



Seacoast Commerce Banc Holdings Announces Fourth Quarter and Full-Year Results

SAN DIEGO, CA – January 21, 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 fourth quarter and full-year ended December 31, 2015. For 2015, the Company reported record net income of \$5.8 million, or a 33.2% increase over 2014 net income of \$4.3 million. For the fourth quarter of 2015, the Company reported net income of \$1.6 million compared to \$830 thousand in the fourth quarter of 2014, or a 95.5% increase. The difference between the Company and Bank full-year net income was \$229 thousand, representing expenses at the Company not related to the Bank’s operations. This was the Company’s 22nd consecutive quarterly profit. The following is a comparison of return metrics (in millions):

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Change</u>	<u>% Change</u>
Quarterly Consolidated Net Income	\$1.623	\$0.830	\$0.793	95.5%
Quarterly Return on Ave. Common Equity	20.0%	12.5%	7.5%	60.0%
Year-to-date Consolidated Net Income	\$5.779	\$4.338	\$1.441	33.2%
Year-to-date Return on Ave. Common Equity	19.2%	17.0%	2.2%	13.0%

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

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>\$ Change</u>	<u>% Change</u>
SBA Loan Production	\$225.3	\$174.1	\$51.2	29.4%
SBA 7(a) Guaranteed Loan Sales	\$92.6	\$66.3	\$26.3	39.7%
Growth in SBA Guaranteed Loan Inventory	\$52.6	\$51.7	\$0.9	1.7%
Period-end SBA Guaranteed Loan Inventory	\$268.2	\$215.6	\$52.6	24.4%

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, and re-occurring spread income.

Selected highlights for full year-end 2015 versus year-end 2014:

Balance Sheet Metrics

- Asset growth of \$104.6 million, or 25.5%, to \$515.0 million;
- Loan growth of \$39.3 million, or 11.0%, to \$396.4 million;
- SBA loans held for sale up \$52.6 million, or 24.4%, to \$268.2 million;
- Deposit growth of \$101.2 million, or 28.0%, to \$463.3 million;
- Non-Interest Bearing deposit growth of \$110.7 million or 118.2%, to \$204.4 million;
- Non-Interest Bearing deposits represent a record 44.1% of total deposits, up from 25.9%;
- Shareholders’ Equity growth of \$7.1 million, or 22.7%, to \$38.4 million.

Income Statement Metrics

- Interest Income of \$22.3 million, up \$4.1 million, or 22.6%;
- Interest Expense of \$1.8 million, down \$161 thousand, or (8.2%);
- Net-Interest Income of \$20.5 million, up \$4.3 million, or 26.3%;
- Provision for Loan Losses of \$500 thousand, up \$50 thousand, or 11.1%;
- Non-Interest Income of \$12.9 million, up \$3.3 million, or 34.4%;
- Gain-on-sale of loans income of \$8.4 million, up \$1.9 million, or 29.0%;
- Non-Interest Expenses of \$23.2 million, up \$5.2 million or 28.8%;
- Net Income of \$5.8 million, up \$1.4 million, or 33.2%.

Other Metrics

- SBA loans funded YTD of \$225.3 million, up \$51.2 million, or 29.4%;
- Year-end ALLL of \$5.5 million was 4.30% of loans held for investment;
- Year-end ALLL was 318% of non-performing loans;
- Non-performing loans to total gross loans was 0.44%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) was 3.50%;
- YTD Net charge-offs of \$51 thousand;
- Since inception of the Bank's SBA program just over six years ago, the bank has funded 1,208 loans for \$945 million in small business financing;
- The Bank services a total of 995 SBA loans for \$702 million, of which \$317 million has been sold in the secondary market and is not reflected on the banks balance sheet;
- Efficiency ratio reduced 1.1% from 69.1% to 68.3%.

