



FOR RELEASE:

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**SELECT BANCORP REPORTS
FIRST QUARTER 2016 EARNINGS**

DUNN, NC . . . Select Bancorp, Inc. (the “Company” **NASDAQ: SLCT**), the holding company for Select Bank & Trust, today reported net income for the quarter ended March 31, 2016 of \$1.5 million and basic and diluted earnings per share of \$0.13, compared to \$1.7 million and basic and diluted earnings per share of \$0.15 for the quarter ended March 31, 2015.

Total assets, deposits, and total net loans for the Company as of March 31, 2016 were \$830.4 million, \$667.7 million, and \$622.1 million.

Year to date return on average assets through March 31, 2016 is 0.73% and year to date return on average equity is 6.03%.

Non-performing loans were \$8.7 million equaling 1.39% of loans at March 31, 2016. Foreclosed real estate equaled \$1.9 million at March 31, 2016 and net recoveries for the quarter were (\$154,000), or (0.10%), of average loans. At March 31, 2016, the allowance for loan losses was \$7.5 million, or 1.20% of total loans.

Included in the results for the first quarter of 2016 was completion of the Company’s exit of the Small Business Lending Fund (SBLF) program. The Company redeemed all \$7.6 million of SBLF preferred stock in January 2016 which impacted shareholders’ equity. Total shareholders’ equity stands at \$99.2 million at March 31, 2016.

Commenting on the first quarter results, President and Chief Executive Officer William L. Hedgepeth II stated, “We continue to believe that Select is well positioned for the remainder of 2016 and beyond.”

Later this year the company will relocate its Raleigh branch from the current location to a full service branch at 4505 Falls of Neuse Road, Suite 100. The new branch is conveniently located just north of the beltline off Wake Forest Road.

Hedgepeth added, “Our asset quality remains strong and this is a top priority at Select. Our loan portfolio performance trends reflect our commitment to a strong credit culture. As I have said many times: *We will compete for loans based on interest rate, but we will not sacrifice credit quality.* Our historical asset quality numbers reflect the prudence of this strategy. In addition to operating in markets with healthy economies, we will continue to seek prime locations for expansion and identify and hire outstanding bankers and lenders in those markets. These people, like many of our current staff, are known in their markets and are astute, highly-skilled business people with exceptionally loyal client bases.”

Select Bank & Trust has branch offices in these North Carolina communities: Dunn, Burlington, Clinton, Elizabeth City, Fayetteville, Goldsboro, Greenville, Leland, Lillington, Lumberton, Morehead City, Raleigh and Washington.

The information as of and for the quarter ended March 31, 2016, as presented is unaudited. This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, (i) statements regarding certain of our goals and expectations with respect to earnings, earnings per share, revenue, expenses and the growth rate in such items, as well as other measures of economic performance, including statements relating to estimates of credit quality trends, and (ii) statements preceded by, followed by or that include the words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “projects,” “outlook” or similar expressions. The actual results might differ materially from those projected in the forward-looking statements for various reasons, including, but not limited to, our ability to manage growth, substantial changes in financial markets, regulatory changes, changes in interest rates, loss of deposits and loan demand to other savings and financial institutions, and changes in real estate values and the real estate market. Additional information concerning factors that could cause actual results to materially differ from those in the forward-looking statements is contained in the Company’s SEC filings, including its periodic reports under the Securities Exchange Act of 1934, as amended, copies of which are available upon request from the Company.

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Select Bancorp, Inc.
Selected Financial Information and Other Data
(\$ in thousands, except per share data)

