

HOWE BARNES IS PLEASED TO ANNOUNCE
OUR RECENT ADVISORY TRANSACTION

FNB
FINANCIAL SERVICES
CORPORATION

*has signed a definitive agreement
to combine in a merger-of-equals
transaction with*

LSB
Bancshares, Inc.

February 2007

Howe Barnes acted as financial advisor to FNB
Financial Services Corporation in this
transaction.

FNB Financial Services Corporation, Greensboro, North Carolina, has signed a definitive agreement to combine in a merger-of-equals transaction with LSB Bancshares, Inc., Lexington, North Carolina. Under the terms of the agreement, FNB shareholders will receive 1.07 shares of LSB common stock for each share of FNB common stock. At announcement, the aggregate transaction value is approximately \$128 million.

The combined organization will have 42 full-service banking offices and total assets of approximately \$2 billion. The combination will create North Carolina's 7th largest bank based on assets, using December 31, 2006 financials.

The acquisition is expected to close in the third quarter of 2007, subject to shareholder and regulatory approvals.

Deal Overview

Combined Company Name:	To Be Determined
Future Headquarters:	Greensboro, NC
Board of Directors:	Split 10/10
Management:	Split Responsibilities

Financial Highlights

	<u>LXBK</u>	<u>FNBF</u>
Total Assets (\$000's):	986,167	1,010,773
Total Equity (\$000's):	88,940	72,693
Tang. Eq. / Tang. Assets:	9.0%	7.1%
LTM ROAA:	0.61%	0.90%
LTM ROAE:	6.5%	13.0%

*Financials as of December 31, 2006

Source: SNL Financial

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