



summary
annual report

2008

smart growth

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AT BNC BANCORP AND BANK OF NORTH CAROLINA, OUR MISSION IS TO PROVIDE THE BEST BANKING EXPERIENCE POSSIBLE BY ANTICIPATING YOUR NEEDS, AND EXCEEDING YOUR EXPECTATIONS WHILE ASSISTING YOU IN ACHIEVING YOUR SHORT-TERM AND LONG-TERM FINANCIAL GOALS. WE ARE COMMITTED TO PROVIDING A CHALLENGING AND REWARDING WORK ENVIRONMENT FOR OUR EMPLOYEES, WHILE MAINTAINING SOLID FINANCIAL STRENGTH TO ENSURE SUPERIOR RETURNS FOR OUR SHAREHOLDERS.

2008

Remaining Strong with the Weight of the Economy



Smart Growth Continues





Financial Highlights

(\$ in thousands, except per share data)

2008
YEAR ENDED DECEMBER 31
2007 \$ Change % Change

STATEMENTS OF OPERATIONS

Total interest income	\$ 71,034	\$ 73,670	\$ (2,636)	(3.6%)
Total interest expense	37,426	41,265	3,839	(9.3)
Net interest income	33,608	32,405	1,203	3.7
Provision for loan losses	7,075	3,090	3,985	129.0
Net interest income after provision	26,533	29,315	(2,782)	(9.5)
Non-interest income	5,651	5,249	402	7.7
Non-interest expense	27,783	24,068	3,715	15.4
Income before income taxes	4,401	10,496	(6,095)	(58.1)
Provision for income taxes	414	3,058	(2,644)	(86.5)
Net income	3,987	7,438	(3,451)	(46.4)
Less preferred stock dividends	(142)	-	(142)	100.00
Net income available to common shareholders	\$ 3,845	\$ 7,438	\$ (3,593)	(48.3)

PER SHARE DATA

Earnings per share - basic	\$ 0.53	\$ 1.08	\$ (0.55)	(50.9%)
Earnings per share - diluted	0.52	1.05	(0.53)	(50.5)
Cash dividends paid	0.20	0.18	0.02	11.1
Tangible book value	12.62	8.30	4.32	52.0
Closing market price	7.46	16.91	(9.45)	(55.9)

BALANCE SHEET DATA

Total assets	\$1,572,876	\$1,130,112	\$442,764	39.2%
Loans	1,007,788	932,562	75,226	8.1
Allowance for loan losses	13,210	11,784	1,426	12.1
Goodwill	26,129	26,129	-	-
Deposits	1,146,013	855,130	290,883	34.0
Borrowings and trust preferred securities	194,143	182,641	11,502	6.3
Shareholders' equity	105,713	86,392	19,321	22.4

KEY RATIOS

Return on average assets	0.32%	0.71%
Return on average tangible equity	4.59%	15.58%
Efficiency ratio	70.77%	63.92%
Allowance for loan losses to period-end loans	1.31%	1.26%
Nonperforming assets to total assets	1.17%	0.54%
Net loan charge-offs to average loans	0.58%	0.20%
Equity to assets ratio	7.67%	7.64%
Tangible equity to assets ratio	6.00%	5.28%

Forward Looking

STATEMENTS

This report contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and the Bank. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of management of the Company and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of words like "expect," "anticipate," "estimate" and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, (1) competition in the Bank's markets, (2) changes in the interest rate environment, (3) general national, regional or local economic conditions may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and the possible impairment of collectibility of loans, (4) legislative or regulatory changes, including changes in accounting standards, (5) significant changes in the federal and state legal and regulatory environment and tax laws, (6) the impact of changes in monetary and fiscal policies, laws, rules and regulations and (7) other risks and factors identified in the Company's other filings with the SEC. The Company undertakes no obligation to update any forward-looking statements.



To Our Shareholders

W. Swope Montgomery, Jr.
President & CEO



This Challenging Environment Creates Opportunity

Based on news reports, you might be surprised at my message this year. Basically, it really is business as usual.

Until recently, the news media have not differentiated between the Freddie Macs and Indy Macs of this world and people like us at Bank of North Carolina. So let me take this opportunity to assure you – Bank of North Carolina is still the place to be ... for all the right reasons.

As we have reported since our inception in 1991, the forward-thinking directors and management of Bank of North Carolina built this financial institution on sound banking principals:

Strong Capital

Optimal Liquidity Management

Sound Asset Quality

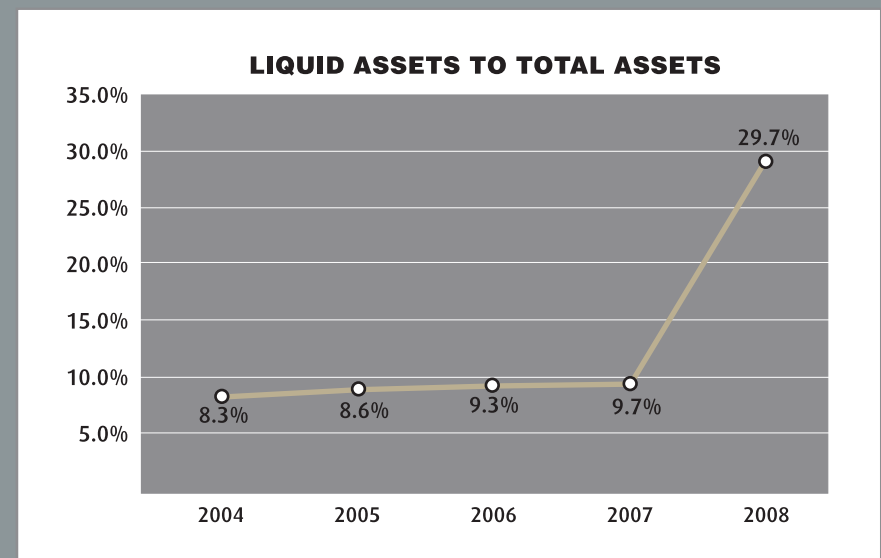
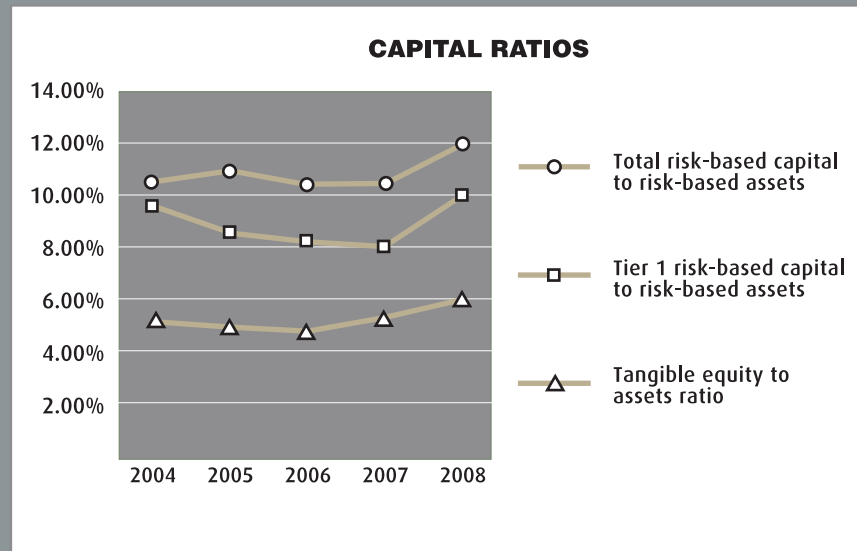
While the economic problems encountered across our nation are complicated at best (and chaotic at worst), the basic tenets of community banking have positioned us well in this troubled market. In fact, it's not a matter of "getting back to the basics" for Bank of North Carolina. The "basics" are what built our strong foundation.

