



Intermediate Small Bank

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

February 21, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Peoples National Bank
Charter Number 22983**

**141 Westover Drive
Danville, VA 24541**

**Comptroller of the Currency
Virginia Field Office
3800 Electric Road
Suite 204
Roanoke, VA 24018**

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'S CRA RATING	1
Scope of Examination	1
Description of Institution	1
Conclusions About Performance Tests	2
Fair Lending or Other Illegal Credit Practices Review	4
Virginia State Rating	5
North Carolina State Rating	9
Appendix.....	13
Scope of Examination Table	13
State of Virginia Market Profile.....	14
State of North Carolina Market Profile.....	15

INSTITUTION'S CRA RATING

This institution is rated SATISFACTORY.

The Lending Test is rated: **SATISFACTORY**

The Community Development Test is rated: **SATISFACTORY**

The major facts that support this rating include:

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, assessment area (AA) credit needs, and relevant competitive factors.
- The bank made a majority of its loans within its AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including low- and moderate-income.)
- A majority of small loans to businesses were for amounts less than \$100,000.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The bank's community development performance demonstrates adequate responsiveness to community development needs in its AAs.

Scope of Examination

This Performance Evaluation assesses the bank's performance under the Lending and Community Development Tests. The evaluation under the Lending Test covers the bank's performance from January 1, 2004 through December 31, 2005, excluding community development loans. We sampled 84 small loans to businesses and reviewed home purchase, home improvement, and refinance loans reported under the Home Mortgage Disclosure Act (HMDA) for the years 2004 and 2005. The evaluation period for community development loans, investments, and services is February 4, 2002 through February 21, 2006.

The Lending Test analysis is based primarily on the bank's performance in areas that received full-scope reviews using comparative demographic data from the 2000 U. S. Census.

Description of Institution

Peoples National Bank (PNB) is an interstate bank headquartered in Danville, Virginia (VA) with operations in VA and North Carolina (NC). PNB is a full service community bank that serves the city of Danville and Pittsylvania County in VA (Danville MSA 19260), and the metropolitan counties of Alamance (Burlington MSA¹ 15500), Chatham (Durham MSA 20500), Cumberland (Fayetteville MSA 22180), Pitt (Greenville MSA 24780), Wayne (Goldsboro MSA

¹ MSA is an acronym for Metropolitan Statistical Area.

24140), and the non-MSA counties of Lee, Robeson, and Wilson in NC. The bank operates 20 branches, seven in VA and 13 in NC. No branches were opened in VA during the evaluation period. Six branch offices were opened in NC; one in Alamance County (2003), one in Chatham County (2002), one in Pitt County (2002), two in Robeson County (2002 & 2004), and one in Wayne County (2003).

PNB's business strategy focuses on loans to businesses including loans secured by non-farm non-residential property, residential mortgage loans, and consumer loans. As of December 31, 2005, loans to businesses represented approximately 65%, residential mortgages 12%, and loans to individuals 7% of total loans outstanding. For purposes of this evaluation, we considered loans to businesses and residential mortgage loans as primary products based on the balances outstanding and the availability of information on loans originated during the evaluation period. Loans to individuals are a primary product in terms of volume, but not by dollars outstanding or dollar volume of originations. We found that loans for amounts less than \$5,000 accounted for 59% of the total number and 8% of the total dollar volume of loans originated during the evaluation period. These loans are generally classified as consumer loans.

We used HMDA data to assess performance related to home mortgage loans. We selected a sample of business purpose loans by borrower name using monthly reports prepared manually for the Board of Directors. Bank operating and management information systems are unable to produce a list of consumer loans originated during the evaluation period.

As of December 30, 2005, Tier 1 Capital was \$37.9 million, Tier 1 Risk-based Capital to Risk weighted Assets equaled 15.9%, and Tier 1 Leverage Capital equaled 10.7%. There are no legal, financial or other factors impeding PNB's ability to help meet the credit needs in its AAs. PNB received a "Satisfactory" rating on its February 2002 CRA Performance evaluation.

Conclusions About Performance Tests

PNB's performance is rated **Satisfactory**. Based on full-scope reviews in VA and NC, PNB's performance is reasonable.

PNB's overall rating is a blend of the VA and NC State ratings. The VA rating was given the most weight because a majority of PNB's outstanding loans, loans originated during the evaluation period, and deposits are located there.

