SEACOAST COMMERCE BANK

COMMUNITY REINVESTMENT ACT

2019 - 2023

STRATEGIC PLAN
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Letter from the CEO

The Community Reinvestment Act of 1977 ("CRA"), was created to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. Our community, also known as our assessment area, encompasses the markets around our full-services branches, or San Diego County.

Neither the CRA, nor its implementing regulations, give specific criteria required of depository institutions toward meeting the credit needs of their assessment area. Rather, the law indicates that the process for meeting CRA obligations should accommodate an institution's individual circumstances.

The CRA regulation contains an option for banks called the "strategic plan". This option allows an institution to develop a plan, with community input, detailing how the institution proposes to meet its CRA obligations. The plan is tailored to the needs of the community using direct community input at the development stage. The institution informally seeks suggestions from the public while developing the plan and once developed it must publish notice of the plan and solicit written public comment for at least 30 days. After the comment period, the institution submits the plan to its regulator for review and approval.

Seacoast Commerce Bank is a leading lender to small businesses throughout the Western United States and currently has sixteen loan production offices outside its assessment area and five loan production offices inside its assessment area. As such, the amount of lending inside our assessment area, as opposed to outside our assessment area, is limited.

Although lending inside our assessment area is limited (less than 50% of our overall lending), Seacoast Commerce Bank is one of the top lenders to small businesses within our assessment area, compared to other banks headquartered in San Diego, Los Angeles and Orange County.

In order to ensure the Bank meets is responsibilities under the CRA, the Bank is implementing this Strategic Plan (the “Plan”).

The Plan covers the five years from January 1, 2019 through December 31, 2023, and sets specific benchmarks for the bank to achieve to help meet the needs of our community through lending, investment, and activity goals.

The Plan will include working in partnerships with community organizations to ensure the needs of small businesses are being met, along with the revitalization of low- and moderate-income areas within our assessment area. We will achieve this by promoting the availability of small business loans, financial education and affordable housing.
To develop the Plan, management took the following steps:

- We evaluated the Bank, including the current business model, relevant financial information, business strategy, products, performance context and competitive environment.

- We considered assessment area demographic information and economic conditions.

- We reviewed our previous CRA Strategic Plan and how it worked to serve the community.

- We then assessed the community development and credit needs of the San Diego community. During this phase of development we evaluated various resource material and interviews with, or presentations from, representatives of community development agencies.

- Finally, we developed the strategic goals for the Bank’s lending, investment, and service activities. The goals are responsive to the needs of the community and appropriate within the Bank’s performance context.

We also believe the Bank’s assessment areas are appropriately delineated. The first assessment area consists of the San Diego MSA which includes the entire county of San Diego. The second assessment area is the Los Angeles, Long Beach, Anaheim MSA which includes the entire counties of Orange and Los Angeles. The assessment area includes the census tracts where our branch offices are located and does not arbitrarily exclude low- and moderate-income areas.

We invite your comments relating to our plan. Individuals with questions or comments may contact us at:

Seacoast Commerce Bank
11939 Rancho Bernardo Road, Suite 200
San Diego, CA 92128
Attention: Richard Sanborn, President & CEO
Phone: 858-432-7001
Email: rsanborn@sccombank.com
A. About Us

a. Main Office Information

Seacoast Commerce Bank’s (the “Bank”) corporate headquarters is located at 11939 Rancho Bernardo Road, Suite 200, San Diego, California, 92128. The Bank has three full-service retail branches located at 22 West 35th Street, Suite 102, National City, CA, 91950, 277 N. El Camino Real, Encinitas, CA, 92024 and 31351 Rancho Viejo Road, Suite 101, San Juan Capistrano, CA, 92675. Our corporate office and National City branch are open from 9:00 a.m. until 5:00 p.m., Monday through Friday and our Encinitas and San Juan Capistrano branches are open from 9:00 a.m. until 4:00 p.m., Monday through Friday.

b. Background

The Bank opened for operation in June of 2003 in Chula Vista, California, as a single branch bank, and now operates full-service branches in San Diego, Encinitas, National City and San Juan Capistrano, California. As of September 2018, the Bank had twenty one loan production offices located in the following metropolitan areas: San Diego, Orange County, Los Angeles, and Sacramento, in California; Denver and Castle Rock, Colorado; Austin, Dallas/Ft. Worth and Houston, Texas; Phoenix, Arizona; Las Vegas, Nevada; Portland, Oregon, and Seattle, Washington, all of which are serviced by our SBA Operations Department in San Diego, California.

The Bank is a California State Chartered bank, and is regulated by the California Department of Business Oversight (the “DBO”), and by the Federal Reserve. The Federal Deposit Insurance Corp. (the “FDIC”), insures our deposits up to the amount allowable by law.

The Bank is wholly owned by Seacoast Commerce Banc Holdings, a bank holding company, publically owned and trades under the symbol SCBH. QB. There are approximately 750 shareholders with approximately 9.4 million shares outstanding as of September 2018. Directors and Officers own approximately 31% of the outstanding shares.

The Bank focuses on providing loans to small businesses to buy, construct, and/or refinance commercial real estate that houses their business (owner-occupied properties), through the U.S. Government’s Small Business Administration (“SBA”) lending programs.
To fund loans, the Bank focuses on obtaining deposits from local businesses and individuals in the markets around our branches, and through a specialty deposit division that focuses on the banking needs of property management companies and homeowners’ associations (“HOA”).

