



Seacoast Commerce Banc Holdings Announces First Quarter 2018 Results

First Quarter 2018 Highlights

- Net income of \$3.1 million; earnings per share of \$0.33
- ROATCE of 17.31%; ROAA of 1.30%
- Asset growth of \$41.2 million, or 17.6% annualized
- Gross loan growth of \$28.6 million, or 14.8% annualized
- Retained SBA guaranteed loan growth of \$13.1 million, or 14.5% annualized
- Non-maturity (core) deposit growth of \$31.1 million, or 18.8% annualized
- Noninterest-bearing deposits represent 44.1% of total deposits
- Opened loan production offices in Salt Lake City, UT, and St. Louis, MO, as well as expanded our specialty deposit production sales force.

SAN DIEGO, CA – April 18, 2018 – [Seacoast Commerce Banc Holdings](#) (OTC Pink: SCBH) (“Company”), the holding company of [Seacoast Commerce Bank](#) (“Bank”), today reported unaudited consolidated net income for the first quarter ended March 31, 2018, of \$3.1 million versus 2017 first quarter unaudited consolidated net income of \$1.6 million, a 92.8% increase. On a per share basis, net income increased 26.5% to \$0.33 per share versus \$0.26 per share. Additionally, the Company reported first quarter return on average tangible common equity (ROATCE) of 17.31% compared to 15.33% for the first quarter of 2017, a 12.9% increase.

Richard M. Sanborn, President & Chief Executive Officer, commented, “The first quarter of 2018 was our first full quarter operating with the Capital Bank acquisition fully integrated and we are very pleased with the results. We completed the acquisition on October 1, 2017, and completed the systems integration on October 28, 2017. Since then the teams have worked very hard to ensure both the Seacoast and Capital clients have the best-in-class products and services so their businesses can grow and prosper, and the results show its working. Since the close of our acquisition six months ago, we have seen no loan balance reductions, far less than the 15% run-off typically experienced in acquisitions. This speaks volumes to the high acceptance rate of our products and services by the Capital Bank clientele, and the amazing service our employees provide to our new client base.”

Allan W. Arendsee, Chairman of the Board, stated, “The board of directors is very pleased with how the Capital Bank acquisition, and the bank in total, is performing, especially from a financial and risk management perspective. It’s gratifying to see the results from an acquisition come in ahead of plan and it is a testament to the effectiveness of the management team’s due diligence before the deal was announced, and to the entire staff’s dedication to close the transaction, integrate the systems, and maintain client relationships in a way that preserves the value that was acquired. As always, the board of directors believes that the right plan is in place to continue providing shareholders with an exceptional return on their investment over the long-term.”

Quarterly Financial highlights (in millions):

	<u>03/31/2018</u>	<u>12/31/2017</u>	<u>03/31/2017</u>	<u>03/31 Change</u>	<u>% Change</u>
Consolidated Net Income	\$3.053	(\$2.142)	\$1.584	\$1.470	92.8%
ROATCE	17.31%	(11.68%)	15.33%	1.97%	12.9%
ROAA	1.30%	(0.91%)	1.09%	0.21%	19.5%
Earnings Per Share (Basic)	\$0.33	(\$0.23)	\$0.26	\$0.07	26.5%
Net Interest Margin YTD	5.59%	5.34%	4.72%	\$0.87	18.4%
Bank Efficiency Ratio	67.5%	74.7%	74.1%	(6.6%)	(8.7%)

SBA Division's quarter-to-date results (in millions):

	<u>03/31/2018</u>	<u>12/31/2017</u>	<u>03/31/2017</u>	<u>Change</u>	<u>% Change</u>
SBA Loan Production	\$47.580	\$69.627	\$52.045	(\$4.465)	(8.6%)
SBA 7(a) guaranteed Loan Sales	\$13.925	\$18.151	\$16.644	(\$2.719)	(16.3%)
Percent of Guaranteed Loan Sales	39.0%	34.8%	42.6%	(3.6%)	(8.5%)
SBA Guaranteed Loan Inventory	\$372.487	\$359.436	\$301.970	\$70.517	23.4%

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, recurring spread income.

Selected highlights for first-quarter 2018 versus first-quarter 2017:

Balance Sheet Metrics

- Asset growth of 71.4%, or \$408.2 million, to \$980.2 million;
- Loan growth of 78.6%, or \$354.0 million, to \$804.5 million;
- SBA loans held for sale up 23.4%, or \$70.5 million, to \$372.5 million;
- Deposit growth of 45.2%, or \$232.0 million, to \$744.9 million;
- Non-Interest Bearing deposits represent 44.1% of total deposits;
- Shareholders' Equity growth of 156.9%, or \$67.8 million, to \$110.9 million.

Income Statement Metrics

- Interest Income up 92.7%, or \$6.2 million, to \$12.9 million;
- Interest Expense up 195.5%, or \$721 thousand, to \$1.1 million;
- Net-Interest Income up 86.7%, or \$5.5 million to \$11.9 million;
- Non-Interest Income down (26.7%), or (\$776) thousand, to \$2.1 million;
- Non-Interest Expenses up 44.2%, or \$2.9 million, to \$9.6 million;
- Net Income up 92.8% or \$1.5 million, to \$3.1 million.

