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**Crescent Financial Corporation Announces
Financial Results For Second Quarter Ending June 30, 2008**

CARY, N.C. – Crescent Financial Corporation (Nasdaq:CRFN), parent company of Crescent State Bank headquartered in Cary, North Carolina, has announced unaudited net income for the quarter ended June 30, 2007 of \$1,031,000, compared to net income of \$1,448,000 for the prior year period. Diluted earnings per share for the current three-month period was \$0.11 compared to \$.15 for the second quarter of 2007. Earnings in the current period were impacted by net interest margin compression resulting from the lower interest rate environment.

Net interest income was \$6.3 million for the current quarter compared to \$6.6 million for the comparative prior year quarter. Average earning assets grew by \$124.5 million, from \$705.6 million to \$830.1 million. Despite growth in earning assets, the competitive loan pricing environment, the relative high cost of money to fund the strong loan demand and the impact of a rate environment which is 325 basis points lower than a year ago resulted in lower net interest income. Net interest margin declined by 68 basis points to 3.05% for the quarter ended June 30, 2008 compared with 3.73% for the prior year quarter.

Non-interest income grew by \$170,000 or 26% to \$817,000 compared to \$647,000 for the prior year quarter. Revenues increased across several non interest income categories including customer service fees, deposit service charges, earnings on cash value of bank owned insurance and mortgage loan origination fees. The Company incurred a \$63,000 loss on the disposition of other real estate owned during the quarter which was offset by a \$16,000 gain on the sale of securities and \$45,000 in other miscellaneous, non-recurring revenue.

Non-interest expenses increased by \$470,000 or 10% from \$4.6 million during the second quarter of 2007 to \$5.1 million for the current quarter. Personnel, occupancy and data processing expenses together increased by \$478,000 as a result of opening two new banking offices and growth in both lending and support staff. As a result of changes made in mid 2007 to assessment rates, FDIC insurance premiums increased by \$84,000. Advertising, marketing and business development expenses declined by \$29,000 and other non-interest expenses decreased by \$64,000. There were non-recurring items in both the current and prior three-month periods. During the second quarter of 2007, \$190,000 of expenses were non-recurring, the majority of which related to merging Port City Capital Bank into Crescent State Bank. During the second quarter of 2008, the Company was reimbursed for \$65,000 of expenses incurred during the first quarter. The provision for loan losses was \$459,000 during the current quarter compared with \$322,000 for the prior year period.

For the six months ended June 30, 2008, the Company reported net income of \$2,031,000 compared to \$2,914,000 for the six months ended June 30, 2007. Diluted earnings per share was \$0.21 for the current period and \$0.30 for the prior six-month period. Net interest income was unchanged at \$12.8 million. Average earning assets for the current six-month period increased by \$131.0 million, but was offset by a 61 basis point decline in net interest margin from 3.77% to 3.16%. Non-interest income increased by \$349,000, or 27%, primarily in the areas of customer service fees, mortgage loan origination fees and earnings on cash value of bank owned life insurance. Non-interest expenses increased by \$1.3 million, or 14%, with \$1.1 million attributable to personnel, occupancy and FDIC insurance premium expenses. The provision for

loan losses for the current six-month period was \$1.3 million compared with \$682,000 for the prior year period.

Crescent Financial Corporation reported total assets on June 30, 2008 of \$920.6 million reflecting an 18% increase over total assets of \$782.2 million on June 30, 2007. Total net loans increased by 22% from \$600.8 million to \$734.0 million, total deposits increased 6% from \$617.8 million to \$653.7 million and total borrowings increased by 125% from \$75.2 million to \$169.1 million. Total stockholders' equity grew by 9% from \$86.0 million to \$94.1 million.

Quotes:

" Recognizing that the current economic environment is very difficult for the entire financial services industry, we are pleased that we are able to report stable earnings in comparison with the first quarter of this year while continuing to expand the balance sheet with solid loan growth," said Michael Carlton, president of Crescent State Bank. "During the first six months of the year we have been able to maintain a consistent mix within the loan portfolio as construction, acquisition and development make up only 26% of the portfolio while commercial real estate reflects 53% of the total loans. As a Company we continue to closely monitor risk within the portfolio and are pleased that our credit quality has held up during these uncertain economic times. Our levels of non performing assets and charge-offs are significantly less than our peer group and reflect our conservative underwriting practices. Nonperforming loans to total loans were .10% while the charge offs for the second quarter were only \$29,000 or .02% of average loans on an annualized basis. As we move into the second half of the year we will continue to focus on non-interest income and better expense control while continuing to build the infrastructure needed for a billion dollar financial institution."

About Crescent State Bank:

Crescent State Bank is a wholly owned subsidiary of Crescent Financial Corporation. The bank has total assets of \$920.6 million, deposits of \$653.7 million, and net loans of \$734.0 million as of June 30, 2008. The bank operates 13 full-service banking offices in the communities of Cary (2), Apex, Clayton, Garner, Holly Springs, Sanford, Southern Pines, Pinehurst, Raleigh, Knightdale and Wilmington (2), North Carolina. For more information, visit www.crescentstatebank.com.

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Information in this press release contains "forward-looking statements." These statements involve risks and uncertainties that could cause actual results to differ materially, including without limitation, the effects of future economic conditions, governmental fiscal and monetary policies, legislative and regulatory changes, the risks of changes in interest rates, and the effects of competition. Additional factors that could cause actual results to differ materially are discussed in Crescent Financial Corporation's recent filings with the Securities and Exchange Commission, including, but not limited to, its Annual Report on Form 10-K and its other periodic reports.

Keywords:

Crescent State Bank, Crescent Financial, Global NASDAQ, Michael G. Carlton, Ray Vaughn, Bruce W. Elder, Cary N.C., Garner, N.C., Apex, N.C., Clayton, N.C., Holly Springs, N.C., Stanford, N.C., Southern Pines, N.C., Pinehurst, N.C., Raleigh, N.C., Wilmington, N.C., Port City Capital Bank, Stock Report, CRFN, Quarterly Report

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