Carolina Alliance Bank

200 South Church Street
Spartanburg, SC 29306

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Dear Fellow Shareholder:

We cordially invite you to attend the 2016 Annual Meeting of Shareholders of Carolina Alliance Bank. We look forward to discussing our plans with you and answer your questions. We hope that you can attend the meeting and look forward to seeing you there.

This letter serves as your official notice that we will hold the meeting on May 16, 2016 at 10:00 a.m. at the headquarters of the bank, 200 South Church Street, Spartanburg, S.C. 29306, for the following purposes:

1. To elect eight members to the board of directors;

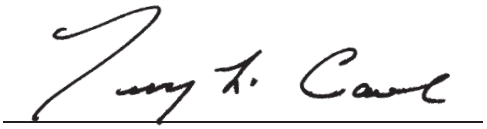
2. To ratify the appointment of Elliott Davis Decosimo, LLC as our independent auditor for the year ending December 31, 2016; and

3. To transact any other business that may properly come before the meeting or any adjournment of the meeting.

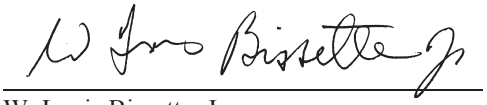
Shareholders owning our common stock at the close of business on March 30, 2016 are entitled to attend and vote at the meeting. A complete list of these shareholders will be available at our offices prior to the meeting. In addition to the specific matters to be acted upon, we will also report on our operations and our directors and officers will be present to respond to your questions.

Please use this opportunity to take part in the affairs of your bank by voting on the business to come before this meeting. Even if you plan to attend the meeting, we encourage you to complete and return the enclosed proxy to us as promptly as possible.

By Order of the Board of Directors,



Terry Cash
Chairman



W. Louis Bissette, Jr.
Vice Chairman

April 11, 2016
Spartanburg, South Carolina

CAROLINA ALLIANCE BANK
200 South Church Street
Spartanburg, SC 29306

Proxy Statement for the Annual Meeting of Shareholders to be Held on May 16, 2016

Our board of directors is soliciting proxies for the 2016 Annual Meeting of Shareholders. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. We encourage you to read it carefully.

Voting Information

The board set March 30, 2016 as the record date for the meeting. Shareholders owning our common stock at the close of business on that date are entitled to attend and vote at the meeting, with each share entitled to one vote. There were 6,523,863 shares of common stock outstanding on the record date. A majority of the outstanding shares of common stock represented at the meeting will constitute a quorum. We will count abstentions and broker non-votes, which are described below, in determining whether a quorum exists.

Many of our shareholders hold their shares through a stockbroker, bank, or other nominee rather than directly in their own name. If you hold our shares in a stock brokerage account or by a bank or other nominee, you are considered the *beneficial owner* of shares held in street name, and these materials are being forwarded to you by your broker or nominee, which is considered the *shareholder of record* with respect to those shares. As the *beneficial owner*, you have the right to direct your broker or nominee how to vote and also are invited to attend the annual meeting. However, since you are not the *shareholder of record*, you may not vote these shares in person at the meeting unless you obtain a signed proxy from the *shareholder of record* giving you the right to vote the shares. Your broker or nominee has enclosed or provided a voting instruction card for you to use to direct your broker or nominee how to vote these shares.

When you sign the proxy card, you appoint John S. Poole and John D. Kimberly as your representatives at the meeting. Messrs. Poole and Kimberly will vote your proxy as you have instructed them on the proxy card. If you submit a proxy but do not specify how you would like it to be voted, Messrs. Poole and Kimberly will vote your proxy for approval of the election to the board of directors of all nominees listed below under "Election of Directors" and for the ratification of the appointment of Elliott Davis Decosimo, LLC as our independent auditor for the fiscal year ending December 31, 2016. We are not aware of any other matters to be considered at the meeting. However, if any other matters come before the meeting, Messrs. Poole and Kimberly will vote your proxy on such matters in accordance with their judgment.

