

HOWE BARNES IS PLEASED TO ANNOUNCE OUR RECENT ADVISORY TRANSACTION

For additional
information,
contact a
Howe Barnes
Corporate Finance
professional:

Dan Coughlin
President & CEO
(312) 655-2957

Brian Ytterberg
Director of
Corporate Finance
(312) 655-2979

Chicago

Charlie Barrow
(312) 655-2976

Mike Iannaccone
(312) 655-2981

Ken Lovik
(312) 655-2983

Tom Maier
(312) 655-2977

Raleigh

John Schramm
(919) 424-0102

Chuck Stubbs
(919) 424-0103

Bill Wagner
(919) 424-0101



Howe Barnes acted as exclusive financial advisor to Crescent Financial Corporation in this transaction.

Crescent Financial Corporation signed a definitive agreement to acquire Port City Capital bank for \$39.3 million in a 10% cash and 90% stock transaction, expanding its community banking franchise into the Wilmington, NC MSA. Port City Capital Bank, with \$164 million in assets, has one banking office located in Wilmington, NC and is ranked tenth in New Hanover County, North Carolina, with a 3.7% deposit market share.

Crescent State Bank, the primary subsidiary of Crescent Financial Corporation headquartered in Cary, is a state chartered bank operating nine offices in North Carolina with \$411 million in assets.

Crescent intends to retain the Port City as a separate subsidiary of Crescent Financial Corporation. The acquisition is expected to close in the fourth quarter of 2006, subject to shareholder and regulatory approvals.

Deal Terms and Pricing Ratios

Announce Date	04/06/06	Price / Book Value	267%
Deal Value (\$mil)	39.3	Price / Tangible Book Value	267%
Consideration	10% Cash / 90% Stock	Equity/Assets	8.1%
Target Assets (\$mil)	164	Price / LTM Earnings	18.5x
Acquirer Assets (\$mil)	411	Price / Assets	23.8%

SOURCE: Crescent press release and SNL Financial, I.C.

Established in 1915, Howe Barnes Investments is a Chicago-based, full-service brokerage firm. Its Banking Departments specialize in sales, trading, research and corporate finance services for community banks and thrifts. Through its Private Client Services Department, the firm provides investment advice to both individual and institutional customers.