



## Seacoast Commerce Bank Announces First Quarter 2014 Results

**SAN DIEGO, CA** – April 16, 2014 – Seacoast Commerce Bank (OTCQB: SCCB) today announced its unaudited results of operations for the first quarter ended March 31, 2014. For the first quarter the Bank reported net income of \$2 million, which was \$1.75 million, or 702% higher than 2013 first quarter net income of \$250 thousand. This was the bank's 15<sup>th</sup> consecutive quarterly profit.

Assets reached a record \$345.7 million, up \$120.9 million or 53.8%; gross loans reached \$265.5 million, up \$70.8 million or 36.4%; deposits reached a record \$313.8 million, up \$128.0 million or 68.9%, with no wholesale or brokered deposits.

Selected highlights for the first quarter of 2014 versus the first quarter of 2013:

- Asset growth of \$120.9 million, or 53.8%, to a record \$345.7 million;
- Loan growth of \$70.8 million, or 36.4%, to \$265.5 million;
- SBA loans funded of \$31.8 million, down 13.0%, from \$36.5 million;
- SBA loans available for sale of \$135.6 million, up \$44.5 million, or 48.8%, from \$91.1 million;
- Deposit growth of \$128.0 million, or 68.9%, to a record \$313.8 million;
- Non-Interest Bearing deposit growth of \$11.3 million or 28.6%, to a record \$50.7 million;
- Shareholders' Equity growth of \$4.0 million, or 16.3%, to a record \$28.5 million;
- Non-performing loans reduced 14.9% to just \$379 thousand, from \$444.7 thousand;
- Non-performing loans to total loans down to 0.14%, from 0.23%;
- Non-performing assets to total assets down to 0.15% from 0.20%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) down to 1.52% from 1.82%;
- Reserves for loan losses (ALLL) of \$5.1 million was 3.94% of loans held for investment;
- Reserves for loan losses (ALLL) to non-performing loans stands at 1,348%;
- Return on Average Assets of 2.33%, up from 0.47%;
- Return on Average Common Equity of 34.41%, up from 5.11%.

The Bank has always maintained capital levels well above the FDIC's highest designation, "well capitalized", and had capital ratios at March 31, 2014 as follows:

		FDIC "Well Capitalized" Level
• Tier 1 Capital Ratio:	8.15%	5.00%
• Tier 1 Risk-Based Capital Ratio:	16.01%	6.00%
• Total Risk-Based Capital Ratio:	17.28%	10.00%
• BASEL III Tier 1 Common Ratio*:	11.75%	6.50%

\* Not Applicable until 2015. Shown for reference purposes

As reported by the U.S. Small Business Administration (“SBA”) for their six-months ended March 31, 2014, Seacoast Commerce Bank was the 14<sup>th</sup> largest SBA lender in the Nation, based on total dollars approved, with Seacoast having \$91 million approved in the first six-months of the SBA’s fiscal year. In addition to being ranked the 14<sup>th</sup> largest SBA lender in the Nation, Seacoast was the 3<sup>rd</sup> largest lender in the State of California; the largest lender the in Las Vegas, Nevada District; the 2<sup>nd</sup> largest lender in the Portland, Oregon District; the 16<sup>th</sup> largest lender in the Phoenix, Arizona District; the 19<sup>th</sup> largest lender in the Dallas/Fort Worth District; the 20<sup>th</sup> largest lender in the Houston, Texas District; and the 23<sup>rd</sup> largest lender in the Seattle, Washington District.

