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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): May 5, 2010

BNC BANCORP

(Exact name of registrant as specified in its charter)

North Carolina
(State or other jurisdiction of
incorporation or organization)

000-50128
(Commission
File No.)

47-0898685
(IRS Employee
Identification No.)

1226 Eastchester Drive
High Point, North Carolina 27265
(Address of principal executive offices)

(336) 476-9200
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (see General Instruction A.2 below).

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13(e)-4(c))
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Item 7.01 Regulation FD Disclosure

On May 5, 2010, BNC Bancorp (the “Company”) issued a slide presentation at the Gulf South Bank Conference in New Orleans, Louisiana.

The slide presentation, which is attached as Exhibit 99.1 to this Current Report on Form 8-K, is deemed “furnished” to the Securities and Exchange Commission (the “SEC”), and not “filed” with the SEC, and shall not be deemed incorporated by reference by any general statement incorporating by reference this Current Report into any filing by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, and shall not otherwise be deemed filed under such Acts.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Slide Presentation, dated May 5, 2010

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 5, 2010

BNC BANCORP, INC.

By: /s/ David B. Spencer

David B. Spencer
Executive Vice President & Chief Financial Officer
(Principal Accounting Officer)

EX-99.1 2 dex991.htm SLIDE PRESENTATION DATED MAY 5, 2010

Exhibit 99.1



BNC Bancorp
Gulf South Bank
Conference
May 5, 2010



Forward-Looking Statements



This presentation contains forward-looking statements relating to the financial condition, results of operations and business of BNC Bancorp and its subsidiary Bank of North Carolina. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of the management of BNC Bancorp, and the information available to management at the time that this presentation was prepared. Factors that could cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following: (i) general economic or business conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services; (ii) changes in the interest rate environment may reduce net interest margins and/or the volumes and values of loans made or held as well as the value of other financial assets held; (iii) competitive pressures among depository and other financial institutions may increase significantly; (iv) legislative or regulatory changes, including changes in accounting standards, may adversely affect the businesses in which BNC Bancorp is engaged; (v) local, state or federal taxing authorities may take tax positions that are adverse to BNC Bancorp; (vi) adverse changes may occur in the securities markets; (vii) competitors of BNC Bancorp may have greater financial resources and develop products that enable them to compete more successfully than BNC Bancorp; (viii) costs or difficulties related to the integration of Beach First National Bank ("Beach First") may be greater than expected; (ix) expected cost savings associated with our acquisition of Beach First may not be fully realized or realized within the expected time frame; and (x) deposit attrition, customer loss or revenue loss following our acquisition of Beach First may be greater than expected. Additional factors affecting BNC Bancorp and Bank of North Carolina are discussed in BNC Bancorp's filings with the Securities and Exchange Commission (the "SEC"), Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and its Current Reports on Form 8-K. Please refer to the Securities and Exchange Commission's website at www.sec.gov where you can review those documents. BNC Bancorp does not undertake a duty to update any forward-looking statements made during this presentation.