For the quarter ended September 30, 2018, the Bank’s Report of Condition and Income (“Call Report”) filed with the FDIC, reported total assets of $1.022 billion, total loans of $821.3 million, total deposits of $765.4 million, and total shareholders equity of $117.6 million. The Bank has always been designated as “well-capitalized”, the highest designation for capital levels given by the FDIC. As of September 30, 2018, the Bank’s Tier 1 Capital Ratio was 8.85%, and its total risk-based capital ratio was 14.43%, substantially above the well-capitalized benchmarks of 5.0% and 10.5% respectively.

c. Our Vision and Mission

Our short-term strategic vision for the next three-years is to grow the Bank by retaining SBA loans, which will provide financial stability, in a safe and sound manner. In the past, we sold our SBA loans for a nice premium. While this generated strong income, holding loans, over time, provides more predictable and stable interest income, which provides more stability.

Our Bank is in the business of originating SBA loans and servicing the banking needs of Homeowners’ Associations and Property Management firms. We will be one of the top SBA loan originators in the Nation.

We will build a strong balance sheet with low-risk earning assets, funded with low-cost deposits. We will satisfy our regulators while generating a strong return for our shareholders.

Our Mission is to provide our clients with exemplary service; we will offer our clients the profitable products and services they need, in a manner, structure, and cost that is appropriate for both the client and the bank. We will do it faster and better than anyone else.

We will provide our employees with an environment in which they can excel; we will provide them with the tools necessary to compete and win. We will be supportive; we will give them authority, with accountability; we will be one team, working together to achieve our Vision.

We will provide an exceptional return for our shareholders, while operating in a safe and sound manner.
Our Mission will only be accomplished through a solid commitment by our Board of Directors, management and employees to concentrate our business activities toward high-caliber profitable client relationships, with a thorough understanding of banking needs.

d. Products

Seacoast Commerce Bank offers two types of SBA-affiliated loans, and various non-SBA commercial loans. The Bank is currently focused on SBA lending. As the Bank continues to grow, it is estimated that approximately 80%-90% of the Bank’s loan portfolio will consist of SBA-affiliated loans. The remaining 10%-20% will be commercial Loans.

Credit Products

SBA Loans

The Bank is a Preferred Lender (PLP status) for the U.S. Small Business Administration. This PLP status provides a lender with delegated credit approval authority on behalf of the SBA, which allows the Bank to better respond to and serve its borrowers.

The following are descriptions of the SBA loan types made at the Bank:

SBA 7(a) Loan

The SBA 7(a) Guaranty Loan program has a maximum loan amount of $5,000,000, of which a maximum of $3.75 million will be guaranteed. The guaranty percentage varies, with 85% of the loan amount being guaranteed for loans up to and including $150,000, and 75% being guaranteed on loans over $150,000. The Bank utilizes the SBA 7(a) Program for small business borrowers for acquisition, construction, permanent financing, and in some cases, refinancing.

SBA 504 Loans

This SBA 504 loan program is used only for acquisition, expansion, and construction of owner-occupied commercial real estate. This program is structured where the bank provides a conventional 1st mortgage loan, and the SBA a 2nd
mortgage loan, fully funded by the SBA and fully subordinate in both payment and liquidation to the 1st mortgage. The typical structure is 50% loan-to-value financing by the lender, 40% loan-to-value 2nd financing by the SBA, and the remaining 10% in the form of equity from the small business owner.

Non-SBA-Affiliated Loan

The Bank will offer conventional commercial loans to borrowers based on the soundness of the borrower's historical financial information and business model. Examples of conventional financing would include business lines of credit, business term loans, and commercial real estate financing.

The Bank does not offer any consumer loan products.

Deposit Products

The Bank offers a full suite of traditional deposit products including checking accounts, savings accounts, money-market accounts, and certificates of deposits, all of which provide FDIC insurance protection up to the fullest amount allowable by law.

In addition, the Bank offers a full suite of cash management products and services needed to meet the banking needs of its clients, including on-line banking, remote deposit capture, and lockbox payment processing.

e. Banking Markets

The Bank focuses its deposit generation business in two areas; 1) soliciting commercial deposits from business clients within the markets surrounding the branches; and 2) soliciting property management and HOA clients throughout the Western United States.

f. Competition

The Bank faces strong competition from numerous existing banks, credit unions and finance companies. According to the FDIC State profile, 3rd quarter 2017, there were 53 financial institutions in the San Diego-Carlsbad, CA market, with a combined $86.1 billion in deposits and there were 125 financial institutions in the Los Angeles-Long Beach-Anaheim, CA market, with a combined $526.9 billion in deposits.
The nine (9) largest depository institutions with a main office located in San Diego County as of September 30, 2017 are as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>City</th>
<th>Assets (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOFI Federal Bank</td>
<td>San Diego</td>
<td>$8,573,575</td>
</tr>
<tr>
<td>Silvergate Bank</td>
<td>La Jolla</td>
<td>$1,216,674</td>
</tr>
<tr>
<td>SEACOAST COMMERCE BANK, SAN DIEGO</td>
<td>San Diego</td>
<td><strong>$603,594</strong></td>
</tr>
<tr>
<td>San Diego Private Bank</td>
<td>San Diego</td>
<td>$590,467</td>
</tr>
<tr>
<td>Bank of Southern California</td>
<td>San Diego</td>
<td>$467,976</td>
</tr>
<tr>
<td>Balboa Thrift &amp; Loan Association</td>
<td>Chula Vista</td>
<td>$258,698</td>
</tr>
<tr>
<td>Home Bank of California</td>
<td>San Diego</td>
<td>$156,532</td>
</tr>
<tr>
<td>Rancho Santa Fe Thrift &amp; Loan</td>
<td>San Marcos</td>
<td>$82,452</td>
</tr>
<tr>
<td>Association</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighborhood National Bank</td>
<td>San Diego</td>
<td>$60,400</td>
</tr>
</tbody>
</table>

This listing above does not include the major National banks that have numerous competing branches in San Diego County. Many of our competitors have large advertising budgets, offer a large number of consumer and commercial banking products, and also strive to meet the needs of the local communities.

