



Seacoast Commerce Banc Holdings Announces Third Quarter 2016 Results

SAN DIEGO, CA – October 19, 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 third quarter ended September 30, 2016. For the third quarter of 2016 the Company reported net income of \$1.5 million, or a 2.9% increase over third quarter 2015 net income of \$1.5 million. The third quarter of 2016 included approximately \$300 thousand in one-time reorganization costs. This was the Company’s 25th consecutive quarterly profit. The following is a comparison of return metrics (in millions):

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>Change</u>	<u>% Change</u>
Quarterly Consolidated Net Income	\$1.499	\$1.457	\$0.042	2.9%
Quarterly Return on Ave. Common Equity	15.74%	18.68%	(2.94%)	(15.7%)
Quarterly Return on Ave. Assets	1.03%	1.14%	(0.11%)	(9.6%)
Quarterly Earnings Per Share (Basic)	\$0.25	\$0.25	\$0.00	0.0%
Year-to-date Consolidated Net Income	\$4,987	\$4,155	\$832	20.0%
Year-to-date Return on Ave. Common Equity	18.32%	18.92%	(0.60%)	(3.1%)
Year-to-date Return on Ave. Assets	1.23%	1.20%	0.03%	2.4%
Year-to-date Earnings Per Share (Basic)	\$0.84	\$0.72	\$0.12	15.8%

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

	<u>09/30/2016</u>	<u>09/30/2015</u>	<u>\$ Change</u>	<u>% Change</u>
SBA Loan Production	\$74.245	\$58.543	\$15.702	26.8%
SBA 7(a) Loan Sales	\$39.575	\$29.113	\$10.461	35.9%
Period-end SBA Guaranteed Loan Inventory	\$279.139	\$261.154	\$17.985	6.9%

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 third-quarter 2016 versus third-quarter 2015:

Balance Sheet Metrics

- Asset growth of 11.4%, or \$59.1 million, to \$578.9 million;
- Loan growth of 8.6%, or \$32.9million, to \$416.5 million;
- SBA loans held for sale up 6.9%, or \$18.0 million, to \$279.1 million;
- Deposit growth of 11.0%, or \$51.8 million, to \$522.7 million;

- Non-Interest Bearing deposit growth of 47.5%, or \$82.8 million to \$257.3 million;
- Non-Interest Bearing deposits represent 49.2% of total deposits, up from 37.0%;
- Shareholders' Equity growth of 8.8%, or \$3.2 million, to \$39.5 million.

Income Statement Metrics

- Interest Income up 12.1%, or \$671 thousand, to \$6.2 million;
- Interest Expense down (10.7%), or (\$50) thousand, to \$420 thousand;
- Net-Interest Income up 14.2%, or \$721 thousand to \$5.8 million;
- Non-Interest Income up 25.8%, or \$832 thousand, to \$4.1 million;
- Non-Interest Expenses up 29.7%, or \$1,731 thousand, to \$7.6 million;
- Net Income up 2.9%, or \$42 thousand, to \$1.5 million.

Other Metrics

- SBA loans funded QTD up 26.8%, or \$15.7 million, to \$74.2 million;
- SBA loans funded YTD up 11.5%, or \$18.5 million, to \$179.7 million;
- Allowance for loan losses of \$5.5 million was 4.01% of loans held for investment;
- Allowance for loan losses stands at 320% 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 3.17%;
- 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 1,414 loans for \$1.13 billion in small business financing;
- The Bank services a total of 1,110 SBA loans for \$793.5 million, of which \$387 million has been sold in the secondary market and is not reflected on the banks balance sheet;
- Efficiency ratio up slightly to 70.5% versus 67.9%.

