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## NEWS RELEASE

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### **State Bank Corp. Earnings Increase 83.0% to \$946,000 or \$0.16 per Share, in 4Q15 from 4Q14; Highlighted by the Continuing Improvement in Credit Quality**

LAKE HAVASU CITY, Arizona, January 22, 2016 – State Bank Corp. (OTCQB:SBAZ) (“Company”), the holding company for Mohave State Bank (“Bank”), today announced net income grew to \$946,000, or \$0.16 per diluted share, for the fourth quarter of 2015, as compared to net income of \$517,000, or \$0.09 per diluted share, for the same period of 2014.

For the year ended December 31, 2015, net income totaled \$3.47 million, or \$0.59 per diluted share. Following a \$2.8 million income tax benefit as a result of the reduction of its deferred tax valuation allowance State Bank Corp.’s net income was \$5.40 million, or \$0.92 per diluted share, in 2014. Pretax income increased 101.5% to \$5.18 million for the year ended 2015 compared to \$2.57 million for the year ended 2014, reflecting the growth in net interest income and reduced credit resolution costs.

“Our results this quarter and the full year reflect our focus on improving profitability and making the necessary investments to drive future growth. Effectively managing each of these areas is key to helping us take advantages of the opportunities we see ahead,” stated Brian M. Riley, President and Chief Executive Officer. “Both loan and deposit growth is strong compared to a year ago, despite the loan and deposit sale from the sale of our Yuma branch during the preceding quarter. We are focused on building the premier community banking franchise in Arizona and are positioning ourselves to grow, serve our customers and create strong returns for our shareholders.”

#### **Fourth Quarter 2015 Financial Highlights:**

- Net income increased 83.0% to \$946,000 in the fourth quarter, compared to \$517,000 in the fourth quarter 2014.
- The net interest margin remained strong at 4.29%.
- Non-performing assets decreased by \$4.3 million to \$6.4 million on continued resolution of problem credits and the sale of a large foreclosed asset. Non-performing assets dropped to their lowest level since 2008.
- Core deposits comprise 79.1% of total deposits at December 31, 2015.
- Tangible book value per share increased to \$6.47 per share, compared to \$5.99 a year ago.

No provision for loan losses was taken in the fourth quarter with net credit recoveries of \$65,000. The allowance for loan losses totaled \$3.1 million at December 31, 2015, or 1.42% of loans held for investment.

Total assets were \$325.3 million at December 31, 2015, an increase of \$8.5 million, or 2.7% from \$316.8 million at December 31, 2014. Total loans held for investment were \$216.4 million as compared to \$209.0 million at December 31, 2014. Total loan comparisons were affected by the sale of loans from the Yuma branch of \$11.1 million in the third quarter.

Total deposits were \$282.8 million, an increase of \$5.3 million, or 1.9%, from \$277.5 million at December 31, 2014. Core deposits, defined as noninterest bearing demand, money market, NOW and savings accounts, increased 4.13% compared to a year earlier to \$223.9 million at December 31, 2015. Total deposits and core deposit comparisons were affected by the sale of deposits from the Yuma branch of \$16.5 million and \$12.8 million, respectively. Core deposits now comprise 79.1% of total deposits.

Nonperforming assets were \$6.4 million at December 31, 2015, a 56.8% decrease compared to \$14.8 million at December 31, 2014. Nonperforming assets represented 1.97% of total assets at December 31, 2015, down from 4.67% at December 31, 2014.

Shareholder equity increased to \$37.8 million at December 31, 2015, from \$35.1 million at December 31, 2014. At December 31, 2015 tangible book value per share improved 8.0% to \$6.47 per share compared to \$5.99 per share at December 31, 2014.

### **Capital Management**

Community banking organizations, including State Bank Corp. and Mohave State Bank, became subject to new capital requirements on January 1, 2015, and certain provisions of the new rules will be phased in from 2015 through 2019. The Company's consolidated capital ratios and the Bank's capital ratios exceeded the regulatory guidelines for a well-capitalized financial institution under the Basel III and Dodd Frank Wall Street Reform requirements at December 31, 2015. The Bank reported the following capital ratios at December 31, 2015:

Common Equity Tier 1 Capital Ratio	14.70%
Tier 1 Leverage Ratio	11.61%
Tier 1 Capital Ratio	14.70%
Total Capital Ratio	15.91%

### **About the Company**

State Bank Corp., headquartered in Lake Havasu City, Arizona, is the parent company of Mohave State Bank, the largest locally-owned bank in Mohave County. Mohave State Bank is a full-service bank providing deposit and loan products, and convenient on-line banking to individuals, businesses and professionals. The Bank was established in October 1991, and the holding company was formed in 2004. The Bank has five full-service branches: two in Lake Havasu City, two in Kingman and one in Bullhead City, Arizona. The Company is traded over-the-counter as SBAZ. For further information, please visit the web site: [www.mohavestbank.com](http://www.mohavestbank.com).

