations Order) other than due to the Participant's death as provided in Article XVI herein.

20.8 Non-Qualified Deferred Compensation Plan Omnibus Provision. Unless otherwise provided in the applicable Agreement, it is intended that any compensation, benefits, or other remuneration, which is provided pursuant to or in connection with the Plan, which is considered to be non-qualified deferred compensation subject to Section 409A of the Code, shall be provided and paid in a manner, and at such time and in such form, as complies with the applicable requirements of Section 409A of the Code to avoid the unfavorable tax consequences provided therein for non-compliance. The Committee is authorized to amend any Agreement and to amend or declare void any election by a Participant as may be determined by it to be necessary or appropriate to evidence or further evidence required compliance with Section 409A of the Code. The Committee, however, shall have no responsibility or liability if any Award is subject to adverse taxation under Section 409A of the Code.

20.9 Clawback. All Awards (whether vested or unvested) shall be subject to such clawback (recovery) as may be required to be made pursuant to law, rule, regulation or stock exchange listing requirement or any policy of the Company adopted pursuant to any such law, rule, regulation or stock exchange listing requirement.

20.10 Banking Regulatory Provision. All Awards shall be subject to any condition, limitation or prohibition under any financial institution regulatory policy or rule to which the Company is subject.

20.11 Share Certificates and Book-Entry. To the extent that the Plan provides for issuance of stock certificates to represent shares of Stock, the issuance may be effected on a non-certificated basis to the extent not prohibited by applicable law or the applicable rules of any stock exchange upon which the Stock is then listed or quoted. Notwithstanding any other provisions contained in this Plan, in its discretion, the Committee may satisfy any obligation to deliver Shares represented by stock certificates by delivering Shares in book-entry or electronic form. If the Company issues any Shares in book-entry or electronic form that are subject to terms, conditions and restrictions on transfer, a notation shall be made in the records of the transfer agent with respect to any such Shares describing all applicable terms, conditions and restrictions on transfer.

C&F FINANCIAL CORPORATION

This Proxy is solicited on behalf of the Board of Directors.

The undersigned hereby appoints Larry G. Dillon and James H. Hudson III, jointly and severally as proxies, with full power to act alone, and with full power of substitution to represent the undersigned, and to vote all shares of C&F Financial Corporation standing in the name of the undersigned as of the close of business on March 1, 2013, at the Annual Meeting of Shareholders to be held Tuesday, April 16, 2013 at 3:30 p.m. at The Williamsburg Hotel & Conference Center, 50 Kingsmill Road, Williamsburg, Virginia, or any adjournments thereof, on each of the matters listed on the reverse side of this proxy card. This proxy, when properly executed, will be voted in the manner directed by the shareholder signing on the opposite side of this proxy card. If no direction is made, this proxy will be voted FOR all director nominees in Proposal 1, FOR Proposals 2, 4 and 5, and for an EVERY YEAR frequency in Proposal 3, and on any other matters, to the extent entitled, in the best judgment of the proxy agents.

(Continued and to be signed on Reverse Side)

ANNUAL MEETING OF SHAREHOLDERS OF

C&F FINANCIAL CORPORATION

April 16, 2013

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:
The Notice of Meeting, proxy statement, proxy card and 2012 Annual Report to Shareholders are available at www.cffc.com/2013proxy.

Please sign, date and mail your proxy card in the envelope provided as soon as possible.

Please detach along perforated line and mail in the envelope provided.

20330403030000001000 8 041613

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

1. To elect three Class II directors as instructed below.

o FOR ALL NOMINEES

o WITHHOLD AUTHORITY FOR ALL NOMINEES

o FOR ALL EXCEPT (See instruction below)

NOMINEES:
m Audrey D. Holmes
m Joshua H. Lawson
m Paul C. Robinson

2. To approve, in an advisory, non-binding vote, the compensation of the Corporation's named executive officers.

FOR	AGAINST	ABSTAIN
o	o	o

3. To recommend, in an advisory, non-binding vote, the frequency of advisory votes on executive compensation.

Every year	Every 2 years	Every 3 years	ABSTAIN
o	o	o	o

4. To ratify the appointment of Yount, Hyde & Barbour, P.C. as the Corporation's independent registered public accountant for the fiscal year ending

FOR	AGAINST	ABSTAIN
o	o	o

December 31, 2013.

		FOR	AGAINST	ABSTAIN
5.	To approve the C&F Financial Corporation 2013 Stock and Incentive Compensation Plan.	o	o	o
6.	To transact such other business as may properly come before the Annual Meeting or any adjournment thereof. Management presently knows of no other business to be presented at the Annual Meeting.			

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee for whom you wish to withhold authority, as shown here:

Meeting Attendance
I plan to attend the annual meeting on Tuesday, April 16, 2013 at the location printed on the back of this proxy card.

Please check here if you plan to attend the meeting. o

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. o

Signature of Shareholder Date: Signature of Shareholder Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.