We took into consideration PNB's business strategy and types of credit offered. PNB does not typically advertise when entering new markets, nor do they market bank products and services for new or established branches. The bank offers basic credit products. They do not offer home-equity lines of credit, participate in government loan guarantee programs, or offer debit or credit cards. These factors, coupled with competition from large regional, national, and community banks, have a negative impact on PNB's ability to grow deposits and loans. We also considered the bank's branch locations. PNB typically establishes branches in facilities vacated by larger banks. These locations may not be ideal for generating new business, but do permit the bank to return service to un-served or under-served neighborhoods and rural areas.

Lending Test

Loan-to-Deposit Ratio

PNB's average LTD ratio is reasonable compared to similarly situated financial institutions in VA and NC within the context of competitive factors discussed previously. The bank's quarterly average LTD ratio since the last CRA examination is 59%. This ratio is below those of similarly situated banks in VA and NC (77%).

Lending in Assessment Areas

A majority of loans and other lending related activities were inside the bank's AAs. For the evaluation period, a blended average 77% of loans were made inside the bank's AAs. By loan type, 75% of home mortgage loans, and 81% of business loans were made inside the bank's AAs.

Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Loans to businesses	68	80.95	16	19.05	84	5,123	79.56	1,316	20.44	6,439
HMDA Loans	191	75.20	63	24.80	254	13,735	77.73	3,935	22.27	17,670
Totals	259	76.63	79	23.37	338	18,858	78.22	5,251	21.78	24,109

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. The distribution of HMDA loans and small loans to businesses was reasonable. A majority of loans to businesses were for amounts less than \$100,000. Refer to the State Rating sections for VA and NC for related facts and data.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. The distribution of HMDA loans was excellent. The distribution of loans to businesses was poor. There are no apparent gaps or areas of low penetration in Virginia. There are gaps and areas of low penetration in NC. Refer to the State Rating sections for VA and NC for related facts and data.

Responses to Complaints

There were no complaints regarding the bank's CRA performance during the evaluation period.

Community Development Test

The bank's community development performance demonstrates adequate responsiveness to community development needs in its AAs primarily through community development loans, but including qualified investments and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AAs.

Number and amount of community development loans

The bank made 12 community development loans totaling \$5.4 million during the evaluation period. Proceeds were used to finance affordable housing, and support business development in economically distressed areas. The bank also committed \$900,000 to a qualified community development organization in NC to fund an additional 27 loans for development of affordable housing.

Number and amount of qualified investments

The bank made seven qualified investments and contributions totaling \$3,400 during the evaluation period. The bank also retained three investments totaling \$489,000 from the prior evaluation period. Investments and contributions went to organizations that provide health, human services, and housing for low- and moderate-income individuals and geographies, and to organizations that offer technical support and credit programs for small business, small farms, and economic development in distressed geographies.

Extent to which the bank provides community development services

The bank offers free checking and loans with no minimum funding amount. Branches are typically located in facilities previously vacated by larger banks, returning service to un-served or under-served neighborhoods and rural communities. During the evaluation period and across the bank's AAs, three officers and employees provided technical services and support to four qualified community development organizations.

Bank's responsiveness through such activities to community development lending, investment, and services needs

The bank is responsive to community credit needs within the context of the products and services offered. Bank officers made a proactive effort to identify community development loan opportunities.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Virginia State Rating

The overall CRA rating for Virginia: SATISFACTORY

The lending test is rated: SATISFACTORY

The community development test is rated: SATISFACTORY

The major factors that support this rating include:

- The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among individuals of different income levels (including low- and moderate-income.)
- A majority of small loans to businesses were for amounts less than \$100,000.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The bank's community development performance demonstrates adequate responsiveness to community development needs in its AA.

Description of Bank's Operations in Virginia

PNB's main office and six additional bank branches are located in VA. As of June 30, 2005, PNB had deposits of \$296.9 million in VA, which represented less than a 1% deposit market share in the state, and ranked 56th out of 169 financial institutions operating in the state of VA. PNB's primary competitors in its AA are American National Bank and Trust Company, First Citizen's Bank and Trust Company, and Branch Banking and Trust Company.

The bank has only one AA in VA. The Danville AA received a full-scope review. Approximately 93% of PNB's total deposits, 76% of residential real estate loans originated, and 49% of small loans to businesses sampled during this evaluation period are located in the state of VA.

Refer to the market profile for the Danville, VA AA in the Appendix for detailed demographics and other performance context information on the area that received a full-scope review.

Conclusions About Performance Criteria

PNB's performance in VA is rated **Satisfactory**. Based on a full-scope review, PNB's performance in the Danville AA is reasonable.

