

DEF 14A 1 ddef14a.htm DEFINITIVE PROXY STATEMENT
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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| <input type="checkbox"/> | Preliminary Proxy Statement | <input type="checkbox"/> | Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)) |
| <input checked="" type="checkbox"/> | Definitive Proxy Statement | | |
| <input type="checkbox"/> | Definitive Additional Materials | | |
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BNC Bancorp

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

BNC BANCORP

**831 Julian Avenue
Thomasville, North Carolina 27360
(336) 476-9200**

**NOTICE OF 2008 ANNUAL MEETING OF SHAREHOLDERS
To Be Held on May 20, 2008**

NOTICE IS HEREBY GIVEN that the 2008 Annual Meeting of Shareholders of BNC Bancorp (the "Company") will be held as follows:

Place: High Point Country Club
808 Country Club Drive
High Point, North Carolina

Date: May 20, 2008

Time: 5:30 p.m., Eastern Time

The purposes of the Annual Meeting are:

1. To elect five persons who will serve as members of the Board of Directors until the 2011 annual meeting of shareholders or until their successors are duly elected and qualified.
2. To ratify the appointment of Cherry, Bekaert & Holland, L.L.P. ("CBH") as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008; and
3. To consider and act on any other matters that may properly come before the Annual Meeting or any adjournment. The Board of Directors is not aware of any other business to be considered at the Annual Meeting.

The Board of Directors has established March 21, 2008, as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. If an insufficient number of shares is present in person or by proxy to constitute a quorum at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies by the Company.

A form of proxy is enclosed to enable you to vote your shares at the Annual Meeting. You are urged, regardless of the number of shares you hold, to complete, sign, date and return the proxy promptly. A return envelope, which requires no postage if mailed in the United States, is enclosed for your convenience.

By Order of the Board of Directors,

/s/ W. Swope Montgomery, Jr.

W. Swope Montgomery, Jr.

President and Chief Executive Officer

Thomasville, North Carolina
April 22, 2008

BNC BANCORP

PROXY STATEMENT

**Annual Meeting of Shareholders
To Be Held On May 20, 2008**

This Proxy Statement is being mailed to our shareholders on or about April 6, 2008, for solicitation of proxies by the Board of Directors of BNC Bancorp. Our principal executive offices are located at 831 Julian Avenue, Thomasville, North Carolina 27360. Our telephone number is (336) 476-9200.

In this Proxy Statement, the terms “we,” “us,” “our,” “BNC” and the “Company” refer to BNC Bancorp. The term “Bank” means Bank of North Carolina, our wholly-owned, North Carolina-chartered bank subsidiary. The terms “you” and “your” refer to the shareholders of the Company.

INFORMATION ABOUT THE ANNUAL MEETING

Your vote is very important. For this reason, our Board is requesting that you allow your common stock to be represented at the 2008 annual meeting of shareholders by the proxies named on the enclosed proxy card.

- | | |
|---|--|
| When is the annual meeting? | May 20, 2008 at 5:30 p.m., Eastern Time. |
| Where will the annual meeting be held? | At the High Point Country Club, 808 Country Club Drive, High Point, North Carolina. |
| What items will be voted on at the annual meeting? | <ol style="list-style-type: none">1. ELECTION OF DIRECTORS. To elect five directors to serve until the 2011 annual meeting of shareholders.2. RATIFICATION OF REGISTERED PUBLIC ACCOUNTING FIRM. To ratify the appointment of CBH as the Company’s independent registered public accounting firm for fiscal year 2008; and3. OTHER BUSINESS. To consider any other business as may properly come before the annual meeting or any adjournment. |
| Who can vote? | Only holders of record of our common stock at the close of business on March 21, 2008, (the “Record Date”) will be entitled to notice of and to vote at the annual meeting and any adjournment of the annual meeting. On the Record Date, there were 7,285,267 shares of our common stock outstanding and entitled to vote and 1,394 shareholders of record. |
| How do I vote by proxy? | You may vote your shares by marking, signing and dating the enclosed proxy card and returning it in the enclosed postage- paid envelope. If you return your signed proxy card before the annual meeting, the proxies will vote your shares as you direct. The Board of Directors has appointed proxies to represent shareholders who cannot attend the annual meeting in person. |

For the election of directors, you may vote for (1) all of the nominees, (2) none of the nominees, or (3) all of the nominees except those you designate. For each other item of business, you may vote "FOR" or "AGAINST" or you may "ABSTAIN" from voting. If a nominee for election as a director becomes unavailable for election at any time at or before the annual meeting, the proxies will vote your shares for a substitute nominee.

If you return your signed proxy card but do not specify how you want to vote your shares, the proxies will vote them "FOR" the election of all of our nominees for directors and "FOR" all other proposals presented in this Proxy Statement in accordance with Board of Directors recommendations.

If your shares are held in the name of a broker or other nominee (*i.e.*, held in "street name"), you will need to obtain a proxy instruction form from the broker holding your shares and return the form as directed by your broker.

We are not aware of any other matters to be brought before the annual meeting. If matters other than those discussed above are properly brought before the annual meeting, the proxies may vote your shares in accordance with their best judgment.

How do I change or revoke my proxy?

You can change or revoke your proxy at any time before it is voted at the annual meeting in any of three ways: (1) by delivering a written notice of revocation to the Secretary of the Company; (2) by delivering another properly signed proxy card to the Secretary of the Company with a more recent date than your first proxy card; or (3) by attending the annual meeting and voting in person. You should deliver your written notice or superseding proxy to the Secretary of the Company at our principal executive offices shown above.

How many votes can I cast?

You are entitled to one vote for each share held as of the Record Date on each nominee for election and each other matter presented for a vote at the annual meeting. You may not vote your shares cumulatively in the election of directors.

How many votes are required to approve the proposals?

If a quorum is present at the annual meeting, each director nominee will be elected by a plurality of the votes cast in person or by proxy. If you withhold your vote on a nominee, your shares will not be counted as having voted for that nominee.

The proposal to ratify the appointment of the Company's independent registered public accounting firm for 2008 will be approved if the votes cast in favor exceed the votes cast in opposition.

Any other matters properly coming before the annual meeting for a vote will require the affirmative vote of the holders of a majority of the shares represented in person or by proxy at the annual meeting and entitled to vote on that matter.

Abstentions and broker non-votes are not treated as votes cast on any proposal, therefore, neither will have an effect on the vote for the election of any director or the ratification of our independent registered public accounting firm.

A broker non-vote occurs when a broker does not vote on a particular matter because the broker does not have discretionary authority on that matter and has not received instructions from the owner of the shares.

In the event there are insufficient votes present at the annual meeting for a quorum or to approve or ratify any proposal, the annual meeting may be adjourned in order to permit the further solicitation of proxies.

What constitutes a “quorum” for the annual meeting?

A majority of the outstanding shares of our common stock entitled to vote at the annual meeting, present in person or represented by proxy, constitutes a quorum (a quorum is necessary to conduct business at the annual meeting). Your shares will be considered part of the quorum if you have voted by proxy. Abstentions, broker non-votes and votes withheld from any director nominee count as shares present at the annual meeting for purposes of determining a quorum.

Who pays for the solicitation of proxies?

We will pay the cost of preparing, printing and mailing materials in connection with this solicitation of proxies. In addition to solicitation by mail, our officers, directors and regular employees, as well as those of the Bank, may make solicitations personally, by telephone or otherwise without additional compensation for doing so. We reserve the right to engage a proxy solicitation firm to assist in the solicitation of proxies for the annual meeting. We will, upon request, reimburse brokerage firms, banks and others for their reasonable out-of-pocket expenses in forwarding proxy materials to beneficial owners of stock or otherwise in connection with this solicitation of proxies.

When are proposals for the 2009 annual meeting due?

To be considered either for inclusion in the proxy materials solicited by the Board of Directors for the 2009 annual meeting, proposals must be received by the Secretary of the Company at our principal executive offices at 831 Julian Avenue, Thomasville, North Carolina 27360 no later than January 20, 2009. To be included in the proxy materials, a proposal must comply with our Bylaws, Rule 14a-8 and all other applicable provisions of Regulation 14A under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Any proposal not intended to be included in the proxy statement for the 2009 annual meeting, but intended to be presented at that annual meeting, must be received by us at our principal executive offices listed above no later than March 5, 2009.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
AND MANAGEMENT**

The Exchange Act requires that any person who acquires the beneficial ownership of more than five percent of the Company's common stock notify the Securities and Exchange Commission (the "SEC") and the Company. Following is certain information, as of the Record Date, regarding those persons or groups who held of record, or who are known to the Company to own beneficially, more than five percent of the outstanding common stock.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership¹</u>	<u>Percent of Class²</u>
Lenin J. Peters, M.D. 507 Lindsay Street High Point, NC 27262	569,640 ⁽³⁾	7.79%
<p>(1) Voting and investment power are not shared unless otherwise indicated. Also, unless otherwise noted, all shares are owned directly or indirectly by the named individuals, by their spouses and minor children, or by other entities controlled by the named individuals.</p> <p>(2) Based upon a total of 7,285,267 shares of common stock outstanding at the BNC Record Date, plus the number of shares that each individual has the right to purchase under BNC's Stock Option Plan for Non-Employees/Directors.</p> <p>(3) Includes 26,045 shares underlying options that have vested or are exercisable within 60 days under BNC's Stock Option Plan for Non-Employees/Directors.</p>		

Set forth below is certain information, as of the Record Date, regarding those shares of common stock owned beneficially by each of the persons who currently serves as a member of the Board of Directors, is a nominee for election to the Board at the annual meeting, or is a named executive officer of the Company. Also shown is the number of shares of common stock owned by the directors and executive officers of the Company as a group.

