

**CPP ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Eastern Virginia Bankshares, Inc (one bank holding company for EVB)

Point of Contact:	Joan Sumner	RSSD: (For Bank Holding Companies)	2626691
UST Sequence Number:	250	Docket Number: (For Thrift Holding Companies)	000-23565
CPP/CDCI Funds Received:	24,000,000	FDIC Certificate Number: (For Depository Institutions)	11584
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 09, 2009	City:	Tappahannock
Date Repaid <sup>1</sup> :	N/A	State:	Virginia

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

**Increase lending or reduce lending less than otherwise would have occurred.**

Although loan demand remains very weak in our markets, we have increased lending in specific categories and have developed new small business loan products in an effort to stimulate loan growth.

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**To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

EVB has experienced an increase of 10% lending in our HELOC products, as well as an increase in Real Estate multifamily residential and Commercial Real Estate - owner occupied of 11.6% and <1%, respectively.

**Increase securities purchased (ABS, MBS, etc.).**

**Make other investments.**

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**Increase reserves for non-performing assets.**

Participation in the CPP Lending Program has allowed us to increase our reserves to continue to aggressively address our nonperforming loans, OREO and OREO impairments and charge offs, while maintaining an adequate Allowance for Loan Losses.

**Reduce borrowings.**

**Increase charge-offs.**

Participation in the CPP Lending Program has allowed us to aggressively address and charge off non-performing loans while increasing our reserves for loan losses as necessary.

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**Purchase another financial institution or purchase assets from another financial institution.**

Empty response area for the first question.

**Held as non-leveraged increase to total capital.**

Empty response area for the second question.

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**What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?**

EVB's participation in the CPP Program has allowed us to preserve capital, maintain our "well capitalized" status and be able to absorb the significant impact over the last 3 years of the following events:

- Other than temporary impairments of asset backed securities of \$18.9 million in 2009.
- Elevated loan loss provision in 2010 of \$28.9 million and \$8.8 million in 2011.
- Charge offs of \$15.8 million in 2010 and \$10 million in 2011.
- Elevated nonaccrual loans of \$25.9 million in 2010 and \$30.3 million in 2011.

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**What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?**

CPP funds have allowed us to aggressively address our problem loans and nonperforming assets during the challenging economic environment.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

A large, empty rectangular box with a black border, intended for the respondent to provide a detailed description of actions taken with the capital infusion of CPP/CDCI funds.