

Press Release

FOR IMMEDIATE RELEASE

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DATE: January 27, 2017

the little bank releases fourth quarter earnings today

Kinston, NC – (Business Wire) January 27, 2017- the little bank (OTCQX: LTLB) reports earnings results for the quarter and twelve months ended December 31, 2016.

The little bank (the "Company") is pleased to report earnings results for the quarter and twelve months ended December 31, 2016. Unaudited net income for the twelve months ended December 31, 2016 was \$3,085,000, or \$.92 per basic share, compared to \$3,122,000, or \$.93 per basic share in the prior year. The Bank recorded no provision for loan losses during 2016, compared to a recovery of \$100,000 for the same twelve-month period in 2015. Nominal loan growth and net recoveries on prior loan charge-offs was the justification for no provision for loan losses. Core earnings after adjusting for merger expenses, were \$3,294,000 for the twelve months ended December 31, 2016, compared to \$3,122,000 for the prior year. This represents a 5.5% increase in core earnings. The little bank announced the planned merger with Oxford, NC based Union Banc Corp. on November 15, 2016. The transaction, which is subject to regulatory approval, the approval of the shareholders of the little bank and Union Banc Corp., and other customary conditions, is expected to close in the second quarter of 2017.

Actual unaudited net income for the fourth quarter of 2016 was \$623,000, or \$.19 per basic share compared to earnings of \$805,000, or \$.24 per basic share reported in the quarter ended December 31, 2015. For the quarter ended December 31, 2016, net income, adjusted for merger related expenses, was \$832,000, a 3.4% increase in core earnings compared to net income of \$805,000 for the fourth quarter of 2015.

Total assets as of December 31, 2016 were \$361.9 million, compared to total assets of \$362.1 million as of December 31, 2015. Total loans, net of reserves, were \$243.1 million and deposits were \$300.6 million, representing an increase of 1.7% in loan balances and an increase of 1.0% in deposit balances, over the December 31, 2015 levels. Currently 3,355,974 shares of common stock are issued and outstanding.

Vincent R. Jones, President and Chief Executive Officer stated, "We are pleased to announce another record year of core earnings for the Bank. 2016 marked the fifth consecutive year that the little bank has produced record core earnings." Mr. Jones added, "We continue to be excited about the opportunity to grow our Company through the proposed merger of Union Bank into the little bank later this year."

The little bank is headquartered in Kinston, North Carolina and currently serves the Lenoir, Wayne, Onslow, Pitt, Craven, and New Hanover county markets. The Bank prides itself on the special care with which it serves its customers. The Bank's website is www.thelittlebank.com. The little bank stock can be found on the OTCQX trading under the symbol "LTLB."

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.

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

	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015
Interest Income	\$ 3,296	\$ 3,276	\$ 13,203	\$ 12,924
Interest Expense	<u>319</u>	<u>333</u>	<u>1,283</u>	<u>1,304</u>
Net interest income	2,977	2,943	11,920	11,620
Provision (recovery) for loan losses	<u>0</u>	<u>(75)</u>	<u>0</u>	<u>(100)</u>
Net interest income after Provision for losses	<u>2,977</u>	<u>3,018</u>	<u>11,920</u>	<u>11,720</u>
Non-interest income	401	401	1,751	1,563
Non-interest expense	<u>2,529</u>	<u>2,215</u>	<u>9,174</u>	<u>8,576</u>
Income before taxes	849	1,204	4,497	4,707
Income taxes	<u>226</u>	<u>399</u>	<u>1,412</u>	<u>1,585</u>
Net Income	<u>\$ 623</u>	<u>\$ 805</u>	<u>\$ 3,085</u>	<u>\$ 3,122</u>
Net Income available per basic common share	<u>\$ 0.19</u>	<u>\$ 0.24</u>	<u>\$ 0.92</u>	<u>\$ 0.93</u>

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

	December 31, 2016 (un-audited)	September 30, 2016 (un-audited)	December 31, 2015*
Assets			
Cash and due from banks	\$ 9,085	\$ 6,538	\$ 7,842
Overnight investments	6,070	12,643	12,918
Investment securities AFS	85,744	83,227	85,661
Loans	246,522	250,107	242,516
Less Allowance for loan losses	<u>(3,444)</u>	<u>(3,506)</u>	<u>(3,496)</u>
Net Loans	243,078	246,601	239,020
Other Real Estate Owned	-0-	-0-	-0-
Other Assets	<u>17,886</u>	<u>17,492</u>	<u>16,686</u>
Total Assets	<u>\$ 361,863</u>	<u>\$ 366,501</u>	<u>\$ 362,127</u>

Liabilities & Stockholders' Equity**Liabilities**

Deposits	\$ 300,622	\$ 299,215	\$ 297,621
FHLB Advances	24,000	29,000	29,000
Other liabilities	<u>644</u>	<u>969</u>	<u>851</u>
Total liabilities	325,266	329,184	327,472

Stockholders' Equity

Common stock, no par value	31,631	29,447	29,590
Retained earnings	5,420	7,260	5,068
Accumulated other comprehensive income (loss)	<u>(454)</u>	<u>610</u>	<u>(3)</u>
Total stockholders' equity	<u>\$ 36,597</u>	<u>\$ 37,317</u>	<u>\$ 34,655</u>

Total liabilities and stockholders' equity

	<u>\$ 361,863</u>	<u>\$ 366,501</u>	<u>\$ 362,127</u>
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* Derived from audited financial statements