



## Seacoast Commerce Bank Announces 1<sup>st</sup> Quarter Results and Record Growth

**CHULA VISTA, Calif.** – April 7, 2008 – Seacoast Commerce Bank (OTCBB: SCCB) today announced the results of its operations for the first quarter of 2008. The Bank reported a net loss of \$83 thousand for the first quarter ended March 31, 2008, as compared to a net loss of \$262 thousand for the same period in 2007, and a net loss of \$2.876 million for the fourth quarter ending December 31, 2007. Results were slightly better than the Bank had budgeted for the first quarter of 2008.

Assets climbed 16% to a record \$71.5 million, compared to assets of \$61.6 million as of March 31, 2007, with 6.4% growth over the December 31, 2007 number of \$67.1 million. Loans grew 31.0% to a record \$62.8 million, compared to loans of \$47.9 million as of March 31, 2007, with 8.2% growth over the December 31, 2007 number of \$58.1 million. Deposits were up 7.4% to a record \$52.8 million, compared to deposits of \$49.1 million as of March 31, 2007, with .72% growth over the December 31, 2007 number of \$52.4 million.

The Bank also reported improvements in credit quality, with delinquent loans decreasing 17.4% to \$1.862 million as of March 31, 2008, as compared to \$2.255 million at year-end 2007. Current Allowance for Loan and Lease Losses ("ALLL") stands at \$1.287 million, or 2.10% of average year-to-date gross loans outstanding. In addition, the bank received \$4.4 thousand in recoveries with no loans charged off.

Richard M. Sanborn, President & Chief Executive Officer commented, "We're stepping in the right direction. We had a plan when we came into the bank late last year and its working. Although not completely in the clear, we are seeing improvements. We know where our problems are and we're addressing them." Sanborn added, "Contributing to the improvement in performance was a significant focus on working out problem loans; lowering the Bank's cost of deposits; and eliminating unnecessary expenses."

The Bank's average cost of deposits for the first quarter of 2008 decreased 37 basis points from the 2007 average, which contributed to an increase in the Bank's average Net Interest Spread in the first quarter of 7 basis points. In addition, the Bank's total Non-Interest Operating Expense in the first quarter of 2008 was \$102 thousand (or 9.3%) less than the fourth quarter of 2007, excluding one-time non-recurring expenses and loan loss provisions.

Allan W. Arendsee, Chairman of the Board stated, "Our new team, along with the Board, are working together and we are seeing improvement. While we are not where we want to be yet, we are making good progress. I am encouraged by the willingness of our people to work hard to drive Seacoast to where it needs to be."

Sanborn concluded, "Our plans this year include returning the bank to profitability, reducing the level of problem loans and continuing to grow our business, and we're currently on track to achieve those objectives."

In addition, the Bank formed a Limited Liability Company ("SCB Properties, LLC") on December 21, 2007, which subsequently obtained title to a property in foreclosure. Upon completion of the foreclosure, the Bank determined the value of the property had deteriorated and it took a retroactive charge of \$824 thousand into 2007 to recognize its reduced value.

A revised December 31, 2007 Call Report and year-end financial statements are being prepared to reflect the property as Other Real Estate Owned ("OREO") at the now current market value.

Seacoast Commerce Bank was founded in June of 2003 and operates out of its Main Office in Chula Vista. For more information on the bank please visit our website at [www.scombank.com](http://www.scombank.com) or contact Richard M. Sanborn, President and Chief Executive Officer at 619-409-5762.

Certain statements in this press release, including statements regarding the anticipated development and expansion of the Bank's business, and the intent, belief or current expectations of the Bank, its directors or its officers, are "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such "forward-looking" statements. These risks and uncertainties include, but are not limited to, risks related to the local and national economy, the Bank's performance and regulatory matters.

**Seacoast Commerce Bank**  
**Selected Financial Data - Unaudited**

| For the Quarters Ended        | <u>3/31/2008</u> | <u>12/31/2007</u>  | Change<br>3/31 - 12/31 | <u>3/31/2007</u> | Change<br>3/31 - 3/31 |
|-------------------------------|------------------|--------------------|------------------------|------------------|-----------------------|
| <b>Balance Sheet Items</b>    |                  |                    |                        |                  |                       |
| Gross Loans                   | 62,799,000       | 58,057,000         | 8.17%                  | 47,942,000       | 30.99%                |
| Total Deposits                | 52,809,000       | 52,431,000         | 0.72%                  | 49,150,000       | 7.44%                 |
| Total Assets                  | 71,461,000       | 67,141,000         | 6.43%                  | 61,585,000       | 16.04%                |
| Shareholders' Equity          | 9,127,000        | 9,152,000          | -0.27%                 | 12,202,000       | -25.20%               |
| <b>Income Statement Items</b> |                  |                    |                        |                  |                       |
| Total Interest Income         | 1,245,000        | 1,330,000          | -6.39%                 | 1,183,000        | 5.24%                 |
| Total Interest Expense        | 553,000          | 599,000            | -7.68%                 | 467,000          | 18.42%                |
| Net Interest Income           | 692,000          | 731,000            | -5.34%                 | 716,000          | -3.35%                |
| Non-Interest Income           | 228,000          | 53,000             | 330.19%                | 81,000           | 181.48%               |
| Non-Interest Expense          | 1,003,000        | 1,452,000          | -30.92%                | 894,000          | 12.19%                |
| <b>Net Income (Loss)</b>      | <u>(83,000)</u>  | <u>(2,876,000)</u> | 97.11%                 | <u>(262,000)</u> | 68.32%                |