In spite of strong competition, the Bank has successfully granted a substantial amount of small business loans to small businesses. The Bank ranked 14th in the Nation for all SBA 7(a) lenders, according to the U.S. Small Business Administration, for the twelve months ended September 30, 2018 (SBA.gov 09/30/2018).
The top 15 SBA lenders nationwide are listed below:

<table>
<thead>
<tr>
<th>Financial Institution</th>
<th>Approved Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live Oak Banking Company</td>
<td>$1,268,746,600</td>
</tr>
<tr>
<td>Wells Fargo Bank, National Association</td>
<td>$1,197,731,100</td>
</tr>
<tr>
<td>The Huntington National Bank</td>
<td>$826,277,000</td>
</tr>
<tr>
<td>JPMorgan Chase Bank, National Association</td>
<td>$605,073,900</td>
</tr>
<tr>
<td>Newtek Small Business Finance, Inc.</td>
<td>$559,212,100</td>
</tr>
<tr>
<td>Byline Bank</td>
<td>$513,654,800</td>
</tr>
<tr>
<td>Celtic Bank Corporation</td>
<td>$421,426,500</td>
</tr>
<tr>
<td>Compass Bank</td>
<td>$357,782,700</td>
</tr>
<tr>
<td>U.S. Bank, National Association</td>
<td>$351,055,300</td>
</tr>
<tr>
<td>First Bank</td>
<td>$342,806,800</td>
</tr>
<tr>
<td>TD Bank, National Association</td>
<td>$340,004,600</td>
</tr>
<tr>
<td>Bank of Hope</td>
<td>$330,730,700</td>
</tr>
<tr>
<td>KeyBank National Association</td>
<td>$304,258,400</td>
</tr>
<tr>
<td>SEACOAST COMMERCE BANK</td>
<td>$292,605,400</td>
</tr>
<tr>
<td>Stearns Bank National Association</td>
<td>#273,002,200</td>
</tr>
</tbody>
</table>

Seacoast Commerce Bank has made a concerted effort to be a top lender to small businesses in its market area so that the needs of the community can be supported.

As evidenced, Seacoast has been one of, if not the top lender in their Assessment Area helping to meet the needs of the local community.
B. **Historical CRA Performance**

The Board of Directors has designated a CRA Officer and established a CRA Committee. The Committee meets as needed to monitor and discuss activities relating to the Bank’s performance relating to its obligations under the CRA. The Chief Risk Officer provides reports to the Board of CRA activities and performance.

The Bank’s CRA Program is governed by the CRA Policy that is reviewed and approved annually by the CRA Committee and by the Board of Directors. The Bank’s CRA Officer is responsible for the administration of the program, and reports progress to the CRA Committee, as well and to the Board of Directors.

Over the last five years (2010-2015) the Bank has been examined for CRA compliance twice, in June 2010, and received a satisfactory rating, and most recently in April 2015, and received an outstanding rating. According to the Federal Reserve, an institution in this category has an outstanding record of helping to meet the credit needs of its assessment area. As outlined in its approved CRA Strategic Plan for 2014, SCB met or exceeded the goals in all performance categories in order to achieve an outstanding rating.

During this examination the Federal Reserve commented:

- An outstanding level of community development loans supporting the revitalization and stabilization of low- and moderate-income geographies and affordable housing.
- An outstanding level of community development investments and services were provided to organizations that helped address social service needs of low and moderate-income individuals.
- A more than reasonable distribution of small business loans in low- and moderate-income geographies of different income levels and percentage of lending to small businesses with gross annual revenues of less than or equal to one million dollars.
- SCB did not receive any complaints relating to its CRA performance.

Lastly, there was no evidence of violations of the substantive provisions of anti-discrimination and fair lending laws and regulations, or of other credit practice rules, laws or regulations identified during the consumer compliance examination conducted concurrently with this CRA performance evaluation.
C. Seacoast Commerce Bank’s Strategic Plan: Overall Goals, Effective Date and Term

Seacoast Commerce Bank is an FDIC-insured financial institution subject to the rules and regulations of that agency, including regulations under the Community Reinvestment Act ("CRA"). Congress passed the CRA in 1977. In 1995, current interagency regulations implementing the CRA became effective. For small banks, such as Seacoast Commerce Bank, these regulations utilize a lending test that measures and evaluates a bank’s lending activity within its designated assessment area. The lending test does not, however, adequately consider the situation of a banking operation such as Seacoast Commerce Bank, who serves customers throughout a broad region and who does not have significant concentrations of its loan and deposit portfolios within its designated assessment area. As an alternative to this standard evaluation method, regulations permit an insured institution to comply with CRA by electing to implement an approved strategic plan. Accordingly, the Bank has elected to operate under this strategic plan in order to satisfactorily fulfill its CRA obligations.

a. Goals

The management of the Bank has set a goal of meeting or exceeding the metrics outlined below for satisfactory lending, investment, grants, and service levels, in each of the years covered by this Plan. It is the Bank’s intention that through meeting these goals we will also help to meet the needs of the community within our assessment area. The Bank has identified the following areas within which to concentrate its CRA efforts:

- Small business lending;
- Affordable housing;
- Community Services for Low Income Families;
- Protection of women and children.

