

# STATE BANK

Financial Corporation

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## State Bank Reports 2011 Net Income of \$43 Million

**ATLANTA, February 6, 2012** – State Bank Financial Corporation (NASDAQ: STBZ) today announced unaudited financial results for the quarter ended December 31, 2011 and the full year 2011. Net income for the fourth quarter was \$9.1 million, bringing the full year 2011 net income to \$43.0 million. Fully diluted earnings per share were \$.28 for the quarter and \$1.32 for the full year 2011.

“I am very pleased with the progress we made on strategic priorities in 2011. Our focus on lending in the communities we serve and growing core deposit relationships is clearly reflected in our financials. Results for the last two quarters of 2011 reflect some of the inherent volatility related to loss share accounting, but come together nicely to close out a really successful year,” said State Bank Chairman and CEO Joe Evans.

Loans not covered by loss share agreements with the Federal Deposit Insurance Corporation (FDIC) grew \$50.7 million in the fourth quarter of 2011, and \$358.2 million for the full year, in a challenging economic environment for organic loan growth. Noncovered loans comprised 48.6 percent of the total net loans at year end, up from 26.9 percent at December 31, 2010. Total assets at year-end 2011 were \$2.75 billion.

Through growing noninterest-bearing deposits and actively managing interest-bearing deposits, State Bank’s cost of funds in the fourth quarter of 2011 was 60 basis points, a 19 basis point improvement from the third quarter and an 81 basis point improvement from the fourth quarter of 2010. Total deposits at year-end 2011 were \$2.30 billion.

Tangible book value per share climbed \$.26 in the quarter to \$12.26 as of December 31, 2011. Shareholders’ equity at year-end was \$397.3 million, and capital ratios remain strong, with the leverage ratio at 13.8 percent and total capital to risk weighted assets at 37.0 percent.

Also in the fourth quarter of 2011, State Bank and Trust Company, a wholly owned subsidiary of State Bank Financial Corporation, acquired substantially all of the assets and deposits of Piedmont Community Bank and Community Capital Bank in transactions facilitated by the FDIC.

Net interest income was \$41.5 million in the fourth quarter of 2011, down from \$45.5 million in the third quarter largely due to \$7.5 million less accretion income on covered loans, which was partially offset by \$2.4 million higher interest income on noncovered loans.

Interest expense was \$3.6 million in the fourth quarter, down \$1.0 million from the third quarter, a direct result of the company's lower cost of funds, and despite growing total deposits \$55.5 million in the fourth quarter.

Provision for loan losses on covered loans was \$16.8 million in the fourth quarter, up from \$2.8 million in the third quarter. This increase was primarily the result of revising the cash flow forecasts for loans secured by underperforming commercial real estate, subdivision lots and raw land with the benefit of the experience gained through the liquidation of more than \$100 million of foreclosed properties in 2011. Observing that the actual sales in these property classes have been taking place at deeper discounts to their most recent appraised values than other property classes, management has applied what they believe to be a more appropriately conservative discount to current appraisals as terminal values in the cash flow model. Management believes this provision reflects an appropriate allocation of discounts among the various asset classes of acquired loans and is expected to result in a reduction of future losses recorded at the ultimate disposition of foreclosed real estate. Provision for loan losses on noncovered loans was \$2.9 million in the fourth quarter, up from \$1.1 million in the third quarter, reflecting continued organic loan growth.

Total noninterest income was \$18.8 million in the fourth quarter compared to \$6.7 million in the third quarter, driven by \$14.9 million in gains on acquisitions occurring in the fourth quarter.

Noninterest expense for the fourth quarter was \$27.2 million, up from \$21.8 million in the third quarter, largely due to higher net other real estate owned costs and other expenses impacted by the fourth quarter acquisitions.

## **Detailed Results**

Supplemental tables displaying financial results for fourth quarter 2011 and the previous four quarters are included with this press release.

## **Conference Call**

State Bank Chairman and CEO Joe Evans, Vice Chairman, President and Chief Credit Officer Kim Childers and Chief Financial Officer Tom Callicutt will discuss financial and business results for the quarter on a conference call today at 4:00 p.m. EST. The dial in number is 1.800.684.2837. Please dial in 10 minutes prior to the start of the call to register. You will be asked to provide your name and affiliation/company to join the call. A replay of the conference call will be available shortly after the call's completion at <http://www.snl.com/IRWebLinkX/presentations.aspx?iid=4249236>.

## **About State Bank Financial Corporation and State & Trust Company**

State Bank Financial Corporation (NASDAQ:STBZ) is the holding company for State Bank and Trust Company, one of Georgia's best-capitalized banks, with \$2.75 billion in assets as of December 31, 2011. State Bank has locations in Metro Atlanta and Bibb, Houston, Dooly, and Jones counties in Middle Georgia. State Bank Financial Corporation is headquartered in Atlanta and State Bank and Trust Company is headquartered in Macon, Georgia.

State Bank was named the top performing bank in the United States by *Bank Director* magazine's *2011 Bank Performance Scorecard*, a ranking of the 150 largest U.S. publicly-traded banks and thrifts based on 2010 calendar-year financials.

Since 2009 State Bank has been an active acquirer of the assets and deposits of failed banks in Metro Atlanta and Middle Georgia. To date, State Bank has completed 12 transactions facilitated by the Federal Deposit Insurance Corporation.

To learn more about State Bank, visit [www.statebt.com](http://www.statebt.com)

### ***Cautionary Note Regarding Forward-Looking Statements***

*Certain statements in this news release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, such as statements relating to future plans, expectations and benefits of our strategic plan, and are thus prospective. Such forward-looking statements are subject to risks, uncertainties, and other factors, such as a downturn in the economy, unanticipated losses related to the integration of, and accounting for, acquired assets and assumed liabilities in our FDIC-assisted transactions, access to funding sources, greater than expected noninterest expenses, volatile credit and financial markets both domestic and foreign, potential deterioration in real estate values, regulatory changes and excessive loan losses, any or all of which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove to be inaccurate. Therefore, we can give no assurance that the results contemplated in the forward-looking statements will be realized. The inclusion of this forward-looking information should not be construed as a representation by our company or any person that future events, plans, or expectations contemplated by our company will be achieved. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.*