Capital is the key

BNC has taken great care over the years to manage capital resources and position our Company to be able to withstand a credit crunch such as the one in which our nation is currently entangled. And while we endeavor to expand into profitable markets and product lines, as part of our strong fiscal discipline we continually weigh each and every decision to assure that our capital position remains strong.

Yes, we did make the decision to accept the government's Capital Purchase Program (CPP) funds. Please understand, except for the mega-banks getting all the headlines, CPP funds were not made available to troubled banks. Our regulators encouraged us to participate in the CPP because of our strength and willingness to support the credit needs of our communities.

CPP funds, on the other hand, are investments of preferred stock into healthy banks. BNC made a decision – and we are convinced it is the right one – to accept these funds and to use them to further strengthen BNC's capital and to help reinvigorate our local economy. BNC Chief Operating Officer Rick Callicutt will explain BNC's efforts to boost our own community's financial health, in part, with CPP money. BNC Chief Financial Officer David Spencer will show you how BNC's leadership has positioned itself to take these opportunities to strengthen our foundation and to help rehabilitate the economies of our local communities.



Liquidity

Liquidity refers to an asset's ability to be easily converted to a form of cash that can be used to meet withdrawal demands by our depositors. Most banks fail due to poor liquidity management during challenging credit cycles. We at BNC saw this challenging economic time coming, and began adding liquidity sources throughout 2008 and into 2009. Liquid assets on our balance sheet increased over 325 percent in 2008, and our Company is now among the top in our peer group in terms of liquid assets to total assets.

BNC Chief Financial Officer David Spencer has worked diligently and very innovatively on strategies to use these CPP funds effectively from an earnings and a liquidity standpoint. By shoring up our capital and increasing our liquidity, BNC becomes even more sound and secure as a financial institution. While we are optimistic about our economy, as fiduciaries of our stockholders' and depositors' money, we have to prepare for the worse as unemployment rates approach 10 percent and some of our loan customers find themselves in unfamiliar financial strife.

BNC's proactive nature has helped us move forward even when that forward movement has been somewhat slowed in recent years. Because our Company has remained committed to fundamentally sound principles of community banking, we were able to react quickly to the CPP

capital and utilize this new capital to add greater liquidity, earnings, and credit capacity to our Company.

Asset Quality

As we've told you since 1991, BNC emphasizes asset quality foremost in our smart-growth strategy. However, no one can deny that we're in an economic slowdown the likes of which we haven't seen in many decades, and BNC is closely monitoring and proactively managing non-performing asset levels. While some banks have been in complete denial about the reality and magnitude of the credit challenges, we have a seasoned credit review and workout team that is working daily with our lenders and customers to provide sound and workable solutions. They have been identifying weaknesses and taking action, restructuring loans on viable projects, and exercising some creative thinking for those customers committed and able to honor their obligations. That's what our customers expect from Bank of North Carolina....Creative, Smart, and Adaptive banking options that help businesses and individuals succeed no matter the economic environment. We don't want to see anyone fail – especially our customers.

Cash Dividends

In each of the past six years BNC has paid an annual cash dividend during the first quarter. In late 2008, the Board declared a quarterly cash dividend of \$0.05 per share, an annualized rate that is equal to the \$0.20 annual cash dividend paid in 2008. The initial quarterly cash dividend was paid on February 20, 2009, to shareholders of record on February 6, 2009.

While many companies are reducing or eliminating dividends as a result of these challenging economic times, as a result of BNC Bancorp's capital strength and healthy balance sheet, we are pleased to be able to continue our cash dividend at the same annualized rate. The initiation of a quarterly cash dividend signals an ongoing confidence in our Company's long-term strategic plan and ability to generate sufficient capital to fund future dividends and growth opportunities. While we intend to pay regular quarterly dividends for the foreseeable future, all subsequent dividends will be reviewed quarterly and declared by the Board at its discretion.

Value-Added Services

Today's economic challenges actually present opportunities for us at BNC. In addition to continuing to grow the Bank in smart, sound ways, we are also looking inward to assess what we can do even better. During 2008 we focused on value-added services for our customers – the “fringe benefits” of banking with BNC. Steven Shafer now heads up BNC Treasury Services, a department that provides consultative financial assistance and cutting-edge, technology-led products to our corporate clients. Meanwhile Alan Pike and his Retail Banking Team are focusing on how we, through better communication, training, and consistency of purpose, can enhance each of our retail customer's banking experiences. At both levels, we're trying even harder to anticipate – and meet – our clients' simple and complex financial needs.

Investing in You 2008

Once again we devoted the Columbus Day holiday into an opportunity for a bank-wide meeting. This year we held it at High Point University and immersed ourselves in this innovative institution's “WOW!” experience. This school has led the way in transforming a small private college into an

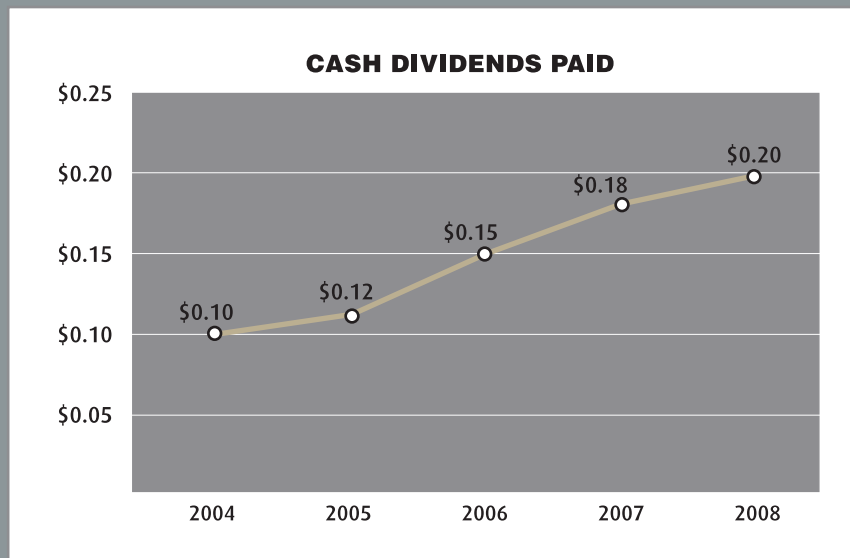
extraordinary university. Our one day introduction to the “WOW!” concept has given us a year's worth of ideas to implement throughout Bank of North Carolina.

