

## Press Release

**Source: BNC Bancorp**

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### **BNC Bancorp's Net Income Increases Despite Challenging Banking Environment**

THOMASVILLE, N.C., / -- BNC Bancorp (NASDAQ: BNCN) today reported that net income for the year ended December 31, 2007 increased 20.6 percent to \$7.44 million when compared with \$6.17 million reported for 2006. Diluted earnings per share increased to \$1.05 in 2007, a 1.0 percent increase compared with \$1.04 reported for the full year of 2006. Return on tangible equity for 2007 was 15.58 percent.

For the fourth quarter of 2007 net income declined 23.9 percent to \$1.55 million from \$2.04 million a year earlier. Per-share earnings (diluted) were \$0.22, down 24.1 percent from the \$0.29 reported in 2006.

Total assets as of December 31, 2007 were \$1.13 billion, an increase of 18.5 percent compared with \$952 million as of December 31, 2006. Total loans on December 31, 2007 were \$933 million, an increase of 20.4 percent from the \$775 million reported as of December 31, 2006. Deposits increased 8.7 percent over the same one-year period.

W. Swope Montgomery, Jr., President and Chief Executive Officer, said, "In light of the many strategic initiatives undertaken and the challenges facing our Company and industry, we are pleased with the success we achieved in 2007 in growing our core company. While we are definitely not satisfied with our results when compared to our historical levels, given the magnitude of industry margin compression, a downturn in the credit cycle and the increase in regulatory and compliance burdens, we are very pleased with reporting diluted earnings per share of \$1.05 for the year.

"Several factors contributed to our fourth quarter and full year results, some attributable to macro economic and industry conditions, while others related to management initiatives to build infrastructure to support and fuel our growing company," Montgomery said.

- ⌚ **Investment in New Markets:** "With attractive demographics and growth potential, we have targeted suburban Charlotte as a primary expansion area for the Bank. In the third quarter we celebrated the grand opening of our full service permanent facility in Harrisburg, and in the fourth quarter we hired a team of exceptional, seasoned bankers to open a banking office in the Mooresville/Lake Norman area. These offices, while increasing overhead in the fourth quarter, are investments in the future of our Company that we are confident will pay great dividends in future periods."
- ⌚ **Interest Rate Impact:** "Due to a flat yield curve and recent Federal Reserve rate cuts, our Company has been challenged with shrinking net interest margins which will likely continue into the first half of 2008. However, we expect our margin to rebound during the second half of 2008 as low short-term rates and a steeper yield curve provides a very favorable environment for margin expansion."
- ⌚ **Credit Quality:** "Even though we operate in one of the most stable real estate markets in the southeast, we are prudently and continuously evaluating our policies, procedures, and portfolio mix. We fully understand we are in the business of managing risk, and while current conditions have heightened risk within our industry, we are embracing and fortifying the resources within our Company to better manage this risk."

Despite our heightened internal focus on credit quality, we are very pleased to report that net charge-offs for 2007 were 0.20 percent, up only slightly from the 0.18 percent in 2006. While the level of non-performing assets increased to 0.54 percent at year end versus 0.26 percent a year earlier, we were pleased that after taking sufficient write-downs on these assets, the higher level of non-performing assets did not result in significantly higher net charge-offs for the year."

- ① **Compliance:** "Surpassing \$1 Billion in assets in 2007 was a major milestone for our Company. With the added scrutiny and regulatory oversight due to our growing market capitalization, we incurred a heavy burden in terms of legal, professional, and regulatory expense. Much of this burden related to the compliance requirements for Sarbanes Oxley Section 404 reporting, IRS Section 409A for employee benefit plans and contracts, and a change in GAAP effective January 1, 2008 for post-retirement split dollar life insurance."

"While the fourth quarter was not a typical quarter in terms of operational results for our Company or our industry, we are convinced that rather than retrench to protect short-term earnings, now is the time to invest in infrastructure and growth opportunities. In the near future, when we return to a more favorable banking environment, these investments will better position our Company to meet our underlying objectives of rewarding our shareholders, maintaining high credit quality, and achieving double digit growth in both earnings and assets," Montgomery explained.

BNC Bancorp is the parent Company of Bank of North Carolina, a \$1.13 Billion commercial bank that provides a complete line of banking and financial services to individuals and businesses through full-service banking offices located in the cities of Thomasville, High Point, Salisbury, Greensboro, Archdale, Lexington, Kernersville, Harrisburg, Welcome and Oak Ridge, North Carolina. In addition, the Bank operates limited service banking offices in Winston-Salem and Mooresville, North Carolina. Bank of North Carolina is insured by the FDIC and is an equal housing lender. BNC Bancorp's stock is quoted in the Nasdaq Capital Market under the symbol "BNCN."

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#### CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, we make written and oral forward-looking statements within the meaning of certain securities laws, including in this press release, in other filings with the U.S. Securities and Exchange Commission, in reports to shareholders and in other communications. These forward-looking statements include, among others, statements with respect to our objectives for 2007 and beyond, and the medium and long terms strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution readers not to place undue reliance on these statements as a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the strength of the North Carolina economy in general and the strength of the local economies within North Carolina in which we conduct operations; the strength of the United States economy; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Board of Governors of the Federal Reserve System in the United States; judicial decisions; the effects of competition in the markets in which we operate; inflation; the timely development and introduction of new products and services in receptive markets; the impact of changes in the laws and regulations regulating financial services (including banking, insurance and securities); changes in tax laws; technological changes; our ability to complete strategic acquisitions and to integrate acquisitions; judicial or regulatory proceedings; changes in consumer spending and saving habits; the possible impact on our businesses of international conflicts and other developments including those relating to the war on terrorism; and our anticipation of and success in managing the risks implicated by the foregoing.