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## NEWS RELEASE

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### State Bank Corp. Earnings Increase 22% to \$1.2 Million, or \$0.16 per Share, in 3Q16 from 2Q16, Completes Acquisition of Country Bank

LAKE HAVASU CITY, Arizona, October 28, 2016 – State Bank Corp. (OTCQB:SBAZ) (“Company”), the holding company for Mohave State Bank (“Bank”), today announced net income increased 22.2% to \$1.19 million, or \$0.16 per diluted share, for the third quarter ended September 30, 2016, compared to \$974,000, or \$0.17 per diluted share, in the second quarter of 2016, and increased 11.5% compared to \$1.07 million, or \$0.18 per diluted share, for the third quarter of 2015. Earnings represent two full months of the newly combined Bank.

For the first nine months of 2016, net income grew 13.7% to \$2.86 million, or \$0.45 per diluted share, compared to \$2.52 million, or \$0.43 per diluted share, for the same period of 2015.

“The highlight of the third quarter was completing the acquisition of Country Bank,” stated Brian M. Riley, President and Chief Executive Officer. “The closed acquisition added approximately \$107.0 million in loans and \$202.2 million in deposits to the Bank and expands our geographic footprint within Prescott, Prescott Valley and Cottonwood. We continue to focus on building the premier community bank franchise in Arizona, and we believe, with this combination, the Bank will be even better positioned to grow, serve our customers and create strong long-term return for our shareholders.”

Third quarter 2016 earnings were adversely affected by \$378,000 in net acquisition costs compared to \$63,000 in the preceding quarter and no acquisition costs in the third quarter a year ago. Year-to-date, net acquisition costs totaled \$619,000. “While costs associated with the acquisition integration will be higher than normal over the remainder of the year, we expect expenses to return to more normalized levels in 2017 and expect the merger to be immediately accretive to earnings per share,” added Riley.

#### Third Quarter 2016 Financial Highlights:

- Completed the acquisition of Country Bank, which was merged with and into Mohave State Bank on July 31, 2016. As of the closing date, the combined company has 9 branches and is the largest community bank headquartered in Arizona.
- Net income, excluding merger related expenses, increased 34.4% to \$1.43 million, compared to \$1.07 million in the third quarter 2015.
- Net interest margin of 4.14%.
- Total assets exceeded \$600 million.
- Return on average assets of 0.91%.
- Return on average equity of 9.69%.

Net interest margin improved to 4.14% in the third quarter 2016 compared to 3.85% in the preceding quarter and was down from 4.31% in the third quarter a year ago. The increase is the result of a combination of lower cost of funds and amortization of an implemented discount on Country Bank's acquired loan portfolio, both benefactors of the merger.

There was no provision for loan losses in the third quarter, with net charge-offs of \$56,000. The allowance for loan losses totaled \$3.1 million at September 30, 2016, or 0.91% of total loans. The overall percentage decreased due to the accounting treatment on acquired loan portfolios. The acquired loan portfolio was valued and recorded at fair value at the time of transaction, with uncertainty of future cash flows due to the credit risk of borrowers imbedded within the analysis.

Total assets were \$600.3 million at September 30, 2016, an increase of \$275.0 million, or 84.5%, from \$325.3 million at December 31, 2015, and an increase of \$275.2 million, or 84.7%, compared to \$325.1 million a year ago. Total loans held for investment were \$329.2 million as compared to \$216.4 million at December 31, 2015, and \$216.8 million at September 30, 2015. Total loan comparisons were affected by addition of \$107.0 million in loans from the acquisition of Country Bank.

Total deposits were \$532.8 million, an increase of \$250.0 million, or 88.4%, from \$282.8 million at December 31, 2015 and an increase of \$249.8 million compared to a year ago. Core deposits, defined as noninterest bearing demand, money market, NOW and savings accounts, increased to \$457.2 million at September 30, 2016, or 104.2%, compared to nine months earlier and increased compared to a year earlier from \$223.9 million. Total deposits and core deposit comparisons were affected by the acquisition of Country Bank by \$202.2 million and \$186.6 million, respectively. Core deposits now comprise 85.8% of total deposits.

