

**Press Release**

**FOR IMMEDIATE RELEASE**

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**Union Bank**

**DATE: January 31, 2018**

**Union Bank Releases Fourth Quarter Earnings Today**

Greenville, NC – (Business Wire) – January 31, 2018 - Union Bank (OTCQX: UBNC) reports earnings results for the quarter and twelve months ended December 31, 2017. The little bank acquired Union Bank Corp. and its subsidiary Union Bank and Trust, on July 7, 2017, and as part of the merger agreement changed its name to Union Bank.

Union Bank (the "Bank") is pleased to report earnings results for the quarter and twelve months ended December 31, 2017. Unaudited net income for the twelve months ended December 31, 2017 was \$2,653,000 or \$.58 per basic share, compared to \$3,085,000, or \$.89 per basic share in the prior year. These results included a one time fourth quarter charge of \$960,000 to income tax expense specifically related to tax reform enacted in December 2017. Merger and conversion related expenses, included in these earnings results, totaled approximately \$1,800,000 for the twelve month period. Core earnings, a non-GAAP measure, which excludes merger and conversion related expenses and the one time tax expense adjustment related to tax reform, were approximately \$4,794,000 for the twelve months ended December 31, 2017, compared to core earnings of \$3,294,000 for the prior year. This represents a 45.5% increase in core earnings.

Unaudited net income for the fourth quarter of 2017 was \$470,000, or \$.08 per basic share, compared to \$623,000, or \$.18 per basic share for the quarter ended December 31, 2016. For the quarter ended December 31, 2017, core earnings were \$1,521,000, or \$.26 per basic share, compared to core earnings of \$832,000, or \$.24 per basic share, for the fourth quarter of 2016, an increase of 82.8%. Based on core earnings, return on average assets ("ROAA") and return on average equity ("ROAE") was .86% and 8.24%, respectively, for the quarter.

The acquisition of Union Bank & Trust, and its holding company, Union Banc Corp., during the third quarter, resulted in significant increases in the Bank's total assets, loans and deposits. Total assets as of December 31, 2017 were \$701.7 million, compared to total assets of \$362.0 million as of December 31, 2016. Total loans, net of reserves, were \$505.0 million and deposits were \$593.7 million, as of December 31, 2017. As of December 31, 2017, 5,812,638 shares of common stock were issued and outstanding. Fourth quarter financial activity also included measurement period adjustments to recognize \$1,038,000 in tax assets related to the acquisition of Union Bank & Trust. Legacy Union Bank and Trust experienced a financial loss during the period ended July 7, 2017. Recognition of this income tax asset resulted in a decrease in goodwill. This has the net effect of increasing tangible book capital.

Rob Jones, President and Chief Executive Officer stated, "We are pleased to present this positive earnings report for the quarter and the fiscal year end." Jones further stated "While the quarterly earnings were negatively impacted by the revaluation of our deferred tax assets due to the changes in the tax law, we expect lower tax rates in future periods will more than offset the deferred tax revaluation that occurred in 2017. We look forward to 2018 earnings that are not impacted by merger/conversion expenses or tax law changes."

Union Bank is headquartered in Greenville, North Carolina and operates 15 branches located in 11 counties throughout Eastern and Central North Carolina. Union Bank stock is traded on the OTCQX trading under the symbol UBNC.

This press release includes certain forward-looking statements in reliance on the "safe-harbor" provisions of The Private Securities Litigation Reform Act of 1995. Any such forward-looking statements are subject to a number of risks and uncertainties. Actual results may differ materially from those anticipated in any such forward-looking statements. The Company undertakes no obligation to update or revise any such forward-looking statements. This press release contains financial information determined by methods other than in accordance with GAAP. The Company's management uses these non-GAAP financial measures in their analysis of the Company's performance. These measures typically adjust GAAP performance measures to exclude the effects of transactions that are infrequent in nature. Management believes presentations of these non-GAAP financial measures provide useful supplemental information that is essential to a proper understanding of the operating results of the Company's core businesses.

**Union Bank**  
**Summary of Operations (un-audited)**  
(000's omitted except per share data)

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Twelve Months Ended December 31, 2017	Twelve months Ended December 31, 2016
Interest Income	\$ 7,433	\$ 3,296	\$ 21,480	\$ 13,203
Interest Expense	<u>779</u>	<u>319</u>	<u>2,170</u>	<u>1,283</u>
Net interest income	6,654	2,977	19,310	11,920
Provision for loan losses	<u>150</u>	<u>0</u>	<u>460</u>	<u>0</u>
Net interest income after Provision for losses	<u>6,504</u>	<u>2,977</u>	<u>18,850</u>	<u>11,920</u>
Non-interest income	778	401	2,437	1,751
Non-interest expense	<u>5,154</u>	<u>2,529</u>	<u>15,831</u>	<u>9,174</u>
Income before taxes	2,128	849	5,456	4,497
Income taxes	<u>1,658</u>	<u>226</u>	<u>2,803</u>	<u>1,412</u>
Net Income	<u>\$ 470</u>	<u>\$ 623</u>	<u>\$ 2,653</u>	<u>\$ 3,085</u>
Net Income available per basic common share	<u>\$ 0.08</u>	<u>\$ 0.18</u>	<u>\$ 0.58</u>	<u>\$ 0.89</u>

**Union Bank**  
**Balance Sheets**  
(000's omitted except per share data)

	December 31, 2017 (un-audited)	September 30, 2017 (un-audited)	December 31, 2016*
<b>Assets</b>			
Cash and due from banks	\$ 21,427	\$ 16,805	\$ 9,085
Overnight investments	7,176	23,616	6,070
Investment securities AFS	113,242	114,889	85,744
Loans	508,541	507,288	246,522

Less Allowance for loan losses	<u>(3,501)</u>	<u>(3,361)</u>	<u>(3,444)</u>
Net Loans	505,040	503,927	243,078
Premises and Equipment, net	17,090	17,173	4,464
Other Real Estate Owned	627	549	50
Core Deposit Intangibles	2,817	3,059	0
Goodwill	10,989	11,876	0
Bank-Owned Life Insurance	16,004	15,889	9,016
Other Assets	<u>7,246</u>	<u>7,344</u>	<u>4,502</u>
Total Assets	<u>\$ 701,658</u>	<u>\$ 715,127</u>	<u>\$ 362,009</u>

#### Liabilities & Stockholders' Equity

##### Liabilities

Deposits	\$ 593,726	\$ 611,373	\$ 300,574
FHLB Advances	34,000	29,000	24,000
Other liabilities	<u>763</u>	<u>1,039</u>	<u>837</u>
Total liabilities	628,489	641,412	325,411

##### Stockholders' Equity

Common stock, no par value	69,027	66,239	31,507
Retained earnings	4,643	7,444	5,544
Accumulated other comprehensive income (loss)	<u>(501)</u>	<u>32</u>	<u>(453)</u>
Total stockholders' equity	<u>\$ 73,169</u>	<u>\$ 73,715</u>	<u>\$ 36,598</u>

##### Total liabilities and stockholders' equity

<u>\$ 701,658</u>	<u>\$ 715,127</u>	<u>\$ 362,009</u>
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\* Derived from audited financial statements