You may revoke your proxy and change your vote at any time before the polls close at the meeting. You may do this by signing and delivering another proxy with a later date or by voting in person at the meeting.

Brokers who hold shares for the accounts of their clients may vote these shares either as directed by their clients or in their own discretion if permitted by the exchange or other organization of which they are members. Proxies that brokers do not vote on some proposals but that they do vote on others are referred to as "broker non-votes" with respect to the proposals not voted upon. A broker non-vote does not count as a vote in favor of or against a particular proposal for which the broker has no discretionary voting authority, and shares subject to a broker non-vote on a matter will not be considered to be entitled to vote on the matter at the meeting. In addition, if a shareholder abstains from voting on a particular proposal, the abstention does not count as a vote in favor of or against the proposal.

If you hold your shares in street name, it is critical that you cast your vote. In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of directors, your broker was allowed to vote those shares on your behalf as they felt appropriate. However, new regulations now prohibit your broker from voting uninstructed shares on a discretionary basis for the election of directors. Thus, if you hold your shares in street name and you do not instruct your broker how to vote at the meeting, no votes will be cast on your behalf for Proposal No. 1 to elect eight members to the board of directors.

We are paying for the costs of preparing and mailing the proxy materials and of reimbursing brokers and others for their expenses of forwarding copies of the proxy materials to our shareholders. Upon written or oral request, we will promptly deliver a separate copy of this proxy statement to our shareholders at a shared address to which a single copy of the document was delivered. Our officers and employees may assist in soliciting proxies but will not receive additional compensation for doing so. We are distributing this proxy statement on or about April 11, 2016.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our board of directors is divided into three classes with staggered terms, so that the terms of only approximately one-third of the board members expire at each annual meeting. Our directors and their classes are:

Class I	Class II	Class III
Terrence "Terry" L. Cash	Carl R. Bartlett	George M. Groome
T. Alexander Evins	W. Louis Bissette, Jr.	John D. Kimberly
John S. Poole	Marsha H. Gibbs	Susan H. McClinton
L. Terrell Sovey, Jr.	Samuel H. Maw, Jr.	D. Byrd Miller III
W. Lewis White, Sr.	R. Lamar Simpson	W. Allen Rogers II
Richard H. Sumerel*	Larry A. Webb*	Marshall E. Franklin*

* Former director of PBSC Financial Corporation

The current terms of the Class III directors will expire at the 2016 Annual Meeting of Shareholders. Three former members of the PBSC Financial Corporation board of directors, Richard H. Sumerel, Larry A. Webb and Marshall E. Franklin, were appointed to the board of directors of Carolina Alliance effective with the closing of the merger with PBSC Financial Corporation and Pinnacle Bank of South Carolina on October 3, 2015. South Carolina law requires the term of any new director so appointed to expire at the next shareholders' meeting at which directors are elected. Therefore, these three directors' terms also expire at the 2016 Annual Meeting of Shareholders. The current terms of the Class I directors will expire at the 2017 Annual Meeting of Shareholders and the current terms of the Class II directors will expire at the 2018 Annual Meeting of Shareholders.

At the meeting, shareholders will elect nominees as follows:

Number of Directors	Class	Term (Years)	Expiration of Term
1	I	1	2017
1	II	2	2018
6	III	3	2019

The directors will be elected by a plurality of the votes cast at the meeting. This means that the one nominee in Class I; the one director in Class II; and the six directors in Class III receiving the highest number of votes in their respective classes will be elected. The board of directors recommends that you elect the directors as follows:

Class I (2017)	Class II (2018)	Class III (2019)
Richard H. Sumerel	Larry A. Webb	George M. Groome
		John D. Kimberly
		Susan H. McClinton
		D. Byrd Miller III
		W. Allen Rogers II
		Marshall E. Franklin

If you submit a proxy but do not specify how you would like it to be voted, Messrs. Poole and Kimberly will vote your proxy to elect each nominee. If any of these nominees is unable or fails to accept nomination or election (which we do not anticipate), Messrs. Poole and Kimberly will vote instead for a replacement to be recommended by the board of directors, unless you specifically instruct otherwise in the proxy.

