

The

# Statement

## Board of Directors

Terry L. Cash  
Chairman

T. Alexander Evins  
Vice Chairman

Charles E. Atchison, Sr.

Andrew M. Babb

Vollie C. "Vic" Bailey III

James D. Bearden III, MD

Norman H. Chapman

Caleb C. Fort

Marsha H. Gibbs

Robert A. Harley

Samuel H. Maw, Jr.

D. Byrd Miller III

John S. Poole  
President and  
Chief Executive Officer

R. Lamar Simpson  
Treasurer and  
Chief Financial Officer

L. Terrell Sovey

W. Lewis White, Sr.

## Carolina Alliance Makes Market Advances

### Market Share Increases

Despite the tough banking climate of the past few years Carolina Alliance Bank has continued to gain market share in Spartanburg County.

The Federal Deposit Insurance Corp. issued its annual market share summary reflecting deposits — everything from checking deposits to certificates of deposit — as of June 30, 2011. In that report Carolina Alliance was ranked No. 7 in Spartanburg County, up two spots from No. 9 in 2010.

"We are pleased to see an increase in market share for Carolina Alliance," said president and CEO **John Poole**. "We have been very fortunate to have a loyal customer base as well as a dedicated staff who are committed to those they serve.

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### Third Quarter Earnings Reported

Carolina Alliance Bank recently reported to its shareholders financial results for the third quarter. Net income of \$387,000, or \$0.15 per diluted common share, was reported for the quarter ended September 30, 2011, the highest quarterly profit recorded since the Bank was chartered in January 2007. This profit represented an increase of 210% over net income of \$125,000, or \$0.05 per diluted common share, that was reported

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Read more in our earnings press release on our website under "What's New."

**Former board chairman Robert A. Harley** was honored for his dedication to Carolina Alliance when a portrait of him was unveiled in the Robert A. Harley Boardroom. Here he's shown with the portrait and his daughter Katherine "Kit" Harley Papadea. See more on page 4.

## Make Carolina Alliance Your Choice

When making your New Year's resolutions, we hope all your banking choices are with us! After all, when you bank with Carolina Alliance, a true community bank, you can be assured that your bankers

*(continued on page 4)*



## In the News



### Bailey Nationally Recognized

Board member **Vic Bailey III**, president of Vic Bailey Automotive, is one of the winners of a 2012 Time Dealer of the Year award. Sponsored by Time Magazine and Ally Financial in cooperation with the

National Automobile Dealers Association, this award is considered to be one of the industry's most prestigious recognitions.

Bailey will be honored along with 50 other dealers from across the country at the National Automobile Dealers Association's annual convention and exposition on Feb. 4, in Las Vegas, at which time a national winner will be named.

### Crowley on Cyder Cup Team

**Pat Crowley**, senior vice president/commercial banking consultant, recently represented Spartanburg on its Cyder Cup team. Cyder Cup matches are conducted Ryder Cup-style on a Saturday (36 holes – 18 holes Four Ball, 18 holes Modified Alternate Shot) and on a Sunday (18 holes, singles) with spirited competition between 16 top golfers from Spartanburg versus 16



top golfers from Greenville. Spartanburg leads the series 4-3-1. The event has raised more than \$163,000 in its eight year history to support life skills and golf education for area youth through the First Tee of Spartanburg.

### Cain Graduates from Banking School Monica

**Cain**, administrative assistant for commercial lending, recently graduated from the South Carolina Bankers School.

The South Carolina Bankers School is sponsored by the South Carolina Bankers Association and includes on-campus instruction one week per year for three years, as well as several home study assignments. The school provides

banking students throughout South Carolina with a comprehensive education in general bank management. Since its inception in 1961, the South Carolina Bankers School has graduated 2,418 students, and continues to be one of the premier state banking programs in the country.



"Monica has worked extremely hard and we at Carolina Alliance are proud of her accomplishment," said Tim

Camp, executive vice president and senior commercial lending officer. "Her initiative, commitment and dedication to learning more about the banking industry makes Monica a tremendous asset to Carolina Alliance and our customers."

### Spencer Brown Wins State Award Spencer Brown

the son of senior vice president and senior private banking executive Steve Brown was named the USTA South Carolina Junior Boys Player of the Year. The award is given annually to a junior player who has "exhibited exceptional results on a state, sectional, and national level."

