



FOR IMMEDIATE RELEASE

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Carolina Alliance Reports its First Quarter 2017 Results

SPARTANBURG, S.C. April 27, 2017 – Carolina Alliance Bank (OTCQX: CRLN) today reported its first quarter 2017 financial results. For the quarter ended March 31, 2017, net income available to common shareholders was \$973,816, or \$0.14 per diluted common share, compared to net income available to common shareholders of \$918,743, or \$0.14 per diluted common share, for the quarter ended March 31, 2016. This increase of approximately \$55,000 in net income was largely attributable to increased non-interest income and a decrease in the current quarter's income tax provision, partially offset by lower net interest income and an increase in the provision for loan losses.

"We are pleased that our increase in non-interest income offset the decrease in net interest income, which has been under pressure due to market interest rates and keen competition," said John Kimberly, Carolina Alliance President and Chief Executive Officer. "Net interest margin compression continues to challenge our industry, and we are diligently monitoring and taking defensive measures to mitigate the potential impact."

Gross loans and leases increased by \$24.3 million to \$499.8 million on March 31, 2017 from \$475.5 million on March 31, 2016 and total assets increased by \$38.8 million to \$669.4 million at March 31, 2017 from \$630.6 million at March 31, 2016. Total deposits increased to \$548.3 million on March 31, 2017 from \$524.0 million on March 31, 2016, an increase of \$24.3 million.

Total shareholders' equity was 10.9% of total assets as of both March 31, 2017 and 2016, or \$73.0 million and \$68.4 million, respectively. Book value per common share was \$10.86 as of March 31, 2017 compared to \$10.49 as of March 31, 2016. The bank's capital levels continue to exceed 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 as a percentage of total assets at March 31, 2017 remained low compared to peers at 0.64% of total assets, or \$4.3 million, as compared to 0.55% of total assets, or \$3.5 million, at March 31, 2016.

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At March 31, 2017, the allowance for loan and lease losses stood at \$5.1 million, which is 1.02% of gross loans. Loans charged off for the quarter ended March 31, 2017 were negligible.

“Our board is focused on strategies for growth of the bank,” said Terry Cash, Chairman of the Board of Directors. “We believe growth is crucial to driving increased earnings and our goal of increasing returns for our shareholders.”

For other information about Carolina Alliance, please call (864) 208-BANK (2265) or visit our website.

Note:

Certain statements in this 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 an economic downturn nationally or in the local markets we serve; competitive pressures among depository and other financial institutions; the rate of delinquencies and amounts of charge-offs; the level of allowance for loan loss; the rates of loan growth or adverse changes in asset quality in the bank’s loan portfolios; 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.

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