

With A New Leadership Team In Place, ECB Bancorp, Inc. Is Now Focused On Organic Growth And Creating New Revenue Streams



**Financial
Regional – Mid-Atlantic Banks
(ECBE-NASDAQ)**

**A. Dwight Utz
President, CEO and Director
ECB Bancorp. &
The East Carolina Bank
&
Tom Crowder
Chief Financial Officer**

**Interview conducted by:
Lynn Fosse, Senior Editor**



**A. Dwight Utz, President/CEO
ECT Bancorp. &
The East Carolina Bank**

Executive Bio:

Dwight Utz joined the East Carolina Bank in July 2009 as its President and

Chief Executive Officer. Dwight has worked in the banking industry since 1972 at former CCNB Bank, Camp Hill, Pennsylvania. During his tenure at CCNB Bank, Dwight held positions in Retail banking, Human Resources and PNC Intrgration Manager and advanced to the position of Senior Vice President/Regional Market Executive until PNC Financial Services Corp. acquired CCNB Bank.

From 1995-1997, Dwight served as Corporate Vice President/Manager of Human Resources in Pittsburgh, Pennsylvania. He also served as the Director of Branch Network Re-Engineering, developing and executing branch plans for the retail delivery channel.

He worked at PNC Bank Corporation until 2000.

Dwight provided his services to the financial services consulting firm Comtempo Design, Inc. serving as its Retail Financial Services Consultant from 2000-2001.

Dwight returned to banking in 2001, joining Midsouth Bancorp, headquartered in Lafayette, Louisiana. He served as its Executive Vice President/Chief Retail Officer until he was appointed by East Carolina Bank to serve as President & Chief Executive Officer, effective July 1, 2009.

Dwight holds a Degree in Business Administration from Central Pennsylvania College. Dwight also attended the University of Delaware, Stonier Graduate School of Banking and has completed the Executive Leadership Development Program at the Center for Creative Learning in Colorado.

Dwight has been involved in several civic and state/local banking organizations, including the American Heart Association, the Rotary Club, various Chambers of Commerce and state banking organizations.

Dwight is a native of Baltimore, Maryland. He is married to the former Debbye Minori of Mechanicsburg, Pennsylvania. They have three children and two grandchildren.

Company Profile:

ECB Bancorp, Inc. is a bank holding company, headquartered in Engelhard, North Carolina, whose wholly-owned subsidiary, The East Carolina Bank, is a state-chartered, independent community bank insured by the FDIC. The Bank provides a full range of financial services through its 24 offices covering eastern North Carolina from Currituck to Ocean Isle Beach and Greenville to Hatteras. The Bank also provides mortgages, and insurance services through the Bank's licensed agents. The Company's common stock is listed on The Nasdaq Global Market under the symbol "ECBE".

CEOCFO Interview with A. Dwight Utz & Tom Crowder

CEOCFO: Mr. Utz, what exactly is the vision for ECB Bancorp today?

Mr. Utz: The leadership team that you are talking with today is relatively new to ECB Bancorp. I have been here just over a year, and Tom has been with us six months. We have also strengthened our leadership team over the last 9 months to include our new Chief Revenue Officer, Chief Administrative Officer and a Chief Technology Officer. Therefore, what we are really focused on now is looking at the company and positioning it for strate-

gic growth over the next five to ten years. One of the things that we have done is take a real deep dive into the company. ECB was what I would term a real typical traditional community bank, obviously doing very well servicing its many communities and obviously, we are going to continue that. However, what I found was that there really wasn't much in terms of a vibrant proactive company, so I built a robust leadership team that brought Tom and others on board to assist with executing our growth strategy. One of the more creative and unique positions, within the company is that of Chief Revenue Officer. It became very clear to me that we really needed to focus on long term strategic core earnings; we needed to focus on revenue opportunities, revenue streams that haven't been considered in the past. So I hired Jim Burson to join the leadership team. Jim and I worked together at PNC Financial, so I knew that Jim would understand what I wanted to accomplish. His responsibility is to focus on strategic long-term revenue streams. Those are some of the things that we are doing in terms of our strategy and where we are going tomorrow. The company in the past has been primarily de novo driven. We will certainly continue to look at those types of opportunities, but I think going forward we are focusing on the organic growth opportunities coming out of our twenty-four retail stores. There really wasn't a lot of focus on building that organic growth on the customer base that we had. So what Jim is doing is looking at that holistic customer view. This includes answering question like; do we really know who our customer is? What is the profitability of that customer? How many services per household do they have? How are they using the channels? Etcetera.

