



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

ECB Bancorp, East Carolina Bank

Person to be contacted regarding this report:	Thomas M. Crowder	RSSD: (For Bank Holding Companies)	2686659 & 580726
UST Sequence Number:	349	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	17,949,000	FDIC Certificate Number: (For Depository Institutions)	
CPP Funds Repaid to Date:	0	City:	Engelhard
Date Funded (first funding):	Jan 16, 2009	State:	North Carolina
Date Repaid ¹ :	N/A		

¹If 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.	We were able to grow our loan portfolio by 7.2% during the course of 2009 while still being aggressive in identifying weak credits and taking appropriate elevated loan loss reserves.
<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.).	Our loan portfolio growth occurred in general commercial lending up 10% and Real Estate (commercial, residential, other) by 12%.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	We retained the CPP proceeds at the holding company level and deposited them in the bank, allowing us to hold our investment portfolio steady which resulted in total higher earning assets and higher net earnings that supported the elevated loan loss reserves in 2009.

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	The increase earnings generated by the CPP proceeds allowed us to absorb higher loan loss reserves while maintaining profitability.
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<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 funds?

The primary benefit of having taken TARP funding was to allow us the flexibility to remain an active lender in our market place. Because we had the capital cushion provided by TARP and the resulting higher earnings levels that resulted; we were able to absorb unprecedented loan loss provisions and maintain our well capitalized ratios and show profitability in 2009.

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

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