

Entegra Financial Corporation (NASDAQ: ENFC; Franklin, NC) has agreed to acquire two branches in Georgia from Stearns Financial Services, Inc. (Private; Saint Cloud, MN)

Deposit Premium: 3.65%

Sandler O'Neill served as financial advisor to Entegra Financial Corporation in the purchase of these branches.

This transaction represents Sandler O'Neill's 19th bank branch transaction since January 1, 2015. During that time period, Sandler O'Neill has advised on branch transactions totaling 106 branches and over \$4.1 billion in deposits, more than any other investment bank.¹

Since January 1, 2012, Sandler O'Neill has advised on 17 bank branch transactions in the Southeast region, totaling 69 branches and over \$2.0 billion in deposits, more than any other investment bank during that time period.¹

Franklin, North Carolina, October 24, 2016 — Entegra Bank, the wholly-owned subsidiary of Entegra Financial Corp. (NASDAQ: ENFC) ("Entegra"), today announced that it has entered into an agreement with Stearns Bank, N.A., the wholly-owned subsidiary of Stearns Financial Services, Inc., to acquire its 2 banking branches in Jasper, Georgia. Entegra will assume approximately \$150 million in deposits with the option to purchase up to \$5 million in loans, and pay a deposit premium of 3.65%.

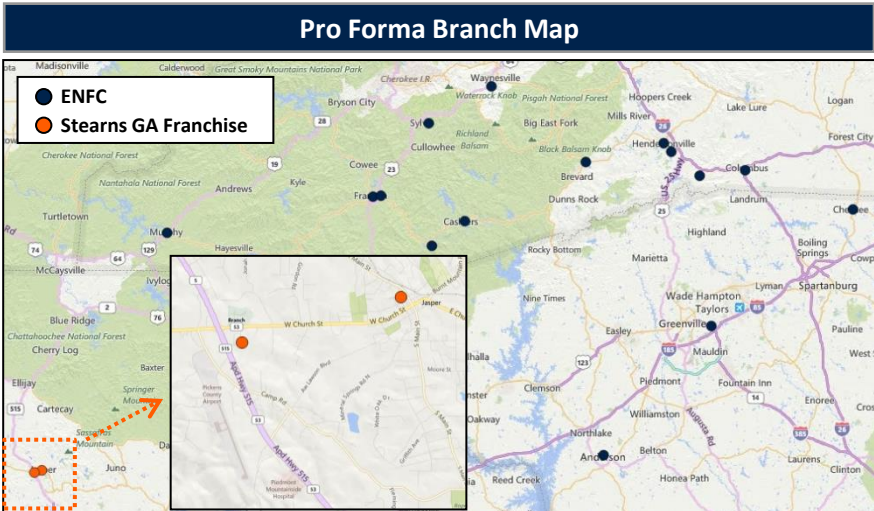
"We are thrilled to announce this branch acquisition as we continue to expand our franchise into northern Georgia," said Roger D. Plemens, President and Chief Executive Officer of Entegra. "Stearns Bank has done a great job of turning around and growing these Jasper branches and preserving a vital, time-honored community institution. The acquisition will provide us with the liquidity to continue our growth, as well as a presence in the attractive Pickens County, Georgia market, which serves as a bedroom community for the northern Atlanta metropolitan area. We continue to execute upon our strategic priorities of seeking accretive acquisition opportunities, diversifying into higher growth contiguous markets, leveraging our capital, and positioning Entegra for long-term independence."

Entegra Bank intends to hire all current employees at both branch locations and is dedicated to providing a smooth transition and high level of service to its new customers.

Excluding estimated transaction expenses, the transaction is expected to accrete \$0.24 to earnings per share during the first year, an increase of approximately 20%. The 4.2% tangible book value dilution will result in an earn-back period of approximately 3 years. Upon completion of the transaction, Entegra is expected to have approximately \$1.35 billion in assets and nearly \$1.0 billion in deposits.

The purchase, which is subject to customary closing conditions, including regulatory approvals, is expected to be completed in the first quarter of 2017.

Transaction Summary	
Number of Branches	2
Location of Branches	Jasper, GA
Total Deposits Transferred	\$150 million
Deposit Premium	3.65%
Loans Purchased	\$5 million
Buyer	Entegra Financial Corporation
Buyer Headquarters	Franklin, NC
Buyer Total Assets	\$1.2 billion
Seller	Stearns Financial Services, Inc.
Seller Headquarters	Saint Cloud, MN
Seller Total Assets	\$1.9 billion



(1) Includes completed and pending branch transactions; excludes terminated transactions and self-advisory roles

Note: Financial data as of June 30, 2016; Source: SNL Financial, ENFC Press Release

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