



Executive Summary

Headquartered in Mt. Pleasant, South Carolina, Southcoast Financial Corporation (Nasdaq: SOCB) provides full-service community banking services to the three counties that constitute the Greater Charleston MSA through ten Southcoast Community Bank locations. The Company was co-founded in July 1998 by a group of local business leaders, including Chairman, President and CEO L. Wayne Pearson.

The diverse Charleston banking market includes one of the deepest ports on the East Coast, an international airport, and major employers including Boeing, the US Navy, Trident Health System, Cummins Inc., Charleston Air Force Base and the Medical University of South Carolina. Small businesses throughout the area support these and other companies. With 20 championship golf courses, historic Charleston, Francis Marion National Forest, famous food, and many Lowcountry attractions, the area is a favored destination for golfing and tourism.

Southcoast has the resources to win loan and deposit market share. The competitive banking environment in the region favors a financially strong and potentially acquisitive community bank, particularly in a low-growth economic environment. Many megabanks and regional banks, which dominate the area's market share, have reduced staffing and pulled back from small business lending activities. A number of small community bank competitors are grappling with capital and loan quality issues.

Unlike numerous local competitors, Southcoast did not accept TARP funding and is not participating in the Small Business Loan Fund program. During difficult economic conditions, the bank has maintained a sound capital position.

During the past three years, the Bank has addressed loan quality issues and trimmed its loan portfolio to reflect an elevated focus on credit quality. Management believes Southcoast has reserved more aggressively than many community bank competitors, and had a 3.06% reserve to gross loan ratio at the end of first half 2011. Between June 2010 and June 2011, it reduced the use of brokered deposits approximately 60% while focusing on core deposit growth.

For the quarter ended June 30, 2011, Southcoast reported a net loss per share of \$8.13 million or \$1.54 per diluted share compared with net income of \$379,000 or \$0.08 per diluted share in the prior year's second quarter. SOCB net interest income in second quarter 2011 rose approximately 10% compared with second quarter 2010 and increased net interest margin. For the six months ended June 30, 2011, the company had a net loss of \$8.71 million or \$1.65 per diluted share, compared with net income of \$742,000 or \$0.15 per diluted share for the six months of 2010.

Investment Appeals

- Well-capitalized, no TARP or SBLF obligations, and focused on balance sheet quality;
- Common shares trading at a discount to tangible book value;
- Significant insider ownership (16.3%);
- Positioned to win market share, particularly in small business lending and relationships;
- Return to historical stock dividend payment in 2011;
- Experienced and proven executive team.

Period ended 6-30-2011

Total Assets:	\$462.0m
Total Deposits:	\$342.1mil
Tangible Book Value	\$ 7.22
Share Price at 9-13-11	\$ 1.90
Net Interest Margin(%)	3.27
NPAs/Assets (%)	6.54
Loan Reserves/Loans (%)	3.06
Leverage Ratio (%)	10.54*
Tangible Equity/Assets (%)	8.25
Reserves/Loan Losses (%)	3.06
Stock Dividend (Dist. 6-29-11)	10%
Avg. Shares Outstanding	5.281 mil

**Holding Company ratio*

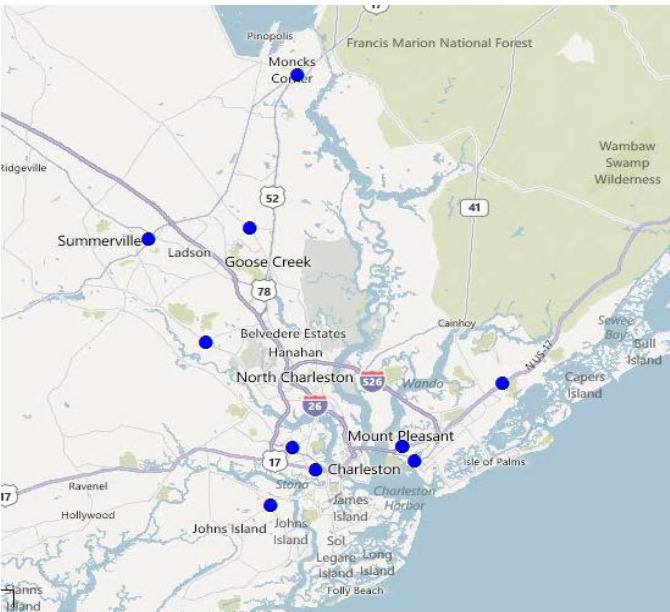
Served Market Reflects Economic Diversity and Scope