Earlier this year, Brown beat the No. 2 and No. 21 seeds in the National Clay Court Championships in the Boys 12-year-old division and was awarded Player of the Day. He has two top-five finishes in national tournaments and has won the Southern Section Dunlop Cup. His national standing has moved from No. 197 to No. 14 and he is the only player from South Carolina to be selected to train at the USTA Player Development Program in Boca Raton, Fla.



### Chandler Brown Named MVP of Spartanburg High Swim Team

**Chandler Brown**, the son of senior vice president and senior private banking executive Steve Brown recently was named MVP of the Spartanburg High school swim team. Chandler,

a freshman, also was named to the Spartanburg Herald-Journal's all area team and was an all-state and all-region

selection. This season he won a state championship in the 200-yard medley relay and region titles in the 500-yard freestyle, 100-yard backstroke, 200-yard medley relay and 400-yard freestyle relay events.

**Catherine Chapman**, the daughter of board member Norman Chapman, portrayed a wonderful Clara in Ballet Spartanburg's production of the Nutcracker.





## Community Involvement

**Community Spirit** (above) Board member **Byrd Miller** has always been known for his community spirit and commitment to the United Way of the Piedmont. Recently, he took that enthusiasm to a new level when he donned a sumo wrestling suit and competed as part of the United Way campaign for William Barnet & Son LLC, where he serves as the company's chief financial officer and treasurer.



**Breast cancer survivor Lynne Poole**, wife of bank president/CEO John Poole, shows-off a banner that stood in the bank's lobby throughout October.

**Pretty in Pink** During Breast Cancer Awareness Month in October, Carolina Alliance — from its exterior to its staff — donned a shade of pink in an effort to raise awareness for the disease. The Bank joined with members of Spartanburg's Downtown Association and decorated its exterior by adding a touch of pink. The Bank also designated one day as "CAB Goes Pink Day," and many members of the staff wore their favorite shade of the hue.

**Thanksgiving** The staff at Carolina Alliance hosted their annual Thanksgiving Canned Food Drive the week of Thanksgiving and collected food items for the United Way. Proof operator



**Adrian McLellan** and head teller **Donna Kimbrell** organized the food collected.

**Get Smart About Credit** Credit analyst **Cal Wicker** and other members of the staff have been visiting local schools lately spreading the message, "Get Smart about Credit." This program focuses on teaching good credit



practices to junior high and high school students as many kids in this age group are beginning to use debit cards and credit cards.

**Cal Wicker** and branch manager and lender **Jonathan Walker** speak to a high school class.

**Silpada Helps Kick-off Bank's March of Dimes Campaign** **Dianne Schwendimann**, mother of private banker Chris, helped the bank kick off its March of Dimes campaign when she partnered with the bank to raise money through a Silpada Designs jewelry party. Schwendimann, a Silpada consultant, donated 100 percent of the party proceeds to the bank for the March of Dimes. For more information about Silpada jewelry contact Dianne at (864) 621-4619 or [dss864@hotmail.com](mailto:dss864@hotmail.com).





### **Bank honors Harley at Portrait Dedication**

**Robert. A. Harley**, Carolina Alliance's first board chairman, was recognized on Nov. 21 at a ceremony in which a portrait of him was unveiled. The portrait will hang inside the bank's boardroom, which also is named in Harley's honor.

The portrait was commissioned by the bank's board of directors as a way to acknowledge the leadership Harley provides to the bank and its board. Harley was an organizer of the bank, served as board chair from 2006-2011

**Terry L. Cash** (far left) and **Dorothy Josey** (left) prepare to unveil the portrait of **Mr. Harley**.

and continues to serve on the board. In addition Harley is known as a community leader and has been instrumental in the success of many organizations and nonprofits in Spartanburg County.

"Bob led Carolina Alliance through its organization and opening," said Board Chairman **Terry L. Cash**. "Under his leadership we have built a solid community bank to serve the Spartanburg community. Bob's portrait perfectly captures his character and spirit."

The portrait was painted by well-known Spartanburg County artist **Dorothy Josey**. She has completed many commissioned portraits including those of leading figures in Spartanburg County such as **Marsha and Jimmy Gibbs**, the **Reverend Doctor Clay Turner** and **Cleveland "Bubba" Harley**. Her oil paintings are in the Carolina Alliance Bank Collection, the Johnson Collection, the Spartanburg Public Library Collection, the Wofford College Collection, the Episcopal Church of the Advent and the Gibbs Cancer Center. Josey's cover art for the book "Hub City Anthology 2" won a national award.