Director Nominees

Set forth below is certain information about the director nominees.

The board unanimously recommends a vote FOR these nominees.

Richard H. Sumerel, 65, is President and Chief Executive Officer of Verdae Development, Inc. of Greenville, SC. He previously served as the Operating Manager of GS Communities, LLC, a private real estate investment group. In 1977 he began a twenty-year career in the Liberty Corporation's real estate investment activities first as a mortgage loan analyst and concluded as President of Liberty Properties group when the entity was sold to a REIT. Graduating from Wake Forest University in 1972 to receive his BBA, he went on to Pepperdine University to receive his MA in Human Resource Management. He formerly served as a founding member and board chair of Pinnacle Bank. He currently serves as director of Verdae Development, Inc. and a board member of Goodwill Industries of the Upstate. In addition, he is a former member of the board of Greenville Technical College Foundation.

Larry A. Webb, 62, serves as a principal and Broker with KDS Commercial Properties where he specializes in investments and development services with special emphasis on medical office and healthcare related properties. He has been involved in the commercial real estate industry since 2002 following a successful thirty-year career in the healthcare industry as a clinician, consultant, and investor. He formerly served as President and Chief Operating Officer of Respiratory Care Services, Inc. which he later facilitated a merger with a public company where he served as President and Chief Executive Officer of MedBridge Healthcare. He has a BS in Business Administration from Pacific Western University and a degree in Respiratory Therapy from Greenville Technical College. He has completed portions of the commercial real estate CCIM courses and is pursuing the CCIM designation.

He has served six years on the Board of Directors of Meals on Wheels of Greenville, two as Chairman of the Board. He currently serves as Director of the organization's Wheels for Meals cycling fundraising event. Also, he serves on the Board of Directors of the Ronald McDonald House of Greenville. He has been recognized as the Outstanding Philanthropist of the Year by the South Carolina Association of Fundraising Professionals. He is also a founding member of the Board of Directors of Pinnacle Bank.

George M. Groome, 64, is Chairman of the Board at Colton Groome & Company, a financial strategies and planning firm of Asheville, NC, having joined the firm in 1974. In addition, he is a managing member and registered investment advisor of Colton Groome Financial Advisors, LLC in Asheville, NC. He also served as a board member of Forest Commercial Bank. As an Asheville native, he graduated from UNC Chapel Hill with a Bachelor of Science in Business Administration. He is a Chartered Financial Consultant, a Chartered Life Underwriter, and holds a Master of Science in Financial Services from The American College. His professional experience includes over 40 years of experience in financial advisory services, technical expertise in wealth management and estate planning strategies as well as managing partner of the area's oldest independent financial services firm.

John D. Kimberly, 51, serves as President of the bank. Most recently, he was President and Chief Executive Officer of Forest Commercial Bank in Asheville, North Carolina, a bank he helped organize which merged with Carolina Alliance in early 2014. Mr. Kimberly has over 25 years of banking experience including service as market president in western North Carolina for SunTrust Bank with responsibility for the retail, commercial, and private wealth management lines of business. He is a graduate of Wake Forest University with a B.A. in economics and attended the Graduate School of Banking of the South at Louisiana State University. He is a trustee and immediate past chairman of Mission Healthcare Foundation and a director of the United Way of Asheville and Buncombe County. Past service includes the boards of directors of the North Carolina Banker's Association, North Carolina Baptist Hospital, Mission Health, UNC-Asheville Foundation, Junior Achievement of Western North Carolina, and the Irene Wortham Center.

