

PUBLIC DISCLOSURE

September 18, 2006

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Planters Bank & Trust Company of Virginia

985620

24 South Augusta Street

Staunton, Virginia 24401

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

Institution Rating
 Institution's CRA Rating..... 1
 Table of Performance Test Ratings..... 1
 Summary of Major Factors Supporting Rating..... 1

Institution
 Description of Institution..... 2
 Scope of Examination..... 3
 Conclusions With Respect to Performance Tests..... 3

Full Review Assessment Area Conclusions
 Western Central Virginia Assessment Area..... 6

Limited-Review Assessment Area Conclusions

CRA Appendices
 CRA Appendix A: Scope of Examination..... 15
 CRA Appendix B: Limited Scope Review Tables..... 16
 CRA Appendix C: Glossary..... 19

INSTITUTION RATING

INSTITUTION'S CRA RATING: Planters Bank & Trust Company of Virginia is rated **SATISFACTORY**.

The following table indicates the performance level of Planters Bank & Trust Company of Virginia with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>Planters Bank & Trust Company of Virginia</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the institution's rating include:

- Overall lending activity is good in relation to the bank's capacity and market presence.
- An adequate percentage of the institution's small business and Home Mortgage Disclosure Act (HMDA) loans were originated within the bank's assessment areas.
- The borrower and geographic distributions of loans within the assessment areas are considered good.
- The level of qualified investments is considered good relative to available opportunities and bank capacity.
- Delivery systems and branch locations are accessible to all segments of the assessment areas.
- The institution provides a relatively high level of community development services throughout the assessment areas.

INSTITUTION

DESCRIPTION OF INSTITUTION

Planters Bank & Trust (PBT) is headquartered in Staunton, Virginia, and operates 23 branch offices throughout Virginia's Shenandoah Valley. The bank is a subsidiary of Virginia Financial Group, Incorporated (VFGI), a multi-bank holding company headquartered in Culpeper, Virginia. Affiliate banks include Second Bank & Trust Company, also headquartered in Culpeper, and Virginia Heartland Bank, headquartered in Fredericksburg, Virginia. This evaluation is based only on PBT's activities; affiliate data and other affiliate activities are not considered.

As of June 30, 2006, the bank had \$847.9 million in assets, of which 80.1% were loans and 10.5% were securities. Various credit products are available through the institution including small business, commercial, consumer, and real estate secured loans. The loan portfolio, as of June 30, 2006, was comprised of 60.3% commercial and farm real estate secured, 29.5% one- to four-family residential real estate secured, 7.6% commercial and agriculture, 2.5% consumer, and .1% other loans. Since June 30, 2005, loans, deposits, and assets have increased by 19.8%, 8.6%, and 7.3%, respectively. Based on its financial capacity, there are no significant limitations on the bank's ability to meet credit needs within the communities it serves. PBT received a satisfactory rating at its prior CRA evaluation dated August 29, 2005.

DESCRIPTION OF ASSESSMENT AREAS

The following tables reflect the current composition of the bank's assessment areas.

Nonmetropolitan Assessment Areas			
Name	State	City/County	Census Tracts Included
Prince Edward	VA	Prince Edward	All
Western Central Virginia	VA	Buena Vista	All
	VA	Covington	All
	VA	Lexington	All
	VA	Staunton	All
	VA	Waynesboro	All
	VA	Alleghany	All
	VA	Augusta	All
	VA	Rockbridge	All
Shenandoah*	VA	Shenandoah	All

Metropolitan Assessment Areas			
Name	State	County/City	Census Tracts Included
Harrisonburg	VA	Rockingham	All
	VA	Harrisonburg	All
Roanoke	VA	Franklin	All
Lynchburg*	VA	Bedford	All
		Lynchburg	All

* New assessment areas since the previous examination on August 29, 2005

Since the previous examination, the bank closed an office in Covington, Virginia, (March 2006). Two branch offices were also purchased from an affiliate in Shenandoah County and the City of Harrisonburg (February 2006). Additionally, two branch offices were opened in Bedford County (February 2006) and the City of Lynchburg (July 2006). The addition of branch locations in Shenandoah and Bedford Counties and the City of Lynchburg necessitated the addition of the Shenandoah and Lynchburg assessment areas.

