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### FOR IMMEDIATE RELEASE

VantageSouth Bancshares, Inc. Reports 3rd Quarter Net Income of \$1.5 Million and Net Operating Earnings of \$3.0 Million

RALEIGH, N.C., October 30, 2013 – VantageSouth Bancshares, Inc. (VSB) (the "Company") today reported third quarter 2013 financial results. Highlights include the following:

- Net income was \$1.5 million in 3Q 2013 compared to \$3.3 million in 2Q 2013 and \$1.3 million in 3Q 2012.
- Earnings in 3Q 2013 were negatively impacted by a \$1.2 million income tax charge in connection with recently enacted decreases in North Carolina corporate income tax rates which are effective in future tax years.
- In August 2013, the Company placed \$38.05 million in 10-year subordinated notes at a fixed rate of 7.625 percent to further strengthen and diversify its regulatory capital position.
- Net operating earnings, which exclude securities gains, a one-time acquisition gain, merger and conversion costs, and a non-recurring income tax adjustment, improved to \$3.0 million in 3Q 2013 from \$2.8 million in 2Q 2013 and \$1.4 million in 3Q 2012.
- Pre-tax, pre-provision operating earnings totaled \$6.2 million in 3Q 2013, an increase from \$6.0 million in 2Q 2013 and \$2.5 million in 3Q 2012.
- Annualized net loan growth was 9 percent in 3Q 2013 while loan originations and commitments totaled \$207.4 million in the third quarter.
- Net interest margin totaled 4.39 percent in 3Q 2013 compared to 4.67 percent in 2Q 2013 and 4.49 percent in 3Q 2012.
- Government-guaranteed, small business lending income improved to \$1.5 million in 3Q 2013 from \$1.1 million in 2Q 2013 and \$776 thousand in 3Q 2012 while loan originations by this group totaled \$34.5 million in the third quarter.
- Operating non-interest expenses were cut by \$1.0 million from 2Q 2013 to 3Q 2013, which was in line with targeted cost savings following the ECB acquisition.

"We improved operating earnings and achieved annualized net loan growth of 9 percent in the third quarter despite a general environment of economic uncertainty and slowing mortgage activity," stated Scott Custer, CEO of the Company. Mr. Custer continued, "our SBA lending group notched its second highest quarterly revenue number in the history of our bank and continues to grow its origination of government-guaranteed, small business loans throughout the Southeast. At the same time, we remain on track to realize all of our projected cost savings following the ECB merger which contributed to a 5 percent reduction in operating expenses on a linked-quarter basis. Additionally, we issued \$38 million of subordinated notes which bolstered our regulatory capital ratios and will provide room for continued expansion in our core markets. Overall, we are pleased with the progress we made on a number of fronts this quarter and believe that we have properly realigned our mortgage business to operate more profitably in the coming quarters."

### **ECB Merger**

On April 1, 2013, the Company completed the merger of ECB with and into VSB (the "ECB merger"). The ECB merger was completed pursuant to an Agreement and Plan of Merger dated as of September 25, 2012 (the "Merger Agreement"). Immediately following the ECB merger, The East Carolina Bank, a wholly-owned subsidiary of ECB, was merged with and into VantageSouth Bank. Upon the closing of the ECB merger, each outstanding share of ECB common stock was converted into the right to receive 3.55 shares of VSB common stock. The aggregate merger consideration consisted of 10,312,186 shares of VSB common stock. Based upon the \$3.94 per share closing price of VSB common stock on March 28, 2013, the aggregate purchase price totaled \$40.6 million.

In connection with the ECB merger, the Company applied the acquisition method of accounting to ECB's balance sheet. Therefore, all acquired assets and liabilities were adjusted to fair value, and the historical allowance for loan losses was eliminated. The Company recorded a one-time acquisition gain of \$7.8 million in the second quarter of 2013, which reflects the amount by which the fair value of acquired net assets exceeded the combined purchase price and fair value of non-controlling interests. The Company has a one-year measurement period from the acquisition date to finalize the recorded fair values of net assets acquired. The acquisition gain may change if initial fair value estimates are revised within the measurement period and any changes are reported retrospectively as of the date of acquisition. Measurement period adjustments in the third quarter of 2013, which were retrospectively reflected in the Company's results of operations in the second quarter of 2013, reduced the previously reported gain on acquisition by \$433 thousand. This amount included tax-effected adjustments to reduce the estimated fair value of a non-marketable investment, to reduce the fair value of certain distressed loans held for sale, and to increase the fair value of a bank-owned office.

### VantageSouth Bank Merger into Crescent

On November 30, 2012, VantageSouth Bank ("Legacy VantageSouth") was merged with and into Crescent State Bank, a wholly-owned banking subsidiary of Crescent Financial Bancshares, Inc. ("Crescent"), and the combined bank was re-branded as VantageSouth Bank. This merger was a combination of commonly controlled companies since both banks were subsidiaries of Piedmont Community Bank Holdings, Inc. ("Piedmont"), and it was accounted for in a manner similar to a pooling of interests transaction. Thus, the Company's financial statements were retrospectively adjusted to combine the financial condition and results of operations of Crescent and Legacy VantageSouth from the date the two companies became commonly controlled.

Further, because of the application of push-down accounting to the books of Legacy VantageSouth on February 1, 2012 when Piedmont purchased the bank's remaining non-controlling equity interests, reporting periods prior to this date are denoted as "2012 Predecessor Period" (January 1 to January 31, 2012) and periods after this date are denoted as "2012 Successor Period" (February 1 to September 30, 2012).

#### **Results of Operations**

### 3Q 2013 compared to 3Q 2012

Net income was \$1.5 million in the third quarter of 2013 compared to \$1.3 million in the third quarter of 2012. After preferred stock dividends and accretion, net income available to common stockholders was \$776 thousand, or \$0.02 per common share, in the third quarter of 2013 compared to net income of \$918 thousand, or \$0.03 per common share, in the third quarter of 2012. Net operating earnings, which exclude securities gains, merger and conversion costs, and a non-recurring income tax charge, improved to \$3.0 million in third quarter 2013 from \$1.4 million in the third quarter of 2012 as the Company improved its financial performance following the ECB merger by increasing net interest income, lowering provision for loan losses, increasing non-interest income, and by reducing its operating efficiency ratio. Similarly, pre-tax, pre-provision operating earnings increased to \$6.2 million in the third quarter of 2013 from \$2.5 million in the third quarter of 2012.

### Year-to-Date

Net income was \$3.9 million in the first nine months of 2013 while net income was \$1.7 million in the 2012 Successor Period and \$529 thousand in the 2012 Predecessor Period. After dividends and accretion on preferred stock, net income available to common stockholders was \$2.2 million, or \$0.05 per common share, in the first nine months of 2013, while net income attributable to common stockholders was \$703 thousand, or \$0.02 per common share, in the 2012 Successor Period, and \$407 thousand, or \$0.01 per common share, in the 2012 Predecessor Period.

