



## Seacoast Commerce Banc Holdings Announces First Quarter 2019 Results

### First Quarter 2019 Highlights

- Net income of \$3.5 million, up \$467 thousand, or 15.3%
- Earnings per share of \$0.37, up \$0.04, or 12.1%
- Return on Average Tangible Common Equity of 16.90%, down 0.41%, or 2.3%
- Return on Average Assets of 1.38%, up .08%, or 6.2%
- Asset growth of \$92.9 million, or 9.5% annualized
- Gross loan growth of \$104.9 million, or 13.0% annualized
- Retained SBA guaranteed loan growth of \$37.4 million, or 10.0% annualized
- Deposit growth of \$80.8 million, or 10.8% annualized
- Non-interest bearing deposits represent 49.0% of total deposits
- Specialty deposit growth of \$13.2 million, or 10.7% annualized
- SBA loan production of \$68.5 million
- Commercial loan production of \$22.3 million

SAN DIEGO, CA – April 17, 2019 – [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, 2019, of \$3.5 million versus 2018 first quarter unaudited consolidated net income of \$3.1 million, a 15.3% increase. On a per share basis, net income increased 12.1% to \$0.37 per share versus \$0.33 per share. Additionally, the Company reported first quarter return on average tangible common equity (ROATCE) and return on average assets (ROAA) of 16.90% and 1.38% respectively, compared to 17.31% and 1.30% for the first quarter of 2018.

Richard M. Sanborn, President & Chief Executive Officer, commented, “The first quarter of 2019 was a continuation of our company’s consistent operating results, even in light of the government shutdown which affected our Small Business Administration (SBA) operating unit. While we were not able to obtain immediate approval on new SBA loans submitted during the shutdown period, our pipeline of previously approved SBA loans, coupled with our growing commercial lending business, allowed us to still achieve first quarter operating results in line with our expectations. Going forward, we remain optimistic as we continue with our expansion plans.”

Allan W. Arendsee, Chairman of the Board, stated, “The board of directors is very pleased with the first quarter’s financial performance. Decisions over the last several quarters to pursue the acquisition of Capital Bank and diversify our balance sheet, to expanding our SBA and specialty deposit platforms, have allowed us to continue performing at a high level, while maintaining a strong culture of safety and soundness. 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>03/31/2019</u>	<u>12/31/2018</u>	<u>03/31/2018</u>	<u>03/31 Change</u>	<u>% Change</u>
Consolidated Net Income	\$3.520	\$3.079	\$3.053	\$0.467	15.3%
ROATCE	16.90%	15.13%	17.31%	(0.40%)	(2.3%)
ROAA	1.38%	1.22%	1.30%	0.08%	6.2%
Earnings Per Share (Basic)	\$0.37	\$0.32	\$0.33	\$0.04	12.1%
Dividend Paid	\$0.10	\$0.09	\$0.08	\$0.02	25.0%
Net Interest Margin	6.15%	5.97%	5.59%	0.56%	10.0%
Bank Efficiency Ratio	67.2%	68.6%	67.5%	(0.30%)	(0.4%)

Divisional quarter-to-date results (in millions):

	<u>03/31/2019</u>	<u>12/31/2018</u>	<u>03/31/2018</u>	<u>Change</u>	<u>% Change</u>
SBA Loan Production	\$68.499	\$73.719	\$47.580	\$20.919	44.0%
SBA 7(a) guaranteed Loan Sales	\$17.010	\$12.225	\$13.925	\$3.085	22.2%
Percent of Guaranteed Loan Sales	33.1%	22.1%	39.0%	(5.9%)	(15.2%)
SBA Guaranteed Loan Inventory	\$409.906	\$401.732	\$372.487	\$37.419	10.0%
Commercial Loan Production	\$22.316	\$26.288	\$26.157	(\$3.841)	(14.7%)
1031 Exchange Deposits	\$152.609	\$174.807	\$112.742	\$39.867	35.4%
Property Management Deposits	\$186.805	\$167.434	\$124.889	\$61.917	49.6%
Association Management Deposits	\$184.804	\$172.386	\$159.298	\$25.507	16.0%

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, funded by non-interest bearing core deposits. Holding loans, versus selling for a one-time gain, results in more consistent, predictable, recurring spread income.

Selected highlights for first-quarter 2019 versus first-quarter 2018:

Balance Sheet Metrics

- Asset growth of 9.5%, or \$92.9 million, to \$1.1 billion;
- Loan growth of 13.0%, or \$104.9 million, to \$909.4 million;
- SBA loans held for sale up 10.0%, or \$37.4 million, to \$409.9 million;
- Deposit growth of 10.8%, or \$80.8 million, to \$825.6 million;
- Property Management specialty deposit growth of 30.8%, up \$87.4 million, to \$371.6 million;
- Non-Interest Bearing deposits represent 49.0% of total deposits;
- Shareholders' Equity growth of 11.4%, or \$12.6 million, to \$123.5 million.