Given that the new assessment areas were not formed until 2006 and that the majority of loan data considered in this evaluation is from calendar year 2005, the bank will be evaluated exclusive of the two new assessment areas.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, HMDA, small business, and small farm lending activity reported by the institution from January 1, 2005, through December 31, 2005, was reviewed. Qualified community development loans and services are also considered for activities taken place since the previous evaluation. All qualified investments outstanding as of the examination date were also considered regardless of when made.

Overall ratings for the lending, investment, and service tests are assigned to the institution based on its performance in assessment areas subject to the FFIEC's full-scope evaluation process. Because of its relative size, determined by loan activity, proportion of bank branches and deposits, and market population, the Western Central Virginia assessment area was subject to the full-scope evaluation process. When considering loan volume, this assessment area accounts for 87% of the number and 85% of the dollar volume of loans analyzed within the bank's assessment areas. Also, 15 of the bank's 23 branches (65.2%) are located in the Western Central Virginia market, and 84.2% of the bank's deposits (as of June 2005) are derived from this market. The remaining assessment areas were reviewed utilizing the limited-scope evaluation procedures, which require a determination as to whether performance was consistent with the assigned overall institution rating. As previously indicated, the Shenandoah and Lynchburg assessment areas were generally not evaluated because the bank has only recently branched into these markets. According to the FFIEC's procedures, lending test performance accounts for one-half of the overall rating, while the investment and service tests are equally weighted and each account for one-quarter of the overall rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation. The analyses reflect loan activity reported during 2005. Since PBT reported only 41 small farm loans within its combined assessment areas over the one-year period, a detailed analysis was not conducted as it would not yield meaningful information.

When evaluating lending performance for a specific loan type, primary consideration for distribution purposes is given to the number (and corresponding percentage) of transactions. The institution's rating is based on the combined performance of each loan category and weighted primarily by the dollar volume each category contributes to the overall activity considered in the evaluation.

Overall, the lending test is rated high satisfactory based on lending activity, the distribution of loans, and community development lending. Area demographic data, Dun & Bradstreet (D&B) business data, and market aggregate information are used as proxies for demand when evaluating the bank's performance. Aggregate data includes PBT and all other reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment areas. Demographic data is based on the 2000 census, while D&B business data is current as of 2005, and the small business and HMDA aggregate data are from calendar year 2005.

Lending Activity:

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. The bank's quarterly loan-to-deposit ratio for the four-quarter period ending June 30, 2006, averaged 93.9% and ranged from 89.5% to 97.6%. The quarterly average loan-to-deposit ratios for all banks headquartered in nonmetropolitan areas of Virginia and of similar asset size to PBT ranged from 78.5% to 82.4% for a four-quarter period ending June 30, 2006. As of June 30, 2006, the institution's loan-to-deposit ratio equaled 97%. No barriers to the bank's ability to lend were noted and the bank's level of lending reflects an excellent responsiveness to area credit needs when considering market demand and bank capacity.

In an effort to meet the needs of its local communities, the bank offers and/or participates in various special loan programs that have flexible underwriting criteria and benefit low- and moderate-income people and areas. These programs include Federal Housing Administration (FHA) and Veterans Administration (VA) home purchase loans. During the evaluation period, the bank originated a total of 15 such loans totaling \$1.8 million.

Assessment Area Concentration:

The following table includes all HMDA, small business, and small farm loans reported from January 1, 2005, through December 31, 2005.

