



## Seacoast Commerce Banc Holdings Announces Third Quarter 2019 Results

### Third Quarter 2019 Highlights

- **Return on Average Tangible Common Equity of 16.17%**
- **Return on Average Assets of 1.33%**
- **Net income of \$3.7 million, up \$213 thousand, or 6.1%**
- **Diluted earnings per share of \$0.37, up \$0.02, or 5.3%**
- **Net Interest Margin of 6.18%**
- **Asset growth of \$59.9 million, or 5.9% annualized**
- **Gross loan growth of \$99.8 million, or 12.2% annualized**
- **Deposit growth of \$86.6 million, or 11.3% annualized**
- **Non-interest bearing deposit growth of \$120.4million, or 37.2% annualized**
- **Non-interest bearing deposits represent 52.1% of total deposits**
- **Property Management specialty deposit growth of \$121.7 million, or 37.6% annualized**
- **Retained SBA guaranteed loan growth of \$46.0 million, or 11.8% annualized**
- **Opened a deposit production office in Concord, North Carolina**
- **Opened an SBA production office in San Antonio, Texas**
- **Quarterly cash dividend of \$0.11 per share, up 22.2%**
- **Became the 10<sup>th</sup> largest SBA in the nation according to the SBA with \$320.7 million in FY 2019 loan approvals, up 9.6% over 2018 approvals**

SAN DIEGO, CA – October 15, 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 third quarter ended September 30, 2019, of \$3.7 million versus 2018 third quarter unaudited consolidated net income of \$3.5 million, a 6.1% increase. On a per share basis, net income increased 5.3% to \$0.38 per share versus \$0.35 per share in 2018. Additionally, the Company reported third quarter return on average tangible common equity (ROATCE) of 16.17% and return on average assets (ROAA) of 1.33%, compared to 17.81% and 1.46% for the third quarter of 2018 respectively.

Richard M. Sanborn, President & Chief Executive Officer, commented, “The third quarter of 2019 was a continuation of our past consistent results with strong financial metrics across all our business lines. Our 2019 plan called for the expansion of our SBA loan production team and our specialty deposit team, with branch expansion into Nevada, which is all well underway. So far this year we have added one deposit and three SBA business development offices, and our Las Vegas branch is fully licensed to operate with an expected mid-November opening date. As previously mentioned, we had a significant inflow of 1031 deposits at the end of the second quarter, which we expected to run off in the third quarter. As a result, third quarter 1031 deposits decreased \$137.8 million, which was offset by growth in other specialty deposits of \$56.6 million. This transition goes along with our plan of focusing on property-management company deposits, which characteristically are more stable and lower cost. Our unique banking model of focusing on specialty lending and deposit platforms continues to be strong financially, and a compelling model that is allowing us to continually post superior financial results.”

Allan W. Arendsee, Chairman of the Board, stated, "The Board of Directors is pleased with the Company's third quarter performance and our expectations for the remainder of the year. While we realize there are headwinds in the economy, we believe in our plan, which provides tremendous operating flexibility. Our balance sheet is strong as is our capital position and our income producing capabilities. 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>09/30/2019</u>	<u>06/30/2019</u>	<u>09/30/2018</u>	<u>09/30 Change</u>	<u>% Change</u>
Consolidated Net Income	\$3.684	\$3.577	\$3.471	\$0.213	6.1%
ROATCE	16.17%	16.41%	17.81%	(1.63%)	(9.2%)
ROAA	1.33%	1.30%	1.46%	(0.13%)	(8.8%)
Earnings Per Share (Diluted)	\$0.38	\$0.36	\$0.35	\$0.02	5.3%
Dividend Paid	\$0.11	\$0.11	\$0.09	\$0.02	22.2%
Bank Net Interest Margin	6.18%	6.26%	5.99%	\$0.19	3.2%
Bank Efficiency Ratio	67.7%	67.3%	67.9%	(0.02)	(0.03%)

