



FOR IMMEDIATE RELEASE

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Carolina Alliance Reports its Second Quarter 2017 Results

SPARTANBURG, S.C. July 24, 2017 – Carolina Alliance Bank (OTCQX: CRLN) today reported its second quarter 2017 financial results. Net income available to common shareholders of \$2.1 million, or \$0.30 per diluted common share, was reported for the six months ended June 30, 2017, compared to net income available to common shareholders of \$1.9 million, or \$0.29 per diluted common share, for the six months ended June 30, 2016. The increase of approximately \$200,000 in net income was largely attributable to increased non-interest income and decreased income tax expense, partially offset by an increase in the provision for loan losses and a slight decrease in net interest income.

“We are focused on quality loan growth and managing our net interest margin,” said John Kimberly, Carolina Alliance President and Chief Executive Officer. “Both have been impacted by challenging market interest rates on loans and deposits and competition. Our non-interest income has increased this year and that served to offset the slight decrease in net interest income we experienced in the first half of the 2017 compared to the same period last year.”

Gross loans and leases increased by \$35.5 million to \$510.8 million on June 30, 2017 from \$475.3 million on June 30, 2016, and total assets increased by \$39.6 million to \$673.1 million at June 30, 2017 from \$633.5 million at June 30, 2016. Total deposits increased to \$544.2 million on June 30, 2017 from \$527.1 million on June 30, 2016, an increase of \$17.1 million.

Total shareholders’ equity was 11.3% and 11.1% of total assets, or \$75.9 million and \$70.1 million, as of June 30, 2017 and 2016, respectively. Book value per common share was \$11.11 as of June 30, 2017 compared to \$10.74 as of June 30, 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 June 30, 2017 remained low compared to peers at 0.69% of total assets, or \$4.7 million, as compared to 0.39% of total assets, or \$2.5 million, at June 30, 2016.

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At June 30, 2017, the allowance for loan and lease losses stood at \$5.2 million, which is 1.02% of gross loans. Loans charged off for the six months ended June 30, 2017 were negligible.

“Our board continues to believe that asset growth is the key to increasing earnings and the creation of value for shareholders.” said Terry Cash, Chairman of the Board of Directors. “We are pleased with the 7.5% loan growth over the past 12 months in furtherance of our growth goals.”

For a copy of the letter to shareholders reporting in further detail our second quarter 2017 financial results, please see “Shareholder Communications” under the “About Us” tab located on our website at www.carolinaalliancebank.com. 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 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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