



**Shareholder Presentation**  
**2Q 2016**

# Caution Regarding Forward Looking Statements

This presentation contains projections, predictions, expectations, and other statements with respect to the Company and its subsidiaries as to beliefs, future events, and/or results that are based on current expectations, estimates, and projections about, among other things, the industry and the markets in which the Company operates. Such statements constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Those statements are subject to known and unknown risks, uncertainties, and other factors that could cause the actual results to differ materially from those contemplated by the statements. The forward-looking statements are based on various factors and were derived using numerous assumptions. In most cases, you can identify forward-looking statements by words like “may,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” or “continue” or the negative of those words and other comparable words. You should be aware that those statements reflect only the predictions of the Company.

If known or unknown risks or uncertainties should materialize, or if the underlying assumptions should prove inaccurate, actual results could differ materially from past results and those anticipated, estimated, or projected. You should bear this in mind in reading this presentation. Factors that might cause such actual results to differ include, but are not limited to:

- General business and economic conditions in the markets that the Company and its affiliates serve may be less favorable than anticipated which could decrease the demand for loan, deposit, and other financial services and increase loan delinquencies and defaults;
- Changes in market rates and prices may adversely impact the value of securities, loans, deposits, and other financial instruments and the interest rate sensitivity of the Company’s balance sheet;
- The Company’s liquidity requirements could be adversely affected by changes in assets and liabilities;
- The effect of legislative or regulatory developments, including changes in laws concerning taxes, banking, securities, insurance, and other aspects of the financial services industry, such as, for example, the Dodd-Frank Wall Street Reform and Consumer Protection Act;
- Competitive factors among financial services organizations, including product and pricing pressures and the Company’s ability to attract, develop, and retain qualified banking professionals;
- The effect of changes in accounting policies and practices, as may be adopted by the Financial Accounting Standards Board, the Public Company Accounting Oversight Board, and other regulatory agencies that apply to the Company and its subsidiaries; and
- The effect of fiscal and governmental policies of the United States federal government.

The Company undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or otherwise.

**We note these risks and other factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such risks or factors. Consequently, you should not consider such disclosures to be a complete discussion of all potential risks, factors, or uncertainties.**

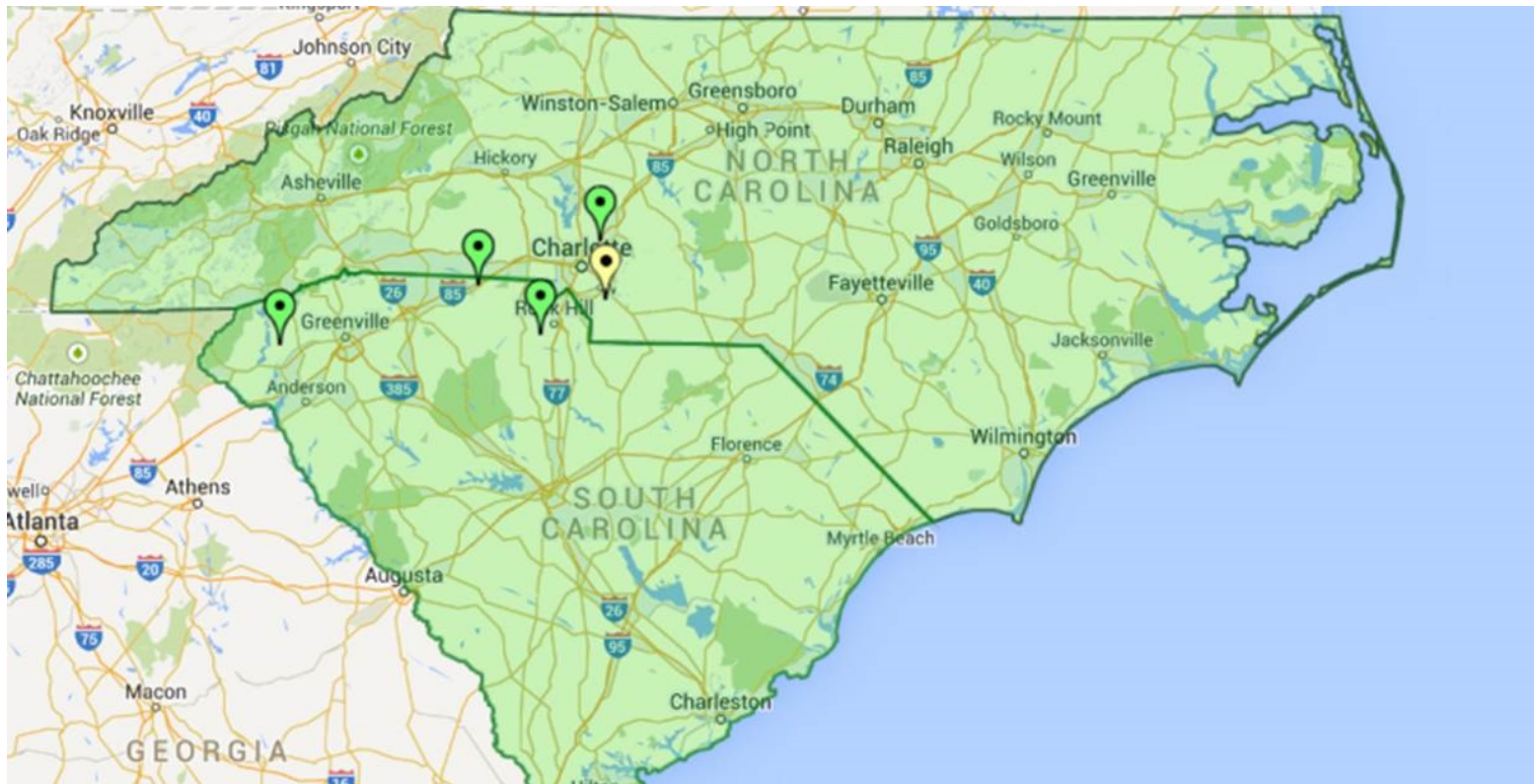
# Company Overview

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- ❖ Bank began operation in August 2007
- ❖ Headquartered in south Charlotte, NC (Ballantyne)
  - Two additional offices in the Charlotte MSA (uptown and Rock Hill, SC)
  - Two offices in rural SC markets (Blacksburg and Six Mile)
  - Bank did have one additional office in Ballantyne and an office in Washington, DC
- ❖ Board of Directors brought in new leadership in February 2015 and re-focused bank on its primary targets of: small businesses, professionals, and consumers
  - Culture defined around Core Values (Trust, Excellence, Focus, Collaboration, Balance) and Purpose (We are your CATALYST for Excellence)
  - \$8.5 million of capital raised (November 2015) to retire SBLF and provide for growth
  - Leadership Team additions of Chief Banking Officer and Chief Credit Officer
  - Re-positioned retail footprint by closing Washington, DC office and additional Ballantyne office in December 2015
  - Exited non-profitable mortgage business

