



Seacoast Commerce Banc Holdings Announces Fourth Quarter and Full Year 2019 Results

Full Year 2019 Highlights

- Net income for the full year of \$14.6 million, up \$1.7 million, or 13.1%
- Earnings per share of \$1.51, up \$0.14, or 10.2%
- Return on Average Tangible Common Equity of 16.41%
- Return on Average Assets of 1.34%
- Asset growth of \$91.2 million, or 8.8%, to \$1.1 billion
- Gross loan growth of \$67.4 million, or 7.7%, to \$945.5 million
- Deposit growth of \$149.6 million, or 18.5%, to \$958.4 million
- Non-interest bearing deposit growth of \$124.7 million, or 35.6%, to \$475.7 million
- Non-interest bearing deposits represent 49.6% of total deposits
- Specialty deposit growth of \$169.6 million, or 28.6%, to \$762.8 million
- SBA loan production growth of \$47.6 million, or 18.6%, to \$303.7 million
- Retained SBA guaranteed loan growth of \$48.4 million, or 12.0%, to \$450.1 million
- Opened our 5th full-service branch, in Las Vegas, Nevada
- Hired one new deposit business development officer
- Hired five new SBA business development officers
- Became the 10th largest SBA lender 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 – January 15, 2020 – [Seacoast Commerce Banc Holdings](#) (OTC Pink: SCBH) (“Company”), the holding company of [Seacoast Commerce Bank](#) (“Bank”), reported consolidated unaudited net income for 2019 of \$14.6 million, or \$1.51 per share, compared with net income of \$12.9 million, or \$1.37 per share, for 2018, a 13.1% increase. For the fourth quarter of 2019, the Company reported net income of \$3.8 million, compared to net income of \$3.1 million for the fourth quarter of 2018, a 23.6% increase. The Company’s 2019 full year return on average tangible common equity (ROATCE) and return on average assets (ROAA) were 16.41% and 1.34%, respectively, versus 16.99% and 1.33%, respectively, for 2018.

Richard M. Sanborn, President & Chief Executive Officer, commented, “As with previous years, 2019 was a continuation of our past consistent performance with excellent results across all our business lines. Our specialty deposit group had an exceptional year, growing our core deposits by \$170 million, or 28.6%, to \$763 million in specialty deposit balances. Our SBA group increased loan production by 18.6%, booking \$303 million in new SBA loans, while our commercial banking team added an additional \$84 million in loan fundings, resulting in a combined \$388 million in loans provided to small businesses. Our strategy of originating and holding variable-rate SBA loans, and funding those loans with low-cost core deposits, 50% of which are non-interest bearing, continues to result in superior operating metrics for the Company. We feel confident that in the current rate and economic cycle that we are positioned well to outperform our peers and deliver superior returns for our shareholders.”

Allan W. Arendsee, Chairman of the Board, stated, “While 2019 had its external challenges with economic uncertainty, rate cuts, and global unrest, the Seacoast team performed exceptionally well, as always. Our financial performance continues to be not only consistent, but also well above peers. We have always strived to do the right thing better than anyone else, and always in a safe and sound manner. The Board of Directors fully believes that the strategies we have been implementing are the right strategies to drive the company’s growth and profitability in a way that provides an exemplary return to our shareholders.”

Quarterly Financial highlights (in millions):

	<u>12/31/2019</u>	<u>09/30/2019</u>	<u>12/31/2018</u>	<u>12/31 Change</u>	<u>% Change</u>
Consolidated Net Income	\$3.807	\$3.684	\$3.079	\$0.73	23.6%
ROATCE	16.22%	16.17%	15.13%	1.09%	7.2%
ROAA	1.35%	1.33%	1.22%	0.13%	12.6%
Earnings Per Share (Basic)	\$0.39	\$0.38	\$0.32	\$0.07	21.9%
Dividend Paid Per Share	\$0.12	\$0.11	\$0.09	\$0.03	33.3%
Net Interest Margin YTD	6.10%	6.18%	5.97%	0.13%	2.2%
Efficiency Ratio	68.1%	67.7%	68.6%	(0.50%)	(0.7%)

Divisional quarter-to-date results (in millions):