| | At or for the three months ended | | | | | At or for the twelve months ended | | |
|--|----------------------------------|-------------------------|--------------------------|------------------|-------------------|-----------------------------------|-------------------------|-------------------------|
| | March 31, 2016 | December 31, 2015 | September 30, 2015 | June 30, 2015 | March 31, 2015 | December 31, 2015 | December 31, 2014 | December 31, 2013 |
| Summary of Operations: | | | | | | | | |
| Total interest income | \$ 8,432 | \$ 8,425 | \$ 8,412 | \$ 8,262 | \$ 8,242 | \$ 33,341 | \$ 26,104 | \$ 22,903 |
| Total interest expense | 927 | 890 | 878 | 835 | 939 | 3,542 | 4,519 | 5,258 |
| Net interest income | 7,505 | 7,535 | 7,534 | 7,427 | 7,303 | 29,799 | 21,585 | 17,645 |
| Provision for (recovery of) loan losses | 352 | 506 | 393 | (139) | 130 | 890 | (194) | (325) |
| Net interest income after provision | 7,153 | 7,029 | 7,141 | 7,566 | 7,173 | 28,909 | 21,779 | 17,970 |
| Noninterest income | 866 | 916 | 572 | 941 | 863 | 3,292 | 2,675 | 2,629 |
| Merger/Acquisition related expenses | - | 240 | 103 | 35 | - | 378 | 1,941 | - |
| Noninterest expense | 5,620 | 5,497 | 5,467 | 5,518 | 5,370 | 21,852 | 18,719 | 15,855 |
| Income before income taxes | 2,399 | 2,208 | 2,143 | 2,954 | 2,666 | 9,971 | 3,794 | 4,744 |
| Provision for income taxes | 896 | 570 | 792 | 1,133 | 923 | 3,418 | 1,437 | 1,803 |
| Net Income | 1,503 | 1,638 | 1,351 | 1,821 | 1,743 | 6,553 | 2,357 | 2,941 |
| Dividends on Preferred Stock | 4 | 20 | 19 | 19 | 19 | 77 | 38 | - |
| Net income available to common shareholders | \$ 1,499 | \$ 1,618 | \$ 1,332 | \$ 1,802 | \$ 1,724 | \$ 6,476 | \$ 2,319 | \$ 2,941 |
| Share and Per Share Data: | | | | | | | | |
| Earnings per share - basic | \$ 0.13 | \$ 0.14 | \$ 0.12 | \$ 0.16 | \$ 0.15 | \$ 0.56 | \$ 0.26 | \$ 0.43 |
| Earnings per share - diluted | \$ 0.13 | \$ 0.14 | \$ 0.12 | \$ 0.16 | \$ 0.15 | \$ 0.56 | \$ 0.26 | \$ 0.43 |
| Book value per share | \$ 8.56 | \$ 8.38 | \$ 8.28 | \$ 8.17 | \$ 8.07 | \$ 8.38 | \$ 8.59 | \$ 8.09 |
| Tangible book value per share | \$ 7.21 | \$ 7.67 | \$ 7.58 | \$ 7.45 | \$ 7.33 | \$ 7.67 | \$ 7.83 | \$ 8.07 |
| Ending shares outstanding | 11,584,011 | 11,583,011 | 11,577,111 | 11,499,398 | 11,458,561 | 11,583,011 | 11,377,980 | 6,921,352 |
| Weighted average shares outstanding: | | | | | | | | |
| Basic | 11,583,440 | 11,580,745 | 11,521,043 | 11,481,137 | 11,426,378 | 11,502,800 | 8,870,114 | 6,918,814 |
| Diluted | 11,626,609 | 11,627,974 | 11,582,724 | 11,548,878 | 11,510,147 | 11,567,811 | 8,974,384 | 6,919,760 |
| Selected Performance Ratios: | | | | | | | | |
| Return on average assets ⁽²⁾ | 0.73% | 0.82% | 0.69% | 0.98% | 0.94% | 0.86% | 0.37% | 0.53% |
| Return on average equity ⁽²⁾ | 6.03% | 6.20% | 5.21% | 7.22% | 7.11% | 6.42% | 3.12% | 5.28% |
| Net interest margin | 4.14% | 4.18% | 4.34% | 4.46% | 4.30% | 4.38% | 3.88% | 3.46% |