Specialty Division quarter-to-date results (in millions):

	<u>09/30/2019</u>	<u>06/30/2019</u>	<u>09/30/2018</u>	<u>Change</u>	<u>% Change</u>
SBA Loan Production	\$70.657	\$68.783	\$81.314	(\$10.657)	(13.1%)
SBA 7(a) Guaranteed Loan Sales	\$8.320	\$14.629	\$23.157	(\$14.836)	(64.1%)
Percent of Guaranteed Loan Sales	15.7%	28.4%	38.0%	(22.3%)	(58.6%)
SBA Guaranteed Loan Inventory	\$435.250	\$424.071	\$389.231	\$46.019	11.8%
Commercial Loan Production	\$10.050	\$7.158	\$18.460	(\$8.410)	(45.6%)
1031 Exchange Deposits	\$119.919	\$304.446	\$149.160	(\$29.241)	(19.6%)
Property Management Deposits	\$230.705	\$204.162	\$159.440	\$71.265	44.7%
Association Management Deposits	\$214.354	\$188.827	\$163.930	\$50.424	30.8%

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

Balance Sheet Metrics

- Asset growth of 5.9%, or \$59.9 million, to \$1.082 billion;
- Loan growth of 12.2%, or \$99.8 million, to \$921.0 million;
- SBA loans held for sale up 11.8%, or \$46.0 million, to \$435.3 million;
- Deposit growth of 11.3%, or \$86.6 million, to \$852.0 million;
- Property Management deposit growth of 37.6%, up \$121.7 million, to \$445.1 million;
- Non-Interest Bearing deposits represent 52.1% of total deposits;
- Shareholders' Equity growth of 10.0%, or \$11.8 million, to \$129.4 million.

Income Statement Metrics

- Interest Income up 20.0%, or \$2.8 million, to \$17.0 million;
- Interest Expense down (9.6%), or (\$130) thousand, to \$1.2 million;
- Net-Interest Income up 23.1%, or \$3.0 million to \$15.8 million;
- Non-Interest Income (excluding gains) up 72.3%, or \$371 thousand, to \$884.0 million;
- Gain on sale income down 61.9%, or \$1.2 million, to \$710.3 thousand;

- Non-Interest Expenses up 11.4%, or \$1.2 million, to \$12.0 million;
- Net Income up 6.1% or \$213 thousand, to \$3.7 million.

#### Other Metrics

- SBA loans funded down 13.1% or \$10.7 million, to \$70.7 million;
- SBA 7(a) loan sales percentage down (58.6%), to 15.7% of guaranteed production;
- Allowance for loan losses of \$5.9 million, or 1.62% of held for investment, net of FV marks;
- Allowance for loan losses stands at 109.0% of non-performing loans, net of FV marks;
- Non-performing loans to total gross loans of 0.59%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 1.68%;
- Since inception of the Bank’s SBA program a little over ten years ago, the bank has funded 2,138 loans for \$1.91 billion in small business financing;
- The Bank services a total of 1,282 SBA loans for \$1.04 billion, of which \$318 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 September 30, 2019, as follows:

<u>Capital Ratios as of Sept. 30, 2019</u>	<u>Company</u>	<u>Bank</u>	<u>“Well Capitalized” Level</u>
Tier 1 Leverage Ratio:	8.71%	8.72%	5.00%
Common Equity Tier 1 Ratio:	13.95%	13.95%	7.00%
Tier 1 Risk-Based Capital Ratio:	13.95%	13.95%	8.50%
Total Risk-Based Capital Ratio:	14.85%	14.85%	10.50%

As reported by the [U.S. Small Business Administration](#) (“SBA”) for their fiscal year ending September 30, 2019, Seacoast Commerce Bank was the 10<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 \$320.7 million approved, up 9.6% over 2018.

