Seacoast Commerce Bank Announces Third Quarter Profit, Growth and Credit Improvement, National SBA Recognition

CHULA VISTA, CA – October 19, 2011 – Seacoast Commerce Bank (OTC: SCCB) today announced its unaudited results of operations for the third quarter ending September 30, 2011. The Bank reported net income of $585 thousand for the third quarter, compared to net income of $545 thousand for the second quarter of 2011, and net income of $658 thousand for the comparative third quarter of 2010. On a year-to-date basis, net income was $1.6 million versus a net loss of $966 thousand in 2010. This marks the bank's fifth consecutive quarterly profit.

Selected highlights for the third quarter of 2011 versus the third quarter of 2010:

- Asset growth[(1)] of $31.9 million, or 28.5%, to $143.6 million;
- Loan growth[(1)] of $17.7 million, or 23.2%, to $93.9 million;
- Deposit growth of $28.7 million, or 30.0%, to $124.5 million;
- Shareholders' Equity growth of $5.1 million, or 42.3%, to $17.3 million;
- FDIC Core deposit growth of $34.4 million, or 48.6%;
- Core deposits as a percent of total deposits up 14.3%, to 84.4% of total deposits;
- The Bank held no brokered deposits nor any wholesale (non-core) borrowings;
- Interest Income growth of $285 thousand, or 21.1%, to $1.6 million;
- Interest Expense reduction of $73 thousand, or 20.0%, to $289 thousand;
- Non-Interest Income growth of $118 thousand, or 5.7%, to $2.2 million;
- Allowance for Loan Losses ("ALLL") provision for the quarter was $300 thousand, resulting in a year-over-year reserve build of $895 thousand, to $3.3 million;
- Net charge-offs were down $124 thousand, or 72.1%, to $48 thousand;
- ALLL account balance to gross loans stood at 3.5%;
- Delinquent loans reduced by $356 thousand, or 47.2% to $399 thousand, or 0.42% of total loans;
- Other Real Estate owned ("ORE") reduced by $340 thousand, or 25.9%, to $970 thousand, representing one property that is well secured;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 22.0%;

The Bank has always maintained capital levels well above the FDIC's highest designation, "well capitalized", and had capital ratios at September 30, 2011 as follows:

		FDIC "Well Capitalized" Level
• Tier 1 Capital Ratio:	12.53%	5.00%
• Tier 1 Risk-Based Capital Ratio:	20.49%	6.00%
• Total Risk-Based Capital Ratio:	21.77%	10.00%

As reported by the U.S. Small Business Administration ("SBA") for their fiscal year ended September 30, 2011, Seacoast Commerce Bank's SBA Division was the #1 local SBA lender in the San Diego District, the 5th largest SBA lender in California, and the 18th largest SBA lender in the Nation, up from the 23rd largest lender last year. SBA rankings are based on total dollars approved, with Seacoast having $156 million approved in 2011, up from $92 million in 2010. Seacoast funded $79.7 million in new SBA loans in the first nine months of calendar year 2011 compared to $62.4 million funded in the first nine months of 2010, a 27.7% increase, and remains focused on reaching the goal of providing $120 million in credit to small businesses in 2011. Of the $79.7 million funded year-to-date, third quarter fundings were $19.6 million.

As also reported, MultiFunding released its first annual list of the 'most committed' SBA lenders in the nation, and Seacoast Commerce Bank was ranked the 3rd most committed, nationally, at helping small-business owners get SBA loans. MultiFunding's list was based on SBA loans made as a percentage of a bank's total deposits. Ami Kassar, founder and CEO of MultiFunding stated, "MultiFunding has released its first annual ranking of the most committed SBA lenders in order to honor and recognize the banks across the country who are aggressively helping small business owners through the SBA program. These banks deserve all of our recognition and support for assisting the economy." MultiFunding's list can be found at www.multifunding.com.

Richard M. Sanborn, President & Chief Executive Officer, commented, "It's a great honor to be recognized as one of the most committed SBA lenders in the nation. We're also committed to providing stable, consistent results to our shareholders', and we're pleased to report our fifth consecutive profitable quarter. Our third quarter net profit resulted in a 16.7% annualized return on shareholders' average equity even after a $300 thousand loan loss reserve build. This is an improvement on our second quarter return of 13.8%. In addition, with our strong capital and liquidity position, we're now starting to hold some of our SBA loan production. As of September 30th, we had over $14 million in saleable SBA loans on our books. While the current gain-on-sale income from these loans would be substantial, we believe holding these assets long term provides us with excellent recurring interest income. It has always been our intent to hold our SBA production, provided we have sufficient capital and liquidity, as we firmly believe it builds stronger long-term shareholder value." Sanborn concluded.

Allan W. Arendsee, Chairman of the Board, stated, "Our goal has always been to provide a consistently superior return to our shareholders, while operating in a safe and sound manner, and I'm pleased we are delivering on that goal, having done so for the last five consecutive quarters. I'm confident our long-term focus is in line with shareholders' expectations and our continued improvement is due to the execution of the plan and strategies committed to by our team," Arendsee concluded.

Seacoast Commerce Bank is a business bank operating in San Diego, California, with loan production offices in San Diego County, Orange County, Los Angeles, and Sacramento, California; Bellevue, Washington; Phoenix, Arizona and Dallas, Texas. 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.

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 Bank

Selected Financial Data – Unaudited (000)

	For the Quarter Ended		%
	09/30/2011	**09/30/2010**	Change
Balance Sheet Items			
Liquidity	43,465	34,288	26.8%
Gross Loans [(1)]	93,898	76,228	23.2%
Total Deposits	124,515	95,800	30.0%
Total Assets [(1)]	143,605	111,733	28.5%
Shareholders' Equity	17,293	12,155	42.3%
Income Statement Items			
Total Interest Income	1,625	1,340	21.2%
Total Interest Expense	289	362	(20.0%)
Net Interest Income	1,335	978	36.5%
Provision for Loan Losses	300	40	650.0%
Non-Interest Income	2,174	2,056	5.7%
Non-Interest Expense	2,611	2,336	11.8%
Net Income (Loss)	585	658	(11.1%)
Basic Earnings per Share	0.13	0.15	
Book Value per Share	3.03	2.35	
Return on Average Assets*	1.7%	2.0%	
Return on Average Equity*	16.7%	25.7%	

*Annualized

[(1)] Net of the effects of FAS 166 for 2010, which were eliminated in Q2, 2011.