



FOR IMMEDIATE RELEASE

MEDIA CONTACT:

Sissy DeMaria (sdemaria@krepspr.com)
Suzanne Schmidt (sschmidt@krepspr.com)
Kreps DeMaria
(305) 663-3543

INVESTOR RELATIONS:

Dave Seleski (dseleski@stonegatebank.com)
Stonegate Bank
(954) 315-5510

Stonegate Bank Reports Net Income of \$2.4 Million for Third Quarter 2012

Bank reports 27 consecutive quarters of profitability

Third Quarter 2012 Highlights:

- Net income of \$2,426,000 for the third quarter of 2012
- Total assets grew to \$942 million from \$848 million year over year
- 27 consecutive quarters of profitability
- 4.19% net interest margin for the month of September
- Tier 1 risk based capital ratio of 16.5%
- Total organic loan growth was 15% year to date
- Annualized 1.02% return on average assets

FORT LAUDERDALE, Fla. (October 16, 2012) – [Stonegate Bank](#) (OTCBB: SGBK) reported net income of \$2,426,000 or 29.4 cents per share in the third quarter of 2012, as compared to net income of \$1,560,000 or 18.9 cents per share in the third quarter of 2011. The Bank earned \$6,918,000 or 83.9 cents per share for the first nine months of 2012, as compared to \$8,744,000 or \$1.06 per share in the first nine months of 2011.

Income and Expenses:

Total interest income increased from \$9.9 million in the third quarter of 2011 to \$10.7 million in the third quarter of 2012. This came as a result of an increase of \$107 million in total loans period to period. Total interest expense declined from \$2.1 million for the third quarter of 2011 to \$1.8 million in the third quarter of 2012. This occurred even though total deposits increased \$78 million period to period. The Bank's strategy of reducing the size of the investment portfolio concurrently with increasing the loan portfolio has had a positive impact on net interest income as well as the net interest margin. This resulted in net interest income improving from \$7.7 million in the third quarter of 2011 to \$8.9 million in the third quarter of 2012.

Total non-interest income decreased to \$777,000 in the third quarter of 2012 from \$834,000 in the third quarter of 2011.

The Bank realized security gains of \$639,000 in the third quarter of 2012. These gains were taken largely to reduce the size of the investment portfolio and to shorten its duration.

Non-interest expense increased to \$5.8 million for the third quarter of 2012 from \$5.6 million for the third quarter of 2011. The increase in non-interest expense is directly related to the growth of the sales staff in each of the Bank's markets.

Margin and Cost of Funds:

Total cost of funds declined from a 1.00% June 2012 month-to-date average to 0.92% September 2012 month-to-date average. Stonegate Bank's net interest margin increased from a June 2012 month-to-date average of 4.02% to September 2012 month-to-date average of 4.19%.

Balance Sheet and Capital:

Total assets grew from \$848 million on September 30, 2011 to \$942 million on September 30, 2012, a \$94 million increase. Total loans increased \$107 million from \$584 million on September 30, 2011 to \$691 million on September 30, 2012. Total deposits increased \$78 million from \$669 million on September 30, 2011 to \$747 million on September 30, 2012. Non-interest bearing deposits represent 17.6% of total deposits. Total capital grew from \$114.9 million on September 30, 2011 to \$125.1 million on September 30, 2012. The undiluted book value of common shares of Stonegate Bank was \$15.19 per share on September 30, 2012.

Asset Quality:

Total Stonegate Bank

(in thousands)	Dec. 31, 2011	Mar. 31, 2012	Jun. 30, 2012	Sept. 30, 2012
Total loans	\$600,583	\$633,659	\$676,480	\$691,590
30 days past due	656	1,304	979	1,811
60 - 89 days	0	0	890	304
NPAs	10,379	9,850	6,746	6,128
REO	5,956	5,400	6,402	6,942

In order to better illustrate trends in asset quality, the chart above shows various categories and ending balances over the last four quarters. This is presented to provide additional clarity on the portfolio trends as well as the Bank's progress in reducing non-performing loans and REO. The Bank's non-performing loans decreased slightly from \$6.7 million on June 30, 2012 to \$6.1 million on September 30, 2012. Overall, non-performing loans represent 0.88% of total loans and 0.64% of total assets. Approximately half of the \$6.1 million in non-performing loans are in the acquired First Commercial Bank of Tampa Bay portfolio.

Management believes all non-performing assets and REO are written down to fair market value. Real estate owned increased slightly from \$6.4 million on June 30, 2012 to \$6.9 million on September 30, 2012. Five properties represent 80% of the total balance of REO.