Community Commitment

I'm especially proud of the many ways BNC employees give back to our communities – communities that now stretch across Central North Carolina. With all of the stresses on our society today – layoffs, bankruptcies, healthcare needs – I take great pride and comfort in the fact that BNC employees play an active role in over 60 community organizations; organizations that are

enhancing the lives of those who need it most. Lexington Children's Home. High Point Kiwanis. Greensboro Urban Ministries. The Thomasville Historic Preservation Commission. Samaritan House Night Shelter in Cabarrus County, just to name a few. One employee at a time, BNC is helping our region.

BNC Chairman of the Board Groome Fulton says “Everything good that happens in a community – if you look closely, you'll find a bank involved.” He set the tone for community service back in 1991, and I'm proud to say our 229 employees continue to stay true to our guiding principles. Even during this tough economic time, our employees managed to increase



their United Way contributions in 2008. They gave \$121,747.68 to United Way of Central Carolinas, Davidson County, Forsyth County, High Point, Greensboro, and Rowan County.



**Anne & Groome
Fulton Scholarship**

Speaking of Groome Fulton, in 2008 BNC awarded the first four Anne and Groome Fulton Scholarships at High Point University. Scholarships were given, one each, to a freshman, a sophomore, a junior, and a senior student who has either declared or intends to declare a major in one of the eligible departments at the university's Earl N. Phillips School of Business.

Through a tax-savings investment strategy, BNC will be able to pass on annual tax savings of \$20,000 to High Point University for the next 30 years to fund the Fulton Scholarship.

Kermit Cloniger

In 2008, we said goodbye to "one of the finest men I've ever known," Kermit Cloniger. Those who knew Kermit recognize that phrase as one of Kermit's favorite. When he used those words to introduce you to someone, you knew to take note. Kermit was one of our founding directors and is arguably one of the reasons Bank of North Carolina is here today. When we say that Bank of North Carolina is "the place to be... for all the right reasons," it's because of the influence and guidance of men like Kermit Cloniger. He is sorely missed but we will never stop feeling his presence.

As you continue to read about our nation's struggles to rebuild the community, just remember what we've told you since 1991: Smart Growth isn't just a phrase; it's how we run our organization. In the last four years, we have tripled the size of Bank of North Carolina. We are healthy and strong, and we



Kermit Cloniger

will continue to strengthen our balance sheet and guide our loyal customers through these tough economic storms.

- W. Swope Montgomery Jr., President & CEO



Now more than ever, the place to be...for all the right reasons.

RICHARD D. CALLICUTT, II

While customer service has always been a priority, more than at any time in our 18-year-history BNC is now challenged with not only meeting our customers' needs – we have to anticipate them and guide folks through these tough times.

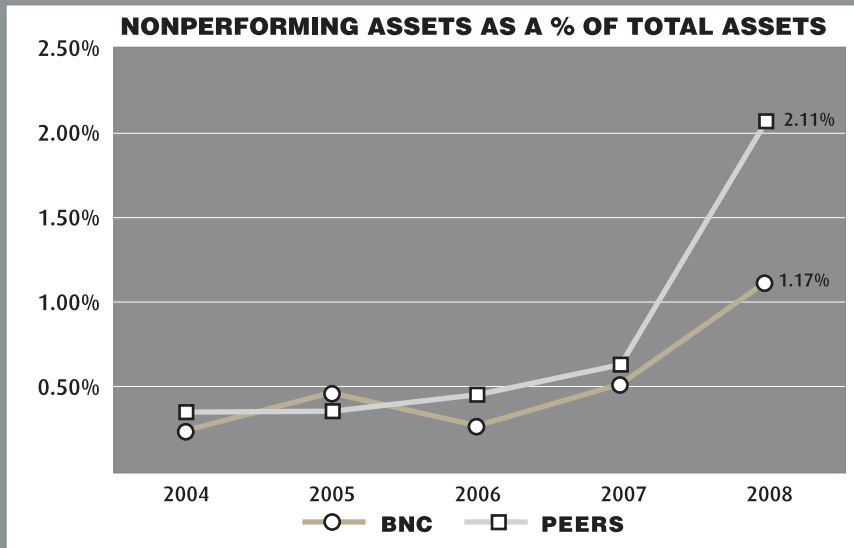
While foreclosures are plaguing the national housing landscape, our markets have not been hit with the same severity as many other boom-and-bust sectors of our country. However, no matter the depth relative to other areas, when it begins happening at historically high levels to our customers and neighbors, it's an issue that attracts our foremost attention. With unemployment on the rise and further softening in the housing market, BNC management has put together several programs to help our customers remain in their homes and prevent foreclosure. We remain committed to working with each of our customers to develop an individualized plan that will provide a long-term solution to the current challenges.

As you've learned to expect from BNC, we aren't ones to sit around and hope for the best...we pride ourselves on being proactive and aggressively creating solutions to potential problems that face both our Company and our Customers. One of the most innovative ideas to arise out of this economic slowdown is BNC's **Builder Participation Program**. Our residential builders came to us and were discouraged that interested and qualified buyers couldn't gain access to mortgage financing due to inefficiencies in the secondary markets. We listened, and when a married couple with stable income, good credit scores, and over 15 years on their job can't get approved for a mortgage at 60 percent loan-to-value, we realized the secondary mortgage markets were broken, and we needed to step in and fill that void. This program provides affordable financing to qualified buyers who are interested in buying a home from one of our builders.



Talk about a smart approach to banking! Through this new program, BNC has created the opportunity to purchase select homes under incredible terms:

- 4.82% APR
- 95 percent financing
- No private mortgage insurance
- Builder pays any applicable bank fees
- Accelerated closing



Why? It's not doing anyone any good for new homes to simply sit empty. Builders lose their investment. Construction workers and tradesmen lose their income. And neighbors see their own home values steeply decline. The Builder Participation Program is one way BNC is making sure the wheels of our economy keep turning. We have committed \$100 million to this program to help stabilize a portion of the housing market in North Carolina. And it's a significant segment – the Builder Participation Program currently has homes for sale under these remarkable terms in communities throughout our footprint stretching from Greensboro to Charlotte.

The more we can facilitate good, solid home purchases, the quicker we can help builders stabilize their inventory levels and the sooner prices will stabilize and ultimately lead to an end to this current crisis. Approximately \$10 million in mortgage loans have been made through this program to date, and we are seeing the popularity of this program expand to other banks.