CEOCFO: Are you considering acquisitions as you go forward?

Mr. Utz: Absolutely! However, our current focus is analyzing whether the FDIC transactions or other strategic partnership

opportunities are viable for our company. I also believe that the market is repositioning and if there are acquisition targets out there available that we believe are good strategic fits, we are going to look at them, absolutely. But our core strategy is to look at organic growth over time, but if opportunities present themselves, either in a true acquisition or an FDIC opportunity, yes we are going to look at them.

CEOCFO: Do you have a goal for more branches?

Mr. Utz: Sure. We are looking at several de novo sites. We believe that there are probably some gaps in our supply line. I

If you look at the financial strength of our company against our peer group, we are extremely strong in that regard. Secondly, as you look at our executive leadership team today, it is a robust group of folks that we have put together for a specific purpose of growing our company in a very strategic way. If you look at Tom's background, if you look at Mr. Burson's background, you look at our chief credit officer, you look at our chief technology officer, it is very clear what we are trying to do in terms of the background that each of those folks have. The executive leadership I think is very strong. The other is that we have weathered this economic crisis better than some, so I would encourage the investor community to really take a hard look at those strengths and I think the long-term growth strategy will fare well for any potential investor. We are a team that manages offensively, not defensively. Big difference, better results... - A. Dwight Utz

would suggest to you that as you look at our footprint, it is predominantly coastal, east coast of North Carolina. We are aligned along multiple tributaries in North Carolina, including the Atlantic Ocean, sounds and small tributaries. We are going to look at how we begin to make sure that our supply lines are fully aligned.

CEOCFO: You mentioned the neighborhoods you live and work in; how are these areas, are the jobs stable, businesses stable, or are we seeing foreclosures? What is the economic environment?

Mr. Utz: As you look at the unemployment rate for North Carolina as a whole, we are probably somewhere between 9-10%, but when you look at the coastal environment where we are at, a lot of employment looks very good during the summer months, because you have the tourist influx. But when you get into the winter months there is a lot of unemployment. When you take another look at some of the areas that we are in, a lot of it is agriculturally driven, so we have a lot of agricultural communities that we serve. If you look at our furthest west footprint, you have our Greenville market, which is a very robust market. The

unemployment rate is certainly different than our other markets. It is primarily driven by the medical community and the educational environment, with East Carolina University being the most prominent. So that is a real vibrant market for us, although let's be honest, all of our markets have been impacted by the current economic issues that are out there. Our Wilmington market has been hit very hard and some of our portfolio problems have been aligned to that market. You have asked us to describe our customers, and I would suggest to you that it is probably more aligned to micro small businesses. Our average commercial loan is averaging somewhere around \$90 thousand.

CEOCFO: Are you more commercial than consumer?

Mr. Utz: Yes I would say that we are, but I also would suggest to you that part of Mr. Burson's responsibility is to expand not only our business/ commercial environment, but to re-energize our consumer portfolio. We have over the past several months looked at and have implemented/ introduced new product lines that we think will be very beneficial in diversifying that consumer portfolio, versus where we are today.

CEOCFO: What is that product line?

Mr. Utz: It is a Rewards Checking Program that we have partnered up with a third party. Currently, our consumer base

has the opportunity as long as they meet certain performance criteria and comply with the electronic strategy having a statement delivered by electronic means. We pay today a rate of 4.01% of balances up to \$25 thousand. We have also combined that with a savings plan where the interest and the free ATM usage charges are put into a savings account. Over time, we will introduce a product in that same line focusing on the younger generation that we think will also help us build that consumer segment of clients.

CEOCFO: Are there other new products that are you focusing on, such as remote deposit capture?

Mr. Utz: Yes we have introduced over the past year two other lines of business, besides the traditional mortgage and agribusiness, which is hugely successful for us, we have added treasury services and wealth management. So besides the consumer checking account and the suite of products that I just described, we now have a dedicated sales team that is building our treasury line of business. They have done yoman's work over the last six months and we are very proud of that business line. It relates to our wealth management group, which is a new line of business that has been built over the last year. We brought in a leadership team that has focused on building a team of investment reps that will continue to contribute to our revenue stream in the long run.

