Carolina ALLIANCE BANK™
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Carolina Alliance Reports its Third Quarter 2016 Results

SPARTANBURG, S.C. November 4, 2016 – Carolina Alliance Bank (OTCQX: CRLN) today reported its third quarter 2016 financial results. Net income available to common shareholders of $3.1 million, or $0.47 per diluted common share, was reported for the nine months ended September 30, 2016, compared to net income available to common shareholders of $1.2 million, or $0.23 per diluted common share, for the nine months ended September 30, 2015. This $1.9 million increase in earnings was largely attributable to increased core earnings resulting from increased earning assets and non-interest income from the merger with PBSC Financial Corporation and Pinnacle Bank of South Carolina ("Pinnacle") which closed in October 2015. Also contributing to this increase in net income was a decrease in the provision for loan and lease losses in 2016 compared to 2015.

"We are extremely pleased with the continuing enhancement of our results from the Pinnacle merger," said Terry Cash, Chairman of the Board of Directors. "We recently marked the first anniversary of the merger and are very pleased with the level of integration we achieved over the past year."

Gross loans and leases increased by $125.3 million to $475.6 million on September 30, 2016 from $350.3 million on September 30, 2015. Of the increase, $116.1 million is attributable to Pinnacle loans added as of the merger date. Total assets increased to $626.4 million at September 30, 2016 from $444.3 million at September 30, 2015; of the $182.1 million increase, $147.8 million was attributable to assets added in the Pinnacle merger. Total deposits increased to $517.6 million on September 30, 2016 from $390.6 million on September 30, 2015, an increase of $157.0 million. Pinnacle's deposits totaled $121.6 million as of the merger date.

Total shareholders' equity on September 30, 2016 was $71.1 million, or 11.3% of total assets, compared to total shareholders' equity of $53.6 million, or 12.1% of total assets, on September 30, 2015. Book value per common share was $10.88 as of September 30, 2016 compared to $10.14 as of September 30, 2015. 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 September 30, 2016 decreased to 0.40% from a year prior at 0.68%. Non-performing assets were $2.5 million at September 30, 2016, as compared to $3.0 million at September 30, 2015.

At September 30, 2016, the allowance for loan and lease losses stood at $4.8 million, which is 1.01% of gross loans. During the nine months ended September 30, 2016, recoveries of loans charged off exceeded charge-offs by $62,000.

"This summer our employees have been immersed in a bank-wide efficiency initiative," said John S. Poole, Carolina Alliance Chief Executive Officer. "We are very pleased with the results so far and anticipate these efficiencies to translate to both cost savings and revenue enhancements in the future."

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

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