



**ANNUAL USE OF CAPITAL SURVEY - 2009**

**NAME OF INSTITUTION**

(Include Holding Company Where Applicable)

Randolph Bank & Trust Co.

Person to be contacted regarding this report:	Laurence J. Trapp
UST Sequence Number:	1339
CPP Funds Received:	6,229,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Oct 30, 2009
Date Repaid <sup>1</sup> :	N/A

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	22746
City:	Asheboro
State:	North Carolina

<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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Increased lending.
<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.).	The bank was deemed "well capitalized" prior to receipt of CPP capital, however, several large borrowers were restricted from additional loans because of our limits to one-borrower. The additional capital enabled the bank to extend further credit to these customers.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	
<input checked="" type="checkbox"/>	Reduce borrowings	The bank was able to reduce \$4.0MM of high cost FHLB borrowings in the month of March 2010.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The bank has yet to fully leverage the capital due to limited loan opportunities to date. Security purchases have been modest due to the belief and expectation of rising interest rates in the near future.

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

Although well capitalized, Randolph Bank, like most other community Banks, would have found it virtually impossible to raise capital during any time in 2009. The bank had no immediate need for the capital but felt the request should be made as an insurance policy in case the economic climate were to deteriorate further. Fortunately, the economy has slowly improved. Given the size of the bank, the ability to raise capital is still quite limited. At some point in time the bank hopes to repay the funds with some form of secondary offering, prior to the increase in CPP preferred dividends.

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

Banks are able to lend up to 15% of its unimpaired capital to any one borrower. Prior to the receipt of CPP capital, the bank was unable to extend additional credit to several strong large borrowers because they were at the bank limits. Upon receipt of CPP capital, the the bank is now able to extend further credit to these borrowers. At this time one customer has received an additional credit in the amount of \$1.3MM.

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

The bank recently established a mortgage loan production office in Cary NC. Separately, the bank is exploring opportunities to acqui