

This certainly is good news for small cap bank shareholders and hopes are for a continuation of this trend in 2006. Earnings results, going forward, are likely to be the driver of individual small cap bank stocks. Small cap banks, benefiting from higher interest rates could generate year-over-year earnings growth of 7%-12%.

On the regulatory front, the FDIC extended waivers regarding some internal auditing requirements for private banks with assets up to \$1 billion. The goal was to relieve the growing regulatory costs facing many small banks. The FDIC also voted to leave insurance premiums for banks and thrifts unchanged for 1H06. FDIC Chairman Powell said staff projections estimate the Bank Insurance Fund will decline to 1.22% of insured deposits, under the current "designated reserve ratio" of 1.25%. 2H06 premium levels will be voted on by the FDIC in May 2006. Meanwhile, Congress, the House and Senate agreed on legislation, which would merge the Bank Insurance Fund and the Savings Association Insurance Fund. The FDIC is backing this legislation believing that one insurance fund would be stronger versus having two stand-alone funds.

We believe 2006 could be a volatile time for small cap bank stocks if the interest rate curve remains flat or inverts. Additionally, the direction of real estate will drive the fundamentals of the banking industry. A continuation of a positive real estate market could generate profit growth for banks this year. However, the opposite is true if real estate goes into a downturn. Investors should be vigilant and examine the banks held in their portfolio to determine what might happen to these stocks under either scenario, be it good or bad.

<u>Anderson & Strudwick Community Bank Coverage List</u>			
		2/23/06	
Company	Symbol	Price	Rating
Albemarle First Bank	AFBK	15.00	Neutral
Broadway Financial	BYFC	11.04	Neutral
Center Financial Corp.	CLFC	23.03	Neutral
Commonwealth Bankshares	CWBS	24.35	Neutral
Mercantile Bankshares	MRBK	38.23	Neutral
First Capital Bank	FCRV	20.50	Neutral
First Commerce Bank	GRAN	19.83	Neutral
First Community Bancshares	FCBC	32.53	Outperform
First Trust Bank	NCFT	21.45	Neutral
First Regional Bancorp	FRGB	80.71	Outperform
FNB Corp.	FNBP	33.54	Neutral
FNB Financial Corp.	FNBF	16.00	Outperform
Hanmi Financial Group	HAFC	17.87	Neutral
International Bankshares	IBOC	28.80	Neutral
James Monroe Bancorp	JMBI	19.03	Neutral
Middleburg Financial Corp.	MBRG	33.87	Neutral
National Mercantile Bancorp	MBLA	15.49	Outperform
Northern States Financial	NSFC	23.00	Outperform
Pacific Mercantile Bank	PMBC	18.38	Outperform
Premier Community Bankshares	PREM	20.25	Neutral
Shore Financial	SHBK	18.15	Neutral
Village Bank & Trust	VBFC	12.76	Outperform
UCBH Holdings	UCBH	17.62	Neutral
Union Bankshares	UBSH	47.35	Outperform
Virginia Commonwelath Fin. Corp.	VFGI	40.08	Neutral
Virginia National Bank	VABK	36.00	Neutral

Please see tables on following pages for additional information

"For Important Disclosure Information, Please Call 804-643-2400"

Economic Commentary

Many are now becoming fixated upon the yield curve. The Treasury Department just completed its first 30-year auction in five years. It was met with great success as many institutions are attempting to quantify their cashflows. Perhaps the demand for the old benchmark is the result of the lack of AAA rated paper at this long maturity. Or is it suggesting something else?

The yield curve-or the difference between the various maturities-is inverted from six months through thirty years. As we have penned many times an inverted yield curve has a 100% correlation to a slowing economy and has preceded the last four recessions. We think the data suggests that there is little momentum going into the first quarter as the dual impact of higher oil prices and greater short-term interest rates are negatively affecting the economy.

Many believe that the overnight rate will soon be increased to 5.0% because of January's employment data. We are not in that camp as we think the economy has changed dramatically and old benchmarks are no longer relevant.

The Federal Reserve stated that it is concerned with "Resource Utilization" and elevated energy prices. We have written extensively that we think oil prices are at current levels because of geopolitical issues-Iran and Nigeria-and is ripe to decline further.

Prices are down about seven dollars as inventories are at levels that have not been seen in recent memory. As hedge fund and momentum monies quickly exit this market, prices could fall further.

