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The IR Group

NEWS RELEASE

State Bank Corp. Earnings Increase 29% to \$1.85 million, or \$0.23 per Diluted Share, in First Quarter 2018; Highlighted by Strong Loan and Deposit Growth

LAKE HAVASU CITY, Arizona, April 27, 2018 – State Bank Corp. (OTCPINK: SBAZ) (“Company”), the holding company for Mohave State Bank (“Bank”), today announced net income increased 29.4% to \$1.85 million, or \$0.23 per diluted share, for the first quarter ended March 31, 2018, as compared to net income of \$1.43 million, or \$0.18 per diluted share, for the first quarter of 2017. In the preceding quarter, the Company reported earnings of \$1.54 million, or \$0.19 per diluted share.

“We started 2018 with another quarter of increased profitability, supported by strong loan and deposit growth and a stable net interest margin,” stated Brian M. Riley, President and Chief Executive Officer. “We are well positioned to continue growing, as we focus on building a steady, well-diversified community bank in Arizona. At the same time, we maintain high levels of liquidity to fund internal growth or to provide capital for opportunities in our market.”

First Quarter 2018 Financial Highlights:

- Net income increased 29.4% to \$1.85 million, or \$0.23 per diluted share, compared to \$1.43 million, or \$0.18 per diluted share, in 1Q17.
- Pre-tax income increased 8.7% to \$2.4 million, compared to \$2.2 million in the 1Q17.
- Return on average assets of 1.18%.
- Return on average equity of 12.64%.
- Core deposits comprised 89.4% of total deposits.

Net interest margin was 3.78% in the first quarter 2018 compared to 3.86% in the preceding quarter and 3.89% in the first quarter a year ago. Average cost of funds rose slightly to 22 basis points, as the Company increased overall deposit rates to remain competitive in the market place.

The provision for loan losses was \$35,000 during the first quarter of 2018, with net recoveries of \$15,000. The allowance for loan losses totaled \$3.4 million at March 31, 2018, or 0.93% of total loans. Excluding acquired loans, the reserve ratio was 1.08%, which is in line with industry peers. On the acquired portfolio, the credit component of the loan purchase discount remains greater than an imputed reserve.

Total assets were \$630.4 million at March 31, 2018, an increase of \$9.8 million, or 1.58%, from \$620.6 million at December 31, 2017 and an increase of \$40.1 million, or 6.79%, compared to \$590.3 million a year ago. Total loans held for investment were \$358.8 million at March 31, 2018, as compared to \$347.9 million at December 31, 2017 and \$333.0 million at March 31, 2017.

Total deposits were \$558.4 million, an increase of \$9.0 million, or 1.64%, from \$549.4 million at December 31, 2017, and an increase of \$35.9 million, or 6.87%, compared to \$522.5 million a year ago. Core deposits, defined as noninterest

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bearing demand, money market, NOW and savings accounts, increased 2.51% compared to three months earlier and increased 10.3% compared to a year earlier to \$499.0 million at March 31, 2018. Core deposits now comprise 89.4% of total deposits.

Nonperforming assets were \$6.4 million at March 31, 2018, a 7.25% decrease from \$6.9 million at December 31, 2017. Nonperforming assets represented 1.02% of total assets at March 31, 2018.

Shareholder equity decreased to \$58.4 million at March 31, 2018, from \$58.7 million at December 31, 2017, and increased compared to \$55.1 million a year ago. At March 31, 2018, tangible book value per share was \$6.34 per share compared to \$6.37 per share at December 31, 2017 and \$5.90 per share at March 31, 2017.

Capital Management

Community banking organizations, including State Bank Corp. and Mohave State Bank, became subject to increased 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 March 31, 2018. The Bank reported the following capital ratios at March 31, 2018:

Common Equity Tier 1 Capital Ratio	13.98%
Tier 1 Leverage Ratio	9.91%
Tier 1 Capital Ratio	13.98%
Total Capital Ratio	14.75%