<u>Name and Address</u>	<u>Amount and Nature of Beneficial Ownership</u> ⁽¹⁾	<u>Percentage of Class</u> ⁽²⁾
Larry L. Callahan 2551 Remm Road Kernersville, NC 27284	16,952 ⁽³⁾	0.23%
Richard D. Callicutt II 4244 Rockbridge Road High Point, NC 27262	83,554 ⁽⁴⁾	1.14%
Joseph M. Coltrane, Jr. 6001 Knightbridges Court Kernersville, NC 27284	40,251 ⁽⁵⁾	0.55%
W. Groome Fulton, Jr. 1403 Heathcliff Road High Point, NC 27262	276,596 ⁽⁶⁾	3.79%
W. Swope Montgomery, Jr. 4831 Worchester Place Jamestown, NC 27282	150,915 ⁽⁷⁾	2.06%
Lenin J. Peters, M.D. 507 Lindsay Street High Point, NC 27262	569,640 ⁽⁸⁾	7.79%
Thomas R. Smith, CPA 309 Balsam Drive Lexington, NC 27292	85,191 ⁽⁹⁾	1.17%
David B. Spencer 7420 Foxchase Drive Trinity, NC 27370	139,296 ⁽¹⁰⁾	1.90%
Colon E. Starrett 717 Scottwood Drive Thomasville, NC 27360	25,361 ⁽¹¹⁾	0.35%
Robert A. Team, Jr. 102 Acacia Circle Lexington, NC 27292	22,407	0.31%
D. Vann Williford 4455 Fair Oaks Lane High Point, NC 27265	71,222 ⁽¹²⁾	0.98%
Richard F. Wood 701 Florham Drive High Point, NC 27262	33,519 ⁽¹³⁾	0.46%
Ralph N. Strayhorn III 2201 Rhododendron Court Charlotte, NC 28205	78,875	1.08%

<u>Name and Address</u>	<u>Amount and Nature of Beneficial Ownership⁽¹⁾</u>	<u>Percentage of Class⁽²⁾</u>
Thomas R. Sloan 1806 Golden Gate Drive Greensboro, NC 27405	142,284 ⁽¹⁴⁾	1.95%
Charles T. Hagan III 305 Meadowbrook Terrace Greensboro, NC 27408	40,114 ⁽¹⁵⁾	0.55%
Randall R. Kaplan 302 Kemp Road West Greensboro, NC 27410	76,677 ⁽¹⁶⁾	1.05%
All directors and executive officers as a group (16 persons)	1,852,857 ⁽¹⁷⁾	24.74%
(1) Voting and investment power is not shared unless otherwise indicated. Unless otherwise noted all shares are owned directly or indirectly by the named individuals, by their spouses or minor children, or by other entities controlled by the named individuals.		
(2) Based upon a total of 7,285,267 shares of the common stock outstanding at the Record Date, plus the number of shares that such individual has the right to purchase under BNC's Stock Option Plan for Non-Employees/Directors and BNC's Stock Option Plan for Key Employees.		
(3) Includes 1,513 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors.		
(4) Includes 22,000 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Key Employees.		
(5) Includes 1,513 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors.		
(6) Includes 4,538 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors.		
(7) Includes 52,250 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Key Employees.		
(8) Includes 26,045 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors.		
(9) Includes 3,025 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors.		
(10) Includes 31,625 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Key Employees, and 55,229 shares held by BNC's Rabbi Trust over which Mr. Spencer, as trustee, has voting power.		
(11) Includes 6,912 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors.		
(12) Includes 15,019 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors.		
(13) Includes 12,646 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors and Stock Option Plan for Key Employees.		
(14) Includes 7,324 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors and Stock Option Plan for Key Employees.		
(15) Includes 7,324 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors and Stock Option Plan for Key Employees.		
(16) Includes 12,760 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employee/Directors and Stock Option Plan for Key Employees.		
(17) Includes 204,494 shares underlying options that have vested or are exercisable within 60 days under the Stock Option Plan for Non-Employees/Directors and Stock Option Plan for Key Employees.		

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and persons who own more than ten percent of the common stock, to file reports of ownership and changes in ownership with the SEC. Executive officers, directors and greater than ten percent beneficial owners are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of the copies of such forms furnished to the Company and written representations from the Company's executive officers and directors, the Company believes that during the fiscal year ended December 31, 2007, its executive officers and directors and greater than ten percent beneficial owners.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Board of Directors has set its number at 15 members. Our Bylaws provide that in order to be eligible for consideration at Annual Meeting of Shareholders, all nominations of directors, other than those made by the Nominating Committee or the Board of Directors, must be in writing and must be delivered to the Secretary of the Company not less than 50 days nor more than 90 days prior to the meeting at which such nominations will be made; provided, however, that if less than 60 days' notice of the meeting is given to the shareholders, such nominations must be delivered to the Secretary of the Company not later than the close of business on the tenth day following the day on which the notice of meeting was mailed.

The following table provides information about the five nominees for election to the Board of Directors, as well as the ten continuing directors.

NOMINEES FOR TERM ENDING AS OF THE 2011 ANNUAL MEETING (3-YEAR TERM)

<u>Name and Age</u>	<u>Position(s) Held</u>	<u>Principal Occupation During Last Five Years</u>	<u>Director of Bank Since</u>	<u>Director of Company Since</u>	<u>Term Expires</u>
Ralph N. Strayhorn III (53)	Director, Chief Administrative Officer and Executive Vice President of the Company and the Bank	Chief Administrative Officer and Executive Vice President of the Company and the Bank; prior to July 2007 - President and Chief Executive Officer of SterlingSouth Bank & Trust Company	2006	2006	2008
Richard F. Wood (63)	Director, Secretary	Financial Advisor/Stock Broker, Wachovia Securities	1991	2002	2008
Larry L. Callahan (60)	Director	President and Owner, Callahan, Inc. since 1998; Owner, Triad Land Surveying since 2001	2002	2002	2008
Joseph M. Coltrane, Jr. (61)	Director	Attorney at Law, Kernersville, NC	2002	2002	2008
W. Groome Fulton, Jr. (69)	Director	Chairman of the Board, Fulton Associates, Inc., Manufacturers' Representatives	1991	1991	2008

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" ALL OF THE NOMINEES NAMED ABOVE FOR ELECTION AS DIRECTORS.

The following table gives information about our directors continuing in office.

<u>Name and Age</u>	<u>Position(s) Held</u>	<u>Principal Occupation During Last Five Years</u>	<u>Director of Bank Since</u>	<u>Director of Company Since</u>	<u>Term Expires</u>
Charles T. Hagan III (59)	Director	Member, Nexson, Pruett, Adam, Kleemeier, PLLC (law firm), Greensboro, NC; member, Hagen Davis Mangum Barrett Langley & Hale PLLC (law firm) (May 2007 to Present)	2006	2006	2009
Randall R. Kaplan (51)	Director	Chief Executive Officer and Member, Capsule Group, LLC (car wash chain and real estate development)	2006	2006	2009
W. Swope Montgomery, Jr. (59)	Director, President and Chief Executive Officer	President and Chief Executive Officer of the Bank and the Company	1991	2002	2009
Richard D. Callicutt II (48)	Director, Chief Operating Officer and Executive Vice President	Chief Operating Officer, Executive Vice President of the Bank and the Company	2003	2003	2009
Robert A. Team, Jr. (52)	Director	President, Carolina Investment Properties, Inc.	2000	2002	2009
Lenin J. Peters, M.D. (55)	Director	President, Bethany Medical Center	1991	2002	2010
Thomas R. Smith, CPA (59)	Director	President, Smith, Parsley & McWhorter, P.A. (CPA firm)	1997	2002	2010
Colon E. Starrett (69)	Director	Manager, Rex Oil Company	1991	2002	2010
D. Vann Williford (59)	Director	President, Vesco Material Handling Equipment, Inc., d/b/a Atlantic Coast Toyotalift	1991	2002	2010
Thomas R. Sloan (63)	Director	Internal consultant, Essilor Laboratories of America (optical equipment and supplies), Greensboro, NC since 2003; prior to then, Chairman of Essilor Laboratories of America	2006	2006	2010

No director or principal officer is related to another director or principal officer. No director is a director of any company with a class of securities registered pursuant to the Exchange Act.

We have no reason to believe that any of the nominees for election will be unable or will decline to serve if elected. In the event of death or disqualification of any nominee or the refusal or inability of any nominee to serve as a director, however, the proxies will vote for the election of another person as they determine in their discretion or may allow the vacancy to remain open until filled by the Board. In no circumstance will any proxy be voted for more than two nominees who are not named in this proxy statement. Properly executed and returned proxies, unless revoked, will be voted as directed by you or, in the absence of direction, will be voted in favor of the election of the recommended nominees. An affirmative vote of a plurality of votes cast at the annual meeting is necessary to elect a nominee as a director.

OUR BOARD OF DIRECTORS AND ITS COMMITTEES

How often did our Board of Directors meet during 2007?

Our Board is scheduled to meet on a monthly basis or as needed. During 2007, the Board met 14 times. All incumbent directors attended more than 75% of the total number of meetings of the Board and its committees on which they served during the year.

What committees does our Board have?

During 2007, our Board had four standing committees, the Audit Committee, the Compensation Committee, the Nominating Committee, and the Executive Committee. The voting members of these Committees are appointed by the Board annually from among its members. Certain of our executive officers also serve as non-voting, advisory members of these committees.

How can you communicate with the Board or its members?