### **Forward-looking Statements**

*This press release may include forward-looking statements about State Bank Corp. and its subsidiary, Mohave State Bank, for which the Company claims the protection of safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's knowledge and belief as of today and include information concerning the Company's possible or assumed future financial condition, and its results of operations and business. Forward-looking statements are subject to risks and uncertainties. A number of important factors could cause actual results to differ materially from those in the forward-looking statements. Those factors include fluctuations in interest rates, government policies and regulations (including monetary and fiscal policies), legislation, economic conditions, borrower capacity to repay, operational factors and competition in the geographic and business areas in which the Company conducts*

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*its operations. All forward-looking statements included in this press release are based on information available at the time of the release, and the Company assumes no obligation to update any forward-looking statement.*

UNAUDITED FINANCIAL STATEMENTS FOLLOW

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**State Bank Corp.**  
**Statement of Operations**

<i>Dollars in thousands - Unaudited</i>	<b>For the Quarter Ended</b>			<b>Year to Date</b>	
	<b>12/31/2015</b>	<b>9/30/2015</b>	<b>12/31/2014</b>	<b>12/31/2015</b>	<b>12/31/2014</b>
<b>Statements of Operations</b>					
Interest income					
Loans, including fees	\$ 3,019	\$ 3,186	\$ 2,759	\$ 12,019	\$ 10,858
Securities	212	209	207	858	811
Fed funds and other	19	14	26	65	70
Total interest income	<u>3,250</u>	<u>3,409</u>	<u>2,992</u>	<u>12,942</u>	<u>11,739</u>
Interest expense					
Deposits	151	153	141	581	552
Borrowings	1	1	14	26	56
Total interest expense	<u>152</u>	<u>154</u>	<u>155</u>	<u>607</u>	<u>608</u>
Net interest income	<u>3,098</u>	<u>3,255</u>	<u>2,837</u>	<u>12,335</u>	<u>11,131</u>
Provision for loan losses		425	75	885	695
Net interest income after loan loss provision	<u>3,098</u>	<u>2,830</u>	<u>2,762</u>	<u>11,450</u>	<u>10,436</u>
Noninterest income					
Service charges on deposits	85	89	118	358	430
Mortgage loan fees	190	241	150	928	432
Gain on sale of loans	253	180	426	1,492	1,260
Gain/(Loss) on securities		-	-	(8)	(42)
Other income	174	886	209	1,435	761
Total noninterest income	<u>702</u>	<u>1,396</u>	<u>903</u>	<u>4,205</u>	<u>2,841</u>
Noninterest expense					
Salaries and employee benefits	1,483	1,447	1,387	5,913	5,310
Net occupancy expense	90	102	94	367	377
Equipment expense	44	47	37	175	152
Data processing	243	246	281	1,069	1,078
Director fees & expenses	66	55	62	231	202
Insurance	35	26	26	112	114
Marketing & promotion	69	57	82	334	332
Professional fees	180	82	85	434	485
Office expense	70	28	28	163	109
Regulatory assessments	32	106	113	353	444
OREO and repossessed assets	39	214	791	650	1,579
Other expenses	149	158	82	676	524
Total noninterest expense	<u>2,500</u>	<u>2,568</u>	<u>3,068</u>	<u>10,477</u>	<u>10,706</u>
Income (loss) before provision (benefit) for income taxes	<u>1,300</u>	<u>1,658</u>	<u>597</u>	<u>5,178</u>	<u>2,571</u>
Provision (benefit) for income taxes	354	591	80	1,712	(2,825)
<b>Net Income (Loss)</b>	<u>\$ 946</u>	<u>\$ 1,067</u>	<u>\$ 517</u>	<u>\$ 3,466</u>	<u>\$ 5,396</u>
<b>Per Share Data</b>					
Basic EPS	\$ 0.16	\$ 0.18	\$ 0.09	\$ 0.59	\$ 0.92
Diluted EPS	\$ 0.16	\$ 0.18	\$ 0.09	\$ 0.59	\$ 0.92
Average shares outstanding					
Basic	5,849,444	5,866,038	5,868,038	5,862,847	5,868,038
Effect of dilutive shares	-	-	-	-	-
Diluted	<u>5,849,444</u>	<u>5,866,038</u>	<u>5,868,038</u>	<u>5,862,847</u>	<u>5,868,038</u>