# Franchise Footprint

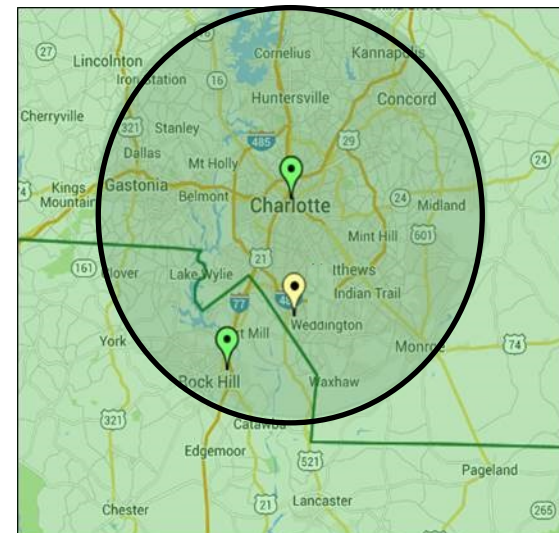
- ❖ Five-branch network headquartered in Charlotte, NC operating under the Company's banking subsidiary Carolina Premier Bank
- ❖ Continue to utilize a branch scorecard approach to track progress
- ❖ Branch specific implementation of strategies for enhanced operating results



# Charlotte-Concord-Gastonia MSA—Demographics

- ❖ Carolina Premier Bank has 2 branches in the city of Charlotte and 1 in Rock Hill, SC
- ❖ CPB's Charlotte Branch operating market spans within a 25 mile radius of 7 contiguous counties (*Mecklenburg, Union, Gaston, Cabarrus Counties in NC and York and Lancaster Counties in SC*)
  - Charlotte's MSA is the largest in population in the Carolinas, ranking 23<sup>rd</sup> nationally, and was ranked by Forbes in the top 10 fastest growing metro areas for 2014; projected population in Charlotte is estimated to grow approximately 9% through 2016
  - Seven Fortune 500 companies are headquartered in the Charlotte Metro area with a skilled labor force pool of approximately 1.4 million
  - The continued population growth and the availability of a highly educated labor force provide significant opportunities for additional market penetration and staffing enhancements

County	Population (Actual)	Median Income (\$)	Household Income > \$100K(%)
Gaston, NC	212,855	43,563	15.36
Mecklenburg, NC	1,043,767	57,792	26.71
Union, NC	223,465	66,627	29.47
Cabarrus, NC	195,947	58,302	23.44
Lancaster, SC	86,149	45,456	18.46
York, SC	253,201	57,534	24.39



# Charlotte-Concord-Gastonia MSA—*FOCUS*

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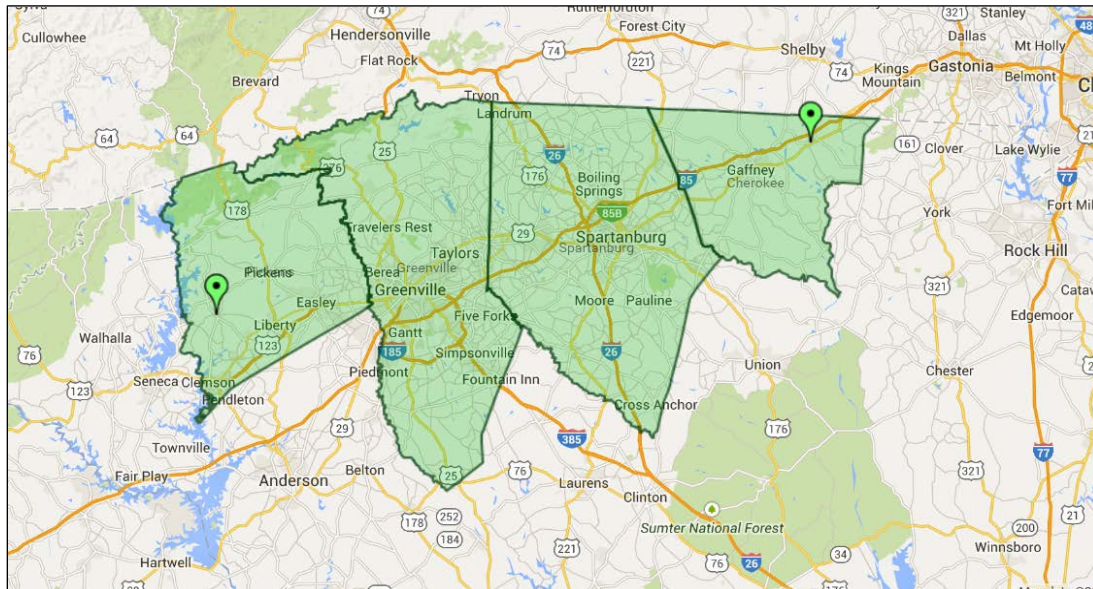
- ❖ Core Focus on Small Businesses and Professionals
- ❖ Full array of solutions in treasury management, lending, and financial planning
  - The Charlotte MSA enjoys a vibrant, balanced economy that encompasses many sectors that range in size from multi-national to micro business, thus sheltering the city from problems that may arise from slowdowns in certain sectors
  - There are approximately 55,000 business establishments in the Charlotte MSA; of those, 93% employ less than 50 employees
  - Approximately 38% of businesses in the Charlotte MSA were created in the last decade and are likely entering into their 2<sup>nd</sup> and 3<sup>rd</sup> S Curve
  - In 2009 Charlotte was named by CNN Money as the best place to establish a small business
  - A recent study conducted by WalletHub ranked Charlotte the #1 metro area with the best small-business environment for employees and job seekers based on a variety of metrics including number of small businesses, small-business job growth, industry variety and earnings.

(Source Charlotte Business Journal [www.bizjournals.com/charlotte/news/2015/05/07charlotte-tops-list-of best-places to-work -for-small-business](http://www.bizjournals.com/charlotte/news/2015/05/07charlotte-tops-list-of-best-places-to-work-for-small-business))



# Rural South Carolina Markets—*FOCUS*

- ❖ Core Focus on consumer deposits and loans and financial planning with limited overhead
  - While both predominantly rural, the Blacksburg and Six Mile branches provide a launch pad for possible expansion into the Greenville-Anderson-Mauldin and Spartanburg MSAs
  - Six Mile, South Carolina is located near the shores of Lake Keowee in Pickens County, South Carolina; major employers in the area include the state of South Carolina, Duke Energy and Clemson University
  - Carolina Premier Bank is currently one of only two banks with a location in the Blacksburg market and holds approximately 45% of the market share



# Highlights (YTD) of FY16

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- ❖ Continued enhancement of Commercial Banking Platform
  - Established Business Banking team to focus on small and micro businesses
  - Streamlined credit approval process for loans with smaller exposures
  - Established SBA specialty to complement commercial focus and increase fee income
  - Strengthened partnerships between Commercial/Business Banking and Treasury Management
  
- ❖ Converted Core Operating System in May 2016
  - More functionality while essentially cost-neutral
  - Mobile banking launched
  - Further online banking enhancements in early 2017
  
- ❖ Begin to witness stronger loan production and growth
  - Organic production through June 2016 up 24% over full FY15 results (*48% annualized*)
  - Time to close metric continues to improve