The Bank's loan loss reserve was \$16.3 million on September 30, 2012. This reserve represents 267% of all non-performing loans and 2.36% of total loans. Total loans past due more than 30 days increased slightly from \$1.8 million on June 30, 2012 to \$2.1 million on September 30, 2012.

Management Comments:

“The Bank is doing extremely well in terms of organic loan growth as well as overall profitability,” said Dave Seleski, President and Chief Executive Officer. “Total year-to-date loan growth was \$91 million, which represents 15% loan growth for the first nine months of the year. I am encouraged that this trend will continue in coming quarters as the general Florida economy continues to stabilize and in some regions improve. The increased loan growth has also improved our profitability. This is best illustrated by an overall improvement in our net interest income and a healthy annualized 1.02% return on assets. Net interest income improved from \$21.2 million in the first nine months of 2011 to \$25.1 million in the first nine months of 2012. This \$3.9 million increase is a direct result of the Bank’s loan growth and consistent net interest margin. The challenge in future quarters is maintaining the growth and margin without significantly adding to overall non-interest expense.”

#

The Bank cautions that certain statements contained in this press release are “forward-looking statements” as defined under the Private Securities Litigation Reform Act of 1995, which statements are made pursuant to the “safe harbor” provisions of such Act. These forward-looking statements describe future plans or strategies and may include the Bank’s expectations of future financial results. The words “believe,” “expect,” “anticipate,” “estimate,” “project,” and similar expressions identify forward-looking statements. The Bank’s ability to predict results or the effect of future plans or strategies or qualitative or quantitative changes is inherently uncertain. Actual results may differ materially from stated expectations. Specific factors include, but are not limited to, changes in general market interest rates, changes in general economic conditions and those specific to the Bank’s market area, legislative/regulatory changes, monetary and fiscal policies of the U.S. Treasury and the Federal Reserve, changes in the quality or composition of the Bank’s loan portfolios, demand for loan products, changes in deposit flows, real estate values, and competition and other economic, competitive, governmental, regulatory and technological factors affecting the Bank’s operations, pricing, products and services. The Bank makes periodic filings to the Federal Deposit Insurance Corporation which contain various Bank financial information, copies of which are available from the Bank without charge. The Bank disclaims any obligation to update any such factors or to publicly announce the results of any revisions to any forward-looking statements contained in this release to reflect future events or developments.

STONEGATE BANK

Balance Sheet

As of September 30, 2012

(In Thousands)

Assets

Cash and Due From Banks	\$ 88,089
Federal Funds Sold	-
Investment Securities	116,344
Commercial Loans	89,633
Commercial Real Estate Loans – Owner Occupied	178,851
Commercial Real Estate Loans – Other	229,627
Construction Loans	51,653
Residential 1-4 Family Loans	103,126
HELOCs	32,883
Consumer Loans	<u>5,817</u>
Gross Loans	691,590
Allowance for Loan Losses	<u>(16,334)</u>
Net Loans	675,256
Fixed Assets	13,122
Other Assets	<u>49,362</u>
Total Assets	<u>\$ 942,173</u>

Liabilities

Non-Interest Bearing Deposits	\$ 131,829
NOW Accounts	64,480
Money Market Accounts	424,558
Savings Accounts	7,370
CDARS Reciprocal Deposits	25,443
Certificates of Deposits	<u>93,856</u>
Total Deposits	747,536
Repurchase Agreements	29,907
FHLB and Other Borrowings	20,120
Other Liabilities	<u>19,419</u>
Total Liabilities	816,982
Total Capital	<u>125,191</u>
Total Liabilities and Capital	<u>\$ 942,173</u>

STONEGATE BANK
Income Statement
For Period Ended September 30, 2012

(In Thousands)

Interest Income	\$ 30,679
Interest Expense	<u>5,572</u>
Net Interest Income	25,107
Less: Provision for Loan Losses	<u>2,546</u>
Net Interest Income after Provision for Loan Losses	22,561
Non-Interest Income	2,929
Realized Gains (Losses) on AFS Securities	2,741
Less: Salaries and Benefits Expense	9,858
Occupancy and Equipment Expense	2,660
Data Processing Expense	594
Legal and Professional Expense	1,272
FDIC Assessments	581
Loan and OREO Expenses	525
Other Expense	<u>1,855</u>
Total Non-Interest Expense	17,345
Net Income Before Income Taxes	10,886
Income Taxes	<u>3,968</u>
Net Income	<u>\$ 6,918</u>