While the media are concentrated on those struggling in this recessionary period, most of our customers are continuing to do well, and as a result much of our ongoing emphasis is working with these businesses and individuals

to help facilitate their growth strategies and seize upon a growing number of opportunities. As has always been our priority, we pride ourselves on adapting to the situations at hand to insure we are providing thoughtful and valuable financial solutions for our customers, no matter what their challenge, opportunity, or goal.

Richard D. Callicutt II
Executive Vice President & Chief Operating Officer



Retail Service Team (Left to right)

Alan Pike

Alisha Boger

Angela Chester

Leann Myers

Focus on Retail Service

In the summer of 2008 BNC launched a program created to refine our standards of customer service. We pulled our City Executive from Greensboro to lead this team effort, and quickly added a seasoned team with a wealth of experience in high-touch retail banking.

"We're still high care. We're still high touch. Now, however, we are trying to be even more consistent in serving our customers," explained Alan Pike.

BNC's vision for the retail bank is for each manager and member to know their responsibility as part of a team and ultimately be able to measure performance and reward success.

"We define what behaviors we expect and how to deliver them," says Richard D. Callicutt.

"We ask ourselves 'What do we have to do to wow a customer?' And from that question our retail team has developed 10 'WOW' criteria to put into place at every BNC location."

Of course training is a key component of this emphasis on customer care. Our managers have to be leaders of their teams so we focus on helping them learn how to coach. We teach them the importance of collaboration. After all, collaboration is vital if you're going to meet your customers' needs. We want every employee to feel like they are on the same team whether they work in

Thomasville, Greensboro, Mooresville, Archdale, or Harrisburg. We have wonderful people who thrive on serving their customers, and we're finally putting a more formal program in place to help them broaden their customer service skills, recognize those who meet or exceed our lofty standards, and more openly celebrate our successes.

"Cardinal Congrats" is one way we're honoring exemplary employees. Just look for the congratulatory balloon and the "Cardinal Congrats" certificate, and you'll spot an employee who has "wowed" someone. Expect to see these popping up everywhere bankwide.

Investing In You 2008

BNC

Best
N
Customer
Service

BANK of
NORTH CAROLINA

The place to be...
for all the right reasons.



The notion of an annual employee meeting became a reality in 2007 when over 210 employees dedicated their Columbus Day bank holiday to team building. In 2008 we didn't have to go far to find inspiration for our second annual "Investing in You" meeting.

We spent a day at High Point University taking a closer look at what the school is doing to welcome parents and students to their campus. All of our employees headed to High Point University to discover the HPU "WOW!" experience firsthand.

What we discovered were even more ways to enhance the whole BNC banking experience well beyond just making a loan or opening a checking account. "When you walk into our bank, we want employees to greet you by name, look you in the eye, and make sure you have an extraordinary experience," Callicutt explains.

Our goals are very simple – we want all of our team members to realize that the actions you take today have an impact on BNC and its customers tomorrow. We want our employees to know how to do that. We want every customer to leave here knowing that BNC really cares.

The one-day company-wide "Investing In You" day gives our employees an excellent opportunity to share ideas and discover how we can improve our "customer experience." By stepping away from our offices and pooling the talents and ideas of our 229 employees, we have been able to take the best ideas of each of our offices and adopt them bankwide so we can better anticipate and meet all of our customers' banking and financial needs.





DAVID B. SPENCER

Healthy & Strong:

Measuring Success in Turbulent Times

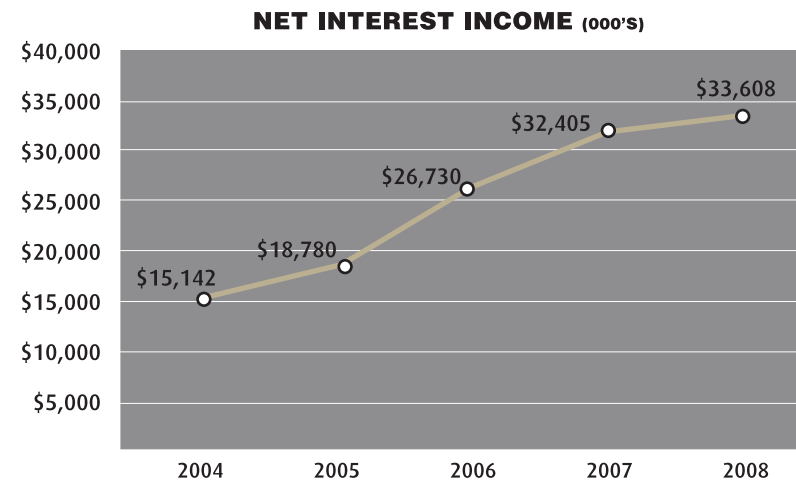
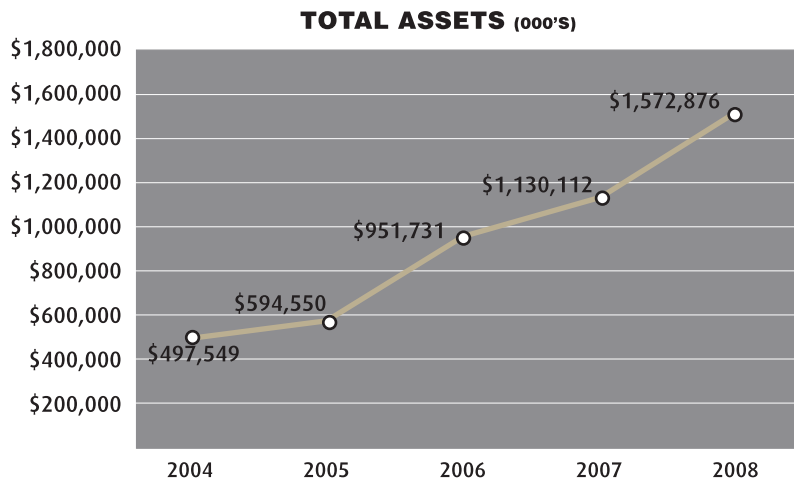
The Financial Year in Review

For the year ending December 31, 2008, BNC reported net income of \$3.99 million, and diluted earnings per common share of \$0.52 compared to \$7.44 million and \$1.05 in 2007, respectively. Total assets as of December 31, 2008, were \$1.57 billion, an increase of 39.2 percent compared with \$1.13 billion as of December 31, 2007. Total loans at the end of 2008 were \$1.01 billion, an increase of 8.07 percent from the \$932.6 million reported as of December 31, 2007. Deposits increased 34.0 percent over the same one-year period.

While our profitability measures are down compared to 2007, the economic landscape in which we operate is much different as well. As we have heard spoken many times over the past 18 months, the economic climate for banking is cyclical, and the results from our industry in 2008

are indicative of an unfavorable economic environment for banking. Declining margins and increasing credit challenges have both contributed to a downward trend in profitability industrywide.

