Seacoast Commerce Bank Announces Year-End Results

CHULA VISTA, Calif. – January 29, 2010 – Seacoast Commerce Bank (OTCBB: SCCB) today announced its unaudited results of operations for the year-ending December 31, 2009. The Bank reported growth in assets for the year of $22.9 million, or 28.2%, topping $104 million at year-end. Loans also reached a record high of $76.0 million, up $15.2 million, or 24.9%, with deposits up $36.5 million to $94.8 million, or 62.5% over December 31, 2008 numbers.

The Bank made several economic decisions during 2009 which had negative consequences on its short-term results, but management believes they will have significant positive impact on its future operations and will help return the bank to profitability. During 2009 the bank initiated the following actions:

	2009 Financial Impact
• Terminated the vacant Eastlake facility lease	$198,493
• Prepaid Federal Home Loan Bank borrowings	$180,313
• Settled three legal actions	$277,500
• Absorbed start-up costs on the new Religious Lending Division ("RLD")	$205,385
• Absorbed start-up costs on the new SBA Lending Division ("SBA")	$358,917
• Reserved for potential loan losses (exclusive of reserves for SBA and RLD)	$3,068,936

Excluding taxes, provisions for loan losses and the above listed extraordinary items, the Bank had a net operating loss of $622 thousand in 2009 compared to an originally budgeted net loss of $608 thousand. Including the above listed items the Bank had a net loss of $4.9 million for the year ended December 31, 2009 compared to a net loss of $1.6 million for 2008.

As to the extraordinary items, terminating the lease on the Eastlake facility saved the Bank $44 thousand in additional lease payments in 2009, and $599 thousand over the remaining life of the lease. Prepaying Federal Home Loan Bank borrowings early saved the Bank $109 thousand in additional interest expense in 2009 and $151 thousand in additional interest expense in 2010. Although the Bank felt it had strong defenses on the three lawsuits settled, economically it made sense to settle the cases, reducing further legal expense to defend our position and freeing up management and staff for more productive endeavors.

As to the new Religious Lending Division, as previously announced, the Bank had the opportunity to hire two very experienced commercial lenders in July of 2009 who specialized in lending to religious organizations. As with any start-up operation there were expenses the Bank had to absorb to get the new division up and running. As of the end of December, 2009, the Religious Lending Division was operating profitably and contributing to the Bank's income.

As to the new SBA Division, the Bank announced the addition of David H. Bartram to lead the Bank's Small Business Administration ("SBA") Division in July of 2009. Mr. Bartram, a 25-year veteran of banking and SBA lending, began his career at Bank of Commerce in 1984 where he rose to Chief Operating Officer. Under Bartram's leadership, the SBA program at Bank of Commerce grew to become the largest SBA lender in the Nation in the 1990's. Bank of Commerce sold to US Bank in 1999 for five times book value. Bartram continued on with US Bank, as President of the SBA Division, and successfully grew the SBA Division from 1999 through 2007, establishing operations in 25 states, and helping over 7,000 clients obtain $2 Billion in SBA loans. Bartram also served for three years as chairman for the National Association of Government Guaranteed Lenders, a trade association representing lenders that participate in the SBA Program.

During the third quarter of 2009 and into the fourth quarter, Mr. Bartram successfully staffed the Bank's SBA Division with several top SBA Business Development Officers located in San Diego, Los Angeles and Sacramento, California, Belleview, Washington and Phoenix, Arizona. In addition, Mr. Bartram has assembled a strong back-office support team who handle the underwriting, processing, funding and portfolio management aspects of the Division. With the team fully functional in the fourth quarter of 2009, the SBA Division funded over $16 million in new SBA loans. Of those loans funded, the Bank sold approximately $9 million of the guaranteed portions into the secondary market and recorded a net gain on sale of $780 thousand. Going forward, the Bank expects significant production per quarter in new SBA loans.

The SBA was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, and to maintain and strengthen the overall economy of our nation. Loans originated under the SBA program are eligible for government guarantees up to 90% of the principal balance of the loan.

The Bank continues to be well-capitalized as of December 31, 2009, with a Total Risked-Based Capital ratio of 12.1%, above the FDIC's "Well-Capitalized" threshold of 10%. The Bank's liquidity ratio was also excellent at 27%.

The Bank also reported that it sees some stabilization in credit quality. Loans on non-accrual status, considered "non-performing", stood at $3.1 million, net of Government guarantees, or 4.0% of total loans, as of December 31, 2009, compared to $3.0 million, or 4.9% of total loans at December 30, 2008, and down from a high of $6.4 million, or 9.8% of total loans in June of 2008. Classified loans stood at $4.9 million, net of Government guarantees, or 6.4% of total loans at December 31, 2009 compared to $4.5 million, or 7.4% of total loans at December 31, 2008, and down from a high of $7.4 million, or 11.4% of total loans in June of 2008. The current Allowance for Loan and Lease Losses ("ALLL") stood at $2.5 million or 3.25% of gross loans outstanding at year-end as compared to $1.3 million, or 2.1% of loans as of December 31, 2008.

Richard M. Sanborn, President & Chief Executive Officer commented, "There is no doubt we are disappointed with the slower than expected improvement in our results. However, we have a capable group which is working diligently to address the issues and

produce meaningful results in the future. Our credit problems appear to be stabilizing and our growth and income engine is running well. As evidenced by our fourth quarter production results, the Bank is executing its strategy of providing $80 + million in new owner-occupied SBA real estate loans to small businesses in this next year. The SBA loans we produce currently have a guarantee of principle of up to 90% from the U.S. Government in addition to the real estate we hold as collateral. Those loans can be sold, if needed, for significant additional non-interest income," Sanborn concluded.

Allan W. Arendsee, Chairman of the Board stated, "As Rick mentioned above, we are disappointed in our past results, but we believe we have made the very hard choices to allow us to thrive and provide positive returns in the future. We are striving to do what is in the best interests of our customers, employees and shareholders. In that light, we have initiated a new capital offering through a private placement which is expected to be approved by the California Department of Financial Institutions and effective in late February. Proceeds from the offering will be used for general corporate purposes and to support the growth of the Bank's SBA division," Arendsee concluded.

Seacoast Commerce Bank is a business bank operating in San Diego, California, with loan production offices in Orange County, Los Angeles, and Sacramento, CA, Belleview, Washington 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.

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

	For the Quarter Ended		%	For the Year Ended		%
	12/31/2009	**9/30/2009**	Change	**12/31/2009**	**12/31/2008**	Change
Balance Sheet Items						
Gross Loans	76,029	68,302	11.3%	76,029	60,853	24.9%
Total Deposits	94,756	99,746	-5.0%	94,756	58,302	62.5%
Total Assets	104,048	111,410	-6.6%	104,048	81,142	28.2%
Shareholders' Equity	8,341	11,052	-24.5%	8,341	13,219	-36.9%
Income Statement Items						
Total Interest Income	1,436	1,391	3.2%	4,961	4,645	6.8%
Total Interest Expense	479	520	-7.9%	1,765	1,901	-7.2%
Net Interest Income	957	871	9.9%	3,196	2,744	16.5%
Provision for Loan Losses	2,400	710	238%	3,535	1,775	99.2%
Non-Interest Income	852	86	891%	1,383	1,362	1.5%
Non-Interest Expense	2,024	1,867	8.4%	5,956	3,900	52.7%
Net Income (Loss)	-2,653	-1,620	-63.8%	-4,926	-1,605	-207%