In evaluating performance under the Lending Test and determining how each loan type would be weighted, we considered PNB's business strategy, and the number of loans to businesses sampled compared to the number of HMDA loans originated during the evaluation period. Overall, residential real estate loans and small loans to businesses were considered PNB's primary products. HMDA loans received more weight in the evaluation process.

In evaluating performance under the Community Development Test, we considered the bank's

capacity to lend and invest in its community, the availability of investment and community development lending opportunities, and the bank's responsiveness in providing services to the communities in which it does business.

Lending Test

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among individuals of different income levels and businesses of different sizes. The distribution of HMDA loans is excellent. The bank made 23% of HMDA loans to low-income, and 22% to moderate-income borrowers compared to the proportion of low- and moderate-income families in the AA, 21% and 18% respectively. The distribution of loans to businesses that are small (those with less than \$1 million in gross annual revenues) is reasonable.

Table 2 - Borrower Distribution of Residential Real Estate Loans in the Danville VA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home purchase	20.64	35.00	17.93	20.00	22.05	20.00	39.38	25.00
Home improvement	20.64	31.82	17.93	22.73	22.05	11.36	39.38	34.09
Home refinance	20.64	15.38	17.93	21.79	22.05	29.49	39.38	33.33
Total HMDA	20.64	23.24	17.93	21.83	22.05	22.54	39.38	32.39

Table 2A - Borrower Distribution of Loans to Businesses in the Danville VA AA				
Business Revenues (or Sales) ²	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.28	4.99	28.73	100.00
% of Bank Loans in AA by #	55.88	23.53	20.59	100.00
% of Bank Loans in AA by \$	14.44	61.04	24.52	100.00

A majority of the loans to small businesses were for amounts less than \$100,000.

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the Danville VA AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	28	87.50	925	35.99
\$100,001 - \$250,000	1	3.13	102	3.99
\$250,001 - \$1,000,000	3	9.37	1,542	60.02

² Business demographics are based on 2004 statistics.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA. The distribution of HMDA loans is excellent. The distribution of small loans to businesses is poor. We identified no apparent gaps or areas of low penetration.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Danville VA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home purchase	0	0	12.48%	25.00	76.30%	45.00	11.22%	30.00
Home improvement	0	0	12.48%	15.91	76.30%	68.18	11.22%	15.91
Home refinance	0	0	12.48%	17.28	76.30%	69.14	11.22%	13.58
Total HMDA	0	0	12.48%	17.93	76.30%	65.52	11.22%	16.55

Table 3A - Geographic Distribution of Loans to Businesses in the Danville VA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	0	0	21.9%	9.38%	68.19	81.24	9.86	9.38

Community Development Test

The bank's community development performance demonstrates adequate responsiveness to community development needs in its AA through community development loans, qualified investments and community development services, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA.

Number and amount of community development loans

The bank made two community development loans totaling \$5.2 million during the evaluation period. Proceeds were for construction and permanent financing for two companies locating in or serving the AA. These companies are expected to provide over 600 new jobs in the economically distressed area. One loan was made in partnership with the Virginia Small Business Financing Authority.

Number and amount of qualified investments

The bank made three qualified investments and contributions totaling approximately \$2,400 during the evaluation period and retained one prior period investment of \$16,000 that provided direct benefit to the AA. The bank also retained two prior period investments totaling \$473,000

that provide benefit to a wider geographic area that includes the bank's AA. Investments and contributions went to organizations that provide health, human services, and housing for low- and moderate-income individuals and geographies, and to organizations that offer technical support and credit programs for small business, small farms, and economic development in distressed geographies.

Extent to which the bank provides community development services

The bank offers free checking and loans that require no minimum funding amount. Branches are established in locations vacated by larger banks. During the evaluation period and across the bank's AA, three officers and employees provided technical services and support to four qualified community development organizations.

Bank's responsiveness through such activities to community development lending, investment, and services needs

The bank is responsive to community credit needs within the context of the products and services offered and opportunities to lend for community development purposes. Bank officers are involved in the community. Contributions to community development organizations and organizations that provide community development services could improve.

North Carolina State Rating

The CRA rating for North Carolina: SATISFACTORY

The lending test is rated: SATISFACTORY

The community development test is rated: SATISFACTORY

The major factors that support this rating include:

- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and among businesses of different sizes.
- A majority of loans to businesses are for amounts less than \$100,000.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The bank's community development performance demonstrates adequate responsiveness to community development needs in its AAs.