#### Net Interest Income

### 3Q 2013 compared to 3Q 2012

Net interest income was \$19.9 million in the third quarter of 2013 compared to \$10.3 million in the third quarter of 2012. The increase in net interest income was the result of a significant increase in earning assets from organic business activity and the ECB merger. Average earning assets increased from \$916.7 million in the third quarter of 2012 to \$1.80 billion in the third quarter of 2013. Over this period, average loan balances increased by \$639.2 million, of which \$466.5 million was from acquired ECB loans, and average investment securities balances increased by \$218.0 million. In addition, average deposits increased by \$796.3 million, of which \$736.1 million was from the ECB merger.

The Company's net interest margin declined from 4.49 percent in the third quarter of 2012 to 4.39 percent in the third quarter of 2013. The reduction in net interest margin was due to a reduction in yields on interest-earning assets partially offset by lower costs on interest-bearing liabilities. The yield on earning assets declined from 5.18 percent in the third quarter of 2012 to 4.90 percent in the third quarter of 2013, which reflected lower loan yields and lower yields on investment securities. The decrease in loan yields was a product of lower prevailing market loan rates on new loan originations partially offset by a favorable impact from acquisition accounting fair value adjustments. Securities yields declined as the Company reinvested principal paydowns and proceeds from sales at lower current market rates.

The cost of interest-bearing liabilities declined from 0.83 percent in the third quarter of 2012 to 0.59 percent in the third quarter of 2013, which primarily reflected a lower cost of deposits as the Company adjusted interest rates it pays on certain checking and money market accounts in the second quarter of 2013 and incorporated the ECB deposit base. The Company also increased its level of short-term borrowings in the form of FHLB advances which lowered overall funding costs. These reductions were partially offset by an increase in the cost of long-term debt from the issuance of \$38.05 million in 10-year subordinated notes at a fixed rate of 7.625 percent. These subordinated notes were issued to further strengthen and diversify the Company's regulatory capital position.

Income accretion on purchased loans totaled \$5.7 million in the third quarter of 2013, which consisted of \$3.1 million of accretion on purchased credit-impaired ("PCI") loans and \$2.5 million of accretion income on purchased non-impaired loans. PCI loan accretion represents all interest income recorded for those loans in the period while accretion income on purchased non-impaired loans represents accretion of the fair value discount on the effective yield method, which increased interest income above contractual yields. Accretion income on purchased non-impaired loans included \$895 thousand of accelerated accretion in the third quarter of 2013 due to principal prepayments. Time deposit fair value amortization totaled \$857 thousand, and net amortization of short-term borrowings and long-term debt totaled \$18 thousand, which reduced interest expense. Acquisition accounting amortization reduced the Company's cost of interest-bearing liabilities by 0.22 percent in the third quarter of 2013.

#### Year-to-Date

Net interest income in the first nine months of 2013 totaled \$50.3 million while net interest income totaled \$27.2 million in the 2012 Successor Period and \$3.6 million in the 2012 Predecessor Period. Average earning assets totaled \$1.50 billion in the first nine months of 2013, which was a significant increase from \$934.4 million in the 2012 Successor Period and \$934.3 million in the 2012 Predecessor Period. The increase in average interest-earning assets was primarily the result of assets acquired in the ECB merger as well as organic loan growth.

Net interest margin was 4.47 percent in the first nine months of 2013, which was an increase from 4.41 percent in the 2012 Successor Period but a decline from 4.55 percent in the 2012 Predecessor Period. The increase in net interest margin from the 2012 Successor Period was primarily due to a reduction in the cost of interest-bearing liabilities which fell from 0.88 percent in the 2012 Successor Period to 0.60 percent in the first nine months of 2013. Declining yields on interest-earning assets partially offset the improvement in the cost of interest-bearing liabilities due to the origination of new loans at lower current market rates and the reinvestment of principal paydowns and proceeds from sales of securities at lower current market rates. The average yield on loans decreased from 6.04 percent in the 2012 Successor Period and 6.15 percent in the 2012 Predecessor Period to 5.96 percent in the first nine months of 2013, and the average yield on investment securities declined from 2.69 percent in the 2012 Successor Period and 2.74 percent in the 2012 Predecessor Period to 2.05 percent in the first nine months of 2013.

Income accretion on purchased loans totaled \$15.4 million in the first nine months of 2013, which consisted of \$10.5 million of accretion on PCI loans and \$4.9 million of accretion income on purchased non-impaired loans. Time deposit fair value amortization totaled \$2.3 million, which reduced interest expense, while net accretion of short-term borrowings and long-term debt totaled \$45 thousand, which increased interest expense. Time deposit amortization, net of accretion on short-term borrowings and long-term debt reduced the Company's cost of interest-bearing liabilities by 0.22 percent in the first nine months of 2013. Income accretion on purchased loans totaled \$10.9 million and \$1.6 million in the 2012 Successor Period and 2012 Predecessor Period, respectively. Net amortization of fair value premiums on interest-bearing liabilities in the 2012 Successor Period and 2012 Predecessor Period totaled \$2.0 million and \$298 thousand, respectively, which reduced the Company's cost of interest-bearing liabilities by 0.39 percent and 0.45 percent, respectively.

### Provision for Loan Losses and Asset Quality

### 3Q 2013 compared to 3Q 2012

Provision for loan losses was \$1.3 million in the third quarter of 2013 compared to \$1.1 million in the third quarter of 2012. Net loan charge-offs were 0.20 percent of average loans in the third quarter of 2013 compared to 0.44 percent in the third quarter of 2012. The allowance for loan and lease losses ("ALLL") and related provision were calculated separately for non-acquired loans, purchased non-impaired loans, and PCI loans. In the third quarter of 2013, the non-acquired loan provision was \$253 thousand, purchased non-impaired loan provision was \$670 thousand, and PCI loan provision was \$357 thousand.

The following table summarizes the changes in the ALLL for each loan category in 3Q 2013 and 3Q 2012.

(Dollars in thousands)	Non-A	Acquired	Purchased Non-Impaired	Purchased Credit- Impaired		Total
3Q 2013:						
Balance at July 1, 2013	\$	4,339	\$ —	\$	2,086	\$ 6,425
Net charge-offs		(1)	(670)	)	_	(671)
Provision for loan losses		253	670		357	 1,280
Balance at September 30, 2013	\$	4,591	\$ —	\$	2,443	\$ 7,034
3Q 2012:						
Balance at July 1, 2012	\$	1,637	\$ 634	\$	772	\$ 3,043
Net charge-offs		_	(974)	)	_	(974)
Provision for loan losses		516	426		135	1,077
Balance at September 30, 2012	\$	2,153	\$ 86	\$	907	\$ 3,146

The increase in provision for loan losses in the third quarter of 2013 compared to the prior year third quarter was primarily due to impairments on certain of the Company's PCI loan pools, which generated provision of \$357 thousand in the third quarter of 2013 compared to \$135 thousand in the prior year third quarter, and higher provision on purchased non-impaired loans. The higher provision on purchased loans was partially offset by lower provision on the non-acquired loan portfolio.