Quality

Competence

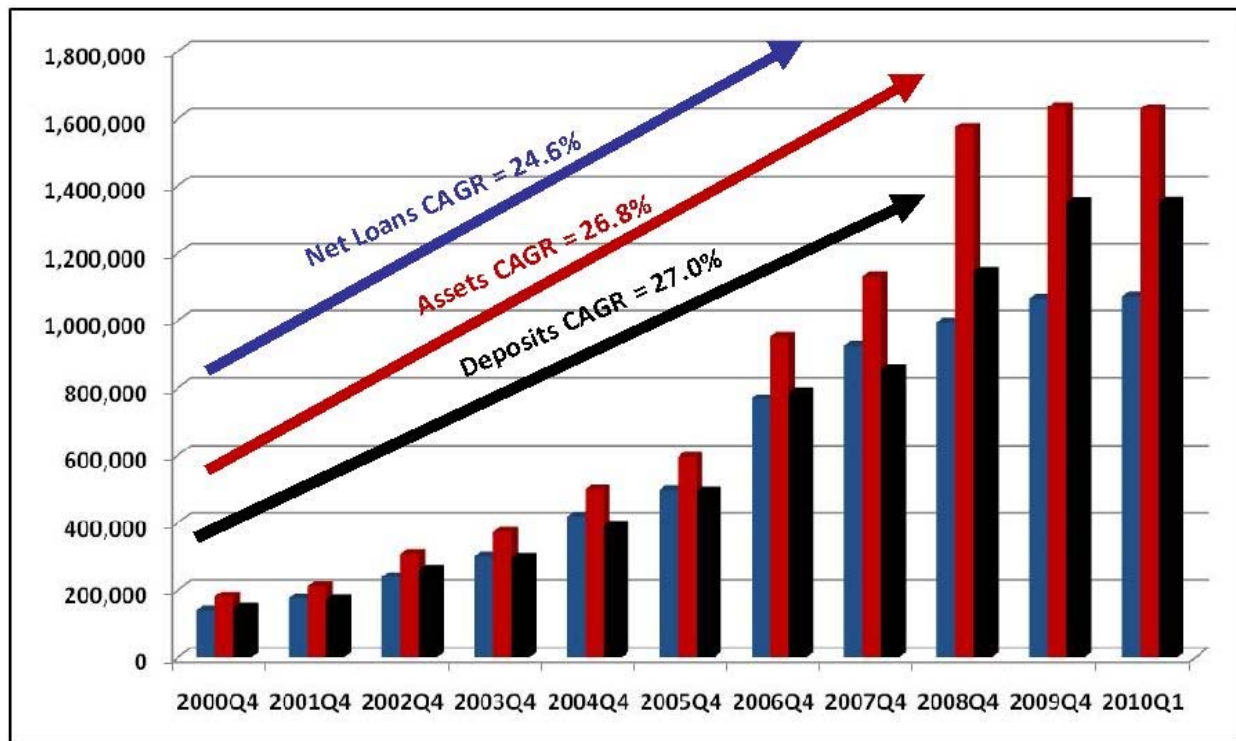
Discipline

BNC Bancorp Highlights



- **11th largest bank headquartered in North Carolina (7th Pro forma with Beach First)**
 - \$1.63 billion in assets as of March 31, 2010
 - Annual Regulatory Exam completed in Q1 2010
 - 90% of historic growth has been organic
 - History of strong core earnings and declared dividends
 - Profitable every quarter since 1994
- **Excellent branch locations and market presence across key markets**
 - Strong market share in key markets across BNC core markets along I-85 / I-40 / I-77 / I-73 corridors
 - Slower price value appreciation and therefore less severe downturn in property values
 - Recent expansion into coastal South Carolina through FDIC assisted purchase of Beach First National Bank
- **Strong asset quality**
 - NPAs/ Assets of 2.04% at Q1 2010 versus peer median of 3.58%
 - Well reserved with Allowance for Loan Losses / Total Loans of 1.60% as of March 31, 2010, up from the 1.44% reported at March 31, 2009 and consistent with the 1.60% of total loans outstanding at December 31, 2009
 - Most of the credit team endured the real estate downturns of the 80s and 90s; the team has perspective, experience, and seasoned judgment
- **Continued profitability in Q1 2010**
 - Net income to common shareholders of \$886,000, or \$0.12 per share, an increase of 1% from Q1 2009
 - Net interest margin of 3.47%, a 36-basis-point increase from a year prior
 - Declared a quarterly dividend in Q1 2010 of \$0.05 per share

Franchise Overview: Consistent Growth and Profitability

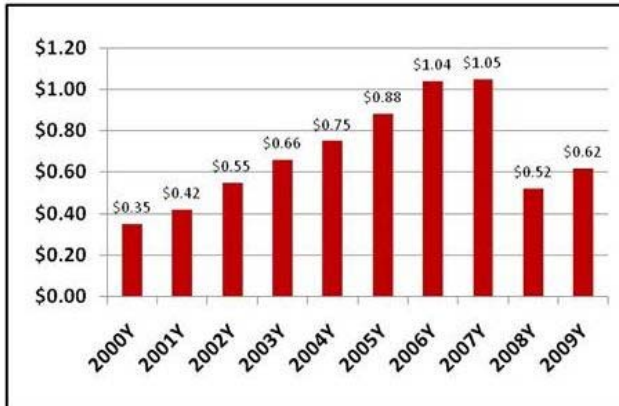


Note: Acquired SterlingSouth Bank in Greensboro (\$160 million in assets) in July, 2006, as well as Beach First National Bank (approximately \$614 million in assets) from the FDIC as receiver in April 2010. Results from the Beach First deal are not reflected in this table.