During the last quarter of 2008, when facing unprecedented economic challenges nationally, BNC was still able to report earnings of \$0.07 per common share. During the fourth quarter we maintained our non-performing assets at manageable levels and we worked diligently with our customers to develop workable plans for handling troubled relationships. To further solidify our balance sheet, BNC increased its capital by participating in the Capital Purchase Program (CPP) and effectively and profitably leveraged a portion of this new capital into highly-liquid, low-risk assets. We took on a leadership role nationally



in terms of addressing the housing issue when we created and began marketing the Builder Participation Program to help spur housing activity in markets across North Carolina.

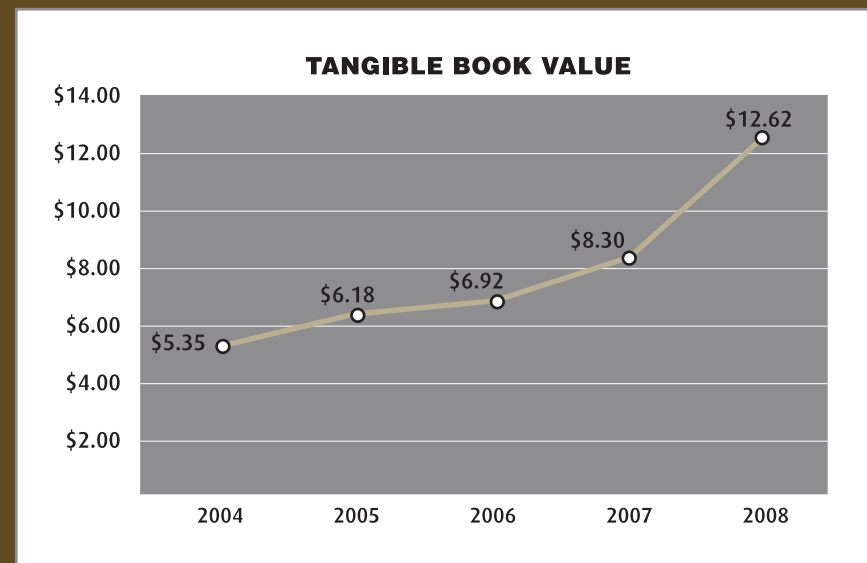
Even with these unprecedented national economic challenges and increasing government burdens, BNC remained focused on running a safe, sound, and profitable institution that will provide superior long-term returns to our shareholders. As BNC President and CEO Swope Montgomery says, "This economic environment has created many challenges and opportunities, and we are committed to tackling both with a vengeance."

Provision for Loan losses and Asset Quality

BNC saw an increase in both non-performing assets and charge-offs during 2008. As BNC Chief Operating Officer Rick Callicutt mentioned, we are working closely with each of our non-performing relationships and while we expect charge-off levels to be elevated from historical levels, we are confident they will be contained at manageable levels.

Non-performing assets as a percentage of total assets as of December 31, 2008, were at 1.17 percent, up from .89 percent as of September 30, 2008, and .54 percent as of December 31, 2007. The allowance for loan and lease losses as of December 31, 2008, increased \$1.42 million or 12.1 percent from 2007 levels. The allowance for loan and lease losses of \$13.2 million is 1.31 percent of total loans outstanding at the end of 2008, up from 1.26 percent at the end of 2007.

Even though we are committed to working with our customers to attain a satisfactory resolution to these non-performing relationships, BNC's strategy is to recognize and record any impairments promptly and move troubled assets through our process as quickly as possible. Obviously, the extent or depth of the economic downturn is uncertain yet BNC remains optimistic that our non-performing assets and losses will remain manageable even though they will likely remain above historic levels throughout 2009.



Investment Leverage

Recognizing there were significant advantages to being an early recipient of CPP funds, BNC was one of the first to apply for and receive these funds. In early November, well before rates in the mortgage-backed securities markets began to decline due to aggressive purchases by the Federal Reserve, the Treasury, and other community banks looking to leverage their new capital, BNC management began implementing our strategy to deploy a portion of the CPP capital into government mortgage-backed and municipal securities. This strategy resulted in the company investing \$315 million in government-backed securities during the fourth quarter with an

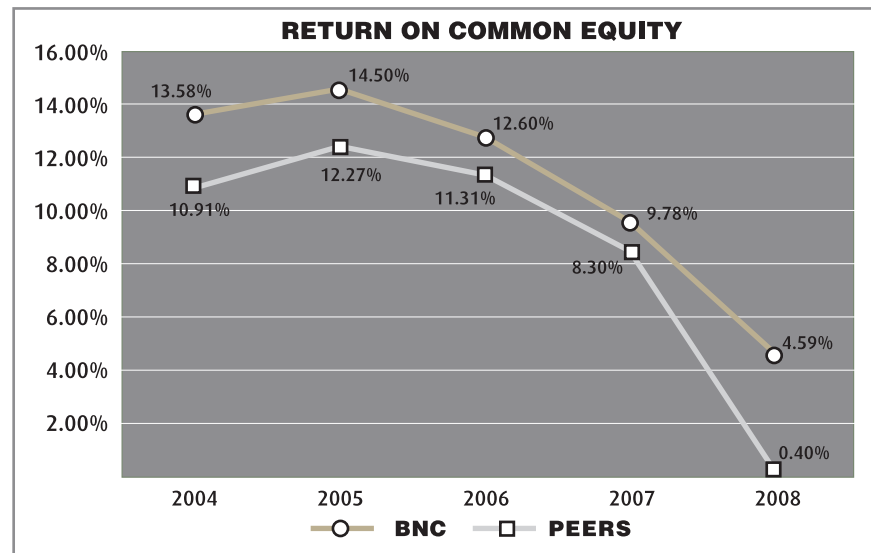
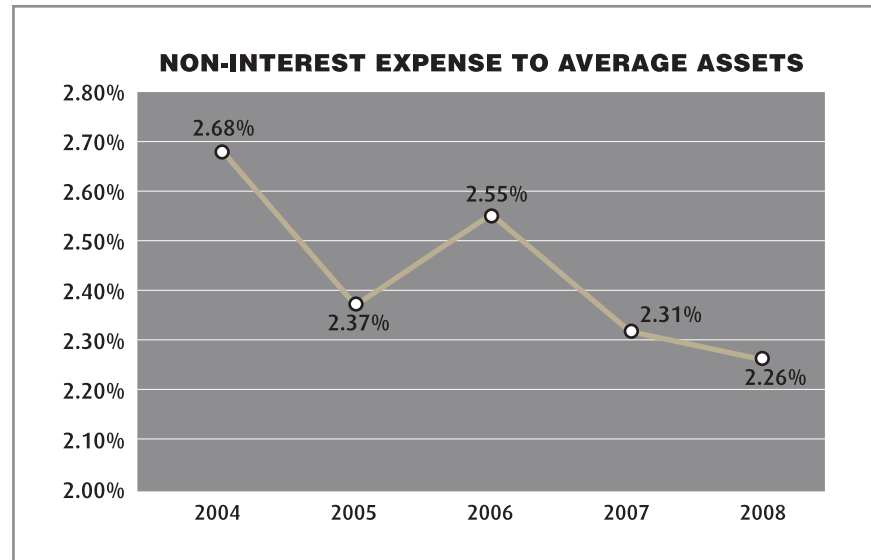
average tax-equivalent yield of 5.70 percent. In the first quarter of 2009, after three-to-seven year funding costs had declined from year-end levels, management match funded a majority of the investment purchases based on expected cash flows at a cost of 1.80 percent. While many in our industry chased yield and took on excessive risk - currently referred to in the media as "toxic assets" - BNC has not strayed from its discipline of investing in low-risk government guaranteed investments.

