



## Seacoast Commerce Banc Holdings Announces First Quarter 2016 Results

SAN DIEGO, CA – April 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 first quarter ended March 31, 2016. For the first quarter of 2016, the Company reported net income of \$1.7 million, or a 28.1% increase over first quarter 2015 net income of \$1.3 million. This was the Company’s 23<sup>rd</sup> consecutive quarterly profit. The following is a comparison of return metrics (in millions):

	<u>03/31/2016</u>	<u>03/31/2015</u>	<u>Change</u>	<u>% Change</u>
Quarterly Consolidated Net Income	\$1.711	\$1.335	\$0.376	28.1%
Quarterly Return on Ave. Common Equity	19.72%	19.65%	0.07%	0.4%
Quarterly Return on Ave. Assets	1.33%	1.26%	0.07%	5.6%
Quarterly Earnings Per Share (Basic)	\$0.29	\$0.23	\$0.06	26.1%

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

	<u>03/31/2016</u>	<u>03/31/2015</u>	<u>\$ Change</u>	<u>% Change</u>
SBA Loan Production	\$40.026	\$50.653	(\$10.627)	(21.0%)
SBA 7(a) Guaranteed Loan Sales	\$20.033	\$27.282	(\$7.25)	(26.6%)
Period-end SBA Guaranteed Loan Inventory	\$270.543	\$220.186	\$50.356	22.9%

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 first-quarter 2016 versus first-quarter 2015:

### Balance Sheet Metrics

- Asset growth of \$89.7 million, or 20.5%, to \$526.5 million;
- Loan growth of \$22.4 million, or 6.1%, to \$391.3 million;
- SBA loans held for sale up \$50.4 million, or 22.9%, to \$270.5 million;
- Deposit growth of \$83.2 million, or 21.2%, to \$475.4 million;
- Non-Interest Bearing deposit growth of \$101.7 million or 83.2%, to \$223.9 million;
- Non-Interest Bearing deposits represent 47.2% of total deposits, up from 31.4%;
- Shareholders’ Equity growth of \$3.6 million, or 10.9%, to \$36.3 million.

### Income Statement Metrics

- Interest Income of \$5.9 million, up \$774 thousand, or 15.0%;
- Interest Expense of \$397 thousand, down \$11 thousand, or (2.6%);
- Net-Interest Income of \$5.6 million, up \$784 thousand, or 16.4%;

- Non-Interest Income of \$3.4 million, up \$356 thousand, or 11.8%;
- Non-Interest Expenses of \$6.0 million, up \$754 thousand or 14.2%;
- Net Income of \$1.7 million, up \$376 thousand, or 28.1%.

#### Other Metrics

- SBA loans funded of \$40.0 million, down \$10.6 million, or (21.0%);
- Allowance for loan losses of \$5.5 million was 4.56% of loans held for investment;
- Allowance for loan losses stands at 355% of non-performing loans;
- Non-performing loans to total gross loans of 0.40%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 3.01%;
- 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 1,276 loans for \$993 million in small business financing;
- The Bank services a total of 970 SBA loans for \$719 million, of which \$339 million has been sold in the secondary market and is not reflected on the banks balance sheet;
- Efficiency ratio reduced (0.2%) from 67.9% to 67.7%.

The Bank has always maintained capital levels well above the regulatory highest designation, "well capitalized", and had capital ratios at March 31, 2016, as follows:

		<u>"Well Capitalized" Level</u>
Tier 1 Capital Ratio:	8.90%	5.00%
Common Equity Tier 1 Ratio:	20.77%	7.00%
Tier 1 Risk-Based Capital Ratio:	20.77%	8.50%
Total Risk-Based Capital Ratio:	22.03%	10.50%

As reported by the [U.S. Small Business Administration](#) ("SBA") for their 6-months ending March 31, 2016, Seacoast Commerce Bank was the 14<sup>th</sup> largest SBA lender in the nation, out of 1,708 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 \$105.5 million approved. In addition to being ranked the 14<sup>th</sup> largest SBA lender in the nation, Seacoast was the 6<sup>th</sup> largest SBA lender in California; the largest SBA lender the in Las Vegas, Nevada, District; the 3<sup>rd</sup> largest SBA lender in the Sacramento, California, District; the 4<sup>th</sup> largest SBA lender in the San Diego, California, District; the 5<sup>th</sup> largest SBA lender in the Santa Ana, California, District; the 7<sup>th</sup> largest SBA lender in the Houston, Texas, District; and the 9<sup>th</sup> largest SBA lender in the Los Angeles, California, District Office.

