

March 24, 2009

Financials: The Treasury's Public-Private Investment Program Overview

| Company Name | Rating | Risk Profile | Projected EPS | | Projected P/E | | Dividend | |
|---|---------|---------------|---------------|--------|---------------|-------|----------|-------|
| | | | Current | Next | Current | Next | Ind | Yield |
| BB&T Corp. S/C,A1,I/F (BBT-NYSE-\$19.06) | Buy | Above Average | \$1.71 | \$2.45 | 11.1x | 7.8x | \$1.88 | 9.9% |
| Capital One Financial None (COF-NYSE-\$13.62) | Buy | Above Average | \$0.16 | \$1.00 | 85.1x | 13.6x | \$1.50 | 11.0% |
| Cardinal Financial Corp. \$6.09) I,I2 (CFNL-NASDAQ- | Buy | Average | \$0.20 | | 30.5x | | \$0.04 | 0.7% |
| First Community Bancshares, Inc. \$14.24) None (FCBC-NASDAQ- | Neutral | Average | \$1.40 | | 10.2x | | \$1.12 | 7.9% |
| StellarOne Corporation \$14.67) I (STEL-NASDAQ- | Neutral | Average | \$0.19 | | 77.2x | | \$0.64 | 4.4% |
| SunTrust Banks None (STI-NYSE-\$14.11) | Buy | Above Average | (\$1.20) | \$1.25 | NM | 11.3x | \$0.40 | 2.8% |
| Union Bankshares Corp. \$15.60) S/C (UBSH-NASDAQ- | Neutral | Average | \$0.46 | | 33.9x | | \$0.48 | 3.1% |
| Virginia Commerce Bancorp Inc. \$3.41) None (VCBI-NASDAQ- | Neutral | Above Average | (\$0.33) | | NM | | \$0.00 | 0.0% |

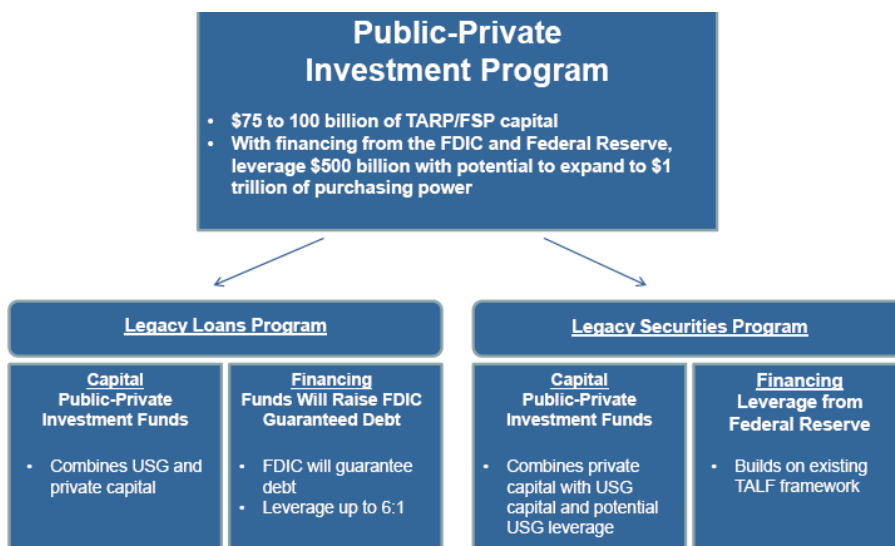
Important disclosures and analyst certifications are in the Disclosure Section.

(source: StockVal)

Investment Highlights

In an attempt to remove illiquid assets from financial balance sheets, the Treasury Department has initiated the Public-Private Investment Program (PPIP). In this report, we will take a step-by-step look at the highlights of the Program and what each step attempts to accomplish. We have also included our own thoughts and takeaways where appropriate. The PPIP is targeted at two separate asset classes, troubled loans and troubled securities. We will breakdown the two asset classes and what the PPIP will attempt to accomplish within each asset class. Before we tackle the specifics, the PPIP has been designed around four principles that apply to both asset classes.

First, the PPIP will try to maximize purchasing power by combining public and private investment. The Treasury can use \$75-\$100 billion in capital that has been allocated to the Troubled Asset Relief Program (TARP). This capital will be matched by private investors and then leveraged with debt. Second, taxpayers are positioned to benefit from any potential profitable returns, while sharing the downside risk with the private market participants. Thirdly, the private market bidding process will establish a market price for the troubled assets. Lastly, the private investors/managers involved in the process will manage the purchased assets and determine when they are purchased and sold.



Source: The United States Treasury Department (from www.financialstability.gov)

Thoughts: The announcement that the program will combine both public and private investment was expected. This is a way for the government to reduce its exposure while leveraging its funds. The most interesting portion of the PPIP will likely be the results of the private market bidding process. We expect many investors will be looking to bottom-fish, which could produce very low initial bids for the assets. This initial "sticker shock" could a relative low level of activity early in the process. Being able to bring buyers and sellers together at an acceptable price will be likely easier said than done.

The First Portion of the PPIP: The Legacy Loans Program

The FDIC and the Treasury will create numerous public-private investment funds (PPIFs) to purchase assets from banks and thrifts. Each PPIF will purchase assets (primarily pools of loans) from insured depository institutions under criteria established by the FDIC.

