

MONARCH BANK PRIVACY STATEMENT

Monarch Bank is committed to helping you achieve your financial goals. We are dedicated to providing you with the highest level of service and protecting your privacy. As technology continues to transform the way information is collected and distributed, we want to make sure you know that we have implemented a number of important practices for safeguarding the privacy and security of financial information about you.

- We employ safeguards to protect customer information and to prevent fraud.
- We carefully manage information about you among Monarch's subsidiaries. By understanding your complete relationship with us, we can provide you with more personalized and efficient service.
- We do not sell customer information to other companies for marketing purposes.

You Have Choices

You may direct us not to contact you for marketing purposes by:

- Telephone
- Direct mail
- E-mail

You may direct us not to share, within Monarch Bank, non-transactional information about you (such as credit or employment history) that we receive from others.

How to Reach Us to Exercise Your Choices

- Call us at (757) 389-5152 or (800) 675-0595 outside the Hampton Roads area.
- Write to us at:
Monarch Bank
Attn: Privacy Officer
1101 Executive Boulevard
Chesapeake, VA 23320
- Send an e-mail to Info@MonarchBank.com
- Visit any Monarch Bank branch location

How You Can Help Protect Your Privacy

- Do not share your account information or passwords with others.
- Do not provide confidential information by telephone to unknown callers. Do not provide confidential information online unless you initiated the contact, know the party with whom you are dealing and provide the information through a secure channel.
- When conducting business over the Internet, always use a secure browser and exit online applications as soon as you finish using them.
- Protect your account records.
- If you believe you are a victim of fraud or identity theft, please contact us at (757) 389-5152 for assistance, such as to put holds on your accounts. Also, see the "Identity Theft Assistance" section of our Privacy Statement.

Since this section is a summary, it is important that you read the rest of this statement.

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Monarch Bank includes several subsidiaries, such as Monarch Investments and Monarch Insurance, and divisions, such as Monarch Mortgage and OBXBank. This Privacy Statement applies to all Monarch divisions and subsidiaries unless the Monarch subsidiary provides notice that a separate Privacy Statement applies to that subsidiary. This Privacy Statement explains how we handle and protect information and replaces any Privacy Statements previously provided. The Privacy Statement applies to consumers who are customers or former customers of Monarch Bank and its subsidiaries and who have established relationships with Monarch Bank in the United States. The policies and practices described in this Privacy Statement are subject to change, but we will notify you of any significant changes.

How We Secure Your Assets and Protect Information About You

- We train our employees to protect customer information.
- We continually enhance our security tools and processes.
- We protect customer data and accounts by asking you for information that only you should know when you contact us. We follow these procedures in our branches, on the phone and via the Internet.

How We Protect Your Privacy Online

Protecting customer information online is an essential part of our service to you.

- Our systems use technologies such as firewalls (which protect systems from intrusion) and encryption (scrambling of information) to protect customer information.
- We validate your identity through confidential passwords before we allow online access to your accounts.

For more information on our Internet Security and Privacy policies, please visit www.monarchbank.com and click on the privacy link.

How We Gather Information to Understand Your Financial Needs

The information we gather about you helps us to better understand your financial needs and to provide more personalized, efficient service to you. For example, this information may prompt us to suggest overdraft protection for your checking account or recommend an investment product that has the potential to pay you higher earnings.

The information we gather comes from a variety of sources, including:

- Information you provide to us (such as information on applications about assets and income).
- Information related to your transactions with Monarch Bank (such as account balance and payment history).
- Information we receive from credit reporting agencies and other companies (such as your credit history) when you apply for a service.
- Information we obtain from others at your request (such as information about assets held at another institution for inclusion in a financial plan).
- Information obtained when you use Internet products and services (such as transaction information and information contained in e-mails you send us).

We carefully manage all the information gathered about you as described in the following section.

How We Manage Information to Serve Your Needs

We consolidate information about customers within Monarch Bank, including:

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- Information based on your transactions with us (for example, information that we would collect about your loan amounts and deposits with us in order to offer you a rate based on total balances) and contact information (such as your name and address).
- Non-transactional information received from others (such as credit or employment history) to evaluate your eligibility for various financial services (for example, a line of credit at a special rate).

You may tell us not to share non-transactional information with Monarch Bank subsidiaries. For more information, see the section entitled, "Your Choices as a Customer."

Outside of Monarch Bank

Other than limited exceptions like those below, we do not provide customer information to companies outside of Monarch Bank. You do not need to request this confidentiality; it is our standard practice.