Nonperforming assets were \$6.7 million at September 30, 2016, a 4.7% increase compared to \$6.4 million at December 31, 2015, and a 37.3% decrease compared to \$10.7 million at September 30, 2015. Nonperforming assets represented 1.12% of total assets at September 30, 2016.

Shareholder equity increased to \$54.5 million at September 30, 2016, from \$37.8 million at December 31, 2015, and \$37.2 million a year earlier. The significant increase is the result of issuing 2,187,546 shares of common stock at \$6.50 per share to finance the acquisition of Country Bank. At September 30, 2016, tangible book value per share was \$5.83 per share compared to \$6.47 per share at December 31, 2015 and \$6.34 a year earlier. The decrease was the result of the aforementioned issuance of common stock and the recording of goodwill and intangible assets involved in the acquisition of Country Bank.

### **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 September 30, 2016. The Bank reported the following capital ratios at September 30, 2016:

Common Equity Tier 1 Capital Ratio	12.95%
Tier 1 Leverage Ratio	10.55%
Tier 1 Capital Ratio	12.95%
Total Capital Ratio	13.67%

### **Use of Non-GAAP Financial Information**

This press release contains both financial measures based on accounting principles generally accepted in the United States ("GAAP") and non-GAAP based financial measures, which are used where management believes it to be helpful in understanding the Company's results of operations or financial position. Where non-GAAP

financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in this press release. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

### **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 nine full-service branches: two in Lake Havasu City, two in Kingman, two in Prescott, one in Bullhead City, one in Prescott Valley, and one in Cottonwood, Arizona. The Company is traded over-the-counter as SBZ. 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 Mohave State Bank. These statements involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include, but are not limited to, the following factors: the expected cost savings, synergies and other financial benefits from the completed merger might not be realized within the expected time frames or at all. Annualized, pro forma, projected and estimated numbers in this press release are used for illustrative purposes only, are not forecasts and may not reflect actual results. All forward-looking statements included in this press release are based on information available at the time of the release, and State Bank Corp. and Mohave State Bank assume no obligation to update any forward-looking statements.*

UNAUDITED FINANCIAL STATEMENTS FOLLOW

State Bank Corp. Reports 3Q16 Results  
October 28, 2016

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

<i>Dollars in thousands - Unaudited</i>	<b>For the Quarter Ended</b>			<b>Year to Date</b>	
	<b>9/30/2016</b>	<b>6/30/2016</b>	<b>9/30/2015</b>	<b>9/30/2016</b>	<b>9/30/2015</b>
<b>Statements of Operations</b>					
Interest income					
Loans, including fees	\$ 4,594	\$ 2,980	\$ 3,186	\$ 10,530	\$ 9,000
Securities	394	221	209	830	646
Fed funds and other	71	59	14	165	47
Total interest income	<u>5,059</u>	<u>3,260</u>	<u>3,409</u>	<u>11,525</u>	<u>9,693</u>
Interest expense					
Deposits	198	162	153	512	429
Borrowings	96	95	1	225	26
Total interest expense	<u>294</u>	<u>257</u>	<u>154</u>	<u>737</u>	<u>455</u>
Net interest income	<u>4,765</u>	<u>3,003</u>	<u>3,255</u>	<u>10,788</u>	<u>9,238</u>
Provision for loan losses	-	-	425	-	885
Net interest income after loan loss provision	<u>4,765</u>	<u>3,003</u>	<u>2,830</u>	<u>10,788</u>	<u>8,353</u>
Noninterest income					
Service charges on deposits	116	78	89	273	273
Mortgage loan fees	272	291	241	736	738
Gain on sale of loans	306	357	180	836	1,239
(Loss)/Gain on securities	-	-	-	(2)	(8)
Other income	274	196	886	638	1,261
Total noninterest income	<u>968</u>	<u>922</u>	<u>1,396</u>	<u>2,481</u>	<u>3,503</u>
Noninterest expense					
Salaries and employee benefits	2,004	1,430	1,447	4,764	4,430
Net occupancy expense	87	56	102	196	278
Equipment expense	70	39	47	149	131
Data processing	261	241	246	743	826
Director fees & expenses	37	33	55	114	166
Insurance	33	30	26	93	77
Marketing & promotion	119	54	57	251	265
Professional fees	103	95	82	308	254
Office expense	25	27	28	102	93
Regulatory assessments	58	52	106	169	321
OREO and repossessed assets	109	43	214	204	611
Other expenses	425	152	158	766	526
	<u>3,331</u>	<u>2,252</u>	<u>2,568</u>	<u>7,859</u>	<u>7,978</u>
Acquisition related costs	378	63	-	697	-
Total noninterest expense	<u>3,709</u>	<u>2,315</u>	<u>2,568</u>	<u>8,556</u>	<u>7,978</u>
Income (loss) before provision (benefit) for income taxes	<u>2,024</u>	<u>1,610</u>	<u>1,658</u>	<u>4,713</u>	<u>3,878</u>
Provision (benefit) for income taxes	834	636	591	1,849	1,358
<b>Net Income (Loss)</b>	<u>\$ 1,190</u>	<u>\$ 974</u>	<u>\$ 1,067</u>	<u>\$ 2,864</u>	<u>\$ 2,520</u>
<b>Per Share Data</b>					
Basic EPS	\$ 0.16	\$ 0.17	\$ 0.18	\$ 0.45	\$ 0.43
Diluted EPS	\$ 0.16	\$ 0.17	\$ 0.18	\$ 0.45	\$ 0.43
Average shares outstanding					
Basic	7,292,583	5,842,145	5,868,038	6,329,153	5,867,364
Effect of dilutive shares	-	-	-	-	-
Diluted	<u>7,292,583</u>	<u>5,842,145</u>	<u>5,868,038</u>	<u>6,329,153</u>	<u>5,867,364</u>