Susan "Sue" H. McClinton, 72, is Treasurer and Owner of William S. Hein & Company, Inc., a legal publisher, located in Buffalo, NY serving since 1965. She currently serves on the board of directors of Sisters of Mercy of North Carolina Foundation and UNC Asheville Board of Trustees, where she was the past Board Chair. In addition, she has served as Vice Chairman of the board for ABCCM, President of Junior League of Asheville, Board, Chair of Physician Credentials Committee at Mission Hospital, President of The Health Adventure Board, and a former board member of Mountain Area Child and Family Center and Pack Place Arts and Science Center. In addition, she is a former Sister of Mercy board member and former UNC Asheville board member having served for 17 years. Most recently, she served as a board member of Forest Commercial Bank.

She has been recognized with several awards including the Volunteer of Distinction award by the American Association of Junior League as well as the Outstanding Volunteer Fundraiser for WNC Chapter by the National Society of Fundraising Executives. In addition, she was honored to serve as the Chair of the Search Committee that hired Anne Ponder, Chancellor of UNC Asheville in 2005 until 2014.

D. Byrd Miller III, 56, currently serves as Chief Financial Officer, Treasurer, and a managing member of William Barnet & Son, LLC, a global supplier of fiber yarns and resins. He joined the company in 1992 after retiring from C&S Bank where he served from 1980-1992 and attained the position of Senior Vice President. Mr. Miller currently serves on the Spartanburg Regional Healthcare System Board, Clemson University Foundation Board, and the Mary Black Foundation Board. He is heavily involved in the Spartanburg community having served as Board Chair of the United Way of the Piedmont, Spartanburg County Foundation Investment Committee, Salvation Army Board, and SPACE (Spartanburg Area Conservation Endowment Conservancy), as well as graduating Leadership Spartanburg. In addition, Mr. Miller serves on the Advisory Board of Leadership South Carolina and previously served on the South Carolina Department of Natural Resources Wildlife and Freshwater Fisheries Advisory Board.

Mr. Miller received his B.S. in Administrative Management from Clemson University. Mr. Miller also graduated from the Stonier Graduate School of Banking at the University of Delaware in 1988.

W. Allen Rogers II, 69, has been a Principal and co-owner of the investment banking firm of Allen C. Ewing & Co., Jacksonville, FL since 2002 and works in the firm's Charlotte, NC office. In addition, he is a partner with the firm of Peter Browning Partners, LLC, a provider of board advisory services. Mr. Rogers began his professional career as a bank examiner with the Federal Reserve Bank of Atlanta. Later, he was with Tri-south Mortgage Investors and Kidder, Peabody & Co., also in Atlanta. In 1978, he co-founded Robison, McAulay & Rogers, a private investment banking firm, and Uvest Brokerage Services, a third-party provider of discount brokerage services for community banks, both in Charlotte. In 1986, Mr. Rogers joined Interstate Securities Corporation, which later became Interstate/Johnson Lane, where he served as head of the Investment Banking Department and a member of the Board of Directors. He was recruited in 1995 to establish an investment banking practice in Charlotte for KPMG.

Mr. Rogers is a graduate of Davidson College (AB-Economics) and The Wharton School of Finance and Commerce (MBA). He served as a first lieutenant in the U.S. Army with tours of duty in the United States and the Republic of Vietnam. He currently serves on the Board of Directors of Insteel Industries, Inc.; and he was a member of the Board of Directors of Forest Commercial Bank.

Marshall E. Franklin, 50, is the Chief Operating Officer at Bob Jones University. Prior to that position, he was a partner with Ernst & Young where he led a leadership team in an advisory services venture focused on risk management. He was located in Ernst & Young's Paris office during his last three years with the company, leading growth in its Europe, Middle East, India and Africa divisions. He received his BS from Bob Jones University in Greenville, SC in 1987.

Other Directors and Executive Officers

Set forth below also is information about each of Carolina Alliance's other directors and executive officers.