Lending Inside and Outside the Assessment Areas								
	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HMDA home purchase	191	56%	\$26,377	48.9%	150	44%	\$27,613	51.1%
HMDA refinancing	240	78.2%	\$34,194	69.6%	67	21.8%	\$14,960	30.4%
HMDA multifamily	1	12.5%	\$160	2.4%	7	87.5%	\$6,460	97.6%
HMDA home improvement	47	92.2%	\$3,097	94%	4	7.8%	\$199	6%
Total HMDA-related	479	67.8%	\$63,828	56.5%	228	32.2%	\$49,232	43.5%
Total small farm	41	97.6%	\$1,236	96.3%	1	2.4%	\$48	3.7%
Total small business	325	74.2%	\$32,370	54.3%	113	25.8%	\$27,212	45.7%
TOTAL LOANS	845	71.2%	\$97,434	56%	342	28.8%	\$76,492	44%

As indicated in the previous table, an adequate percentage of the number and dollar amounts of loans have been provided to residents and businesses in the bank's assessment areas.

Geographic and Borrower Distribution:

The bank's geographic and borrower distribution performance varies from adequate to excellent across the product lines evaluated. Overall, the bank's performance is considered good when considering each product line and market area.

Community Development Lending:

During the review period, the bank originated one community development loan totaling approximately \$25,000. This loan facilitated housing for low- and moderate-income people. A detailed discussion of this loan is included in the appropriate assessment area section.

INVESTMENT TEST

The bank's performance under the investment test is rated high satisfactory. Investments in equity housing funds and qualified community development bonds have been made. As of the date of the evaluation, PBT held \$3.8 million in qualified investments. Currently (June 30, 2006), the institution reported \$847.9 million in total assets and a securities portfolio totaling \$88.9 million.

Qualified investments benefiting the statewide area include the following:

- Two bonds issued by the Virginia Housing Development Authority (VHDA) totaling \$3,340,000. The VHDA is a public mortgage lender that serves the housing needs of low- and moderate-income individuals throughout the Commonwealth of Virginia.
- A \$499,500 commitment, of which \$431,654 is funded, in one of the Virginia Community Development Corporation's Housing Equity Funds of Virginia. The fund invests in low-income housing tax credit projects which predominately provide for multifamily housing and in some instances historic rehabilitation. In all cases, restrictions are in place to ensure that low- and moderate-income people and families benefit from the housing projects.

Both investments benefit numerous communities through out the Commonwealth of Virginia including portions of the bank's assessment areas.

SERVICE TEST

The bank's overall performance under the service test is rated high satisfactory. Systems for delivering retail banking services appear effective and are accessible to all portions of the assessment areas. The bank offers a low-cost checking product to its customers and also actively supports community development organizations that provide community development services throughout its various assessment areas. Discussion of specific activities is included for each assessment area, as applicable.

As required by the Federal Deposit Insurance Corporation Improvement Act of 1991, PBT has adopted a branch closing policy.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

NONMETROPOLITAN STATEWIDE AREA

(For nonmetropolitan areas with some or all assessment areas reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WESTERN CENTRAL VIRGINIA ASSESSMENT AREA

The Western Central Virginia assessment area includes all of Alleghany, Augusta, and Rockbridge Counties, Virginia, as well as the Cities of Buena Vista, Covington, Lexington, Staunton, and Waynesboro, Virginia. According to 2000 census data, the assessment area has a population of 166,530 and a median housing value of \$91,195. Overall, 6.6% of area families are considered below the poverty rate, which is less than the Virginia and nonmetropolitan statewide rates of 7% and 10.7%, respectively. During 2005, the statewide nonmetropolitan area median family income equaled \$46,900.

The following table provides demographic data for the assessment area by the income level of families and the percentage of area families living in census tracts of varying income levels. The table also includes the distribution of owner-occupied housing units by census tract income level and D&B business and farm data.

