



FOR IMMEDIATE RELEASE

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**Carolina Alliance Reports
its 2015 Annual and Fourth Quarter Results**

SPARTANBURG, S.C. March 23, 2016 – Carolina Alliance Bank (OTCQX: CRLN) today reported its 2015 annual and fourth quarter financial results. For the year ended December 31, 2015, net income available to common shareholders of \$1.8 million, or \$0.37 per diluted common share, was reported compared to net income available to common shareholders of \$6.1 million, or \$1.48 per diluted common share, for the year ended December 31, 2014. This \$4.3 million decrease in earnings was largely attributable to the non-recurring, non-operating net bargain purchase gain of \$3.8 million recognized in 2014 related to the merger with Forest Commercial Bank (“Forest Commercial”) which closed in April 2014 and an increase in non-recurring, merger-related expenses associated with the merger with PBSC Financial Corporation and Pinnacle Bank of South Carolina (“Pinnacle”) which closed in October 2015. Partially offsetting this decrease in earnings were increased core earnings from the addition of earning assets from the 2014 merger with Forest Commercial and the 2015 merger with Pinnacle.

Net income available to common shareholders of \$0.7 million, or \$0.11 per diluted common share, was reported for the three months ended December 31, 2015, compared to net income available to common shareholders of \$0.4 million, or \$0.09 per diluted common share, for the three months ended December 31, 2014. The increase in net income for the quarter was the result of the increase in earning assets from the merger with Pinnacle, partially offset by increased operating expenses from the addition of the Pinnacle operations and merger-related costs incurred during the fourth quarter of 2015.

“We are very pleased with the results achieved to date from the combination of Carolina Alliance and Pinnacle,” said Terry Cash, Chairman of the Board of Directors. “We believe that the experience and skills of our blended team and the variety of our banking products and services, combined with our expanded market, position us well to serve both our current and future customers.”

Gross loans and leases increased by \$141.7 million to \$468.6 million on December 31, 2015 from \$326.9 million on December 31, 2014. Of the increase, \$116.1 million is attributable to Pinnacle loans added as of the merger date. Total assets increased to \$608.3 million at December 31, 2015 from \$417.8 million at December 31, 2014; of the \$190.5 million increase, \$147.8 million was attributable to the Pinnacle merger. Total deposits increased to \$495.8 million on December 31, 2015 from \$338.4 million on December 31, 2014, an increase of \$157.4 million. Pinnacle’s deposits totaled \$121.6 million as of the merger date.

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Total shareholders' equity on December 31, 2015 was \$71.9 million, or 11.8% of total assets. Book value per common share was \$10.27 as of December 31, 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 at December 31, 2015 increased from a year prior, in part due to non-accrual loans with a book value of \$2.2 million absorbed in the merger. Non-performing assets were \$4.6 million at December 31, 2015, or 0.76% of total assets, as compared to \$4.1 million, or 0.97% of total assets, at December 31, 2014.

At December 31, 2015, the allowance for loan losses stood at \$4.7 million, which is 0.99% of gross loans. Loans charged off for the twelve months ended December 31, 2015 totaled \$0.2 million, which represents 0.04% of gross loans.

"While 2015 was a year of exciting and positive growth for the bank, we look for 2016 to be equally rewarding as we continue to embrace our new markets," said John S. Poole, Carolina Alliance Chief Executive Officer. "Although we still face challenges in terms of local competition and interest margin compression, we are committed to continuing to provide the highest quality customer service. We believe we are positioned to capitalize on our recent years' growth and our healthy capital level in order to provide the best opportunities for both our customers and 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 the businesses of Carolina Alliance and Pinnacle may not be integrated successfully or such integration may take longer to accomplish than expected; the expected cost savings and any revenue synergies from the merger may not be fully realized within the expected timeframes; disruption from the merger may make it more difficult to maintain relationships with clients, associates or suppliers; 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 banks' 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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