	<u>12/31/2019</u>	<u>09/30/2019</u>	<u>12/31/2018</u>	<u>Change</u>	<u>% Change</u>
SBA Loan Production	\$95.716	\$70.657	\$73.719	\$21.007	29.8%
SBA 7(a) guaranteed Loan Sales	\$17.339	\$8.320	\$12.225	\$5.114	41.8%
Percent of Guaranteed Loan Sales	24.2%	15.7%	22.1%	2.1%	9.5%
SBA Guaranteed Loan Inventory	\$450.090	\$435.250	\$401.732	\$48.358	12.0%
Commercial Loan Production	\$29.911	\$13.955	\$29.107	\$0.804	2.76%
1031 Exchange Deposits	\$186.601	\$119.919	\$174.807	\$11.794	6.7%
Property Management Deposits	\$253.161	\$230.705	\$167.434	\$85.727	51.2%
Association Management Deposits	\$238.993	\$214.354	\$172.386	\$66.607	38.6%

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

Balance Sheet Metrics

- Asset growth of 8.8%, or \$91.2 million, to \$1.1 billion;
- Loan growth of 7.7%, or \$67.4 million, to \$945.5 million;
- SBA loans held for sale up 12.0%, or \$48.4 million, to \$450.1 million;
- Deposit growth of 18.5%, or \$149.6 million, to \$958.4 million;
- Non-Interest bearing deposits represent 49.6% of total deposits;
- Shareholders’ Equity growth of 10.1%, or \$12.2 million, to \$132.3 million.

Income Statement Metrics

- Interest Income up 2.0%, or \$313 thousand, to \$16.3 million;
- Interest Expense down 31.8%, or \$513 thousand, to \$1.1 million;
- Net-Interest Income up 5.8%, or \$826 thousand, to \$15.2 million;
- Non-Interest Income up 62.3%, or \$758 thousand, to \$2.0 million;
- Non-Interest Expenses up 7.1%, or \$795 thousand, to \$12.0 million;
- Net Income up 23.6%, or \$728 thousand, to \$3.8 million.

Other Metrics

- SBA loans funded QTD up 29.8%, or \$22.0 million, to \$95.7 million;
- SBA loans funded YTD up 18.6%, or \$47.6 million, to \$303.7 million;
- Allowance for loan losses of \$6.1 million was 1.57% of loans held for investment (net);
- Non-performing loans to total gross loans of 0.91%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 2.16%;
- Since inception of the Bank's SBA program ten years ago, the bank has funded 2,206 loans for \$2.0 billion in small business financing;
- The Bank services a total of 1,304 SBA loans for \$1.0 billion, of which \$313 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 December 31, 2019, as follows:

<u>Capital Ratios as of Dec. 31, 2019</u>	<u>Company</u>	<u>Bank</u>	<u>"Well Capitalized" Level</u>
Tier 1 Leverage Ratio:	8.85%	8.86%	5.00%
Common Equity Tier 1 Ratio:	13.99%	14.01%	7.00%
Tier 1 Risk-Based Capital Ratio:	13.99%	14.01%	8.50%
Total Risk-Based Capital Ratio:	14.89%	14.91%	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 10th 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.