b. Effective Date

The Bank first received approval for the strategic plan from the FDIC on April 14, 2014. The Bank submitted a revised plan to the FRB in July 2016 based on the closing of our only branch in Los Angeles County and the need to revise our Assessment Area. The plan was approved and we followed that through the end of 2018. The Bank is submitting this revised plan, which if approved, will be in effect for 2019-2023. The Bank will request FRB approval to modify or amend the Plan again only if there is a material change in its underlying assumptions or in Seacoast Commerce Bank’s mission, objectives, or operations, and such changes would make the Plan no longer appropriate or
viable. In such event, Seacoast Commerce Bank would administer the modified or amended Plan in accordance with the FRB regulatory requirements, timeframes, and guidelines for approval of a CRA strategic plan.

c. **Term**

The Bank plans to operate under this strategic plan and amendments for the years of 2019-2023. Any proposed changes to the plan will follow the appropriate procedures for approval and notification. A new strategic plan may be developed for the Bank when this term has expired.
D. **Seacoast Commerce Bank Assessment Areas**

**Description of the Combined Assessment Area**

CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. SCCB’s combined AA (CAA) is comprised of two individual AAs: the San Diego AA and the Los Angeles AA. The AAs are contiguous and consist of three counties in southern California. Individual AAs are described below:

- **San Diego AA** – The San Diego AA comprises San Diego County, which constitutes the San Diego-Carlsbad-San Marcos, California, Metropolitan Statistical Area (MSA) #41740.

- **Los Angeles AA** – The Los Angeles AA comprises Los Angeles and Orange Counties. These counties are contiguous and together constitute the Los Angeles-Long Beach-Anaheim, California, MSA #31080. The MSA includes the Los Angeles-Long Beach-Glendale, California, Metropolitan Division (MD) #31084 and the Anaheim-Santa Ana-Irvine, California MD #11244.

The following table details the counties, number of CTs, and distribution of branch offices among the bank’s two individual AAs:

<table>
<thead>
<tr>
<th>Assessment Area</th>
<th>Counties in Assessment Area</th>
<th># of CTs</th>
<th># of Branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Diego AA</td>
<td>San Diego</td>
<td>628</td>
<td>3</td>
</tr>
<tr>
<td>Los Angeles AA</td>
<td>Los Angeles and Orange</td>
<td>2,929</td>
<td>1</td>
</tr>
</tbody>
</table>

*Source: 2015 ACS Census & Bank Data*

**Economic and Demographic Data**

Based on 2015 ACS data, SDPB’s CAA consists of 3,557 CTs. These CTs reflect the following income designations:

- 327 low-income CTs,
- 963 moderate income CTs,
- 964 middle-income CTs,
- 1,242 upper-income CTs, and
- 61 CTs with no income designation.
LMI CTs account for 9.2 percent and 27.1 percent, respectively, of the number of CTs in the CAA. According to 2015 ACS data, the population of the CAA was 16.4 million. The following table provides a summary of demographic, housing and business information within the Seacoast’s AA. Refer to the individual AA sections of this evaluation for additional demographic information specific to each AA.

<table>
<thead>
<tr>
<th>Demographic Information of the Assessment Area</th>
<th>Assessment Area: Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demographic Characteristics</strong></td>
<td>#</td>
</tr>
<tr>
<td>Geographies (Census Tracts)</td>
<td>3,557</td>
</tr>
<tr>
<td>Population by Geography</td>
<td>16,377,553</td>
</tr>
<tr>
<td>Housing Units by Geography</td>
<td>5,722,166</td>
</tr>
<tr>
<td>Owner-Occupied Units by Geography</td>
<td>2,661,109</td>
</tr>
<tr>
<td>Occupied Rental Units by Geography</td>
<td>2,705,470</td>
</tr>
<tr>
<td>Vacant Units by Geography</td>
<td>355,587</td>
</tr>
<tr>
<td>Businesses by Geography</td>
<td>1,231,304</td>
</tr>
<tr>
<td>Farms by Geography</td>
<td>15,506</td>
</tr>
<tr>
<td>Family Distribution by Income Level</td>
<td>3,644,866</td>
</tr>
<tr>
<td>Household Distribution by Income Level</td>
<td>5,366,579</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Median Family Income MSA - #11244 Anaheim-Santa Ana-Irvine, CA MD</th>
<th>$86,003</th>
<th>Median Housing Value</th>
<th>$503,771</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median Family Income MSA - #31084 Los Angeles-Long Beach-Glendale, CA MD</td>
<td>$62,703</td>
<td>Median Gross Rent</td>
<td>$1,363</td>
</tr>
<tr>
<td>Median Family Income MSA - #41740 San Diego-Carlsbad, CA MSA</td>
<td>$75,179</td>
<td>Families Below Poverty Level</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

*Source: 2015 ACS Census and 2017 D&B Data*

Due to rounding, totals may not equal 100.0

(*) The NA category consists of geographies that have not been assigned an income classification.
E. A Strategic Plan Performance Goals and Standards for 2018-20122

a. Targeted Need

The Bank's CRA Strategic Plan goals were established to make an appropriate and meaningful contribution to meeting the needs of the families and communities within the assessment area. Because of the Bank's Western U.S. deposit gathering and loan origination strategies, the Bank has chosen to focus its efforts on community development services, investments, and lending.

Our goals are weighted higher in the lending and investment areas. This is based upon the needs expressed by the community groups during our community development assessment.