The Charleston MSA incorporates three counties -- Charleston, Berkeley, and Dorchester -- and 27 communities within those counties. Southcoast serves communities in all three counties. With a combined population of 664,607 in 2010 (US Census Bureau), it is South Carolina's largest urban area. Population growth of 21% significantly exceeds US population growth of 9.7%. Despite the weak economy that has had an especially hard impact on hospitality and construction, average household income grew to \$63,868 in 2009 compared with \$51,315 in 2000.

According to the US Bureau of Labor Statistics, 41% of the area's workforce has a bachelor's or higher degree, and there has been a 27% increase in professional and business services workers and a 38% increase in education and healthcare workers since 2000. Manufacturing employment has risen during the past year, bucking the national trend of decline. The area's unemployment rate has stabilized at 8.8%, lower than the 10.7% statewide average. According to the Charleston Trident Assn. of Realtors, median home sales prices rose 3% in 2010 compared with the prior year, and housing inventory declined to



11 months in April 2011 compared with 16 months the prior year.



The area is home to numerous large employers and many small businesses that support these companies. According to the Charleston Regional Development Alliance, a relatively low cost of living, a 5% maximum corporate tax rate, and business- and education-friendly environment have all contributed to growth in healthcare, educational services, manufacturing and information technology. Educational institutions include Medical University of South Carolina, The Citadel, College of Charleston, Charleston Southern University and Charleston School of Law.



Charleston has two ports and is the fourth largest container seaport on the East Coast and a major port for the cruise industry. The area has an extensive ground transportation

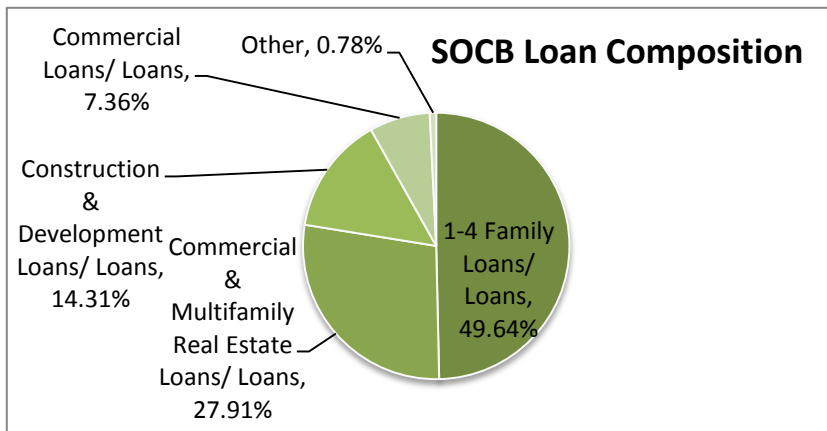
Southcoast Community Bank Branch Locations

network and an international airport. A major coup for the region came when Boeing opened a new facility adjacent to the airport to build its 787 Dreamliner, bringing more than 3,000 new jobs to the area, and benefiting local businesses that support Boeing's operations. The Charleston area is a major tourism and golfing destination, with resorts, luxury hotels, bed and breakfasts and 20 championship golf courses. The 2012 PGA Championship will be held in August 2012 at The Ocean Course on Kiawah Island.



Greater Balance in Loan and Deposit Portfolios

- Strongly reduced brokered deposits while maintaining relative parity in deposits from first half 2010 to first half 2011.
- Despite loan chargeoffs, paydowns, and payoffs in 2011, the Bank added roughly an equivalent amount of new loans.
- Mortgage lending and refinancing continues to be a predominantly face-to-face business because of complexity and customer concerns about security. Southcoast retains many of the mortgage loans it makes.
- Commercial portfolio concentrates on small business lending, reducing exposure to individual loans and diversifying the portfolio.
- Limited and well-managed commercial real estate lending portfolio.
- Minimal real estate development lending.