Western Central Virginia Non-Metropolitan ASSESSMENT AREA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	6,531	14.2
Moderate	2	5.4	2,475	5.4	464	18.7	7,338	16.0
Middle	18	48.6	20,287	44.1	1,435	7.1	10,214	22.2
Upper	17	45.9	23,234	50.5	1,142	4.9	21,913	47.6
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	37	100.0	45,996	100.0	3,041	6.6	45,996	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner Occupied		Rental		Vacant		
	#	%	%	#	%	#	%	
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,022	2,076	4.3	51.6	1,686	41.9	260	6.5
Middle	33,288	21,746	44.6	65.3	8,266	24.8	3,276	9.8
Upper	34,436	24,972	51.2	72.5	7,170	20.8	2,294	6.7
NA	0	0	0.0	0.0	0	0.0	0	0.0
Total	71,746	48,794	100.0	68.0	17,122	23.9	5,830	8.1
	Total Businesses by Tract	Businesses by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	260	4.9	201	4.3	46	11.2	13	5.9
Middle	2,469	46.2	2,170	46.1	183	44.4	116	52.3
Upper	2,613	48.9	2,337	49.6	183	44.4	93	41.9
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	5,342	100.0	4,708	100.0	412	100.0	222	100.0
Percentage of Total Businesses:			88.1		7.7		4.2	
	Total Farms by Tract	Farms by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	0.6	1	0.3	1	33.3	0	0.0
Middle	109	32.2	109	32.4	0	0.0	0	0.0
Upper	228	67.3	226	67.3	2	66.7	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	339	100.0	336	100.0	3	100.0	0	0.0
Percentage of Total Farms:			99.1		0.9		0.0	

NA Tracts are tracts without household or family income.

The area benefits from easy access to Interstates 64 and 81. Additionally, the local economy is prospering and reliant on the manufacturing and food service industries. The following table provides unemployment rates as of July 2006 for the counties and cities in the assessment area, as well as the rate for Virginia.

Locality	Unemployment Rate
Buena Vista City	3.7%
Covington City	6.4%
Lexington City	5%
Staunton City	3.6%
Waynesboro City	3.4%
Alleghany County	5.1%
Augusta County	2.7%
Rockbridge County	2.7%
Virginia	3.3%

The bank operates 15 full-service branches within this market area. As of June 2005, PBT ranked first in deposit market share having 25% of the assessment area's available FDIC-insured deposits (credit union deposits are not included). According to 2005 aggregate data, the institution ranked fifth in reported small business loans with an 8.1% market share and ranked fourth in reported mortgage lending with a 4% market share.

A local economic development official was contacted to further assist in evaluating the bank's CRA performance. The individual indicated that area financial institutions appear to be meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE WESTERN CENTRAL VIRGINIA ASSESSMENT AREA

LENDING TEST

The institution's overall lending performance within this assessment area is considered high satisfactory. This conclusion is based on the evaluation of geographic and borrower distribution and the level of community development lending while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

Lending Activity:

As mentioned previously, bank's lending activity within this assessment area (87% of the total number of loans extended during the review period) is higher than the percentage of branch offices (65.2%) and deposits (84.2%) in the assessment area and is considered good. The following tables present data about the bank's lending distribution and discussion of the performance follows each table.

Geographic Distribution:

The following tables present data about the bank's 2005 reported small business and HMDA lending. There are no low-income census tracts within the assessment area.

Distribution of 2005 HMDA Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	29	159	230	418
Percentage of Total Loans	7%	38%	55%	100%
Total Amount of Loans (000's)	\$2,288	\$19,898	\$30,943	\$53,129
Percentage of Total Amount	4.3%	37.5%	58.2%	100%

Within the assessment area, 4.3% of all owner-occupied housing units are located in moderate-income geographies. According to 2005 aggregate HMDA data, 5.4% of all reported loans were to residents of moderate-income geographies. The bank's level of lending in moderate-income areas (7%) is considered excellent.

Distribution of 2005 Small Business Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	7	122	152	281
Percentage of Total Loans	2.5%	43.4%	54.1%	100%
Total Amount of Loans (000's)	\$362	\$13,197	\$14,683	\$28,242
Percentage of Total Amount	1.3%	46.7%	52%	100%

Bank lending to businesses located in moderate-income census tracts (2.5%) is slightly below the 2005 aggregate level of lending in moderate-income areas (3.8%) and lags the percentage of businesses (4.9%) located in such areas. This level of lending is considered adequate.

