Seacoast Commerce Bank Announces Second Quarter Results, Asset Growth, Liquidity and Credit Improvement

CHULA VISTA, Calif. – July 22, 2010 – Seacoast Commerce Bank (OTCBB: SCCB) today announced its unaudited results of operations for the second quarter-ending June 30, 2010. The Bank reported a pre-provision ("PPE") operating profit of $833 thousand for the 2nd quarter versus a PPE operating profit of $205 thousand in the 1st quarter, and a PPE loss of $122 thousand for the 2nd quarter of 2009; a continuing improvement. The Bank's PPE operating profit for the first six-months of 2010 was $1.035 million versus a $260 thousand loss for 2009. The Bank's net loss in the second quarter of 2010 was $1.677 million after setting aside $2.510 million for loan losses, compared to a net loss of $252 thousand for the same period last year.

Selected highlights for the second quarter of 2010 versus the second quarter of 2009:

- Asset growth of $43.8 million, or 49.0%, to a record $133.3 million;
- Liquidity growth, defined as cash, due from banks and investment securities, of $16.4 million, or 75.4%, to a record $38.2 million;
- Loan growth of $25.9 million, or 38.0%, to a record $94.2 million;
- SBA loan portfolio growth of $28.5 million, or 509%, to a record $34.1 million;
- Non-performing loans down $1.2 million, or 37.3%, to $2.0 million;
- Delinquent loans down $1.4 million, or 48.3%, to $1.5 million;
- Deposit growth of $31.8 million, or 47.3%, to $99.1 million;
- Core deposit growth, defined as demand deposits, savings, money market accounts and certificates of deposit under $100 thousand of $15.2 million;
- Core deposits, as defined above, make up 67.1% of the Bank's total deposit base;
- Brokered funding reduced 47.9% from $7.3 million to $3.8 million.

Selected other financial highlights as of June 30, 2010:

- Allowance for Loan and Lease Losses ("ALLL") stands at $2.5 million, or 4.0% of non-FASB 159 loans;
- ALLL to non-performing loans of 125%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 24.3%;
- All speculative construction loans completely eliminated;
- SBA loans funded of $40.2 million for six-months ended June 30, 2010;
- SBA loans approved of $77.1 million for nine-months ended June 30, 2010 (three quarters of SBA fiscal year);
- Ranked #23 in the Nation, #4 in California, and #1 in San Diego for SBA originations;
- Completed a $5 million capital raise through a Private Placement of Common Stock.

As previously announced, the Bank initiated a Private Placement to raise additional capital on February 22, 2010, with the proceeds targeted to support the Bank's growth. The Private Placement was completed on June 30, 2010, with the Bank raising $5 million in new capital. The Bank has always been "well capitalized", with June 30, 2010 capital ratios as follows:

		FDIC "Well Capitalized" Level
• Tier 1 Capital Ratio:	9.67%	5.00%
• Tier 1 Risk-Based Capital Ratio:	15.02%	6.00%
• Total Risk-Based Capital Ratio:	16.30%	10.00%

As previously reported, the Bank made a substantial commitment to small business lending through its new SBA Division in an effort to assist small business owners in purchasing real estate while other banks have decreased or stopped lending in that area. The Bank's SBA Division has produced $40.2 million in new loans to small businesses through the second quarter of 2010, with U.S. Small Business Administration guaranteeing up to 90% of the loan balances. As reported by the U.S. Small Business Administration, Seacoast Commerce Bank was ranked the #1 lender in the San Diego District, the 4th largest lender in the State, and the 23rd largest SBA lender in the Nation, on an SBA year-to-date basis, when ranked by total dollars approved; a testament to our commitment to helping small businesses.

Richard M. Sanborn, President & Chief Executive Officer, commented, "Although the bank experienced a significant loss in the 2nd quarter, due to the charge-off of several significant problem loans and the replenishment of the allowance for loan and lease losses, the loss was significantly mitigated by the exceptional results of our SBA department." Sanborn continued, "In spite of the fact that we expect the road ahead to continue to be somewhat difficult, given an anticipated weak economic recovery, increased bureaucracy and regulatory oversight created by the new regulatory reform Bill, we do see the light at the end of the tunnel and we look forward to reporting our third quarter results."

Allan W. Arendsee, Chairman of the Board stated, "The Board is extremely proud of our whole team as they continue to execute on our core initiatives; improve credit quality and grow revenue." Arendsee continued, "We're excited about the second half of 2010 and beyond as we've spent an enormous amount of time, effort, and money, preparing the foundation of our bank to add significant value to our shareholder's investment in us."

Seacoast Commerce Bank is a business bank operating in San Diego, California, with loan production offices in Orange County, Los Angeles, and Sacramento, CA, Seattle, Washington, Dallas, Texas, and Phoenix Arizona. For more information on the bank please visit our website at www.sccombank.com or contact Richard M. Sanborn, President and Chief Executive Officer at 619-409-5762.

Seacoast Commerce Bank

Selected Financial Data – Unaudited (000)

	For the six-months Ended		%
	06/30/2010	**06/30/2009**	Change
Balance Sheet Items			
Liquidity	38,185	21,766	75.4%
Gross Loans	94,247	68,296	38.0%
Total Deposits	99,075	67,251	47.3%
Total Assets	133,299	89,451	49.0%
Shareholders' Equity	11,599	12,578	(7.8%)
Income Statement Items			
Total Interest Income	2,559	2,191	16.8%
Total Interest Expense	803	766	4.8%
Net Interest Income	1,756	1,425	23.2%
Non-Interest Income	3,305	394	739%
Non-Interest Expense	4,026	2,079	93.7%
PPE Operational Income	**1,035**	**(260)**	**498%**
Provision for Loan Losses	2,660	425	526%
Net Income (Loss)	**(1,625)**	**(685)**	**137%**

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.