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

*Dollars in thousands - Unaudited*

**9/30/2016**

**12/31/2015**

**9/30/2015**

**Consolidated Balance Sheets**

**Assets**

Cash and cash equivalents	\$ 6,595	\$ 1,899	\$ 1,777
Interest bearing deposits	30,151	4,167	4,033
Overnight Funds	49,520	29,250	25,150
Held for maturity securities	2	19	21
Available for sale securities	135,773	46,881	49,323
<b>Total cash and securities</b>	<b>222,041</b>	<b>82,216</b>	<b>80,304</b>
Loans held for sale, before reserves	5,987	4,457	3,928
Gross loans held for investment	329,208	216,357	216,840
Loan loss reserve	(3,046)	(3,089)	(3,024)
<b>Total net loans</b>	<b>332,149</b>	<b>217,725</b>	<b>217,744</b>
Premises and equipment, net	15,140	8,195	8,235
Other real estate owned	4,398	4,247	6,141
Federal Home Loan Bank and other stock	3,308	2,126	2,126
Company owned life insurance	11,190	6,034	5,993
Other assets	12,094	4,776	4,561
<b>Total Assets</b>	<b>\$ 600,320</b>	<b>\$ 325,319</b>	<b>\$ 325,104</b>

**Liabilities**

Non interest bearing demand	\$ 129,993	\$ 70,648	\$ 69,529
Money market, NOW and savings	327,216	153,156	154,337
Time deposits <\$100K	30,037	25,703	26,018
Time deposits >\$100K	45,598	33,329	33,151
<b>Total Deposits</b>	<b>532,844</b>	<b>282,836</b>	<b>283,035</b>
Securities sold under repurchase agreements	3,752	3,653	3,657
Federal Home Loan Bank advances	-	-	-
Subordinated debt	7,500	-	-
<b>Total Debt</b>	<b>11,252</b>	<b>3,653</b>	<b>3,657</b>
Other Liabilities	1,736	1,047	1,246
<b>Total Liabilities</b>	<b>545,832</b>	<b>287,536</b>	<b>287,938</b>

**Shareholders' Equity**

Common stock	39,146	24,927	25,007
Accumulated retained earnings	15,161	12,881	11,968
Accumulated other comprehensive income	181	(25)	191
<b>Total shareholders equity</b>	<b>54,488</b>	<b>37,783</b>	<b>37,166</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 600,320</b>	<b>\$ 325,319</b>	<b>\$ 325,104</b>

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**State Bank Corp.**  
**Five-Quarter Performance Summary**