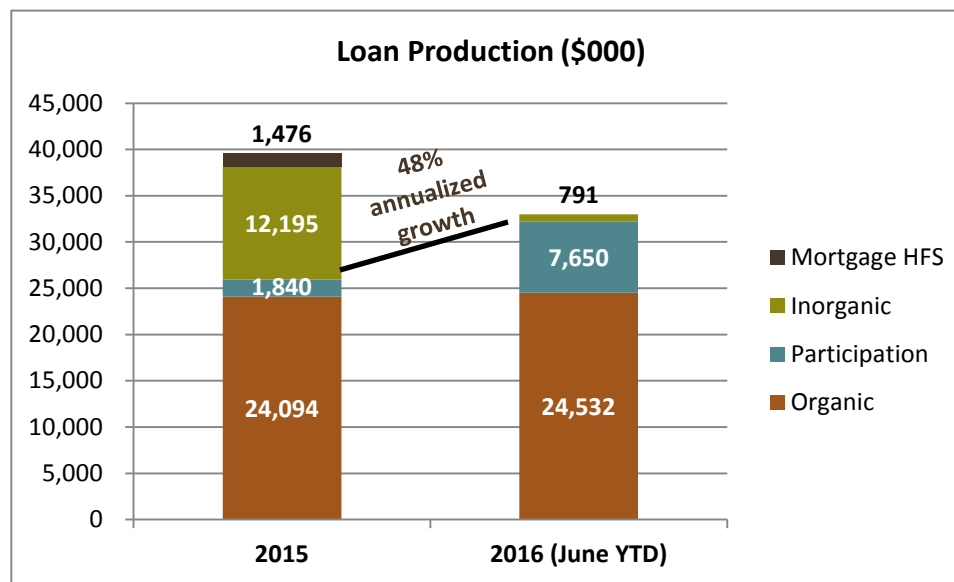


# Ongoing Initiatives (2H 2016 / FY17)

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- ❖ Establishing a digital platform for small business lines of credit (< \$50,000)
  - Uses client data to determine repayment ability and amount of credit
  - Tailored for small business owners
  - Launch in 4Q 2016
  
- ❖ SBA Platform launching 3Q 2016
  - Hired experienced banker with 7+ years exclusively focused on SBA banking
  - 7-A loans: 75% guaranteed portion to be sold on secondary market; 25% retained on books
  - Partnering with experienced Loan Service Provider (LSP) for support (packaging, secondary market sales, servicing)
  - Will commit additional bankers once platform is fully established
  
- ❖ Retail Banking Strategy re-worked and implemented
  - Branch Manager-centric model with cross-trained Universal Bankers
  - Focus on operational, service, and sales excellence
  - Promote KASASA© high-interest transactional deposit account
  - Utilize limited branch footprint to bank the owners and employees of business clients

# Stronger Loan Production



❖ FY15 Organic / Participation totaled \$25.9 million.

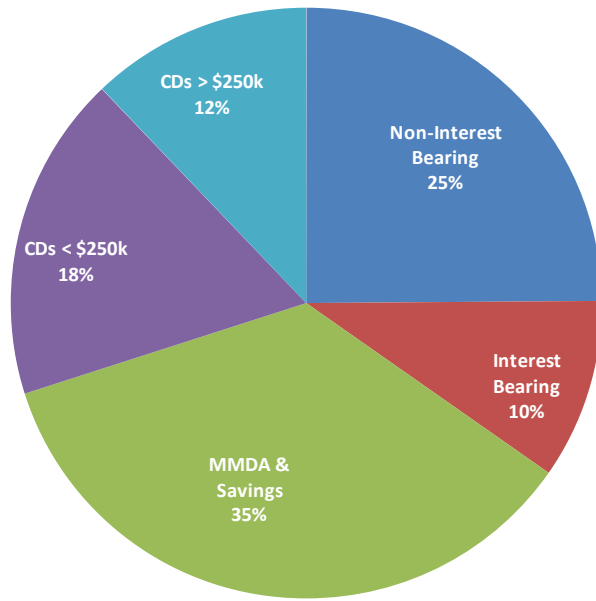
❖ FY16 (YTD through June) Organic / Participation totaled \$32.1 million

*Note on Participations: the new focus is on **known** banks and **known** credit / account officers and **not** on shared national credits or out of market loans. In many cases, we know the property and the borrower (on purchased participations)*

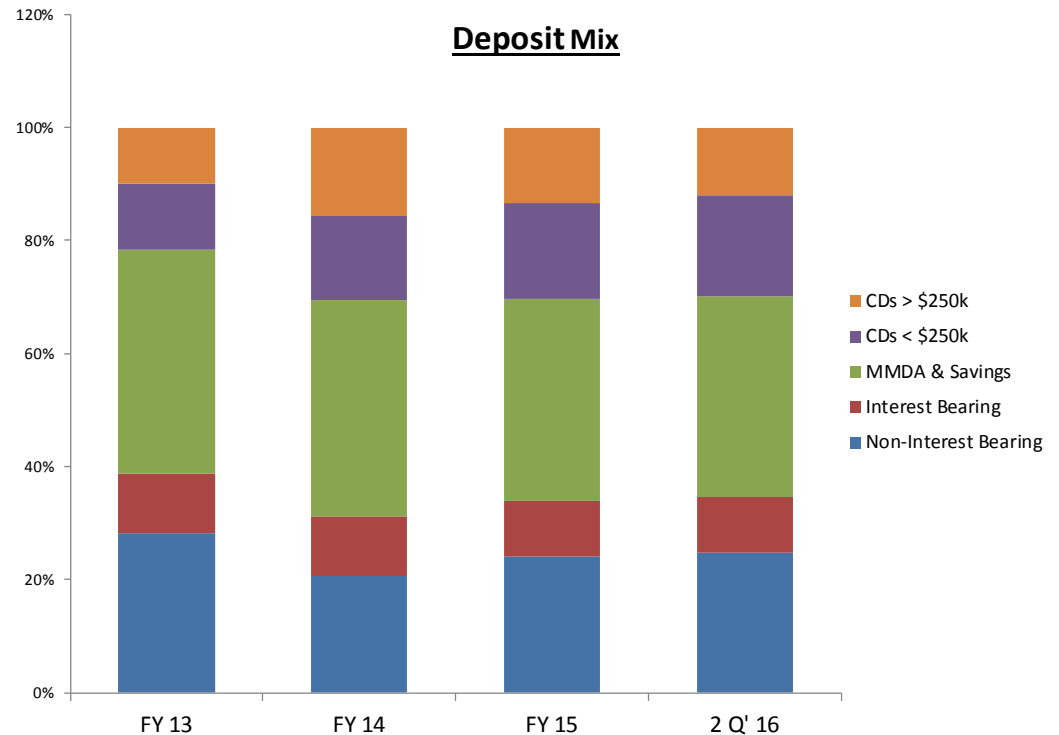
❖ Full-service mortgage production (originate, close, sell) exited in FY15

# Deposit Portfolio Composition

**June 30, 2016**



**Deposit Mix**



(Dollars in Thousands)

	FY 13	WAR
Non-Interest Bearing	\$ 60,877	0.00%
Interest Bearing	22,965	0.33%
MMDA & Savings	85,310	0.33%
CDs < \$250k	25,381	1.62%
CDs > \$250k	21,401	1.68%
<b>Total Deposits</b>	<b>\$ 215,935</b>	<b>0.52%</b>