Last August we correctly anticipated that gasoline inventories would surge given the huge refining margins. We were correct in this assumption as gasoline prices plunged about 11% last week. At the time of this writing refining margins are now at the lowest level since June 2003 as refineries are getting killed as oil prices fall. Ultimately, demand and supply laws do reign supreme.

Will the new Fed Chairman touch on this during his first monetary Congressional Testimony later in February? Probably not, as at the conclusion of the last FOMC meeting two weeks ago elevated energy prices were a major concern.

What about increased "Resource Utilization? Capacity Utilization and Industrial Production is released this week. Traditionally, when Capacity Utilization reaches the 81%-83% range it is inflationary. Consensus is suggesting an 80.8% rate.

Similar to the employment data we think this benchmark requires revision given the changing nature of the economy. What is the proper utilization rate? Do we know it given the advent of technology?

All must remember the Federal Reserve's primary objective is price stability. If the Central Bank declared that inflation is no longer a factor the bond market would get killed because it wouldn't give that statement any credence. Or are there other factors?

Many are fearful that Asian/global investors and the like will soon sell their treasury holdings for a myriad of reasons. We also don't subscribe to this view for the simple reason that there is no alternative. The American treasury is the primary choice, the default choice and the only choice. What instrument would the monies gravitate towards?

Or are low long-term yields a function of too much liquidity in the financial system partially the result of an overly accommodative Federal Reserve and the plethora of non-financial actors?

We think low long-term rates are the result of all of the above including the fear of a Federal Reserve-induced slowdown, fighting yesterday's battle.

We would briefly like to gravitate to Iraq, oil, NSA-gate and correlate them back to the 1970s. Briefly--there is not a correlation. Iraq is not Viet Nam for a number of reasons. Simply and specifically Iraq has not directly touched many Americans. There is not a draft nor have there been 67,000 Americans killed and another 200,000 wounded.

Oil has "only doubled" in two years rebounding from suppressed levels as compared to a 500% increase in 18 months when shipments were cut off from the Middle East. Moreover, there are no gas lines.

NSA-gate is a far cry from Watergate.

We think those who make these correlations are only attempting to grab headlines.

How does this affect the markets? The markets are the reflection of all events and variables of society. If society is pessimistic, gains are difficult. Even though the common perception is that "society is worse off today than yesterday" this is not the accurate belief when asked individually. There is a disconnect from reality. Is this a function of the many 24-hour news channels? Perhaps.

Kent E. Engelke

Selected Banks and Thrifts in Virginia, North Carolina, Maryland, West Virginia and Washington, DC