### **Make Carolina Alliance Your Choice (continued from page 1)**

are looking out for your best interest as well as the Spartanburg community.

### **There are many advantages to banking with Carolina Alliance, and here are just a few:**

**Service:** Did you know we are one of the only banks in Spartanburg County with fulltime greeters? This means every time you walk in our doors someone will speak to you and answer your questions or direct you to someone who can help. And, when you call Carolina Alliance, you won't be talking to someone halfway across the country, or globe. Nope, we answer our own calls. Plus, we make it a point to get to know our customers which helps us to be able to provide superior, personal customer service.

**Local Decision-Making:** Instead of being headquartered hundreds of miles away, our bankers are accessible to their customers on site, here in Spartanburg County, where they can talk to a real human being—not a computer.

**Community Involvement:** At Carolina Alliance we have 100% participation from our staff on our annual United Way and March of Dimes campaigns. Every single staff member participates in some capacity and as evidence by the smiles, they have fun. And, both our staff and board are actively involved in the community, serving on boards, volunteering in schools... helping our neighbors.

**Deposits:** We lend customer deposits to businesses and people here in Spartanburg County, keeping our community vibrant and growing. Actually, by choosing Carolina Alliance, you'll be putting money where it belongs—back into the community you call home.

**Expertise:** Our bankers all live and work in Spartanburg County which means they understand their local marketplace and the ups and downs of economic cycles in our community. This is especially helpful in allowing us to better serve the needs of our small business customers who rely on us as strategic partners in their small business endeavors.

### *Market Share (continued from page 1)*

“Our growth in market share since we opened five years ago supports our belief that those in Spartanburg County value having a community bank where decisions are made locally.”

Carolina Alliance has seen its market share inch up from No. 12 with a 0.79 percent market share in 2007, the year it opened, to the 4.81 percent market share it now has. The market share report is based on surveys by the FDIC and the Office of Thrift Supervision and includes 20 financial institutions in Spartanburg County.

“I am very proud that Carolina Alliance has steadily increased deposit market share despite all the competition we have faced,” Poole said. “Growing your market is always a real accomplishment.”

### *Third Quarter Earnings (continued from page 1)*

for the third quarter of 2010. For the nine months ended September 30, 2011, net income was \$790,000, or \$0.31 per diluted common share, as compared to \$388,000, or \$0.16 per diluted common share, for the comparable period in 2010. This \$402,000 increase in net income for the nine-month period represents an increase of 104%.

Total assets of the Bank grew to \$254.3 million at September 30, 2011 from \$220.9 million at September 30, 2010, which is an increase of 15%. Gross loans stood at \$163.3 million on September 30, 2011, up from \$152.1 million on September 30, 2010, an increase of 7%. Total deposits increased 13% to \$209.8 million on September 30, 2011 compared to \$186.2 million on September 30, 2010.

Total shareholders' equity on September 30, 2011 was \$29.6 million, or 11.6% percent of total assets. Book value per common share was \$9.86 per share as of September 30, 2011.

The Bank's capital levels exceeded the levels required by regulatory standards to be classified as “well capitalized,” which is the highest of the five regulator-defined capital categories used to describe an institution's capital strength.

Non-performing assets at September 30, 2011 were slightly higher than the level one year prior. Non-performing assets at September 30, 2011 were \$1.8 million, which is 0.71% of total assets (state average was 5.46%)(1), while at September 30, 2010, non-performing assets were \$1.6 million, which is 0.70% of total assets (state average was 5.26%).

At the end of the third quarter 2011, the Bank had non-accrual loans of \$935,000, or 0.57% of gross loans (state average was 5.54%), as compared to non-accrual loans of \$1,441,000 at September 30, 2010, representing 0.95% of gross loans (state average was 5.24%).

The allowance for loan losses stood at \$3.8 million, which is 2.31% of gross loans (state average was 2.04%). Loans charged off for the nine months ended September 30, 2011 were \$310,000, which on an annualized basis is 0.25% of gross loans (state average was 1.40%).

Read more in our earnings press release on our website under “What's New” (<http://www.carolinaalliancebank.com/whatsnew.htm>).

(1) All references to state averages are from statistics published by the FDIC, which are available under “Statistics on Depository Institutions (SDI)” at [www.fdic.gov](http://www.fdic.gov) (or at <http://www2.fdic.gov/sdi/index.asp>).