Overall, the bank's performance is considered good, when considering market demographics and aggregate data.

Distribution by Borrower Income and Revenue Size of the Business:

The following tables present data about the bank's lending to borrowers of different income levels and businesses of different revenue sizes during 2005. Discussions of the bank's performance follow each table.

Distribution of HMDA Loans by Income Level of Borrower

For calendar year 2005, the bank reported a total of 418 HMDA loans within the assessment area; however, 13 of these loans did not contain income data and are excluded from the following table.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Loans	40	86	110	169	405
Percentage of Total Loans	9.9%	21.2%	27.2%	41.7%	100%
Total Amount of Loans (000's)	\$2,367	\$7,339	\$11,809	\$29,607	\$51,122
Percentage of Total Amount	4.6%	14.4%	23.1%	57.9%	100%

While the bank's level of lending to low-income borrowers (9.9%) is lower than the proportion of area low-income families for the assessment area (14.2%), it exceeds that of the 2005 aggregate (5.9%). The bank's mortgage lending to moderate-income borrowers (21.2%) is higher than the aggregate level (19.8%), as well as the proportion of area moderate-income families within the assessment area (16%). The distribution of HMDA lending is considered good.

Distribution of Lending by Loan Amount and Size of Business

For calendar year 2005, the bank reported a total of 281 small business loans within the assessment area; however, revenues for five of the businesses were not known and are not included in the following table.

	\$0 - \$100,000		>\$100,000 to \$250,000		>\$250,000		Total	
Revenues ≤ \$1 Million	187	67.8%	30	10.9%	23	8.3%	240	87%
Revenues > \$1 Million	18	6.5%	10	3.6%	8	2.9%	36	13%
Total	205	74.3%	40	14.5%	31	11.2%	276	100%

According to 2005 D&B data, 88.1% of businesses within the assessment area that reported revenue have revenues of \$1 million or less. Aggregate small business data indicates that 44.1% of reported small business loans in 2005 were to businesses having revenues of \$1 million or less. The remaining portion of businesses either had revenues exceeding \$1 million or revenue data was not determined. During the evaluation period, 87% of the bank's loans were to businesses with revenues of \$1 million or less. This level of lending is considered excellent.

The distribution of lending by borrower income and revenue is considered good. In reaching an overall conclusion, more weight was placed on the HMDA performance because of the larger dollar volume of such loans within the assessment area.

Community Development Lending:

Within this assessment area, PBT originated one community development loan for \$25,000 to a non-profit housing organization whose activities benefit low- and moderate-income people in Rockbridge County and the City of Lexington.

INVESTMENT TEST

PBT continues to hold three investments totaling \$3.8 million that benefit the Virginia statewide area. These investments support organizations whose operations primarily benefit low- and moderate-income people and/or areas. When considering investment opportunities and bank capacity, PBT's level of investments is considered good.

SERVICE TEST

Within the Western Central Virginia assessment area, PBT's performance under the service test is considered good. Systems for delivering retail banking services are accessible to essentially all portions of the assessment area, including low- and moderate-income areas. Also, the bank and its employees have participated in several community development projects.

Retail Services:

Delivery systems are accessible to all portions of the assessment area. Bank-by-phone and bank-by-computer services are offered by the institution. The institution operates 15 full service branch offices within this assessment area, of which ten (66.7%) are located in middle-income areas and five (33.3%) in upper-income areas. Since the previous evaluation, one-full service branch has been closed and none have been opened. As previously stated, there were no low-income and only two moderate-income census tracts in this market. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Branch locations and business hours are considered convenient and meet the needs of assessment area residents and businesses. As previously mentioned, the bank offers a low-cost checking product to its customers, which can be utilized by low- and moderate-income residents.