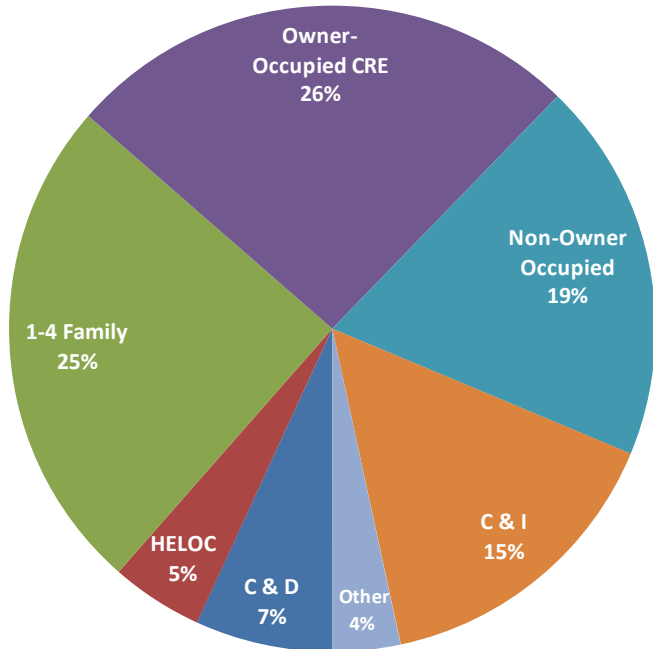
	FY 14	WAR
Non-Interest Bearing	\$ 42,114	0.00%
Interest Bearing	21,467	0.26%
MMDA & Savings	78,159	0.40%
CDs < \$250k	30,482	1.03%
CDs > \$250k	32,139	0.93%
<b>Total Deposits</b>	<b>\$ 204,361</b>	<b>0.48%</b>

	FY 15	WAR
Non-Interest Bearing	\$ 49,725	0.00%
Interest Bearing	20,127	0.35%
MMDA & Savings	73,663	0.39%
CDs < \$250k	34,402	1.24%
CDs > \$250k	27,752	0.75%
<b>Total Deposits</b>	<b>\$ 205,670</b>	<b>0.48%</b>

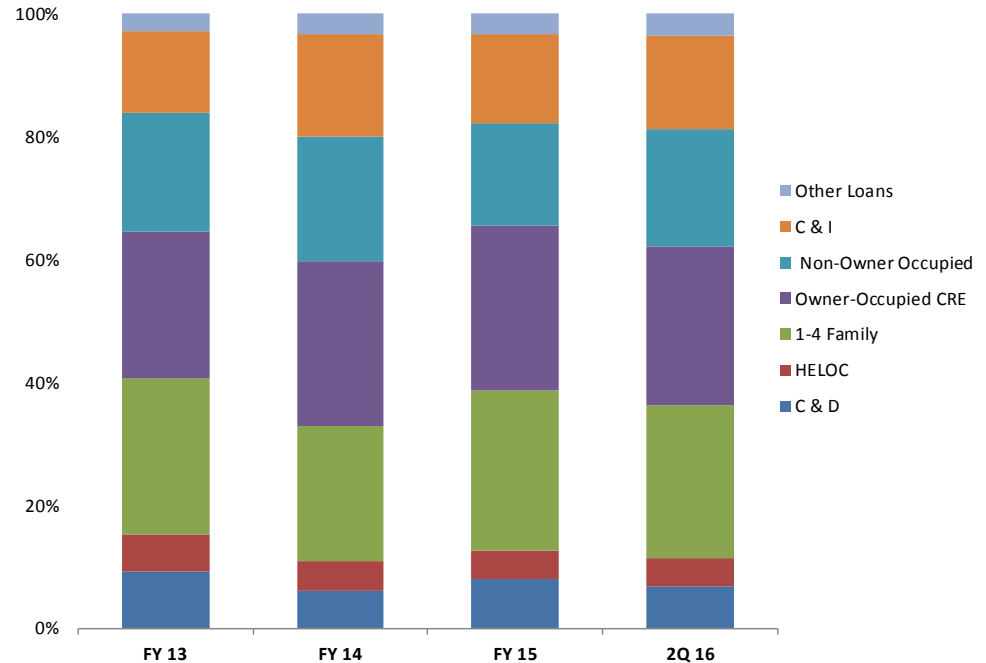
	2 Q '16	WAR
Non-Interest Bearing	\$ 49,698	0.00%
Interest Bearing	19,647	0.42%
MMDA & Savings	70,497	0.39%
CDs < \$250k	35,631	1.52%
CDs > \$250k	24,201	1.11%
<b>Total Deposits</b>	<b>\$ 199,675.041</b>	<b>0.58%</b>

# Loan Portfolio Composition

**June 30, 2016**



**Loan Mix**



(Dollars in Thousands)

	FY 13	WAR	FY 14	WAR	FY 15	WAR	2 Q' 16	WAR
C & D	\$ 15,636	5.40%	\$ 11,427	5.62%	\$ 14,371	5.33%	\$ 12,273	4.41%
HELOC	10,269.30	3.78%	9,096.04	3.93%	7,938.19	4.13%	8,230	4.10%
1-4 Family	43,140.44	4.73%	41,017.33	4.67%	46,173.50	4.54%	44,583	4.59%
Owner-Occupied CRE	40,272.52	4.61%	49,813.45	5.04%	47,213.85	4.94%	46,176	4.86%
Non-Owner Occupied CRE	33,020.93	5.26%	38,270.14	5.24%	29,423.07	5.06%	34,081	4.94%
C & I	22,588.17	4.73%	30,817.72	4.75%	25,466.83	4.71%	27,316	4.64%
Other	4,548.83	6.32%	6,282.22	6.12%	5,906.76	5.92%	6,077	5.82%
<b>Total Gross Loans HFI</b>	<b>\$ 169,476</b>	<b>4.86%</b>	<b>\$ 186,724</b>	<b>4.97%</b>	<b>\$ 176,493</b>	<b>4.95%</b>	<b>\$ 178,737</b>	<b>4.74%</b>

