



FOR IMMEDIATE RELEASE

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Carolina Alliance Reports its First Quarter Results

SPARTANBURG, S.C. (May 25, 2013) – Carolina Alliance Bank (OTCBB: CRLN.OB) today reported to its shareholders financial results for the three months ended March 31, 2013. Net income available to common shareholders of \$311,000, or \$0.12 per diluted common share, was reported for the three months that ended March 31, 2013. This profit represented a decrease of 17.7% compared to net income available to common shareholders of \$378,000, or \$0.15 per diluted common share, that was reported for the three months ended March 31, 2012. The decrease in earnings was expected, as it resulted primarily from investments in personnel during the first quarter that were added for the bank's long-term growth.

“We are excited to have added two veteran bankers to our team,” said Chairman of the Board of Directors Terry L. Cash. “Although the economy and banking industry in particular continue to present challenges, I believe our ongoing investment in the bank's development reflects our commitment to succeed, both now and into the future.”

Total assets of the bank grew to \$248.0 million at March 31, 2013 from \$246.0 million at March 31, 2012, which is an increase of 0.8%. Gross loans grew to \$171.5 million on March 31, 2013 from \$169.2 million on March 31, 2012, an increase of 1.4%. Total deposits increased to \$204.1 million on March 31, 2013, compared to \$203.5 million on March 31, 2012.

“I am grateful for the support of our customers and shareholders, and for the efforts of our staff and board of directors, whose commitment is vital to our success” said John S. Poole, Carolina Alliance President and Chief Executive Officer. “I thank our very loyal customers, who continue to position us to grow and produce positive results.”

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Total shareholders' equity on March 31, 2013 was \$32.0 million, or 12.9% of total assets. Book value per common share was \$10.78 per share as of March 31, 2013. 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.

The levels of non-performing assets and non-accrual loans at March 31, 2013 reflected moderate improvement. Non-performing assets were \$2.2 million at March 31, 2013, which is 0.88% of total assets, and lower than one year prior, when non-performing assets were \$2.3 million, or 0.92% of total assets. At March 31, 2013, the bank had non-accrual loans of \$1.1 million, or 0.63% of gross loans, as compared to non-accrual loans of \$1.5 million at March 31, 2012, representing 0.87% of gross loans.

At March 31, 2013, the allowance for loan losses stood at \$3.3 million, which is 1.94% of gross loans. Loans charged off for the three months ended March 31, 2013 were \$22,000, which represents 0.01% of gross loans.

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

Notes

- (1) 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 continued downturn in the economy, 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 our loan portfolio, 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, to reflect circumstances or events that occur after the date the forward-looking statements are made.

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