VIA EMAIL; ORIGINAL VIA U.S. MAIL

March 5, 2009

Mr. Neil M. Barofsky
Special Inspector General-TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, DC 20220

Dear Mr. Barofsky:

ECB Bancorp, Inc., the parent bank holding company of The East Carolina Bank (the Bank"), received $17,949,000 in funds on January 16, 2009 under the U.S. Treasury Department's Capital Purchase Program (CPP). This letter responds to your letter dated February 6, 2009, requesting information on our anticipated use of CPP funds and our plans regarding executive compensation.

Anticipated Use of CPP Funds

Our primary use of CPP proceeds will be to augment the Bank's capital and, using that capital increase, make or renew more loans to creditworthy consumer and business customers than would not have been possible without CPP funding. It is our hope that these additional extensions of credit will support small business and job creation, preservation, and expansion in the markets we serve.

The Bank's 2009 lending activity through February 2009 has increased over the same period in 2008. We anticipate that the CPP capital increase will allow us to increase our lending in the near future, and the Bank's loan officers are actively soliciting and receiving loan requests, and are granting creditworthy loan requests. Those CPP proceeds that await deployment to support lending are invested in interest bearing "available for sale" securities.

The CPP proceeds have not been segregated from other funds because cash is, by definition, fungible both under General Accepted Accounting Principles and for purposes of regulatory "call" reports. The CPP investment is reflected on the balance sheet as preferred stock.

Between January 16 and February 26, 2009, the Bank has made *new* loans totaling $27,653,988, some of which have not yet been fully drawn upon by borrowers. Of this total, $20,670,816 has actually been loaned or drawn upon.

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During the same period, the Bank *renewed* loans totaling $33,322,066, of which $22,892,279 has actually been loaned or drawn upon.

Your request asks that we provide pertinent supporting documentation to support our response. Our response is a summary of our loan origination and renewal data. Any original pertinent documentation we could provide would reveal private information about Bank customers. Our general lending information is reflected in our call reports available at the FDIC web site, *www.fdic.gov*

Our January 20 press release related to our receipt and anticipated use of the CPP funds is attached as Exhibit 1.

Executive Compensation

Our Compensation Committee, which is a joint committee of the our Board of Directors and the Bank's Board of Directors, is responsible for overseeing all senior executive compensation. In consultation with our counsel, our Compensation Committee will review all senior executive officer compensation arrangements within 90 days of the funding, and thereafter as required by the CPP. Prior to our CPP participation, our senior executive officers signed agreements providing that all their compensation arrangements would be modified as necessary to comport with the CPP.

The Compensation Committee will implement any changes necessary to comport with the Department of the Treasury's guidelines and these changes will be in effect as long as the CPP funding is outstanding. Although these determinations will be made by our Compensation Committee in the near future, the Bank's management believes that the Bank's executive compensation plans do not encourage unnecessary and excessive risks, and that the Bank's executive compensation practices already meet the Department of Treasury's executive compensation guidelines. Our Compensation Committee also will make any compensation changes necessary to comport with the American Recovery and Investment Act.

I certify that I have reviewed this response and supporting documents, and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Should your office have additional questions, please call me at 252-355-8200.

Sincerely,

J. Dorson White
Executive Vice President and COO

Exhibit 1. Press Release on Our Receipt of CPP Funds

PRESS RELEASE

January 20, 2009

CONTACT: ECB Bancorp, Inc.
Gary M. Adams, Chief Financial Officer
(252) 925-5525
(252) 925-8491 facsimile

FOR IMMEDIATE RELEASE

ECB BANCORP PARTICIPATES IN U.S. TREASURY CAPITAL PURCHASE PROGRAM

ENGELHARD, NORTH CAROLINA - ECB Bancorp, Inc. (Nasdaq: ECBE), the parent holding company of The East Carolina Bank ("ECB" or "Bank"), announced today that, it has completed the issuance and sale of $17.9 million in senior cumulative preferred stock under the U.S. Treasury Department's Capital Purchase Program (CPP). This program was established pursuant to the Emergency Economic Stabilization Act of 2008 to help stabilize the financial markets and increase the flow of financing to businesses and consumers by providing additional capital to healthy banks.

Arthur H. Keeney III, President and Chief Executive Officer, stated, "Although we are well above the level at which banks and bank holding companies are classified as "well capitalized" under the capital adequacy guidelines of the Federal Deposit Insurance Corporation (the "FDIC") for insured banks, and the Federal Reserve Board (the "FRB") for bank holding companies, we are pleased to be selected for participation in this program intended for financially strong institutions that are well positioned for growth during this economic downturn. This investment will strengthen our already solid capital ratios and our ability to support our local and regional economies during the current economic downturn."