Identified targeted needs are:

- **Promote Economic Development** — several enterprises have been identified that promote economic development by aiding small businesses within the assessment area.
- **Support Affordable Housing** - The Bank will participate in and support activities that provide revitalization to targeted zones within the Bank's assessment areas by providing affordable housing and shelter for people in need.
- **Contribute to Community Development Enterprises** — The Bank has identified community development organizations that are in need of grants to support their office services and administrative functions.
- **Seek Small Business Lending** — The Bank will continue to seek out opportunities to lend to small business, within its assessment areas, that have gross annual revenues of less than $1,000,000, and who would not be able to obtain financing through a traditional financing institution.

b. Lending Goals and Standards

Based on our projected asset size and financial situation, we have established the following measurable lending goals. The goals have been stated as a percentage of our average assets in terms of a combined CRA qualified lending goal. Rather than choose a progressive goal (as was observed in other agency approved plans), we have chosen to tie our goal to our asset size so it will grow as the bank does. These goals include all new loans within our assessment area that are CRA qualified, including, but not limited to, small business loans and Community Development Loans originated or renewed within our assessment area in the given year. Our overall CRA Qualified Lending Goal will be split
with 60% of our lending goal being Community Development Loans and 40% Small Business Lending.

<table>
<thead>
<tr>
<th>Satisfactory</th>
<th>Loans as a % of Total Assets for prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Overall CRA Qualified Lending Goals</td>
<td>1.25%</td>
</tr>
<tr>
<td>• Community Development Loan Goals</td>
<td>0.75%</td>
</tr>
<tr>
<td>• Small Business Lending Goals</td>
<td>0.50%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outstanding</th>
<th>Loans as a % of Total Assets for prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Overall CRA Qualified Lending Goals</td>
<td>1.50%</td>
</tr>
<tr>
<td>• Community Development Loan Goals</td>
<td>0.90%</td>
</tr>
<tr>
<td>• Small Business Lending Goals</td>
<td>0.60%</td>
</tr>
</tbody>
</table>

**Sub-lending Small Business Goals**

To ensure that we are reaching out to all Businesses within our Assessment Area we are establishing the following sub-lending goals. These sub-lending goals will apply to our Small Business Lending Loans within our Assessment Area. We commit at a minimum to making 30% of our small business loans within our assessment area to businesses with annual revenues below $1 Million. We also commit to make 25% of our Small Business Loans within our assessment area to businesses located in low or moderate income census tracts. Recognizing that a loan to a business with revenue below $1MM may also be located in a low or moderate income census tract, in Query case it will count in both categories.

<table>
<thead>
<tr>
<th>Loans to Small Businesses</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to Businesses with Gross Annual</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Revenue &lt;= $1 Million</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans with LMI tracts</td>
<td>2019</td>
<td>2020</td>
<td>2021</td>
<td>2022</td>
<td>2023</td>
</tr>
<tr>
<td>Loans to Businesses located within low</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>or moderate income census tracts.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
In order to develop the goal for loans to businesses with gross annual income below or equal to $1 million, we examined the lending percentages of large banks within our assessment area. The banks reviewed were Bank of America, and US Bank. The percentages are listed is in the chart below.

<table>
<thead>
<tr>
<th>Large Bank Small Business Lending In Assessment Area</th>
<th>Loans to Businesses with Gross Annual Revenue below $1 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of Loans by Number</td>
</tr>
<tr>
<td>US Bank</td>
<td>68.4%</td>
</tr>
<tr>
<td>Bank of America</td>
<td>16.2%</td>
</tr>
</tbody>
</table>

Seacoast Commerce Bank based the sub-lending goals for loans to businesses located within low to moderate income census tracts upon the percentage of businesses by census tract income data as shown on page 16.

<table>
<thead>
<tr>
<th>Large Bank Small Business Lending In Assessment Area</th>
<th>Loans in Low-Moderate Income Tracts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percentage of Loans by Number</td>
</tr>
<tr>
<td>US Bank</td>
<td>18.1%</td>
</tr>
<tr>
<td>Bank of America</td>
<td>22.8%</td>
</tr>
</tbody>
</table>

Seacoast Commerce Bank examined other strategic plans to gauge the reasonableness of these goals. We were unable to locate another bank within our market area with a strategic plan, so we looked for banks with a similar business model. The bank in the most similar market to Seacoast is Silvergate Bank, headquartered in La Jolla, CA. Silvergate Bank included Qualified Investments with their lending goals, so while they are slightly higher, they are similar since we are only including loans.

<table>
<thead>
<tr>
<th>Silvergate Bank</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and Qualified CRA Investments as a % of Average Assets – Satisfactory</td>
<td>1.50%</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
<tr>
<td>Loans and Qualified CRA Investments as a % of Average Assets – Outstanding</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.50%</td>
</tr>
</tbody>
</table>
Lending Channels

Seacoast Commerce Bank intends to utilize the following channels for meeting its lending goals. It is important to note that the Bank is not limiting itself to the specific channels described below, nor is it committing to utilize all of the specific channels described below. Thorough research has led us to believe that the following avenues meet the criteria established under the CRA Community Development definitions and restrictions, and are quality organizations dedicated to worthwhile missions.

1) CDC Small Business Finance (CDCSBF)

There are multiple ways Seacoast Commerce Bank can partner with CDC Small Business Finance (CDCSBF). As you may be aware, CDCSBF is more than just the nation’s largest SBA 504 lender. For nearly 35 years CDCSBF has provided access to capital to small businesses via a number of other small business lending programs. The primary goal of CDCSBF is working with start-up businesses and businesses located in low-moderate communities. This includes the development of three Community Development Financial Institutions (CDFI’s), 7(a) packaging, the SBA Microloan program and most recently, the SBA 7(a) Community Advantage Program.

