CPP ANNUAL USE OF CAPITAL SURVEY - 2011

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Hampton Roads Bankshares

Point of Contact:	Robert J. Bloxom, COO	RSSD: (For Bank Holding Companies)	1161029
UST Sequence Number:	236	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	80,300,000	FDIC Certificate Number: (For Depository Institutions)	27125
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 31, 2008	City:	Norfolk
Date Repaid[1]:	N/A	State:	Virginia

[1] 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.

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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.).

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

Make other investments.

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

Provisioned $67.9 million during 2011 for future loan losses.

X **Reduce borrowings.**

Reduced borrowings to FLHB and other debt by $26.6 million in 2011.

X **Increase charge-offs.**

Charged off $150.2 million in problem loans in 2011.

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

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

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

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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?

We have been able to take a more proactive stance with regard to the management and resolution of problem assets both in terms of aggressive provisioning for loan losses and the timely processing of charge-offs.

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

The CPP funds have allowed our company to continue to execute the strategy of de-leveraging and shrinking our balance sheet in order to return to profitability and to reduce our reliance on outside funding sources as evidenced by our reduction in outside borrowings of over $26.6MM during 2011.