

PREMARA
FINANCIAL, INC.

February 8, 2016

Dear Shareholders:

2015 was a year of transition for our Company. No sports fan likes to experience a "rebuilding year," but this description is an accurate one for 2015. When I joined the Company in February 2015, I knew that adjustments were necessary to our operating model. The Leadership Team and I worked on these throughout the year. While the financial results are not what we hoped, we do believe that we are well-positioned for quality, profitable growth this year and in the future.

One of our initiatives in 2016 and beyond is to increase our communication with you through letters and postings on our website. Our team is also available to speak with you by phone if you have specific questions and thoughts and can be contacted at our Charlotte headquarters at 704-752-9292. We are beginning this process in letter format. Future communications will likely take the form of postings to our website, www.carolinapremierbank.com and will continue to be posted on OTCQB, www.otcmarkets.com.

Additionally, I have highlighted below several of the initiatives undertaken in 2015 that are necessary for a successful future and allow for loan, deposit, and non-interest income growth.

Culture: We established our Core Values by which we will conduct business with clients, shareholders, regulators, community partners, and each other: Trust—Excellence—Focus—Collaboration—Balance. These values are "who we are" as a company. Upon these values, we built our Purpose: We are your CATALYST for Excellence. This purpose gets to the "why" we are in business. Culture is not an item that you can roll out at one meeting and then sit back and watch it grow. Culture must be reinforced, discussed, even argued every day to become the foundation of the Company and we are committed to our Culture's reinforcement in all that we do.

Professionals: During 2015, we added to the Bank's Leadership Team with the hiring of Tim Key as Chief Banking Officer and Cash Canada as Chief Credit Officer. These two professionals work collaboratively every day to grow our Company's balance sheet. Tim leads our client-facing teams (commercial banking, retail banking, and treasury management) and instills a strong sales culture in our daily behaviors. Cash leads our underwriting and credit approval functions and reinforces the Bank's credit culture and overall credit risk appetite. Both of these professionals understand the need for growth and the need for quality—it's how they are building Excellence in our loan portfolio.

Capital: In order to retire the $6.2 million owed under the Small Business Lending Fund and to provide additional growth capital, our Company raised $8.5 million in new capital during 2015. We appreciate the confidence shown by our new shareholders in the growth plans for Carolina Premier Bank. Our

banking professionals understand that we work for our shareholders; creating long term value for you is an expected outcome.

Center for Business Strategies: In the Fall, we launched our Center for Business Strategies, under the leadership of Executive Director C. Hunter Widener. The Center advises small business owners in understanding the true value of their business, increasing its value over time, and ultimately realizing that value. In addition to business evaluations and value preservation strategies, Hunter also hosts our monthly breakfast series focused on helping small business owners network and solve common problems.

Core Operating System: In 2015, we chose to enhance our core operating system in May 2016. Our new system will provide our clients with mobile banking, an upgraded online banking experience, state-of-the-art treasury management platform and an integrated client relationship management ("CRM") system. Caryn Johnson, Chief Operating Officer, and her team will be preparing our professionals for a seamless transition. We are pleased that providing these enhanced services and platforms for our clients and professionals will be cost-neutral.

Footprint Reconfiguration: One of our challenges as a smaller community bank was that our footprint was geographically too diverse. While the Washington, DC market is vibrant, it is very difficult to manage from Charlotte, NC. Therefore, in December 2015, we closed that office and sub-leased the space to another financial institution with a strong presence in the greater DC market. The result was a write-down of $474 thousand of leasehold improvements and rent concessions. Taking this full charge in December 2015 equates to us not having to take any expense going forward. We also closed the retail branch operation at our Blakeney (Charlotte) location. Minimal client impact coupled with limited transactions and the nearby Ballantyne headquarters location drove this decision. We continue to analyze our offices every quarter and will make necessary adjustments as the markets and demographics dictate.

Loan Growth: In addition to the new members of our Leadership Team, we also hired several new banking professionals in our commercial banking, retail banking, underwriting, and credit administration areas. New additions, combined with re-working many of our internal processes, resulted in a lack of organic loan growth in 2015. We continually track our loan pipeline, workflow progress, and business development efforts in order to reverse this trend in 2016. Quality, profitable growth in our loans and deposits is critical to improving our profitability and shareholder value.