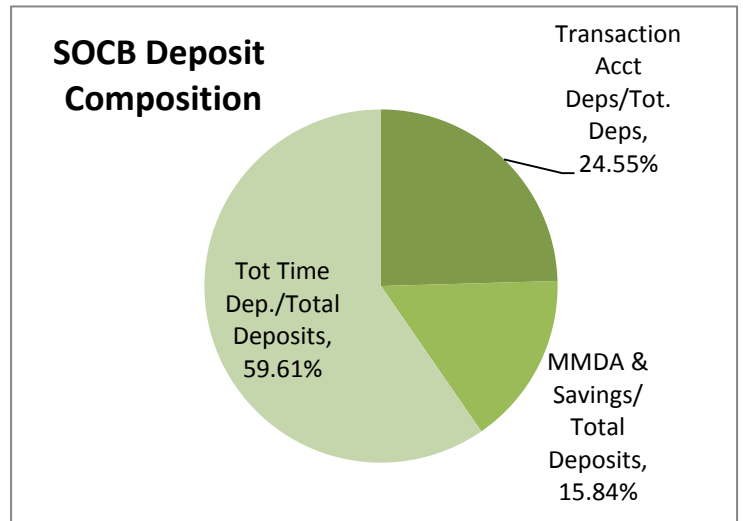
Lending, Credit and Compliance Discipline

To maintain portfolio diversity and lower credit exposure, Southcoast's focus in business and retail lending is on providing a larger number of smaller loans. The Bank is well-positioned to respond to an increasingly stringent bank regulatory environment. The Company has an experienced chief compliance officer. The Bank continues to reserve aggressively for problem loans.

The Bank is a strong player in the Charleston-area residential and commercial real estate market. It retains most of its real estate loans and servicing to maximize cross-selling opportunities and to generate recurring income. With a growing base of core deposits, management believes the Bank has significant opportunity to expand commercial lending and expand the percentage of DDA funds in its portfolio.

Since first quarter 2010, Southcoast has dramatically reduced its use of brokered deposits, almost entirely replacing those deposits with new core deposits. Management anticipates new business banking relationships and expansion of existing relationships will generate additional low-cost core funding.

Despite a low interest rate environment and continuing margin compression, the Bank expanded its net interest margin in second quarter 2011 to 3.27% compared with 2.87% in second quarter 2010.



Management and Board of Directors: Experience, Expertise

In recent years, the Company has built an established senior management team of experts with a variety of successful backgrounds. The key uniting themes are banking experience and well-established ties with and understanding of the Charleston-area market.

L. Wayne Pearson, Chairman, President and CEO of Southcoast Financial Corp. and Southcoast Community Bank, co-founded the bank in 1998. He served as president of Lowcountry Savings Bank in Mt. Pleasant, SC from 1986 to 1997. Prior to that, he was Vice President of Cooper River Federal Savings and Loan Association. A lifetime Charleston area resident, banker and entrepreneur, he serves as a board trustee and treasurer of Newberry College, located near Columbia, SC. He served as a director of the Charleston Trident Homebuilders Assn. and served two terms on the board of the South Carolina State Board of Financial Institutions. He holds a BS in Business Administration from Newberry College.

William B. Seabrook, EVP, Chief Operating Officer, joined Southcoast Community Bank in 2004 as head of retail banking and was named to his current position in 2009. Before joining Southcoast, Seabrook served as an SVP in correspondent banking at First Tennessee Bank, responsible for developing business in a five-state area, including South Carolina. He began his banking career at Flagship Bank in 1980, then joined Florida National Bank as vice president/commercial lending branch manager and at Barnett Bank as a commercial lender and regional manager. He received his bachelor's degree from Clemson University and completed studies at LSU's Graduate School of Banking of the South.

William R. Billings, EVP, Senior Credit Officer, joined Southcoast in 2006, bringing a unique perspective of having spent years on the production side of the business as well as credit analysis. He spent the majority of his career serving in various positions with Wachovia Bank. Prior to joining Southcoast, he was Senior Relationship Manager with Wachovia's Wealth

Management Group in Orlando. Billings received his bachelor's degree from Rollins College and completed studies at the Stonier Graduate School of Banking.

