Seacoast Commerce Bank Announces Third Quarter Profit with Continued Credit Improvement

CHULA VISTA, Calif. – October 22, 2010 – Seacoast Commerce Bank (OTCBB: SCCB) today announced its unaudited results of operations for the third quarter-ended September 30, 2010. The Bank reported a net profit of $658 thousand for the third quarter compared to a net loss of $1.620 million in the third quarter of 2009; a significant improvement. Year-to-date, the Bank's net loss was $966 thousand, compared to a 2009 year-to-date net loss of $2.305 million. On an "operating profit" basis (excluding provisions for loan losses and taxes), the Bank's year-to-date operating profit was $1.734 million, versus a 2009 year-to-date operating loss of $1.170 million.

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

- Asset growth of $17 million, or 15%, to $128 million;
- Loan growth of $25 million, or 36%, to $93 million;
- Non-maturity deposit growth of $7 million, or 19%, to $54 million;
- Certificates of Deposit reduced by $11 million, or 20%, to $42 million;
- Brokered funding reduced by $5 million, or 58%, to $2 million;
- Delinquent loans reduced by $586 thousand, or 44%, to $755 thousand;
- Non-performing loans reduced by $868 thousand, or 33%, to $1.729 million.

Selected other financial highlights as of September 30, 2010:

- Liquidity, defined as cash, due from banks and investment securities, was $34 million;
- Allowance for Loan and Lease Loss ("ALLL") balance was $2.356 million, or 3.8% of non-FASB 159 loans;
- "Core" deposits account for 74% of total deposits;
- ALLL to non-performing loans was at 136%;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) was 21%;
- The Bank had no speculative construction loans;
- SBA loans funded of $22.2 million in the third quarter was slightly less than the $28.7 million funded in the second quarter; however, over $7.5 million in SBA loans approved in the third quarter had delayed fundings (until October) after the H.R. 5297 Bill was signed into law, allowing those borrowers to have their SBA fees waived;
- SBA loan production for the SBA's fiscal year-ended September 30, 2010, ranked Seacoast Commerce Bank as the 23rd largest SBA 7(a) lender in the Nation, 5th in California, and 2nd in San Diego, based on the approved gross amount of SBA 7(a)loans originated of $91.8 million.

As previously announced, the Bank completed a $5 million Private Placement in June of 2010, with proceeds used to support the Bank's growth. The Bank has always been "well capitalized", with September 30, 2010 capital ratios of:

		FDIC "Well Capitalized" Level
• Tier 1 Capital Ratio:	9.19%	5.00%
• Tier 1 Risk-Based Capital Ratio:	15.55%	6.00%
• Total Risk-Based Capital Ratio:	16.83%	10.00%

Richard M. Sanborn, President & Chief Executive Officer, commented, "Our SBA Division is operating superbly and generating substantial revenue, which helped us record the largest quarterly profit in the Bank's history, and our pipeline of loans continues to be strong." Sanborn continued, "With improved credit metrics, very good liquidity and a strong capital base, we feel confident in our ability to weather the slow economic recovery moving forward."

Allan W. Arendsee, Chairman of the Board stated, "I, and the rest of the Board are very proud of the efforts made by our team. We look forward to continuing to round the corner and creating value for our customers, employees and shareholders.

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 Quarters Ended	**9/30/2010**	**9/30/2009**	% Change
Balance Sheet Items			
Liquidity	34,288,000	42,437,000	-19.2%
Gross Loans	92,792,000	68,109,000	36.2%
Total Deposits	95,800,000	99,746,000	-4.0%
Total Assets	128,296,000	111,410,000	15.2%
Shareholders' Equity	12,155,000	11,052,000	10.0%
Income Statement Items			
Total Interest Income	1,340,000	1,334,000	0.40%
Total Interest Expense	362,000	521,000	-30.5%
Net Interest Income	978,000	813,000	20.3%
Provision for Loan Losses	40,000	710,000	-94.4%
Non-Interest Income	2,056,000	144,000	1,327.8%
Non-Interest Expense	2,336,000	1,867,000	25.1%
Net Income (Loss)	658,000	-1,620,000	

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.