<i>Dollars in thousands - Unaudited</i>	<b>For the Quarter Ended</b>				
	<b>9/30/2016</b>	<b>6/30/2016</b>	<b>3/31/2016</b>	<b>12/31/2016</b>	<b>9/30/2015</b>
<b>Performance Highlights</b>					
<b>Earnings:</b>					
Total revenue (Net int. income + nonint. income)	\$ 5,733	\$ 3,925	\$ 3,612	\$ 3,800	\$ 4,651
Net interest income	\$ 4,765	\$ 3,003	\$ 3,019	\$ 3,098	\$ 3,255
Provision for loan losses	\$ -	\$ -	\$ -	\$ -	\$ 425
Noninterest income	\$ 968	\$ 922	\$ 593	\$ 702	\$ 1,396
Noninterest expense	\$ 3,709	\$ 2,315	\$ 2,533	\$ 2,500	\$ 2,568
Net income (loss)	\$ 1,190	\$ 974	\$ 700	\$ 946	\$ 1,067
<b>Per Share Data:</b>					
Net income (loss), basic	\$ 0.16	\$ 0.17	\$ 0.12	\$ 0.16	\$ 0.18
Net income (loss), diluted	\$ 0.16	\$ 0.17	\$ 0.12	\$ 0.16	\$ 0.18
Cash dividends declared	\$ -	\$ -	\$ 0.10	\$ -	\$ -
Book value	\$ 6.79	\$ 6.71	\$ 6.52	\$ 6.47	\$ 6.34
Tangible book value	\$ 5.83	\$ 6.71	\$ 6.52	\$ 6.47	\$ 6.34
<b>Performance Ratios:</b>					
Return on average assets	0.91%	1.13%	0.86%	1.17%	1.26%
Return on average equity	9.69%	10.05%	7.40%	10.04%	11.63%
Net interest margin, taxable equivalent	4.14%	3.85%	4.08%	4.29%	4.31%
Average cost of funds	0.28%	0.34%	0.26%	0.21%	0.21%
Average yield on loans	6.37%	5.38%	5.34%	5.45%	5.42%
Efficiency ratio	64.70%	58.98%	70.13%	65.79%	55.21%
Non-interest income to total revenue	16.88%	23.49%	16.42%	18.47%	30.02%
<b>Capital &amp; Liquidity:</b>					
Total equity to total assets (EOP)	9.08%	11.32%	11.26%	11.61%	11.43%
Tangible equity to tangible assets	7.90%	11.32%	11.26%	11.61%	11.43%
Total loans to total deposits	62.91%	75.13%	76.60%	78.07%	78.00%
<b>Mohave State Bank</b>					
Common equity tier 1 ratio	12.95%	14.62%	14.62%	14.70%	14.10%
Tier 1 leverage ratio	10.55%	11.08%	11.51%	11.61%	10.83%
Tier 1 risk based capital	12.95%	14.62%	14.62%	14.70%	14.10%
Total risk based capital	13.67%	15.81%	15.82%	15.91%	15.27%
<b>Asset Quality:</b>					
Gross charge-offs	\$ 67	\$ 4	\$ -	\$ 4	\$ 373
Net charge-offs (NCOs)	\$ 56	\$ (5)	\$ (9)	\$ (65)	\$ 370
NCO to average loans, annualized	0.08%	-0.01%	-0.02%	-0.12%	0.63%
Non-accrual loans/securities	\$ 2,321	\$ 2,683	\$ 2,229	\$ 2,154	\$ 4,570
Other real estate owned	\$ 4,398	\$ 4,039	\$ 3,995	\$ 4,246	\$ 6,141
Repossessed assets	\$ -	\$ -	\$ -	\$ -	\$ -
Non-performing assets (NPAs)	\$ 6,719	\$ 6,722	\$ 6,224	\$ 6,400	\$ 10,711
NPAs to total assets	1.12%	1.94%	1.84%	1.97%	3.29%
Loans >90 days past due	\$ -	\$ -	\$ -	\$ -	\$ -
NPAs + 90 days past due	\$ 6,719	\$ 6,722	\$ 6,224	\$ 6,400	\$ 10,711
NPAs + loans 90 days past due to total assets	1.12%	1.94%	1.84%	1.97%	3.29%
Allowance for loan losses to total loans	0.91%	1.40%	1.40%	1.40%	1.37%
Allowance for loan losses to NPAs	45.33%	46.16%	49.78%	48.27%	28.23%
<b>Period End Balances:</b>					
Assets	\$ 600,320	\$ 346,458	\$ 338,205	\$ 325,319	\$ 325,104
Total Loans (before reserves)	\$ 335,195	\$ 221,628	\$ 221,046	\$ 220,814	\$ 220,768
Deposits	\$ 532,844	\$ 295,010	\$ 288,565	\$ 282,836	\$ 283,035
Stockholders' equity	\$ 54,488	\$ 39,229	\$ 38,088	\$ 37,783	\$ 37,166
Common stock market capitalization	\$ 55,003	\$ 37,390	\$ 37,974	\$ 36,981	\$ 35,166
Full-time equivalent employees	114	75	72	77	76
Shares outstanding	8,029,691	5,842,145	5,842,145	5,842,145	5,861,000
<b>Average Balances:</b>					
Assets	\$ 523,785	\$ 345,348	\$ 327,228	\$ 323,157	\$ 337,463
Earning assets	\$ 462,668	\$ 318,415	\$ 301,084	\$ 294,500	\$ 307,376
Total Loans (before reserves)	\$ 288,558	\$ 221,608	\$ 221,499	\$ 221,705	\$ 235,051
Deposits	\$ 411,676	\$ 294,645	\$ 282,123	\$ 280,558	\$ 295,327
Other borrowings	\$ 11,628	\$ 10,933	\$ 6,105	\$ 3,846	\$ 4,327
Stockholders' equity	\$ 49,134	\$ 38,753	\$ 37,855	\$ 37,686	\$ 36,689
Shares outstanding, basic - wtd	7,292,583	5,842,145	5,842,145	5,849,444	5,866,038
Shares outstanding, diluted - wtd	7,292,583	5,842,145	5,842,145	5,849,444	5,866,038