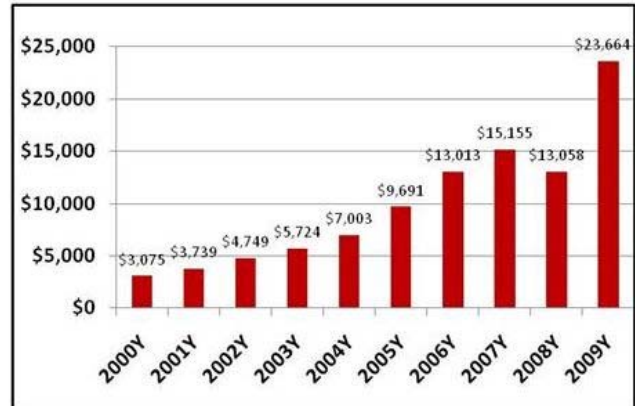
Franchise Overview: Consistent Growth and Profitability



Earnings per Share



Pre-Tax Pre-Provision Net Revenues

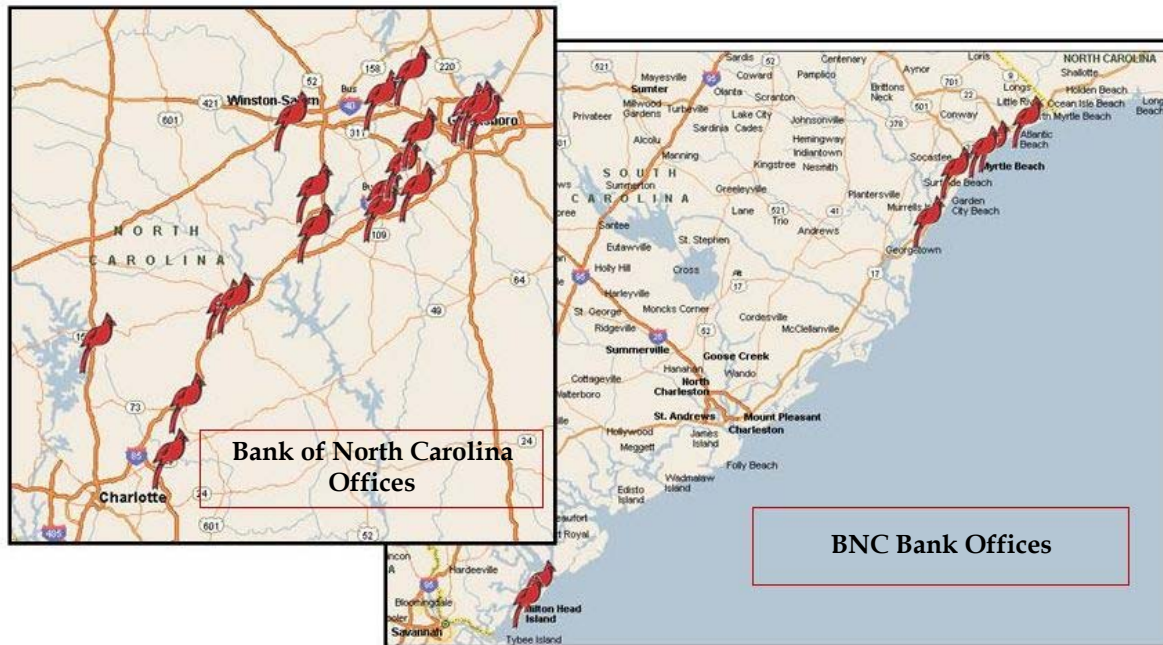


Note: Dollars in millions except per share data

Franchise Overview: Branch Locations and Market Overview



- 24 locations in North Carolina and South Carolina
 - 17 locations along the 1-85/ I-40/ I-77/ I-73 corridors in North Carolina
 - 7 additional locations in South Carolina acquired through the Beach First National Bank P&A: 1 in North Myrtle Beach, 3 in Myrtle Beach, 1 in Pawleys Island, and 2 in Hilton Head



North Carolina Franchise Overview: Market Demographics and Position



County	Market Rank	Number of Branches	Deposits in Market	Deposit Market Share (%)	Total Population 2009	Projected Population Change 2009-2014 (%)	Median HH Income 2009 (\$)	Projected HH Income Change 2009-2014 (%)
Guilford	5	6	632,132	6.53	476,896	6.49	56,264	6.83
Davidson	1	4	551,631	26.32	159,673	3.32	47,411	3.68
Randolph	9	1	47,412	2.59	142,555	4.11	47,059	6.67
Rowan	10	1	40,161	2.72	139,607	3.71	46,826	4.56
Forsyth	13	2	36,534	0.20	349,532	6.96	55,686	4.55
Cabarrus	11	2	24,256	1.19	173,392	14.81	60,301	6.82
Iredell	18	1	12,871	0.57	160,602	14.54	53,943	2.14
BNC Bancorp Franchise		17	1,344,997		1,602,257	5.26	48,721	5.36
Weighted Average State of North Carolina					9,370,242	8.13	51,418	4.31
National					309,731,508	4.63	54,719	4.06

• Growth Markets:

- Concord, NC in Cabarrus County; Population: 66,300; The population of Concord more than doubled during the 10-year period from 1990 to 2000; Population growth of 18% since 2000
- Lake Norman Area; Includes Mooresville, Huntersville, Davidson and Cornelius; Population: Approximately 91,000; Population growth 47.2% since 2000; Demographics exceed National and State Averages for wealth, income, and education
- Both markets considered Metro Charlotte, population of more than 1.5 million