- The PPIF will finance the purchase of assets by issuing debt that has been guaranteed by the FDIC.
- The guarantee is secured by the assets purchased.
- The financing and leverage for each PPIF will be established by the FDIC.
- The leverage and financing terms will be disclosed to potential investors as part of the auction process.
- The Treasury investment will match the private investment.
- The selling bank will receive either cash or cash and debt issued by the PPIF.

Thoughts: Essentially, banks will have the opportunity to sell a pool of loans to a fund (PPIF). Again, the primary concern will be whether or not the seller (the bank) will be willing to accept the initial bid, which will likely be low. If a bank sells a pool of loans at a discount it could actually hurt capital levels, which are already tight. If offers are too low, the bank may decide it would be better to continue holding the loans.

It has been our experience that most of the community banks feel that they are survivors, with or without the PPIP. Therefore, we do not foresee community banks rushing to sell off a pool of troubled loans during the initial stages of the program. Many will likely wait and see what price action emerges and then make a decision. This lack of leadership could create some initial turmoil if transactions are slow to materialize. In addition, given the stigma that has emerged for banks that have participated in the last Treasury program (CPP), we expect there could be some hesitancy to jump into the PPIP before knowing how the public will perceive participants. Once bitten, twice shy...

...What about the larger institutions? We anticipate that we could see several larger institutions step up and accept a depressed bid in an effort to eliminate its most distressed assets. Larger institutions operate with tighter capital levels; therefore, any participation in this program may be limited in the short-term. We believe that the second portion of the PPIP, the legacy securities program, will mean more to the larger institutions than the loan program.

Sample Investment Under the Legacy Loans Program

Step 1: If a bank has a pool of residential mortgages with \$100 face value that it is seeking to divest, the bank would approach the FDIC.

Step 2: The FDIC would determine, according to the above process, that they would be willing to leverage the pool at a 6-to-1 debt-to-equity ratio.

Step 3: The pool would then be auctioned by the FDIC, with several private sector bidders submitting bids. The highest bid from the private sector – in this example, \$84 – would be the winner and would form a Public-Private Investment Fund to purchase the pool of mortgages.

Step 4: Of this \$84 purchase price, the FDIC would provide guarantees for \$72 of financing, leaving \$12 of equity.

Step 5: The Treasury would then provide 50% of the equity funding required on a side-by-side basis with the investor. In this example, Treasury would invest approximately \$6, with the private investor contributing \$6.

Step 6: The private investor would then manage the servicing of the asset pool and the timing of its disposition on an ongoing basis – using asset managers approved and subject to oversight by the FDIC.

Source: The United States Treasury Department (from www.financialstability.gov)

Legacy Securities Program:

Private asset managers, up to five initially, will apply to be pre-qualified to raise equity capital to be invested into a fund. The Treasury will match the equity funding. The goal of the Legacy Securities Program is to restart the markets for securities, namely non-agency residential mortgage backed securities (RMBS), commercial mortgage backed securities (CMBS) and asset backed securities (ABS) that were rated AAA at origination.

- The program is intended to be incorporated into the current Term Asset Backed Facility (TALF).
- The debt financing from the Federal Reserve under the TALF is designed to bring private capital into the markets.
- Lending rates, minimum loan sizes and loan durations have not been determined.
- The Treasury will invest side-by-side with the market participants for securities originated prior to 2009 with an original AAA rating.
- The Treasury and the asset managers will invest and divest proportionately at the same time and on the same terms.
- The asset managers will control the asset selection, pricing, liquidation, trading and disposition.

Thoughts: Due to the lack of an active market for many asset-backed securities the market prices have declined precipitously, in many cases below what the actual cash flows and underlying asset values would indicate. By enticing private investment through the offering of non-recourse debt through TALF, the Treasury hopes to jump start the markets for these securities.

We think that the Legacy Securities Program has less hurdles than the Legacy Loan Program because banks have, in many cases, already taken the hit on the decline in market values through other than temporary charges. If a bank that has already taken an OTTI charge on a security and wishes to enhance liquidity, or simply get the troubled asset off their balance sheet, they may not need to take any additional material charges. This is different than the sale of loans, which generally are not subject to mark-to-market accounting.

The other angle to the Legacy Securities Program is the potential for attractive long-term gains for the asset managers who would be purchasing the assets at distressed prices.

Sample Investment Under the Legacy Securities Program

Step 1: Treasury will launch the application process for managers interested in the Legacy Securities Program.

Step 2: A fund manager submits a proposal and is pre-qualified to raise private capital to participate in joint investment programs with Treasury.

Step 3: The Government agrees to provide a one-for-one match for every dollar of private capital that the fund manager raises and to provide fund-level leverage for the proposed Public-Private Investment Fund.

Step 4: The fund manager commences the sales process for the investment fund and is able to raise \$100 of private capital for the fund. Treasury provides \$100 equity coinvestment on a side-by-side basis with private capital and will provide a \$100 loan to the Public-Private Investment Fund. Treasury will also consider requests from the fund manager for an additional loan of up to \$100 to the fund.