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**NON-GAAP FINANCIAL INFORMATION**

*(Unaudited)*

**NON-GAAP PERFORMANCE MEASURES**

	<b>Three Months Ended</b>		
	<b>Sep. 30, 2016</b>	<b>June 30, 2016</b>	<b>Sep. 30, 2015</b>
Return on average common equity, excluding acquisition related costs, net (1)	11.67%	10.47%	11.63%
Return on average assets, excluding acquisition related costs, net (1)	1.10%	1.18%	1.26%
Efficiency ratio, excluding acquisition related costs, net (2)	58.10%	57.38%	55.21%

**NON-GAAP EARNINGS PER SHARE**

Basic (3)	\$ 0.20	\$ 0.17	\$ 0.18
Diluted (3)	\$ 0.20	\$ 0.17	\$ 0.18

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**

*(Unaudited)*

	<b>Three Months Ended</b>		
	<b>Sep. 30, 2016</b>	<b>June 30, 2016</b>	<b>Sep. 30, 2015</b>
		<i>(in thousands)</i>	
Net income	\$ 1,190	\$ 974	\$ 1,067
Acquisition related costs, net	378	63	-
Tax effect on acquisition related costs, net	(134)	(22)	-
Net income, excluding acquisition related costs, net (3)	<u>\$ 1,434</u>	<u>\$ 1,015</u>	<u>\$ 1,067</u>

	<b>Three Months Ended</b>		
	<b>Sep. 30, 2016</b>	<b>June 30, 2016</b>	<b>Sep. 30, 2015</b>
		<i>(in thousands)</i>	
Total non-interest expenses	\$ 3,709	\$ 2,315	\$ 2,568
Acquisition related costs, net	378	63	-
Total non-interest expenses, excluding acquisition related costs, net (3)	<u>\$ 3,331</u>	<u>\$ 2,252</u>	<u>-</u>

- (1) The Company believes these non-GAAP ratios provide a useful metric with which to analyze and evaluate the financial condition of the Company  
(2) The Company believes this non-GAAP ratio provides a useful metric to measure the operating efficiency of the Company  
(3) The Company believes these non-GAAP measurements are a key indicator of the ongoing earnings power of the Company

Transmitted on Globe Newswire on October 28, 2016 at a.m. PDT.