The ALLL was \$7.0 million, or 0.52 percent of total loans as of September 30, 2013, compared to \$6.4 million, or 0.49 percent of total loans as of June 30, 2013, and \$3.1 million, or 0.43 percent of total loans as of September 30, 2012. Adjusted ALLL, which includes the ALLL and net acquisition accounting fair value adjustments for acquired loans, represented 3.05 percent of total loans as of September 30, 2013 compared to 3.72 percent as of June 30, 2013 and 2.86 percent as of September 30, 2012. Nonperforming loans as a percentage of total loans was 1.40 percent as of September 30, 2013, which was an increase from 1.14 percent as of June 30, 2013 and a decline from 1.90 percent as of September 30, 2012. Total nonperforming assets (which include nonaccrual loans, loans past due 90 days or more and still accruing, and foreclosed assets) as a percentage of total assets was 1.50 percent as of September 30, 2013, which was an increase from 1.33 percent as of June 30, 2013 and a reduction from 1.97 percent as of September 30, 2012. The decline in the nonperforming assets ratio over the past year was due to the ECB merger as well as the Company's continuing efforts to resolve legacy problem assets while maximizing value. These resolution efforts have included a combination of asset sales through various channels and successful loan workout plans.

### Year-to-Date

Provision for loan losses was \$4.7 million in the first nine months of 2013 while provision for loan losses totaled \$4.0 million in the 2012 Successor Period and \$195 thousand in the 2012 Predecessor Period. The following table summarizes the changes in ALLL for each loan category in the nine months ended September 30, 2013.

(Dollars in thousands)	Non-A	Acquired	chased mpaired	Purchased Credit- Impaired	 Total
Balance at January 1, 2013	\$	2,665	\$ 55	\$ 1,278	\$ 3,998
Net charge-offs		(119)	(1,557)		(1,676)
Provision for loan losses		2,045	1,502	1,165	4,712
Balance at September 30, 2013	\$	4,591	\$	\$ 2,443	\$ 7,034

#### Non-Interest Income

### *3Q 2013 compared to 3Q 2012*

Non-interest income totaled \$4.5 million in the third quarter of 2013, which was an increase from \$3.3 million in the third quarter of 2012. The increase was primarily the result of higher income from the Company's government-guaranteed, small business lending program, higher income from service charges and fees on deposit accounts and higher income on bank-owned life insurance. These increases were partially offset by a reduction in mortgage banking income.

Government-guaranteed, small business lending income, which includes gains on sales of the guaranteed portion of certain SBA loans originated by the Company as well as servicing fees on previously sold SBA loans, increased by \$749 thousand. The Company sells the guaranteed portion of certain SBA loans in the secondary market without recourse and recognizes gains as those loans are sold at a premium. Service charges and fees on deposit accounts increased by \$989 thousand primarily due to the addition of deposit accounts acquired in the ECB merger. Mortgage banking income decreased by \$817 thousand due to several factors, including an increase in long-term interest rates which significantly reduced refinancing activities as well as declining profit margins on loans sold to investors. The Company has taken certain steps to improve its mortgage banking performance in the future which included hiring a veteran mortgage production manager in the third quarter, hiring FHA and VA mortgage underwriters, which generally produce higher margin loans, and reducing headcount and cutting costs in the mortgage business.

### Year-to-Date

Non-interest income totaled \$20.7 million in the first nine months of 2013 while non-interest income totaled \$7.2 million in the 2012 Successor Period and \$657 thousand in the 2012 Predecessor Period. Non-interest income in the current year-to-date period included a one-time acquisition gain of \$7.8 million related to the ECB merger. Securities gains totaled \$1.2 million in the first nine months of 2013 as the Company recognized gains upon selling the majority of its municipal bonds for balance sheet management and tax purposes. Additionally, service charges and fees on deposits, mortgage banking income, government-guaranteed, small business lending income, and bank-owned life insurance income totaled \$3.6 million, \$1.8 million, \$3.7 million, and \$829 thousand, respectively, in the first nine months of 2013.

### Non-Interest Expense

### 3Q 2013 compared to 3Q 2012

Non-interest expense totaled \$18.7 million in the third quarter of 2013 which was a significant increase from \$11.1 million in the third quarter of 2012. The increase in expenses was primarily due to increases in salaries and employee benefits, occupancy and equipment, data processing, and other non-interest expense categories due to the ECB merger which added employees, branch and other facilities, and equipment to the Company's expense base. The Company's operating efficiency ratio, which excludes non-recurring merger and conversion costs, improved from 77.9 percent in the third quarter of 2012 to 74.5 percent in the third quarter of 2013. Much of the improvement in the operating efficiency ratio was due to increased scale and operating leverage provided by the ECB merger combined with cost cutting measures implemented during the second and third quarters of 2013 which will continue to benefit the Company going forward. For example, full time equivalent employees for the combined Company decreased from 520 at the ECB merger date to 474 as of September 30, 2013.

#### Year-to-Date

Non-interest expense totaled \$62.5 million in the first nine months of 2013 while non-interest expense totaled \$28.9 million in the 2012 Successor Period and \$3.2 million in the 2012 Predecessor Period. Expenses in the first nine months of 2013 were significantly impacted by ECB merger and system conversion costs, which totaled \$14.0 million, as well as a higher general expense run rate following the ECB merger. The Company's operating efficiency ratio was 76.7 percent in the first nine months of 2013 compared to 80.9 percent in the 2012 Successor Period and 74.7 percent in the 2012 Predecessor Period.

#### Income Taxes

The Company's income tax expense was \$3.0 million in the third quarter of 2013 compared to \$95 thousand in the third quarter of 2012. Income tax expense in the third quarter of 2013 includes a \$1.2 million charge as a result of recently enacted decreases in North Carolina corporate income tax rates which are effective in future tax years. Taxable income is calculated using pre-tax net income adjusted for non-taxable municipal investment income, bank-owned life insurance income, and non-deductible merger costs. The Company's income tax benefit was \$206 thousand in the first nine months of 2013. The income tax benefit was \$160 thousand in the 2012 Successor Period, and income tax expense was \$270 thousand in the 2012 Predecessor Period.

### Linked Quarter Comparison

Net income was \$1.5 million in the third quarter of 2013 compared to \$3.3 million in the second quarter of 2013. After preferred stock dividends and accretion, net income available to common stockholders was \$776 thousand, or \$0.02 per common share, in the third quarter of 2013 compared to \$2.6 million, or \$0.06 per common share, in the second quarter of 2013. Net operating earnings, which exclude securities gains, the ECB acquisition gain, merger and conversion costs, and a non-recurring income tax charge, improved to \$3.0 million in the third quarter of 2013 from \$2.8 million in the second quarter of 2013 as the Company cut costs and continued to improve its operating efficiency ratio. Similarly, pre-tax, pre-provision earnings increased to \$6.2 million in the third quarter of 2013 from \$6.0 million in the second quarter of 2013.

