



FOR IMMEDIATE RELEASE

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Contact: John D. Kimberly (828) 398-2179
jkimberly@carolinaalliancebank.com

Carolina Alliance Bank to form Holding Company

*John S. Poole to be CEO of new company;
John D. Kimberly named CEO of Bank*

SPARTANBURG, S.C. (Jan. 4, 2017) - The Board of Directors of Carolina Alliance Bank (OTCQX: CRLN) is pleased to announce its intent to form a bank holding company, subject to regulatory and shareholder approval. If approved, Carolina Alliance Bank will become a wholly-owned subsidiary of the new holding company.

In addition, effective immediately, Carolina Alliance Bank Chief Executive Officer John S. Poole will transition to the role of CEO of the proposed holding company while remaining as senior advisor to the Bank's Board of Directors during the months pending formation of the proposed holding company. John D. Kimberly will become the Bank's CEO and retain his current title of President.

"We believe this new corporate structure will provide added financial and operational flexibility for Carolina Alliance and is an integral step in the continued growth of the company," said Terry L. Cash, Chairman of the Carolina Alliance Bank Board of Directors.

A proxy statement is expected to be mailed to shareholders in the second quarter of 2017 to vote on, among other items, the proposed holding company formation at the Bank's annual meeting which is currently anticipated to be held in May 2017.

"I am honored that our Board of Directors had the confidence in me to lead the proposed holding company," Poole said. "I look forward to continuing to have a key role in the growth and success of the Carolina Alliance franchise."

The Bank will continue to exist as a community bank managed by its current Board of

Directors and engaged in the same business in which it is currently involved. The Bank's headquarters will remain in Spartanburg.

“This is an exciting time for Carolina Alliance Bank,” Kimberly said. “Within the past three years, we have successfully brought together three community banks and a leasing company. We have a very capable and talented team, and I look forward to the future of Carolina Alliance.”

Carolina Alliance Bank is a community bank with seven locations in Upstate South Carolina, Western North Carolina, and Charlotte. It also has leasing operations in both North Carolina and South Carolina. Its primary emphasis is on consumer, private/professional and small to mid-sized business banking. For additional information about Carolina Alliance please visit www.CarolinaAllianceBank.com.

Note: Headshots and Executive Biographies of John S. Poole and John D. Kimberly are included with this release.

Note: 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 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.

