



FOR IMMEDIATE RELEASE

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Carolina Alliance Reports Record Third Quarter Financial Results

SPARTANBURG, S.C. (December 27, 2011) – Carolina Alliance Bank (OTCBB: CRLN.OB) 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 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 periods represents an increase of 104%.

“We are very pleased to report these positive earnings for Carolina Alliance,” said Chairman of the Board of Directors Terry L. Cash. “While the banking industry has continued to face challenges due to the extremely difficult economic conditions this year, it is gratifying that we were able to produce positive results for our shareholders.”

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. “We are very proud of our loan growth over the past year that supported much of the increase in earnings,” added John Poole, President and CEO. “The increase in deposits is indicative of our growing customer base.”

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%).

Also, as mentioned above, during the third quarter of 2011, Carolina Alliance achieved a banking milestone of \$250 million in total assets.

“Once again, despite tough economic times across the country, Carolina Alliance was able to achieve this important milestone; we believe our growth, strong financial condition and operating results show that we are a strong, growing and viable bank,” Cash said. “Being able to deliver such positive results to our shareholders is extremely gratifying to us.”

For additional information about Carolina Alliance, please call (864) 208-BANK (2265) or visit www.carolinaalliancebank.com.

Certain statements in this news release contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to future plans and expectations, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties, and other factors, such as a downturn in the economy, competitive pressures among depository and other financial institutions, and changes in the U.S. legal and regulatory framework, including the effect of recent financial reform legislation on the banking industry, any of which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements.

Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by us or any person that the future events, plans, or expectations contemplated by us will be achieved. All subsequent written and oral forward-looking statements concerning us or any person acting on our behalf is expressly qualified in its entirety by the cautionary statements above. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

(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 (or at <http://www2.fdic.gov/sdi/index.asp>).



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