Smart Banking

The bottom line is that BNC's capital and liquidity improved in 2008, its earnings remained above peer levels, and its non-performing assets are at manageable levels that are well below our Federal Reserve District peers between \$1 billion and \$3 billion in total assets. Your Company has put a program in place to help revitalize the local housing markets, is compassionately working with our customers to try and make the best business decision for both parties, and continues to lend to the individuals and businesses in our communities. This is how we can stimulate the economy. From a patriotic perspective, we honestly believe we can help you grow your business and, in turn, revive our economy.

Obviously, everyone understands there are more risks today, but we also know that the strong fundamentals of a sound credit portfolio, a strong capital and liquidity position, and prudent expense management that we adopted Day One will carry us through this crisis. It's times like these when the investment you make in your employees and your customers makes all the difference in the world. And we've got the best of both.

David B. Spencer
Executive Vice President & Chief Financial Officer





Treasury Services

Treasury Services Sales Team (Left to right)

Laura Parsons

Jawn Scott

Steven Shafer

Liz Bowen

So often corporate banking customers call their bankers, request a specific service such as a line of credit and then think their problem has been resolved. At BNC, we take it a step further...we listen first, and then we ask questions. In 2008 we launched our Treasury Services Department under the guidance of Steven Shafer.

Let's look at how Treasury Services would address the needs of that same corporate customer. When he comes to us asking for a line of credit to fund his payroll, our Treasury Services team determines the exact need, analyzes possible alternatives, and finally provides a meaningful solution.

It turns out that this customer doesn't need a line-of-credit. The problem is that his accounts receivable collections are too slow, and the subsequent delays in cash flow make it hard to meet payroll. For this customer, BNC's Treasury Team members recommend and help implement multiple ways to reduce delays in collecting

accounts payable, improve cash flow, and improve the customer's bottom line.

"We have phenomenal customers. Honest customers. We need to listen to what they say and figure out their needs. When we do that, we find so many ways we can help them," Shafer explains.

"Treasury Services is an area where banks can really distinguish themselves," Shafer says. "Community banks are able to offer a more specialized touch. We offer someone to partner with our customers. Our Treasury Services specialists meet with our corporate customers and through a team approach we create a solution

that's right for the customer. We marry our knowledge of the products and solutions with their understanding of their operations and cash flow demands."

"Our Treasury Services specialists are taking on the role of trusted advisors," Shafer explains. "We partner with our customers to address this simple statement, 'What is the objective and how do we meet it?'"

And what we hope to achieve is simple. We want even happier customers who understand and respect our ability to help them achieve their goals and in doing so, we hope this gives us an added edge in this marketplace.

The philosophy of Treasury Services is outlined in the acronym SOAR.

SECURE. BNC's corporate customers deserve a safe, highly secure banking environment.

OPTIMIZE. Treasury Services helps customers optimize their cash with real-time tracking and monitoring services.

ADMINISTER PAYMENTS. Treasury Services specialists help customers better control when their money leaves their hands and when it re-enters their accounts.

REINVEST. BNC's Treasury Services specialists help corporate clients make the best use of excess funds by pointing out smart investment opportunities.

Will your business SOAR in 2009?
With Treasury Services, you bet it will.

SOAR



Community Involvement

“Everything good that happens in a community – if you look closely, you’ll find a bank involved.”

W. Groome Fulton Jr.
BNC Chairman of the Board

The 229 employees of Bank of North Carolina take their roles as corporate citizens to heart. They volunteer in over 60 civic organizations throughout the regions we serve – civic organizations that enhance the lives of our community and our customers. This year we gave our employees

disposable cameras and asked them to give us some insight into their commitment to the community. What they showed us were snapshots of lives

throughout Bank of North Carolina’s service region. Lives touched by our employees.



Beth Alexander — Special Assets Service: Meals on Wheels



Angie Robnick — Branch Manager, Thomasville Service: Communities & Schools



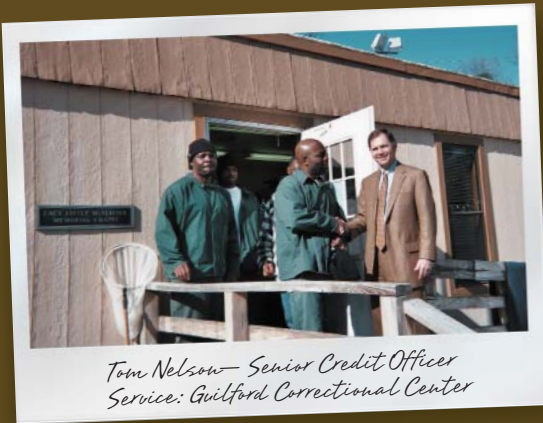
Bobbie Burris — Loan Processor Service: Communities & Schools



Gail Smith — Loan Operations Service: Hospice



Mike Newnam — Collections Manager Service: Cooperative Community Ministries



*Tom Nelson— Senior Credit Officer
Service: Guilford Correctional Center*

We celebrate the contributions BNC employees make every day to enhance life here in central North Carolina through these wonderful organizations:

American Heart Association
 American Red Cross, Cabarrus County Chapter
 American Red Cross, High Point – Thomasville Chapter
 American Red Cross, Lexington – Davidson County Chapter
 American Red Cross, Northwest North Carolina Chapter (Kernersville)
 Angel Food Ministries
 ARC of Davidson County
 ARC of Greensboro
 Big Brothers Big Sisters
 Boys & Girls Clubs of Davidson County (Thomasville)
 Boys & Girls Clubs of Greater High Point
 Cabarrus County Crisis Pregnancy Center
 Children’s Home Society of North Carolina
 Communities in Schools of Guilford County
 Communities in Schools of Lexington/Davidson County
 Communities in Schools of Randolph County