We do not have formal procedures for shareholder communication with our Board. In general, our directors and officers are easily accessible by telephone, postal mail or e-mail. Any matter intended for your Board, or any individual director, can be directed to W. Swope Montgomery, Jr., our President and Chief Executive Officer or David B. Spencer, our Chief Financial Officer, at our principal executive offices 831 Julian Avenue, Thomasville, North Carolina 27360. You also may direct correspondence to our Board, or any of its members, in care of the Company at the foregoing address. Your communication will be forwarded to the intended recipient unopened.

Although it is customary for all of our directors to attend annual meetings of shareholders, we have no formal policy in place requiring attendance. All directors attended our annual meeting of shareholders held on June 19, 2007.

How can a shareholder nominate someone for election to the Board?

Our Bylaws provide that in order to be eligible for consideration at the annual meeting of shareholders, all nominations of directors, other than those made by the Nominating Committee, must be in writing and must be delivered to the Secretary of the Company not less than fifty days nor more than 90 days prior to the meeting at which such nominations will be made; provided, however, that if less than 60 days' notice of the meeting is given to the shareholders, such nominations must be delivered to the Secretary of the Company not later than the close of business on the tenth day following the day on which the notice of meeting was mailed.

The Board may disregard any nominations that do not comply with these requirements. Upon the instruction of the Board, the inspector of voting for an annual meeting may disregard all votes cast for a nominee if the nomination does not comply with these requirements. Written notice of nominations should be directed to the Secretary of the Company.

Who serves on the Board of Directors of the Bank?

The Bank has 15 directors currently serving on its board of directors, who are the same people who are currently Directors of the Company. The Bank's board of directors has appointed several standing committees to which certain responsibilities have been delegated – the Asset Liability Committee, the Loan Committee and the Personnel Committee.

Executive Session

The members of the Board of Directors who are independent under NASDAQ listing standards meet occasionally in executive session without management present. Executive sessions are generally held in connection with a regularly scheduled Board meeting. In addition, executive sessions may be held when called by two or more directors or at the request of the Board of Directors.

Nominating Committee

BNC's Nominating Committee consists of W. Groome Fulton, Jr. (chairman), Lenin J. Peters, M.D., Thomas R. Smith, CPA, D. Vann Williford and Thomas R. Sloan. All members of the Nominating Committee are "independent" as defined in the NASDAQ's listing standards. The Nominating Committee evaluates qualifications and candidates for positions on the Company's Board and nominates new and replacement members for the Board. In addition, the Nominating Committee facilitates an annual evaluation by the Board members of the Board, as a whole, and each individual director's performance.

In reviewing candidates for the Board, the Nominating Committee seeks individuals whose background, knowledge and experience will assist the Board in furthering the interests of BNC and its shareholders. Some of the factors considered in this evaluation include experience in the areas of banking and finance, accounting, and the related businesses of the Company and the Bank as well as outstanding achievement in his or her personal career, an understanding of the business environment generally, a willingness to devote adequate time to service on the Board of Directors and integrity. The Nominating Committee reviews the qualifications of, and approves and recommends to the Board, those individuals to be nominated for positions on the Board and submitted to shareholders for election at each annual meeting. In addition, the Nominating Committee will consider nominees for the Board by shareholders that are proposed in accordance with the advance notice procedures in our Bylaws which are described in the section of this Proxy Statement entitled "Date of Receipt of Shareholders' Proposals."

The Committee identifies director nominees from various sources such as officers, directors, and shareholders and in 2007 did not retain the services of any third party consultants to assist in identifying and evaluating potential nominees. The Committee will consider and evaluate a director candidate recommended by a shareholder in the same manner as a Committee-recommended nominee. The Committee received no nominations from any of the Company's shareholders. A copy of the Company's Nominating Committee Charter, which is reviewed annually, and amended as necessary, may be obtained at no cost by requesting one from the Company's Secretary at Post Office Box 1148, Thomasville, North Carolina 27361.

The Nominating Committee met one time in 2007.

Executive Committee

BNC's Executive Committee consists of W. Groome Fulton, Jr. (chairman), W. Swope Montgomery, Jr., Lenin J. Peters, M.D., Thomas R. Smith, CPA, D. Vann Williford and Thomas R. Sloan. The Executive Committee makes recommendations to the full Board and acts on policies adopted by the Board in the absence of a meeting of the entire Board. This Committee generally meets 12 times a year, and during the fiscal year ended December 31, 2007, the Executive Committee met 11 times.

Audit Committee

The Company's Board has a standing Audit Committee. BNC's Audit Committee consists of Thomas R. Smith, CPA (chairman), Joseph M. Coltrane, Jr., Richard F. Wood, Colon E. Starrett and Charles T. Hagan III. The BNC Board of Directors has determined that these directors are "independent" as defined in the NASDAQ's listing

standards and the SEC's rules and regulations. The Audit Committee meets on an as needed basis (but no less than four times per year) and, among other responsibilities, (i) appoints, compensates and retains BNC's independent auditor; (ii) oversees the independent auditing of BNC; (iii) arranges for, receives and reviews periodic written and verbal reports from the independent auditors, from management and from all internal audit contractors; (iv) reviews corporate policies regarding compliance with laws and regulations, conflicts of interest and employee misconduct and reviews situations related thereto; (v) reviews, develops and implements the Company's internal audit policies and procedures, and appoints, meets with and oversees all internal audit contractors and the management employees who are directly responsible for those activities; (vi) establishes and reviews annually procedures for the receipt, retention, and treatment of complaints regarding accounting, internal auditing controls and auditing matters; (viii) pre-approves all audit and non-audited related services provided by the independent auditor; and (ix) performs other duties as may be assigned to it by the Board.

BNC has adopted a written charter for the Audit Committee. A copy of the Audit Committee Charter, which is reviewed annually, and amended as necessary, may be obtained at no cost by requesting one from the BNC Secretary at Post Office Box 1148, Thomasville, North Carolina 27361.

The Audit Committee met 11 times during the fiscal year ended December 31, 2007.

The BNC Board of Directors has determined that Thomas R. Smith, CPA, is an "audit committee financial expert" and "independent" as defined under applicable rules and regulations. The Board's affirmative determination was based upon, among other things, his educational and professional credentials and financial background.

Report of Audit Committee

The Audit Committee reviewed and discussed with the independent auditors all matters required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61, as amended, and reviewed and discussed the audited financial statements of BNC, both with and without management present. In addition, the Audit Committee obtained from the independent auditors a formal written statement describing all relationships between the auditors and BNC that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1, "Independent Discussions with Audit Committees," and discussed with the auditors any relationships that may impact their objectivity and independence and satisfied itself as to the auditors' independence. Based upon the Audit Committee's review and discussions with management and the independent auditors referenced above, the Audit Committee recommended to the BNC Board of Directors that BNC's audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2007 for filing with the SEC. As part of its duties, the Audit Committee also considered whether the provision of services other than audit services during fiscal year 2007 by Cherry, Bekaert & Holland, BNC's independent registered public accounting firm for that period, is compatible with maintaining the accountant's independence. The Audit Committee also reappointed the independent auditors and the BNC Board of Directors concurred in such appointment.

Thomas R. Smith, CPA, Chairman
Richard F. Wood
Colon E. Starrett
Joseph M. Coltrane, Jr.
Charles T. Hagan III

Compensation Committee

Review of the Company's and the Bank's salary programs and recommendations to the Company's and the Bank's boards of directors regarding compensation of the executive officers are the responsibility of the Compensation Committee. For a discussion of the Company's processes and procedures for consideration and determination of management compensation plans refer to "Compensation Discussion and Analysis" in this Proxy Statement.

Report of the Compensation Committee. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management of the Company. Based on these reviews and discussions, the Compensation Committee recommended to the Board including the Compensation Discussion and Analysis in the Company's Proxy Statement.

W. Groome Fulton, Jr.
Lenin J. Peters, M.D.
Thomas R. Smith, CPA
D. Vann Williford
Thomas R. Sloan

A copy of the BNC Compensation Committee Charter, which is reviewed annually, and amended as necessary, may be obtained at no cost by requesting one from the Company's Secretary at Post Office Box 1148, Thomasville, North Carolina 27361.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is now, or formerly was, an officer or employee of the Company or the Bank. None of the named executive officers serves as a member or the board of directors of another entity whose executive officers or directors serve on the Company's Board of Directors.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion provides an overview and analysis of our compensation program and policies with respect to our named executive officers. It is intended to help in understanding the detailed information provided in the compensation tables beginning on page 19 of this Proxy Statement.

Compensation Committee Members

All of the members of the Compensation Committee are independent as defined in Section 4200(a)(15) of the NASDAQ's listing standards. The Board of Directors determines on an annual basis each director's independence. The members of the Compensation Committee in fiscal year 2007 were Directors Fulton, Smith, Peters, Williford and Sloan. The Compensation Committee met one time during the fiscal year ending December 31, 2007. The Compensation Committee is responsible for developing, implementing and maintaining the Company's compensation policies.

The Committee utilized information from SNL Financial LC, a financial institutions resource company ("SNL"), to provide peer compensation information to help evaluate the Company's compensation design, process and decisions. W. Swope Montgomery, Jr., President and CEO of the Company and the Bank, makes recommendations to the Committee regarding the compensation of the executive officers. Mr. Montgomery participates in the deliberations, but not in the decisions, of the Committee regarding compensation of executive officers other than himself. He does not participate in the Committee's discussion or decisions regarding his own compensation.