Net interest income was \$19.9 million in the third quarter of 2013 compared to \$20.4 million in the second quarter of 2013. The decrease in net interest income was the result of lower yields on loans and investments as well as higher costs on long-term debt due to the subordinated notes issued in the current quarter. Partially offsetting the reduction in yields was an increase in earning assets from organic business activity. Average earning assets increased from \$1.75 billion in the second quarter of 2013 to \$1.80 billion in the third quarter of 2013. Over this period, average loan balances increased by \$45.1 million, while average investment securities balances declined by \$12.7 million.

The Company's net interest margin declined from 4.67 percent in the second quarter of 2013 to 4.39 percent in the third quarter of 2013. The lower net interest margin was due to higher costs on long-term debt and lower yields on earning assets. Loan yields declined as a result of lower prevailing market loan rates on new loan originations, and yields on investments also declined as the Company reinvested principal paydowns and proceeds from sales at lower current market rates. The cost of interest-bearing liabilities increased from 0.51 percent in the second quarter of 2013 to 0.59 percent in the third quarter of 2013, which primarily reflected a higher cost of long-term debt from the issuance of \$38.05 million in 10-year subordinated notes at a fixed rate of 7.625 percent. Core net interest margin, which excludes the impact of acquisition accounting, was 3.46 percent in the third quarter of 2013 compared to 3.64 percent in the second quarter of 2013.

Provision for loan losses was \$1.3 million in the third quarter of 2013 compared to \$1.5 million in the second quarter of 2013. The reduction in provision for loan losses in the third quarter of 2013 was primarily due to a \$1.3 million reduction in provision for non-acquired loans, which was partially offset by a \$1.1 million increase in provision on purchased loans. Net loan charge-offs were 0.20 percent of average loans in the third quarter of 2013 compared to 0.18 percent in the second quarter of 2013.

Non-interest income totaled \$4.5 million in the third quarter of 2013, which was a significant decline from \$12.7 million in the second quarter of 2013. Non-interest income in the second quarter of 2013 included a one-time acquisition gain of \$7.8 million related to the ECB merger, which reflected the amount by which the fair value of acquired net assets exceeded the combined purchase price and fair value of non-controlling interests. Core non-interest income, which excludes the acquisition gain, declined by \$318 thousand during this period. Government-guaranteed, small business lending income increased by \$467 thousand due to increased production and loan sales while mortgage banking income declined by \$786 thousand due to several factors, including an increase in long-term interest rates which significantly reduced refinancing activities as well as declining profit margins on loans sold to investors.

Non-interest expense totaled \$18.7 million in the third quarter of 2013, which was a significant decline from \$31.1 million in the second quarter of 2013. Lower expenses on a linked quarter basis were partially due to an \$11.5 million decrease in merger and conversion-related costs. Core non-interest expense, which excludes merger and conversion-related costs, declined \$974 thousand during this period as the Company cut costs, primarily personnel related, after the ECB merger and continued to improve its operating efficiency. The Company's operating efficiency ratio, which excludes merger and conversion costs, improved from 75.9 percent in the second quarter of 2013 to 74.5 percent in the third quarter of 2013.

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VantageSouth Bank is a state-chartered bank operating forty-six banking offices in central and eastern North Carolina. The common stock of VantageSouth Bancshares, Inc. is listed on the NYSE MKT, LLC under the symbol VSB. Investors can access additional corporate information, product descriptions and online services through VantageSouth Bank's website at www.VantageSouth.com.

### **Conference Call**

VSB will conduct a conference call at 10:00 a.m. Eastern Time today to discuss this press release. The conference call will be broadcast live over the Internet and can be accessed by any interested party at http://www.VantageSouth.com (under the Investor Relations section). A telephone playback of the conference call will be available approximately one hour after the completion of the call by dialing (800) 633-8284 and entering passcode 21682075.

### **Non-GAAP Financial Measures**

Statements included in this press release include non-GAAP financial measures and should be read along with the accompanying tables which provide a reconciliation of non-GAAP financial measures to GAAP financial measures. The Company's management uses these non-GAAP financial measures, including: (i) net operating earnings (loss); (ii) pre-tax, pre-provision operating earnings; (iii) operating non-interest income, (iv) operating non-interest expense, (v) operating efficiency ratio, (vi) adjusted allowance for loan losses to loans; and (vii) tangible common equity, in their analysis of the Company's performance. Net operating earnings (loss) excludes the following from net income (loss): securities gains, a one-time acquisition gain, merger and conversion costs, income tax expense from the change in future state tax rates, and the income tax effect of adjustments. Pre-tax, pre-provision operating earnings excludes the following from net income (loss): provision for loan losses, income tax expense (benefit), securities gains, a one-time acquisition gain, and merger and conversion costs. Operating non-interest income excludes a one-time acquisition gain from non-interest income. Operating non-interest expense excludes merger and conversion costs from non-interest expense. The operating efficiency ratio excludes a one-time acquisition gain and merger and conversion costs from the efficiency ratio. Adjusted allowance for loan losses adds net acquisition accounting fair value discounts to the allowance for loan losses. Tangible common equity excludes preferred stock as well as goodwill and other intangible assets, net, from total stockholders' equity.

Management believes that non-GAAP financial measures provide additional useful information that allows readers to evaluate the ongoing performance of the Company. Non-GAAP financial measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance

or financial condition of the Company. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results or financial condition as reported under GAAP.

### Forward-Looking Statements

Information in this press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, risks associated with the ownership by Piedmont of a majority of the Company's voting power, including the possibility of the interests of Piedmont differing from other Company stockholders or any change in management, strategic direction, business plan, or operations, the ability of our management to successfully integrate the Company's business and execute its business plan across several geographic areas, local economic conditions affecting retail and commercial real estate, disruptions in the credit markets, changes in interest rates, adverse developments in the real estate market affecting the value and marketability of collateral securing loans made by the Bank, the failure of assumptions underlying loan loss and other reserves, competition, our ability to successfully integrate any businesses that we acquire, and the risk of new and changing regulation. Additional factors that could cause actual results to differ materially are discussed in the Company's filings with the Securities and Exchange Commission, including without limitation its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, and its Current Reports on Form 8-K. The forward-looking statements in this press release speak only as of the date of the press release, and the Company does not assume any obligation to update such forward-looking statements.