Communities in Schools of Thomasville
 Community Clinic of High Point
 Community Watch
 Cooperative Community Ministry of Thomasville
 Cooperative Christian Ministry, Concord Crisis Center
 Cystic Fibrosis Foundation – Corporate Fundraising Team
 Davidson County Community College, English as a Second Language Class
 Fairgrove Family Resource Center, Thomasville
 Food Bank of Central & Eastern North Carolina
 Furnitureland Rotary Club
 Genesis House Family Shelter, Crisis Ministries of Davidson County
 Greater Lexington Chamber of Commerce
 Greensboro Chamber of Commerce
 Greensboro Merchants Association
 Greensboro Rotary Club
 Greensboro Urban Ministries
 Guilford Correctional Center
 Guilford County Animal Shelter
 Habitat for Humanity of Cabarrus County
 Habitat for Humanity of Greater Greensboro
 Habitat for Humanity of Lexington
 Habitat for Humanity of Rowan County
 Habitat for Humanity of Thomasville
 High Point Merchants Association
 Junior Achievement of Greensboro
 Kernersville Chamber of Commerce
 Kiwanis Club of High Point
 Leadership: High Point, High Point Chamber of Commerce
 Lexington Jaycees
 Meals on Wheels, Davidson County
 Mental Health Association in Greensboro
 Merchants Association of Oak Ridge
 Oak Ridge Lions Club
 Rotary Club of Kernersville

Rowan County United Way
 Rowan Helping Ministries
 Salisbury Civitan Club
 Salvation Army, Cabarrus County
 Salvation Army, Davidson County
 Salvation Army, High Point
 Samaritan House Night Shelter, Cabarrus County
 Second Harvest Food Bank of Northwest North Carolina
 The American Children’s Home, Lexington
 Thomasville Community Foundation
 Thomasville Historic Preservation Commission
 Thomasville Lions Club
 Thomasville Medical Center Foundation
 United Way of Central Carolinas
 United Way of Davidson County
 United Way of Forsyth County
 United Way of Greater Greensboro
 United Way of Greater High Point
 World Relief
 YMCA of Greater High Point



*Kami Durham— Loan Operations
Service: Meals on Wheels*

smart growth 2008



Ribbon-cutting at our NEW Eastchester Office



A day full of festivities and fun!

In 2008 we celebrated the opening
of our newest banking office
in North High Point.



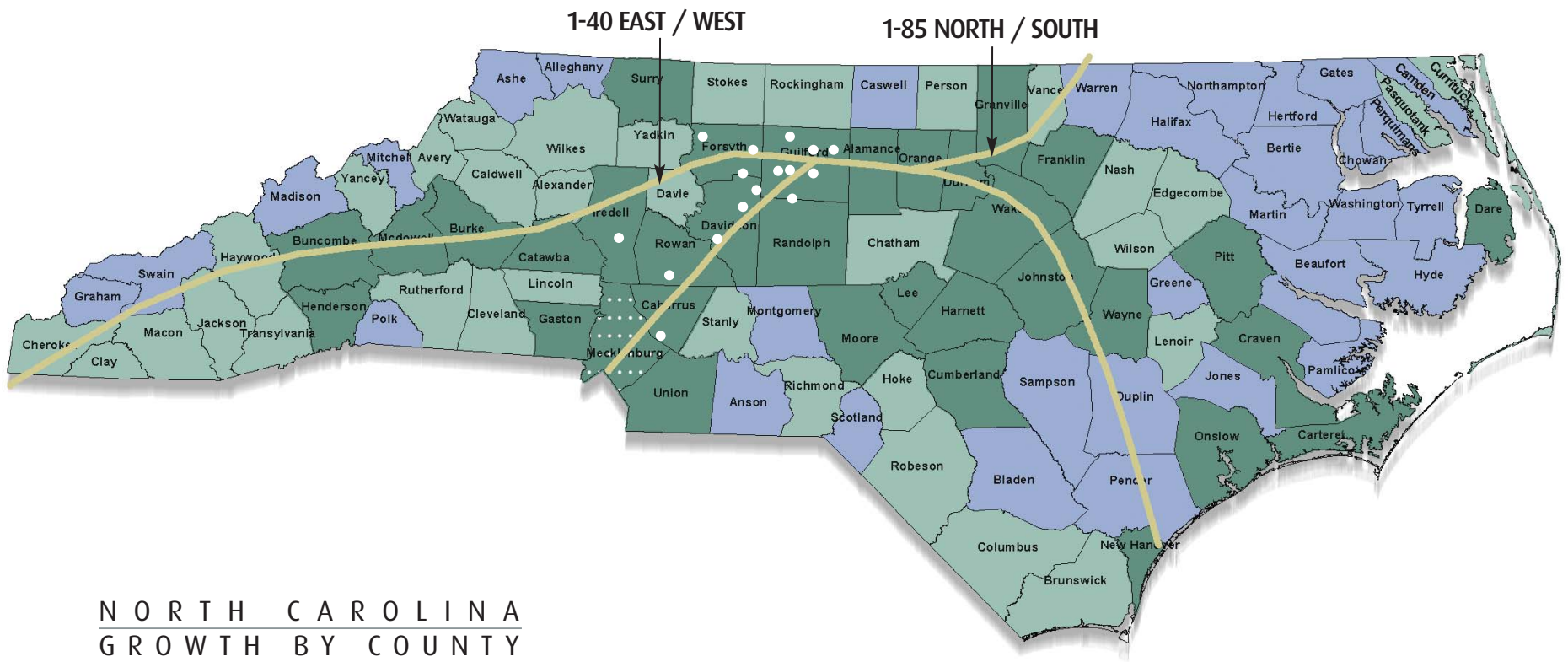
*Anticipating who will be the
grand prize winner!*

Grand Opening

North High Point



*NASCAR's Bobby Labonte helped celebrate
our Grand Opening!*



NORTH CAROLINA GROWTH BY COUNTY

- HIGH GROWTH MARKET- BNC OFFICE
- HIGH GROWTH MARKET- BNC LENDING AREA
- HIGH GROWTH MARKET
- MEDIUM GROWTH MARKET
- SLOW GROWTH MARKET

Information based on Market Scoring Analysis by Raymond James & Associates.

in memorium



Kermit Cloniger:

“One of the finest men we’ve ever known.”

Bank of North Carolina bid farewell to Director Emeritus D. Kermit Cloniger who died June 28, 2008, at the age of 94.

One of the original BNC directors, Cloniger loved his role as unofficial BNC ambassador working at the main office on Julian Avenue in Thomasville until he was 90.

“Bank of North Carolina wouldn’t exist if it wasn’t for Kermit,” BNC Chief Operating Officer Rick Callicutt says. “He was one of the original incorporators and one of the original investors in charge of selling stock for our Bank. Had it not been for Kermit and his ability to persuade and commit to getting this Bank started, we wouldn’t be here.”

“Kermit meant the world to Bank of North Carolina,” said BNC President and CEO Swope Montgomery. “In fact, he meant so much to us that we named the operations center in his honor. When the \$1.3 million facility opened in May 2001 it officially became known as the Kermit Cloniger Operations Center.”

Cloniger, a long-time Thomasville businessman and civic leader, earned the nickname “Mr. Thomasville.” He served as mayor of Thomasville from 1957 until 1959, as president of the Thomasville Chamber of Commerce, and as president of the Thomasville Rotary Club and the Community Life Foundation. For his many contributions to Thomasville and to North Carolina, Cloniger was awarded the Order of the Long Leaf Pine, the highest civilian honor in North Carolina.