Description of Bank's Operations in North Carolina

PNB operates 13 branches in eight NC counties; five across three non-contiguous, non-MSA counties, and eight across five different MSAs. As of June 30, 2005, PNB had deposits of \$23.4 million in NC, which represented less than a 1% deposit market share in the state, and ranked 115th of 133 financial institutions operating in the state of NC.

Approximately 7% of PNB's total deposits, 24% of residential real estate loans originated during the evaluation period, and 51% of loans to businesses sampled are located in the state of NC.

The selection of AAs for review under the Lending and Community Development tests is generally subjective, but must also meet certain statutory and policy requirements. AAs located in MSAs with populations greater than 250,000 and at least one non-MSA area in each state where the bank does business, if applicable, are selected for review. AAs in differing MSAs must be evaluated individually and may not be combined with non-MSA areas. Non-MSA areas may be combined if contiguous or similar in demographics. PNB AAs may not be combined.

The bank has a limited presence in NC. That presence is significantly diluted when divided into eight AAs. Several NC AAs originated few small loans to businesses and few HMDA loans during the evaluation period. For that reason, the selection of AAs for review was based strictly on statutory and policy requirements.

We selected the Chatham NC AA for a full-scope review based on MSA population. We selected the non-MSA county of Wilson for a full-scope evaluation. Although the Cumberland AA met the MSA population threshold, the bank did not originate enough loans in the AA to permit a fair and reasonable evaluation.

The bank originated two small loans to businesses and 22 home mortgage loans during the evaluation period in the Wilson AA. PNB originated 18 small loans to businesses, more than

any other NC AA, and 12 home mortgage loans in the Chatham AA during the same period. In order to determine a rating for the state of NC, we reviewed home mortgage loans originated in the Wilson AA and small loans to businesses originated in the Chatham AA taking into consideration the business loan sample is slightly below OCC minimum sample size.

Refer to the market profiles for the Cumberland and Wilson AAs in the Appendix for demographics and other performance context information on the area that received a full-scope review.

Conclusions About Performance Criteria

PNB's performance in NC is rated **Satisfactory**. Based on full-scope reviews, PNB's performance in the Chatham and Wilson AAs is reasonable.

In evaluating performance under the Lending Test and determining how each loan type would be weighted, we considered PNB's business strategy, and the number of loans to businesses sampled compared to the number of HMDA loan originations during the evaluation period. Overall, residential real estate loans were considered a primary product in the Wilson AA. Small loans to businesses were considered a primary product in the Chatham AA. Performance in both AAs was weighted equally.

In evaluating performance under the Community Development Test we considered the bank's capacity to lend and invest in its communities, the availability of investment and community development lending opportunities, and the bank's responsiveness in providing services to the communities in which it does business.

Lending Test

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels and businesses of different sizes. The distribution of HMDA loans is poor. The distribution of loans to businesses that are small (those with less than \$1 million in gross annual revenues,) is reasonable. Seven of eight loans to businesses, where gross revenue information was available, were to small businesses. Of the loans where gross revenue was not available, or not applicable, our review of bank files indicated most were loans to individuals to support small business activities. In those cases, gross revenue was not reported because the bank used personal income in the decisioning process.

Table 2 - Borrower Distribution of Residential Real Estate Loans in the WILSON NC AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Total HMDA ³	21.91	7.69	16.16	0.00	21.21	7.69	40.72	84.62

Table 2A - Borrower Distribution of Loans to Businesses in the CHATHAM NC AA				
Business Revenues (or Sales) ⁴	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	68.25	3.37	28.38	100.00
% of Bank Loans in AA by #	38.89	5.55	55.56	100.00
% of Bank Loans in AA by \$	23.19	47.90	28.91	100.00

A majority of the loans to businesses were for amounts less than \$100,000.

Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in the CHATHAM NC AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	15	83.33	103	8.33
\$100,001 - \$250,000	1	5.56	242	19.55
\$250,001 - \$1,000,000	2	11.11	894	71.12

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA. The distribution of HMDA loans is excellent. The distribution of small loans to businesses is excellent. Although the bank made few loans in low-income geographies, there are few owner-occupied dwellings and businesses located in the low-income geographies. The bank made significantly more loans in moderate-income geographies than those geographies represent in the AA. We identified gaps and areas of low penetration. This is attributed primarily to the low volume of loan originations in NC. Bank management should monitor lending patterns as growth occurs to ensure coverage across all geographies in its AAs.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the WILSON NC AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Total HMDA	1.56	0.00	14.41	40.91	60.73	50.00	23.30	9.09

³ Borrower income was not applicable for nine loans. The calculations are based on those loans for which incomes were known.