The Bank has always maintained capital levels well above the regulatory highest designation, "well capitalized", and had capital ratios at December 31, 2015, as follows:

		<u>"Well Capitalized" Level</u>
BASEL Tier 1 Capital Ratio:	8.23%	5.00%
BASEL Common Equity Tier 1 Ratio:	19.27%	7.00%
BASEL Tier 1 Risk-Based Capital Ratio:	19.27%	8.50%
BASEL Total Risk-Based Capital Ratio:	20.54%	10.50%

As reported by the [U.S. Small Business Administration](#) ("SBA") for their fiscal year ended September 30, 2015, Seacoast Commerce Bank was the 10th largest SBA lender in the nation. SBA rankings are based on total dollars approved, with Seacoast having \$293.6 million approved in 2015. In addition to being ranked the 10th largest SBA lender in the nation, Seacoast was the 4th largest SBA lender in California; the 3rd largest SBA lender the in Las Vegas, Nevada, District; the 3rd largest lender in the Sacramento, California, District; the 4th largest SBA lender in the Phoenix, Arizona, District; and the 8th largest SBA lender in San Francisco, California and Dallas/Fort Worth, Texas, Districts.

Allan W. Arendsee, Chairman of the Board, stated, "The Board of Directors is again very proud of our team for doing what's right; 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. Along the lines of providing a return to shareholders, our strategy heading into 2016 and beyond will be to put the Company in a position where it can start to pay a dividend to

shareholders. We look forward to sharing more at our annual meeting of shareholders.” Arendsee concluded.

Richard M. Sanborn, President & Chief Executive Officer, commented, “We are very pleased to be able to report continued success with our strategy of focusing on lending to small business owners, and more importantly, focusing on consistent financial performance. Our consistency is the result of our great staff embracing our strategy and executing. From the loan and deposit production staff to the back-office support staff, it is a team effort.” Sanborn continued, “As our Chairman stated, our focus going into 2016 will be positioning the Company in a way to eventually pay shareholders dividends. We started the process in the fourth quarter by announcing the closure of our Los Angeles full-service branch. That action, along with others, will make us more efficient and allow us to manage our growth in a way where we can create excess capital. We look forward to communicating more about our 2016 plans at our annual shareholders meeting in May.” Sanborn concluded.

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; Portland, Oregon; 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.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 12/31 – 12/31
	12/31/2015	09/30/2015	12/31/2014	
Balance Sheet Items				
Total Gross Loans	396,404	383,552	357,084	11.0%
<i>SBA Loans Available for Sale (Memo Only)</i>	<i>268,185</i>	<i>262,154</i>	<i>215,625</i>	24.4%
Total Assets	514,907	519,795	410,404	25.5%
Total Deposits	463,309	470,963	362,144	27.9%
<i>Non-Interest DDA (Memo Only)</i>	<i>204,385</i>	<i>174,468</i>	<i>93,707</i>	118.1%
Shareholders' Equity	38,394	36,280	31,301	22.7%
Income Statement Items				
Total Interest Income	6,062	5,559	5,056	19.9%
Total Interest Expense	449	472	408	10.0%
Net Interest Income	5,612	5,087	4,648	20.7%
Provision for Loan Losses	0	0	0	0%
Non-Interest Income	3,612	3,229	1,189	203.8%
Non-Interest Expense	6,502	5,822	4,600	41.3%
Pre-Tax Income	2,722	2,494	1,237	120.0%
Our Fair Share of Income Taxes (40.4%)	1,099	1,037	408	169.4%
Net Income	1,623	1,457	830	95.5%
QTD Basic Earnings per Share	\$0.28	\$0.25	\$0.15	86.7%
YTD Basic Earnings per Share	\$1.00	\$0.72	\$0.76	31.6%
Book Value per Share	\$5.96	\$5.60	\$4.85	22.9%
QTD Return on Average Assets	1.21%	1.16%	0.90%	34.4%
YTD Return on Average Assets	1.20%	1.20%	1.22%	(1.6%)
QTD Return on Average Common Equity	20.00%	18.86%	12.50%	60.0%
YTD Return on Average Common Equity	19.17%	18.94%	16.97%	13.0%
Ending Shares Outstanding	5,766,571	5,759,671	5,631,838	2.39%
Stock Price	\$17.19	\$16.00	12.05	42.7%
Market Capitalization	\$99,127,355	\$92,154,736	67,863,648	46.1%

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