CAPITAL PURCHASE PROGRAM (CPP) LENDING REPORT

Name of institution: The Bank of Currituck
Person to be contacted about this report: Eric M. Hemmings, EVP & CFO / Cashier
Submission date: 4/30/09

RSSD (for Bank Holding Companies):
Holding Company Docket Number (for Thrift Holding Companies):
FDIC Certificate Number (for depository institutions): 02039

LENDING ACTIVITY (Thousands $)	2009 FEB	2009 MAR	Key	Comments
1. Loan Balances				
a. Average Consumer Loans	$73,441	$74,517	Call Report codes 1420, 1797, 2008, 2011, 5367, and 5368	
b. Average Commercial Loans	$62,983	$61,823	Call Report codes 1415, 1460, 1480, 1590, and 1766	
c. Total Loans (sum of lines a and b)	$136,424	$136,340		

2. General Market Commentary (optional)

The Bank of Currituck is located in NE North Carolina and operates in Currituck, Camden, and Dare Counties on the mainland and Outer Banks areas. These areas have been particularly hard hit by the current economic environment. Currituck and Camden Counties are rural in nature with the exception of the northern part of Currituck which is a resort area on the Outer Banks. Dare County is almost entirely a resort area on the Outer Banks. Our primary line of business is construction lending, which took a severe hit during the recent real estate downturn. Resort construction and tourism has been hard hit, and these three counties now possess some of the highest unemployment rates in the state of North Carolina. A large number of real estate developers have left the area, and the ones who remain are struggling to make ends meet. Because of this, the Bank has seen a large jump in delinquencies and foreclosures. Loan demand is down significantly from prior years due to the lack of qualified applicants. Liquidity is strong as deposit flows have been steadily realized from other institutions who have either merged or large institutions reporting severe losses. While asset quality (and the resulting impact to earnings) remains a challenge, the Bank enjoys strong Capital and Liquidity and has embarked on several new initiatives to stimulate loan growth.