Company Name	Ticker	State	2/23/2005 Price	Assets	2002 EPS	2003 EPS	LTM EPS	Q3 '04 EPS (\$)	Total Shares Out	Market Value (mil)	Book Value/Share	Price to Book	ROAA (%)	ROAE (%)	Net Interest Margin (%)	Effic. Ratio (%)	NPA Assets (%)	Div. Rate (\$/Yr)	Current Dividend Yield	
Banks between \$500 million and \$2 billion in assets																				
u	Union Bankshares Corporation	UBSH	VA	47.35	1,824,958	2.11	2.81	2.81	0.78	8,773,136	416.6	20.22	23.22	1.57	15.75	4.57	56.38	0.63	0.8800	1.86
u	TownBank	TOWN	VA	22.20	1,803,182	0.53	0.74	0.74	0.18	23,000,982	510.9	9.00	241.0	1.00	8.23	4.25	68.97	0.03	0.0000	0.00
u	First Bancorp	FBNC	NC	22.40	1,801,050	1.40	0.98	0.98	-0.05	14,196,987	318.7	10.63	207.2	-0.16	-1.75	4.35	53.74	0.31	0.7200	3.21
u	Virginia Commerce Bancorp, Inc.	VCBI	VA	36.16	1,518,425	0.99	1.31	1.31	0.35	14,028,631	508.0	7.58	454.3	1.49	20.52	4.23	44.90	0.00	0.0000	0.00
u	Virginia Financial Group, Inc.	VFGI	VA	40.08	1,505,184	2.11	2.52	2.52	0.65	7,170,828	287.5	18.70	211.1	1.28	14.15	4.40	57.83	0.11	0.8800	2.20
u	FNB Corporation	FNB	VA	33.54	1,481,482	1.95	2.39	2.39	0.66	7,312,187	245.3	21.66	152.9	1.34	12.53	3.97	53.62	0.42	0.8000	2.39
u	Cardinal Financial Corporation	CFNL	VA	12.76	1,452,287	0.19	0.44	0.44	0.12	24,354,505	310.9	6.03	210.2	0.82	8.10	2.92	70.23	0.01	0.0400	0.31
u	First Mariner Bancorp	FMAR	MD	18.52	1,362,281	0.96	1.20	1.20	0.34	6,250,223	116.0	11.23	159.7	0.63	12.66	3.85	77.65	0.32	0.0000	0.00
u	First United Corporation	FUNC	MD	21.46	1,299,572	1.25	NA	1.59	0.50	6,112,067	131.2	14.83	144.7	0.95	13.59	3.62	61.69	0.35	0.7600	3.54
u	Southern Community Financial Corp.	SCMF	NC	9.36	1,285,524	0.45	0.45	0.45	0.14	17,746,480	164.9	7.69	121.7	0.76	7.26	3.13	67.02	0.32	0.1200	1.28
u	Summit Financial Group, Inc.	SMFM	WV	21.69	1,109,532	1.49	1.56	1.56	0.45	7,125,820	154.6	10.16	209.4	1.33	18.24	3.50	65.50	0.15	0.3200	1.48
u	Bank of Granite Corporation	GRAN	NC	19.83	1,106,724	0.94	1.14	1.14	0.32	13,018,739	256.0	10.77	183.1	1.53	11.83	5.09	49.18	0.62	0.5600	2.87
u	FNB Corp.	FBNB	NC	20.90	1,102,085	1.13	1.69	1.69	0.44	5,622,060	133.4	15.32	130.1	1.12	11.79	4.27	64.51	0.59	0.6000	2.87
u	Yardley Valley Bank and Trust Company	YAVY	NC	14.75	1,024,295	0.89	1.03	1.03	0.27	10,690,496	157.5	10.80	135.5	1.17	10.07	4.04	58.99	0.41	0.4000	2.98
u	FNB Financial Services Corporation	FNBK	NC	16.00	1,007,406	1.17	0.11	0.11	0.31	7,036,148	112.6	10.60	167.5	0.89	12.06	4.22	59.79	0.55	0.4800	3.00
u	LSB Bancshares, Inc.	LXBK	NC	17.75	975,795	0.97	1.12	1.12	0.29	8,525,846	151.3	10.73	164.8	1.02	10.86	4.96	66.45	0.61	0.6800	3.83
u	Gateway Financial Holdings, Inc.	GBTS	NC	16.92	882,422	0.37	0.50	0.50	0.13	7,459,881	165.7	9.01	162.7	0.57	6.12	3.82	74.67	0.01	0.1200	0.71
u	Shore Bancshares, Inc.	SHBI	MD	33.19	851,638	1.84	2.32	2.32	0.56	5,546,446	184.4	17.97	181.8	1.51	12.72	4.59	53.90	0.15	0.8400	2.53
u	National Bankshares, Incorporated	NKSH	VA	47.85	841,498	3.46	3.51	3.51	0.86	3,511,977	167.9	26.39	182.7	1.48	13.41	4.34	48.85	0.88	1.4400	3.01
u	First South Bancorp, Inc.	FSBK	NC	35.14	833,125	1.79	2.12	2.12	0.56	6,335,657	222.8	10.45	326.6	1.81	22.44	5.04	46.40	0.35	0.8000	2.28
u	Severn Bancorp, Inc.	SVBI	MD	20.00	823,452	1.56	NA	1.68	0.47	8,318,184	166.4	8.32	240.3	1.93	23.07	4.53	31.76	0.21	0.2400	1.20
u	BCSB Bancorp, Inc. (MHC)	BCSB	MD	12.75	812,622	0.15	0.10	0.07	-0.02	5,899,173	75.4	7.13	185.1	-0.06	-1.07	2.06	96.97	0.10	0.5000	3.92
u	Eastern Virginia Bankshares, Inc.	EVBS	VA	21.90	763,926	1.48	1.37	1.37	0.34	4,900,990	107.5	12.53	173.7	0.91	10.94	4.42	66.78	0.35	0.6000	2.74
u	Cooperative Bankshares, Inc.	COOP	NC	21.29	746,266	1.07	1.26	1.26	0.34	4,302,816	91.7	11.60	179.3	0.88	12.07	3.69	58.19	0.00	0.2000	0.94
u	Old Point Financial Corporation	OPOF	VA	28.25	739,993	2.10	1.78	1.78	0.42	4,016,290	113.4	17.72	159.6	0.97	9.70	3.76	68.08	0.06	0.6800	2.41
u	Middleburg Financial Corporation	MBRG	VA	33.87	739,911	1.81	1.84	1.84	0.62	3,806,053	128.9	14.09	240.7	1.36	18.12	4.08	59.63	0.01	0.7600	2.24