Step 5: As a result, the fund manager has \$300 (or, in some cases, up to \$400) in total capital and commences a purchase program for targeted securities.

Step 6: The fund manager has full discretion in investment decisions, although it will predominately follow a long-term buy-and-hold strategy. The Public-Private Investment Fund, if the fund manager so determines, would also be eligible to take advantage of the expanded TALF program for legacy securities when it is launched.

Source: The United States Treasury Department (from www.financialstability.gov)

Summary

We feel the PPIP is a clear step in the right direction. Market participants have anticipated this announcement since such a program was originally intended to be the initial focus of TARP. The equity markets clearly gave their hearty endorsement yesterday as broad market indices rose in the 7% range.

We also expect the PPIP to be a long-term process as the process of determining a market clearing price for these illiquid assets will not be an easy process. We are reminded of the initial reaction to some of the Resolution Trust Corporation's (RTC) early transactions in the 1980s as it attempted to dispose of assets from failed thrifts. Many thought the early prices were "give-a-ways", but this is what it took to start the process of bringing buyer and seller together. The current situation is much more complex. The RTC had its assets put to them – they only had to deal with the process of finding a willing buyer. Given the capital constrained nature of many balance sheets, finding a willing seller may be a more difficult proposition.

The Legacy Securities Program is likely to attract the initial activity. Life insurers have a high percentage of their assets subject to mark-to-market accounting and own substantial amounts of the targeted securities. Since the mark-to-market losses impact GAAP results but not necessarily statutory capital, even these institutions are not likely to flood the market with distressed securities.

Major investment banks and asset managers may emerge as the early winners in PPIP since they are in clear position to attract private capital and manage the purchased assets.

