



Seacoast Commerce Banc Holdings Announces Second Quarter 2016 Results

SAN DIEGO, CA – July 15, 2016 – [Seacoast Commerce Banc Holdings](#) (OTC Pink: SCBH) (“Company”), and its wholly owned subsidiary [Seacoast Commerce Bank](#) (“Bank”), today announced its consolidated unaudited results of operations for the second quarter ended June 30, 2016. For the second quarter of 2016, the Company reported net income of \$1.8 million, or a 30.4% increase over second quarter 2015 net income of \$1.4 million. This was the Company’s 24th consecutive quarterly profit. The following is a comparison of return metrics (in millions):

	<u>06/30/2016</u>	<u>06/30/2015</u>	<u>Change</u>	<u>% Change</u>
Quarterly Consolidated Net Income	\$1.777	\$1.363	\$0.414	30.4%
Quarterly Return on Ave. Common Equity	19.72%	18.50%	1.22%	6.6%
Quarterly Return on Ave. Assets	1.35%	1.21%	0.14%	11.6%
Quarterly Earnings Per Share (Basic)	\$0.30	\$0.24	\$0.06	25.0%

The following is a comparison of the SBA Division’s quarter-to-date results, which is the Bank’s primary lending driver:

	<u>06/30/2016</u>	<u>06/30/2015</u>	<u>\$ Change</u>	<u>% Change</u>
SBA Loan Production	\$65.430	\$51.968	\$13.462	25.9%
SBA 7(a) Loan Sales	\$32.692	\$35.949	(\$3.257)	(9.1%)
Period-end SBA Guaranteed Loan Inventory	\$280.010	\$256.441	\$23.569	9.2%

As previously discussed, the Company’s growth and long-term shareholder value creation strategy is based on consistently generating and holding more saleable SBA loans. Holding loans, versus selling for a one-time gain, results in more consistent, predictable, and re-occurring spread income.

Selected highlights for second-quarter 2016 versus second-quarter 2015:

Balance Sheet Metrics

- Asset growth of 16.2%, or \$75.1 million, to \$538.6 million;
- Loan growth of 8.5%, or \$32.1 million, to \$409.1 million;
- SBA loans held for sale up 9.2%, or \$23.6 million, to \$280.0 million;
- Deposit growth of 16.1%, or \$67.3 million, to \$484.8 million;
- Non-Interest Bearing deposit growth of 76.6%, or \$109.1 million to \$251.5 million;
- Non-Interest Bearing deposits represent 51.9% of total deposits, up from 34.1%;
- Shareholders’ Equity growth of 11.1%, or \$3.8 million, to \$38.0 million.

Income Statement Metrics

- Interest Income up 10.0%, or \$550 thousand, to \$6.1 million;
- Interest Expense down 13.7%, or \$66 thousand, to \$417 thousand;
- Net-Interest Income up 12.2%, or \$616 thousand to \$5.7 million;
- Non-Interest Income up 12.0%, or \$363 thousand, to \$3.4 million;
- Non-Interest Expenses up 15.3%, or \$843 thousand, to \$6.4 million;
- Net Income up 30.4%, or \$414 thousand, to \$1.8 million.

Other Metrics

- SBA loans funded QTD up 25.9%, or \$13.5 million, to \$65.4 million;
- SBA loans funded YTD up 2.8%, or \$2.8 million, to \$105.5 million;
- Allowance for loan losses of \$5.5 million was 4.27% of loans held for investment;
- Allowance for loan losses stands at 325% of non-performing loans;
- Non-performing loans to total gross loans of 0.41%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 3.19%;
- No charge-offs year-to-date;
- No other real estate owned;
- Since inception of the Bank's SBA program over six years ago, the bank has funded 1,347 loans for \$1.06 billion in small business financing;
- The Bank services a total of 1,060 SBA loans for \$755 million, of which \$357 million has been sold in the secondary market and is not reflected on the banks balance sheet;
- Efficiency ratio virtually unchanged at 67.7% versus 67.3%.

The Bank has always maintained capital levels well above the regulatory highest designation, "well capitalized", and had capital ratios at June 30, 2016, as follows:

		<u>"Well Capitalized" Level</u>
Tier 1 Capital Ratio:	8.96%	5.00%
Common Equity Tier 1 Ratio:	19.96%	7.00%
Tier 1 Risk-Based Capital Ratio:	19.96%	8.50%
Total Risk-Based Capital Ratio:	21.22%	10.50%

As reported by the [U.S. Small Business Administration](#) ("SBA") for their 9-months ending June 30, 2016, Seacoast Commerce Bank was the 10th largest SBA lender in the nation, out of over 3,000 financial institution that are approved as an SBA lender. SBA rankings are based on total dollars approved with Seacoast having \$186.0 million approved. In addition to being ranked the 10th largest SBA lender in the nation, Seacoast was the 2nd largest SBA lender in the State of Nevada; the 4th largest SBA lender in the State of California; and the 7th largest lender in the State of Arizona. On a District level, Seacoast we the 3rd largest SBA lender in the Sacramento, California, District; the 5th largest SBA lender in the Los Angeles, California, District; the 6th largest SBA lender in the San Diego, California, District; the 6th largest SBA lender in the Santa Ana, California, District; and the 8th largest SBA lender in the Dallas-Ft. Worth, Texas, District.