Terrence "Terry" L. Cash, 69, director, is the Chairman of the bank's board of directors. He is the President and Chief Executive Officer of the Caman Group, Inc., which specializes in private investments in real estate, long-term care facilities, and pharmacies. Mr. Cash is a board member and Past Chairman of Spartanburg Regional Healthcare System, board member of JM Smith Corporation, Trustee of Spartanburg County Foundation and Chairman of the VSP Foundation. Mr. Cash received his B.S. in Pharmacy Studies from the University of South Carolina in 1970. In addition, he was awarded the 1999 State of South Carolina Health and Human Services Leadership in Aging Award, and was named both the 1999 State of South Carolina Ambassador for Economic Development and the 2001 Spartanburg County Health Planning Department Volunteer of the Year. The South Carolina Hospital Association named Mr. Cash Distinguished Trustee of the Year in 2012.

T. Alexander Evins, 56, director, is an attorney and partner in the firm Parker Poe Adams & Bernstein LLP, where he serves on the firm's board of directors. He has six years of experience on two previous bank advisory boards in Spartanburg. He served on Bank of America's Advisory Board for four years from 1999 to 2003 and on Wachovia's Advisory Board for two years, from 2004 to 2006.

He is general counsel for the Spartanburg Area Chamber of Commerce, and past president/general counsel of The Piedmont Club. Mr. Evins received his B.A. from the University of Georgia and received his J.D. from the University of South Carolina. Mr. Evins has been a devoted community volunteer for more than two decades. He currently serves the Spartanburg Day School as a sustaining trustee and is the incoming chair of the United Way of the Piedmont.

Mr. Evins also has served as President of the Country Club of Spartanburg; he has been co-chairman of both the Arts Partnership of Greater Spartanburg Cultural Arts Facility Fund Drive; and the Arts Partnership of Greater Spartanburg Arts Fund Drive. Mr. Evins has been very involved with the Spartanburg Area Chamber of Commerce, holding many positions including board chairman, vice-chairman for community improvement, and chairman of the Leadership Spartanburg Board of Regents. He was recognized in 2007 with the Neville Holcombe Distinguished Citizenship Award and as the 1997 Leadership Spartanburg Alumni Association Alumnus of the Year, and he was also named the Boss of the Year in 1986-87 by the Spartanburg County Legal Secretaries Association.

John S. Poole, 63, director, is the Chief Executive Officer of the bank and also is its former president. Mr. Poole is a seasoned banker with more than 35 years of experience in the following key positions of responsibility: president and director, market executive, city executive, senior commercial lender, and branch manager. He served as President of Carolina Southern Bank, a Spartanburg area community bank, for approximately 10 years from 1992 to 2001. From 2001 until 2003, he served as upstate regional executive for the National Bank of South Carolina, which acquired Carolina Southern Bank. From 2003 until March 2006, Mr. Poole was president and chief executive officer of the Spartanburg Area Chamber of Commerce. Mr. Poole has received numerous professional awards, including the 1991 Young Banker of the Year Award from the South Carolina Bankers Association, the 2000 Spartanburg Area Chamber of Commerce Neville Holcombe Distinguished Citizenship Award, and the 2002 Spartanburg Development Association Alan R. Willis Society of Service Award. Mr. Poole is a graduate of the University of South Carolina (B.A. 1974, M.B.A. 1976) and is active in various civic organizations in Spartanburg County. He serves on the board of directors for Charles Lea Center. He is also chairman of the Spartanburg County Foundation. He also has served as Chairman for major institutions in the community that include United Way of the Piedmont, Spartanburg Area Chamber of Commerce, the Arts Partnership of Greater Spartanburg, and the Charles Lea Center.

L. Terrell Sovey, Jr., 85, director, has been the President of Management Advisory Services, Inc., an investment management and consulting company, since 1984, and is an active partner in several partnerships related to real estate and apparel manufacturing. In addition, he has served as the chairman and chief executive officer of Texfli Industries, president of M. Lowenstein, and vice president of financial planning and general manager of several operating divisions for Milliken & Company and cost control manager of the textile products division of Owens Corning Fiberglass in New York. Texfli and Lowenstein were publicly owned textile companies that were traded on the New York Stock Exchange. In 1983, he founded and organized Goldtex, Inc., a textile printing company, which was traded in a successful public offering in 1987. Mr. Sovey also served as a member of the advisory board of the Manufacturer's Hanover Bank in New York, New York for two years and was a member of the Union League Club from 1970-1996. As a youth, he was active in the Boy Scouts and became the first Eagle Scout of his troop in Hartwell, GA.