### **Board Training**

Board members hit the books in November during an extensive day of training and education about banking matters that helps to ensure the safety and soundness of Carolina Alliance. To be on the board of directors at Carolina Alliance, directors must adhere to year-round training in various banking topics ranging from compliance to loans.



## Customer Spotlight: *Jocassee Designs*



**Jocassee Designs** was started by Ed Edwards and Shelley Blount in January of 1985. From a single, 12 head embroidery machine and a lone employee, the company has steadily grown adding more machines, more people, and more manufacturing space. Today, Jocassee Designs has 237 embroidery heads, employs more than 60 people, and is one of the largest embroiderers in the southeast. At peak production, Jocassee Designs can turn in excess of 50,000 pieces per week.

As the company grew, so did its ability to better serve customers. In 1989, Jocassee Designs added its first in-house digitizing. It now operates two GS USA ETHOS systems to digitize original designs, or edit existing ones. In the last 20 years the company has added additional storage space, purchased heat-seal and laser cutting machinery, upgraded to new and improved embroidery machines and added comprehensive quality control, packaging and shipping facilities. In 2008 Jocassee Designs moved into a larger and better building more suited to its needs. All of these changes made the company more capable of handling its contract embroidery customers — TaylorMade-adidas Golf, Jostens, Standard Textiles and Fenwick Farms. Jocassee Designs can run up to 15 colors on any one design. Drop table machines allow more flexibility with finished garments. Several machines are capable of running finished caps.

Jocassee Designs also offers direct sales to corporations, schools, churches and other organizations. As that segment of the business has grown so has its customer service. Jocassee Designs now offers a full catalog of name-brand items including OuterBanks, Champion, Jerzees, Fruit of the Loom, Hanes, Port Authority Devon and Jones, Adidas and Yupoong Caps. Recently it added the ability to have garments screen printed and a full line of non-apparel items to satisfy all of the customer's promotional needs.

Whether you're in the market for contract embroidery, or looking to promote your next corporate event, Jocassee Designs is ready to help.



### **Jocassee Designs**

311 Tucapau Road, Duncan, SC 29334

(864) 433-1113 • [www.jocasseedesigns.com](http://www.jocasseedesigns.com)

## Happy New Year!

The staff of Carolina Alliance sends you best wishes for a healthy, happy and prosperous 2012!



## You spoke... we listened

Earlier this year Carolina Alliance conducted its first customer survey and had outstanding customer response.

After all the responses were compiled the bank's management team analyzed the results and are now in the process of working to refine the bank's operating practices and business plans as necessary.

One area in which we received many comments pertained to online banking and our website. And, we are happy to report that in the first quarter of 2012 we will introduce our updated online banking and website. We took all comments into consideration and are thrilled with the outcome. We think you will be as well. Look for more information over the next few months as to when we will be going live.

And, again, 'thank you' to everyone who took their valuable time to complete our survey.

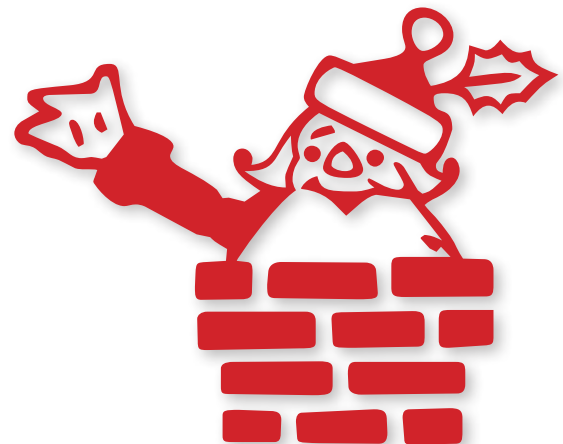
## Christmas Club

What better time than now to start planning for the 2012 holidays? Carolina Alliance's interest-bearing Christmas Club account is an excellent way to save, making things easier on your bank account when Santa comes to town.

It's simple to set-up and get started. You decide how much to save, and how often. If you prefer, Carolina Alliance can automatically debit your checking or savings account, making it more convenient for you. Plus, there's no monthly maintenance fee and the account pays interest compounded daily and credited annually (interest rates subject to change.)

When the holidays roll around (and you know how quickly they come) and extra cash is needed, we'll mail your check. The amounts you've saved throughout the year will help give you what's needed for holiday shopping, travels or whatever it is to make your holidays merry.

For more information contact any Carolina Alliance banker at (864) 208-BANK (2265) or [info@carolinaalliancebank.com](mailto:info@carolinaalliancebank.com).



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