Richard M. Sanborn, President & Chief Executive Officer, commented, “Over the last two years we have leveraged our balance sheet by design, and according to plan, with a keen eye on always maintaining our capital levels well above the FDIC’s ‘Well Capitalized’ level, and we will continue to do so. As we have also repeatedly stated, our intention is to hold SBA loans in our portfolio to the extent we have good liquidity and capital levels. Given both those contexts, we made the decision to dip into our saleable SBA inventory and sell a larger quantity of SBA loans in the first quarter to generate some additional capital through higher than normal managed earnings, which will support our growth going forward. Our SBA program gives us that flexibility. As the bank continues to grow we will continue to evaluate whether to sell additional loans to generate capital for growth, or raise additional capital to supplement growth. Aside from higher than normal managed earnings, the first quarter was a continuation of our plan; generate quality loans, funded with core deposits, with an emphasis on excellent credit quality.” Sanborn concluded.

Allan W. Arendsee, Chairman of the Board, stated, “The Board of Directors is pleased to report continued success, stemming from our management team and staff executing on our business plan. We continually evaluate risks in our industry and our bank, and look for ways to mitigate both. The Board is firmly committed to ensuring the bank is operated 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. We would also like to acknowledge the passing of former Board Chairman and director Bruce A. Nunes, one of the banks founding directors, who created the foundation upon which the bank was built. Bruce’s insight, vision, leadership, friendship, and contributions to the institution will be sorely missed.” Arendsee concluded.

Seacoast Commerce Bank is a business bank headquartered in San Diego, California, with full-service branches in San Diego, Chula Vista, and Glendale, 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; Houston and Dallas, Texas; and Seattle, Washington. For more information on the bank please visit our website at [www.sccombank.com](http://www.sccombank.com) or contact Richard M. Sanborn, President and Chief Executive Officer at 858-432-7001.

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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.

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.

**Seacoast Commerce Bank**  
**Selected Financial Data – Unaudited (000)**

	For the Year Ended			%
	<u>03/31/2014</u>	<u>03/31/2013</u>	<u>Change</u>	<u>Change</u>
<b>Balance Sheet Items</b>				
Total Loans	265,524	194,697	70,827	36.4%
<i>SBA Loans Available for Sale (Memo Only)</i>	<u>135,516</u>	<u>91,058</u>	<u>44,458</u>	<u>48.8%</u>
Total Assets	<u>345,651</u>	<u>224,704</u>	<u>120,947</u>	<u>53.8%</u>
Total Deposits	<u>313,803</u>	<u>185,832</u>	<u>127,971</u>	<u>68.9%</u>
Shareholders' Equity	<u>28,498</u>	<u>24,511</u>	<u>3,987</u>	<u>16.3%</u>
<b>Income Statement Items</b>				
Total Interest Income	4,099	2,824	1,275	45.1%
Total Interest Expense	<u>569</u>	<u>226</u>	<u>343</u>	<u>152.8%</u>
Net Interest Income	<u>3,529</u>	<u>2,598</u>	<u>931</u>	<u>35.8%</u>
Provision for Loan Losses	250	500	(250)	(50.0%)
Non-Interest Income	5,208	1,829	3,379	184.7%
Non-Interest Expense	<u>4,993</u>	<u>3,444</u>	<u>1,549</u>	<u>45.0%</u>
Pre-Tax Income	<u>3,494</u>	<u>482</u>	<u>3,012</u>	<u>624.8%</u>
Our Fair Share of Income Taxes (42.6%)	1,488	282	1,206	427.7%
<b>Net Income</b>	<b><u>2,006</u></b>	<b><u>250</u></b>	<b><u>1,756</u></b>	<b><u>702.4%</u></b>
<b>Basic Earnings per Share</b>	\$0.36	\$0.05	\$0.31	620.0%
<b>Book Value per Share</b>	\$4.35	\$3.94	\$0.41	10.41%
<b>Return on Average Assets</b>	2.33%	0.47%	1.86%	396.7%
<b>Return on Average Common Equity</b>	34.42%	5.25%	29.17%	555.6%
<b>Shares Outstanding</b>	5,629,038	5,200,528	428,510	8.24%
<b>Stock Price</b>	\$9.00	\$4.75	\$4.25	89.5%
<b>Market Capitalization</b>	\$50,661,342	\$24,702,508	\$24,958,834	105.1%

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