Objectives of Our Compensation Program

The overall objective of our compensation program is to directly link total compensation paid to the directors and employees, including the named executive officers, to the Company's financial performance. In order to accomplish this overall objective, our compensation program is designed to: (i) attract the qualified executives necessary to meet our needs as defined by the Company's strategic plans, and (ii) retain and motivate executives whose performance supports the achievement of our long-term plans and short-term goals. It is the committee's opinion that given today's competitive marketplace, along with our Company's long track record of consistent financial results that have exceeded peers, retaining each of the members of our existing management team is critical to our long-term success and fulfilling our fiduciary responsibilities to our shareholders. Our core belief is that individuals who have incentive will work hard to the benefit of the Company's shareholders.

Compensation Decision Process

To assist in making its compensation decisions, the Committee utilized compensation information from SNL on a group of peer financial institutions in similar markets, with similar growth rates in earnings and assets. SNL provided market data regarding compensation practices for CEO's, including salary and non-cash and cash incentive awards, of the peer financial institutions to ensure that our Chief Executive Officer and other executive officers' compensation is competitive in the marketplace. The Company competes for executive talent with national and regional banks of similar scope of operations. As a result, the Committee determined that salary, target annual cash incentive awards and long-term incentive awards for our named executive officers should be comparable to those provided by a peer group of similar sized community banks that have historical track record of financial performance similar to our Company.

The peer groups used for compensation practices and comparisons included:

- Financial institutions in North Carolina with average assets of \$1 billion to \$2 billion
- United States commercial banks with average assets of \$900 to \$1.2 billion with three-year average earnings per share growth of 12% and return on total tangible equity of 15%

Elements of Compensation

Our compensation program consists of the following elements: (i) base salary, (ii) bonuses, (iii) long-term equity incentive awards, (iv) supplemental retirement plans, (v) deferred compensation and (vi) other executive benefits.

Base Salary. The salaries of our named executive officers are designed to provide a reasonable level of compensation that is affordable to the Company and fair to the executive. Salaries are reviewed annually, and adjustments, if any, are made based on the review of competitive salaries in our peer group, as well as an evaluation of the individual officer's responsibilities, job scope, and individual performance. For example, we assess each officer's success in achieving forecasted earnings and return ratios, business conduct and integrity, and leadership and team building skills.

The Committee reviewed salaries of chief executive officers available within the 2007 peer group described above. Based on this review, and the contribution of each executive officer relative to the success of our Company and the contribution of the Chief Executive Officer, the Committee determined that our named executive officers' salaries were in-line with comparable financial institutions and the overall contribution each provides to the success of our Company. The 2007 base salaries for each of our named executive officers are reflected in the Summary Compensation table on page 20 of this Proxy Statement.

Base salaries are managed within a range around the median. All salary increases reflect the Committee's desire to maintain competitive compensation relative to the peer group.

Bonuses-Annual Cash Incentive Awards.

The Company has adopted an incentive program, Compensation for Stakeholders, which establishes an overall incentive pool to be distributed to employees bankwide, including executive officers. The purpose of the program is to promote achievement of the Company's annual performance goals. As part of this program, ten key variables that drive profitability are tracked relative to the prior year, and as levels are obtained in each of the key variables above a minimum acceptable growth rate, a percentage of the incremental pretax enhancement is allocated to each of the bankwide and management incentive pools. If the Company does not achieve net income growth of greater than approximately 4% compared to the prior year's and the Bank's ratings on regulatory examinations are not satisfactory in all categories, no incentive award is made. After the minimum performance goals are met, a portion of every dollar over the minimum is added to the pool to be divided among employees and named executive officers. This program awards improvements in areas such as average loans, average core deposits, net interest income, net interest margin, efficiency ratio, non-interest income, while deducting for unacceptable levels of credit quality, including charge-offs, nonperforming assets, and loans past due. This program has been in place at the Bank and the Company for over seven years, and has allowed our organization to create a culture where our employees'

interests and actions are closely aligned with our shareholders' interests on a daily basis. The program provides a directors rationale that is evaluated by the Compensation Committee. This report quantifies the correlations between incentive pool totals with expected increases in net income and return on tangible equity levels.

The Chief Executive Officer will provide a recommendation to the Committee on the allocation and distribution of the management incentive pool to specific officers. The Committee will deliberate independent of management, and determine the final allocation of the pool based on overall performance levels and compensation objectives.

Financial Performance Objectives. The financial objectives of the Compensation for Stakeholders program, our Company, the Board of Directors, and the Compensation Committee are all consistent: Provide consistent, long-term earnings growth that result in superior returns to our shareholders. Consistency is a key objective, which dictates maintaining exceptional credit quality, growth in earning assets, efficient deployment of non-interest expenses, and a strong correlation between expansion and profitability.

Long-Term Equity Incentive Awards. The Company maintains the Omnibus Stock Ownership and Long Term Incentive Plan ("Omnibus Plan"), under which it is permitted to grant incentive stock options, restricted stock grants, stock appreciation rights and performance units. The purpose of the Omnibus Plan is to promote the interests of the Company by attracting and retaining employees of outstanding ability and to provide executives of the Company greater incentive to make material contributions to the success of the Company by providing them with stock-based compensation which will increase in value based upon the market performance of the common stock and/or the corporate achievement of financial and other performance objectives. No awards were granted to any named executive officer in 2007. The Compensation Committee intends to associate the vesting of awards to the achievement of selected financial performance goals.

The Company also maintains two earlier equity incentive awards programs, the Key Employee Stock Option Plan and the Stock Option Plan for Non-Employees/ Directors. Both plans were adopted at the inception of the Bank, and later adopted by the Company at its inception. All eligible awards under these plans have been granted.

Under the terms of the Omnibus Plan, the Key Employee Stock Option Plan and the Stock Option Plan for Non-Employees/Directors, option exercise prices are always based upon the closing trading price of the Company's common stock on the date of grant by the Board of Directors.

Other Executive Benefits - Perquisites. The Company provides the following to our named executive officers:

- country club memberships and dues;
- personal use of Company-provided auto or auto allowance;
- expenses for spouses to attend conferences; and
- personal use of Company-provided cell phones.

For 2007, we determined the level of perquisites and benefits to offer based on the Committee's review of other financial institutions in our market area. We believe these perquisites serve a dual purpose. They are competitive with companies in our peer group, and they also facilitate the officer's ability to work outside our corporate headquarters by assisting with travel and providing an external location to conduct business. See the Summary Compensation Table on page 19 for perquisites received by each named executive officer.

Other Executive Benefits - Retirement Benefits. The Company maintains supplemental executive retirement agreements (SERPs) in the form of salary continuation and split dollar agreements, for the benefit the Company's named executive officers. The Committee's goal is to provide competitive retirement benefits given the restrictions on executives within tax-qualified plans. The Committee worked with Clark Consulting and Grady and Associates in analyzing the possible benefits of using SERPs to address the issues of internal and external equity in terms of retirement benefits offered to all employees at the Company as a percentage of final average pay and executives in our peer group. The Committee approved supplemental retirement benefits for all named executive officers at levels deemed competitive with peers and within annual cost parameters established by the Committee. For more information on the SERPs, see page 25 of this Proxy Statement.

Other Executive Benefits - Severance Benefits. The Company has employment agreements with our named executive officers which provide, among other things, for severance benefits upon certain types of employment terminations. We believe employment agreements serve a number of functions, including (i) retention of our executive team; (ii) mitigation of any uncertainty about future employment and continuity of management in the event of a change in control; and (iii) protection of the Company and customers through non-compete and non-solicitation covenants. Additional information regarding the employment agreements, including a description of key terms and a quantification of benefits that would have been received by our named executive officers had they incurred a termination of employment on December 31, 2007, may be found beginning on page 20 of this Proxy Statement.

Director Compensation

The following table reports all forms of compensation paid to or accrued for the benefit of each director during the 2007 fiscal year.

DIRECTOR COMPENSATION

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Stock Awards (\$) (c)	Option Awards (\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$) (f)	All Other Compensation (\$) (g)	Total (\$) (h)
Lenin J. Peters, M.D.	\$34,200	—	—	—	—	—	\$34,200
Thomas R. Smith, CPA	\$37,500	—	—	—	—	—	\$37,500
Colon E. Starrett	\$21,950	—	—	—	—	—	\$21,950
D. Vann Williford	\$26,650	—	—	—	—	—	\$26,650
Richard F. Wood	\$25,800	—	—	—	—	—	\$25,800
Ralph N. Strayhorn III	\$ 0	—	—	—	—	—	\$ 0
Thomas R. Sloan	\$32,650	—	—	—	—	—	\$32,650
Larry L. Callahan	\$25,250	—	—	—	—	—	\$25,250
Joseph M. Coltrane, Jr.	\$21,400	—	—	—	—	—	\$21,400
W. Groome Fulton, Jr.	\$41,150	—	—	—	—	—	\$41,150
Charles T. Hagan III	\$23,600	—	—	—	—	—	\$23,600
Randall R. Kaplan	\$18,100	—	—	—	—	—	\$18,100
W. Swope Montgomery, Jr.	\$ 0	—	—	—	—	—	\$ 0
Richard D. Callicutt II	\$ 0	—	—	—	—	—	\$ 0
Robert A. Team, Jr.	\$21,400	—	—	—	—	—	\$21,400

Directors' Fees. For the fiscal year ended December 31, 2007, the Chairman of BNC's Board of Directors received an annual retainer of \$14,000 for his service, each Committee Chairman received an annual retainer of \$10,000 for his service, and each other board member received an annual retainer of \$6,000 for his service. In addition, members of the BNC Board received \$550 and the Chairman of the Board received \$950 per meeting of the Board of Directors. Members of the Executive Committee received \$700 and the Chairman of the Executive Committee received \$700 per Executive Committee meeting. Members of other committees (including the Bank committees) received \$550 and Chairmen of other Committees received \$700 per Committee meeting (except for the Chairman of the Audit Committee, who received \$950 per meeting of the Audit Committee). Mr. Montgomery, Mr. Strayhorn and Mr. Callicutt do not receive compensation for attendance at these meetings.