# QUARTERLY RESULTS OF OPERATIONS

	Three Months Ended										
(Dollars in thousands, except per share data)	September 30, 2013		June 30, 2013		March 31, 2013	De	ecember 31, 2012	Sej	otember 30, 2012		
(Dottars in thousands, except per share data)		- —	2013	_	2013	_	2012		2012		
Interest income											
Loans	\$ 20,348	\$	20,376	\$	10,697	\$	10,898	\$	10,810		
Investment securities	1,846	4	2,005	Ψ.	815	Ψ	855	Ψ.	1,036		
Federal funds sold and interest-earning	,		,						,		
deposits	33		21		16		20		16		
Total interest income	22,227		22,402	_	11,528	_	11,773	_	11,862		
Interest expense											
Deposits	1,621		1,619		1,302		1,309		1,320		
Short-term borrowings	46		42		12		10		3		
Long-term debt	654		313	_	270		279		274		
Total interest expense	2,321		1,974		1,584		1,598	_	1,597		
Net interest income	19,906		20,428		9,944		10,175		10,265		
Provision for loan losses	1,280		1,492	_	1,940	_	1,167	_	1,077		
Net interest income after provision for loan losses	18,626		18,936		8,004		9,008		9,188		
Non-interest income											
Service charges and fees on deposit accounts	1,512		1,525		515		508		523		
Mortgage banking	310		1,096		391		771		1,127		
Government-guaranteed lending	1,525		1,058		1,119		1,718		776		
Bank-owned life insurance	324		310		195		208		215		
Gain on sales of available for sale securities	_		123		1,092		603		483		
Gain on acquisition	_		7,809				_		_		
Other	866		743		150		325		208		
Total non-interest income	4,537		12,664		3,462		4,133		3,332		
Non-interest expense											
Salaries and employee benefits	10,034		11,009		5,991		6,588		5,648		
Occupancy and equipment	2,497		2,408		1,547		1,321		1,385		
Data processing	1,105		1,075		644		698		644		
FDIC insurance premiums	423		400		227		216		205		
Professional services	598		914		497		684		800		
Foreclosed asset expenses	201		79		183		662		251		
Other loan-related expense	909		792		461		352		419		
Merger and conversion costs	477		11,961		1,601		2,114		547		
Other	2,438		2,502	_	1,516	_	1,719	_	1,241		
Total non-interest expense	18,682		31,140		12,667	_	14,354		11,140		
Income (loss) before income taxes	4,481		460		(1,201)		(1,213)		1,380		
Income tax expense (benefit)	2,997		(2,808)		(395)		(3,326)		95		
Net income (loss)	1,484		3,268		(806)		2,113		1,285		
Dividends and accretion on preferred stock	708		705		369		368		367		
Net income available (loss attributable) to common stockholders	\$ 776	\$	2,563	\$	(1,175)	\$	1,745	\$	918		
common stockholders		÷		Ť	(-,-,-)	Ť		Ť	, , ,		
NET INCOME (LOSS) PER COMMON SHA	RE										
Basic	\$ 0.02	\$	0.06	\$	(0.03)	\$	0.05	\$	0.03		
Diluted	\$ 0.02	\$	0.06	\$	(0.03)	\$	0.05	\$	0.03		
Dilucu	Ψ 0.02	Ψ	0.00	Ψ	(0.03)	Ψ	0.03	Ψ	0.03		
WEIGHTED AVERAGE COMMON SHARE	S										
Weighted average common shares outstanding - basic	46,021,308		45,916,707		35,758,033		35,728,359		35,725,915		
Weighted average common shares outstanding - diluted	46,213,216		45,935,330		35,758,033		35,806,191		35,924,425		

Three Months Ended

				Tł	ıree	Months Ende	d			
	Sep	tember 30,		June 30,	]	March 31,	De	ecember 31,	Sep	tember 30,
(Dollars in thousands, except per share data)		2013		2013		2013		2012		2012
PERFORMANCE RATIOS										
Return on average assets		0.29 %		0.75 %		(0.30)%		0.79 %		0.49 %
Return on average equity		2.55 %		6.27 %		(1.88)%		4.84 %		2.98 %
Yield on earning assets, tax equivalent		4.90 %		5.12 %		4.91 %		5.05 %		5.18 %
Cost of interest-bearing liabilities		0.59 %		0.51 %		0.76 %		0.80 %		0.83 %
Net interest margin, tax equivalent		4.39 %		4.67 %		4.24 %		4.37 %		4.49 %
Efficiency ratio		76.43 %		94.10 %		94.49 %		100.32 %		81.93 %
Net loan charge-offs		0.20 %		0.18 %		0.21 %		0.17 %		0.44 %
Reconciliation of GAAP to Non-GAAP										
OPERATING EARNINGS										
Net income (loss) (GAAP)	\$	1,484	\$	3,268	\$	(806)	\$	2,113	\$	1,285
Securities gains	Ψ	1,404	Ψ	(123)	Ψ	(1,092)	Ψ	(603)	Ψ	(483)
Gain on acquisition				(7,809)		(1,072)		(003)		(+65)
Merger and conversion costs		477		11,961		1,601		2,114		547
Income tax effect of adjustments		(172)		(4,484)		(125)		(89)		33
Deferred tax asset revaluation from reduction		(172)		(4,404)		(123)		(67)		33
in state income tax rates		1,218		_		_		_		
Deferred tax asset valuation allowance		_		_		_		(3,300)		
reversal		2.007	_	2.012		(422)	_			1 202
Net operating earnings (loss) (Non-GAAP)		3,007		2,813		(422)		235		1,382
Dividends and accretion on preferred stock		708	_	705	_	369	_	368	_	367
Net operating earnings available (loss attributable) to common stockholders	\$	2,299	\$	2,108	\$	(791)	\$	(133)	\$	1,015
OPERATING EARNINGS (LOSS) PER COMMON SHARE										
Basic (Non-GAAP)	\$	0.05	\$	0.05	\$	(0.02)	\$	_	\$	0.03
Diluted (Non-GAAP)	\$	0.05	\$	0.05	\$	(0.02)	\$		\$	0.03
			_				_			
<u>PRE-TAX, PRE-PROVISION OPERATING</u> <u>EARNINGS</u>										
Net income (loss) (GAAP)	\$	1,484	\$	3,268	\$	(806)	\$	2,113	\$	1,285
Provision for loan losses	Ψ.	1,280	Ψ	1,492	Ψ.	1,940	Ψ.	1,167	4	1,077
Income tax expense (benefit)		2,997		(2,808)		(395)		(3,326)		95
Pre-tax, pre-provision income (loss)		5,761	_	1,952		739	_	(46)		2,457
Securities gains				(123)		(1,092)		(603)		(483)
Gain on acquisition		_		(7,809)		(1,072)		(003)		(165)
Merger and conversion costs		477		11,961		1,601		2,114		547
Pre-tax, pre-provision operating earnings		.,,	_	11,701	_	1,001	_	2,111		317
(Non-GAAP)	\$	6,238	\$	5,981	\$	1,248	\$	1,465	\$	2,521
OPERATING NON-INTEREST INCOME										
Non-interest income (GAAP)	\$	4,537	\$	12,664	\$	3,462	\$	4,133	\$	3,332
Gain on acquisition	Ψ		Ψ	(7,809)	Ψ	5,102	Ψ		Ψ	
Operating non-interest income (Non-GAAP)	\$	4,537	\$	4,855	\$	3,462	\$	4,133	\$	3,332
operating non-interest medice (Non-GAAI)	Ψ	7,337	Ψ	7,033	Ψ	3,402	Ψ	4,133	Ψ	3,332
OPERATING NON-INTEREST EXPENSE										
Non-interest expense (GAAP)	\$	18,682	\$	31,140	\$	12,667	\$	14,354	\$	11,140
Merger and conversion costs	•	(477)	•	(11,961)	•	(1,601)		(2,114)		(547)
Operating non-interest expense (Non-GAAP)	\$	18,205	\$	19,179	\$	11,066	\$	12,240	\$	10,593
OPERATING EFFICIENCY RATIO										
		76.43 %		94.10 %		94.49 %		100.32 %		Q1 02 0/
Efficiency ratio (GAAP) Effect to adjust for gain on acquisition				94.10 % 17.90 %		94.49 %		100.32 % — %		81.93 %
		— %		17.90 %		— %		— %		<b>—</b> %
Effect to adjust for merger and conversion costs		(1.95)%		(36.14)%		(11.94)%		(14.77)%		(4.02)%
-000		(1./2//0		(30.177/0		(11.241/0		(14.////0		
Operating efficiency ratio (Non-GAAP)		74.48 %	_	75.86 %	_	82.55 %	_	85.55 %		77.91 %

