1st Quarter 2017
Shareholder Communication

May 2, 2017

Dear Shareholders:

The professionals and Boards of Directors of Premara Financial, Inc. ("Premara") and Carolina Premier Bank (the "Bank") are pleased to report our financial progress for the first quarter of 2017. We are pleased that the momentum established in FY16, particularly in Q4 2016, continued in Q1 2017.

We continue to focus on our Core Values (Trust, Excellence, Focus, Collaboration, and Balance) as we pursue Quality, Profitability, and Growth for our Company.

QUALITY

As we reported for Q4 2016, our non-performing assets ticked up at year end, primarily due to one credit that was paid out in early January. This payout, as well as continued management of NPAs, resulting in a drastic decrease to 0.48% at the end of Q1 2017; this is our lowest level since Q1 2014. We had no charge-offs for the quarter.

As a result of strong credit metrics, the Company did not take a provision expense during Q1, equating to stronger profitability. Our reserves remain at 1.04% of gross loans and over 180% of non-performing loans.

Our credit team continues to balance the approval process for new/renewed loans while working problem credits to their resolution.

GROWTH

Loans: Solid loan growth continued in Q1 as gross loans outstanding finished at just over $206 million. This growth represents 10.7% annualized increase over Q4 and a year-over-year increase of 14.1%. Our mix continues to be good, and our credit team monitors exposure by loan type and industry (ex., hospitality).

We continue to track "time to close" as an important metric for the small business owner. Keeping the client informed at every step of the process—from request, to underwriting, to pre-closing—will avoid

surprises and allow our clients to better manage their businesses. Collaboration on our end between the sales team, credit team, and operational team is paramount for this process to work smoothly.

Small Business Administration: We built out the SBA team in early 2017 with addition of two bankers—a business development officer/underwriter in Charlotte and a business development officer in Raleigh, NC. YTD loan production is $7.8 million, and fee income generated for the Bank totals over $409 thousand. (Note that the fee total includes a fee collected in April for an SBA credit booked in late March.) The pipeline for the SBA unit remains strong at over $15 million.

Deposits: Deposits were flat year-over-year and totaled $209 million at quarter-end. Our mix continues to remain favorable with over 23% of deposits held in non interest-bearing accounts. We recognize that deposit generation is a necessity to fund loan growth. We have several initiatives underway to generate deposits.

During Q1, we used a consultant to review our retail deposit process front-to-back. This study assists us in balancing sales and service excellence with operational excellence. (You cannot excel at one at the expense of the other.) Several recommendations will be immediately implemented, and several more will be studied and implemented over time.

Also recall that several of our new professionals—Rock Hill City Executive, Rock Hill Branch Manager, and a Deposit Business Development Officer—will assist in growing deposits in Rock Hill and across our footprint.

New enhancements for our online banking (both business and consumer) and mobile banking (P2P payments), combined with rounding out our Kasasa ® deposit product line, allow us to compete with large, regional, and community banks for share of wallet.

Lastly, we now have an active deposit pipeline report/tracking. Most community bankers are familiar with the loan pipeline. Implementing a parallel deposit pipeline report enables us to track deposit-only clients/prospects, follow up for other non-Carolina Premier Bank accounts, and not lose track of the full relationship in search of the "next loan deal."

PROFITABILITY

Net Income: Our pre-tax profitability (Bank only) for Q1 2017 was $415 thousand as compared to $244 thousand in Q1 2016. We did not take a provision expense in Q1 2017 due to our improved credit quality and analysis of our existing reserves. On a pre-tax, pre-provision level, our Q1 2017 earnings ($415 thousand) compared to $269 thousand in Q1 2016, an increase of over 54%. ROAA was 0.53%, compared to 0.38% for the same period last year.

For the holding company, profit after taxes was $292 thousand compared to $200 thousand in 2016. Earnings per share in Q1 were $0.09.

Net Interest Margin: Margins for the first quarter were 3.81% as compared to 3.63% for the same period last year. Like all financial institutions, we continue to watch the rate environment and control what we can control at the Bank level.

Branches: As mentioned in our FY16 letter, the Bank of the Urban League closed at the end of Q1 2017. We appreciate the partnership with the Urban League of Central Carolinas and are pleased to have played some role in providing solutions for the un-and under-banked.

We also closed our Blakeney office in early 2017. We closed the branch/retail portion at the end of FY15 but retained some operations in this location. When the lease expired, we consolidated all operations into our Ballantyne location.

Non-Interest Expense: Non-interest expenses (Bank only) totaled $2.2 million, a 10% increase over Q1 2016. This increase is driven by personnel costs, as we continue to make investments in quality revenue-producing professionals. Recent additions include the SBA team, commercial banker/City Executive for Rock Hill, and the Deposit Business Development Officer. We pay a lot of attention to our non-interest expenses and are pleased that we are on budget through the first quarter.