Deposit data as of June 30, 2009

Source: FDIC, ESRI (U.S. Census), www.city-data.com, SNL Financial

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Overview of South Carolina Franchise



- Beach First National Bank was founded in 1996
- The parent holding company, Beach First National Bancshares, Inc., was previously traded on the NASDAQ under the symbol "BFNB"
- Beach First National Bank served the Grand Strand and Hilton Head Island markets with seven banking offices
 - Branch locations include 3 in Myrtle Beach, 1 in North Myrtle Beach, 2 in Hilton Head, and 1 in Pawleys Island
 - Voted "Best Community Bank" in Myrtle Beach 2 of the last 3 years by the Myrtle Beach Herald
 - Strong deposit market and retail following
 - #1 ranked market share in Myrtle Beach, according to 2009 data provided by SNL Financial
 - Overall 19th deposit market share in the state of South Carolina
 - Attractive deposit mix
 - Minimal brokered deposits (approximately 5% of total deposits)
- Favorable long-term demographics

South Carolina Franchise Overview: Market Demographics and Position



County	Market Rank	Number of Branches	Deposits in Market	Deposit Market Share (%)	Total Population 2009	Projected Population Change 2009-2014 (%)	Median HH Income 2009 (\$)	Projected HH Income Change 2009-2014 (%)
Horry	4	4	436,554	7.84	264,423	16.22	46,996	4.1
Beaufort	15	2	96,472	2.72	157,963	11.64	62,527	1.16
Georgetown	10	1	43,662	3.71	62,931	4.08	45,158	6.12
BNC Bancorp Franchise		7	576,688		485,317	14.54	49,455	3.76
Weighted Average State of South Carolina					4,524,760	6.1	48,210	4.74
National					309,731,508	4.63	54,719	4.06

- **Growth Markets:**

- Myrtle Beach MSA represents approximately pro forma 22.7% of the BNC franchise
- Projected population growth in South Carolina franchise of 14.5% between 2009 and 2014, including projected population growth of 16.2% in the Myrtle Beach MSA
- Myrtle Beach MSA previously experienced 34.5% population growth from 2000-2009
- Additionally, Beaufort County projects population growth of approximately 11.6% between 2009 and 2014

Deposit data as of June 30, 2009
Source: FDIC, ESRI (U.S. Census), www.city-data.com, SNL Financial

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Franchise Overview: Q1 2010 Financial Highlights



- Net income of \$1.39 million for Q1 2010
- Diluted EPS of \$0.12. Continued record of profitability every quarter since 1994
- Increase in Net Interest Income of 10.8% from a year prior
- NPAs/ Assets of 2.04%, well below regional peer group median of 3.58%, and the SNL Bank Index components average of 3.46%
- Continued progress towards our core deposit growth initiatives, with an overall year over year increase in deposits of 5% since Q1 2009
 - Interest bearing demand deposits and savings increased by \$146.6 million
 - Retail time deposits increased by \$134.3 million
 - Wholesale time deposits decreased by \$221.7 million year over year

CD Portfolio: Extending in a Low Rate Environment



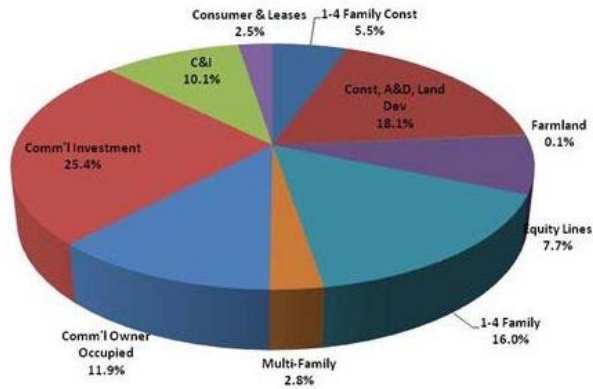
(In thousands)							
December 31,							
Remaining Maturity	2009	2008	2007	2006	2005	2004	2003
Maturities Less than 1 Year	310,447	637,363	487,770	394,084	166,420	129,837	72,584
Maturities 1+ to 2 Years	95,144	97,304	52,699	116,673	123,929	58,509	32,774
Maturities 2+ to 5 Years	212,908	77,444	13,114	8,017	21,813	17,330	7,724
Maturities 5+ to 15 Years	32,610	5,974	6,155	6,471	5,954	-	-
Total CD's	651,109	818,085	559,738	525,245	318,116	205,676	113,082
Weighted Avg Remaining Maturity	20.42	9.43	7.58	9.66	14.55	12.00	11.86
Weighted Avg Rate	2.81%	3.24%	4.84%	4.75%	3.72%	2.46%	2.04%
% of CD's Less than 1 Year	47.7%	77.9%	87.1%	75.0%	52.3%	63.1%	64.2%
	Low Rate Environment-Extending	High Rate Environment Reducing Duration	Low Rate Environment-Extending				