During 2007, directors' fees totaled \$329,650 in the aggregate. Except for \$49,500, these fees were not paid in cash to the directors, but were placed into a "Directors Deferred Compensation Plan" which was approved by the BNC Board of Directors in January 1994. MAGNER Network LLC, in Atlanta, Georgia, administers this plan at an annual cost of \$3,610 to the Company. Effective April 2, 2003, BNC established a Rabbi Trust to hold the directors' accrued benefits under the plan.

Director Stock Option Plan. See "Executive Compensation - Stock Option Plans," for a discussion of the directors' benefits under the Stock Option Plan for Non-Employees/Directors.

Executive Officers

The following table sets forth certain information with respect to the persons who are executive officers of either BNC or the Bank or both.

<u>Name</u>	<u>Age on December 31, 2007</u>	<u>Positions and Occupations During Last Five Years</u>	<u>Employed By the Bank Since</u>	<u>Employed By the Company Since</u>
W. Swope Montgomery, Jr.	59	President, Chief Executive Officer and Director of BNC and the Bank	1991	2002
Richard D. Callicutt II	48	Executive Vice President, Chief Operating Officer, and Director of BNC and the Bank	1991	2002
David B. Spencer	45	Executive Vice President and Chief Financial Officer of BNC and the Bank	1997	2002
Ralph N. Strayhorn III	53	Executive Vice President and Chief Administrative Officer of BNC and the Bank 2007 to present; prior to 2007, Mr. Strayhorn was the President and Chief Executive Officer of SterlingSouth Bank & Trust Company	2006	2006

Management Compensation

The executive officers of the Company are not paid any cash compensation by the Company. However, the executive officers of the Company also are executive officers of the Bank and receive compensation from the Bank.

The table on the following page shows, for the fiscal year ended December 31, 2007, the cash compensation received by, as well as certain other compensation paid or accrued for those years, the Chief Executive Officer and the Bank's executive officers whose total annual salary and bonus exceeded \$100,000.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus ¹	Stock Awards	Option Awards	Non-Equity	Change in	All Other	Total
						Incentive Plan Compensation (a)	Pension Value and Nonqualified Deferred Earnings (b)		
W. Swope Montgomery, Jr. President and Chief Executive Officer	2007	\$315,000	\$138,000				\$ 189,123	\$ 45,900 ⁵	\$688,023
	2006	\$265,000	\$174,900	\$ 0	\$ 0	\$ 0	\$ 184,812	\$ 37,985	\$662,697
David B. Spencer Executive Vice President, And Chief Financial Officer	2007	\$228,000	\$100,800				\$ 33,000	\$ 31,223 ⁶	\$393,023
	2006	\$190,000	\$128,250	\$ 0	\$ 0	\$ 0	\$ 33,909	\$ 26,849	\$379,008
Ralph N. Strayhorn III Executive Vice President, and Chief Administration Officer	2007	\$220,000	\$ 76,000	\$ 0	\$ 0		\$ 62,429	\$ 40,221 ⁷	\$398,650
	2006	\$ 89,500	\$259,070 ²	\$90,860 ³	\$480,251 ⁴	\$ 0	\$ 39,824	\$ 15,505	\$975,010
Richard D. Callicutt II Executive Vice President, and Chief Operating Officer	2007	\$234,000	\$101,000				\$ 56,345	\$ 33,896 ⁸	\$425,241
	2006	\$195,000	\$128,250	\$ 0	\$ 0	\$ 0	\$ 56,143	\$ 30,274	\$409,667

- ¹ Bonuses are paid in accordance with the Compensation for Stakeholders program and are based on the Company's financial performance.
- ² Of this aggregate amount, \$200,000 is the signing bonus awarded to Mr. Strayhorn in connection with the acquisition of SterlingSouth Bank & Trust Company ("SterlingSouth") in 2006 and the remainder is his bonus under the Compensation for Stakeholders program.
- ³ Value of Restricted Stock awards granted to Mr. Strayhorn in connection with the acquisition of SterlingSouth by BNC.
- ⁴ In connection with the acquisition of SterlingSouth by BNC, the options held by Mr. Strayhorn (36,000) pursuant to the SterlingSouth Stock Option Plan with an exercise price of \$11.00 were converted to 47,938 options under the BNC Omnibus Plan and Mr. Strayhorn exercised them in 2007.
- ⁵ For Mr. Montgomery in 2007, this amount consists of \$3,520 paid for spouse to attend conferences, \$1,100 for cell phone, \$9,600 for automobile, \$7,428 for country club dues, \$17,613 contributed by the Bank for the 401(k) plan and \$6,639 imputed income from the Bank-owned split dollar insurance policy.
- ⁶ For Mr. Spencer in 2007, this amount consists of \$3,000 paid for spouse to attend conferences, \$1,100 for cell phone, \$9,600 for automobile, \$2,700 for country club dues, \$13,680 contributed by the Bank for the 401(k) plan and \$1,143 imputed income from the Bank-owned split dollar insurance policy.
- ⁷ For Mr. Strayhorn in 2007, this amount consists of \$1,500 for spouse to attend conferences, \$1,100 for cell phone, \$9,600 for automobile, \$11,220 for country club dues, \$13,200 contributed by the Bank for the 401(k) plan and \$3,601 imputed income from the Bank-owned split dollar insurance policy.
- ⁸ For Mr. Callicutt in 2007, this amount consists of \$1,100 for cell phone, \$9,600 for automobile, \$5,940 for country club dues, \$14,040 contributed by the Bank for the 401(k) plan and \$3,216 imputed income from the Bank-owned split dollar insurance policy.

Employment Agreements

On December 18, 2007 BNC and the Bank entered into employment agreements with Messrs. Montgomery, Callicutt, Spencer, and Strayhorn which have been amended for 409A compliance. The agreements have three-year terms, extending annually for one additional year at each anniversary unless the board of directors determines not to extend the term. Establishing the terms and conditions of the employment relationship and the executives' initial base salary, the employment agreements also grant miscellaneous fringe benefits such as use of an automobile, reimbursement of club dues, and reimbursement of reasonable business expenses. The agreements also provide for indemnification against liabilities to which the executive may become subject because of his service to BNC and the Bank. Base salary for 2008 is \$334,000 for Mr. Montgomery, \$248,000 for Mr. Callicutt, \$242,000 for Mr. Spencer, and \$229,000 for Mr. Strayhorn.

The agreements are terminable by BNC or the Bank with or without cause and terminate automatically when the executive attains age 65. The executive's employment may be terminated for cause if and only if 75% or more of the directors, excluding the executive, vote to terminate the executive's employment with cause at a special board meeting held for that purpose, with advance notice and the opportunity to oppose the board's action given to the executive. The agreements provide explicitly for severance benefits after involuntary termination without cause and after voluntary termination with good reason, as well as benefits that become payable because of the occurrence of a change in control. Severance benefits are not payable for involuntary termination with cause or for voluntary termination without good reason. For termination because of death BNC and the Bank would provide without cost continued health care coverage to the executive's family for one year, and for termination because of disability the executive would receive (x) base salary and other employee benefits until he becomes eligible for disability benefits under company plans and (y) continued insurance coverage for up to three years. Good reason for voluntary termination will exist if specified adverse changes in the executive's employment circumstances occur without the executive's consent, such as a material reduction in pay, benefits, or responsibilities or relocation of BNC's executive offices. If the executive's employment involuntarily terminates without cause or if he voluntarily terminates employment for good reason, he will receive in a single lump sum an amount equal to his undiscounted base salary for the unexpired term of the agreement, he will be paid in cash for the intrinsic value of his unvested stock options, he will continue to receive life and medical insurance benefits for a period that may be as long as the remaining term of the employment agreement, and he will be entitled to outplacement support of up to \$25,000 and use of office facilities for one year. For this purpose the intrinsic value of unvested stock options means, for each share acquirable by exercise of the unvested option, the positive difference between the fair market value per share of BNC stock and the exercise price per share of the unvested option. Severance benefits payable after termination are conditional on the executive first entering into an agreement not to compete with BNC and the Bank. The duration of the provision not to compete with BNC and the Bank after termination of employment is 15 months in Mr. Montgomery's and Mr. Callicutt's case, 24 months in Mr. Strayhorn's, and six months for Mr. Spencer. Benefits payable after a change in control are not conditional on the executive first entering into an agreement not to compete.

If a change in control occurs each executive will be entitled to an undiscounted lump-sum cash payment equal to his annual compensation multiplied by three. For this purpose annual compensation means the sum of (x) the executive's base salary when the change in control occurred plus (y) the most recent cash bonus or cash incentive compensation earned. The benefit is payable regardless of whether the executive's employment terminates after the change in control, but it is payable on no more than one occasion. If the executive receives the change-in-control benefit he would not later be entitled at employment termination to cash severance equal to his base salary for the unexpired contract term. Each executive will also become fully vested after a change in control in benefit arrangements in which he participates, and if the aggregate benefits payable to him after a change in control are subject to excise taxes under Internal Revenue Code sections 280G and 4999 he will also be entitled to an excise tax gross-up benefit to compensate for the excise taxes imposed. If an executive's total change-in-control benefits – including severance benefits under employment agreements, change-in-control benefits payable under employment or salary continuation or other agreements, accelerated vesting of stock options or other equity-based awards, and any other form of change-in-control benefit – equal or exceed three times his five-year average taxable compensation, a 20% excise tax is imposed on the executive under Internal Revenue Code section 4999 and the employer forfeits its compensation deduction because of the related section 280G of the Internal Revenue Code. If the 20% excise tax is imposed, it is imposed on all change-in-control benefits exceeding the executive's five-year average taxable compensation, and the employer forfeits the compensation deduction for those same benefit amounts. The gross-up benefit stated in the employment agreements and in the Salary Continuation Agreements

would compensate the executives for excise taxes imposed so that the executives' benefits after payment of excise taxes would equal their benefits had no excise taxes been imposed. However, the gross-up benefit would increase the amount BNC's non-deductible compensation under section 280G. Lastly, BNC and the Bank have agreed to pay legal fees incurred by the executive if his employment agreement is challenged after a change in control, up to a maximum of \$500,000.