**State Bank Corp.**  
**Balance Sheets**

*Dollars in thousands - Unaudited*

**12/31/2015**

**12/31/2014**

**Consolidated Balance Sheets**

**Assets**

Cash and cash equivalents	\$	1,899	\$	1,679
Interest bearing deposits		4,167		3,459
Overnight Funds		29,250		31,740
Held for maturity securities		19		27
Available for sale securities		46,881		39,814
<b>Total cash and securities</b>		<b>82,216</b>		<b>76,719</b>
Loans held for sale, before reserves		4,457		1,300
Gross loans held for investment		216,357		209,012
Loan loss reserve		(3,089)		(2,954)
<b>Total net loans</b>		<b>217,725</b>		<b>207,358</b>
Premises and equipment, net		8,195		9,892
Other real estate owned		4,247		9,307
Federal Home Loan Bank and other stock		2,126		1,917
Company owned life insurance		6,034		5,871
Other assets		4,776		5,721
<b>Total Assets</b>	<b>\$</b>	<b>325,319</b>	<b>\$</b>	<b>316,785</b>

**Liabilities**

Non interest bearing demand	\$	70,648	\$	62,612
Money market, NOW and savings		153,156		152,308
Time deposits <\$100K		25,703		25,929
Time deposits >\$100K		33,329		36,644
<b>Total Deposits</b>		<b>282,836</b>		<b>277,493</b>
Securities sold under repurchase agreements		3,653		2,734
Federal Home Loan Bank advances		-		-
Subordinated debt		-		675
<b>Total Debt</b>		<b>3,653</b>		<b>3,409</b>
Other Liabilities		1,047		746
<b>Total Liabilities</b>		<b>287,536</b>		<b>281,648</b>

**Shareholders' Equity**

Common stock		24,927		25,037
Accumulated retained earnings		12,881		9,866
Accumulated other comprehensive income		(25)		234
<b>Total shareholders equity</b>		<b>37,783</b>		<b>35,137</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$</b>	<b>325,319</b>	<b>\$</b>	<b>316,785</b>

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State Bank Corp.  
Five-Quarter Performance Summary