u	Peoples Bancorp of North Carolina, Inc.	PEBK	NC	23.45	730,280	1.26	1.80	1.80	0.52	3,443,862	80.7	15.70	148.0	1.03	13.55	4.38	57.07	0.79	0.4400	1.88
u	Citizens South Banking Corporation	CSBC	NC	12.37	701,094	0.38	0.45	0.45	0.14	7,216,215	102.6	9.77	121.8	0.75	5.44	3.30	67.40	0.42	0.2800	2.06
u	Premier Community Bankshares Incorporated	PREM	VA	21.01	674,396	1.26	1.41	1.41	0.34	4,948,388	104.1	10.00	207.0	1.06	14.08	4.52	65.18	0.19	0.2500	1.19
u	Eagle Bancorp, Inc.	EGEN	MD	21.98	672,252	0.69	1.00	1.00	0.30	7,174,343	157.9	8.86	243.1	1.44	14.57	4.91	55.73	0.03	0.2800	1.27
u	C&F Financial Corporation	CFBI	VA	39.50	671,957	3.00	3.36	3.36	1.01	3,135,668	124.1	18.71	206.5	2.01	21.49	6.31	62.65	0.91	1.0800	2.73
u	Integrity Financial Corporation	IFCB	NC	21.48	666,295	0.28	NA	0.78	0.15	5,252,108	113.0	12.71	169.0	0.49	4.94	3.83	62.00	1.08	0.1600	0.74
u	American National Bankshares Inc.	ANNB	VA	23.94	623,503	1.42	1.81	1.81	0.42	5,437,789	130.3	13.22	177.5	1.50	12.88	4.21	53.37	0.49	0.8400	3.51
u	Alliance Bankshares Corporation	ABVA	VA	18.29	611,485	0.57	0.80	0.80	0.23	4,799,050	88.0	10.21	181.1	0.80	10.09	3.57	59.71	0.00	0.0000	0.00
u	BNC Bancorp	BNCN	NC	17.38	594,550	0.82	0.97	0.97	0.26	4,368,155	75.9	7.40	229.3	0.85	15.25	3.57	58.91	0.40	0.1600	0.92
u	Highlands Bankshares, Inc.	HBKA	VA	16.50	593,008	0.87	NA	0.90	0.23	5,302,000	87.1	7.81	211.2	0.84	12.06	3.09	68.42	NA	0.7500	0.45
u	Commonwealth Bankshares, Incorporated	CWBS	VA	27.96	549,454	1.16	1.65	1.65	0.43	4,056,415	113.9	14.98	181.6	1.59	13.25	5.03	65.55	0.08	0.2400	0.86
u	ECB Bancorp, Inc.	ECBE	NC	28.52	547,686	1.60	2.37	2.37	0.67	2,040,042	58.2	16.86	168.4	1.02	16.17	4.20	65.47	0.03	0.4000	2.24
u	James Monroe Bancorp, Inc.	JMBI	VA	19.03	529,921	0.51	0.72	0.72	0.21	5,573,028	106.1	6.94	267.7	0.96	12.46	3.87	60.19	0.04	0.0000	0.00
u	Tri-County Financial Corporation	TCFC	MD	33.25	528,722	2.07	NA	2.20	0.53	1,733,888	58.1	19.13	173.8	0.74	12.12	2.97	63.91	0.21	0.5500	1.65
u	Premier Financial Bancorp, Inc.	PFBI	WV	15.75	528,324	1.28	0.85	0.85	0.26	5,233,730	82.4	10.14	151.9	1.02	10.42	3.94	68.65	1.44	0.0000	0.00
u	Four Oaks Fincorp, Inc.	FOFN	NC	23.25	522,410	1.02	1.22	1.22	0.33	4,360,301	101.8	9.38	242.7	1.26	14.39	4.68	53.71	0.24	0.3200	1.38
u	Washington Savings Bank, F.S.B.	WSB	MD	8.57	517,773	1.11	0.98	0.88	0.24	7,399,094	63.5	7.51	111.2	1.43	13.95	4.63	47.70	NA	0.0000	0.00
Banks between \$499 million and \$250 million in assets																				
u	Valley Financial Corporation	VVFC	VA	13.35	498,950	0.70	0.80	0.80	0.21	4,076,993	54.4	7.44	177.3	0.80	11.69	3.28	60.53	0.02	0.1400	1.05
u	Fauquier Bankshares, Inc.	FBSS	VA	24.80	481,245	1.41	1.60	1.60	0.41	3,447,506	85.5	10.05	240.3	1.31	17.28	4.72	62.71	0.05	0.7000	2.82
u	First National Corporation	FNXC	VA	25.25	474,988	1.44	1.84	1.84	0.55	2,922,860	73.8	9.82	251.0	1.43	22.90	4.08	53.24	0.07	0.4800	1.90
u	American Community Bankshares, Inc.	ACBA	NC	12.95	436,939	0.50	0.67	0.67	0.17	6,812,600	88.8	7.36	174.3	1.10	10.56	4.39	59.00	0.28	0.1332	1.03
u	Millennium Bankshares Corporation	MBVA	VA	9.19	421,515	0.27	0.18	0.18	0.06	8,798,689	81.3	5.48	170.5	0.48	4.21	3.25	83.63	0.13	0.8800	0.87
u	Community Financial Corporation	CFCC	VA	22.01	417,529	1.63	1.76	1.76	0.50	2,096,856	46.5	15.75	335.1	1.07	13.47	3.54	62.62	0.12	0.4800	2.18
u	Calvin B. Taylor Bankshares, Inc.	TYCB	MD	38.50	411,853	1.74	NA	2.06	0.60	3,187,656	122.7	22.38	172.1	1.85	10.83	4.27	36.07	0.00	0.7000	1.82
u	Crescent Financial Corporation	CRFN	NC	15.30	410,788	0.54	0.70	0.70	0.19	4,170,494	76.9	7.00	185.5	0.87	11.71	3.97	63.40	0.05	0.0000	0.00
u	Hampton Roads Bankshares, Inc.	HMPR	VA	11.50	409,517	0.50	0.66	0.66	0.18	8,177,973	94.3	5.61	192.0	1.54	13.38	5.19	55.81	0.46	0.4000	3.48
u	Patrick Henry National Bank	PHNY	VA	9.65	397,523	0.75	0.69	0.69	0.16	2,800,122	27.0	8.47	113.3	0.46	7.41	2.45	76.42	1.47	0.4400	4.56
u	Central Virginia Bankshares, Inc.	CVBK	VA	27.44	397,218</															