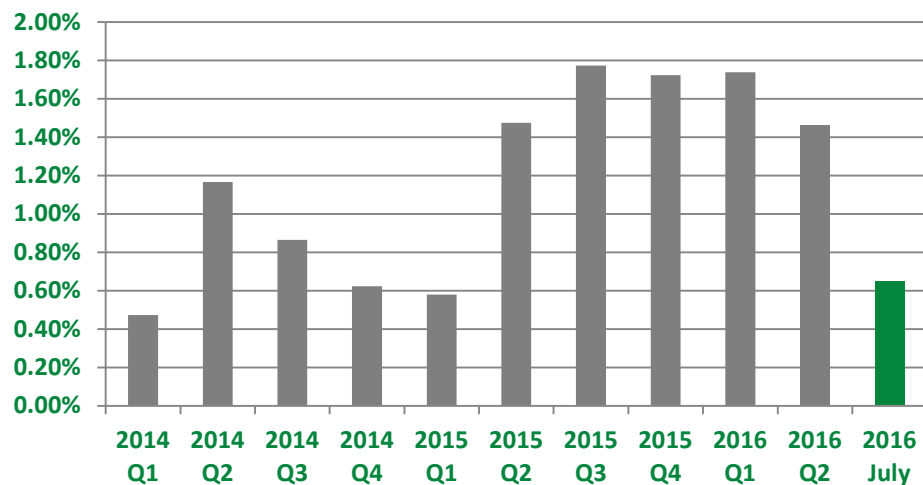


## Financial Highlights

quality – profitability – growth

# Asset Quality

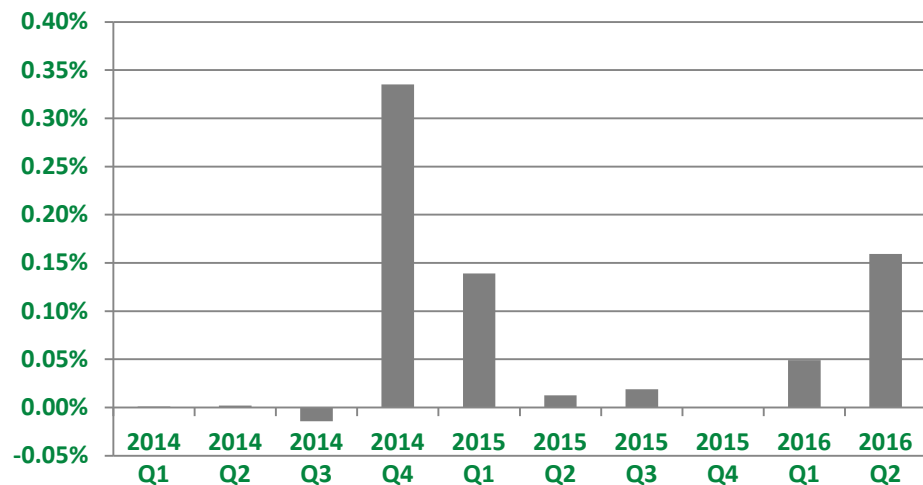
NPAs / Total Assets



- ❖ Uptick in NPAs as a few legacy credits are downgraded and/or moved to non-accrual status
- ❖ Special Assets Officer assigned to work problem credits; several larger relationships are nearing a positive outcome

*Note: Chart updated to show July 2016 actual, as one large NPL paid out July 1, 2016*

Net Charge-Offs / Average Loans

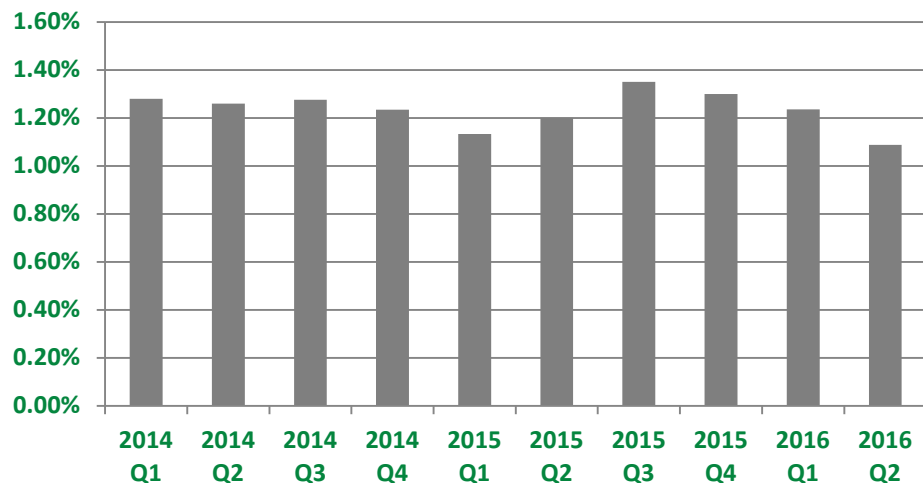


- ❖ Charge-offs remained low in FY15 and FY16 YTD
- ❖ Working out of remaining NPAs should not result in significant additional provision expense



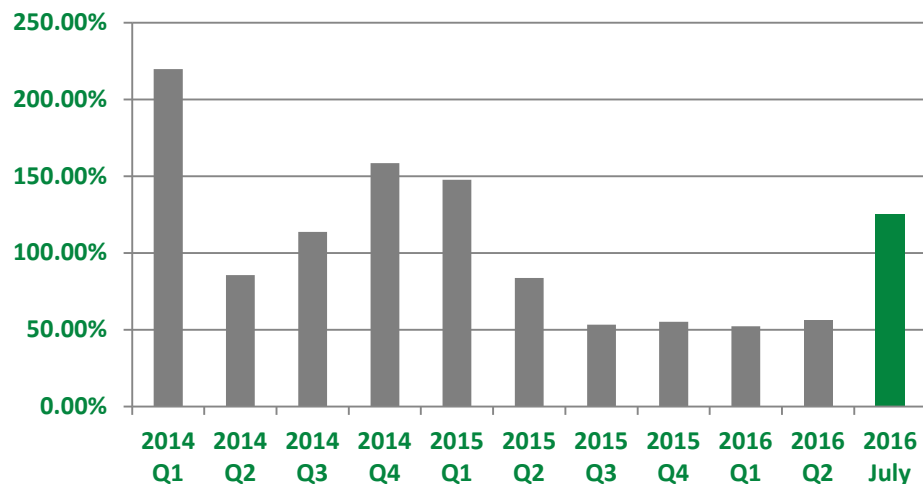
# Asset Quality

ALLL / Gross Loans



- ❖ Reserves remain adequate to cover anticipated losses
- ❖ ALLL decrease is the result of resolving several NPLs that carried specific reserves