Mr. Sovey received his B.S. in Industrial Engineering from Georgia Institute of Technology and has served on the alumni Board of Trustees and as chairman of the advisory board of the School of Systems and Industrial Engineering. In 1994 he was selected for membership in the first class of the Georgia Tech Academy of Distinguished Engineering Alumni, and in 2001 he was inducted into the School of Industrial Engineering and Georgia Institute of Technology Hall of Fame. He also attended the U.S. Navy Supply Officers School in Bayonne, New Jersey and served on destroyers during the Korean War retiring from the Navy in 1955. Mr. Sovey's involvement in the Spartanburg community includes service on the board of directors of JM Smith Corporation and Griffin Gear, Inc. He also is a longtime advisor and consultant to the president of Dearybury Oil and Gas, Inc. He was former chairman of the Spartanburg Regional Healthcare System Foundation, past chairman of the Spartanburg Day School and the Greater Spartanburg YMCA, and treasurer of the Charles Lea Center Foundation, and he has served as chairman of the board of deacons of the Westminster Presbyterian Church. Mr. Sovey has been reelected to serve on the Spartanburg Regional Healthcare System Foundation board.

W. Lewis White, Sr., 63, director, is the Owner and President of the W. Lewis White Company, Inc., which specializes in residential and commercial real estate sales and development. From 1990-2002, Mr. White served on the board of directors for First Federal of South Carolina, helping guide the bank through several mergers. He began his real estate career in 1978 with Grier & Company. He started Cleveland-White Realtors in March of 1982 and sold his ownership interest in the company to his partners and started the W. Lewis White Company, Inc. in 1989. He is a member of the Spartanburg Board of Realtors and a member of the National Association of Realtors. Mr. White received his B.A. from Wofford College and is a graduate of the Realtor's Institute. He is an active member and past deacon of the First Presbyterian Church of Spartanburg.

Carl Raymond Bartlett, 75, director, has served ten terms as Mayor of the Town of Black Mountain, NC. Mr. Bartlett is retired from Wachovia Bank of Charlotte, NC where he served from 1972-2004 and attained the position of Senior Vice President. He attended Appalachian State University and the Carolina School of Banking. In addition, he is a United States Naval Aviation veteran. Mr. Bartlett has received several professional, municipal, community, and civic awards including Governor's Order of The Long Leaf Pine. He has chaired successful heart, cancer and United Way drives and previously served as President of the Chamber of Commerce, Jaycees, Kiwanis Clubs. He is a current member and deacon of Swannanoa First Baptist Church where he also chairs the finance committee. In addition, he serves on the Swannanoa Valley Christian Ministry Foundation Board. Mr. Bartlett is a charter member of Moose and Oasis Shrine Clubs and previously served on the Board of Visitors of Appalachian University and Montreat College. He has served more than thirty years as the Stadium Public Announcer for Owen High School and well known as the "Voice of the Warhorses".

W. Louis "Lou" Bissette, 72, director, is Vice-Chairman of the bank's board of directors and is the former Chairman of the board of directors of Forest Commercial Bank. A North Carolina native, Louis Bissette grew up in High Point. He received his B.A. from Wake Forest in 1965, his J.D. from UNC-Chapel Hill in 1968, and his MBA from the University of Virginia in 1970. Lou lives in Asheville, where he practices law and serves of counsel at McGuire, Wood & Bissette, PA. His wide-ranging community leadership includes two terms as Mayor of Asheville, service on the Board of Mission-St. Joseph's Health System and as President of the Asheville Area Chamber of Commerce. He is serving his fifth term as a trustee on the Wake Forest University Board of Trustees. In addition, he is Chairman of the Board of Governors of the University of North Carolina System.