Diversified Loan Portfolio



- **Small average loan balance: \$148,490**
- **Strong loan quality**
 - NPLs / Loans of 1.18% as of Q1 2010 versus peers of 3.06%¹
- **Experienced credit team with average tenure of > 25 years and experience through various economic and credit cycles**
- **Construction, Acquisition and Development, and Land Portfolio has been reduced 26% over the last 18 months from \$306M to \$227M**
 - Residential and Commercial A&D balances have been reduced 42%, or \$28 million over the 18 month period
- **Credit Risk Management has been engaged by the Audit Committee to perform independent credit review semi-annually**
 - 10 Year Relationship
 - Upon completion, CRM reports directly to a joint meeting of the Audit and Loan Committees of the Board of Directors
 - Also been instrumental in providing credit training, policy maintenance, and comprehensive underwriting tools

**Loan Composition - \$1.09 billion
7,334 Loans**

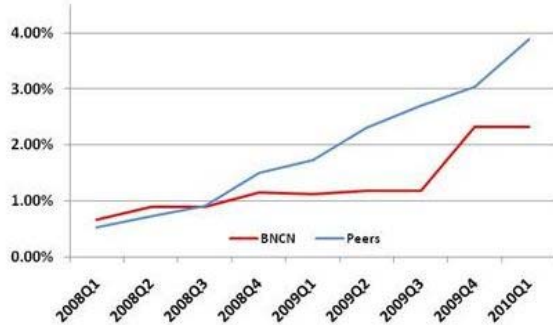


¹Peer financial data as of December 31, 2009; regulatory data. Represents most recent data available at the time of this presentation.

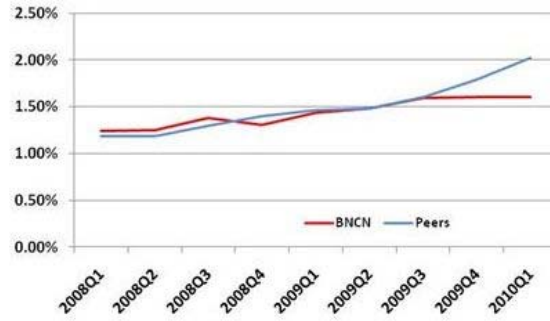
Loan Portfolio and Asset Quality: Superior Asset Quality Relative to Peers



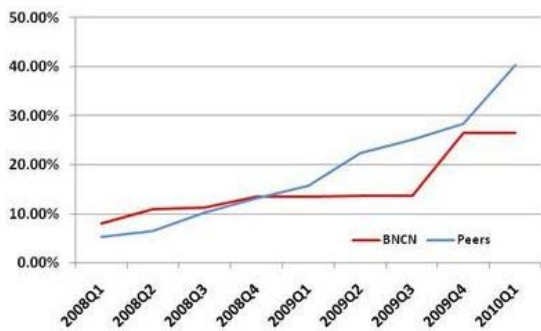
NPAs + 90 Days Delinquent / Assets



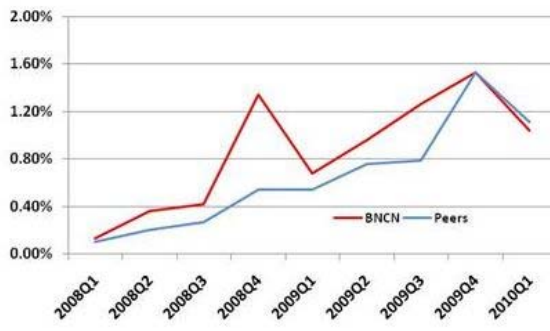
Reserves / Loans



NPAs + 90 Days Delinquent / Equity + Reserves



Net Charge-Offs / Average Loans



Note: Peers include publicly traded banks with assets between \$1 and \$3 billion in NC, SC, WV and VA (SCBT, VCBI, CHCO, UBSH, FCBC, FNB, YAVY, NBBC, CFNL, SCMF, CBKN, SMMF, EVBS, CRFN, MBRG, PEBK, FOFN, FSBK, ECBE, and CSBC)
Source: SNL Financial and BNC Bancorp filings