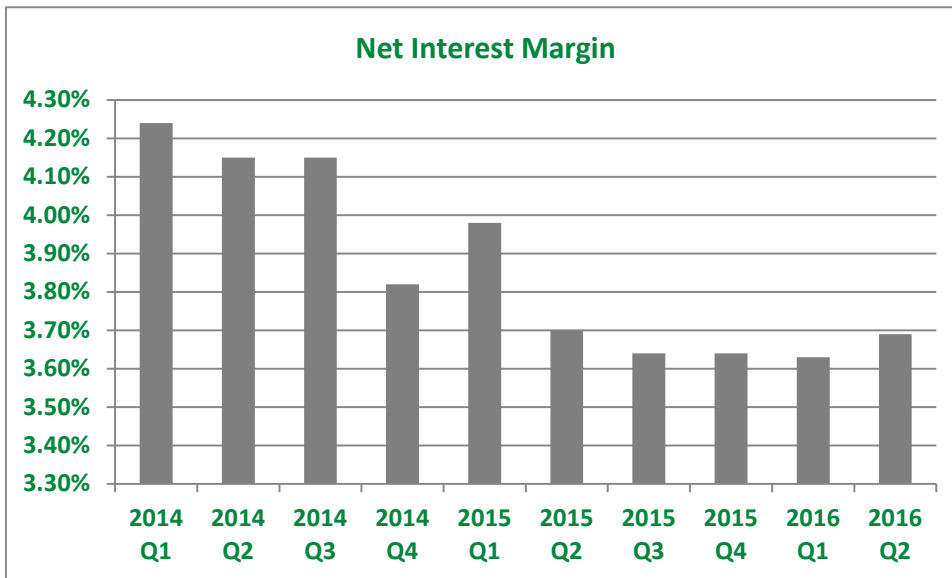
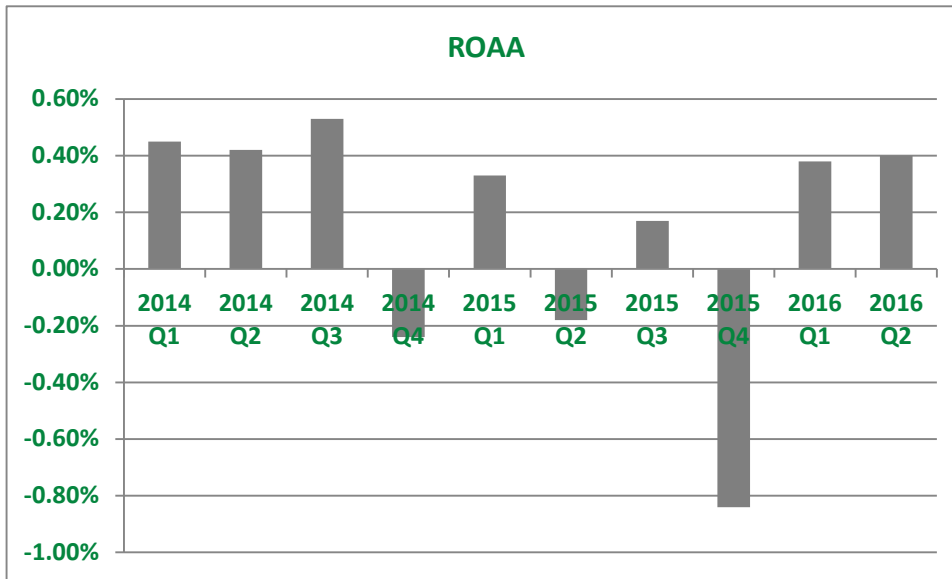
ALLL / Non-Performing Loans



- ❖ ALLL to non-performing loans decreased with the uptick in NPAs
- ❖ NPL increase driven by a few larger loans with limited loss exposure

*Note: Chart updated to show July 2016 actual, as one large NPL paid out July 1, 2016*

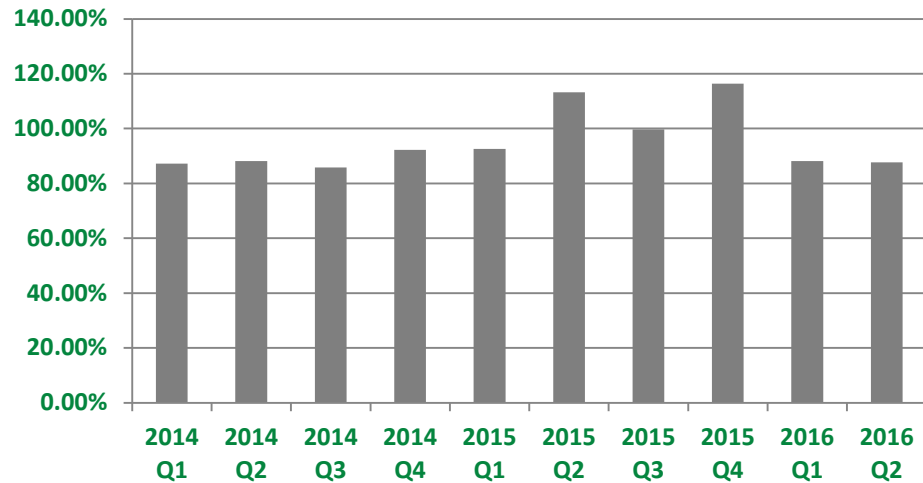
# Profitability (bank level)



- ❖ During 2015 Q2, Bank incurred one-time expenses related to hiring new professionals, closing mortgage division, and resolving problem loans (legal/collection expenses)
- ❖ The Bank charged off assets related to Washington DC office closure in 2015 Q4 (\$500,000)
- ❖ NIM continues to be challenged by low rate environment but stabilized in FY15 and FY16 YTD
- ❖ Executed a balance sheet strategy in Q4 2014 to better position the bank for rising interest rates

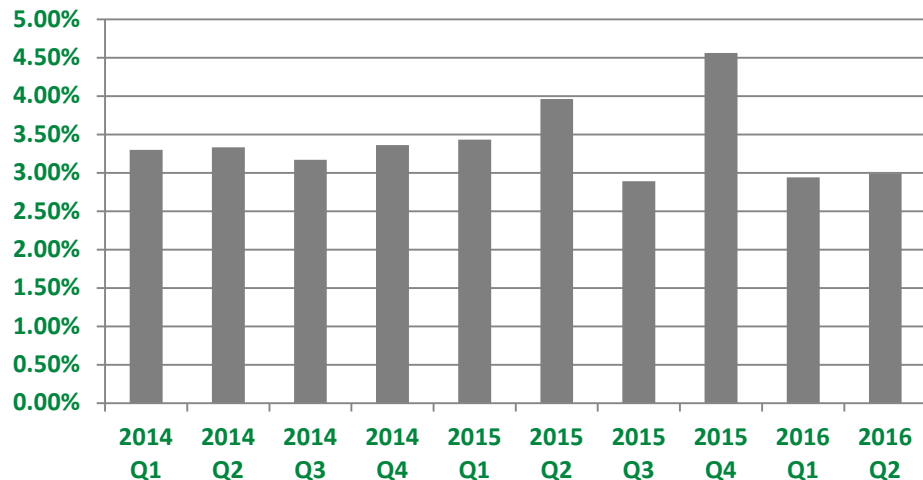
# Profitability (bank level)

Efficiency



- ❖ Efficiency negatively impacted by non-recurring expenses recognized in Q2 and Q4 of 2015
- ❖ Goal is to continue driving down efficiency through growth in revenues and management of controllable expenses

