



Seacoast Commerce Bank Announces 2nd Quarter Results and Record Growth

CHULA VISTA, Calif. – July 25, 2008 – Seacoast Commerce Bank (OTCBB: SCCB) today announced the results of its operations for the second quarter of 2008. The Bank reported an operating profit of \$5 thousand for the second quarter ended June 30, 2008, prior to setting aside \$1.774 million in reserves for potential future credit problems. This resulted in a net loss for the quarter of \$1.770 million compared to a net loss of \$105 thousand for the same period in 2007. Operating income was slightly ahead of budget for the second quarter of 2008.

Assets climbed 20% to a record \$75.9 million, compared to assets of \$63.4 million as of June 30, 2007, with 6.2% growth over first quarter numbers, and 13% growth over the December 31, 2007 number of \$67.1 million. Loans grew 39% to a record \$64.7 million, compared to loans of \$46.7 million as of June 30, 2007, with 3.1% growth over first quarter numbers, and 11.5% growth over the December 31, 2007 number of \$58.1 million. Deposits were up 16% to a record \$59 million, compared to deposits of \$51 million as of June 30, 2007, with 12% growth over first quarter numbers, and 13% growth over the December 31, 2007 number of \$52.4 million.

With the Bank's additional reserve provision in the second quarter, the current Allowance for Loan and Lease Losses ("ALLL") stands at \$2.171 million or 3.34% of gross loans outstanding as of June 30, 2008. The Bank's Capital ratios also continue to stay strong, exceeding the highest designation, "Well-Capitalized", as determined by the FDIC, with Total Risked Based Capital at 12.45% as of June 30, 2008.

The Bank has been successful at reducing its exposure to construction and land development loans by lowering its percent outstanding to just 17% of all loans as of June 30, 2008, down significantly from 30% of all loans as of December 31, 2007. In addition, there are properties in escrow within the construction portfolio that will reduce that exposure to approximately 12% by the end of July, or roughly \$8 million, with further reductions expected by the end of the quarter.

Richard M. Sanborn, President & Chief Executive Officer commented, "We again had positive results in our growth numbers and our operating income while we continue to turn the Bank around and clean up the prior credit problems". Sanborn added, "Although the Bank's delinquent loan levels increased at quarter-end, it is anticipated that the majority of those loans will be paid off in the third quarter. Our

management team is working aggressively to address any and all issues within the loan portfolio. In addition, we are continuing to lower the Bank's cost of deposits, and lower our operating expenses."

Sanborn continued "Major progress has been made in cleaning up the Bank and we have engaged Western Financial Corporation, an Investment Banking firm, to assist with raising additional capital as per our plan. Although we exceed the highest level of capital designated by the FDIC, additional capital will further bolster our balance sheet and support the planned growth of the bank going forward."

The Bank's average cost of deposits for the second quarter of 2008 decreased 76 basis points from the first quarter average, and is down 104 basis points from the December average. In addition, the Bank's total Non-Interest Operating Expense in the second quarter of 2008 was \$70 thousand (or 7%) less than the first quarter of 2008.

Allan W. Arendsee, Chairman of the Board stated, "While it has been a difficult environment for banks everywhere, we are encouraged by our progress, and by the dedication and outstanding effort put forth by our staff and directors in getting Seacoast Commerce Bank to be the customer oriented, business focused, shareholder driven bank we want it to be."

Sanborn concluded, "As we discussed in detail at our Annual Meeting of Shareholders, the clean-up process was going to be difficult and take time, however, we expect significant improvement going forward which is consistent with our turn-around plan."

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 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>6/30/2008</u>	<u>6/30/2007</u>	Change <u>6/30 - 6/30</u>	<u>3/31/2008</u>	Change <u>6/30 - 3/31</u>
Balance Sheet Items					
Gross Loans	64,735,000	46,736,000	38.5%	62,799,000	3.1%
Total Deposits	59,020,000	50,987,000	15.8%	52,809,000	11.8%
Total Assets	75,918,000	63,393,000	19.8%	71,461,000	6.2%
Shareholders' Equity	7,385,000	12,120,000	(39.6%)	9,127,000	(19.1%)
Income Statement Items					
Total Interest Income	1,126,000	1,129,000	(0.27%)	1,245,000	(9.6%)
Total Interest Expense	490,000	508,000	(3.5%)	553,000	(11.4%)
Net Interest Income	636,000	621,000	2.4%	692,000	(8.1%)
Non-Interest Income	301,000	266,000	13.2%	228,000	32.0%
Non-Interest Expense	933,000	992,000	(5.9%)	1,003,000	(7.0%)
Operating Income (Loss)	5,000	(105,000)	105%	(83,000)	94%
Provision For Losses	1,775,000	0		0	
Net Income (Loss)	(1,770,000)	(105,000)		(83,000)	