Other Metrics

- SBA loans funded down (8.6%), or (\$4.5) million, to \$47.6 million;
- SBA 7(a) loan sales down (16.3%), or (\$2.7) million, to \$13.9 million;
- Allowance for loan losses of \$4.5 million was 1.93% of loans held for investment, net of PCI;
- Allowance for loan losses stands at 88.7% of non-performing loans, net of PCI;
- Non-performing loans to total gross loans of 0.64%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 2.20%;

- No charge-offs in 2016, 2017, or YTD 2018;
- Since inception of the Bank’s SBA program a little over eight years ago, the bank has funded 1,788 loans for \$1.5 billion in small business financing;
- The Bank services a total of 1,348 SBA loans for \$1.0 billion, of which \$428 million has been sold in the secondary market and is not reflected on the banks balance sheet.

The Bank has always maintained capital levels well above the regulatory highest designation, “well capitalized”, and had capital ratios at March 31, 2018, as follows:

<u>Capital Ratios as of Mar. 31, 2018</u>	<u>Company</u>	<u>Bank</u>	<u>“Well Capitalized” Level</u>
Tier 1 Leverage Ratio:	7.64%	9.21%	5.00%
Common Equity Tier 1 Ratio:	12.18%	14.66%	7.00%
Tier 1 Risk-Based Capital Ratio:	12.18%	14.66%	8.50%
Total Risk-Based Capital Ratio:	12.98%	15.47%	10.50%

As reported by the [U.S. Small Business Administration](#) (“SBA”) for their second quarter ending March 31, 2018, Seacoast Commerce Bank was the 14th largest SBA lender in the nation, out of over 3,000 financial institutions that are approved as an SBA lender. SBA rankings are based on total dollars approved with Seacoast having \$130.3 million approved.

About [Seacoast Commerce Banc Holdings](#): Seacoast Commerce Banc Holdings is a bank holding company with one wholly-owned banking subsidiary, [Seacoast Commerce Bank](#), which also operates as Capital Bank, a division of Seacoast Commerce Bank. Both the holding company and the bank are headquartered in San Diego, California, with the Bank having four full-service banking branches in San Diego and Orange County, California, and loan and deposit production offices throughout Arizona, California, Colorado, Oregon, Massachusetts, Missouri, Nevada, Texas, Utah and Washington. For more information on Seacoast Commerce Banc Holdings or Seacoast Commerce Bank, please visit www.scbholdings.com or www.sccombank.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
	03/31/2018	12/31/2017	03/31/2017	03/31 - 03/31
Balance Sheet Items				
Total Gross Loans	804,475	775,859	450,463	78.6%
<i>SBA Loans Available for Sale (Memo Only)</i>	372,487	359,436	301,970	23.4%
Total Assets	980,172	938,927	571,969	71.4%
Total Deposits	744,869	720,854	512,853	45.2%
<i>Non-Interest DDA (Memo Only)</i>	327,781	295,694	263,792	24.3%
Shareholders' Equity	110,937	108,518	43,179	156.9%
<i>Bank Shareholders' Equity (Memo Only)</i>	123,738	121,589	50,794	143.6%
Income Statement Items				
Total Interest Income	12,951	13,064	6,722	92.7%
Total Interest Expense	1,090	1,000	369	195.5%
Net Interest Income	11,860	12,064	6,353	86.7%
Provision for Loan Losses	0	0	0	0%
Non-Interest Income	2,100	2,133	2,866	(26.7%)
Non-Interest Expense	9,608	11,545	6,662	44.2%
Pre-Tax Income	4,353	2,652	2,557	70.2%
Our Fair Share of Income Taxes (29.9%)	1,299	4,793	973	33.5%
Net Income	3,053	(2,142)	1,584	92.8%
QTD Basic Earnings per Share	\$0.33	(\$0.23)	\$0.26	26.5%
YTD Basic Earnings per Share	\$0.33	\$0.33	\$0.26	26.5%
Book Value per Share	\$12.05	\$11.89	\$7.22	66.7%
Tangible Book Value per Share	\$7.95	\$7.74	\$7.22	10.1%
QTD ROAA	1.30%	(0.91%)	1.09%	19.5%
YTD ROAA	1.30%	0.34%	1.09%	19.5%
QTD ROATCE	17.31%	(11.68%)	15.33%	12.9%
YTD ROATCE	17.31%	4.59%	15.33%	12.9%
Ending Shares Outstanding	9,209	9,129	5,977	54.1%
Stock Price	\$20.30	\$20.35	\$18.80	8.0%
Market Capitalization	\$186,941	\$185,766	\$112,361	66.4%
YTD Cash Dividends Paid to Shareholders	\$0.08	\$0.32	\$0.08	0%

* Adjusted to exclude one-time merger expenses

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