# YEAR-TO-DATE RESULTS OF OPERATIONS

	Succ Con	Predecessor Company		
(Dollars in thousands, except per share data)	Nine Months Ended September 30, 2013	Period from February 1 to September 30, 2012	Period from January 1 to January 31, 2012	
Interest income				
Loans	\$ 51,421	\$ 28,819	\$ 3,807	
Investment securities	4,666	2,862	395	
Federal funds sold and interest-earning deposits	70	65	4	
Total interest income	56,157	31,746	4,206	
Interest expense				
Deposits	4,542	3,777	530	
Short-term borrowings	100	9	_	
Long-term debt	1,237	786	103	
Total interest expense	5,879	4,572	633	
Net interest income	50,278	27,174	3,573	
Provision for loan losses	4,712	3,991	195	
Net interest income after provision for loan losses	45,566	23,183	3,378	
Non-interest income				
Service charges and fees on deposit accounts	3,552	1,429	194	
Mortgage banking	1,797	2,393	225	
Government-guaranteed lending	3,702	1,342	98	
Bank-owned life insurance	829	552	70	
Gain on sales of available for sale securities	1,215	648	_	
Gain on acquisition	7,809			
Other	1,759	830	70	
Total non-interest income	20,663	7,194	657	
Non-interest expense	27.024	14.661	1.505	
Salaries and employee benefits	27,034	14,661	1,737	
Occupancy and equipment	6,452	3,547	396	
Data processing	2,824	1,683	212	
FDIC insurance premiums Professional services	1,050	711	141 144	
	2,009 463	1,925 641	1144	
Foreclosed asset expenses Other loan-related expense	2,162	1,171	162	
Merger and conversion costs	14,039	1,050	78	
Other	6,456	3,467	355	
Total non-interest expense	62,489	28,856	3,236	
Income before income taxes	3,740		799	
		1,521		
Income tax expense (benefit)	(206)	(160)	270	
Net income	3,946	1,681	529	
Dividends and accretion on preferred stock	1,782	978	122	
Net income available to common stockholders	\$ 2,164	\$ 703	\$ 407	
NET INCOME PER COMMON SHARE				
Basic	\$ 0.05	\$ 0.02	\$ 0.01	
Diluted	\$ 0.05 \$ 0.05	\$ 0.02 \$ 0.02	\$ 0.01 \$ 0.01	
WEIGHTED AVERAGE COMMON SHARES				
Weighted average common shares outstanding - basic	42,602,944	35,723,057	35,511,770	
Weighted average common shares outstanding - diluted	42,755,223	35,878,990	35,534,050	

		Succ Com			Predecessor Company		
(Dollars in thousands, except per share data)		ine Months Ended ptember 30, 2013	Fe	eriod from bruary 1 to ptember 30, 2012	Jan	riod from nuary 1 to nuary 31, 2012	
PERFORMANCE RATIOS							
Return on average assets		0.31%		0.24%		0.58%	
Return on average equity		2.47%		1.48%		3.67%	
Yield on earning assets, tax equivalent		5.00%		5.15%		5.35%	
Cost of interest-bearing liabilities		0.60%		0.88%		0.95%	
Net interest margin, tax equivalent		4.47%		4.41%		4.55%	
Efficiency ratio		88.09%		83.96%		76.50%	
Net loan charge-offs		0.19%		0.24%		<u></u> %	
Reconciliation of GAAP to Non-GAAP							
OPERATING EARNINGS							
Net income (GAAP)	\$	3,946	\$	1,681	\$	529	
Securities gains	-	(1,215)		(648)		_	
Gain on acquisition		(7,809)				_	
Merger and conversion costs		14,039		1,050		78	
Income tax effect of adjustments		(4,793)		(153)		(30)	
Deferred tax asset revaluation from reduction in state income tax rates		1,218					
Net operating earnings (Non-GAAP)		5,386		1,930		577	
Dividends and accretion on preferred stock		1,782		978		122	
Net operating earnings available to common stockholders (Non-GAAP)	\$	3,604	\$	952	\$	455	
OPERATING EARNINGS PER COMMON SHARE							
Basic (Non-GAAP)	\$	0.08	\$	0.03	\$	0.01	
Diluted (Non-GAAP)	\$	0.08	\$	0.03	\$	0.01	
PRE-TAX, PRE-PROVISION OPERATING EARNINGS							
Net income (GAAP)	\$	3,946	\$	1,681	\$	529	
Provision for loan losses	Ψ	4,712	Ψ	3,991	Ψ	195	
Income tax expense (benefit)		(206)		(160)		270	
Pre-tax, pre-provision income		8,452		5,512		994	
Securities gains		(1,215)		(648)		_	
Gain on acquisition		(7,809)		` <u>—</u> `		_	
Merger and conversion costs		14,039		1,050		78	
Pre-tax, pre-provision operating earnings (Non-GAAP)	\$	13,467	\$	5,914	\$	1,072	
OPERATING NON-INTEREST INCOME							
Non-interest income (GAAP)	\$	20,663	\$	7,194	\$	657	
Gain on acquisition		(7,809)	•	_		_	
Operating non-interest income (Non-GAAP)	\$	12,854	\$	7,194	\$	657	
OPERATING NON-INTEREST EXPENSE							
Non-interest expense (GAAP)	\$	62,489	\$	28,856	\$	3,236	
Merger and conversion costs	φ	(14,039)	φ	(1,050)	φ	(78)	
Operating non-interest expense (Non-GAAP)	\$	48,450	\$	27,806	\$	3,158	
OPERATING FEEICIENCY PATIO							
OPERATING EFFICIENCY RATIO  Efficiency making (C.A.A.D.)		00 00 0/		92.06.07		76.50.07	
Efficiency ratio (GAAP) Effect to adjust for gain on acquisition		88.09 % 10.90 %		83.96 %		76.50 %	
Effect to adjust for merger and conversion costs		(22.24)%		(3.06)%		(1.84)%	
Operating efficiency ratio (Non-GAAP)		76.75 %		80.90 %		74.66 %	
Operating efficiency ratio (11011-07/A)	_	10.13 /0		00.90 /0		/ +.00 /0	