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

		<u>"Well Capitalized" Level</u>
Tier 1 Capital Ratio:	8.45%	5.00%
Common Equity Tier 1 Ratio:	19.60%	7.00%
Tier 1 Risk-Based Capital Ratio:	19.60%	8.50%
Total Risk-Based Capital Ratio:	20.86%	10.50%

As reported by the [U.S. Small Business Administration](#) ("SBA") for their fiscal year ended September 30, 2016, Seacoast Commerce Bank was the 12th 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 \$260.6 million approved. In addition to being ranked the 12th largest SBA lender in the nation, Seacoast was the 2nd largest SBA lender in the State of Nevada; the 5th largest SBA lender in the State of California; and the 7th largest lender in the State of Arizona.

Allan W. Arendsee, Chairman of the Board, stated, "The Board of Directors is very proud of our team for continuing to focus on adding long-term shareholder value, and for

making important long-term strategic decisions over short-term results. 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 to continue the return of capital to shareholders through cash dividends, in addition to the return on capital. We move forward continuing to focus on the same successful plan.” Arendsee concluded.

Richard M. Sanborn, President & Chief Executive Officer, commented, “Our focus is always on fundamentals and consistency in our performance, and our third quarter results continue that trend. Our growth in loan production, loans outstanding, and deposits were very good in the third quarter. While our growth in balances were good, we made some strategic decisions in the third quarter that negatively affected our income, including consolidating and eliminating some positions. The results of those decisions, and others, resulted in non-recurring expenses of approximately \$300 thousand in the third quarter. Had it not been for those one-time charges, our increase in net income would have been 16.2%. We could have made the decision to sell some additional loans to cover those expenses but we chose not to. As we have stated, our desire is to hold more SBA guaranteed loans, so selling a few more loans to cover one-time expenses would have been counter-production to that goal.”

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; Portland, Oregon; 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.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 9/30 - 9/30
	09/30/2016	06/30/2016	09/30/2015	
Balance Sheet Items				
Total Gross Loans	416,473	409,096	383,552	8.6%
<i>SBA Loans Available for Sale (Memo Only)</i>	<i>279,139</i>	<i>280,010</i>	<i>261,154</i>	6.9%
Total Assets	578,917	538,626	519,795	11.4%
Total Deposits	522,725	484,750	470,963	11.0%
<i>Non-Interest DDA (Memo Only)</i>	<i>257,257</i>	<i>251,528</i>	<i>174,468</i>	47.5%
Shareholders' Equity	39,488	38,039	36,280	8.8%
<i>Bank Shareholders' Equity (Memo Only)</i>	<i>48,775</i>	<i>47,610</i>	<i>41,849</i>	16.5%
Income Statement Items				
Total Interest Income	6,230	6,076	5,559	12.1%
Total Interest Expense	422	417	472	(10.7%)
Net Interest Income	5,809	5,659	5,087	14.2%
Provision for Loan Losses	0	0	0	0.0%
Non-Interest Income	4,060	3,393	3,229	25.8%
Non-Interest Expense	7,553	6,364	5,822	29.7%
Pre-Tax Income	2,315	2,688	2,494	(7.2%)
Our Fair Share of Income Taxes (37.1%)	817	911	1,037	(21.3%)
Net Income	1,499	1,777	1,457	2.9%
QTD Basic Earnings per Share	\$0.25	\$0.30	\$0.25	0.0%
YTD Basic Earnings per Share	\$0.84	\$0.59	\$0.72	15.5%
Book Value per Share	\$6.75	\$6.50	\$5.60	20.4%
QTD Return on Average Assets	1.03%	1.35%	1.14%	7.6%
YTD Return on Average Assets	1.23%	1.34%	1.20%	2.3%
QTD Return on Average Common Equity	15.74%	19.72%	18.68%	(1.95%)
YTD Return on Average Common Equity	18.32%	19.71%	18.92%	(3.15%)
Ending Shares Outstanding	5,854,311	5,851,061	5,759,671	1.64%
Stock Price	\$16.02	\$15.64	\$16.00	0.12%
Market Capitalization	\$93,786	\$91,510	\$92,155	1.77%

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