Loan Portfolio and Asset Quality: Credit Quality Statistics



(In thousands)									
Loan Type	Current Balance	% of Total Balance	Non-Accrual Loans	Non-Accrual / Current Balance	OREO	30-89 Days Delinq.	90+ Days Delinq.	Year-to-Date Charge-offs	
1-4 Family Const	\$44,690	5.5%	\$1,117	0.07%	\$0	\$912	\$0	\$395	
Const, A&D, Land Dev	181,778	18.1%	907	0.76%	16,556	458	0	419	
Farmland	864	0.1%	0	0.00%	0	0	0	0	
Equity Lines	79,563	7.7%	413	0.02%	0	44	0	92	
1-4 Family	186,379	16.0%	1,683	0.13%	1,736	1,192	0	191	
Multi-Family	30,172	2.8%	0	0.00%	0	0	0	0	
Comm'l Owner Occupied	142,539	11.9%	1,989	0.02%	0	259	0	55	
Comm'l Investment	288,081	25.4%	2,389	0.02%	2,034	16	0	1,190	
C&I	111,251	10.1%	4,036	0.08%	0	59	0	410	
Consumer & Leases	23,303	2.5%	8	0.01%	0	10	0	124	
Total	\$1,088,620	100.0%	\$12,542	1.12%	\$20,326	\$2,950	\$0	\$2,876	

Balances as of March 31, 2010

Loan Portfolio and Asset Quality: Construction, A&D and Land Loan Portfolio



(Dollars in millions)

	% of Total Loans	3/31/2010	9/30/2008	18-Month Change
CONSTRUCTION, A&D, LAND	20.9%	\$227.4	\$306.2	-25.7%
Residential Construction	19.7%	44.7	89.3	-49.9%
Presold	7.7%	17.6	19.2	-8.3%
Speculative	11.9%	27.1	70.1	-61.3%
Loan size - Over \$400,000	3.9%	8.8	25.3	-65.2%
Loan size - \$200,000 to \$400,000	4.9%	11.1	26.6	-58.3%
Loan size - Under \$200,000	3.2%	7.2	18.2	-60.4%
Commercial Construction	18.9%	43.0	65.8	-34.7%
Loan size \$5.0 to \$8.0 million	0.0%	0.0	0.0	0.0%
Loan size \$3.0 to \$5.0 million	5.3%	12.0	31.8	-62.3%
Loan size \$1.0 to \$3.0 million	8.9%	20.2	19.6	3.1%
Loan size - under \$1 million	4.7%	10.8	14.4	-25.0%
Residential and Commercial A&D	16.9%	38.5	66.0	-41.7%
Loan size \$5.0 to \$6.0 million	5.1%	11.6	5.6	107.1%
Loan size \$3.0 to \$5.0 million	3.3%	7.6	17.4	-56.3%
Loan size \$1.0 to \$3.0 million	6.8%	15.4	31.3	-50.8%
Loan size - under \$1 million	1.7%	3.9	11.7	-66.7%
Land	44.5%	101.2	85.1	18.9%
Residential Buildable Lots	17.9%	40.6	26.6	52.6%
Commercial Buildable Lots	7.6%	17.3	13.8	25.4%
Land held for development	12.4%	28.2	30.0	-6.0%
Raw and Agricultural Land	6.6%	15.1	14.7	2.7%

Balances as of March 31, 2010

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Loan Portfolio and Asset Quality: Commercial Real Estate Portfolio



(Dollars in millions)

	% of Total Loans	3/31/2010	9/30/2008	18-Month Change
COMMERCIAL REAL ESTATE	42.4%	\$461.2	\$340.2	35.6%
Multi-Family	6.5%	30.2	10.8	179.6%
Churches	3.6%	16.4	13.4	22.4%
Retail	66.6%	307.2	217.7	41.1%
Owner Occupied	19.3%	89.0	66.8	33.2%
Investment	47.3%	218.2	150.9	44.6%
Loan size - \$5.0 to \$6.0 million	8.9%	40.9	12.1	238.0%
Loan size - \$3.0 to \$5.0 million	7.7%	35.5	19.1	85.9%
Loan size - \$1.0 to \$3.0 million	15.7%	72.6	59.4	22.2%
Loan size - under \$1 million	15.0%	69.2	60.3	14.8%
Industrial	22.4%	103.5	93.0	11.3%
Owner Occupied	7.9%	36.3	34.5	5.2%
Investment	14.6%	67.2	58.5	14.9%
Loan size - \$5.0 to \$6.0 million	1.1%	5.1	5.1	0.0%
Loan size - \$3.0 to \$5.0 million	0.7%	3.3	3.5	-5.7%
Loan size - \$1.0 to \$3.0 million	6.5%	29.9	22.9	30.6%
Loan size - under \$1 million	6.3%	28.9	27.0	7.0%
Other	0.8%	3.9	5.3	-26.4%