<i>Dollars in thousands - Unaudited</i>	For the Quarter Ended				
	12/31/2015	9/30/2015	6/30/2015	3/31/2015	12/31/2014
<b>Performance Highlights</b>					
<b>Earnings:</b>					
Total revenue (Net int. income + nonint. income)	\$ 3,800	\$ 4,651	\$ 4,123	\$ 3,965	\$ 3,740
Net interest income	\$ 3,098	\$ 3,255	\$ 3,118	\$ 2,864	\$ 2,837
Provision for loan losses	\$ -	\$ 425	\$ 350	\$ 110	\$ 75
Noninterest income	\$ 702	\$ 1,396	\$ 1,005	\$ 1,101	\$ 903
Noninterest expense	\$ 2,500	\$ 2,568	\$ 2,588	\$ 2,821	\$ 3,068
Net income (loss)	\$ 946	\$ 1,067	\$ 772	\$ 681	\$ 517
<b>Per Share Data:</b>					
Net income (loss), basic	\$ 0.16	\$ 0.18	\$ 0.13	\$ 0.12	\$ 0.09
Net income (loss), diluted	\$ 0.16	\$ 0.18	\$ 0.13	\$ 0.12	\$ 0.09
Cash dividends declared	\$ -	\$ -	\$ -	\$ 0.07	\$ -
Book value	\$ 6.47	\$ 6.34	\$ 6.13	\$ 6.04	\$ 5.99
Tangible book value	\$ 6.47	\$ 6.34	\$ 6.13	\$ 6.04	\$ 5.99
<b>Performance Ratios:</b>					
Return on average assets	1.17%	1.26%	0.93%	0.85%	0.65%
Return on average equity	10.04%	11.63%	8.59%	7.68%	5.91%
Net interest margin, taxable equivalent	4.29%	4.31%	4.22%	4.09%	4.07%
Average cost of funds	0.21%	0.21%	0.21%	0.21%	0.22%
Average yield on loans	5.45%	5.42%	5.30%	5.18%	5.33%
Efficiency ratio	65.79%	55.21%	62.77%	71.15%	82.03%
Non-interest income to total revenue	18.47%	30.02%	24.38%	27.77%	24.14%
<b>Capital &amp; Liquidity:</b>					
Total equity to total assets (EOP)	11.61%	11.43%	10.60%	10.80%	11.08%
Tangible equity to tangible assets	11.61%	11.43%	10.60%	10.80%	11.08%
Total loans to total deposits	78.07%	78.00%	78.83%	74.50%	75.01%
<b>Mohave State Bank</b>					
Common equity tier 1 ratio	0.00%	14.10%	12.71%	13.36%	
Tier 1 leverage ratio	0.00%	10.83%	10.72%	10.92%	10.39%
Tier 1 risk based capital	0.00%	14.10%	12.71%	13.36%	13.70%
Total risk based capital	0.00%	15.27%	13.77%	14.52%	14.93%
<b>Asset Quality:</b>					
Gross charge-offs	\$ 4	\$ 373	\$ 449	\$ 124	\$ 351
Net charge-offs (NCOs)	\$ (65)	\$ 370	\$ 415	\$ 30	\$ 313
NCO to average loans, annualized	-0.12%	0.63%	0.73%	0.06%	0.60%
Non-accrual loans	\$ 2,154	\$ 4,570	\$ 3,732	\$ 6,444	\$ 5,522
Other real estate owned	\$ 4,246	\$ 6,141	\$ 6,696	\$ 7,595	\$ 9,307
Repossessed assets	\$ -	\$ -	\$ -	\$ -	\$ -
Non-performing assets (NPAs)	\$ 6,400	\$ 10,711	\$ 10,428	\$ 14,039	\$ 14,829
NPAs to total assets	1.97%	3.29%	3.08%	4.28%	4.67%
Loans >90 days past due	\$ -	\$ -	\$ -	\$ -	\$ -
NPAs + 90 days past due	\$ 6,400	\$ 10,711	\$ 10,428	\$ 14,039	\$ 14,829
NPAs + loans 90 days past due to total assets	1.97%	3.29%	3.08%	4.28%	4.67%
Allowance for loan losses to total loans	1.40%	1.37%	1.26%	1.42%	1.42%
Allowance for loan losses to NPAs	48.27%	28.23%	28.47%	21.61%	19.92%
<b>Period End Balances:</b>					
Assets	\$ 325,319	\$ 325,104	\$ 339,109	\$ 328,302	\$ 316,785
Total Loans (before reserves)	\$ 220,814	\$ 220,768	\$ 241,666	\$ 217,245	\$ 210,312
Deposits	\$ 282,836	\$ 283,035	\$ 297,928	\$ 287,237	\$ 277,493
Stockholders' equity	\$ 37,783	\$ 37,166	\$ 35,951	\$ 35,470	\$ 35,137
Common stock market capitalization	\$ 36,981	\$ 35,166	\$ 27,873	\$ 29,575	\$ 29,340
Full-time equivalent employees	77	76	81	81	80
Shares outstanding	5,842,145	5,861,000	5,868,038	5,868,038	5,868,038
<b>Average Balances:</b>					
Assets	\$ 323,157	\$ 337,463	\$ 333,387	\$ 319,817	\$ 318,835
Earning assets	\$ 294,500	\$ 307,376	\$ 301,427	\$ 285,722	\$ 283,657
Total Loans (before reserves)	\$ 221,705	\$ 235,051	\$ 228,847	\$ 214,992	\$ 207,130
Deposits	\$ 280,558	\$ 295,327	\$ 291,980	\$ 279,305	\$ 277,947
Other borrowings	\$ 3,846	\$ 4,327	\$ 4,817	\$ 4,481	\$ 4,481
Stockholders' equity	\$ 37,686	\$ 36,689	\$ 35,947	\$ 35,454	\$ 34,975
Shares outstanding, basic - wtd	5,849,444	5,866,038	5,868,038	5,868,038	5,868,038
Shares outstanding, diluted - wtd	5,849,444	5,866,038	5,868,038	5,868,038	5,868,038