⁴ Business demographics are based on 2004 statistics.

Table 3A - Geographic Distribution of Loans to Businesses/Farms in the CHATHAM NC AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	10.08	5.55	21.12	55.56	50.73	27.78	18.07	11.11

Community Development Test

The bank’s community development performance demonstrates adequate responsiveness to community development needs in its AAs through community development loans, qualified investments and community development services, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s AAs.

Number and amount of community development loans

The bank made 10 community development loans totaling \$195,000 during the evaluation period and committed \$900,000 to fund an additional 27 loans. Proceeds were used to support affordable housing for low- and moderate-income individuals and geographies in the bank’s AAs and surrounding areas.

Number and amount of qualified investments

The bank made four qualified investments and contributions totaling approximately \$1,000 during the evaluation period. Investments and contributions went to organizations that provide health and human services for low- and moderate-income individuals and geographies, and to organizations that offer technical support and credit programs to small businesses. The number and volume of bank contributions reflects an interest in supporting community development organizations, but could be improved.

Extent to which the bank provides community development services

The bank offers free checking and loans with no mandatory minimum balance. Branches are typically opened in facilities vacated by larger banks, thereby providing services to un-served or under-served neighborhoods and rural areas. There was no reported participation by bank officers or employees during the evaluation period.

Bank’s responsiveness through such activities to community development lending, investment, and services needs

The bank is responsive to community credit needs within the context of the products and services offered and opportunities to lend for community development purposes.

Appendix

Scope of Examination Table

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: (January 1, 2004 through December 31, 2005) Community Development Test: (February 4, 2002 through February 21, 2006)	
Financial Institution	Products Reviewed	
Peoples National Bank (PNB) Danville, VA	Loans to businesses, home purchase, home improvement and home refinance loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
State of Virginia Danville, VA MSA 19260	Full-scope	Entire MSA consisting of the city of Danville and the county of Pittsylvania
State of North Carolina Alamance Co. (Burlington NC MSA 15500)	No review	Alamance County in its entirety
Chatham Co. (Durham NC MSA 20500)	Full-scope	Chatham County in its entirety
Cumberland Co. (Fayetteville NC MSA 22180)	No review	Cumberland County in its entirety
Lee Co. Non-MSA	No review	Lee County in its entirety
Pitt Co. (Greenville NC MSA 24780)	No review	Pitt County in its entirety
Robeson Co. Non-MSA	No review	Robeson County in its entirety
Wayne Co. (Goldsboro NC MSA 24140)	No review	Wayne County in its entirety
Wilson Co. Non-MSA	Full-scope	Wilson County in its entirety

State of Virginia Market Profile

Danville, VA

Demographic Information for Full Scope Area: Danville, VA MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	28	0.00	21.43	67.86	10.71	0.00
Population by Geography	110,156	0.00	18.76	70.58	10.66	0.00
Owner-Occupied Housing by Geography	31,739	0.00	12.48	76.30	11.22	0.00
Business by Geography	4,879	0.00	21.95	68.19	9.86	0.00
Farms by Geography	291	0.00	3.78	92.10	4.1	0.02
Family Distribution by Income Level	31,267	20.64	17.93	22.05	39.38	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	12,060	0.00	25.48	67.74	6.78	0.00
Median Family Income		39,088	Median Housing Value		\$71,311	
HUD Adjusted Median Family Income for 2005		45,000	Unemployment Rate		3.19%	
Households Below Poverty Level		16.00%	(2000 US Census)			

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census and 2005 HUD updated MFI.

The Danville, VA AA includes the City of Danville and Pittsylvania County. Danville is located in south-central Pittsylvania County. Pittsylvania County is located in south-central VA along the NC border. Raleigh-Durham, NC is approximately 1.5 hours south and Roanoke, VA is approximately the same distance northwest. Lynchburg and Charlottesville, VA are 1 and 2 hours north respectively. Greensboro's international airport is 45 minutes south, and Danville Municipal Airport offers daily flights. The city is bisected north-south by US 29, and east-west by US 58.

The U.S. Census Bureau estimated poverty rates during 2003 of 19.3% in Danville City and 12.4% in Pittsylvania County were significantly higher than the estimated rate of 9.9% for the State of Virginia. Unemployment rates reported by the Bureau of Labor Statistics indicate unemployment in VA was 3.2% in November 2005. The unemployment rate in the Danville MSA for the same period was 7.3%. Service businesses account for almost 40%, and retail business 20%, of business concerns in the AA.