CEOCFO: You mentioned that you are relatively new; how did the bank fare through the financial crisis and the banking crisis that was happening in 2008 and 2009?

Mr. Crowder: The overall strength of the bank has been remarkably stable during the last two years. The credit culture that has been ingrained in our bank has served us well. As Dwight indicated, we had some weakness in one area of our footprint, which drove a disproportionate amount of our non-performing assets and charge-offs over the last eighteen months. However, as we indicated in our most recent press release for earnings in the 2nd Quarter, we believe that we have come

through the process in good shape and that we are now in a position to continue to get back to normalized earnings going forward.

CEOCFO: What is the financial picture for ECB Bancorp right now; do you have the cash to go forward?

Mr. Crowder: There are two situations. One is, as we have indicated, we are in discussions to repay our TARP. We did take some of the TARP money as an insurance policy about eighteen months ago. However, we never put it into the bank. We kept it at the holding company, because the bank never required it to meet the well capitalized ratios that the regulators wanted to see. So we are now in discussions to repay that and we hope to have that done in the near future. Our second situation is that we are finding ourselves in a rather unique situation

Based on our financial ratios and our liquidity we have maintained a very high liquidity ratio over the last twelve months and as a precaution, we continue to do so. If you just look at our balance sheet and the quality of our assets, the better than peer measurement of our non-performing assets to loans and our charge-off history, then you would see a community bank of our size, which is not easily found. We are a very strong and unique institution coming out of the last eighteen months. - Tom Crowder

where we are going to have some options to raise some capital in the coming months. We are actively looking at what is the best vehicle to do that with, so that we can take advantage of this current environment and give us some flexibility to look at funding our organic growth as well as potentially identifying some key acquisitions that Dwight referred to earlier.

CEOCFO: If customers came to you and ask how do they know their money is secure, what would you tell them?

Mr. Crowder: Well I would tell them that based on our financial ratios and our liquidity we have maintained a very high liquidity ratio over the last twelve months and as a precaution, we continue to do so. If you just look at our balance sheet and the quality of our assets, the better than peer measurement of our non-performing

assets to loans and our charge-off history, then you would see a community bank of our size, which is not easily found. We are a very strong and unique institution coming out of the last eighteen months.

Mr. Utz: Particularly as you look at other coastal banks, you are not going to find one as strong as ECB. Unfortunately, we have been painted with the same brush as other community banks that are in the coastal area. But you look at our financial history and particularly as we believe we are moving out of this cycle, we are doing very well. As Tom mentioned, if you put us up against our peer bank group, you will see that we stand at the top.

CEOCFO: How long has ECB been a public company and are you focused on attracting investors to your stock at this time?

Mr. Crowder: ECB Bancorp has been a public company since 1998. It did a public offering back in the early decade of 2000. It has also been listed on Nasdaq since 1998 as well. We are in fact actively interested in trying to attract investors and that is part of what the management team has been focusing on since I have been onboard. My background was in investments and also as the CFO of a previously publicly traded company. We have been

moving to try to expand the story line into the public investment community in hopes of trying to increase our visibility as well as our liquidity in our stock. We are going to be in the months and years ahead actively trying to increase our float in a number of different ways, with a number of different strategies, because we believe that the stockholder value that we are committed to trying to produce in the coming three to five or ten years, is going to be very connected to our ability to get a larger float and a much more public presence for our story.

CEOCFO: In closing, will you address potential investors and why they should consider ECB?

Mr. Utz: If you look at the financial strength of our company against our peer group, we are extremely strong in that

regard. Secondly, as you look at our executive leadership team today, it is a robust group of folks that we have put together for a specific purpose of growing our company in a very strategic way. If you look at Tom's background, if you look at Mr. Burson's background, you

look at our chief credit officer, you look at our chief technology officer, it is very clear what we are trying to do in terms of the background that each of those folks have. The executive leadership I think is very strong. The other is that we have weathered this economic crisis better than

some, so I would encourage the investor community to really take a hard look at those strengths and I think the long-term growth strategy will fare well for any potential investor.



ECB Bancorp, Inc.
PO Box 337
Engelhard, NC 27824
Phone: 252-925-9411