

# NEWS RELEASE

## FOR IMMEDIATE RELEASE

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### **COMMUNITY FIRST BANCORPORATION ANNOUNCES 2017 FIRST QUARTER FINANCIAL RESULTS**

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**Walhalla, SC** (May 8, 2017) – Community First Bancorporation, Inc. (CFOK), parent company for Community First Bank, Inc., recorded total consolidated earnings of \$188,000 for the first quarter of 2017 compared to total consolidated earnings of \$161,000 for the first quarter of 2016. Without one-time gains from sales of other real estate owned (\$109,000) and investment securities (\$107,000), the Company would have recorded a total consolidated loss of approximately \$55,000 for the first quarter of 2016.

Total assets at March 31, 2017, were \$340,071,000 compared to \$321,076,000 at March 31, 2016. At March 31, 2017, total gross loans and deposits were \$212,160,000 and \$304,174,000, respectively, compared to \$150,854,000 and \$284,710,000 at March 31, 2016.

During 2016, gross outstanding loans grew by \$52,760,000, or 36%. As a result of the significant loan growth in 2016 along with improved asset quality, positive core earnings were generated. This trend continued during the first quarter of 2017, as gross loans outstanding grew to \$212,160,000, or 6.4%, since year end 2016. During the first quarter of 2017, the Company also increased total deposits by \$21,728,000, or 7.7%.

“The Company’s loan demand remains strong, and we will continue to seek deposits to fund this demand,” said President and CEO Richard D. Burleson, Jr.

The Company’s strategic plan calls for the expansion of the Bank’s markets through the establishment of loan production offices (LPOs). Last year the Bank established LPOs in Greenville, Spartanburg and Fort Mill, SC. During the first quarter of this year, the Company continued its expansion along the I-85 corridor into North Carolina by opening an LPO in Concord. Currently, the Company is seeking approval to open an additional LPO in Charlotte.

The Bank's asset quality continued to improve during the first quarter of 2017 as its nonperforming assets, comprising nonperforming loans and foreclosed assets, declined to \$3,055,000 at March 31, 2017, compared to \$3,463,000 at December 31, 2016. The Bank experienced net loan recoveries of \$158,000 during the first quarter compared to net loan charge-offs of \$2,000 in the first quarter of 2016 and net loan charge-offs of \$129,000 for all of 2016. At March 31, 2017, Allowance for Loan and Lease Losses totaled \$3,189,000, or 1.50%, of outstanding loans, compared to \$3,031,000, or 1.52%, of outstanding loans at December 31, 2016.

Mr. Burlison noted that "our capital ratios remain strong and exceed levels required by regulatory authorities."

"The Company has studied ways to increase its fee income," said Burlison, "and to this end, the Bank has made an application with its regulatory authorities to form an insurance subsidiary. Upon approval, Community First Financial Services will offer property and casualty, health, term life, recreational vehicle, disability, travel, identity theft and pet insurance in the Bank's markets. Coverages will be bound by many A++ rated insurance companies. We look forward to offering our customers this additional service."

Community First Bank maintains seven full-service financial centers: two each in Seneca and Anderson and single locations in Williamston, Walhalla and Westminster, South Carolina; and four LPOs discussed above.

#### *CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS*

This News Release contains forward-looking statements, which can be identified by the use of words such as "estimate," "project," "believe," "intend," "anticipate," "plan," "seek," "expect," "will," "may" and words of similar meaning. These forward-looking statements include, but are not limited to statements of our goals, intentions and expectations; statements regarding our business plans, prospects, growth and operating strategies; statements regarding the asset quality of our loan and investment portfolios; and estimates of our risks and future costs and benefits.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. The Company is under no duty to and do not undertake any obligation to update any forward-looking statements after the date of this News Release.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- We may not be able to implement aspects of our growth strategy;
- Future expansion involves risks;

