

**CPP ANNUAL USE OF CAPITAL SURVEY - 2012**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

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

Person to be contacted regarding this report:	Joan Sumner	RSSD: (For Bank Holding Companies)	2626691
UST Sequence Number:	250	Holding Company 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:	0	Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	Jan 9, 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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Loan demand remained weak during 2012. We were able to increase lending in a few segments of our market. However our total loan portfolio decreased due to natural amortization, customers refinancing loans at another financial institution, elevated charge offs & low loan demand.
<input checked="" type="checkbox"/>	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.).	By participating in CPP, we did increase lending in the following segments, Agricultural & Farmland by \$9.9 million, or 113%, Consumer Construction by \$1.2 million, or 8%, and HELOCS by \$844 thousand or <1%.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	We have increased our securities portfolio \$40 million during 2012 due to lack of loan demand and increased cash flows from CMO and MBS' investments. This securities portfolio remains a place to deploy funds to maximize our yield until loan demand increases.

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Participation in CPP Lending Program has allowed us to continue our aggressive approach of identifying and charging off problem credits. As such, our charge offs remained elevated during 2012.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

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

Our participation in the CPP Program has allowed EVB to preserve capital and maintain our "well capitalized" status. The additional capital has allowed us to absorb significant impact over the last 4 years by addressing asset quality issues as outlined below:

- Other than temporary impairments of asset backed securities of \$18.9 million in 2009.
- Elevated loan provision in 2010 of \$28.9 million, of \$8.8 million in 2011 and \$5.7 million in 2012.
- Charge offs of \$15.8 million in 2010, \$10.0 million in 2011 and \$9.4 million in 2012.
- Elevated nonaccrual loans of \$25.9 million in 2010, \$30.3 million in 2011 and \$11.9 million in 2012.

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

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

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According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.