Efficiencies: We recognize that in order to increase shareholder value, we must reduce our efficiency ratio. In 2015, we experienced several , one-time costs: closing the DC office, hiring new banking professionals, severance related to the re-positioning of our team members, closing the mortgage banking division, and legal costs related to certain legacy credits. Our team pays close attention to costs and analyzes ways to save money and improve service. We believe that we have the support base now to grow our bank to $350 million and beyond.

Future Projects: With many of these fundamental changes behind us, we turn our attention in 2016 to executing the plan. The Board of Directors recently spent two days reviewing our strategies for creating shareholder value. In addition to reviewing the 2016 plan, the Board also discussed the ever-changing industry trends and their impact on community banking. The Board and Leadership Team are committed to our three goals for the coming year—increasing loans outstanding, increasing deposits, and increasing non-interest income.

As stated, 2015 was a transitional year for our Company. We appreciate your confidence as a Premara Financial shareholder and are committed to executing our operating plan for the coming year. Further, we intend to fulfill our Purpose of being a Catalyst for Excellence for you, our shareholders, by providing long-term shareholder value.

Sincerely,



David P. Barksdale
President and Chief Executive Officer

We have included in this letter "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act relating to our operations, results of operations and other matters that are based on our current expectations, estimates, assumptions and projections. Words such as "will," "expect," "believe" and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements. Our forward-looking statements speak only as of the date of this letter or as of the date they are made, and we undertake no obligation to update them.

Financial Results

Included in this communication are the company's consolidated balance sheet and income statement for the years ended December 31, 2015 (unaudited) and 2014. For the 2015 fiscal year, the company reports a loss before payment of preferred stock dividends of $416 thousand, or ($0.13) per common share. The preferred dividends paid during the 2015 fiscal year were $75 thousand, resulting in a net loss of $493 thousand, or ($0.16) per common share.

With the capital raise completed during 2015, the company now has 3,160,268 shares of common stock issued and outstanding. The book value per common share as of December 31, 2015 was $7.64, and tangible book value per common share was $7.43.

There are several important dynamics to consider when evaluating the 2015 operating performance. The operating loss, while disappointing, is reflective of our strategic repositioning and other factors. One-time costs associated with closing the Washington DC office and hiring new professionals totaled $715 thousand, while costs associated with closing the mortgage division were approximately $100 thousand. In addition to those costs, the company recognized $350 thousand in legal fees and loan collection expenses related to a few isolated legacy credits that deteriorated during the year. Our credit team continues to manage these few credits, and our overall credit metrics remain strong. The loan collection costs recognized in 2015 are extraordinary high and the leadership team does not anticipate they will continue at that level in 2016.

The company generated a respectable net interest margin of 3.74% for 2015, even though the interest rate environment remained low. In addition to the healthy margin, the company maintains a healthy loan to deposit ratio of over 80%. Non-interest bearing deposits remain strong as they represent 23% of total deposits, a level that is key in funding our planned loan growth in 2016 and beyond.

Non-interest income for 2015 was down from 2014 primarily due to the closing of our full-scale mortgage lending platform that was operational during 2014. The decision to close the division was made as there was simply not enough volume or scale to generate sufficient profitability. Pre-tax losses associated with mortgage lending for the 2014 fiscal year were $163 thousand. Moving forward, we are balancing the needs of our clients with our focus on non-interest income as we explore different options for offering a profitable mortgage lending solution.

Absent extraordinary items, the operating performance was also driven by lower loan balances. While total assets of the company remained flat year over year, there was runoff within the loan portfolio. The impact of that runoff is made evident when comparing the loan interest income for 2015 to 2014. This runoff was the result of several different things: (1) troubled credits were moved or paid off, which will improve the quality of our portfolio, (2) participations were bought back or paid off in the normal course of business, which is somewhat out of our control, and (3) some legacy relationships re-financed their loans at other banks. This third scenario is our point of focus. While the loss of some relationships

is “expected” during this transition year, we know we must focus on retaining our valued clients while attracting new relationships.

As we look forward into 2016, our Leadership Team expects to see a reduction in recurring operating expenses as result of the branch repositioning and other strategic initiatives. This reduction combined with balance sheet growth is expected to result in a lower expense ratio and better earnings performance. With the enhanced infrastructure and solid base of capital, the company is well positioned for growth and improved performance in 2016.