- New bank office facilities and other facilities may not be profitable;
- Acquisition of assets and assumption of liabilities may expose us to intangible asset risk, which could impact our results of operations and financial condition;
- The success of our growth strategy depends on our ability to identify and retain individuals with experience and relationships in the markets in which we intend to expand;
- We may need additional access to capital, which we may be unable to obtain on attractive terms or at all;
- Our estimate for losses in our loan portfolio may be inadequate, which would cause our results of operations and financial condition to be adversely affected;
- Our commercial real estate loans generally carry greater credit risk than one-to-four family residential mortgage loans;
- Our concentration of construction financing may expose us to a greater risk of loss and hurt our earnings and profitability;
- Repayment of our commercial business loans is primarily dependent on the cash flows of the borrower, which may be unpredictable, and the collateral securing these loans may fluctuate in value;
- We continue to hold and acquire other real estate, which has led to operating expenses and vulnerability to additional declines in real property values;
- A significant portion of our loan portfolio is secured by real estate, and events that negatively impact the real estate market could hurt our business;
- Future changes in interest rates could reduce our profits;
- Strong competition within our market areas may limit our growth and profitability;
- Our stock-based benefit plan will increase our costs, which will reduce our income;
- The implementation of stock-based benefit plans may dilute your ownership interest;
- We are subject to extensive regulation and oversight, and, depending upon the findings and determinations of our regulatory authorities, we may be required to make adjustments to our business, operations or financial position and could become subject to formal or informal regulatory action;
- We are subject to more stringent capital requirements, which may adversely impact our return on equity, require us to raise additional capital, or constrain us from paying dividends or repurchasing shares;
- We depend on our management team to implement our business strategy and execute successful operations and we could be harmed by the loss of their services;
- The value of our deferred tax asset could be significantly reduced if corporate tax rates in the U.S. decline or as a result of other changes in the U.S. corporate tax system;
- We may not be able to utilize all of our deferred tax asset;
- The fair value of our investments could decline;
- Liquidity risk could impair our ability to fund operations and jeopardize our financial condition, results of operations and cash flows;
- Changes in accounting standards could affect reported earnings;
- A failure in or breach of our operational or security systems or infrastructure, or those of our third party vendors and other service providers or other third parties, including as a result of cyber-attacks, could disrupt our businesses, result in the disclosure or misuse of confidential or proprietary information, damage our reputation, increase our costs, and cause losses;
- Our stock price may be volatile, which could result in losses to our shareholders and litigation against us;
- The trading volume in our common stock is lower than that of other larger companies; future sales of our stock by our shareholders or the perception that those sales could occur may cause our stock price to decline;
- There may be future sales of additional common stock or preferred stock or other dilution of our equity, which may adversely affect the market price of our common stock;
- We may issue additional debt and equity securities or securities convertible into equity securities, any of which may be senior to our common stock as to distributions and in the event of liquidation, which could negatively affect the value of our common stock;
- Negative public opinion surrounding our company and the financial institutions industry generally could damage our reputation and adversely impact our earnings;

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**COMMUNITY FIRST BANCORPORATION**  
**CONSOLIDATED FINANCIAL HIGHLIGHTS**  
**(Unaudited)**

(Amounts in thousands except share information)

<b><u>Income Statement</u></b>	<b>Three Months Ended March 31,</b>		<b><u>Change</u></b>
	<b><u>2017</u></b>	<b><u>2016</u></b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Net interest income	\$ 2,872	\$ 2,367	21.34%
Provision for loan losses	0	50	-100.00%
Other income	598	811	-26.26%
Other expense	<u>3,282</u>	<u>2,967</u>	10.62%
Income before income taxes	188	161	16.77%
Provision for income taxes	<u>0</u>	<u>0</u>	0.00%
Net income	<u>\$ 188</u>	<u>\$ 161</u>	16.77%
Dividends paid or accumulated on preferred stock	<u>39</u>	<u>39</u>	0.00%
Net income available to common shareholders	<u>\$ 149</u>	<u>\$ 122</u>	22.13%

**Net income per common share**

Basic	\$ 0.04	\$ 0.03
Diluted	\$ 0.04	\$ 0.03

<b><u>Balance Sheet</u></b>	<b>March 31,</b>	<b>March 31,</b>	<b>December 31,</b>
	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Total assets	\$ 340,071	\$ 321,076	\$ 317,692
Gross loans	212,160	150,854	199,411
Allowance for loan losses	3,189	3,158	3,031
Loans, net	208,971	147,696	196,380
Securities	69,280	112,157	71,671
Total earning assets	327,542	303,987	303,636
Total deposits	304,174	287,710	282,446
Shareholders' equity	31,711	32,518	31,378
Book value per common share	6.88	7.08	6.80

**Asset Quality Data**

Nonperforming loans:			
Non-accrual loans	\$ 1,287	\$ 5,094	\$ 1,720
Past due loans 90 days or more	<u>0</u>	<u>0</u>	<u>0</u>
Total nonperforming loans	1,287	5,094	1,720
Foreclosed assets	<u>1,768</u>	<u>1,743</u>	<u>1,743</u>
Total nonperforming assets	<u>\$ 3,055</u>	<u>\$ 6,837</u>	<u>\$ 3,463</u>
Net charge-offs (recoveries)	\$ (158)	\$ 2	\$ 129
Nonperforming assets as a percentage of			
total loans and foreclosed assets	1.43%	4.48%	1.72%
Nonperforming assets to total assets	0.90%	2.13%	1.09%
Allowance for loan losses to nonperforming loans	247.79%	61.99%	176.22%
Allowance for loan losses to total loans outstanding	1.50%	2.09%	1.52%
Net charge-offs (recoveries) to total loans outstanding	-0.07%	0.00%	0.06%

**CAPTIAL RATIOS**

Total Capital (to risk-weighted assets)	15.58%	18.87%	16.30%
Tier 1 Capital (to risk-weighted assets)	14.32%	17.61%	15.00%
Tier 1 Capital (to average assets)	10.02%	9.12%	10.00%