

Valley Financial Corporation (NASDAQ: VYFC; Roanoke, VA) has agreed to merge with BNC Bancorp (NASDAQ: BNCN; High Point, NC)

Deal Value: Approximately \$101.3 million

Sandler O'Neill served as financial advisor to Valley Financial Corporation in connection with the transaction. This transaction is Sandler O'Neill's 53rd bank or thrift transaction nationwide since January 1, 2014, more than any other investment bank during that time period.¹ Since January 1, 2014, Sandler O'Neill has advised on 16 bank or thrift transactions in the Southeast region and 8 bank or thrift transactions in Washington D.C., Maryland, and Virginia, more than any other investment bank during that time period.¹

High Point, NC (November 17, 2014) – BNC Bancorp (“BNC” or the “Company,” NASDAQ: BNCN), the holding company for Bank of North Carolina, has entered into a definitive agreement to acquire all of the common stock of Valley Financial Corporation (“Valley”), the holding company for Valley Bank, in a stock transaction valued at approximately \$101.3 million, based on the closing price of BNC common stock on November 14, 2014.

Valley, headquartered in Roanoke, Virginia, operates nine branches in Roanoke and Salem. As of September 30, 2014, Valley reported approximately \$857 million in assets, \$607 million in loans, \$682 million in deposits and \$57.2 million in tangible common equity. Upon completion of the transaction, BNC is expected to have approximately \$5.0 billion in assets, \$3.6 billion in loans, and \$4.0 billion in deposits. The transaction is expected to be immediately accretive to BNC’s fully diluted earnings per share, excluding deal costs.

Under the terms of the agreement, which has been approved by the Boards of Directors of both companies, Valley shareholders will receive a fixed price of \$20.50 for each share of Valley 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, subject to minimum and maximum exchange ratios. If the VWAP immediately prior to the merger is greater than or equal to \$18.50 then each share of Valley common stock shall be converted into 1.1081 shares of BNC common stock (the “Minimum Exchange Ratio”). If the VWAP immediately prior to the merger is less than \$14.25, then each share of Valley common stock shall be converted into 1.4386 shares of BNC common stock (the “Maximum Exchange Ratio”). The transaction, which is subject to regulatory approval, the approval of the shareholders of Valley and BNC, and other customary conditions, is expected to close in the second quarter of 2015.

Commenting on the announcement, Rick Callicutt, President and Chief Executive Officer of BNC, said, “We are pleased to announce the combination of BNC and Valley, the leading community bank in the Roanoke market. This partnership will allow us to enter the state of Virginia with a sizable presence in the Roanoke MSA and a top 4 deposit market share. We are most excited about Ellis Gutshall and his team joining BNC to create the most formidable community bank in the Roanoke Valley. Our combined companies will be well positioned for further expansion in Virginia. The similar culture and core values of Valley and BNC will allow us to accelerate the integration, deepen existing customer relationships, and focus on growth in Southwest Virginia. The Valley 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.”

Ellis Gutshall, President and Chief Executive Officer of Valley, added, “We are pleased to join forces with BNC Bancorp to provide enhanced and long-term value to our customers and communities. Our combination with BNC, with combined total assets of approximately \$5.0 billion, will provide greater capital resources and operational scale that will allow us to grow with the robust Roanoke economy and capture additional market share. In addition, BNC’s track record for creating and growing shareholder value will be a major plus for the Valley shareholder base.”

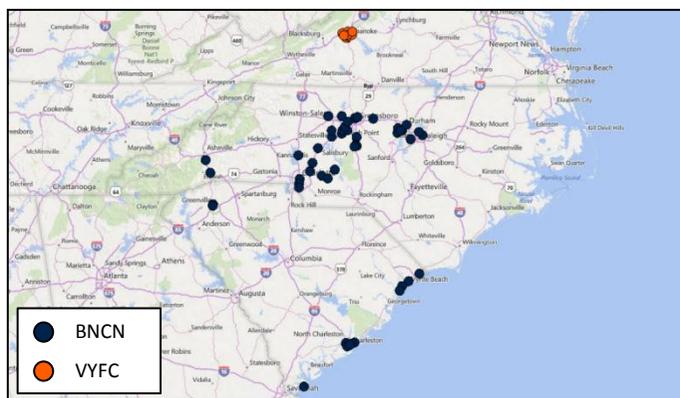
Financial Highlights

(Dollars in millions)

	VYFC	BNCN
Total Assets	\$857	\$3,736
Gross Loans	\$607	\$2,785
Total Deposits	\$682	\$3,084
Total Equity	\$57	\$331
TCE / TA	6.67%	7.32%

¹ Excludes terminated transactions and self-advisory roles
 Note: Financial data as of 9/30/14
 Source: SNL Financial

Pro Forma Branch Map



Sandler O'Neill Contacts:

Scott Clark
Principal
(212) 466-7965

Bill Boyan
Managing Director
(301) 365-1823

John Burke
Associate Director
(212) 466-7823

Davis Mangham
Analyst
(212) 466-7963

Joe Krumholz
Analyst
(212) 466-8039