There are three programs that SCB Commerce can participate in with CDC Small Business Finance (or its affiliate). An overview of each is below.

**SBA 7(a) Community Advantage** – in May 2011 CDCSBF was approved as one of the first SBA Community Advantage lenders. This program allows CDFI’s, SBA micro lenders and Certified Development Companies to participate in the SBA 7(a) program. The maximum loan size is $250,000. The target market includes start-ups and businesses located in low-moderate income communities.

To date CDCSBF has had 18 loans approved and 9 funded. It is our understanding that CDCSBF is the leading Community Advantage lender in the country. To fund the loans CDCSBF has secured a line of credit from a national bank. The LOC is just for the guaranteed portion. Funds are currently being solicited for the un-guaranteed portion of the 7(a) loan.
**Bankers Small Business CDC of San Diego County (Bankers CDC)** - Bankers CDC was established in 1992 and is a consortium of nearly thirty banks with deposits in San Diego that joined forces to create loan pools. These loan pools were an effort to give back to the local community by helping small business that do not meet eligibility criteria for other loan programs. Initially loans from $7,500 to $50,000 were made to business owners with good character but that may have had minimal collateral, marginal credit histories or other significant issues standing in the way of traditional or government guaranteed financing.

Banks are participants in the program by investing toward capitalization and loan pools. This provides both lending and investment credit opportunities under CRA regulations. Capital investments (i.e. stock ownership), which cover some of the overhead costs of the operation, are required to be eligible for contributions to the loan pool. In the program’s history, seven loan pools have been formed and over $7.1 million in capital has funded 149 businesses.

Bankers CDC is owned by the member banks and is administered by CDC Small Business Finance. The shareholders elect a board of directors and they provide policy and guidance to the organizations. The daily activities are managed by CDCSBF staff via an administrative agreement. Investment into the pool is open and is for a minimum of 5 years. The investor must first be a shareholder with a minimum of 5 shares. Shares are $500/share. Investors into the loan pool receive quarterly interest only payments.

2) **Small Business Lending**

SCB also understands that some of its usual lending activities can be counted for CRA credit. Loans approved for customers within our assessment area which have a commitment amount under $1,000,000 may qualify as a "small business loan" and those with a commitment amount greater than $1,000,000 may qualify as a "community development loan" for CRA evaluation purposes.
3) **Non-Profit Lending**

SCB will explore the possibility of low interest loans to other non-profit organizations serving the housing needs of low-to-moderate income individuals in its assessment area.

c. **Qualified Community Investment (Grants) Goals and Standards**

SCB intends to meet its investment goals through a combination of grants and donations as it sees appropriate in a given year according to the current financial position of the Bank. Based on research completed to develop this strategic plan, the following goals have been deemed appropriate for SCB. The investment goals are set as follows:

<table>
<thead>
<tr>
<th>Satisfactory Goal - SCB</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Grants / Year</td>
<td>$62,000</td>
<td>$70,000</td>
<td>$78,000</td>
<td>$86,000</td>
<td>$94,000</td>
</tr>
<tr>
<td>Total over 5-years:</td>
<td>$390,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outstanding Goal - SCB</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Grants / Year</td>
<td>$67,000</td>
<td>$75,000</td>
<td>$83,000</td>
<td>$91,000</td>
<td>$99,000</td>
</tr>
<tr>
<td>Total over 5-years:</td>
<td>$415,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In order to measure the reasonableness of these goals, SCB examined the goals of Silvergate Bank. The goals established for these institutions are detailed below.

<table>
<thead>
<tr>
<th>Satisfactory – Silvergate Bank</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate Dollar Amount of Grants</td>
<td>$52,150</td>
<td>$58,300</td>
<td>$66,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outstanding – Silvergate Bank</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aggregate Dollar Amount of Grants</td>
<td>$64,145</td>
<td>$71,709</td>
<td>$81,795</td>
</tr>
</tbody>
</table>

SCB intends to meet its community investment goals by utilizing the channels discussed below. It is important to note that the Bank will not limit itself to the specific channels described below, nor will be committed to utilize all of these avenues.

SCB will explore opportunities to give grants to local organizations that support our CRA goals of 1) affordable housing, 2) community services for low-income families, and 3) the protection of women and children. Organizations must target or predominantly serve low or moderate income individuals. These could include but are not limited to organizations such as shelters/soup kitchens; programs for financial education, literacy or other educational ends; holiday or beginning-of-school drives for children and
support for economic revitalization of depressed and underserved areas within the Bank’s assessment area. Seacoast Commerce Bank management has already met with several local groups to discuss specific opportunities for grants, including but not limited to:

**Senior Housing Crime Prevention Foundation (SHCPF)**
http://www.shcpfoundation.org/

SHCPF is a national organization which was established to provide a vehicle for banks to earn CRA consideration. It has been used by financial institutions in an effort to address Lending, Investments, and/or Service credit. This program allows banks to serve an underserved segment of society, low and moderate income senior housing residents.

The sole objective of the SHCPF is to reduce crime in the nation’s senior housing facilities and to provide on-going, effective crime prevention programs that promote safe, secure and high quality of life environments for senior housing residents. In part, this objective is accomplished by installing the highly successful Senior Crime Stoppers program in facilities sponsored through CRA investments or loans to the SHCPF. Nationally, the Senior Crime Stoppers program has reduced all incidents of crime in participating senior housing facilities by approximately 94 percent as of June 30, 2015.

The SHCPF is structured to provide the Bank with qualified CRA consideration to address Lending, Investments, and/or Servicing test credit.