# QUARTERLY BALANCE SHEETS

					End	ling Balances				
(Dollars in thousands, except per share data)	Sep	ptember 30,		June 30,	1	March 31,	De	ecember 31,	Se	ptember 30,
		2013		2013		2013		2012		2012
Assets		<b>2</b> - 604		20.251		11.000	Φ.			10.10=
Cash and due from banks	\$	37,681	\$	29,264	\$	11,020	\$	15,735	\$	13,187
Interest-earning deposits with banks		47,954		57,689		4,092		7,978		3,821
Federal funds sold				855		29,125		26,750		20,550
Investment securities available for sale		403,900		376,536		154,634		136,311		153,742
Investment securities held to maturity		208		200		194		180		166
Loans held for sale		7,349		21,142		8,671		16,439		8,239
Loans		1,353,360		1,323,981		794,623		763,416		739,028
Allowance for loan losses		(7,034)		(6,425)		(5,527)		(3,998)		(3,146
Net loans		1,346,326		1,317,556		789,096		759,418		735,882
Federal Home Loan Bank stock		8,029		6,904		2,382		2,307		2,172
Premises and equipment, net		42,306		43,052		17,885		17,351		17,068
Bank-owned life insurance		32,896		32,642		20,138		19,976		19,800
Foreclosed assets		11,806		11,632		4,752		5,837		6,697
Deferred tax asset, net		55,692		58,831		37,525		36,659		33,162
Goodwill		26,254		26,254		26,254		26,254		26,254
Other intangible assets, net		6,113		6,343		2,266		2,376		2,487
Accrued interest receivable and other		Í		,		ĺ		ĺ		ĺ
assets		19,557		20,088		8,008		11,654		10,842
Total assets	\$	2,046,071	\$	2,008,988	\$	1,116,042	\$	1,085,225	\$	1,054,069
Liabilities										
Deposits:			_						_	===
Non-interest demand	\$	208,736	\$	197,229	\$	73,756	\$	71,613	\$	111,725
Interest-bearing demand		339,973		344,515		188,463		188,843		139,768
Money market and savings		458,214		482,672		270,994		260,966		241,324
Time		615,616		630,283		370,710		351,800		360,172
Total deposits		1,622,539		1,654,699		903,923		873,222		852,989
Short-term borrowings		100,500		68,002		6,000		7,500		
Long-term debt		75,880		45,341		28,902		19,864		24,326
Accrued interest payable and other liabilities		16,143		11,505		4,818		10,698		5,243
Total liabilities		1,815,062		1,779,547		943,643		911,284		882,558
Stockholders' equity		24.022		24.774		24.715		24.657		24.601
Preferred stock, series A, no par value		24,833		24,774		24,715		24,657		24,601
Preferred stock, series B, no par value		17,776		17,663		_				
Common stock, \$0.001 par value		46		46		36		36		36
Common stock warrant		1,457		1,457		1,325		1,325		1,325
Additional paid-in capital		188,658		188,408		147,738		147,510		146,655
Retained earnings (accumulated deficit)		760		(16)		(2,578)		(1,405)		(3,200
Accumulated other comprehensive income (loss)		(2,521)		(2,891)		1,163		1,818		2,094
Total stockholders' equity		231,009		229,441		172,399		173,941		171,511
Total liabilities and stockholders'	_		_		_		_		_	
equity	\$	2,046,071	\$	2,008,988	\$	1,116,042	\$	1,085,225	\$	1,054,069
Supplemental information on compon accumulated other comprehensive i										
Investment securities available for										
sale, net of tax	\$	(4,430)	\$	(5,115)	\$		\$	2,085	\$	2,367
Cash flow hedges, net of tax		1,909		2,224		(211)		(267)		(273
Total accumulated other comprehensive income (loss)	\$	(2,521)	\$	(2,891)	\$	1,163	\$	1,818	\$	2,094
-										

					End	ling Balances				
	Se	eptember 30,	June 30,			March 31,	De	cember 31,	Sej	ptember 30,
(Dollars in thousands, except per share data)		2013		2013		2013		2012		2012
<u>COMMON SHARE DATA</u>										
Book value per common share	\$	4.09	\$	4.06	\$	4.13	\$	4.18	\$	4.11
Tangible book value per common share		3.39	\$	3.35	\$	3.33	\$	3.37	\$	3.31
Ending shares outstanding	4	46,037,808		46,038,808	3	35,779,127	3	5,754,247	3	5,747,576
CAPITAL RATIOS										
Tangible equity to tangible assets		9.86%		9.96%		13.23%		13.75%		13.92%
Tangible common equity to tangible										
assets		7.75%		7.81%		10.96%		11.42%		11.52%
VantageSouth Bank:										
Tier 1 leverage ratio		9.95%		8.26%		11.08%		11.45%		9.89%
Tier 1 risk-based capital ratio		11.78%		10.22%		13.13%		13.66%		12.82%
Total risk-based capital ratio		12.66%		11.11%		14.58%		14.96%		13.28%
Crescent State Bank:										
Tier 1 leverage ratio		N/A		N/A		N/A		N/A		12.21%
Tier 1 risk-based capital ratio		N/A		N/A		N/A		N/A		13.81%
Total risk-based capital ratio		N/A		N/A		N/A		N/A		15.20%
ASSET QUALITY DATA										
Nonperforming loans	\$	18,911	\$	15,116	\$	11,792	\$	12,770	\$	14,023
Foreclosed assets	Ψ	11,806	Ψ	11,632	Ψ	4,752	Ψ	5,837	Ψ	6,697
Total nonperforming assets	\$	30,717	\$	26,748	\$	16,544	\$	18,607	\$	20,720
Allowance for loan losses to loans		0.52%		0.49%		0.70%		0.52%		0.43%
Nonperforming loans to total loans		1.40%		1.14%		1.48%		1.67%		1.90%
Nonperforming assets to total assets		1.50%		1.33%		1.48%		1.71%		1.97%
Restructured loans not included in	\$	542	\$	550	\$	558	\$	104	\$	
categories above	Ψ	3.12	Ψ	230	Ψ	220	Ψ	10.	Ψ	
Reconciliation of GAAP to Non-GAAP	•									
ADJUSTED ALLOWANCE FOR LOAN LOSSES										
Allowance for loan losses (GAAP)	\$	7,034	\$	6,425	\$	5,527	\$	3,998	\$	3,146
Net acquisition accounting fair value discounts to loans		34,264		42,783		14,688		16,633		17,962
Adjusted allowance for loan losses	_	41,298		49,208		20,215		20,631		21,108
Loans	\$	1,353,360	\$	1,323,981	\$	794,623	\$	763,416	\$	739,028
Adjusted allowance for loan losses to								2 = 22.4		
loans (Non-GAAP)		3.05%		3.72%		2.54%		2.70%	_	2.86%
TANGIBLE COMMON EQUITY										
Total stockholders' equity (GAAP)	\$	231,009	\$	229,441	\$	172,399	\$	173,941	\$	171,511
Less: Preferred stock	Ψ	42,609	Ψ	42,437	Ψ	24,715	Ψ	24,657	Ψ	24,601
Less: Goodwill and other intangible		<u> </u>		, and the second		ĺ		ĺ		, in the second
assets, net	Φ.	32,367	Φ.	32,597	<u></u>	28,520	ф.	28,630	Φ.	28,741
Tangible common equity (Non-GAAP)	\$	156,033	\$	154,407	\$	119,164	\$	120,654	\$	118,169