If there had been a change in control of the Company, or Mr. Montgomery had terminated his employment after a change in control, that was effective as of December 31, 2007, Mr. Montgomery would have been entitled to receive \$1,416,000 under the terms of his employment agreement and an acceleration payment of \$2,038,030 under the terms of his continuation agreement.

If there had been a change in control, or other voluntary termination of employment following a change in control, that was effective as of December 31, 2007, under the terms of their respective employment agreements and salary continuation agreements, Mr. Callicutt would have been entitled to receive \$1,047,000 and \$1,732,928; Mr. Spencer, \$1,028,400 and \$1,324,786; and Mr. Strayhorn, \$915,000 and \$600,000.

All of the above named executive officers are each entitled to receive under their respective employment agreements outplacement services and office support with an estimated value of \$32,000. In addition, the employment agreements provide for continued insurance coverage. This value of this benefit is estimated to be \$52,938 for Messrs. Montgomery and Callicutt and \$46,132 for Messrs. Spencer and Strayhorn.

The employment agreements provide that the named executive officers may be entitled to a gross-up to the extent that their severance packages exceed the limitations prescribed in section 280G of the Code.

Stock Option Plans

As part of the Bank's initial offering in 1994, the Board of Directors and the shareholders approved a nonqualified stock option plan for certain initial incorporators and directors (the "Stock Option Plan for Non-Employees/Directors") and a qualified incentive stock option plan for key employees (the "Key Employee Option Plan"). The Stock Option Plans for Non-Employees/Directors and the Key Employee Option Plans are referred to collectively as the "Plans". As part of the Bank's reorganization to holding company form, BNC assumed the Bank's obligations under the Plans.

The purpose of the Plans is to provide an incentive to attract and retain qualified personnel in key positions, to provide directors and key employees with a proprietary interest in BNC, and to reward directors and key employees for outstanding performance. Under the Plans, the option price per share cannot be less than the greater of \$3.72 or the fair market value of a share at the time the option is granted. The period for exercising the option is no more than ten years from the date of grant. Options may be granted under the Plans which are either "incentive stock options" ("ISOs") within the meaning of Section 422 of the Code, or "nonqualified stock options" ("NSOs") in the discretion of the Personnel Committee of BNC.

Omnibus Stock Ownership and Long Term Incentive Plan

In 2004, BNC shareholders approved the Omnibus Stock Ownership and Long Term Incentive Plan (the "Omnibus Plan"), which is administered by the Compensation Committee of the BNC Board of Directors ("Committee"). The purposes of the Omnibus Plan are to encourage and motivate key employees to contribute to the successful performance of BNC, the Bank and its subsidiaries and the growth of the market value of the BNC Common Stock; to achieve a unity of purpose among the key employees and BNC's shareholders by providing ownership opportunities, and a unity of interest in the achievement of BNC's primary long term performance objectives; and to retain key employees by rewarding them with potentially tax-advantageous future compensation.

The employees of BNC and its subsidiaries, who are designated as eligible participants by the BNC Board of Directors, may receive awards of Rights (as defined below) under the Omnibus Plan. The value of the benefits to be received by participants under the Omnibus Plan are not determinable. On March 21, 2008, the closing price of the common stock on the Nasdaq Capital Market was \$14.00.

Under the Omnibus Plan, the Committee may grant or award eligible participants (employees of the Company and its subsidiaries) options, rights to receive restricted shares of common stock ("Restricted Stock"), and/or stock appreciation rights ("SARs"). These grants or awards of options, Restricted Stock and/or SARs are referred to as "Rights". The number of shares of common stock available under the Omnibus Plan for grants of Rights is 150,000 (206,250, as adjusted for stock splits occurring since establishment of the Omnibus Plan), subject to appropriate adjustment for stock splits, stock combinations, reclassifications and similar changes. All Rights must be granted or awarded within ten (10) years of the date of the BNC Board's adoption of the Omnibus Plan.

If any shares of common stock allocated to Rights granted under the Omnibus Plan are subsequently cancelled or forfeited, those Rights will be available for further allocation upon such cancellation or forfeiture.

BNC may at any time alter, suspend, terminate or discontinue the Omnibus Plan, subject to any applicable regulatory requirements and any required shareholder approval or any shareholder approval which BNC Board may deem advisable for any reason, such as for the purpose of obtaining or retaining any statutory or regulatory benefits under tax, securities or other laws or satisfying applicable stock exchange or quotation system listing requirements. The BNC Board may not, without the consent of a participant, make any alteration which would deprive the participant of his rights with respect to any previously granted Rights. Termination of the Omnibus Plan would not affect any previously granted Rights.

During the fiscal year ended December 31, 2005, BNC granted 65,000 options under the Omnibus Plan at a strike price of \$18.75. Currently, as adjusted for stock splits, these shares under option are equal to 89,375 shares at a strike price of \$13.64. The following table provides certain information with respect to those option grants made to W. Swope Montgomery, Jr. Richard D. Callicutt II and David B. Spencer during fiscal year ended December 31, 2007.

These options were granted for a ten year term, with the options eligible for vesting from the date of grant until February 1, 2009. Vesting is eligible based on the market price of the Company's common stock attaining certain levels during the vesting period. Below is a table which provides vesting targets.

	<u>100% Vest</u>	<u>80% Vest</u>	<u>60% Vest</u>	<u>40% Vest</u>	<u>25% Vest</u>	<u>% of Vesting Period</u>
Jan-05						
Thru						
Feb-07	\$ 21.36	\$ 19.91	\$ 19.18	\$ 18.45	\$ 17.73	50.0%
Mar-07	\$ 21.69	\$ 20.17	\$ 19.41	\$ 18.66	\$ 17.90	52.1%
Apr-07	\$ 22.01	\$ 20.43	\$ 19.64	\$ 18.86	\$ 18.07	54.2%
May-07	\$ 22.33	\$ 20.69	\$ 19.88	\$ 19.06	\$ 18.24	56.3%
Jun-07	\$ 22.65	\$ 20.95	\$ 20.11	\$ 19.26	\$ 18.41	58.3%
Jul-07	\$ 22.97	\$ 21.22	\$ 20.34	\$ 19.46	\$ 18.58	60.4%
Aug-07	\$ 23.30	\$ 21.48	\$ 20.57	\$ 19.66	\$ 18.75	62.5%
Sep-07	\$ 23.62	\$ 21.74	\$ 20.80	\$ 19.86	\$ 18.92	64.6%
Oct-07	\$ 23.94	\$ 22.00	\$ 21.03	\$ 20.06	\$ 19.09	66.7%
Nov-07	\$ 24.26	\$ 22.26	\$ 21.26	\$ 20.26	\$ 19.26	68.8%
Dec-07	\$ 24.58	\$ 22.52	\$ 21.49	\$ 20.46	\$ 19.43	70.8%
Jan-08	\$ 24.91	\$ 22.78	\$ 21.72	\$ 20.66	\$ 19.60	72.9%
Feb-08	\$ 25.23	\$ 23.05	\$ 21.95	\$ 20.86	\$ 19.77	75.0%
Mar-08	\$ 25.55	\$ 23.31	\$ 22.19	\$ 21.06	\$ 19.94	77.1%
Apr-08	\$ 25.87	\$ 23.57	\$ 22.42	\$ 21.27	\$ 20.11	79.2%
May-08	\$ 26.19	\$ 23.83	\$ 22.65	\$ 21.47	\$ 20.28	81.3%
Jun-08	\$ 26.52	\$ 24.09	\$ 22.88	\$ 21.67	\$ 20.45	83.3%
Jul-08	\$ 26.84	\$ 24.35	\$ 23.11	\$ 21.87	\$ 20.63	85.4%
Aug-08	\$ 27.16	\$ 24.61	\$ 23.34	\$ 22.07	\$ 20.80	87.5%
Sep-08	\$ 27.48	\$ 24.88	\$ 23.57	\$ 22.27	\$ 20.97	89.6%
Oct-08	\$ 27.80	\$ 25.14	\$ 23.80	\$ 22.47	\$ 21.14	91.7%
Nov-08	\$ 28.13	\$ 25.40	\$ 24.03	\$ 22.67	\$ 21.31	93.8%
Dec-08	\$ 28.45	\$ 25.66	\$ 24.27	\$ 22.87	\$ 21.48	95.8%
Jan-09	\$ 28.77	\$ 25.92	\$ 24.50	\$ 23.07	\$ 21.65	97.9%
Feb-09	\$ 29.09	\$ 26.18	\$ 24.73	\$ 23.27	\$ 21.82	100.0%

Incentive Compensation Plans

Bonuses-Annual Cash Incentive Awards.