Robert A. Daniel, Jr., EVP and Chief Lending Officer, has been with Southcoast Community Bank since 1999. Before joining Southcoast, he was Chief Lending Officer of Bank of Charleston and Chief Lending Officer and an organizer of Liberty National Bank, both startups. A lifelong native of the area, he began his career at South Carolina National Bank after receiving his bachelor's degree from The Citadel and serving four years as a US Army officer. He is a retired Lt. Colonel and served overseas as a reservist. He also completed studies at LSU's School of Banking of the South.

William C. Heslop, SVP and Chief Financial Officer of the holding company and Bank, has been with the Company since 2006 after eight years with public accounting firms. He is a CPA and holds a BA in Accounting from Wofford College.

Directors

L. Wayne Pearson, Chairman.

William A. Coates, Vice Chairman, has been attorney and shareholder of Roe, Cassidy, Coates & Price, P.A., Greenville, SC since 2002. Previously, he was an attorney and shareholder of Love, Thornton, Arnold & Thompson, P.A. Greenville, SC.

Robert M. Scott, Vice Chairman of the holding company and Bank. Previously EVP and CFO of Southcoast Financial Corporation and Southcoast Community Bank from 1998 to 2006, and Holding Company Secretary since 1998.

Thomas B. Baker, Owner, Baker Motors of Charleston.

Stephen F. Hutchinson, President, East Coast Development Company, Inc., a real estate development firm.

James P. Smith, President and CEO, Atlantic Coast Advisory Group (insurance) since 2004. He is a member of the MUSC Children's Hospital Advisory Board since 2008.

Well-Capitalized and Poised to Lend, Grow

Even during a period of economic challenges, the Company has remained well-capitalized. As of June 30, 2011, SOCB's consolidated Leverage Ratio was 10.54% and its consolidated Total Risk Based Capital Ratio was 15.94%. These ratios are well above regulatory adequately capitalized minimums. Management believes the Company is particularly well-capitalized compared with many of its market peers, and well-positioned to fund lending activity.

Company Name	Ticker	Total Assets (\$000)	Tangible Equity/Tangible Assets (%)	Tier 1 Ratio (%)	Risk Based Capital Ratio (%)	Leverage Ratio (%)
Peoples Bancorporation, Inc.	PBCE	546,859	10.06	13.82	15.08	9.02
Southcoast Financial Corporation	SOCB	462,041	8.25	14.67	15.94	10.54
GrandSouth Bancorporation	GRRB	377,350	10.01	NA	NA	11.88
First Reliance Bancshares, Inc.	FSRL	512,818	9.77	14.04	15.24	10.71
Community First Bancorporation	CFOK	475,996	9.80	15.10	16.30	9.16
Southern First Bancshares, Inc.	SFST	758,270	8.01	12.33	13.58	9.76
Community Capital Corporation	CPBK	637,067	7.59	11.87	13.15	8.32
Coastal Banking Company, Inc.	CBCO	402,921	8.13	15.19	16.46	9.52
First Community Corporation	FCCO	606,012	7.17	14.57	15.87	8.98
Greer Bancshares Incorporated	GRBS	419,017	4.23	8.68	11.41	6.41
Tidelands Bancshares, Inc.	TDBK	535,850	2.92	4.86	8.33	3.78
Provident Community	PCBS	386,725	2.77	7.43	12.13	6.21
First South Bancorp, Inc.	FSBS	426,385	4.53	NA	NA	4.86

Source SNL Financial for quarter ended 6-30-11: Holding company financials and ratios

Statements in this corporate profile which express "belief," "intention," "expectation," "anticipate," "strategy," "vision" and similar expressions, identify forward-looking statements. Such forward-looking statements are based on the beliefs of Southcoast Financial's management, as well as assumptions made by, and information currently available to, such management. Any forward-looking statements in this profile are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Some of the information in this marketing material is derived from third party sources that we believe to be reliable, but we make no guarantees that such information is correct. Such statements are inherently uncertain and there can be no assurance that the underlying assumptions will prove to be accurate. Actual results could differ materially from those contemplated by the forward-looking statements. Please refer to the company's filings with the Securities and Exchange Commission for additional information about historical performance and risk factors. Undue reliance should not be placed on the forward-looking statements. Southcoast does not undertake, and specifically disclaims any obligation, to publicly release the result of any revisions that may be made to update any forward-looking statement to reflect the events or circumstances after the date on which the forward-looking statement is made, or reflect the occurrence of unanticipated events, except to the extent required by law.