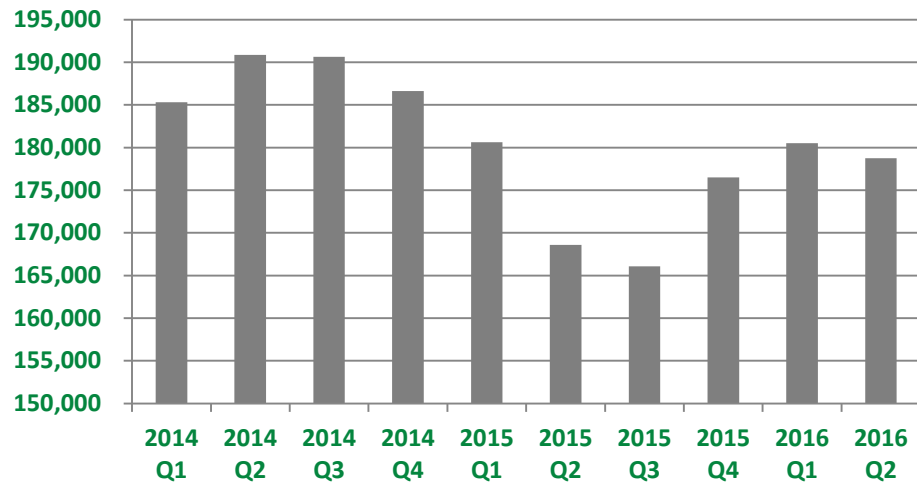
Net Overhead



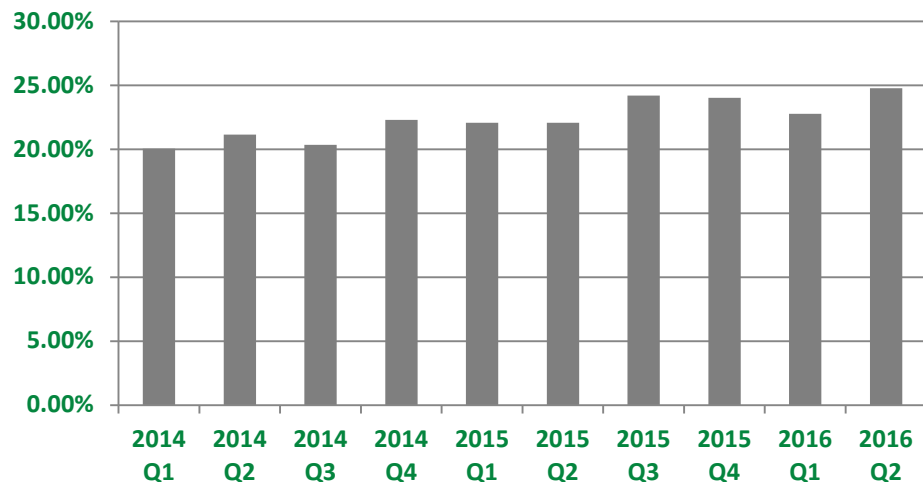
- ❖ Managing expenses resulted in lowering Net Overhead below 3% during 2016 Q1 and Q2
- ❖ Increasing non-interest income through outsourced mortgage partnerships, Center for Business Strategies, SBA platform and Treasury Management products/pricing will further improve performance ratios

# Balance Sheet Growth

Gross Loans (\$'000)



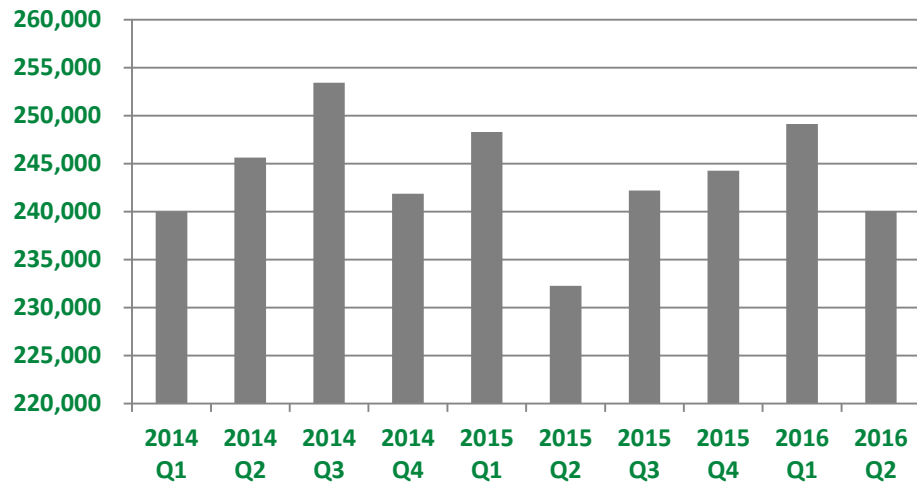
NIB Deposits / Total Deposits



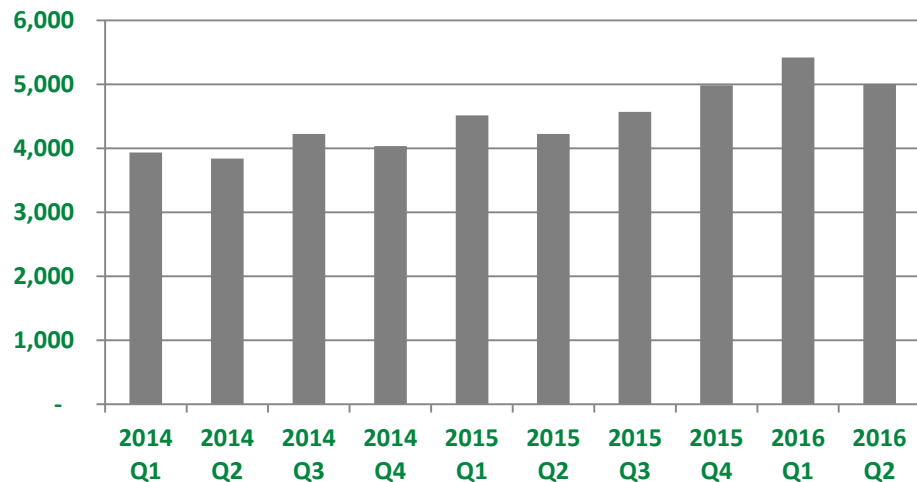
- ❖ New focus (beginning in FY15) on organic loan growth in the greater Charlotte MSA
- ❖ Refined credit processes and re-built commercial banking / credit teams starting to produce positive results
- ❖ Continue to enjoy a strong, stable base of non-interest bearing deposits
- ❖ Deposit growth strategies set to begin in second half of FY16

# Balance Sheet Growth

Total Assets (\$'000)



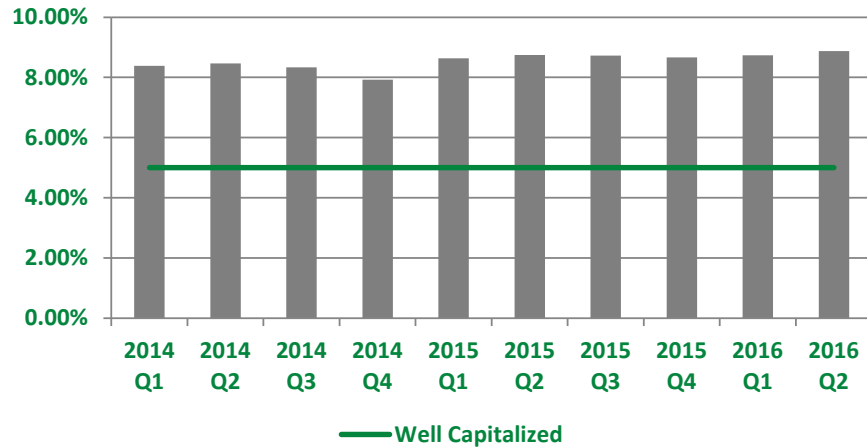
Assets / FTE (\$'000)



