



## Seacoast Commerce Banc Holdings Announces First Quarter 2017 Results

SAN DIEGO, CA – April 19, 2017 – [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 first quarter ended March 31, 2017. For the first quarter of 2017, the Company reported net income of \$1.6 million, or a 7.4% decrease over first quarter 2016 net income of \$1.7 million. This was the Company’s 27<sup>th</sup> consecutive quarterly profit. The following is a comparison of return metrics (in millions):

	<u>03/31/2017</u>	<u>03/31/2016</u>	<u>Change</u>	<u>% Change</u>
Quarterly Consolidated Net Income	\$1.584	\$1.711	(0.127)	(7.4%)
Quarterly Return on Ave. Common Equity	15.33%	19.71%	(4.39)	(22.2%)
Quarterly Return on Ave. Assets	1.09%	1.33%	(0.24)	(18.0%)
Quarterly Earnings Per Share (Basic)	\$0.26	\$0.29	(0.03)	(11.6%)

The Company announced on February 14<sup>th</sup>, 2017, that it was shifting its balance sheet management focus and would be retaining more SBA guaranteed portions of loans held in its portfolio. To accomplish the shift the Company would be selling less guaranteed loan, the result of which will lower gain-on-sale income and lower earnings in the short-run. As previously discussed, holding loans, versus selling for a one-time gain, results in more consistent, predictable, reoccurring core spread income. This strategy will continue to be deployed going forward.

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

	<u>03/31/2017</u>	<u>03/31/2016</u>	<u>Change</u>	<u>% Change</u>
SBA Loan Production	\$52.045	\$40.050	11.995	29.9%
SBA 7(a) Guaranteed Loan Sales	\$16.644	\$20.033	(3.388)	(16.9%)
Percent of Guaranteed Loans Sold	42.6%	66.7%	(24.1)	(36.1%)
Period-end SBA Guaranteed Loan Inventory	\$301.970	\$270.543	31.428	11.6%

Selected highlights for first-quarter 2017 versus first-quarter 2016:

### Balance Sheet Metrics

- Asset growth of \$45.5 million, or 8.6%, to \$572.0 million;
- Loan growth of \$59.2 million, or 15.1%, to \$450.5 million;
- SBA loans held for sale up \$31.4 million, or 11.6%, to \$302.0 million;
- Deposit growth of \$37.5 million, or 7.9%, to \$512.9 million;
- Non-Interest Bearing deposit growth of \$39.8 million or 17.8%, to \$263.8 million;
- Non-Interest Bearing deposits represent 51.4% of total deposits, up from 47.1%;
- Shareholders Equity growth of \$6.9 million, or 18.9%, to \$43.2 million.

### Income Statement Metrics

- Interest Income of \$6.7 million, up \$772 thousand, or 13.0%;
- Interest Expense of \$369 thousand, down \$28 thousand, or (7.1%);
- Net-Interest Income of \$6.4 million, up \$800 thousand, or 14.4%;
- Non-Interest Income of \$2.9 million, down \$510 thousand, or (15.1%);
- Non-Interest Expenses of \$6.7 million, up \$617 thousand or 10.2%;
- Net Income of \$1.6 million, down \$127 thousand, or (7.4%).

### Other Metrics

- SBA loans funded of \$52.0 million, up \$12.0 million, or 29.9%;
- Allowance for loan losses of \$4.5 million was 3.04% of loans held for investment;
- Non-performing loans to total gross loans of 1.29%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 2.86%;
- No net charge-offs;
- No other real estate owned;
- Since inception of the Bank's SBA program over six years ago, the bank has funded 1,472 loans for \$1.247 billion in small business financing;
- The Bank services a total of 1,061 SBA loans for \$830 million, of which \$390 million has been sold in the secondary market and is not reflected on the banks balance sheet;

The Bank has always maintained capital levels well above the regulatory highest designation, "well capitalized", and had capital ratios at March 31, 2017, as follows:

		<u>"Well Capitalized" Level</u>
Tier 1 Capital Ratio:	8.63%	5.00%
Common Equity Tier 1 Ratio:	19.35%	7.00%
Tier 1 Risk-Based Capital Ratio:	19.35%	8.50%
Total Risk-Based Capital Ratio:	20.60%	10.50%

As reported by the [U.S. Small Business Administration](#) ("SBA") for their 6-months ending March 31, 2017, Seacoast Commerce Bank was the 15<sup>th</sup> largest SBA lender in the nation, out of close to 1,700 financial institutions that have at least one SBA loan approved during that 6-month period, and over 3,000 financial institution that are approved as an SBA lender. SBA rankings are based on total dollars approved with Seacoast having \$118.7 million approved. In addition to being ranked the 15<sup>th</sup> largest SBA lender in the nation, Seacoast was the 6<sup>th</sup> largest SBA lender in California; the 7<sup>th</sup> largest SBA lender in Nevada; the 8<sup>th</sup> largest SBA lender in Arizona; the 11<sup>th</sup> largest SBA lender in Washington; 13<sup>th</sup> largest SBA lender in Oregon; and the 15<sup>th</sup> largest SBA lender in Colorado.