**Davenport Bank Quarterly
Valuation Data - Banks**

| Major Regionals/Nationals | Symbol/ | Market | Close | 12 Month | | Book | Price/ | Tang. | Price/ | Earnings/Share ¹ | | Price/Earnings | | Dividend | Yield |
|------------------------------------|-----------|-----------|-----------|----------|---------|----------|--------------|----------|--------------|-----------------------------|----------|----------------|--------------|----------|--------------|
| | Market | Cap | 3/23/2009 | High | Low | Value | Book | BV | TBV | 2008A | 2009E | 2008A | 2009E | | |
| Bank of America | BAC-N | \$49,958 | \$7.80 | \$43.46 | \$2.53 | \$27.77 | 0.28x | \$11.44 | 0.68x | \$0.55 | \$0.44 | 14.2x | 17.7x | \$0.04 | 0.51% |
| BB&T Corporation* | BBT-N | \$10,681 | \$19.06 | \$45.31 | \$12.90 | \$23.16 | 0.82x | \$13.93 | 1.37x | \$2.49 | \$1.71 | 7.7x | 11.1x | \$1.88 | 9.86% |
| Capital One Financial* | COF-N | \$5,372 | \$13.62 | \$63.50 | \$7.80 | \$60.02 | 0.23x | \$27.28 | 0.50x | (\$0.21) | (\$0.16) | -64.9x | -85.1x | \$0.20 | 1.47% |
| Citigroup, Inc. | C-N | \$17,256 | \$3.13 | \$27.35 | \$0.97 | \$13.02 | 0.24x | \$6.17 | 0.51x | (\$5.59) | (\$0.73) | -0.6x | -4.3x | \$0.00 | 0.00% |
| Fifth Third Bancorp | FITB-OTC | \$1,376 | \$2.38 | \$24.60 | \$1.01 | \$13.57 | 0.18x | \$8.74 | 0.27x | (\$3.94) | (\$0.75) | -0.6x | -3.2x | \$0.04 | 1.68% |
| First Horizon National Corporation | FHN-N | \$2,292 | \$11.15 | \$17.12 | \$4.19 | \$11.81 | 0.94x | \$10.69 | 1.04x | (\$1.07) | (\$0.64) | -10.4x | -17.4x | \$0.00 | 0.00% |
| Huntington Bancshares | HBAN-OTC | \$765 | \$2.09 | \$13.50 | \$1.00 | \$14.61 | 0.14x | \$5.63 | 0.37x | (\$0.44) | (\$0.20) | -4.8x | -10.5x | \$0.04 | 1.91% |
| J. P. Morgan Chase | JPM-N | \$108,454 | \$28.86 | \$50.63 | \$14.96 | \$36.15 | 0.80x | \$22.23 | 1.30x | \$1.37 | \$1.58 | 21.1x | 18.3x | \$0.20 | 0.69% |
| KeyCorp | KEY-N | \$4,522 | \$9.14 | \$26.12 | \$4.83 | \$14.97 | 0.61x | \$12.41 | 0.74x | (\$3.36) | (\$0.54) | -2.7x | -16.9x | \$0.25 | 2.74% |
| M&T Bank Corporation | MTB-N | \$5,414 | \$48.75 | \$108.53 | \$29.11 | \$56.29 | 0.87x | \$25.94 | 1.88x | \$5.01 | \$2.83 | 9.7x | 17.2x | \$2.80 | 5.74% |
| Marshall & Ilsley Corporation | MI-N | \$1,658 | \$6.25 | \$29.76 | \$2.98 | \$17.43 | 0.36x | \$14.56 | 0.43x | (\$7.92) | (\$0.85) | -0.8x | -7.4x | \$0.04 | 0.64% |
| PNC Financial Services | PNC-N | \$14,551 | \$32.73 | \$87.99 | \$16.20 | \$39.44 | 0.83x | \$17.35 | 1.89x | \$2.46 | \$2.73 | 13.3x | 12.0x | \$0.40 | 1.22% |
| Regions Financial Corp. | RF-N | \$3,126 | \$4.50 | \$24.31 | \$2.35 | \$19.53 | 0.23x | \$10.59 | 0.42x | (\$8.09) | (\$1.15) | -0.6x | -3.9x | \$0.40 | 8.89% |
| SunTrust Banks* | STI-N | \$5,051 | \$14.11 | \$64.43 | \$6.00 | \$48.42 | 0.29x | \$27.92 | 0.51x | \$2.13 | (\$1.20) | 6.6x | -11.8x | \$0.40 | 2.83% |
| Synovus Financial | SNV-N | \$1,183 | \$3.58 | \$18.37 | \$2.30 | \$8.68 | 0.41x | \$8.50 | 0.42x | (\$1.77) | (\$1.12) | -2.0x | -3.2x | \$0.04 | 1.12% |
| U.S. Bancorp | USB-N | \$28,117 | \$15.99 | \$42.23 | \$8.06 | \$10.47 | 1.53x | \$4.65 | 3.44x | \$1.61 | \$1.09 | 9.9x | 14.7x | \$0.20 | 1.25% |
| Wells Fargo | WFC-N | \$73,546 | \$17.33 | \$44.69 | \$7.80 | \$16.15 | 1.07x | \$7.15 | 2.42x | \$0.70 | \$1.24 | 24.8x | 14.0x | \$0.20 | 1.15% |
| Average | --- | --- | --- | --- | --- | --- | 0.58x | | 1.07x | --- | --- | 1.2x | -3.4x | --- | 2.45% |
| Median | --- | --- | --- | --- | --- | --- | 0.41x | | 0.68x | --- | --- | -0.6x | -3.2x | --- | 1.25% |
| Selected Mid-Cap | | | | | | | | | | | | | | | |
| First Citizens - S/C | FCNCA-OTC | \$1,376 | \$136.99 | \$198.44 | \$73.48 | \$138.33 | 0.99x | \$128.13 | 1.07x | \$8.73 | NA | NA | NA | \$1.20 | 0.88% |