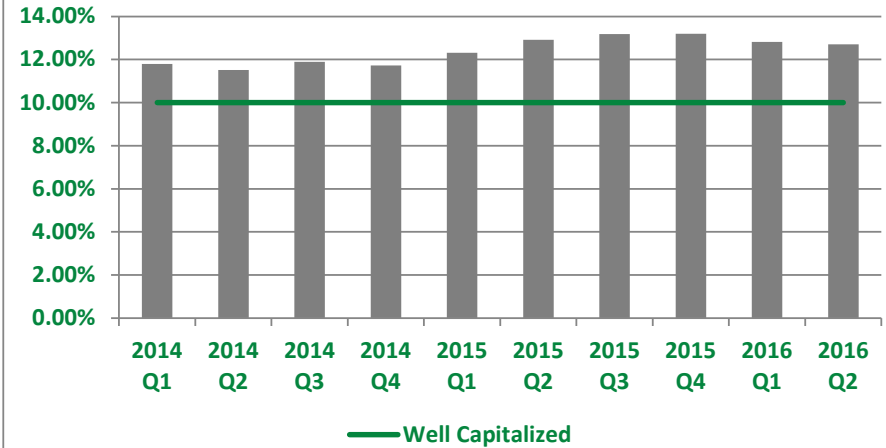
- ❖ Balance sheet shrunk in FY15 with loan payoffs and lack of robust loan growth
- ❖ FY15 focus was on re-positioning the commercial sales efforts on the greater Charlotte MSA and refining credit processes
- ❖ Management of personnel expenses (FTEs) and a more robust loan origination process is resulting in stronger Assets/ FTE
- ❖ Bank continues to make smart investments in talented bankers that can bring business

# Capital Ratios

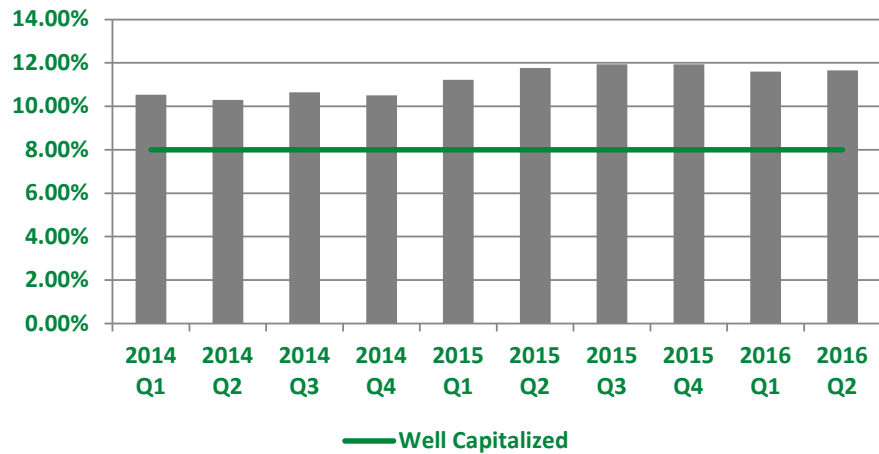
## Leverage



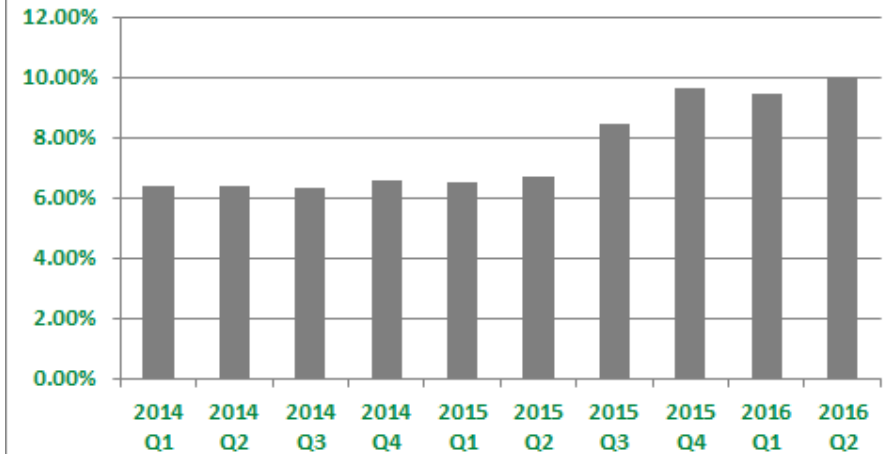
## Total Risk-Based Capital



## Tier 1 Capital



## Tangible Common Equity / Tangible Assets






# Premara Financial, Inc. - (\$000s ,Except Per Share Data)

	Years Ended		Year to Date	
	2014	2015	06/30/15	06/30/16
<b>Shares Outstanding</b>	1,946	3,160	1,946	3,160
<b>Net Income</b>	\$ 602	\$ (416)	\$ 36	\$ 422
<b>Earnings per Share</b>	\$ 0.31	\$ (0.13)	\$ 0.02	\$ 0.13
<b>SBLF Dividend</b>	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ -
<b>Net Available per Share</b>	\$ 0.28	\$ (0.16)	\$ (0.00)	\$ 0.13
<b>Book Value per Share</b>	\$ 8.50	\$ 7.64	\$ 8.35	\$ 7.81
<b>TBV -per share</b>	\$ 8.13	\$ 7.43	\$ 7.99	\$ 7.61
<b>TCE to Tangible Assets</b>	6.55%	9.63%	6.71%	10.03%

# Continued Drive to Increase Shareholder Value

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- ❖ Fully implement strategies around Retail Banking and SBA Banking
  - Continue to focus on strong non-interest bearing deposit base
  - Drive fee income through retail banking and selling SBA guaranteed loans
- ❖ Enhanced training and development opportunities
  - Credit training in commercial and retail analysis
  - Sales training to enhance our “challenger” style of communication
- ❖ Strategic Partnerships
  - Bankers Healthcare Group
  - Outsourced mortgage origination
  - Digital small business lines of credit
- ❖ Social Media
  - LinkedIn and Twitter (@CarolinaPremier) 
  - Used to build brand awareness and promote bank-sponsored events
- ❖ Future Growth Opportunities
  - Team liftouts
  - Increased retail presence
  - Hiring talent from merger-disrupted institutions

# Leadership Team

Team Member	Position	Years in Banking	Prior Experience
David P. Barksdale	Chief Executive Officer	28	Served as Chief Banking Officer and Chief Strategy Officer of \$2.5 billion community bank in NC
Caryn R. Johnson	Chief Operating Officer	31	Served as interim CEO of Carolina Premier Bank; background in operations, lending, compliance and serves as the bank's BSA & AML Officer
Kendall Stewart	Chief Financial Officer	26	15 years experience as CFO in community banking. Diverse background in lending, operations and IT
Tim Key	Chief Banking Officer	21	Served as Commercial Team Leader for national bank in Charlotte. Spent entire banking career in the Charlotte market.
Cash Canada	Chief Credit Officer	22	Served as Director of Credit Policy for De novo community bank in SC (sold in 2013). Has both credit and sales experience.
Hunter Widener	Executive Director Center for Business Strategies	21	Holds Certified Financial Planner designation. Experience as Financial Advisor and private banking. Overseeing Retail Banking Strategy.
Amy Macari	Chief Administrative Officer	11	Involved in formation of Carolina Premier Bank. Familiar with board operations, investor relations, and regulatory policies and procedures.

# Contact Information

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## **Kendall R. Stewart**

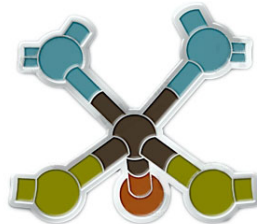
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