| Efficiency ratio ⁽¹⁾ | 67.14% | 65.05% | 67.44% | 65.94% | 65.76% | 66.04% | 77.16% | 78.20% |
| Period End Balance Sheet Data: | | | | | | | | |
| Loans, net of unearned income | \$ 622,092 | \$ 617,398 | \$ 597,969 | \$ 573,729 | \$ 558,923 | \$ 617,398 | \$ 552,038 | \$ 346,500 |
| Total Earning Assets | 753,726 | 726,408 | 711,622 | 665,028 | 663,017 | 726,408 | 698,266 | 483,054 |
| Goodwill | 6,931 | 6,931 | 6,931 | 6,931 | 6,931 | 6,931 | 6,931 | - |
| Core Deposit Intangible | 1,125 | 1,241 | 1,196 | 1,320 | 1,470 | 1,241 | 1,625 | 182 |
| Total Assets | 830,395 | 817,015 | 786,495 | 742,443 | 748,371 | 817,015 | 766,121 | 525,646 |
| Deposits | 667,654 | 651,161 | 619,935 | 579,609 | 600,520 | 651,161 | 618,902 | 448,458 |
| Short term debt | 31,218 | 24,594 | 30,722 | 32,884 | 18,943 | 24,594 | 20,733 | 6,305 |
| Long term debt | 28,559 | 33,782 | 28,846 | 24,914 | 25,282 | 33,782 | 25,591 | 12,372 |
| Shareholders' equity | 99,210 | 104,702 | 103,545 | 101,552 | 100,076 | 104,702 | 97,685 | 56,004 |
| Selected Average Balances: | | | | | | | | |
| Gross Loans | \$ 623,286 | \$ 601,966 | \$ 585,541 | \$ 569,785 | \$ 557,177 | \$ 578,759 | \$ 430,571 | \$ 354,871 |
| Total Earning Assets | 734,859 | 714,755 | 689,166 | 669,586 | 672,655 | 686,663 | 565,264 | 511,597 |
| Core Deposit Intangible | 1,186 | 1,139 | 1,251 | 1,389 | 1,546 | 1,330 | 884 | 237 |
| Total Assets | 832,738 | 796,414 | 771,913 | 744,118 | 748,047 | 765,284 | 631,905 | 555,354 |
| Deposits | 672,151 | 631,855 | 607,722 | 588,328 | 600,601 | 607,214 | 523,954 | 470,526 |
| Short term debt | 36,039 | 35,303 | 35,012 | 28,212 | 19,298 | 32,316 | 9,957 | 13,879 |
| Long term debt | 20,822 | 20,872 | 22,631 | 22,895 | 25,444 | 20,147 | 20,494 | 12,372 |
| Shareholders' equity | 100,312 | 104,732 | 102,879 | 101,216 | 99,376 | 102,068 | 74,365 | 55,701 |
| Asset Quality Ratios: | | | | | | | | |
| Nonperforming loans | \$ 8,750 | \$ 8,280 | \$ 10,899 | \$ 11,702 | \$ 13,473 | \$ 8,280 | \$ 11,876 | \$ 15,856 |
| Other real estate owned | 1,888 | 1,401 | 1,007 | 1,030 | 1,187 | 1,401 | 1,585 | 2,008 |
| Allowance for loan losses | 7,527 | 7,021 | 7,032 | 6,842 | 6,919 | 7,021 | 6,844 | 7,054 |
| Nonperforming loans ⁽³⁾ to period-end loans | 1.39% | 1.41% | 1.82% | 2.04% | 2.41% | 1.34% | 2.15% | 4.58% |
| Allowance for loan losses to period-end loans | 1.20% | 1.14% | 1.18% | 1.19% | 1.24% | 1.14% | 1.24% | 2.04% |
| Delinquency Ratio ⁽⁴⁾ | 0.45% | 0.41% | 0.36% | 0.32% | 0.23% | 0.41% | 0.91% | 0.25% |
| Net loan charge-offs (recoveries) to average loans | -0.10% | 0.34% | 0.14% | -0.01% | 0.04% | 0.12% | -0.03% | 0.15% |

(1) Efficiency ratio is calculated as non-interest expenses divided by the sum of net interest income and non-interest income.

(2) Annualized.

(3) Nonperforming loans consist of non-accrual loans and restructured loans.

(4) Delinquency Ratio includes loans 30-89 days past due and excludes non-accrual loans.