Balances as of March 31, 2010

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Loan Portfolio and Asset Quality: Non-Owner Occupied CRE Portfolio



Diversified, Small Concentrations

Property Type	Current Exposure	% of CRE	
		Non-Owner Occupied	% of Total Loans
Office - Professional & Management	\$47,112	16.4%	4.3%
Retail Centers	32,116	11.2%	3.0%
Hotels and Motels - National Chains	34,630	12.1%	3.2%
Manufacturing and Industrial	26,773	9.3%	2.5%
Office Multi-use	23,422	8.2%	2.2%
Showroom Space	8,068	2.8%	0.7%
Restaurants	19,349	6.7%	1.8%
Residential Buildings and Dwellings	11,380	4.0%	1.0%
Miniwarehouses and Self-Storage Units	13,903	4.8%	1.3%
New & Used Car Dealers	10,911	3.8%	1.0%
Office - Finance & Insurance	8,112	2.8%	0.7%
Office - Medical	10,906	3.8%	1.0%
Child Day Care Services	7,092	2.5%	0.7%
Automotive Repair & Care	5,810	2.0%	0.5%
Golf Courses and Country Clubs	4,011	1.4%	0.4%
Retail Single-Use	14,003	4.9%	1.3%
Non-Profits/Government	1,756	0.6%	0.2%
Construction Industry	5,092	1.8%	0.5%
Wholesale Trade - Single Use	2,688	0.9%	0.2%
Total CRE - Non-Owner Occupied	287,133	100.0%	26.4%

Office: No deal larger than \$4mm

Retail: No deal larger than \$5mm
Strong Credit-Tenant Deals

Hotels: Diversified by Area

Examples:

Hilton Garden Inn
Holiday Inn Express
Hampton Inn

Restaurants: National Chain Credit Tenants

Examples:

Bojangles- multiple locations
IHOP

Balances as of March 31, 2010

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Quality

Competence

Discipline

Experienced Management



- Strong culture of management and employee ownership
 - Experienced and established management team with average tenure of more than 25 years
 - Insider ownership of more than 19.7%

Name	Prior Experience	Years of Experience	Current Position
W. Swope Montgomery, Jr.	Wachovia, SunTrust	39	President & Chief Executive Officer
Richard D. Callicutt II	Wachovia, FirstUnion	29	Executive Vice President & Chief Operating Officer
David Spencer	KPMG, FirstSouth Bank	25	Executive Vice President & Chief Financial Officer
Tom Nelson	Bank of America	25	Chief Credit Officer
Reid Marks	Bank of America	34	Commercial Banking Manager

Veteran Credit Team



- Experienced credit team with average tenure of greater than 25 years and experience through various economic and credit cycles

Name	Title at BNC	Experience, Positions Held	Years of Banking Experience
Tom Nelson	Chief Credit Officer	Bank of America, Credit Policy and Underwriting, Former USMC Aviator	25
Larry Brown	Sr Credit Officer - Corporate	Wachovia Bank. Commercial Lending, Area Credit Officer	43
Janet Helms	Sr Credit Officer - South Region	Wachovia Bank/First Union. Commercial RE Underwriting	26
Mike Thomas	Sr Credit Officer - Real Estate	BB&T, Credit Admin - Real Estate Development	23
Daren Fuller	Sr Credit Info Officer	LSB, Credit Administration	17
Link Ward	Sr Credit Officer - Consumer	BB&T, Wachovia	21
Ben Parks	Credit Review	Wachovia, Bank of America	40
Amy Likens	Sr Credit Analyst - South Region	Wachovia, Senior Loan Review and Risk Officer	21
Christine O'Brien	Sr Credit Analyst - Triad Region	First Charter, Commercial Loan Analyst Manager	12
Reid Marks	Triad Comm Banking Mgr	Bank of America, Commercial and Middle Market President	34
Bill Connolly	Concord City Executive	BB&T, SouthTrust, FirstCharter, Business Banking Exec of NC	36
Dana Ritchie	Harrisburg City Executive	CCB (SunTrust), Commercial Lending	35
Earl Snipes	Thomasville City Executive	LSB, Senior Commercial Lender	33
Heather Grossnickle	Greensboro City Executive	SunTrust, BB&T, BofA, Regional Commercial Team Manager	29
Mark Lewis	Salisbury City Executive	Wachovia, CCB (SunTrust), Commercial Loan Manager	25
John Bencini	High Point City Executive	High Point Bank, Commercial Banking Manager	19
Rob Ellenburg	Mooresville City Executive	First Charter, SouthTrust, City Executive Lake Norman Region	11
Randy Carda	High Point Commercial Banker	First Citizens, BB&T, Credit Policy Officer, Market Executive	21
Bill McMurray	Lexington Region Executive	First Union, Market President, Commercial Banking Mgr	38
Brent Bridges	Triad Region Commercial Bkg	Wachovia, BofA, City Executive, Commercial Banking Mgr	30
Jim Bowman	Triad Commercial Real Estate	Centura, 1st Home Federal, Manager, A&D and Construction	36