The Company has adopted a program named Compensation for Stakeholders which determines the overall incentive pool to be distributed to employees bankwide, including executive officers. The purpose of the program is to promote achievement of the Company's annual performance goals. As part of this program, ten key variables that drive profitability are tracked relative to the prior year, and as levels are obtained in each of the key variables above a minimum acceptable growth rate, a percentage of the incremental pretax enhancement is allocated to each of the bankwide and management incentive pools. If the Company does not achieve at least net income growth of greater than 4% of the prior year's and the Bank's regulatory ratings are no more than 2 in all categories, no incentive award is made. After the minimum performance goals are met, a portion of every dollar over the minimum is added to the pool to be divided among employees and named executive officers. This program awards improvements in areas such as average loans, average core deposits, net interest income, net interest margin, efficiency ratio, non-interest income, while deducting for unacceptable levels of credit quality, including charge-offs, nonperforming assets, and loans past due. This program has been in place at the Bank and the Company for over six years, and has allowed our organization to create a culture where our employees interests and actions are closely aligned with our shareholders' interest on a daily basis. The program provides a directors rationale that is evaluated by the Compensation Committee. This report quantifies the correlations between incentive pool totals with expected increases in net income and return on tangible equity levels.

In 2007, Mr. Montgomery received an award of \$138,000 under the Compensation for Stakeholders program; Mr. Callicutt, \$101,000; Mr. Spencer, \$100,800; and Mr. Strayhorn, \$76,000.

Grants of Plan-Based Awards. The following table gives information related to grants of plan-based awards made by the Company to the named executive officers during the 2007 fiscal year.

GRANTS OF PLAN-BASED AWARDS

<u>Name</u>	<u>Grant Date</u>	<u>Estimated Future Payouts Under Non-Equity Incentive Plan Awards¹</u>	<u>All Other Stock Awards: Number of Shares of Stock or Units (#)</u>	<u>Grant Date Fair Value of Stock and Option Awards</u>
W. Swope Montgomery, Jr.	12/15/07	\$ 138,000		
Richard D. Callicutt	12/15/07	\$ 101,000		
David B. Spencer	12/15/07	\$ 100,800		
Ralph N. Strayhorn	12/15/07	\$ 76,000		

¹ This column shows the potential payment under the Company's Compensation for Stakeholders program. The amounts shown are based on the Company's performance in 2007. Amounts for 2008 may be more or less than the amounts shown. See the discussion of annual cash incentive plan in the Compensation Discussion and Analysis.

Outstanding Equity Awards at Fiscal Year End. The table below gives information related to equity awards held by the Company's named executive officers at the end of fiscal year 2007

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Option Awards		Option Exercise Price (\$)	Option Expiration Date
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
W. Swope Montgomery, Jr.	17,725	0	\$ 4.65	08/18/2008
	15,125	0	\$ 5.95	06/17/2012
	9,625	0	\$ 11.82	08/17/2014
	27,500		6,875 \$ 13.64	01/15/2015
Richard D. Callicutt II	22,000	0	\$ 13.64	01/15/2015
David B. Spencer	22,000	0	\$ 13.64	01/15/2015
Ralph N. Strayhorn III	0	0	0	—

OPTION EXERCISES AND STOCK VESTED

Name (a)	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise (\$) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting (\$) (e)
W. Swope Montgomery, Jr.	19,094	\$ 306,122	0	0
Richard D. Callicutt II	37,251	\$ 459,227	0	0
David B. Spencer	18,997	\$ 264,134	0	0
Ralph N. Strayhorn III	47,938	\$ 498,344	0	0

PENSION BENEFITS

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit (\$) (d)	Payments During Last Fiscal Year (\$) (e)
W. Swope Montgomery, Jr.	SERP	17	\$ 826,555	-0-
Richard D. Callicutt II	SERP	17	\$ 254,594	-0-
David B. Spencer	SERP	11	\$ 121,887	-0-
Ralph N. Strayhorn III	SERP	2.5	\$ 102,253	-0-

- (1) These figures represent the number of years elapsed as of December 31, 2007 since the effective date of the named executive officers' Salary Continuation Agreements. The effective date of the Salary Continuation Agreements of Messrs. Montgomery and Callicutt is January 1, 2004. The effective date of Mr. Spencer's Salary Continuation Agreement is January 1, 2003 and the effective date of Mr. Strayhorn's agreement is July 20, 2006. The number of years of the executive's service with the Bank before the effective date of the Salary Continuation Agreement has no bearing on benefits payable under the agreement or on any other provision of the agreement.
- (2) These figures are the liability balance accrued by the Bank as of December 31, 2007 to account for the executives' benefits under the Salary Continuation Agreements.

Salary Continuation and Endorsement Split Dollar Agreements. The Bank also entered into amended Salary Continuation Agreements and associated Endorsement Split Dollar Agreements with the executives on December 18, 2007. Also referred to as "SERPs," the Salary Continuation Agreements promise a specified annual retirement benefit to each executive when he attains the normal retirement age – age 65 – or a reduced annual benefit if the executive's employment terminates before age 65, whether termination occurs because of involuntary termination without cause, voluntary termination for any reason, or termination because of disability. Benefits for termination before age 65 are determined solely by the amount of the liability accrual balance maintained by the Bank. Consistent with generally accepted accounting principles the Bank's liability accrual balance increases incrementally each month so that the final liability accrual balance at the executive's normal retirement age equals the present value of the specified normal retirement benefit. If an executive's employment terminates before age 65, instead of the specified normal retirement benefit he will receive a reduced annual benefit that is based on the amount of the Bank's liability accrual balance when employment termination occurs. The reduced benefit would not be payable until the executive finally attains age 65. Annual SERP benefits are payable for life, and in the case of Messrs. Montgomery, Callicutt, and Spencer only the benefit increases annually by 3%. Mr. Strayhorn's benefit amount is fixed and does not increase annually. Like the employment agreements, the SERPs also provide for a lump-sum cash benefit payable immediately after a change in control, regardless of whether the executive's employment also terminates. For Messrs. Montgomery, Callicutt, and Spencer the lump-sum benefit would consist of cash in an amount equal to the present value of the executive's specified normal retirement age benefit, meaning the liability accrual balance projected to exist when the executive attains age 65. In Mr. Strayhorn's case the lump-sum benefit would be the greater of (x) the SERP liability accrual balance when the change in control occurs or (y) \$600,000. Like the employment agreements, the SERPs make clear that this lump-sum change-in-control benefit is payable on no more than one occasion. If the change-in-control benefit is paid under the SERPs the executives would be entitled to no other SERP benefits, except for a potential tax gross-up benefit and potential reimbursement of their legal expenses. The excise tax gross-up benefit potentially payable under the SERPs is not in addition to the excise tax gross-up benefit potentially payable under the executives' employment agreements. Instead it is a single benefit affirmed in two separate agreements. If a change in control occurs while the executive is receiving or is entitled at age 65 to receive retirement benefits under the SERP, the executive would instead receive an immediate lump-sum payment consisting of the liability accrual balance. The Bank has assured each executive that it will reimburse the executive's legal expenses if his SERP is challenged after a change in control, up to \$500,000. This promise is in addition to the similar legal fee reimbursement promise contained in the employment agreements.

The amended Endorsement Split Dollar Agreements associated with the SERPs assure the executives' designated beneficiaries of a death benefit after the executive's death, whether death occurs before or after employment termination, but if the executive is terminated for cause he would forfeit all benefits under his SERP and

the associated Endorsement Split Dollar Agreement. At the executives' death the executives' designated beneficiaries would be entitled to (x) an amount equal to the liability accrual balance existing at the executive's death, payable under the SERPs in a single lump 90 days after the executive's death, and (y) under the Endorsement Split Dollar Agreements associated with the SERPs, 100% of the net death benefit payable under Bank-owned insurance policies on the executives' lives, payable directly by the insurer to the designated beneficiary, or in Mr. Strayhorn's case only the lesser of 100% of the net death benefit or \$2 million. The term net death benefit means the total life insurance policy death proceeds minus the policy cash surrender value. The policy cash surrender value is payable in its entirety to the Bank. The Financial Accounting Standards Board clarified in late 2006 that a split dollar arrangement providing post-retirement death benefits requires the employer to recognize compensation expense during an employee's working years to account for the split dollar insurance obligation, even though the split dollar benefit will ultimately be paid by the insurance company and not the employer. Accordingly, the Bank recognizes compensation expense associated with this post-retirement split dollar insurance arrangement.

Profit Sharing Plan and 401(k) Plan

The Bank maintains a Profit Sharing Plan and Trust with a qualified cash or deferred feature (the "Retirement Plan") under Section 401(k) of the Code of 1986, as amended (the "Code"). All full-time employees as of the beginning of the plan year are eligible to participate in the Retirement Plan. A participating employee may contribute, through payroll deduction, from 1% to 15% of his/her salary on a tax deferred basis subject to the requirements of Section 401(k) of the Code. The Bank has agreed to contribute to the Retirement Plan an amount equal to 100% of such payroll deductions, but no more than 6% of total compensation. The Bank can, in its discretion, make additional contributions to the Plan. Any contributions by the Bank will be fully vested in the participant if he/she has six years of service with the Bank and will be reduced by 20% for each lesser number of years.