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, Indiana, Massachusetts, Nevada, North Carolina, Oregon, Texas, Utah, Virginia 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>09/30/2019</b>	<b>06/30/2019</b>	<b>09/30/2018</b>	<b>09/30 - 09/30</b>
<b>Balance Sheet Items</b>				
Total Gross Loans	921,047	914,634	821,256	12.1%
<i>SBA Loans Available for Sale (Memo Only)</i>	<i>435,250</i>	<i>424,071</i>	<i>389,231</i>	<i>11.8%</i>
Total Assets	1,082,173	1,150,834	1,022,248	5.9%
Total Deposits	851,984	1,010,171	765,402	11.3%
<i>Non-Interest DDA (Memo Only)</i>	<i>443,897</i>	<i>546,393</i>	<i>323,546</i>	<i>37.2%</i>
Bank Borrowings	86,000	-	115,000	(25.2%)
Shareholders' Equity	129,353	126,395	117,566	10.0%
<i>Bank Shareholders' Equity (Memo Only)</i>	<i>129,399</i>	<i>126,392</i>	<i>129,117</i>	<i>0.2%</i>
<b>Income Statement Items</b>				
Total Interest Income	17,010	17,050	14,181	20.0%
Total Interest Expense	1,224	1,197	1,355	(9.6%)
Net Interest Income	15,786	15,852	12,826	23.1%
Provision for Loan Losses	360	700	-	-
Non-Interest Income (excluding gains)	884	712	513	72.3%
Gain on Sale Income	710	1310	1,866	(61.9%)
Non-Interest Expense	11,982	12,103	10,754	11.4%
Pre-Tax Income	5,038	5,071	4,451	13.2%
Our Fair Share of Income Taxes (26.9%)	1,354	1,494	979	38.2%
<b>Net Income</b>	<b>3,684</b>	<b>3,577</b>	<b>3,471</b>	<b>6.1%</b>
<b>QTD Basic Earnings per Share</b>	<b>\$0.38</b>	<b>\$0.36</b>	<b>\$0.37</b>	<b>3.3%</b>
<b>YTD Basic Earnings per Share</b>	<b>\$1.12</b>	<b>\$0.72</b>	<b>\$1.05</b>	<b>6.6%</b>
<b>Book Value per Share</b>	<b>\$13.54</b>	<b>\$13.24</b>	<b>\$12.57</b>	<b>7.7%</b>
<b>Tangible Book Value per Share</b>	<b>\$9.65</b>	<b>\$9.33</b>	<b>\$8.56</b>	<b>12.7%</b>
<b>QTD ROAA</b>	<b>1.33%</b>	<b>1.30%</b>	<b>1.46%</b>	<b>(8.84%)</b>
<b>YTD ROAA</b>	<b>1.34%</b>	<b>1.34%</b>	<b>1.37%</b>	<b>(2.24%)</b>
<b>QTD ROATCE</b>	<b>16.17%</b>	<b>16.41%</b>	<b>17.81%</b>	<b>(9.2%)</b>
<b>YTD ROATCE</b>	<b>16.48%</b>	<b>16.65%</b>	<b>17.67%</b>	<b>(6.7%)</b>
<b>Ending Shares Outstanding</b>	<b>9,557</b>	<b>9,549</b>	<b>9,353</b>	<b>2.2%</b>
<b>Stock Price</b>	<b>\$18.15</b>	<b>\$20.00</b>	<b>\$22.65</b>	<b>(19.9%)</b>
<b>Market Capitalization</b>	<b>\$173,461</b>	<b>\$190,983</b>	<b>\$211,843</b>	<b>(18.1%)</b>
<b>Qtr. Cash Dividends Paid to Shareholders</b>	<b>\$0.11</b>	<b>\$0.11</b>	<b>\$0.09</b>	<b>22.2%</b>
<b>YTD Cash Dividends Paid to Shareholders</b>	<b>\$0.32</b>	<b>\$0.21</b>	<b>\$0.25</b>	<b>28.0%</b>

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