Working through SHCPF, Seacoast would focus on Senior Housing Residences who serve low to moderate individuals. Only funds for Community Development would count toward our goal, funds for general operations will not be included for the goal.

**EverFi**
http://www.everfi.com/

EverFi provides partnerships with schools to provide online financial literacy education programs to targeted low income students. The program is currently expanding into San Diego County.

EverFi is the leading education technology company focused on teaching, assessing, badging, and certifying students across the country in critical skills. They combine cutting-edge personalized technology, deep education research
and data, and a dedicated implementation team that allows each teacher to feel as though they have a blended learning assistant in their classroom. Most importantly, EverFi partners with the private sector and foundations that sponsor this innovation across the country. The Bank can partner with EverFi through corporate sponsorship.

EverFi is headquartered in Washington, D.C. with offices in Boston, San Francisco, and Chicago. They also have team members in Florida, Iowa, Louisiana, Kentucky, Mississippi, Nebraska, New York, North Carolina, Ohio, Pennsylvania, and Texas.

Through our partnership with EverFi we would target schools that have over 50% of their students who qualify for free or reduced price lunch.

d. Service Goals and Standards

Seacoast Commerce Bank, as of January 1, 2018, has 87 employees residing within its San Diego Assessment Area and 25 employees residing within its Greater Los Angeles Assessment Area. Seacoast intends to structure its service goal based upon two (2) hours of service per employee per year within our current assessment area. Seacoast Commerce Bank will support the volunteer services of its employees and members of the Board of Directors to various community-based groups that are involved in economic development or other community revitalization efforts. While these services will be focused inside the assessment area, the Bank will also support and acknowledge the efforts of employees who volunteer outside the Assessment Area as well. We understand that to qualify for the goals outlined below the service must:

- Be completed as a representative of the Bank.
- Have Community Development as their Primary Purpose.
- Be related to the provision of Financial Services.

Organizations that Seacoast Commerce Banking is considering as primary conduits for community service for economic development and other community revitalization efforts include, but are not limited to the entities below (see Section E. c. above for further detail on entities):

- South Bay Community Services - [http://southbaycommunityservices.org/](http://southbaycommunityservices.org/)
- San Ysidro Health Center [http://www.syhc.org](http://www.syhc.org)
• The goals for service and volunteerism for directors, officers, and employees of the Bank are as follows:

<table>
<thead>
<tr>
<th>Satisfactory</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours of Service</td>
<td>2.0 per FTE</td>
<td>2.0 per FTE</td>
<td>2.0 per FTE</td>
<td>2.0 per FTE</td>
<td>2.0 per FTE</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outstanding</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours of Service</td>
<td>3.0 per FTE</td>
<td>3.0 per FTE</td>
<td>3.0 per FTE</td>
<td>3.0 per FTE</td>
<td>3.0 per FTE</td>
</tr>
</tbody>
</table>

The goals for service and volunteerism each year is based on the FTE of employees residing within each of the bank’s Assessment Areas on January 1 and will be allocated based upon the number of employees in each Assessment Area.

The goals established by Silvergate Bank are detailed below for comparison purposes.

<table>
<thead>
<tr>
<th>Satisfactory – Silvergate Bank</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours of Service</td>
<td>205</td>
<td>256</td>
<td>288</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outstanding – Silvergate Bank</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours of Service</td>
<td>333</td>
<td>416</td>
<td>468</td>
</tr>
</tbody>
</table>
F. Public Participation in Development of the Plan

Seacoast Commerce Bank has solicited input from the community through discussions with community development organizations, financial intermediaries and government agencies while developing this strategic plan. The Bank solicited input from entities within the assessment area.

EverFi - http://www.everfi.com/
Contact: Carly Borden (850) 390-6609
cborden@everfi.com
Date of Contact: 8/7/18

Senior Housing Crime Prevention Foundation
http://www.shcpfoundation.org/
Contact: Carol Van Horst (619) 990-5999
Carol.vanhorst@SHCPFoundation.org
Date of Contact: 9/3/2018

San Ysidro Health Center
http://www.syhc.org/
Contact: Jacqueline A. Silverman 858-395-7733
Jacqueline.silverman@syhc.org
Date of Contact: 8/7/2018
G. Notice Regarding Public Inspection of the Plan

Seacoast Commerce Bank solicited comments from the community prior to submitting the plan for FDIC approval by posting a notice in the *San Diego Union Tribune, Orange County Register and Los Angeles Times* on November 2, 2018, and on the Bank’s web-site, [www.sccombank.com](http://www.sccombank.com). Each alerted the community to the creation of the plan and solicited feedback for a 30 day period.

Reserved for public comments
H. Satisfactory and Outstanding Goals

Seacoast Commerce Bank believes the measurable goals for lending, investment, and service, as specified above, adequately consider the realities of the Bank’s current business model and operating environment and meeting these goals constitutes a "Satisfactory" or "Outstanding" performance, as appropriate, under CRA requirements.
I. Ongoing Review of Performance Goals and Standards

Seacoast Commerce Bank recognizes that the lending, investment, and service goals outlined in this strategic plan are based on general assumptions about the Bank's business model and industry as well as general economic conditions. These assumptions and conditions may change. As a result, the Board of Directors, or a committee thereof, will monitor the Bank's performance vis-à-vis these goals on a quarterly basis. Any changes to the plan that are deemed necessary as a result of these quarterly reviews will be made in accordance with the Federal Reserve's requirements, guidelines, and approval process. Such changes are only expected to be made if there are significant changes to the underlying assumptions which render the goals contained in this strategic plan no longer viable or appropriate.
J. Election of Alternative Performance Evaluations