| Fulton Financial Corporation | FULT-OTC | \$1,242 | \$7.08 | \$17.00 | \$5.09 | \$8.52 | 0.83x | \$5.33 | 1.33x | (\$0.03) | \$0.40 | -236.0x | 17.7x | \$0.12 | 1.69% |
| Susquehanna Bancshares, Inc. | SUSQ-OTC | \$912 | \$10.58 | \$27.70 | \$6.63 | \$19.21 | 0.55x | \$6.77 | 1.56x | \$0.95 | \$0.74 | 11.1x | 14.3x | \$1.04 | 9.83% |
| The South Financial Group | TSEFG-OTC | \$99 | \$1.17 | \$16.47 | \$0.66 | \$14.12 | 0.08x | \$10.83 | 0.11x | (\$7.77) | (\$2.39) | -0.2x | -0.5x | \$0.04 | 3.42% |
| United Bankshares | UBSI-OTC | \$782 | \$18.00 | \$52.59 | \$13.15 | \$16.97 | 1.06x | \$9.61 | 1.87x | \$2.00 | \$1.58 | 9.0x | 11.4x | \$1.16 | 6.44% |
| Wilmington Trust - S/C | WL-N | \$780 | \$11.28 | \$46.75 | \$6.76 | \$14.65 | 0.77x | \$8.85 | N/A | (\$0.36) | \$0.61 | -31.3x | 18.5x | \$0.69 | 6.12% |
| Average | --- | --- | --- | --- | --- | --- | 0.70x | | 1.19x | --- | --- | -54.0x | 10.7x | --- | 4.45% |
| Median | --- | --- | --- | --- | --- | --- | 0.83x | | 1.33x | --- | --- | 4.4x | 12.8x | --- | 3.42% |
| Small-Cap Under Coverage | | | | | | | | | | | | | | | |
| Capital Bank* | CBKN-OTC | \$52 | \$4.64 | \$12.10 | \$4.00 | \$9.67 | 0.48x | \$9.33 | 0.50x | (\$4.94) | \$0.35 | -0.9x | 13.3x | \$0.32 | 6.90% |
| Cardinal Financial Corporation* | CFNL-OTC | \$148 | \$6.09 | \$10.50 | \$4.36 | \$6.58 | 0.93x | \$6.00 | 1.02x | \$0.23 | \$0.20 | 26.5x | 30.5x | \$0.04 | 0.66% |
| Crescent Financial Corp.* | CRFN-OTC | \$37 | \$3.87 | \$8.50 | \$2.80 | \$9.88 | 0.39x | \$6.64 | 0.58x | \$0.21 | \$0.15 | 18.4x | 25.8x | \$0.00 | 0.00% |
| Fauquier Bankshares Inc.* | FBSS-OTC | \$39 | \$10.96 | \$19.99 | \$8.96 | \$11.64 | 0.94x | \$11.64 | 0.94x | \$1.03 | \$1.00 | 10.6x | 11.0x | \$0.80 | 7.30% |
| First Capital Bancorp Inc.* | FCVA-OTC | \$18 | \$6.21 | \$13.50 | \$4.37 | \$11.92 | 0.52x | \$11.92 | 0.52x | \$0.06 | \$0.14 | 103.5x | 44.4x | \$0.00 | 0.00% |
| First Community Bancshares* | FCBC-OTC | \$165 | \$14.24 | \$39.00 | \$7.90 | \$15.46 | 0.92x | \$7.76 | 1.84x | \$0.25 | \$1.40 | 57.0x | 10.2x | \$1.12 | 7.87% |
| First National Corp.* | FXNC-OTC | \$43 | \$14.75 | \$23.90 | \$11.50 | \$13.41 | 1.10x | \$13.39 | 1.10x | \$1.45 | \$0.65 | 10.2x | 22.7x | \$0.56 | 3.80% |
| Middleburg Financial Corp.* | MBRG-OTC | \$48 | \$10.66 | \$25.50 | \$8.07 | \$16.69 | 0.64x | \$15.20 | 0.70x | \$0.56 | \$0.70 | 19.0x | 15.2x | \$0.76 | 7.13% |
| National Bankshares Inc.* | NKSH-OTC | \$132 | \$19.00 | \$21.00 | \$15.00 | \$15.89 | 1.20x | \$13.91 | 1.37x | \$1.96 | \$1.95 | 9.7x | 9.7x | \$0.82 | 4.32% |
| Old Point Financial Corp.* | OPOF-OTC | \$81 | \$16.41 | \$22.00 | \$14.76 | \$16.90 | 0.97x | \$16.90 | 0.97x | \$1.38 | \$1.05 | 11.9x | 15.6x | \$0.68 | 4.14% |
| StellarOne Corp.* | STEL-OTC | \$333 | \$14.67 | \$22.73 | \$8.18 | \$16.14 | 0.91x | \$12.41 | 1.18x | \$0.45 | \$0.19 | 32.6x | 77.2x | \$0.64 | 4.36% |
| Union Bankshares Corporation* | UBSH-OTC | \$212 | \$15.60 | \$29.20 | \$9.00 | \$16.03 | 0.97x | \$11.17 | 1.40x | \$1.07 | \$0.46 | 14.6x | 33.9x | \$0.48 | 3.08% |
| Valley Financial Corp.* | VYFC-OTC | \$19 | \$4.20 | \$9.70 | \$3.75 | \$8.98 | 0.47x | \$8.98 | 0.47x | \$0.35 | \$0.80 | 12.0x | 5.3x | \$0.14 | 3.33% |
| Virginia Commerce Bancorp, Inc.* | VCBI-OTC | \$91 | \$3.41 | \$11.54 | \$2.71 | \$6.86 | 0.50x | \$6.86 | 0.50x | \$0.47 | (\$0.33) | 7.3x | -10.3x | \$0.00 | 0.00% |
| Average | --- | --- | --- | --- | --- | --- | 0.80x | | 0.97x | --- | --- | 25.6x | 22.4x | --- | 3.54% |
| Median | --- | --- | --- | --- | --- | --- | 0.92x | | 0.97x | --- | --- | 14.6x | 15.6x | --- | 3.80% |