# QUARTERLY NET INTEREST MARGIN ANALYSIS

		e months end ember 30, 20			e months end ine 30, 2013		Three months ended September 30, 2012				
(Dollars in thousands)	Average Balance	Interest*	Yield/ Cost*	Average Balance	Interest*	Yield/ Cost*	Average Balance	Interest*	Yield/ Cost*		
Assets											
Loans	\$1,361,340	\$ 20,348	5.93%	\$1,316,237	\$ 20,376	6.21%	\$ 722,177	\$ 10,810	5.95%		
Investment securities	381,684	1,849	1.92	394,398	2,008	2.04	163,655	1,115	2.71		
Federal funds and other	55,984	33	0.23	43,719	21	0.19	30,844	16	0.21		
Total interest-earning assets	1,799,008	22,230	4.90%	1,754,354	22,405	5.12%	916,676	11,941	5.18%		
Non-interest-earning assets	220,220			225,912			132,347				
Total assets	\$2,019,228			\$1,980,266			\$1,049,023				
Liabilities and Equity											
Interest-bearing demand	\$ 335,653	156	0.18%	\$ 333,215	183	0.22%	\$ 135,786	\$ 102	0.30%		
Money market and savings	475,985	332	0.28	484,685	346	0.29	244,619	357	0.58		
Time	627,874	1,133	0.72	620,441	1,090	0.70	362,733	862	0.95		
Total interest-bearing deposits	1,439,512	1,621	0.45	1,438,341	1,619	0.45	743,138	1,321	0.71		
Short-term borrowings	72,068	46	0.25	58,292	42	0.29	1,500	3	0.80		
Long-term debt	62,347	654	4.16	45,465	313	2.76	22,802	274	4.78		
Total interest-bearing liabilities	1,573,927	2,321	0.59%	1,542,098	1,974	0.51%	767,440	1,598	0.83%		
Noninterest-bearing deposits	203,427			192,459			103,535				
Other liabilities	10,714			8,846			6,457				
Total liabilities	1,788,068			1,743,403			877,432				
Stockholders' equity	231,160			236,863			171,591				
Total liabilities and stockholders' equity	\$2,019,228			\$1,980,266			\$1,049,023				
27											
Net interest income, taxable equivalent		\$ 19,909			\$ 20,431			\$ 10,343			
Interest rate spread			4.31%			4.61%			4.35%		
Tax equivalent net interest margin			4.39%			4.67%			4.49%		
Percentage of average interest-earning assets to average interest-bearing liabilities			114.30%			113.76%			119.45%		

<sup>\*</sup> Taxable equivalent basis

# YEAR-TO-DATE NET INTEREST MARGIN ANALYSIS

			Successor	Company			Prede	essor Comp	oany
		months end ember 30, 20		Period f Septe	rom Februar ember 30, 20	ry 1 to )12		from January uary 31, 201	
(Dollars in thousands)	Average Balance	Interest*	Yield/ Cost*	Average Balance	Interest*	Yield/ Cost*	Average Balance	Interest*	Yield/ Cost*
Assets									
Loans	\$1,153,455	\$ 51,421	5.96%	\$ 719,196	\$ 28,819	6.04%	\$ 730,387	\$ 3,807	6.15%
Investment securities	307,458	4,715	2.05	170,856	3,056	2.69	180,220	419	2.74
Federal funds and other	43,109	70	0.22	44,388	65	0.22	23,719	4	0.20
Total interest-earning assets	1,504,022	56,206	5.00%	934,440	31,940	5.15%	934,326	4,230	5.35%
Non-interest-earning assets	192,570			125,252			134,240		
Total assets	\$1,696,592			\$1,059,692			\$1,068,566		
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Liabilities and Equity	A 204 170	470	0.220/	Φ 145.7C4	Φ 420	0.420/	ф. 170 2 <i>(</i> 2	Φ 100	0.740/
Interest-bearing demand Money market and	\$ 284,178	478	0.22%	\$ 145,764	\$ 420	0.43%	\$ 172,363	\$ 108	0.74%
savings	408,529	1,021	0.33	231,133	991	0.65	184,716	96	0.61
Time	537,188	3,043	0.76	377,754	2,367	0.94	404,999	326	0.95
Total interest-bearing deposits	1,229,895	4,542	0.49	754,651	3,778	0.75	762,078	530	0.82
Short-term borrowings	45,857	100	0.29	2,917	9	0.46	968	_	_
Long-term debt	43,670	1,237	3.79	23,134	786	5.12	24,217	103	5.02
Total interest-bearing	1,319,422	5,879	0.60%	780,702	4,573	0.88%	787,263	633	0.95%
Noninterest-bearing deposits	154,619			101,370			107,156		
Other liabilities	8,661			6,637			4,184		
Total liabilities	1,482,702			888,709			898,603		
Stockholders' equity	213,890			170,983			169,963		
Total liabilities and stockholders' equity	\$1,696,592			\$1,059,692			\$1,068,566		
Net interest income, taxable equivalent		\$ 50,327			\$ 27,367			\$ 3,597	
Interest rate spread			4.40%			4.27%			4.40%
Tax equivalent net interest margin			4.47%			4.41%			4.55%
Percentage of average interest-earning assets to average interest-bearing liabilities			113.99%			119.69%			118.68%

<sup>\*</sup> Taxable equivalent basis