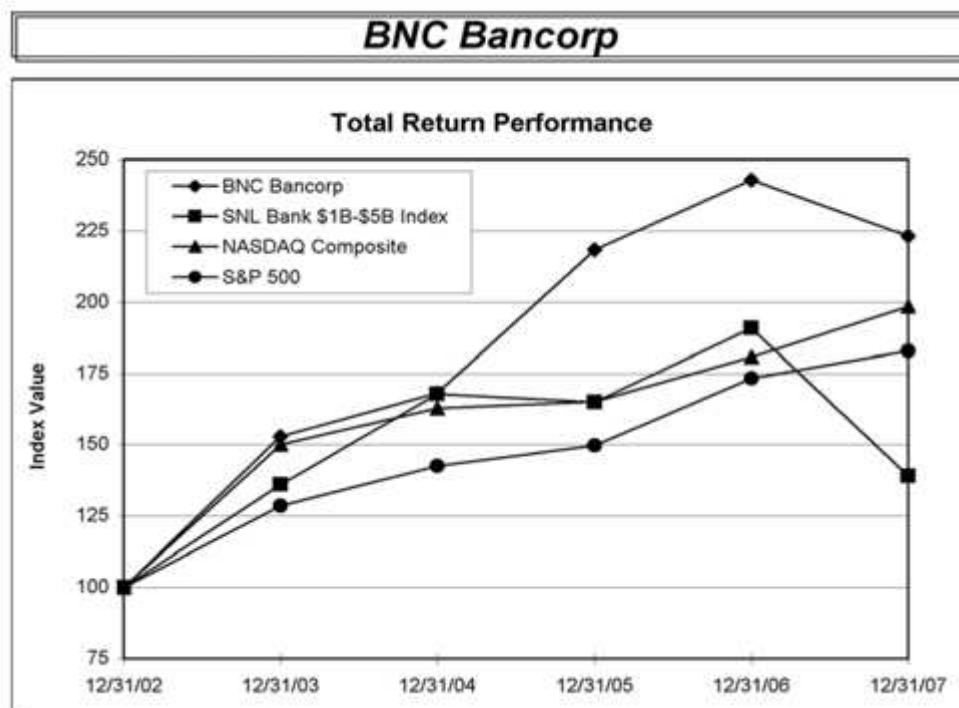
Indebtedness of and Transactions with Management and Directors

The Bank leases its loan production office in Winston-Salem, North Carolina from 1400 Westgate Associates, LLC ("Westgate"). Director Robert A. Team, Jr. owns 100% of Westgate. Pursuant to the terms of the lease for the one facility leased by the Bank, during 2007 the Bank paid a total of \$46,072 to Westgate in lease payments for the facility. The facility is subject to a two year lease between the Bank and Westgate. The Board of Directors routinely, and no less than annually, reviews all transactions, direct and indirect, between the Company or the Bank and any employee or director, or any of such person's immediate family members. Transactions are reviewed as to comparable market values for similar transactions. All material facts of the transactions and the director's interest are discussed by all disinterested directors and a decision made about whether the transaction is fair to the Company and the Bank. A majority vote of all disinterested directors is required to approve the transaction. The transaction with Robert Team was reviewed by the disinterested Board members according to BNC's normal practices and an affirmative determination was made that this lease transaction did not affect Mr. Team's independence as a director of the Company.

The Board of Directors also evaluates the influence family relationships may have on the independence of directors who are related by blood or marriage. There are no such relationships on the BNC Board of Directors.

PERFORMANCE GRAPH

The following graph compares BNC's cumulative stockholder return on BNC Common Stock with a NASDAQ index and with a southeastern bank index. The graph was prepared by SNL Financial LC using data as of December 31, 2007.



Index

BNC Bancorp
 SNL Bank \$1B-\$5B Index
 NASDAQ Composite
 S&P 500

	<i>Period Ending</i>					
	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07
BNC Bancorp	100.00	152.92	168.20	218.48	242.96	223.27
SNL Bank \$1B-\$5B Index	100.00	135.99	167.83	164.97	190.90	139.06
NASDAQ Composite	100.00	150.01	162.89	165.13	180.85	198.60
S&P 500	100.00	128.68	142.69	149.70	173.34	182.86

Source : SNL Financial LC, Charlottesville, VA

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PROPOSAL 2**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

The Audit Committee of the BNC Board of Directors has appointed Cherry, Bekaert & Holland (“CBH”) as the independent registered public accounting firm to audit the financial statements of BNC for the fiscal year ending December 31, 2008, subject to ratification by BNC’s shareholders. Representatives of CBH are expected to attend the BNC Annual Meeting and will be afforded an opportunity to make a statement, if they so desire, and to respond to appropriate questions from shareholders.

Audit Fees Paid to Independent Registered Public Accounting Firm

Audit Fees. Fees paid or expected to be paid to CBH for professional services rendered for audit of BNC’s annual consolidated financial statements for the year ended December 31, 2007 and 2006 amounted to \$154,392 and \$65,000. The Company paid CBH \$17,000 during 2007 for assurance services related to the performance of the financial statements of the 401(k) Plan. No other fees for any other services were paid to CBH during the fiscal year ended December 31, 2007.

The fees billed by CBH are pre-approved by the Audit Committee of the Company in accordance with the policies and procedures for the Audit Committee set forth in the committee’s charter. The Audit Committee typically pre-approves all audit and non-audit services provided by the Company’s independent auditors and may not engage the independent auditors to perform any prohibited non-audit services. For 2007 and 2006, one hundred percent of the total fees paid for audit, audit related and tax services were pre-approved. The Audit Committee has determined that the rendering of non-audit professional services by CBH, as identified above, is compatible with maintaining CBH’s independence.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE FOR RATIFICATION OF THE APPOINTMENT OF CBH AS INDEPENDENT AUDITOR FOR THE COMPANY AND THE BANK FOR THE FISCAL YEAR ENDING DECEMBER 31, 2008.

DATE FOR RECEIPT OF SHAREHOLDER PROPOSALS

It is presently anticipated that the 2009 Annual Meeting of Shareholders of the Company will be held in 2009. In order for shareholder proposals to be included in the Company’s proxy materials for that meeting, such proposals must be received by the Secretary of the Company at the Company’s principal executive office no later than January 20, 2009 and meet all other applicable requirements for inclusion in the proxy statement.

In the alternative, a shareholder may commence his or her own proxy solicitation and present a proposal from the floor at the 2008 Annual Meeting of Shareholders of the Company. In order to do so, the shareholder must notify the Secretary of the Company in writing, at the Company’s principal executive office no later than March 5, 2009, of his or her proposal. If the Secretary of the Company is not notified of the shareholder’s proposal by March 5, 2009, the Board of Directors may vote on the proposal pursuant to the discretionary authority granted by the proxies solicited by the Board of Directors for the 2009 Annual Meeting.

OTHER MATTERS

Management knows of no other matters to be presented for consideration at the Meeting or any adjournments thereof. If any other matters shall properly come before the Meeting, it is intended that the proxyholders named in the enclosed form of proxy will vote the shares represented thereby in accordance with their judgment, pursuant to the discretionary authority granted therein.

MISCELLANEOUS

The Form 10-K of the Company for the year ended December 31, 2007, which includes financial statements audited and reported upon by the Company's independent auditor, is being mailed as with this Proxy Statement and filed with the SEC; however it is not intended that the Form 10-K be deemed a part of this Proxy Statement or a solicitation of proxies.

By Order of the Board of Directors,

/s/ W. Swope Montgomery, Jr.

W. Swope Montgomery, Jr.

President and Chief Executive Officer

Thomasville, North Carolina
April 22, 2008

**X PLEASE MARK VOTES
AS IN THIS EXAMPLE**

**REVOCABLE PROXY
BNC BANCORP**

**ANNUAL MEETING OF STOCKHOLDERS
MAY 20, 2008
5:30 P.M.**

The undersigned shareholder of BNC Bancorp, a North Carolina corporation (the "Company"), hereby constitutes and appoints W. Groome Fulton, Jr., Thomas R. Smith, CPA, and W. Swope Montgomery, Jr., or any of them, attorneys and proxies with full power of substitution, to act and vote on behalf of the undersigned at the Annual Meeting of Shareholders of BNC Bancorp to be held at the High Point Country Club, 808 Country Club Drive, High Point, North Carolina, at 5:30 p.m., local time, and any adjournment or postponement thereof, as follows:

- | | For | With-
hold | For All
Except |
|--|-----|---------------|-------------------|
| 1. Election of five persons to serve as Directors for three year terms or until their respective successors are duly elected and qualify | .. | .. | .. |

Three year terms:

**Ralph N. Strayhorn, III, Richard F. Wood, Larry L. Callahan,
Joseph M. Coltrane, Jr., W. Groome Fulton, Jr.**

INSTRUCTION: To withhold authority to vote for any individual nominee, mark "For All Except" and write that nominee's name in the space provided below.

- | | For | Against | Abstain |
|---|-----|---------|---------|
| 2. Ratification of the appointment of Cherry, Bekaert & Holland LLP by BNC Bancorp's Audit Committee as the independent registered public accounting firm for BNC Bancorp for its fiscal year ending December 31, 2008. | .. | .. | .. |

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH OF THE LISTED PROPOSALS.

If a proxy is returned and no instructions are given, the proxy will be voted for each of the proposals. If instructions are given with respect to one but not all proposals, (i) such instructions as are given will be followed, and (ii) the proxy will be voted for any proposal for which no instructions are given. If any other business that falls within the purposes set forth in the Notice of Annual Meeting is presented at the Annual Meeting, this proxy shall be voted in accordance with the proxy committee's best judgment.

Please be sure to sign and date
this Proxy in the box below.

Date

_____ Stockholder sign above _____ Co-holder (if any) sign above _____	
--	--

+

+

⚡ Detach above card, sign, date and mail in postage paid envelope provided. ⚡

BNC BANCORP

The above signed acknowledges receipt from the Company, prior to the election of this Proxy, of a Notice of Annual Meeting and a Proxy Statement dated April 22, 2008.

Please sign exactly as your name appears herein. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. If shares are held jointly, each holder may sign, but only one signature is required.

**PLEASE ACT PROMPTLY
SIGN, DATE & MAIL YOUR PROXY CARD TODAY**

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED.