Community Development Services:

PBT and its employees participate in a relatively high level of community development service endeavors. These activities include but are not limited to the following:

- Boys & Girls Club of Waynesboro - An employee serves on the board of directors of this nonprofit organization that provides programs and resources to area children, many of whom are from lower income families.
- Waynesboro Redevelopment & Housing Authority (WRHA) - A bank officer is a member of WRHA's committee for family self-sufficiency. WRHA facilitates housing for area low- and moderate-income residents.
- Staunton Community Child Care Center - A bank officer serves on the board of directors of this nonprofit organization that provides child care to area children, many of whom are from lower income families.
- Big Brother/Big Sister - A senior bank officer serves on the board of directors of the Greater Staunton chapter.
- Valley Community Services Board - A bank officer serves on the board of directors of this nonprofit organization. Valley Community Services Board facilitates community services to low- to moderate-income area residents.
- Salvation Army - A bank officer serves on the board of directors of the Staunton chapter.

METROPOLITAN AREAS

(For each metropolitan area where no assessment areas were reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN METROPOLITAN AREAS OF VIRGINIA

PBT's assessment areas in the Harrisonburg, VA MSA, and Roanoke, VA MSA were reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas is included in the **DESCRIPTION OF INSTITUTION** section of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN METROPOLITAN AREAS OF VIRGINIA

The following table indicates for each test whether performance in an assessment area was generally below, consistent with, or exceeded performance of PBT overall. Facts and data reviewed, including performance and demographic information, can be found in **APPENDIX B** of this report. Conclusions regarding performance, which did not impact the overall rating, are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Harrisonburg, VA MSA	Consistent	Consistent	Consistent
Roanoke, VA MSA	Consistent	Consistent	Consistent

NONMETROPOLITAN STATEWIDE AREA

(If none of the assessment areas within the nonmetropolitan statewide area were reviewed using the examination procedures)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NONMETROPOLITAN AREAS OF VIRGINIA

PBT's Prince Edward County assessment area was reviewed using the limited review examination procedures. Information detailing the composition of the assessment areas is included in the **DESCRIPTION OF INSTITUTION** section of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NONMETROPOLITAN AREAS OF VIRGINIA

The following table indicates for each test whether performance in an assessment area was generally below, consistent with, or exceeded performance of PBT overall. Facts and data reviewed, including performance and demographic information, can be found in **APPENDIX B** of this report. Conclusions regarding performance, which did not impact the overall rating, are as follows:

Assessment Area	Lending Test	Investment Test	Service Test
Prince Edward County	Consistent	Consistent	Consistent

CRA APPENDIX A

SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION		
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED
Western Central Virginia	Full-Scope	24 South Augusta Street Staunton, VA
Harrisonburg, VA MSA	Limited Scope	None
Roanoke, VA MSA	Limited Scope	None
Prince Edward County	Limited Scope	None

CRA APPENDIX B

LIMITED REVIEW TABLES

Harrisonburg, VA MSA

Summary of Demographic and Aggregate Data			% Low- Income	% Moderate- Income
Families by Geography			N/A	10.9%
Families < Poverty Level as % of Families by Geography			N/A	12%
Owner-Occupied Housing Units by Geography			N/A	9.4%
Area Families by Income Level			17.2%	19.2%
Aggregate HMDA Loans by Geography			N/A	12.5%
Aggregate HMDA Loans by Borrower Income			7.3%	23.5%
Area Businesses by Geography			N/A	13.2%
Aggregate Small Business Loans by Geography			N/A	12.1%
Area Businesses with Revenues ≤ \$1 million		87.4%		
Aggregate Small Business Loans with Revenues < \$1 million		48.5%		

Performance Test Data for Harrisonburg, VA MSA

LENDING TEST

There are no low-income geographies in the assessment area, and there were no small farm loans reported in this assessment area in 2005.