Marsha H. Gibbs, 61, director, is a member of the executive management team at Gibbs International, Inc. She also is the author of "Growing with Grace." Mrs. Gibbs has more than fifteen years of experience serving on local bank boards. She was on the Board of Directors of Carolina Southern Bank from 1996 to 2001 and on the Advisory Board of the National Bank of South Carolina from 2001 to 2006. She is a member of the boards of directors of the Gibbs Foundation, Gibbs International, and the Spartanburg Regional Healthcare System Foundation. Ms. Gibbs also is on the board of trustees of Converse College. She has an associate degree in business from Spartanburg Community College. She has received numerous awards, including the 2003 Spartanburg Area Chamber of Commerce Neville Holcombe Outstanding Citizenship Award (with her husband, Jimmy) and the Wofford College Mary Mildred Sullivan Award. She also received the Mary Mildred Sullivan Award for Converse College in 2010. Mrs. Gibbs is also a 2004 Paul Harris Fellow, a 2004 Salvation Army Toast of the Town Honoree, the 2004-2005 United Way Volunteer of the Year for Spartanburg County, and Honorary Chair of The Imagination Library of Spartanburg and Union Counties.

Samuel H. Maw, Jr., 82, director, retired as Executive Vice President of Flagstar Corporation in 1995 after 25 years with the company. He also is the co-owner of the Beacon Restaurant, which has been a landmark in Spartanburg County for decades. Mr. Maw earned his B.S. from Wofford College. He served as President and CEO of Denny's Inc. from 1988-1991 and has served on the South Carolina Forestry Commission Board. Mr. Maw also is a past president of the Wofford College Terrier Club and the former chairman of the board of the Spartanburg Regional Healthcare System Foundation. Mr. Maw is currently on the board of directors of Morris and Associates in Raleigh, NC and Winston Weaver, Inc. located in Winston Salem, NC. He served as a first lieutenant in the United States Army with duty in the United States and Germany. He also serves as a director on the Spartanburg Area Conservancy SPACE Board and Wofford College Terrier Club. In addition, he is a current board member of the Spartanburg Regional Hospital Foundation, Cancer Division.

R. Lamar Simpson, 57, director, has served as the Chief Financial Officer of the bank since inception and also currently serves as its Chief Operating Officer and Secretary. In addition, he previously served as the bank's Treasurer. Mr. Simpson is a certified public accountant with 35 years of accounting and financial management experience. Prior to joining the bank, he had eight years experience as chief financial officer and corporate secretary of two publicly traded community financial institutions. From June 1996 to October 2001, he was the chief financial officer and corporate secretary of FirstSpartan Financial Corp and its subsidiary, First Federal Bank, a savings bank which was headquartered in Spartanburg, and from May 2002 to April 2005 he served as the chief financial officer of New Commerce Bancorp and its subsidiary bank, New Commerce Bank, a community bank which was located in Greenville, South Carolina. He also has 13 years experience in public accounting, where he served a broad range of clients, both publicly traded and privately held, in a wide range of industries including: financial services, healthcare, manufacturing, construction, and real estate. Mr. Simpson graduated from Erskine College with a B.A. in business administration. He is a member of the American Institute of Certified Public Accountants, the South Carolina Association of Certified Public Accountants, and the Financial Managers Society. Mr. Simpson has served as treasurer of Boys Home of the South and as a Meals on Wheels volunteer.

Committees

Carolina Alliance's board of directors has appointed a number of committees, including an audit committee, personnel and compensation committee, and a nominating committee.

Audit Committee

The audit committee is composed of Alex Evins, as Chair, George Groome, and Terrell Sovey. Each member is considered independent. John Poole, John Kimberly, and Lamar Simpson serve in an advisory capacity as non-voting members. The audit committee has the responsibility of reviewing Carolina Alliance's financial statements, evaluating internal accounting controls, reviewing reports of regulatory authorities, and determining that all audits and examinations required by law are performed. The audit committee is responsible for overseeing the entire audit function and appraising the effectiveness of internal and external audit efforts. The audit committee reports its findings to the board of directors.