Regional Bank Announcements

DIVIDEND CHANGES

Company	New Dividend Rate per Share	Old Dividend Rate per Share	Frequency
BNC Bancorp	\$0.1600	\$0.1280	Annual
Provident Bankshares Corp.	\$0.1800	\$0.1600	Quarterly
New Windsor Bancorp Inc.	\$0.1600	\$0.1500	Quarterly
Tri-County Financial	\$0.5500	\$0.5333	Annual
First National Corp.	\$0.1200	\$0.1100	Quarterly
Bay Banks of Virginia Inc.	\$0.1600	\$0.1550	Quarterly
C&F Financial Corp.	\$0.2700	\$0.2500	Quarterly
Columbia Bancorp	\$0.1900	\$0.1700	Quarterly
National Bankshares Inc.	\$0.7200	\$0.7000	Semiannual
Damascus Community Bank	\$0.1750		Special
Cardinal Bankshares Corp.	\$0.2800	\$0.2500	Semiannual
Farmers & Merchants Bank	\$0.4300	\$0.4200	Semiannual
Fququier Bankshares Inc.	\$0.1750	\$0.1600	Quarterly
Sandy Spring Bancorp Inc.	\$0.2200	\$0.2100	Quarterly
Valley Financial Corp.	\$0.0700	\$0.0600	Semiannual
National Capital Bank	\$0.5000		Special
Integrity Financial Corp	\$0.0800	\$0.0727	Quarterly
Peoples Bancorp of NC Inc.	\$0.1100	\$0.1000	Quarterly
Old Line Bancshares Inc.	\$0.0250	\$0.0260	Quarterly
Bank of the Carolinas	\$0.0500	\$0.4170	Quarterly
FNB Financial Services Corp.	\$0.1200	\$0.1100	Quarterly
Calvin B. Taylor Bankshares	\$1.4000		Special
FNB Corp.	\$0.0200		Special
Commonwealth Bankshares	\$0.0600	\$0.0500	Quarterly
Provident Bankshares Corp.	\$0.2800	\$0.2750	Quarterly
Virginia Financial Group	\$0.2200	\$0.2100	Quarterly
Cardinal Financial Corp.	\$0.0100		Special
Calvin B. Taylor Bankshares	\$0.7000	\$0.6500	Annual
Pinnacle Bankshares Corp.	\$0.1300	\$0.1200	Quarterly
Union Bankshares Corp.	\$0.4000	\$0.3700	Semiannual
Gateway Financial Holdings	\$0.0300	\$0.0200	Quarterly
F&M Bank Corp	\$0.2000	\$0.1900	Quarterly
Hampton Roads Bankshares Inc.	\$0.2000	\$0.1800	Semiannual
High Point Bank Corp.	\$1.2500	\$1.0000	Quarterly
Citizens Bancorp of Virginia	\$0.1600	\$0.1500	Quarterly
First United Corp.	\$0.1900	\$0.1850	Quarterly
BOE Financial Services of VA	\$0.3800	\$0.3500	Semiannual
Chesapeake Financial Shares	\$0.0950	\$0.0900	Quarterly
Bank of McKenney	\$0.2200	\$0.2000	Annual
Premier Community Bankshares	\$0.1400	\$0.1300	Annual
Wake Forest Bancshares	\$0.1700	\$0.1500	Quarterly
Delmar Bancorp	\$0.0700	\$0.5830	Quarterly