PNB is ranked second in market share among FDIC-insured institutions in the area with 21% of total deposits as of June 30, 2005. There are nine institutions operating a total of 43 offices in the AA. American National Bank and Trust Company continues to be PNB's primary competitor.

We conducted two community contacts in the Danville AA. Identified credit needs included funding for affordable housing and small business development. Contacts also stated funding and support for local community development organizations is needed.

State of North Carolina Market Profile

Chatham County

Demographic Information for Full Scope Area: Chatham County MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	8	0.00	25.00	62.50	12.50	0.00
Population by Geography	49,329	0.00	12,758	26,114	10,457	0.00
Owner-Occupied Housing by Geography	15,239	0.00	21.75	54.48	23.77	0.00
Business by Geography	2,806	0.00	25.48	54.85	19.67	0.00
Farms by Geography	219	0.00	20.55	66.21	13.24	0.00
Family Distribution by Income Level	13,909	21.16	19.43	23.02	36.39	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	5,646	0.00	34.66	51.31	14.03	0.00
Median Family Income		53,076	Median Housing Value		\$120,774	
HUD Adjusted Median Family Income for 2005		60,300	Unemployment Rate		1.52%	
Households Below Poverty Level		10.00%	(2000 US Census)			

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census and 2005 HUD updated MFI.

Chatham County is located at the geographic center of the state of NC and between two of the state's three largest centers of population and commerce; the Triangle Region and the Piedmont Triad. These two areas promote population growth and economic vitality in the AA. Two airports and three U.S. highways (US 64, US 42, and US 1) provide access to and from the area.

The U.S. Census Bureau 2003 estimated poverty rate of 9.6% in Chatham County was less than the estimated rate of 13.4% for the State of NC. Unemployment rates reported by the Bureau of Labor Statistics indicate unemployment in NC was 5.0% in November 2005. The unemployment rate in Chatham County for the same period was 4.0%. Service businesses account for 35% of total business concerns in the AA. Retail and construction follow at distant second and third positions making up approximately 11% each of total businesses in the area.

PNB is ranked last in market share among FDIC-insured institutions with 0.47% of total deposits as of June 30, 2005. There are ten institutions operating a total of 16 offices in the AA. SunTrust Bank and Capital Bank are ranked first and second in market share respectively.

We conducted one community contact in NC. Affordable housing and alternatives to sub-prime lending were mentioned as community credit and development needs.

State of North Carolina Market Profile

Wilson County

Demographic Information for Full Scope Area: Wilson, County Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	18	11.11	22.22	55.56	11.11	0.00
Population by Geography	73,814	4,332	17,123	39,413	12,946	0.00
Owner-Occupied Housing by Geography	17,512	1.56	14.41	60.73	23.30	0.00
Business by Geography	3,850	10.08	21.11	50.73	18.08	0.00
Farms by Geography	217	2.31	4.15	80.18	13.36	0.02
Family Distribution by Income Level	19,916	21.91	16.16	21.21	40.72	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	7,582	9.31	30.67	53.28	6.74	0.00
Median Family Income		40,566	Median Housing Value		\$79,889	
HUD Adjusted Median Family Income for 2005		46,100	Unemployment Rate		3.54%	
Households Below Poverty Level		9.00%	(2000 US Census)			

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census and 2005 HUD updated MFI.

Wilson County is located along I-95, 45 miles east of Raleigh, and 100 miles west of the Atlantic coast. Wilson County is home to large tire and pharmaceutical manufacturers, smaller manufacturers, antique stores, and other commercial and tourist activities. Three mainline railroads provide north-south passenger and freight service. Two airports provide passenger and freight service to and from the area.

The U.S. Census Bureau 2003 estimated poverty rate of 16.7% in Chatham County was higher than the estimated rate of 13.4% for the State of NC. Unemployment rates reported by the Bureau of Labor Statistics indicate unemployment in NC was 5.0% in November 2005. The unemployment rate in Chatham County for the same period was 7.5%. Service businesses account for 35% of total business concerns in the AA. Retail follows at a distant second position making up 18% of total businesses in the area

PNB is ranked last in market share among FDIC-insured institutions with 0.49% of total deposits. There are nine institutions operating a total of 23 offices in the AA. Branch Banking & Trust Company and Wachovia Bank, N.A. are ranked first and second in market share respectively.

We conducted one community contact in NC. Affordable housing and alternatives to sub-prime lending were mentioned as community credit and development needs.