[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 five full-service banking branches in California and Nevada, with loan and deposit production offices throughout Arizona, California, Colorado, Georgia, Illinois, Indiana, Massachusetts, Nevada, New Jersey, North Carolina, Ohio, Oregon, Texas, Utah, and Washington. For more information on Seacoast Commerce Banc Holdings or Seacoast Commerce Bank, please visit www.scbholdings.com or www.sccombank.com, or contact Richard M. Sanborn, President and Chief Executive Officer at (725) 465-1919, 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
	12/31/2019	09/30/2019	12/31/2018	12/31 - 12/31
Balance Sheet Items				
Total Gross Loans	945,533	921,047	878,142	7.7%
<i>SBA Loans Available for Sale (Memo Only)</i>	<i>450,090</i>	<i>435,250</i>	<i>401,732</i>	<i>12.0%</i>
Total Assets	1,131,355	1,082,173	1,040,131	8.8%
Total Deposits	958,367	851,984	808,760	18.5%
<i>Non-Interest DDA (Memo Only)</i>	<i>475,366</i>	<i>443,897</i>	<i>350,694</i>	<i>35.6%</i>
Bank Borrowings	25,000	86,000	100,000	(75%)
Shareholders' Equity	132,250	129,353	120,066	10.1%
<i>Bank Shareholders' Equity (Memo Only)</i>	<i>132,373</i>	<i>129,399</i>	<i>119,659</i>	<i>10.6%</i>
Income Statement Items				
Total Interest Income	16,287	17,010	15,974	2.0%
Total Interest Expense	1,100	1,224	1,613	(31.8%)
Net Interest Income	15,187	15,786	14,361	5.8%
Provision for Loan Losses	167	360	350	(52.3%)
Non-Interest Income (excluding gains)	537	884	250	115.3%
Gain on Sale Income	1,438	710	967	48.7%
Non-Interest Expense	11,978	11,982	11,183	7.1%
Pre-Tax Income	5,018	5,038	4,045	24.1%
Our Fair Share of Income Taxes (24.1%)	1,211	1,354	966	25.4%
Net Income	3,807	3,684	3,079	23.6%
QTD Basic Earnings per Share	\$0.39	\$0.38	\$0.32	21.9%
YTD Basic Earnings per Share	\$1.51	\$1.12	\$1.37	10.2%
Book Value per Share	\$13.83	\$13.54	\$12.84	7.7%
Tangible Book Value per Share	\$9.95	\$9.65	\$8.84	12.6%
QTD ROAA	1.35%	1.33%	1.22%	10.7%
YTD ROAA	1.34%	1.34%	1.33%	0.8%
QTD ROATCE	16.22%	16.17%	15.13%	7.2%
YTD ROATCE	16.41%	16.48%	16.99%	(3.4%)
Ending Shares Outstanding	9,564	9,557	9,353	2.3%
Stock Price	\$18.20	\$18.15	\$20.50	(11.2%)
Market Capitalization	\$174,065	\$173,461	\$191,743	(9.2%)
Qtr. Cash Dividends Paid to Shareholders	\$0.12	\$0.11	\$0.09	33.3%
YTD Cash Dividends Paid to Shareholders	\$0.44	\$0.32	\$0.34	29.4%

Seacoast Commerce Banc Holdings
Selected Financial Data
Consolidated and Unaudited (000)

	For the Years Ended		\$ Change	% Change
	12/31/2019	12/31/2018		
Balance Sheet Items				
Total Gross Loans	945,533	878,142	67,391	7.7%
<i>SBA Loans Available for Sale (Memo Only)</i>	<i>450,090</i>	<i>401,732</i>	<i>48,358</i>	<i>12.0%</i>
Total Assets	1,131,355	1,040,131	91,224	8.8%
Total Deposits	958,367	808,760	149,607	18.5%
<i>Non-Interest DDA (Memo Only)</i>	<i>475,366</i>	<i>350,694</i>	<i>124,672</i>	<i>23.6%</i>
Bank Borrowings	25,000	100,000	(75,000)	(75%)
Shareholders' Equity	132,250	120,066	12,184	10.1%
<i>Bank Shareholders' Equity (Memo Only)</i>	<i>132,373</i>	<i>119,659</i>	<i>12,714</i>	<i>10.6%</i>
Income Statement Items				
Total Interest Income	66,084	57,147	8,937	15.6%
Total Interest Expense	5,020	5,307	(287)	(5.4%)
Net Interest Income	61,065	51,839	9,226	17.8%
Provision for Loan Losses	1,461	550	911	165.6%
Non-Interest Income (excluding gains)	2,783	1,950	833	42.7%
Gain on Sale Income	4,719	5,995	(1,276)	(21.3%)
Non-Interest Expense	46,993	41,754	5,239	12.5%
Pre-Tax Income	20,112	17,479	2,633	15.1%
Our Fair Share of Income Taxes (27.5%)	5,524	4,579	945	20.6%
Net Income	14,588	12,900	1,688	13.1%
YTD Basic Earnings per Share	\$1.51	\$1.37	\$0.14	10.2%
Book Value per Share	\$13.83	\$12.84	\$0.99	7.7%
Tangible Book Value per Share	\$9.95	\$8.84	\$1.11	12.6%
YTD ROAA	1.34%	1.33%	0.01%	0.8%
YTD ROATCE	16.41%	16.99%	(0.58%)	(3.4%)
Ending Shares Outstanding	9,564	9,353	313	2.3%
Stock Price	\$18.20	\$20.50	(\$2.30)	(11.2%)
Market Capitalization	\$174,065	\$191,743	(\$15,819)	(9.2%)
YTD Cash Dividends Paid to Shareholders	\$0.44	\$0.34	\$0.10	29.4%

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