

BNC Bancorp (BNCN) to Acquire Southcoast Financial (SOCB) In \$95.5M Deal

August 13, 2015

BNC Bancorp (NASDAQ: [BNCN](#)), the holding company for Bank of North Carolina, and Southcoast Financial Corporation (NASDAQ: [SOCB](#)), the holding company for Southcoast Community Bank, have entered into a definitive agreement pursuant to which BNC will acquire all of the common stock of Southcoast in a stock transaction valued at approximately \$95.5 million, based on the closing price of BNC common stock on August 13, 2015.

Southcoast, headquartered in Mt. Pleasant, South Carolina, operates 10 branches in Mt. Pleasant, Charleston, Moncks Corner, Johns Island, Summerville, Goose Creek and North Charleston, South Carolina. As of June 30, 2015, Southcoast reported approximately \$506 million in assets, \$383 million in loans, and \$361 million in deposits. Upon completion of the transaction, BNC is expected to have approximately \$6.0 billion in assets, \$4.5 billion in loans, and \$4.9 billion in deposits. The transaction is expected to be immediately accretive to BNC's fully diluted earnings per share and tangible book value per share, excluding deal costs.

Under the terms of the agreement, which has been approved by the Boards of Directors of both companies, Southcoast shareholders will receive a fixed price of \$13.35 for each share of Southcoast common stock, payable in shares of BNC common stock based upon the 20-day volume weighted average price of BNC common stock prior to the closing of the merger (the "VWAP"), subject to minimum and maximum exchange ratios. If the VWAP immediately prior to the merger is equal to or less than \$19.00, then each share of Southcoast common stock will be converted into 0.7026 of a share of BNC common stock. If the VWAP immediately prior to the merger is equal to or more than \$22.00, then each share of Southcoast common stock will be converted into 0.6068 of a share of BNC common stock. The transaction, which is subject to regulatory approval, the approval of the shareholders of Southcoast, and other

customary conditions, is expected to close in the first quarter of 2016.

Commenting on the announcement, Rick Callicutt, President and Chief Executive Officer of BNC, said, "We are pleased to announce the combination of BNC and Southcoast. This partnership will allow us to expand our presence in one of the fastest growing and most dynamic regions in the Southeast, the Charleston and Mt. Pleasant, South Carolina markets. We are most excited about Wayne Pearson and his team joining BNC. Our combined companies will be well positioned for further growth in the Charleston and Mt. Pleasant markets with approximately \$800 million in assets and a top-five deposit market share in the Charleston-North Charleston, SC MSA. The similar culture and core values of Southcoast and BNC will allow us to accelerate the integration, deepen existing customer relationships, and focus on expansion in these highly-sought after markets. The Southcoast team has built a bank that aligns with our vision of a high performing community bank that creates value for all of its stakeholders while 'Delivering More' than our customers expect."

Callicutt continued, "The addition of Southcoast's 10 offices, along with our upcoming acquisition of seven branches of CertusBank, N.A. in the Upstate Region, will allow BNC to grow our South Carolina franchise by approximately 17 office locations in the two fastest growing areas in the state."

Wayne Pearson, Chairman and Chief Executive Officer of Southcoast, added, "We are pleased to join forces with BNC to provide enhanced and long-term value to our customers and communities. Our combination with BNC, with combined total assets of approximately \$6.0 billion, will provide greater capital resources and operational scale that will allow us to grow with the robust Charleston and Mt. Pleasant economies and capture additional market share. In addition, BNC's track record for creating and growing shareholder value will be a major plus for the Southcoast shareholder base."

Troutman Sanders LLP provided legal counsel to BNC, while FIG Partners, LLC served as financial advisor to BNC and Sandler O'Neill + Partners LP served as a special advisor to BNC. Haynsworth Sinkler Boyd, P.A. provided legal counsel to Southcoast, while Banks Street Partners, LLC served as financial advisor to Southcoast.