“While Kermit was a very astute businessman, I like to say that he had a Ph.D. in Life. He taught us that there’s nothing more valuable or treasured than our relationships with our family, friends, and customers,” said BNC Chief Financial Officer, David Spencer.

A native of Lincolnton, Cloniger was an alumnus of Washington, Duke, and High Point universities. He served in the U.S. Navy during World War II rising to the rank of Lieutenant Commander. He was one of the five local businessmen who signed the original charter for the Thomasville Area Chamber of Commerce in 1949. His career spanned several arenas, first operating a family dry cleaning business and later taking over a Buick dealership which he operated for decades.

The man who meant so much to Thomasville may be a memory to most, but at Bank of North Carolina, his legacy will live on.

1915-2008

Board of Directors

W. Groome Fulton, Jr.

Chairman of the Board
BNC Bancorp and Bank of North Carolina
Chairman of the Board, Fulton Associates, Inc.

W. Swope Montgomery, Jr.

President and Chief Executive Officer
BNC Bancorp and Bank of North Carolina

Larry L. Callahan

President/Owner Triad Land Surveying

Richard D. Callicutt, II

Executive Vice President/Chief Operations Officer
BNC Bancorp and Bank of North Carolina

Joseph M. Coltrane, Jr.

Attorney at Law

Charles T. Hagan, III

Attorney at Law

Randall R. Kaplan

Chief Executive Officer and Member, Capsule Group, LLC

Lenin J. Peters, M.D.

President, Bethany Medical Center

Thomas R. Sloan

Internal Consultant, Essilor Laboratories of America

Thomas R. Smith, CPA

President, Smith, Parsley & McWhorter, P.A.

Colon E. Starrett

General Manager, Rex Oil Company

Robert A. Team, Jr.

President, Carolina Investment Properties, Inc.

D. Vann Williford

President, Vesco Material Handling Equipment, Inc.,
d/b/a Atlantic Coast Toyotalift

Richard F. Wood

Financial Advisor/Stock Broker, Wachovia Securities
Secretary, BNC Bancorp and Bank of North Carolina

Bob M. Burluson

Director Emeritus

D. Kermit Cloniger†

Director Emeritus

John J. Collett, Jr.

Director Emeritus

Lloyd M. Higgins, M.D.

Director Emeritus

Carlyle A. Nance, Jr.

Director Emeritus

† Deceased

Senior Officers

W. Swope Montgomery, Jr.

President & Chief Executive Officer

Richard D. Callicutt, II

Executive Vice President &
Chief Operating Officer

David B. Spencer

Executive Vice President &
Chief Financial Officer

Thomas M. Nelson

Senior Vice President &
Chief Credit Officer

Bonnie M. Murdock

Senior Vice President &
Assistant Secretary

Drema A. Michael

Senior Vice President &
Assistant Secretary

Senior Vice Presidents

John M. Bencini

Area Executive
High Point & Archdale

Jimmie K. Bowman

Senior Commercial Banking Officer
Greensboro

Larry W. Brown

Senior Credit Administration Officer

Scott W. Davis

Market Executive
Winston-Salem

Robert G. Ellenburg

Market Executive
 Mooresville & Lake Norman

Michelle W. Ferguson

Compliance &
Security Officer

Daren C. Fuller

Senior Credit
Administration Officer

Heather L. Grossnickle

City Executive
Greensboro

Janet Helms

Senior Credit
Administration Officer

Mark N. Lewis

Regional Executive
Salisbury & Harrisburg

Wayne F. Mabe

City Executive
Kernersville

William H. McMurray

Regional Executive
Lexington

Alan Pike

Retail Banking Manager

Virginia M. Smith

Head of Deposit
Operations

Earl Snipes

City Executive
Thomasville

Patricia M. Strickland

Head of Loan Operations

Michael L. Thomas

Senior Credit
Administration Officer

George C. Weaver

Director of Leasing

Professional Advisors & Agents

Regulatory and Securities Counsel

Brooks, Pierce, McLendon, Humphrey and Leonard, LLP
2000 Renaissance Plaza
230 N. Elm Street
Greensboro, NC 27420

Independent Auditors

Cherry, Bekaert & Holland, LLP
2626 Glenwood Avenue, Suite 300
Raleigh, NC 27608

Financial Regulatory Consultants and Internal Auditors

Dixon Hughes, PLLC
2501 Blueridge Road, Suite 200
Raleigh, NC 27607

Stock Transfer Agent

Registrar & Transfer Company
10 Commerce Drive
Cranford, NJ 07016

Stock Symbol

BNCN

Market Makers

Sandler, O'Neill & Partners, LP
Howe Barnes Hoefer & Arnett
Morgan Keegan & Company, Inc.
Raymond James & Associates
Scott & Stringfellow, Inc.
Monroe Securities, Inc.
McKinnon & Company, Inc.
Ryan Beck & Co.
Wachovia Securities, Inc.

Banking Locations

Thomasville

831 Julian Avenue
Thomasville, NC 27360
Phone: 336 476-9200

1317 National Highway
Thomasville, NC 27360
Phone: 336 474-1100

Archdale

113 Trindale Road
Archdale, NC 27263
Phone: 336 431-1200

Greensboro

3202 Northline Avenue
Greensboro, NC 27404
Phone: 336 323-0700

1110 Dover Road
Greensboro, NC 27408
Phone: 336 333-3714

112 N. Elm Street
Greensboro, NC 27401
Phone: 336 378-7170

Harrisburg

3890 Main Street
Harrisburg, NC 28075
Phone: 704 455-1070

High Point

801 N. Elm Street
High Point, NC 27262
Phone: 336 887-9200

2630 Eastchester Drive
High Point, NC 27265
Phone: 336 869-0100

Lexington

115 E. Center Street
Lexington, NC 27292
Phone: 336 224-2621

Northern Davidson County

6355 Old US Hwy 52
Lexington, NC 27295
Phone: 336 731-8392

Kernersville

211 Broad Street
Kernersville, NC 27284
Phone: 336 996-1776

Oak Ridge

8000 Linville Road
Oak Ridge, NC 27310
Phone: 336 643-1776

Salisbury

415 Jake Alexander Boulevard West
Salisbury, NC 28147
Phone: 704 633-3436

Winston-Salem

1551 Westbrook Plaza Drive
Suite 90, Greentree II Building
Winston Salem, NC 27103
Phone: 336 774-2944

Mooresville

125 Commerce Park Road
Mooresville, NC 28117
Phone: 704 662-3889



INCLUDED IN THE MATERIAL IS

FORM 10-K, BNC BANCORP

ANNUAL REPORT WHICH HAS

BEEN FILED WITH THE

SECURITIES AND EXCHANGE

COMMISSION AND IS BEING

MAILED TO SHAREHOLDERS.