Personnel and Compensation Committee

The personnel and compensation committee is composed of Sam Maw, as Chair, Marsha Gibbs, George Groome, and John Kimberly. John Poole and Lamar Simpson serve in an advisory capacity as non-voting members. This committee provides oversight for management's administration of compensation and benefits for the bank's employees. The committee reviews our compensation policies and recommends to the Board the compensation levels and compensation programs for executive officers and board and committee fees paid to the directors.

Nominating Committee

The nominating committee is composed of Terry L. Cash, Chair, W. Louis Bissette, Jr., T. Alexander Evins, W. Allen Rogers II, Richard H. Sumerel, and W. Lewis White, Sr. Each member is considered independent. The Nominating Committee is responsible for identifying and recommending to the Board potential director nominees.

Executive and Board Compensation

Set forth below is selected information regarding the compensation arrangements for our executive officers and members of our board of directors.

Total cash compensation of our executive officers for the past three years is as follows:

Executive	2015	2014	2013
John S. Poole	$304,523	$258,889	$271,456
John Kimberly	$300,200	$154,269*	*
R. Lamar Simpson	$296,715	$267,822	$264,497

* Mr. Kimberly joined Carolina Alliance on April 5, 2014 upon the consummation of the merger with Forest Commercial Bank.

The board of directors has established a comprehensive compensation program for our executive officers, John S. Poole, John Kimberly, and R. Lamar Simpson, which is administered by the bank's personnel and compensation committee. The bank has entered into three-year employment agreements with each of our executive officers that provide a base salary; incentive or bonus pay of up to 45% of the annual base salary; use of an automobile; participation in other normal and customary benefits generally available to other employees; and payment of certain club dues and assessments.

The total compensation for our executive officers is based upon the committee's consideration of multiple factors, including, without limitation, each executive's years of experience; analysis of market compensation data; their performance compared to the individual's and the bank's goals; and other performance measures. The committee reviews these factors in February of each year and develops recommendations for the base salary for the following 12-month period and incentive compensation and/or bonuses for the prior year's accomplishments payable in February of the current year. The recommendations are presented by the committee to the full board of directors for approval (in the absence of the executive officers, all of whom are also members of our board of directors).

Monthly fees earned by the directors are determined based on a combination of fixed amounts for board and committee membership, and variable amounts based on the number of meetings attended. Total fee expense was approximately $179,000 in the year ended December 31, 2015.

Directors may elect payment of fees in the form of cash or in bank stock. Fees earned and payable in cash are paid quarterly. Fees earned and payable in bank stock are accrued monthly based on the market price of the stock on the last day of each respective month; this accrued compensation is settled from authorized but unissued shares semi-annually. Stock-settled fees earned and accrued in the year ended December 31, 2015 were $106,800, or 10,370 shares, of which 5,137 shares were issuable at December 31, 2015. These shares were issued in February 2016.

PROPOSAL NO. 2
RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR

The board of directors has appointed Elliott Davis Decosimo, LLC as our independent auditor for the fiscal year ending December 31, 2016. Although we are not required to seek shareholder ratification on the selection of our accountants, we believe obtaining shareholder ratification is desirable. If the shareholders do not ratify the appointment of Elliott Davis Decosimo, LLC, the board of directors will re-evaluate the engagement of our independent auditors. Even if the shareholders do ratify the appointment, our board of directors has the discretion to appoint a different independent auditor at any time during the year if the board believes that such a change would be in the best interest of the bank and our shareholders. We expect that a representative from Elliott Davis Decosimo, LLC will attend the meeting and will be available to respond to appropriate questions from shareholders.

The board unanimously recommends a vote FOR the ratification of the appointment of Elliott Davis Decosimo, LLC as our independent auditor for the fiscal year ending December 31, 2016.

If a quorum is present, the approval of Proposal No. 2 requires that the votes cast favoring the proposal exceed the votes cast opposing the proposal.