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. Specializing in providing exceptional customer service and investing in its local communities, Mohave State Bank was named 2018 Bank of the Year by Western Independent Bankers. 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 Bank also operates a loan production office in Sedona, AZ. The Company is traded over-the-counter as SBAZ. For further information, please visit the web site: 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. 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 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>	For the Quarter Ended		
	3/31/2018	12/31/2017	3/31/2017
Statements of Operations			
Interest income			
Loans, including fees	\$ 4,842	\$ 4,926	\$ 4,765
Securities	897	855	582
Fed funds and other	90	87	70
Total interest income	<u>5,829</u>	<u>5,868</u>	<u>5,417</u>
Interest expense			
Deposits	206	181	184
Borrowings	105	108	96
Total interest expense	<u>311</u>	<u>289</u>	<u>280</u>
Net interest income	<u>5,518</u>	<u>5,579</u>	<u>5,137</u>
Provision for loan losses	35	100	-
Net interest income after loan loss provision	<u>5,483</u>	<u>5,479</u>	<u>5,137</u>
Noninterest income			
Service charges on deposits	148	147	139
Mortgage loan fees	247	294	343
Gain on sale of loans	442	605	447
Other income	548	174	283
Total noninterest income	<u>1,385</u>	<u>1,220</u>	<u>1,212</u>
Noninterest expense			
Salaries and employee benefits	2,695	2,529	2,483
Net occupancy expense	183	161	159
Equipment expense	92	91	93
Data processing	440	413	480
Director fees & expenses	80	152	43
Insurance	39	51	32
Marketing & promotion	129	116	128
Professional fees	149	93	99
Office expense	38	30	65
Regulatory assessments	64	55	79
OREO and repossessed assets	42	8	25
Other expenses	502	403	442
Total noninterest expense	<u>4,453</u>	<u>4,102</u>	<u>4,128</u>
Income (loss) before provision (benefit) for income taxes	<u>2,415</u>	<u>2,597</u>	<u>2,221</u>
Provision (benefit) for income taxes	566	1,056	788
Net Income	<u>\$ 1,849</u>	<u>\$ 1,541</u>	<u>\$ 1,433</u>
Per Share Data			
Basic EPS	\$ 0.23	\$ 0.19	\$ 0.18
Diluted EPS	\$ 0.23	\$ 0.19	\$ 0.18
Average shares outstanding			
Basic	8,049,845	8,044,184	8,029,691
Effect of dilutive shares	37,679	26,340	-
Diluted	<u>8,087,524</u>	<u>8,070,524</u>	<u>8,029,691</u>

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State Bank Corp.
Balance Sheets

Dollars in thousands - Unaudited

3/31/2018 **12/31/2017** **3/31/2017**

Consolidated Balance Sheets

Assets

Cash and cash equivalents	\$ 4,419	\$ 3,558	\$ 3,130
Interest bearing deposits	6,658	6,835	17,495
Overnight Funds	21,055	15,110	33,425
Held for maturity securities	1	1	2
Available for sale securities	199,931	206,137	159,335
Total cash and securities	232,064	231,641	213,387
Loans held for sale, before reserves	2,624	3,400	2,524
Gross loans held for investment	358,811	347,951	333,039
Loan loss reserve	(3,356)	(3,306)	(2,986)
Total net loans	358,079	348,045	332,577
Premises and equipment, net	14,152	14,561	14,965
Other real estate owned	528	691	3,261
Federal Home Loan Bank and other stock	3,867	3,867	3,307
Company owned life insurance	11,607	11,543	11,343
Other assets	10,063	10,289	11,436
Total Assets	\$ 630,360	\$ 620,637	\$ 590,276

Liabilities

Non interest bearing demand	\$ 126,307	\$ 128,870	\$ 120,191
Money market, NOW and savings	372,706	357,880	332,047
Time deposits <\$250K	54,811	58,214	64,574
Time deposits >\$250K	4,590	4,431	5,651
Total Deposits	558,414	549,395	522,463
Securities sold under repurchase agreements	4,339	3,616	3,942
Federal Home Loan Bank advances	-	-	-
Subordinated debt	7,367	7,361	7,341
Total Debt	11,706	10,977	11,283
Other Liabilities	1,859	1,608	1,420
Total Liabilities	571,979	561,980	535,166

Shareholders' Equity

Common stock	39,466	39,333	39,146
Accumulated retained earnings	22,551	21,185	16,942
Accumulated other comprehensive income	(3,636)	(1,861)	(978)
Total shareholders equity	58,381	58,657	55,110
Total liabilities and shareholders' equity	\$ 630,360	\$ 620,637	\$ 590,276