* Indicates Davenport & Co. estimates

Source: SNL Financial LC

**Davenport Bank Quarterly
Fundamental Data
Fourth Quarter 2008**

| | | Period End Assets (mil) | Profitability | | | | | Capital | | | Asset Quality ¹ | | |
|------------------------------------|-------|----------------------------|-------------------------|-------------------------|------------------------|--------------------|---------------------|-----------------|--------------------|----------------------|----------------------------|------------------|-----------------------|
| | | | Return on Avg Assets | Return on Avg Equity | Net Interest Margin | As Reported NIM | Efficiency Ratio | Tier 1 Ratio | Reserves/ Loans | TCE/ Tang. Assets | NPAs/ Assets | Reserve/ NPAs | Net COs/ Avg Loans |
| Major Regionals/Nationals | | | | | | | | | | | | | |
| Bank of America | BAC | \$1,817,943 | -0.37% | -4.05% | 3.32% | 3.31% | 67.98% | 9.15% | 2.40% | 3.07% | 1.10% | 115.82% | 2.28% |
| BB&T Corporation | BBT | \$152,015 | 0.86% | 8.17% | 3.48% | 3.47% | 51.78% | 12.25% | 1.60% | 4.75% | 1.34% | 77.54% | 1.29% |
| Capital One Financial | COF | \$165,913 | -3.45% | -20.95% | 5.23% | 5.23% | 58.11% | 13.76% | 4.48% | 6.98% | 0.58% | 471.76% | 4.21% |
| Citigroup, Inc. | C | \$1,938,470 | -4.23% | -63.08% | 3.28% | 3.22% | 109.88% | 11.92% | 4.22% | 1.77% | 1.84% | 83.21% | 3.42% |
| Fifth Third Bancorp | FITB | \$119,764 | -7.20% | -83.26% | 3.48% | 3.46% | 68.64% | 10.59% | 3.26% | 4.31% | 2.48% | 93.74% | 7.44% |
| First Horizon National Corporation | FHN | \$31,022 | -0.72% | -7.18% | 2.97% | 2.96% | 60.27% | 15.03% | 3.89% | 7.34% | 3.80% | 72.02% | 3.50% |
| Huntington Bancshares | HBAN | \$54,353 | -3.06% | -23.79% | 3.19% | 3.18% | 64.99% | 10.72% | 2.17% | 3.80% | NA | NA | 5.37% |
| J. P. Morgan Chase | JPM | \$2,175,052 | -0.11% | -1.52% | 3.30% | 3.28% | 60.55% | 10.94% | 3.11% | 3.91% | 0.67% | 159.17% | 1.76% |
| KeyCorp | KEY | \$104,531 | -1.95% | -21.20% | 2.77% | 2.76% | 77.10% | 10.92% | 2.33% | 5.95% | 1.40% | 123.16% | 1.74% |
| M&T Bank Corporation | MTB | \$65,816 | 0.63% | 6.44% | 3.39% | 3.37% | 57.03% | 8.83% | 1.61% | 4.55% | 1.39% | 86.20% | 1.18% |
| Marshall & Ilsley Corporation | MI | \$62,336 | -11.81% | -102.88% | 3.21% | 3.18% | 56.46% | 9.49% | 2.41% | 6.27% | 3.40% | 56.75% | 5.41% |
| PNC Financial Services | PNC | \$291,081 | -0.69% | -7.75% | 3.40% | 3.37% | 60.71% | 9.70% | 2.18% | 2.73% | 0.77% | 174.63% | 1.07% |
| Regions Financial Corp. | RF | \$146,248 | -16.80% | -121.86% | 2.98% | 2.96% | 73.91% | 10.38% | 1.85% | 5.23% | 1.49% | 84.05% | 3.19% |
| SunTrust Banks | STI | \$189,138 | -0.79% | -7.03% | 3.16% | 3.14% | 102.13% | 10.87% | 1.79% | 5.44% | 2.60% | 47.79% | 1.68% |
| Synovus Financial | SNV | \$35,786 | -7.25% | -70.94% | 3.17% | 3.20% | 61.53% | 11.22% | 2.13% | 7.86% | 3.27% | 51.08% | 3.24% |
| U.S. Bancorp | USB | \$265,912 | 0.52% | 5.39% | 3.83% | 3.81% | 48.90% | 10.60% | 1.86% | 3.19% | 0.99% | 133.92% | 1.40% |
| Wells Fargo | WFC | \$1,309,639 | -1.73% | -15.63% | 5.00% | 4.90% | 59.87% | 7.84% | 2.36% | 2.38% | 0.64% | 251.89% | 2.56% |
| Average | | \$525,001 | -3.42% | -31.24% | 3.48% | 3.46% | 67.05% | 10.84% | 2.57% | 4.68% | 1.74% | 130.17% | 2.98% |
| Median | | \$158,964 | -1.84% | -18.29% | 3.30% | 3.28% | 60.71% | 10.72% | 2.33% | 4.55% | 1.40% | 89.97% | 2.56% |