CAPITAL CHANGES

Citizens South Banking Corp completed a private placement of \$15.0 million in trust-preferred securities.

Citizens South Banking Corp board authorized the repurchase of up to 200,000 shares, or approximately 2.5% of its outstanding common stock.

Bank of the James Financial Group announced its board of directors declared a 5-for-4 stock split in the form of a 25% stock dividend payable March 10.

American Community Bancshares Inc. announced that its board declared a 3-for-2 stock split, payable Feb 21.

C&F Financial Corp. plans to repurchase up to 5% of its common stock over the next 12-months.

FNB Corp. indicated that its newly created unit FNB United Statutory Trust I issued \$20 million of preferred securities in a private placement.

James Monroe Bancorp Inc. said that its board authorized a 5-for-4 stock split in the form of a 25% stock dividend.

Bank of Virginia announced that it completed both a rights offering and a public offering of its common stock and will net approximately \$10.7 million from the two.

Carolina Trust Bank declared an 11-for-10 stock split to be effected as a 10% stock dividend.

Virginia Commerce Bancorp agreed to sell \$25 million in trust preferred securities in a private placement.

Four Oaks Fincorp Inc. approved a 5-for-4 split of the common stock, which will be made in the form of a 25% dividend.

Citizens Community Bank commenced a rights offering of 225,000 share of common stock.

Bank of Virginia said it would offer 655,000 shares of common stock through a rights offering and a public offering.

Bank of Wilmington Corp. issued and sold \$10.3 million in floating-rate subordinated deferrable interest debentures.

Bank of the Carolinas board approved a 6-for-5 stock split.

MidCarolina Financial Corp. indicated its board approved a 5-for-4 stock split, effects as a 25% dividend.

Valley Financial Corp. issued \$7 million of trust-preferred securities.

Mercantile Bankshares Corp. on Jan. 10th declared a 3-for-2 stock split.

FNB Corp. filed a statement for 4,928,790 shares of common stock in an offering valued at \$89.7 million.

Access National Corp. declared a 2-for-1 stock split on Nov. 30th.

Crescent Financial Corp. completed the sale of 805,000 shares on Nov. 2nd.

Tri-County Financial Corp. declared a 3-for-2 stock split payable on or about Dec. 29th.

Virginia Commerce Bancorp Inc. completed the private placement of \$25 million of trust-preferred securities.

Bay National Corp. announced that its subsidiary Bay National Capital Trust I issued \$8.0 million of 30-year fixed rate (7.20%) trust preferred securities.

North State Bancorp raised \$5 million from its participation in a pooled trust preferred securities offering.

Carolina Bank Holdings, Inc. declared a 6-for-5 stock split.

Select Bank & Trust indicated its board declared a 5-for-4 stock split in the form of a stock dividend, payable March 1.

First South Bancorp Inc. adopted a program to repurchase up to 5% of its common stock. Repurchased shares will be held as treasury stock.

OTHER BANKING NEWS

AmericasBank Corp named Richard Faint Jr. and Allen Lloyd Jr. as directors.