Allan W. Arendsee, Chairman of the Board, stated, "The Board of Directors announced two significant changes on February 14<sup>th</sup>, 2017, and that was increasing our quarterly dividend by 60%, and re-focusing our efforts on holding more guaranteed SBA loans in our portfolio, which we knew would result in lower short-term earnings. Both moves are long-term shareholder value focused, and the Board is very proud of our management team for managing our Company in such a way as to accomplish these new initiatives successfully. The Board continues to be firmly committed to ensuring the bank operates in a safe and sound manner,

and with a strategy that will continue providing shareholders with a superior return on their investment over the long run.” Arendsee concluded.

Richard M. Sanborn, President & Chief Executive Officer, commented, “We are pleased to report continued success with our strategy of focusing on consistent performance. Our first quarter loan production was up almost 30% over last year and our pipeline of approved deals continues to be strong with the improving economy. From a financial perspective, even with our managed, lower, 15% return on equity, our performance continues to consistently exceed our peers. We are fortunate that our strong capital base is complimented by a balance sheet that has significantly less risk than our peers, due to the majority of our loans having not only a guarantee from the U.S. Government, but also hard collateral in the form of real estate.” Sanborn continued, “As Chairman Arendsee stated, our focus for 2017 is on continuing to hold more SBA guaranteed loans on our balance sheet, which will increase our core spread income and keep our risks low. We will also continue to look for ways to enhance the value of our franchise and position the Company in a way to maximize long-term shareholder value. We look forward to communicating more about our 2017 plans at our annual shareholders meeting in May.” Sanborn concluded.

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 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; Austin, Dallas, and Houston, Texas; and Bellevue, Washington. For more information on Seacoast Commerce Banc Holdings, please visit [www.scbholdings.com](http://www.scbholdings.com); to learn more about Seacoast Commerce Bank, visit [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)**

	For the Quarters Ended			% Change 03/31 – 03/31
	03/31/2017	12/31/2016	03/31/2016	
<b>Balance Sheet Items</b>				
Total Gross Loans	450,463	446,323	391,274	15.1%
<i>SBA Loans Available for Sale (Memo Only)</i>	<u>301,970</u>	<u>292,950</u>	<u>270,543</u>	11.6%
Total Assets	<u>571,969</u>	<u>569,537</u>	<u>526,529</u>	8.6%
Total Deposits	<u>512,853</u>	<u>510,163</u>	<u>475,367</u>	7.9%
<i>Non-Interest DDA (Memo Only)</i>	<u>263,792</u>	<u>261,619</u>	<u>223,947</u>	17.8%
Shareholders' Equity	<u>43,179</u>	<u>41,579</u>	<u>36,327</u>	18.9%
<i>Bank Shareholders' Equity (Memo Only)</i>	<u>50,794</u>	<u>50,304</u>	<u>46,004</u>	10.4%
<b>Income Statement Items</b>				
Total Interest Income	6,722	6,278	5,949	13.0%
Total Interest Expense	<u>369</u>	<u>384</u>	<u>397</u>	(7.1%)
Net Interest Income	<u>6,353</u>	<u>5,893</u>	<u>5,552</u>	14.4%
Provision for Loan Losses	0	(1,000)	0	0%
Non-Interest Income	2,866	2,291	3,376	(15.1%)
Non-Interest Expense	<u>6,662</u>	<u>6,190</u>	<u>6,045</u>	10.2%
Pre-Tax Income	<u>2,557</u>	<u>2,994</u>	<u>2,884</u>	(11.3%)
Our Fair Share of Income Taxes (38.1%)	973	1,072	1,173	(17.1%)
<b>Net Income</b>	<b><u>1,584</u></b>	<b><u>1,922</u></b>	<b><u>1,711</u></b>	<b>(7.4%)</b>
<b>QTD Basic Earnings per Share</b>	\$0.26	\$0.32	\$0.29	(11.6%)
<b>YTD Basic Earnings per Share</b>	\$0.26	\$1.15	\$0.29	(11.6%)
<b>Book Value per Share</b>	\$7.22	\$7.06	\$6.21	16.3%
<b>QTD Return on Average Assets</b>	1.09%	1.32%	1.33%	(18.0%)
<b>YTD Return on Average Assets</b>	1.09%	1.25%	1.33%	(18.0%)
<b>QTD Return on Average Common Equity</b>	15.33%	19.24%	19.71%	(22.2%)
<b>YTD Return on Average Common Equity</b>	15.33%	18.56%	19.71%	(22.2%)
<b>Ending Shares Outstanding</b>	5,977	5,886	5,848	2.2%
<b>Stock Price</b>	\$18.80	\$17.80	\$16.25	15.7%
<b>Market Capitalization</b>	\$112,361	\$104,765	\$95,031	18.2%

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