| Selected Mid-Cap | | | | | | | | | | | | | |
| First Citizens | FCNCA | \$16,746 | 0.31% | 3.44% | 3.29% | 3.27% | 81.66% | 13.20% | 1.34% | 8.03% | 0.43% | 219.87% | 0.62% |
| Fulton Financial Corporation | FULT | \$16,185 | -2.53% | -25.03% | 3.69% | 3.68% | 58.16% | 11.46% | 1.43% | 5.97% | 1.14% | 94.63% | 0.89% |
| Susquehanna Bancshares, Inc. | SUSQ | \$13,683 | 0.56% | 4.40% | 3.54% | 3.52% | 61.38% | 11.17% | 1.18% | 4.63% | 0.86% | 96.24% | 0.60% |
| The South Financial Group | TSFG | \$13,602 | -8.99% | -76.59% | 2.98% | 2.97% | 85.15% | 12.86% | 2.42% | 6.05% | 3.09% | 58.70% | 2.94% |
| United Bankshares | UBSI | \$8,102 | 0.82% | 8.42% | 3.62% | 3.63% | 51.79% | 9.90% | 1.02% | 5.36% | 0.77% | 98.97% | 0.54% |
| Wilmington Trust | WL | \$12,319 | -2.23% | -23.89% | 3.40% | 3.34% | 64.39% | 9.24% | 1.63% | 5.13% | 1.71% | 74.49% | 1.05% |
| Average | | \$13,440 | -2.01% | -18.21% | 3.42% | 3.40% | 67.09% | 11.31% | 1.50% | 5.86% | 1.33% | 107.15% | 1.11% |
| Median | | \$13,643 | -0.96% | -10.23% | 3.47% | 3.43% | 62.89% | 11.32% | 1.39% | 5.67% | 1.00% | 95.44% | 0.76% |
| Small-Cap Under Coverage | | | | | | | | | | | | | |
| Capital Bank | CBKN | \$1,654 | -15.32% | -145.02% | 2.80% | 2.78% | 85.55% | 12.17% | 1.18% | 6.35% | 0.63% | 141.42% | 0.58% |
| Cardinal Financial Corporation | CFNL | \$1,744 | 0.43% | 4.56% | 2.62% | 2.62% | 77.87% | 11.67% | 1.12% | 8.32% | 0.27% | 310.81% | 0.50% |
| Crescent Financial Corp. | crfn | \$968 | -0.32% | -3.21% | 2.78% | 2.75% | 65.89% | 8.53% | 1.60% | 6.82% | 1.53% | 84.98% | 0.69% |
| Fauquier Bankshares Inc. | FBSS | \$515 | 0.60% | 7.48% | 4.15% | 4.07% | 60.23% | 11.38% | 1.09% | 8.06% | 0.83% | 111.81% | 1.30% |
| First Capital Bancorp Inc. | FCVA | \$432 | -0.16% | -1.92% | 2.60% | 2.60% | 77.70% | 10.57% | 1.36% | 8.20% | 1.53% | 76.68% | 0.25% |
| First Community Bancshares | FCBC | \$2,133 | -2.74% | -29.65% | 3.96% | 3.83% | 58.68% | 11.92% | 1.23% | 4.42% | 0.67% | 112.51% | 0.78% |
| First National Corp. | FXNC | \$548 | 0.09% | 1.23% | 3.40% | 3.38% | 74.30% | 10.53% | 1.25% | 7.14% | 2.63% | 39.18% | 0.38% |
| Middleburg Financial Corp. | MBRG | \$985 | 0.21% | 2.67% | 4.02% | 4.00% | 81.97% | 10.25% | 1.41% | 7.05% | 1.47% | 69.17% | 0.19% |
| National Bankshares Inc. | NKSH | \$935 | 1.46% | 12.16% | 4.11% | 4.20% | 49.85% | 15.20% | 1.02% | 10.46% | 0.35% | 176.61% | 0.13% |
| Old Point Financial Corp. | OPOF | \$835 | 0.44% | 4.38% | 3.68% | 3.68% | 72.86% | 12.48% | 1.00% | 9.93% | 1.36% | 56.24% | 0.11% |
| StellarOne Corp. | STEL | \$2,957 | -0.11% | -0.92% | 3.82% | 3.80% | 67.99% | 14.13% | 1.34% | 9.81% | 1.66% | 62.02% | 2.22% |
| Union Bankshares Corporation | UBSH | \$2,552 | 0.37% | 4.10% | 3.54% | 3.52% | 72.17% | 13.31% | 1.34% | 6.09% | 0.84% | 118.30% | 0.42% |
| Valley Financial Corp. | VYFC | \$674 | -0.29% | -3.78% | 2.93% | 2.93% | 70.38% | NA | 1.37% | 6.30% | 1.48% | 75.83% | 0.00% |
| Virginia Commerce Bancorp, Inc. | VCBI | \$2,716 | 0.20% | 2.79% | 3.19% | 3.19% | 51.37% | 13.07% | 1.58% | 7.02% | 4.37% | 30.70% | 0.96% |
| Average | | \$1,403 | -1.08% | -10.37% | 3.40% | 3.38% | 69.06% | 11.94% | 1.28% | 7.57% | 1.40% | 104.73% | 0.61% |
| Median | | \$977 | 0.15% | 1.95% | 3.47% | 3.45% | 71.28% | 11.92% | 1.30% | 7.10% | 1.42% | 80.83% | 0.46% |