Red denotes those in banking during real estate problems of early '80s

Core Deposit Growth Initiatives



- **Retail Banking**

- In early 2009, hired seasoned Retail Banking Manager from Wachovia
- Creating consistency in delivery, service, products, and sales throughout the retail footprint
- Creating greater levels of accountability and rewards for performance

- **Treasury Services**

- In mid 2008, hired seasoned Treasury Services Professional from Wachovia
- Previous clients included major US municipalities
- Hired four calling officers with Treasury experience to market this platform
- Additionally, Beach First has a strong treasury group which has been very successful in the property management and HOA sectors in market

- **Private Banking**

- In second quarter of 2009, hired seasoned premiere banking manager from Bank of America
- Recruiting premier and private bankers for the affluent markets of Greensboro, Concord, and Lake Norman areas
- Goals per Banker: \$60 million in core deposits, \$40 million in executive loans, \$50 million in investment product referrals

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Leverage Transaction Highlights



- Bought Government Agency MBS at attractive yields and at prices between 98 and 102
- Purchased municipal securities with strong underlying ratings and AAA insurance
 - Assured Guaranty and Texas School District Fund as primary insurers
- Funded overnight initially, which acted as a hedge to our Prime based loan portfolio
- Lead bank in structuring a funding transaction that allowed BNC to lock in five year UNSECURED funding at an effective cost of 2.95%
- Earnings have helped cover cost of CPP dividends, provision and continuing efforts to build infrastructure with exceptional talent
- Unsecured funding allowed BNC to pay off \$300 million in FHLB borrowings, thus reducing the FHLB stock requirement by \$10 million
- Increased on-balance sheet liquidity from 9% to 30% during a time when liquidity is a priority for safety and soundness



Quality

Competence

Discipline

FDIC Assisted Transaction Timeline



August 2009 - Met with Banks Street Partners, LLC (BSP) to discuss assisted transaction opportunities

September 2009 - BSP and management presents to BNC Board of Directors modeling on specific potential transactions; BSP engaged as financial advisor

October 2009 - Company engages Womble Carlyle in Atlanta as special legal counsel; face-to-face discussions held with state and federal regulators

October 2009-January 2010 - Company explores offensive capital opportunities

November 2009- DD&F Consulting engaged to begin assisting Functional Leaders with strategic plans for takeover weekend and post FDIC deal integration

January 2010 to March 2010 - BNC management meets with various winners of previous FDIC transactions to better understand the bid preparation methodology and the necessary infrastructure build to meet loss share and workout requirements.

February 2010 - Bank of North Carolina's regulatory exam is completed

March 2010 - Management and BSP evaluate Beach First National Bank assisted transaction and decide to pursue first bid

Final Month

- Team of 12 employees conduct week-long onsite due diligence at Beach First National Bank headquarters
- Management evaluates pro forma balance sheet and arrives at final bid
- Transaction completed

Strategic Rationale For Beach First Deal



- **Earn our way through the credit cycle**
 - Immediately accretive to earnings per share and tangible book value per share
 - Opportunity to enhance core earnings
 - Improves funding mix. Strong core deposit growth opportunities

- **Protect our balance sheet**
 - Loss-share agreement protects Bank of North Carolina on acquired loans
 - Higher pro forma capital levels at both the bank and holding company
 - Strong balance sheet liquidity

- **Prepare for the future**
 - Expands Bank of North Carolina's presence into South Carolina
 - Presents opportunity to grow core deposit franchise
 - Future opportunities for growth due to continued market disruption

On the Offensive



- Beach First transaction is evidence of BNC's plan to be an opportunistic and disciplined consolidator in the banking industry
- Management sees multiple attractive opportunities in our current and contiguous markets
 - Envision building a larger franchise through a combination of strong organic growth and opportunistic transactions which can provide meaningful franchise value
- BNC acknowledges that offensive capital may be required from time to time to fund certain of these opportunities. Management has resisted raising excessive offensive capital at depressed valuation metrics over the past eighteen months.
 - Contingent capital for specific transactions provides a win-win for existing and new shareholders
 - Will consider non-contingent capital raises that can be supported by known organic growth opportunities



The Place to Be, for All the Right Reasons

No Customer, Employee, Director, or Financial Representation is worth compromising the Integrity of our Organization. The Integrity of BNC is its most cherished Asset.