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 pleased to report continued success with our strategy of focusing on lending to small business owners, and more importantly, focusing on consistent performance. While our first quarter loan production was down from last year, our pipeline of approved deals is strong and we feel confident we will achieve our year-end production goals. From a financial perspective, our performance continues to consistently exceed our peers. Our strong return on equity provides capital to support our growth, and allows us to help more small businesses get the financing they need to hire more employees, grow their businesses, and expand our economy. We are also 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. Let’s face it; loans go bad, and when they do, it is always better to have hard collateral to take, versus being unsecured where you will lose money. 99% of our loans are fully secured with real estate collateral, and, 68% of our portfolio also has a guarantee from the U.S. Government. Very few, if any other banks can match that risk profile.” Sanborn continued, “As our Chairman stated, our focus for 2016 is on positioning the Company in a way to pay shareholders dividends. That requires us to manage our growth in a way where we can create excess capital, which can then be given back to shareholders. 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; 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](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).

---

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
	03/31/2016	12/31/2015	03/31/2015	
<b>Balance Sheet Items</b>				
Total Gross Loans	391,274	396,404	368,845	6.0%
<i>SBA Loans Available for Sale (Memo Only)</i>	<u>270,543</u>	<u>268,185</u>	<u>220,186</u>	22.9%
Total Assets	<u>526,529</u>	<u>514,907</u>	<u>436,876</u>	20.5%
Total Deposits	<u>475,367</u>	<u>463,309</u>	<u>392,176</u>	21.2%
<i>Non-Interest DDA (Memo Only)</i>	<u>223,947</u>	<u>204,385</u>	<u>122,270</u>	83.2%
Shareholders' Equity	<u>36,327</u>	<u>38,394</u>	<u>32,768</u>	10.9%
<i>Bank Shareholders' Equity (Memo Only)</i>	<u>46,004</u>	<u>44,014</u>	<u>38,592</u>	19.2%
<b>Income Statement Items</b>				
Total Interest Income	5,949	6,061	5,176	15.0%
Total Interest Expense	<u>397</u>	<u>449</u>	<u>408</u>	(2.6%)
Net Interest Income	<u>5,552</u>	<u>5,612</u>	<u>4,768</u>	16.4%
Provision for Loan Losses	0	0	250	(100%)
Non-Interest Income	3,376	3,612	3,021	11.8%
Non-Interest Expense	<u>6,045</u>	<u>6,502</u>	<u>5,291</u>	14.2%
Pre-Tax Income	<u>2,884</u>	<u>2,722</u>	<u>2,248</u>	28.2%
Our Fair Share of Income Taxes (40.7%)	1,173	1,099	913	28.6%
<b>Net Income</b>	<b><u>1,711</u></b>	<b><u>1,623</u></b>	<b><u>1,335</u></b>	<b>28.1%</b>
<b>QTD Basic Earnings per Share</b>	\$0.29	\$0.28	\$0.23	24.6%
<b>YTD Basic Earnings per Share</b>	\$0.29	\$1.00	\$0.23	24.6%
<b>Book Value per Share</b>	\$6.21	\$5.96	\$5.05	23.0%
<b>QTD Return on Average Assets</b>	1.33%	1.20%	1.26%	5.3%
<b>YTD Return on Average Assets</b>	1.33%	1.20%	1.26%	5.3%
<b>QTD Return on Average Common Equity</b>	19.72%	19.86%	19.65%	0.3%
<b>YTD Return on Average Common Equity</b>	19.72%	19.17%	19.65%	0.3%
<b>Ending Shares Outstanding</b>	5,848,061	5,766,571	5,697,634	2.6%
<b>Stock Price</b>	\$16.25	\$17.19	\$11.50	41.3%
<b>Market Capitalization</b>	\$95,030,991	\$99,127,355	\$65,522,791	45.0%

Contact:

Richard M. Sanborn  
President & Chief Executive Officer  
Phone: 858-432-7001  
Email: [rsanborn@scbholdings.com](mailto:rsanborn@scbholdings.com)