

## CAPITAL MARKETS ANNOUNCEMENT

## North State Bancorp Closes Private Placement of \$18.0 Million of Subordinated Notes due 2025

Sandler O'Neill + Partners L.P. served as the sole placement agent for this offering.

This transaction is the 35<sup>th</sup> subordinated note or senior note transaction for a community bank since January 1, 2014 in which Sandler O'Neill acted as a placement agent, sole underwriter or book-runner, more than any other investment bank and approaching half of all the deals done during that period<sup>1</sup>.

**About the Offering:**

RALEIGH, NC – North State Bancorp (the "Company"), the parent company of North State Bank (the "Bank"), completed the private placement of \$18.0 Million of Subordinated Notes due 2025. From and including November 20, 2015 to but excluding December 1, 2020, the Notes will pay an interest rate of 6.5% per annum, payable semi-annually in arrears. From and including December 1, 2020 to the maturity date or early redemption date, the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month LIBOR rate plus 487.5 basis points, payable quarterly in arrears. The Company intends to use the net proceeds from the sale for the repurchase of common stock as part of an S-Corp conversion, as well as for general corporate purposes.

*This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.*

**About the Company:**

North State Bancorp is a single-bank holding company headquartered in Raleigh, North Carolina. The Company is the holding company for North State Bank, a full-service community bank that serves Wake and New Hanover Counties in North Carolina. The Company has seven offices located throughout the state of North Carolina. In addition, the company has a division, Community Plus, which serves the needs of property management companies and homeowner associations as well as a large mortgage division.

(1) Note: Includes nationwide subordinated debt and senior note offerings since 1/1/2014 that involved one or more book managers or placement agents for banks or bank holding companies with less than \$25bn in assets; excludes deals that were not reported and deals where no underwriter or placement agent was reported; Source: SNL Financial and Sandler O'Neill + Partners L.P.

(2) Financial data from the bank level and is not pro forma for the offering

November 20, 2015

6.50% Fixed-to-Floating  
Rate Subordinated Notes  
due 2025  
**\$18.0 Million**



Sole Placement Agent  
**SANDLER O'NEILL + PARTNERS**

Financial Highlights (as of 9/30/2015)<sup>2</sup>

(\$ in thousands)

Total Assets	\$741,347
Net Loans	580,455
Total Deposits	671,862
Total Equity	65,945
Tier 1 Leverage Ratio	8.68%
Tier 1 Risk-Based Capital Ratio	11.53%
Total Risk-Based Capital Ratio	12.57%
TCE / TA	8.88%

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