In order to serve your needs, we may provide all of the information we gather to:

- Specialists that perform business operations for us (such as check printing).
- Companies that act on our behalf to market our services, or companies with whom we have entered into a joint marketing agreement in order to provide you with valuable financial services that we do not offer.
- Others only as permitted or required by law (such as to protect against fraud or in response to a subpoena).

We select very carefully the companies that provide services on our behalf, or offer you financial services that we do not provide. Also, we only provide them with information that we believe is necessary to fulfill their responsibilities or to provide a financial service to you. These companies are prevented by legal agreement from using this information for their own purposes or selling this information to others.

Other Applicable Laws

The practices described above are in accordance with federal law. We may also be subject to other privacy requirements under applicable state law.

Your Choices As a Customer

We are committed to helping you manage your finances in the most effective way and helping you maximize the return on your financial investments. For these reasons, we may contact you to offer financial advice and inform you of different options that may be of value to you. If you are comfortable with the ways in which we contact you currently, there is no need to indicate your preferences. We recognize, however, that you may wish to limit the ways in which we contact you for marketing purposes and we offer the options listed below:

1. Please do not contact me by telephone for marketing purposes.
2. Please do not contact me by mail for marketing purposes.
3. Please do not contact me by e-mail for marketing purposes.

You also have a choice about how information about you is managed within Monarch Bank. If you prefer that we not share non-transactional information about you with Monarch Bank subsidiaries, you may choose the following option.

4. Please do not share, among Monarch Bank subsidiaries, non-transactional information about me that you receive from others.

Whatever your preferences, we will honor your wishes and respect your privacy. Your preferences will remain in effect until you tell us otherwise. You do not need to notify us if you have already indicated your preferences to us.

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To discuss your options, inform us of a preference or provide us with feedback, call us at (757) 389-5152 or (800) 675-0595, visit a Monarch Bank branch or send an e-mail to Info@MonarchBank.com.

If you contact us, we will assume your preferences apply to you only – unless you tell us that they also apply to other individuals listed on your accounts.

Please note that we are committed to providing you with superior service. Occasionally, we may need to contact you to resolve a problem or to service your accounts. For example, if we observe unusual activity on your debit card, we may contact you to verify your purchases and confirm that they are authorized.

Identity Theft Assistance

If you believe you may be a victim of identity theft:

1. Contact us at (757) 389-5152 or (800) 675-0595 to place holds on your accounts or for other assistance.
2. Contact the Social Security Administration's Fraud Hotline at 800-269-0271 to report fraudulent use of your identification information.
3. Report the incident as quickly as possible to the credit reporting agencies:

Experian	888-397-3742
Equifax	800-525-6285
Trans Union	800-680-7289
4. File a police report in your local jurisdiction and retain the report number and the name of the officer who took the report.
5. File a complaint with the Federal Trade Commission (FTC) by contacting the FTC's Identity Theft Hotline: 877-IDTHEFT.

How to Limit Direct Marketing from Other Companies

To limit the instances in which credit reporting agencies share your information with companies wishing to offer you pre-approved credit solicitations, you can call 888-567-8688 (the Credit Reporting Industry Pre-screening Opt Out Number). To limit the marketing you receive from companies outside of Monarch Bank, you may contact the Direct Marketing Association at the addresses below and have your name removed from their contact lists. You must include your name, address, telephone number and signature with your request.

DMA Mail Preference Service
P. O. Box 643
Carmel, NY 10512

DMA Telephone Preference Service
P. O. Box 1559
Carmel, NY 10512

E-mail Preference Service:
dmaconsumers.org/optoutform_emps.shtml

We Strive to Maintain Accurate Information

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We strive to maintain complete and accurate information about you and your accounts. If you ever believe that our records contain inaccurate or incomplete information about you, please let us know immediately. We are committed to resolving any inaccuracies as quickly as possible.

Credit Reporting Agencies

If you believe we have reported inaccurate information about your account to any credit reporting agency, please let us know in writing. Be sure to include your complete name, current address, Social Security number, account number, type of account, specific item of dispute and the reason you believe the information is wrong. Send your notice to: Monarch Bank, 1101 Executive Boulevard, Chesapeake, VA 23320. We will investigate your concern and correct any inaccuracies we find. We will inform you of any actions we take.

If You Have Questions, Contact Us

We welcome the opportunity to answer any questions you may have about this statement or the safeguarding and confidentiality of your information. Please visit our Website at www.monarchbank.com, visit a Monarch Bank branch or call us at (757) 389-5152 to speak to a representative.

THE BOARD OF DIRECTORS OF MONARCH BANK ADOPTS THE CHANGES TO THIS POLICY ON SEPTEMBER 16, 2008.