¹ Non-performing assets exclude ninety-days delinquent and still accruing interest.

² Capital One numbers reflect only on-balance sheet reserves and 90 day plus delinquencies for non-performers.

Source: SNL Financial LC and company reports. Data may differ from reported figures.

To receive price charts on the companies mentioned in this report, please contact Davenport & Company LLC at (800) 846-6666.

Disclosure Section

As of 01/05/09, Davenport's ratings of covered companies were distributed as follows: 50.7% Buy, 43.5% Neutral, 5.8% Sell
As of 01/05/09, Davenport's percentages of covered companies that were investment banking clients within the past 12 months by rating were: 6.4% Buy, 3.0% Neutral, 0.0% Sell

Companies Mentioned in this Report and Associated Disclosures

BB&T Corp. (BBT - NYSE): S/C,A1,I/F
Capital One Financial (COF - NYSE): None
Cardinal Financial Corp. (CFNL - NASDAQ): I,I2
First Community Bancshares, Inc. (FCBC - NASDAQ): None
StellarOne Corporation (STEL - NASDAQ): I
SunTrust Banks (STI - NYSE): None
Union Bankshares Corp. (UBSH - NASDAQ): S/C
Virginia Commerce Bancorp Inc. (VCBI - NASDAQ): None
Citigroup, Inc. (C-NYSE): N/A
Capital Bank (CBKN - NASDAQ) None
Crescent Financial (CRFN - NASDAQ) None
Fauquier Bankshares Inc. (FBSS - NASDAQ) None
First Capital Bancorp Inc. (FCVA - NASDAQ) O
First National Corp. (FXNC - OTCBB) I, I2, S/C
Middleburg Financial Corp. (MBRG - NASDAQ) I, I2
National Bankshares Inc. (NKSH - NASDAQ) I
Old Point Financial Corp. (OPOF - NASDAQ) None
Valley Financial Corp. (VYFC - NASDAQ) I2
Bank of America (BAC - NYSE): N/A
Capital One Financial (COF - NYSE): N/A
Fifth Third Bancorp (FITB - NASDAQ): N/A
First Horizon National Corporation (FHN - NYSE): N/A
Huntington Bancshares (HBAN - NASDAQ): N/A
J. P. Morgan Chase (JPM - NYSE): N/A
KeyCorp (KEY - NYSE): N/A
M&T Bank Corporation (MTB - NYSE): N/A
Marshall & Ilsley Corporation (MI - NYSE): N/A
PNC Financial Services (PNC - NYSE): N/A
Regions Financial Corp. (RF - NYSE): N/A
Synovus Financial (SNV - NYSE): N/A
U.S. Bancorp (USB - NYSE): N/A
Wells Fargo (WFC - NYSE): N/A
First Citizens (FCNCA - NASDAQ): N/A
Fulton Financial Corporation (FULT - NASDAQ): N/A
Susquehanna Bancshares, Inc. (SUSQ - NASDAQ): N/A
The South Financial Group (TSFG - NASDAQ): N/A
United Bankshares (UBSI - NASDAQ): N/A
Wilmington Trust (WL - NYSE): N/A

Description of Rating System

Strong Buy These shares are viewed as compelling short and long-term investment opportunities. We expect these shares to materially outperform the market over the next 12 months. Aggressive purchase is recommended at current prices.

Buy These shares offer attractive long-term appreciation potential from current prices. We would expect these shares to outperform the market over a longer-term horizon and long-term investors can buy at current prices.

Neutral These shares should perform roughly in-line with the current market. We neither encourage the purchase nor the sale of these securities at current prices.

Reduce/Sell These shares have more downside risk than upside potential at current prices. We expect these shares to underperform the market at current prices.

Risk Profile Considerations

This risk classification has been determined primarily from considering the level and predictability of earnings, the volatility of the stock relative to the market, applicable debt ratings, the composition and level of the company's capital structure, the dependence on key customers, and other relevant risk considerations.

Description of Possible Disclosure Codes

- A1** The Research Analyst or a member of the Analyst's household owns common stock of the subject company.
- A2** The Research Analyst or a member of the Analyst's household owns preferred stock of the subject company.
- A3** The Research Analyst or a member of the Analyst's household has options on the common stock of the subject company.
- A4** The Research Analyst or a member of the Analyst's household owns rights for the securities of the subject company.
- A5** The Research Analyst or a member of the Analyst's household owns warrants for the securities of the subject company.
- A6** The Research Analyst or a member of the Analyst's household has futures contracts on the securities of the subject company.
- A7** The Research Analyst or a member of the Analyst's household has a short position in the common stock of the subject company.
- A8** The Research Analyst or a member of the Analyst's household owns a debt security issued by the subject company.
- B** The Research Analyst or a member of the Analyst's household serves as an officer, director, or advisory board member of the subject company.
- I** Davenport or its affiliates received compensation for investment banking services from the subject company in the past 12 months.
- I2** Davenport or its affiliates expects to receive or intends to seek compensation for investment banking services from the subject company in the next 3 months.
- I/F** Davenport or its affiliates received fixed income investment banking fees from this company within the past 12 months.
- S/C** The subject company was a non-investment banking – securities related services client of Davenport or its affiliates for which compensation was received during the past 12-months.
- N/C** The subject company was a non-securities services client of Davenport or its affiliates for which compensation was received during the past 12-months.
- O** As of the end of the month immediately preceding the date of this report (or the end of the second most recent month if the report date is less than 10 calendar days after the end of the most recent month), Davenport or its affiliates beneficially owned 1% or more of any class of common equity securities of the subject company calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934.
- SCC** The Research Analyst received non-investment banking related compensation from the subject company in the past 12 months.
- U** Davenport or its affiliates managed or co-managed a public offering of securities for the subject company in the past 12 months.
- C** Any other actual, material conflict of interest of the Research Analyst or Davenport and its affiliates, of which Davenport and its affiliates or the Research Analyst knows, or has reason to know, at the time of this report.

This report has been compiled from sources believed to be reliable; however, there is no guarantee of its accuracy or completeness. Any opinions expressed here are statements of judgment on this date and are subject to future change without notice. Neither this information nor any opinions expressed herein are a solicitation to purchase or sell any securities. This information contains forward looking predictions that are subject to certain risks and uncertainties which could cause actual results to differ materially from those currently anticipated or projected. Securities discussed in this report may not be suitable for all investors due to different needs, objectives, and financial resources, nor may the securities mentioned in this report be registered in every state. The research analyst(s) that prepared this report may receive compensation from a general bonus pool that is based on various factors, including Davenport's total revenues, a portion of which are generated by Davenport's investment banking activities.

Additional information is available upon request.

One James Center • Post Office Box 85678 • Richmond, Virginia • 23285-5678 • Telephone (804) 780-2000

Certification

As the primary author of this report, I hereby certify that the views and opinions expressed herein accurately reflect my personal views and opinions about the principal subject(s) of this report. Further, I hereby certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or personal views expressed here.

David M. West, CFA, Allan G. Bach