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**the little bank, Inc. and Union Banc Corp. Sign Definitive Agreement  
to Create Strategic Partnership**

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Kinston, NC based the little bank, Inc. (“LTLB,” OTCQX: LTLB), and Oxford, NC based Union Banc Corp. (“Union”), the holding company for Union Bank & Trust Company, have entered into a definitive agreement pursuant to which Union shareholders will receive a fixed exchange ratio of 0.8843 share of LTLB common stock for each share of Union common stock. LTLB shareholders will own approximately 60% of the combined bank, and Union shareholders will own approximately 40%. The combined bank’s Board of Directors will reflect the pro forma ownership of the respective institutions with 11 board members from LTLB and 7 board members from Union.

The combined bank, which will be headquartered in Greenville, NC and operate under the Union Bank brand name, will have approximately \$665 million in total assets, \$480 million in total loans and \$550 million in total deposits based upon reported amounts as of September 30, 2016. It will have a 15-branch footprint, including locations in the Cary, Raleigh, Greenville and Wilmington markets as well as serving additional key markets located in eastern and central North Carolina (Kinston, Oxford, Creedmoor, Goldsboro, Henderson, Jacksonville, LaGrange, Louisburg, New Bern, Roxboro and Youngsville).

Commenting on the announcement, Rob Jones, President and Chief Executive Officer of LTLB, said, “It is rare to find two banks whose culture, business approach and customer bases align as well as the little bank and Union Bank. We look forward to working with the Union team to continue our common history of exceeding the needs of our commercial and retail customers. By almost doubling our size, we expect to be able to take advantage of efficiencies and offer new products and services for the benefit of our customers, employees and shareholders.”

John Burns, President and Chief Executive Officer of Union, added, “Union Bank has a proud tradition of serving its local communities and the greater Research Triangle as an independent community bank. We were not actively considering a partnership until we met Rob



and his team at the little bank. We soon realized how much our banks have in common and that together, we could continue our respective community bank traditions while capitalizing on the benefits that come with being a larger bank.”

Under the terms of the agreement, which has been unanimously approved by the Boards of Directors of both companies, Union will merge with LTLB in a stock transaction valued at approximately \$30.7 million, or \$11.94 per share, based upon the closing price of LTLB common stock on November 14, 2016. The transaction is expected to be immediately accretive to earnings per share, excluding deal costs.

Rob Jones will serve as President and Chief Executive Officer and John Burns will serve as EVP and Chief Banking Officer of the combined bank. Crawford Knott, Chairman of Union’s Board of Directors, will become Vice Chairman of the combined bank’s Board of Directors.

The transaction, which is subject to regulatory approval, the approval of the shareholders of LTLB and Union, and other customary conditions, is expected to close in the second quarter of 2017.

Brooks, Pierce, McLendon, Humphrey & Leonard LLP provided legal counsel to LTLB, while Banks Street Partners, LLC provided transaction structuring and other services and Monroe Financial Partners, Inc. rendered a fairness opinion. Wyrick Robbins Yates & Ponton LLP provided legal counsel to Union, while FIG Partners served as its financial advisor.

## **INVESTOR PRESENTATION**

Further information on the terms of this transaction will be included in an investor presentation to be distributed by the parties and posted on the websites of LTLB and Union.

### **ABOUT the little bank, Inc.**

the little bank, Inc. is headquartered in Kinston, North Carolina and currently serves the Lenoir, Wayne, Onslow, Pitt, Craven and New Hanover county markets. the little bank, Inc. prides itself on the special care with which it serves its customers. the little bank, Inc. depositors are insured by the FDIC. the little bank, Inc. is an equal housing lender. Its stock is quoted on the OTCQX Market under the symbol “LTLB.” the little bank, Inc.’s website is [www.thelittlebank.com](http://www.thelittlebank.com).

### **ABOUT UNION BANC CORP. AND UNION BANK & TRUST COMPANY**

Union Bank & Trust Company and its holding company, Union Banc Corp., are headquartered in Oxford, North Carolina and currently serve the Cary, Creedmoor, Henderson, Louisburg, Roxboro and Youngsville markets. Union also has a loan production office in North Raleigh where it expects to open a new branch by the end of the year. Union’s goal is to make



every day better for its shareholders, clients and communities. Union depositors are insured by the FDIC. Union is an equal housing lender. Union's website is [www.unionbanknc.com](http://www.unionbanknc.com).

## **FORWARD-LOOKING STATEMENTS**

This press release contains "forward-looking statements". In general, forward-looking statements usually use words such as "may," "believe," "expect," "anticipate," "intend," "will," "should," "plan," "estimate," "predict," "continue" and "potential" or the negative of these terms or other comparable terminology, including statements related to the expected timing of the closing of the merger, the expected returns and other benefits of the merger, to shareholders, expected improvement in operating efficiency resulting from the merger, estimated expense reductions resulting from the transactions and the timing of achievement of such reductions, the impact on diluted earnings per share and tangible book value, and the effect of the merger on LTLB's capital ratios. Forward-looking statements represent management's beliefs, based upon information available at the time the statements are made, with regard to the matters addressed; they are not guarantees of future performance. Forward-looking statements are subject to numerous assumptions, risks and uncertainties that change over time and could cause actual results or financial condition to differ materially from those expressed in or implied by such statements.

Factors that could cause or contribute to such differences include, but are not limited to, the possibility that expected benefits may not materialize in the time frames expected or at all, or may be more costly to achieve; that the merger may not be timely completed, if at all; that prior to completion of the merger or thereafter, the parties' respective businesses may not perform as expected due to transaction-related uncertainties or other factors; that the parties are unable to implement successful integration strategies; that the required regulatory, shareholder, or other closing conditions are not satisfied in a timely manner, or at all; reputational risks and the reaction of the parties' customers to the merger; diversion of management time to merger-related issues; and other factors and risk influences. Consequently, no forward-looking statement can be guaranteed. Neither LTLB nor Union undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **ADDITIONAL INFORMATION**

This press release is not a solicitation of any vote or approval of the LTLB or Union shareholders and is not a substitute for the joint proxy statement/offering circular or any other documents which LTLB and Union may send to their respective shareholders in connection with the proposed merger. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities to be issued in connection with the proposed merger. Offers to buy such securities will be solicited only by and pursuant to the terms, conditions and disclosures contained in the joint proxy statement/offering circular. The securities to be issued in the proposed merger are not savings or deposit accounts and are not insured or otherwise approved by the Federal Deposit Insurance Corporation or any other federal or state governmental agency.



In connection with the proposed merger, LTLB and Union will send a joint proxy statement of LTLB and Union and an offering circular of LTLB, as well as other relevant documents concerning the proposed merger to their respective shareholders. BEFORE MAKING ANY VOTING OR INVESTMENT DECISIONS, INVESTORS AND SHAREHOLDERS OF LTLB AND UNION ARE URGED TO CAREFULLY READ THE ENTIRE JOINT PROXY STATEMENT/OFFERING CIRCULAR REGARDING THE PROPOSED MERGER WHEN IT BECOMES AVAILABLE, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER. Investors and security holders may obtain a free copy of the joint proxy statement/offering circular (when available) at LTLB's website at [www.thelittlebank.com](http://www.thelittlebank.com), or at Union's website at [www.unionbanknc.com](http://www.unionbanknc.com).