Capital Bank Corp plans to move its headquarters to downtown Raleigh, N.C.

Gateway Financial Holdings named Brian Hellenga president and CEO of its insurance unit.

MainStreet BankShares announced the retirement of its CEO and President C.R. McCullar, effective April 30th he will be replaced by Larry Heaton.

Bay National Corp. reported the resignation of Carroll Bodie from its board of directors.

Columbia Bancorp The Federal Reserve approved the merger between Lancaster, PA-based Fulton Financial Corp. and Columbia, MD- based Columbia Bancorp

Premier Community Bankshares announced that its board of directors elected James C. Youngblood as a new director.

Potomac Bancshares entered into a joint venture with Norfolk, VA-based Southern Trust Mortgage to form Potomac Home Funding, a retail mortgage company.

Integrity Financial Corp. reported that Steve Ikerd resigned from its and its subsidiary First Gaston Bank of NC's board of directors.

First South Bancorp Inc. elected Fred Holscher as chairman and Marshall Singleton as vice chairman of the board.

Union Bankshares Corp. appointed Janis Orfe as senior vice president and general counsel.

Uwharrie Capital Corp hired Virginia Dunn as executive vice president and CFO.

TowneBank announced that Elizabeth Duke would serve as its COO and on its board of directors.

Cardinal Financial Corp. named Kathleen Carr president of Cardinal Bank Washington.

Virginia Commerce Bancorp Inc. announced that Frank Cowles Jr. resigned from its and its subsidiary Virginia Commerce Bank's board of directors.

Gateway Financial Holdings Inc. named Mark Jeffries acting CFO effective Nov. 11th.

James Monroe Bancorp announced that it promoted Richard Linhart to senior executive vice president and Chief Lending Officer.

SuffolkFirst Bank appointed Robert Moore Jr. to its board of directors, effective Nov. 17th.

Bank of the James Financial Group reported on Nov. 15 Ronald Dolan, a member of its board of directors, died on Nov. 15th.

Planters Bank & Trust Co. of Virginia named Leonard Pittman as executive Vice President and Chief Banking Officer.

Bank of the James Financial Group Inc. named William Bryant III to its board and that of unit Bank of the James.

Middleburg Financial Corp. announced that C. Oliver Iselin III resigned from the board due to health reasons.

CommerceFirst Bancorp, Inc. named W. Craig Engelhaupt senior vice president.

United Financial Inc. announced that its shareholders approved the company's pending merger with Asheboro, NC-based FNB Corp.

Gateway Financial Holdings, Inc. effective Nov. 30th its senior executive vice president and CFO resigned from his position.

Community First Financial Corp. John Wynne resigned as president and CEO.

First Trust Bank named three vice presidents, Aaron Smith, Wendy Isaac, and Tim Anderson.

Old Point Financial Corp. announced that it elected Robert Riddle and Ellen Thacker to its board of directors.

Bank of Granite Corp. named CEO Charles Snipes chairman of the Board.

Calvin B. Taylor Bankshares, Inc. accepted the resignation of George Bunting Jr. from its and its subsidiary Calvin B. Taylor Banking Co.'s board of directors.

TransCommunity Financial Corp. reported that Thomas Crowder resigned from its board of directors, effective Jan. 31st and relinquished his title of CFO.

FNB Corp. announced that it elected Larry Brooks and Lynn Lloyd to its board of directors.

First United Corp. reported on Dec. 21st it appointed Carissa Rodeheaver as its CFO and senior vice president.

Bank of Granite Corp. Chairman John Forlines Jr. will retire from the board, as well as that of unit Bank of Granite, effective Jan. 8, 2006.

First Mariner Bancorp reported that on Nov. 28th Bruce Hoffman resigned from its board of directors.

Grayson Bankshares, Inc. announced that director Fred Jones resigned from the board.

Bank of Richmond, VA James Young III will be vice president of commercial lending and A. Kimberly Floyd will serve as assistant vice president of credit administration.

Provident Bankshares, Corp. named Pamela Mazza to its board, effective Nov. 3rd.

BOE Financial Services of Virginia announced the resignation of Elsie Rose from its board.

Bank of Granite Corp. appointed Leila Erwin to its board, effective Dec. 6th.

OFFICE OPENINGS/SALES/ACQUISITIONS

National Bankshares announced on Dec. 20th that its two subsidiaries the National Bank of Blacksburg and Bank of Tazewell County entered into an agreement to merge.