Allan W. Arendsee, Chairman of the Board, stated, “The Board of Directors continues to be very proud of our team for consistently focusing on adding long-term shareholder value. The Board is firmly committed to ensuring the bank operates in a safe and sound manner, and with a strategy that will provide shareholders with a superior return on their investment over the long run. The Board is also very pleased that we have started to return more than just stock appreciation to shareholders, having declared and paid out our first cash dividend. We move forward continuing to focus on the same successful plan.” Arendsee concluded.

Richard M. Sanborn, President & Chief Executive Officer, commented, “We continue to focus on fundamentals and on being consistent. Our business plan has not wavered in the last seven years and our results show why. We are confident we have the right plan in place to continue our performance in a safe and sound manner, while producing a return for our shareholders that exceeds our peers. Having said that, we are mindful of the geopolitical and geo-economic conditions in the U.S. and abroad, and watch what’s happening closely. At the end of the day we are in the business of collecting deposits, lending out money, and managing risk. Providing loans to small businesses where we take hard, physical collateral, in the form of owner-occupied commercial real estate, while also obtaining a U.S. Government backed guarantee from the Small Business Administration, is simply a lower risk model versus not taking collateral or having a guarantee. From a financial perspective, our strong return on equity provides capital to support our growth, and allows us to help more small businesses get the financing they need to hire more employees, grow their businesses, and expand our economy. As small businesses are the backbone of our Country, we are glad we can help them do just that.”

About Seacoast Commerce Banc Holding: [Seacoast Commerce Banc Holdings](#) is a bank holding company with one wholly-owned banking subsidiary, [Seacoast Commerce Bank](#). Both the Company and the Bank are headquartered in San Diego, California, with the Bank having full-service banking branches in San Diego and Chula Vista, California, and production offices in San Diego, Orange County, Los Angeles, Sacramento and San Ramon, California; Phoenix, Arizona; Denver, Colorado; Las Vegas and Reno, Nevada; Houston and Dallas, Texas; and Bellevue, Washington. For more information on Seacoast Commerce Banc Holdings, please visit www.scbholdings.com; to learn more about Seacoast Commerce Bank, visit www.scombank.com, or contact Richard M. Sanborn, President and Chief Executive Officer at 858-432-7001, or rsanborn@scbholdings.com.

This press release contains some non-GAAP financial analysis provided to supplement information regarding the Bank’s performance, and to enhance investors’ overall understanding of such financial performance.

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 Banc Holdings
Selected Financial Data
Consolidated and Unaudited (000)

	For the Quarters Ended			% Change 6/30 - 6/30
	06/30/2016	03/31/2016	06/30/2015	
Balance Sheet Items				
Total Gross Loans	409,096	391,274	377,011	8.5%
<i>SBA Loans Available for Sale (Memo Only)</i>	<u>280,010</u>	<u>270,543</u>	<u>256,441</u>	9.2%
Total Assets	<u>538,626</u>	<u>526,529</u>	<u>463,525</u>	16.2%
Total Deposits	<u>484,750</u>	<u>475,367</u>	<u>417,449</u>	16.1%
<i>Non-Interest DDA (Memo Only)</i>	<u>251,528</u>	<u>223,947</u>	<u>142,438</u>	76.6%
Shareholders' Equity	<u>38,039</u>	<u>36,327</u>	<u>34,233</u>	11.1%
<i>Bank Shareholders' Equity (Memo Only)</i>	<u>47,610</u>	<u>46,004</u>	<u>40,143</u>	18.6%
Income Statement Items				
Total Interest Income	6,076	5,949	5,526	10.0%
Total Interest Expense	<u>417</u>	<u>397</u>	<u>483</u>	(13.7%)
Net Interest Income	<u>5,659</u>	<u>5,552</u>	<u>5,043</u>	12.2%
Provision for Loan Losses	0	0	250	(100%)
Non-Interest Income	3,393	3,376	3,030	12.0%
Non-Interest Expense	<u>6,364</u>	<u>6,045</u>	<u>5,521</u>	15.3%
Pre-Tax Income	<u>2,688</u>	<u>2,884</u>	<u>2,302</u>	16.8%
Our Fair Share of Income Taxes (33.9%)	911	1,173	938	(2.9%)
Net Income	<u>1,777</u>	<u>1,711</u>	<u>1,363</u>	30.4%
QTD Basic Earnings per Share	\$0.30	\$0.29	\$0.24	25.0%
YTD Basic Earnings per Share	\$0.59	\$0.29	\$0.47	25.5%
Book Value per Share	\$6.50	\$6.21	\$5.31	22.4%
QTD Return on Average Assets	1.35%	1.33%	1.21%	11.6%
YTD Return on Average Assets	1.34%	1.33%	1.24%	8.1%
QTD Return on Average Common Equity	19.72%	19.72%	18.50%	6.6%
YTD Return on Average Common Equity	19.71%	19.72%	19.04%	3.5%
Ending Shares Outstanding	5,851,061	5,848,061	5,698,534	2.7%
Stock Price	\$15.64	\$16.25	\$12.04	29.9%
Market Capitalization	\$91,510,594	\$95,030,991	\$68,610,349	33.4%

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