We have included in this letter “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act relating to our operations, results of operations and other matters that are based on our current expectations, estimates, assumptions and projections. Words such as “will,” “expect,” “believe” and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements. Our forward-looking statements speak only as of the date of this letter or as of the date they are made, and we undertake no obligation to update them.

Premara Financial, Inc.

Consolidated Balance Sheet

December 31, 2015 and 2014

ASSETS	2015	2014
Cash and cash equivalents:		
Cash and due from banks	$ 2,993,233	$ 3,025,484
Interest-bearing bank deposits	16,998,026	7,618,423
Total cash and cash equivalents	19,991,259	10,643,907
Time deposits - Financial institutions	500,000	-
Securities available-for-sale	37,447,613	32,862,439
Nonmarketable equity securities	1,255,367	1,307,488
Securities held to maturity	1,250,000	-
Loans held for sale	-	590,981
Loans	176,719,915	185,961,756
Allowance for loan and lease losses	(2,292,862)	(2,301,772)
Net loans	174,427,053	183,659,984
Premises and equipment, net	1,767,151	3,452,925
Deferred tax asset	2,728,301	2,050,511
Other real estate owned	54,119	54,119
Intangible assets	671,586	735,535
Bank owned life insurance	2,777,196	5,308,900
Accrued interest receivable	862,162	961,230
Other assets	773,057	424,746
Total assets	**$244,504,864**	**$242,052,765**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand:		
Noninterest-bearing	$ 49,035,819	$ 41,978,142
Interest-bearing	20,129,000	21,475,033
Savings and money market	73,663,432	78,159,006
Time, $100,000 and over	19,561,756	16,882,205
Other time deposits	42,565,774	45,694,698
Total deposits	204,955,781	204,189,084
FHLB advances	14,000,000	14,000,000
Accrued interest payable	43,517	44,355
Other liabilities	1,348,331	1,032,526
Total liabilities	**220,347,629**	**219,265,965**
Stockholders' equity		
Preferred stock, $1,000 par value, 6,238 shares issued and outstanding	-	6,238,000
Common stock, $.01 par value, 3,160,268 shares issued and outstanding	31,603	19,460
Additional paid in capital	23,537,438	15,538,348
Undivided Profits	475,821	967,194
Accumulated other comprehensive income	112,373	23,798
Total stockholders' equity	**24,157,235**	**22,786,800**
Total liabilities and stockholders' equity	**$244,504,864**	**$242,052,765**

Premara Financial, Inc.

Consolidated Income Statement

Years ended December 31, 2015 and 2014

	2015 - YTD	2014 - YTD
Interest income:		
Loans, including fees	$ 8,594,113	$ 9,396,410
Securities income	954,203	1,083,720
Other interest and dividend income	220,125	244,809
Total interest income	9,768,441	10,724,939
Interest expense:		
Time deposits, $100,000 and over	202,170	170,957
Other deposits	818,698	938,719
Other borrowings	229,525	238,992
Total interest expense	1,250,393	1,348,668
Net interest income	8,518,048	9,376,271
Provision for loan losses	300,000	585,000
Net int. inc. after prov. for loan losses	8,218,048	8,791,271
Other operating income:		
Debit and ATM income	153,825	162,360
Bank owned life insurance	143,493	154,678
Mortgage broker fees	25,219	11,490
Mortgage banking income	32,688	334,592
Loss on sale of available-for-sale securities	-	(108,096)
Loss on sale of fixed assets	(363,408)	-
Gain on sale of other real estate owned	324,854	-
Service charges and other income	328,190	237,962
Total non-interest income	644,861	792,986
Other operating expenses:		
Compensation and employee benefits	4,595,790	4,312,232
Occupancy	1,211,557	1,106,091
Furniture and equipment	449,838	458,579
Professional services	629,547	505,442
Data processing	593,317	558,833
Office supplies and printing	79,425	95,462
Software	206,295	178,870
FDIC insurance premiums	204,500	187,794
Telecommunications	168,028	187,702
Debit and ATM fees	164,803	198,065
Other	1,502,856	1,160,401
Total other operating expenses	9,868,725	9,042,091
Income (loss) before income tax expense	(1,005,816)	542,166
Income tax benefit	(589,645)	(60,154)
Net income (loss)	**$ (416,171)**	**$ 602,320**

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