Income Statement Metrics

- Interest Income up 21.5%, or \$2.8 million, to \$15.7 million;
- Interest Expense up 37.4%, or \$407 thousand, to \$1.5 million;
- Net-Interest Income up 20.1%, or \$2.4 million to \$14.2 million;
- Non-Interest Income down (9.1%), or (\$191) thousand, to \$1.9 million;
- Non-Interest Expenses up 13.8%, or \$1.3 million, to \$10.9 million;
- Net Income up 15.3%, or \$467 thousand, to \$3.5 million.

### Other Metrics

- SBA loans funded up 44.0%, or \$20.9 million, to \$68.5 million;
- SBA 7(a) loan sales percentage down 15.2%, to 33.1% of guaranteed production;
- Allowance for loan losses of \$5.1 million was 1.43% of loans held for investment, net of PCI;
- Allowance for loan losses stands at 226% of non-performing loans, net of guarantees;
- Non-performing loans to total gross loans of 0.64%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 2.62%;
- Since inception of the Bank's SBA program a little over nine years ago, the bank has funded 2,033 loans for \$1.78 billion in small business financing;
- The Bank services a total of 1,305 SBA loans for \$1.0 billion, of which \$341 million has been sold in the secondary market and is not reflected on the bank's balance sheet.

The Bank has always maintained capital levels well above the regulatory highest designation, "well capitalized", and had capital ratios at March 31, 2019, as follows:

<u>Capital Ratios as of Mar. 31, 2019</u>	<u>Company</u>	<u>Bank</u>	<u>"Well Capitalized" Level</u>
Tier 1 Leverage Ratio:	8.72%	8.72%	5.00%
Common Equity Tier 1 Ratio:	12.89%	12.89%	7.00%
Tier 1 Risk-Based Capital Ratio:	12.89%	12.89%	8.50%
Total Risk-Based Capital Ratio:	13.66%	13.66%	10.50%

As reported by the [U.S. Small Business Administration](#) ("SBA") for their second quarter ending March 31, 2019, Seacoast Commerce Bank was the 11<sup>th</sup> 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 \$143.3 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](#). 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, Georgia, Illinois, Ohio, Oregon, Massachusetts, Nevada, Texas, Utah and Washington. For more information on Seacoast Commerce Banc Holdings or Seacoast Commerce Bank, please visit [www.scbholdings.com](http://www.scbholdings.com) or [www.sccombank.com](http://www.sccombank.com), or contact Richard M. Sanborn, President and Chief Executive Officer at 858-432-7001, or [rsanborn@scbholdings.com](mailto:rsanborn@scbholdings.com).

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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)**

	<b>For the Quarters Ended</b>			<b>% Change</b>
	<b>03/31/2019</b>	<b>12/31/2018</b>	<b>03/31/2018</b>	<b>03/31 - 03/31</b>
<b>Balance Sheet Items</b>				
Total Gross Loans	909,471	878,142	804,475	13.0%
<i>SBA Loans Available for Sale (Memo Only)</i>	409,906	401,732	372,487	10.0%
Total Assets	1,073,100	1,040,131	980,172	9.5%
Total Deposits	825,625	808,760	744,869	10.8%
<i>Non-Interest DDA (Memo Only)</i>	404,771	350,694	327,781	23.5%
Shareholders' Equity	123,540	120,066	110,937	11.4%
<i>Bank Shareholders' Equity (Memo Only)</i>	123,493	119,659	123,738	(0.2%)
<b>Income Statement Items</b>				
Total Interest Income	15,737	15,974	12,951	21.5%
Total Interest Expense	1,498	1,613	1,090	37.4%
Net Interest Income	14,239	14,361	11,860	20.1%
Provision for Loan Losses	234	350	0	-
Non-Interest Income	1,909	1,217	2,100	(9.1%)
Non-Interest Expense	10,929	11,183	9,608	13.8%
Pre-Tax Income	4,986	4,045	4,353	14.5%
Our Fair Share of Income Taxes (29.4%)	1,466	966	1,299	12.8%
<b>Net Income</b>	<b>3,520</b>	<b>3,079</b>	<b>3,053</b>	<b>15.3%</b>
<b>QTD Basic Earnings per Share</b>	\$0.37	\$0.32	\$0.33	12.1%
<b>YTD Basic Earnings per Share</b>	\$0.37	\$1.37	\$0.33	12.1%
<b>Book Value per Share</b>	\$12.95	\$12.84	\$12.05	7.5%
<b>Tangible Book Value per Share</b>	\$9.04	\$8.84	\$7.95	13.7%
<b>QTD ROAA</b>	1.38%	1.22%	1.30%	6.2%
<b>YTD ROAA</b>	1.38%	1.33%	1.30%	6.2%
<b>QTD ROATCE</b>	16.90%	15.13%	17.31%	(2.3%)
<b>YTD ROATCE</b>	16.90%	16.99%	17.31%	(2.3%)
<b>Ending Shares Outstanding</b>	9,538	9,353	9,209	3.6%
<b>Stock Price</b>	\$20.15	\$20.50	\$20.30	(0.7%)
<b>Market Capitalization</b>	\$192,183	\$191,743	\$186,941	2.8%
<b>Cash Dividends Paid to Shareholders</b>	\$0.10	\$0.09	\$0.08	25.0%

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