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

<i>Dollars in thousands - Unaudited</i>	For the Quarter Ended				
	3/31/2018	12/31/2017	9/30/2017	6/30/2017	3/31/2017
Performance Highlights					
Earnings:					
Total revenue (Net int. income + nonint. income)	\$ 6,903	\$ 6,799	\$ 7,307	\$ 6,657	\$ 6,349
Net interest income	\$ 5,518	\$ 5,579	\$ 5,625	\$ 5,282	\$ 5,137
Provision for loan losses	\$ 35	\$ 100	\$ 50	\$ (440)	\$ -
Noninterest income	\$ 1,385	\$ 1,220	\$ 1,397	\$ 1,375	\$ 1,212
Noninterest expense	\$ 4,453	\$ 4,102	\$ 4,183	\$ 4,799	\$ 4,128
Net income (loss)	\$ 1,849	\$ 1,541	\$ 1,842	\$ 1,480	\$ 1,433
Per Share Data:					
Net income (loss), basic	\$ 0.23	\$ 0.19	\$ 0.23	\$ 0.18	\$ 0.18
Net income (loss), diluted	\$ 0.23	\$ 0.19	\$ 0.23	\$ 0.18	\$ 0.18
Cash dividends declared	\$ 0.06	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
Book value	\$ 7.25	\$ 7.29	\$ 7.24	\$ 7.07	\$ 6.86
Tangible book value	\$ 6.34	\$ 6.37	\$ 6.31	\$ 6.13	\$ 5.90
Performance Ratios:					
Return on average assets	1.18%	0.98%	1.20%	0.99%	0.98%
Return on average equity	12.64%	10.52%	12.71%	10.51%	10.48%
Net interest margin, taxable equivalent	3.78%	3.86%	3.99%	3.84%	3.89%
Average cost of funds	0.22%	0.20%	0.20%	0.21%	0.21%
Average yield on loans	5.44%	5.63%	5.83%	5.94%	5.73%
Efficiency ratio	64.51%	60.33%	59.57%	72.09%	65.02%
Non-interest income to total revenue	20.06%	17.94%	19.89%	20.65%	19.09%
Capital & Liquidity:					
Total equity to total assets (EOP)	9.26%	9.45%	9.21%	9.43%	9.34%
Tangible equity to tangible assets	8.20%	8.36%	8.12%	8.27%	8.13%
Total loans to total deposits	64.73%	63.95%	62.29%	63.41%	64.23%
Mohave State Bank					
Common equity tier 1 ratio	13.98%	14.03%	13.91%	13.56%	13.24%
Tier 1 leverage ratio	9.91%	9.73%	9.64%	9.65%	9.63%
Tier 1 risk based capital	13.98%	14.03%	13.91%	13.56%	13.24%
Total risk based capital	14.75%	14.80%	14.63%	14.27%	13.95%
Asset Quality:					
Gross charge-offs	\$ -	\$ 26	\$ 27	\$ 59	\$ 84
Net charge-offs (NCOs)	\$ (15)	\$ (173)	\$ 19	\$ (456)	\$ 73
NCO to average loans, annualized	-0.02%	-0.20%	0.02%	-0.54%	0.09%
Non-accrual assets	\$ 5,899	\$ 6,219	\$ 2,467	\$ 2,923	\$ 1,872
Other real estate owned	\$ 529	\$ 691	\$ 577	\$ 836	\$ 3,261
Repossessed assets	\$ -	\$ -	\$ -	\$ -	\$ -
Non-performing assets (NPAs)	\$ 6,428	\$ 6,910	\$ 3,044	\$ 3,759	\$ 5,133
NPAs to total assets	1.02%	1.11%	0.48%	0.62%	0.87%
Loans >90 days past due	\$ -	\$ -	\$ 3	\$ -	\$ -
NPAs + 90 days past due	\$ 6,428	\$ 6,910	\$ 3,047	\$ 3,759	\$ 5,133
NPAs + loans 90 days past due to total assets	1.02%	1.11%	0.48%	0.62%	0.87%
Allowance for loan losses to total loans	0.93%	0.94%	0.87%	0.90%	0.89%
Allowance for loan losses to NPAs	52.21%	47.84%	99.61%	80.66%	58.17%
Period End Balances:					
Assets	\$ 630,360	\$ 620,637	\$ 632,078	\$ 603,351	\$ 590,276
Total Loans (before reserves)	\$ 361,435	\$ 351,351	\$ 349,491	\$ 338,635	\$ 335,563
Deposits	\$ 558,414	\$ 549,395	\$ 561,077	\$ 534,019	\$ 522,463
Stockholders' equity	\$ 58,381	\$ 58,657	\$ 58,235	\$ 56,895	\$ 55,110
Common stock market capitalization	\$ 97,023	\$ 88,084	\$ 66,284	\$ 65,957	\$ 63,033
Full-time equivalent employees	117	114	117	127	127
Shares outstanding	8,051,677	8,044,184	8,044,184	8,043,517	8,029,691
Average Balances:					
Assets	\$ 627,504	\$ 626,759	\$ 616,175	\$ 598,933	\$ 583,909
Earning assets	\$ 585,574	\$ 582,297	\$ 567,105	\$ 552,731	\$ 534,369
Total Loans (before reserves)	\$ 355,848	\$ 349,866	\$ 345,042	\$ 339,062	\$ 332,487
Deposits	\$ 556,608	\$ 556,169	\$ 545,944	\$ 522,443	\$ 516,107
Other borrowings	\$ 11,028	\$ 10,226	\$ 10,622	\$ 11,028	\$ 11,198
Stockholders' equity	\$ 58,519	\$ 58,609	\$ 57,968	\$ 56,305	\$ 54,673
Shares outstanding, basic - wtd	8,049,845	8,044,184	8,043,938	8,039,567	8,029,691
Shares outstanding, diluted - wtd	8,087,524	8,070,524	8,071,191	8,059,334	8,029,691

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