Sandy Spring Bancorp agreed to acquire certain assets and liabilities of Neff & Associates an independent insurance agency with approximately \$1.2 million in annual revenues.

Citizens South Banking Corp announced that it completed its acquisition of Trinity Bank and that it appointed David McGuirt to its board of directors.

First South Bancorp opened new full-service branches in Avon, Durham, and Greenville, N.C.

TowneBank acquired Williamsburg, VA-based insurance agency Brooks Agency.

First Bancorp reached a definitive agreement to purchase a Dublin, VA branch from Raleigh, NC-based First-Citizens Bank & Trust Co.

First Bancorp opened a second branch in Thomasville, NC and a loan production office in Mooresville, NC and one in Wilmington.

Cardinal Bankshares Corp. opened its 11th branch in Fairfax County

First Trust Bank opened a loan production office in Concord, NC.

Waccamaw Bankshares Inc. announced that its subsidiary Waccamaw Bank opened a new branch in Elizabethtown, NC.

Alliance Bankshares Corp. completed the acquisition of Annandale, VA-based Danaher Insurance Agency.

First Capital Bank opened a branch office in Southside Regional Medical Center in Petersburg, VA.

Crescent Financial Corp. opened a loan production office in Raleigh, NC, it will serve as a hub for commercial lending.

Sandy Spring Bancorp, Inc. said Oct. 14th that it completed the acquisition of McLean, VA-based West Financial Services, Inc.

Mountain 1st Bank & Trust opened a branch in Fletcher, NC.

Peoples Bancorp of North Carolina opened a loan production office in Davidson, NC.

Capital Bank Corp. acquired 1st State Bancorp Inc. on Nov. 30th.

Annapolis Bancorp, Inc. plans to open its seventh branch in Odenton, MD in 2007.

Peoples Bancorp of North Carolina opened a loan production office in Davidson, NC.

Benchmark Bankshares, Inc. purchased a site for a full-service office in the Riverdale area of South Boston, VA.

Integrity Financial Corp. announced that it merged its two subsidiaries, Catawba Valley Bank, and First Gaston Bank.

Cardinal Financial Corp. buying FBR National Trust Company.

First Community Bancshares Inc. announced it completed the sale of its branch office located in Clifton Forge, VA.

Columbia Bancorp announced that its shareholder approved its acquisition by Fulton Financial Corp.

River City Bank opened its second branch in Mechanicsville, VA on Sep. 10th.
Southern Community Financial Corp. opened a new banking branch in Greensboro, NC.
FNB Corp. finished its acquisition of Graham, NC-based United Financial, Inc.
Citizens South Banking Corp. completed the acquisition of Monroe, NC-based Trinity Bank.
Union Bankshares Corp. agreed to acquire Springfield, VA-based Prosperity Bank & Trust.
Trinity Bank shareholders approved the company's sale to Gastonia, NC-based Citizens South Banking Corp.
Middleburg Financial Corp. opened a new office in Warrenton, VA.
American Community Bancshares, Inc. agreed to acquire Community First Financial Corp.

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RESEARCH DEPARTMENT:

Bradley A. Brown (BAB)
Director of Research

Kent E. Engelke (KEE)
Senior Vice President
Capital Markets Strategist

Steven F. Marascia (SFM)
Vice President/Research

Elliot J. Staley
Research Associate

Research Correspondent:
Credit Suisse First Boston

CHARLOTTESVILLE, VA 22902
414 E. Market Street
804.293.8181
800.488.2520

FREDERICKSBURG, VA 22401
318 William Street
540.373.1821
800.800.1821

NORFOLK, VA 23510
999 Waterside Drive
757.626.3105
800.733.7911

PITTSBURGH, PA 15238
The Abbott Building
235 Alpha Drive, Suite 301
412.967.9171
800.967.9171

HICKORY, NC 28601
231 4th Street, S.W. Suite 100
828.327.9009
866.739.7822

CHARLOTTE, NC 28277
13860 Ballantyne Corp. Place
Suite 140
704.401.5296

BETHLEHEM, PA 18017
1525 Valley Center Parkway
Suite 160
610.419.4300
877.734.5622

OSTERVILLE, MA 02655
771 Main Street
508.420.1987

MOUNT PLEASANT, SC 29464
1156 Bowman Road
Suite 200
843.416.1092

KNOXVILLE, TN 37922
194 Market Street
865.670.2794
866.581.3242

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