It is the intent of the Board of Directors and management of Seacoast Commerce Bank to meet or exceed all goals prescribed in this plan. However, the Bank reserves the right to request to be evaluated under the appropriate, traditional CRA performance evaluation if necessary.
K. Assessment Area Map

SAN DIEGO AND ORANGE COUNTIES, CALIFORNIA
LOS ANGELES COUNTY, CALIFORNIA

Seacoast Commerce Bank  CRA Assessment Area

Key Compliance Services  866-923-6019  3/13/2013
L. Proof of Publication – San Diego Union Tribune

The San Diego
Union-Tribune

PROOF of Publication

Bill To:
Seacoast Commerce Bank - CU00197306
11939 Rancho Bernardo Rd Ste 200
San Diego, CA 92128

STATE OF ILLINOIS
COUNTY OF Cook

The Undersigned, declares under penalty of perjury under the laws of the State of California: That he/she is and at all times herein mentioned was a citizen of the United States, over the age of twenty-one years, and that he/she is not a party to, nor interested in the above entitled matter; that he/she is Chief Clerk for the publisher of

San Diego Union-Tribune

a newspaper of general circulation, printed and published daily in the City of San Diego, County of San Diego, and which newspaper is published for the dissemination of local news and intelligence of a general character, and which newspaper at all the times herein mentioned had and still has a bona fide subscription list of paying subscribers, and which newspaper has been established, printed and published at regular intervals in the said City of San Diego, County of San Diego, for a period exceeding one year next preceding the date of publication of the notice hereinafter referred to, and which newspaper is not devoted to nor published for the interests, entertainment or instruction of a particular class, profession, trade, calling, race, or denomination, or any number of same; that the notice of which the annexed is a printed copy, has been published in said newspaper in accordance with the instruction of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

November 2, 2018

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated in the City of Chicago, State of Illinois on this 2nd of November 2018.

Stefanie Sobie
San Diego Union-Tribune
Legal Advertising
Bill To:
Seacoast Commerce Bank - CU00197306
11939 Rancho Bernardo Rd Ste 200
San Diego, CA 92128

Sold To:
Seacoast Commerce Bank - CU00197306
11939 Rancho Bernardo Rd Ste 200
San Diego, CA 92128

Community Reinvestment Act Strategic Plan
Public Comments Invited
Seacoast Commerce Bank intends to file an updated Community Reinvestment Act Strategic Plan with the Federal Reserve Bank Compliance and CRA Examiners, San Francisco, California, not sooner than thirty (30) days from the date of this notice. The updated plan is available for public inspection from 9 am to 5 pm Monday through Friday at 11939 Rancho Bernardo Road, Suite 200, San Diego, CA 92128. The updated plan is also available for viewing at https://secombank.com/customer-services/cra-strategic-plan. Upon verbal request the Bank will mail a copy of the updated plan to any interested party. These requests should be directed to Rick Sanborn, President at (858) 432-7001. Written comments on the plan should be addressed to Seacoast Commerce Bank, Attn: Rick Sanborn 11939 Rancho Bernardo Road, Suite 200 San Diego, CA 92128, or by email to rsanborn@secombank.com. All written comments will be considered in developing the final Community Reinvestment Act Strategic Plan. All written comments will also be submitted along with the updated plan to the Federal Reserve Bank Compliance and CRA Examinations and become a permanent addition to the plan.
M. Proof of Publication – Los Angeles Times

Sold To:
Seacoast Commerce Bank - CU80020250
11939 Rancho Bernardo Rd
Ste 200
San Diego, CA 92128-2075

Bill To:
Seacoast Commerce Bank - CU80020250
11939 Rancho Bernardo Rd
Ste 200
Community Reinvestment Act
Strategic Plan
Public Comments invited
Seacoast Commerce Bank intends to file an updated Community Reinvestment Act Strategic Plan with the Federal Reserve Bank Compliance and CRA Examinations, San Francisco, California, not sooner than thirty (30) days from the date of this notice. The updated plan is available for public inspection from 9 am to 5 pm Monday through Friday at 11939 Rancho Bernardo Road, Suite 200, San Diego, CA 92128. The updated plan is also available for viewing at https://sccombank.com/customer-services/cra-strategic-plan. Upon verbal request the Bank will mail a copy of the updated plan to any interested party. These requests should be directed to Rick Sanborn, President at (858) 432-7001. Written comments on the plan should be addressed to Seacoast Commerce Bank, Attn.: Rick Sanborn 11939 Rancho Bernardo Road, Suite 200, San Diego, CA 92128, or by email to rcsanborn@sccombank.com. All written comments will be considered in developing the final Community Reinvestment Act Strategic Plan. All written comments will also be submitted along with the updated plan to the Federal Reserve Bank Compliance and CRA Examinations and become a permanent addition to the plan.

5967774 - Los Angeles Times
Page 2 of 2
PROOF OF PUBLICATION
(2015.5 C.C.P.)

STATE OF ILLINOIS
County of Cook

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the action for which the attached notice was published.

I am a principal clerk of the Los Angeles Times, which was adjudged a newspaper of general circulation on May 21, 1952, Cases 398599 for the City of Los Angeles, County of Los Angeles, and State of California. Attached to this Affidavit is a true and complete copy as was printed and published on the following date(s):

Nov 02, 2018

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated at Chicago, Illinois on this 2 day of 11, 2018.

[signature]

160 N Stetson Avenue
Chicago, IL 60601
N. **Proof of Publication – Orange County Register**
O. Website Notice