Premara Financial, Inc.: Our goal remains to increase shareholder value, which equates to growing EPS and tangible book value ("TBV"). At the end of Q1 2017, our TBV was $7.67/share, an increase of 1.5% from FYE16's closing TBV of $7.56/share.

Conclusion: The first quarter of 2017, from a loan growth, credit quality, and profitability standpoint, was one of the strongest since the Bank began its re-focusing efforts. We know there is more work to do but are pleased with the progress thus far. The banking industry continues to be an interesting one. We are sure you read and hear multiple opinions on fintech, regulatory relief, the role of the branch, and the M&A market. Our goal is to work on the things we can control to maximize shareholder value. Would we like some regulatory relief? Sure, we would. However, for now we will spend our time providing an excellent client experience, making quality loans, gathering deposits, and managing risks. The other issues and challenges have a way of working themselves out.

As stated in last quarter's letter, we invite you to call us at 704-752-9292 if you have any questions or comments. We do not conduct quarterly investor calls but are happy to have one-on-one meetings or phone calls with investors and potential investors.

Thank you for your continued support of and investment in Premara Financial, Inc. We continue to strive toward our Purpose—we are your CATALYST for Excellence.

Sincerely,

David P. Barksdale
Chief Executive Officer

Forward-looking statements: 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

March 31, 2017 and 2016

ASSETS	2017	2016
Cash and cash equivalents:		
Cash and due from banks	$ 3,289,415	$ 2,449,217
Interest-bearing bank deposits	2,865,872	19,347,079
Total cash and cash equivalents	6,155,287	21,796,296
Time deposits - Financial institutions	500,000	500,000
Securities available-for-sale	33,184,863	33,665,587
Securities held-to-maturity	1,250,000	1,250,000
Nonmarketable equity securities	1,753,893	1,257,567
Loans	206,228,764	180,687,418
Allowance for loan and lease losses	(2,135,566)	(2,229,900)
Net loans	204,093,198	178,457,517
Premises and equipment, net	1,236,344	1,660,702
Deferred tax asset	2,726,891	2,905,609
Other real estate owned	50,000	54,119
Intangible assets	658,141	656,242
Bank owned life insurance	5,568,151	5,408,726
Accrued interest receivable	822,182	870,655
Other assets	1,197,299	853,740
Total assets	**$ 259,196,249**	**$ 249,336,761**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand:		
Noninterest-bearing	$ 46,524,242	$ 49,295,247
Interest-bearing	20,845,662	19,913,335
Savings and money market	82,762,000	76,918,496
Time, $100,000 and over	19,101,465	19,898,807
Other time deposits	39,282,029	43,258,740
Total deposits	208,515,398	209,284,625
FHLB advances	25,000,000	14,000,000
Accrued interest payable	49,237	51,093
Other liabilities	735,400	1,869,010
Total liabilities	**234,300,035**	**225,204,728**
Stockholders' equity		
Common stock, $0.01 par value; 3,160,268 shares issued and outstanding at March 31, 2017 and 2016	31,603	31,603
Additional paid in capital	23,561,364	23,542,196
Undivided profits	1,356,206	675,834
Accumulated other comprehensive income (loss)	(52,959)	(117,600)
Total stockholders' equity	**24,896,214**	**24,132,033**
Total liabilities and stockholders' equity	**$ 259,196,249**	**$ 249,336,761**

Premara Financial, Inc.

Consolidated Income Statement

Quarters ended March 31, 2017 and 2016

	2017 - YTD	2016 - YTD
Interest income:		
Loans, including fees	$ 2,384,032	$ 2,107,091
Securities income	242,166	277,128
Other interest and dividend income	22,569	33,158
Total interest income	2,648,767	2,417,377
Interest expense:		
Time deposits, $100,000 and over	80,225	59,533
Other deposits	249,771	216,928
Other borrowings	62,704	57,178
Total interest expense	392,700	333,639
Net interest income	2,256,067	2,083,738
Provision for loan losses	-	25,000
Net int. inc. after prov. for loan losses	2,256,067	2,058,738
Other operating income:		
Debit and ATM income	37,120	36,319
Bank owned life insurance	37,176	31,529
Gain on sale of available-for-sale securities	-	18,318
Gain on sale of SBA loans	179,667	-
Gain on sale of fixed assets	1,000	-
Service charges and other income	147,937	133,923
Total non-interest income	402,900	220,089
Other operating expenses:		
Compensation and employee benefits	1,290,686	1,001,559
Occupancy	277,053	243,226
Furniture and equipment	69,913	93,855
Professional services	63,031	122,898
Data processing	137,207	151,794
Office supplies and printing	21,690	13,612
Software	55,635	54,296
Advertising and marketing	19,636	16,005
FDIC insurance premiums	49,302	55,043
Telecommunications	27,140	29,546
Debit and ATM fees	33,389	52,895
Other	241,427	243,701
Total operating expenses	2,286,109	2,078,430
Income before income tax expense	372,858	200,397
Income tax expense	80,809	384
Net income	**$ 292,049**	**$ 200,013**