



## **FOR IMMEDIATE RELEASE**

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### **Carolina Alliance Reports Continued Growth in its First Quarter Financial Results**

SPARTANBURG, S.C. (May 23, 2012) – Carolina Alliance Bank (OTCBB: CRLN.OB) recently reported to its shareholders financial results for the first quarter. Net income available to common shareholders of \$378,000, or \$0.15 per diluted common share, was reported for the quarter that ended March 31, 2012. This profit represented an increase of 141% over net income of \$157,000, or \$0.06 per diluted common share, that was reported for the first quarter of 2011.

"Obviously, we are very pleased with our first quarter earnings performance," said Chairman of the Board of Directors Terry L. Cash. "We continue to benefit from having a relatively low level of problem assets – well below our state and national peer groups – that is not a major distraction from pursuit of our growth goals."

Total assets of the bank grew to \$246.0 million at March 31, 2012 from \$231.5 million at March 31, 2011, which is an increase of 6.3%. Gross loans stood at \$169.2 million on March 31, 2012, up from \$162.5 million on March 31, 2011, an increase of 4.1%. Total deposits increased 3.6% to \$203.5 million on March 31, 2012, compared to \$196.5 million on March 31, 2011.

"Momentum continues to slowly build in restoring and improving the economy in the Spartanburg area, as evidenced by recently announced business expansions and the continued decline in the unemployment rate from 10.1% in March 2011 to 8.7% in March 2012<sup>(1)</sup>," said John S. Poole, Carolina Alliance President and Chief Executive Officer. "Both the new jobs and the expanded cash flow aid our local economy upon which the bank's long term growth is dependent. It is our goal to translate positive news into increased performance of the bank. We believe Carolina Alliance is well-positioned to benefit from an improving economy."

Total shareholders' equity on March 31, 2012 was \$30.4 million, or 12.4% of total assets. Book value per common share was \$10.17 per share as of March 31, 2012. The bank's capital levels exceeded 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 March 31, 2012 were slightly lower than the level one year prior. Non-performing assets at March 31, 2012 were \$2.3 million, which is 0.92% of total assets, while on March 31, 2011 non-performing assets were \$2.9 million, which is 1.24% of total assets. At the end of the first quarter 2012, the Bank had non-accrual loans of \$1.5 million, or 0.87% of gross loans, as compared to non-accrual loans of \$1.3 million at March 31, 2011, representing 0.77% of gross loans.

At March 31, 2012, the allowance for loan losses stood at \$3.9 million, which is 2.29% of gross loans. Loans charged off for the three months ended March 31, 2012 were \$172,000, which on an annualized basis is 0.41% of gross loans.

For additional information about Carolina Alliance, please call (864) 208-BANK (2265) or visit [www.carolinaalliancebank.com](http://www.carolinaalliancebank.com).

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 a downturn in the economy, competitive pressures among depository and other financial institutions, 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.

Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by us or any person that the future events, plans, or expectations contemplated by us will be achieved. All subsequent written and oral forward-looking statements concerning us or any person acting on our behalf is expressly qualified in its entirety by the cautionary statements above. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

(1) Unemployment statistics are published monthly by the SC Department of Employment and Workforce and can be located by visiting <http://dew.sc.gov>.



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