Loan Originations/Purchases								
	In Moderate- Income Geographies		To Low- Income Borrowers		To Moderate- Income Borrowers		To Businesses with Revenues ≤ \$1 Million	
	#	%	#	%	#	%	#	%
HMDA	0	0%	1	5.3%	4	21.1%		
Small Business	1	12.5%					7	87.5%

INVESTMENT TEST

As previously noted, the bank has qualified community development investments totaling \$3.8 million which benefit the Commonwealth of Virginia.

SERVICE TEST

Currently, the bank operates three offices within this assessment area, one of which was acquired since the previous examination. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

An employee serves as a financial advisor to the Grottoes Main Street Program which promotes business and economic growth throughout the Town of Grottoes, Virginia.

Roanoke, VA MSA

Summary of Demographic and Aggregate Data		
	% Low-Income	% Moderate-Income
Families by Geography	N/A	N/A
Families < Poverty Level as % of Families by Geography	N/A	N/A
Owner-Occupied Housing Units by Geography	N/A	N/A
Area Families by Income Level	20.3%	19.3%
Aggregate HMDA Loans by Geography	N/A	N/A
Aggregate HMDA Loans by Borrower Income	10.6%	22.5%
Area Businesses by Geography	N/A	N/A
Aggregate Small Business Loans by Geography	N/A	N/A
Area Businesses with Revenues ≤ \$1 million	92.1%	
Aggregate Small Business Loans with Revenues < \$1 million	47.1%	

Performance Test Data for Roanoke, VA MSA

LENDING TEST

In the assessment area, there are no low- or moderate-income geographies, and there were three small farm loans reported in 2005.

Loan Originations/Purchases						
	To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues < \$1 Million	
	#	%	#	%	#	%
HMDA	6	27.3%	1	4.5%		
Small Business					23	92%

INVESTMENT TEST

As previously noted, the bank has qualified community development investments totaling \$3.8 million. These investments facilitate housing for low- and moderate-income residents of Virginia in a regional area that includes this assessment area.

SERVICE TEST

The bank operates two branches within this assessment area. No offices have been opened or closed since the previous evaluation. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

A bank officer serves on the board of directors of the Children's Advocacy Center of the Roanoke Valley, a nonprofit organization that provides child care to area children, many of whom are from lower income families.

Prince Edward County Assessment Area

Summary of Demographic and Aggregate Data		
	% Low-Income	% Moderate-Income
Families by Geography	N/A	N/A
Families < Poverty Level as % of Families by Geography	N/A	N/A
Owner-Occupied Housing Units by Geography	N/A	N/A
Area Families by Income Level	25.7%	15.6%
Aggregate HMDA Loans by Geography	N/A	N/A
Aggregate HMDA Loans by Borrower Income	8.2%	21.8%
Area Businesses by Geography	N/A	N/A
Aggregate Small Business Loans by Geography	N/A	N/A
Area Businesses with Revenues ≤ \$1 million	87.7%	
Aggregate Small Business Loans with Revenues < \$1 million	50.6%	

Performance Test Data for Prince Edward County Assessment Area

LENDING TEST

There are no low- or moderate-income geographies in the assessment area, and there were no small farm loans reported in 2005.

Loan Originations/Purchases						
	To Low-Income Borrowers		To Moderate-Income Borrowers		To Businesses with Revenues ≤ \$1 Million	
	#	%	#	%	#	%
HMDA	1	5.5%	3	16.7%		
Small Business					11	100%

INVESTMENT TEST

As previously noted, the bank has qualified community development investments totaling \$3.8 million. These investments facilitate housing for low- and moderate-income residents of Virginia in a regional area that includes this assessment area.

SERVICE TEST

The bank operates one branch within this assessment area. No offices have been closed or opened since the previous evaluation. Banking services offered in this assessment area are substantially the same as the services available to other communities the bank serves.

CRA APPENDIX C

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Full review: Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act ("HMDA"): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited review: Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area ("MA"): Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA") or consolidated metropolitan statistical area ("CMSA") as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income ("Call Report") and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in "loans to small farms" as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.