Seacoast Commerce Bank Announces Year-end Profitability and Continued Credit Improvement

CHULA VISTA, Calif. – February 8, 2011 – Seacoast Commerce Bank (SCCB) today announced its unaudited results of operations for the fourth quarter and year-ended December 31, 2010. The Bank reported a net profit of $1.3 million for the fourth quarter compared to a net loss of $2.6 million in the fourth quarter of 2009. For the year, the Bank's net profit was $329 thousand, compared to a 2009 net loss of $4.9 million. On an "operating profit" basis (excluding provisions for loan losses and taxes), the Bank's 2010 operating profit was $3.2 million, versus a 2009 operating loss of $1.4 million.

Selected highlights (which include both GAAP and non-GAAP information) for the year-ended 2010 versus the year-ended 2009:

- Asset growth of $25.6 million, or 24.6%, to $130 million;
- Asset growth (excluding the effects of FAS 166) of $6.8 million, or 6.5%, to $111 million;
- Loan growth of $32.7 million, or 43.2%, to $109 million;
- Loan growth (excluding the effects of FAS 166) of $13.9 million, or 18.3%, to 89.7 million;
- Core deposit growth of $11.3 million, or 25.3%, to $55.9 million;
- Certificates of Deposit reduced by $12.8 million, or 25.5%, to $37.4 million;
- Brokered funding reduced by $4.3 million, or 86.2%, to $700 thousand;
- Shareholders' Equity increased by $5.1 million, or 60.8%, to $13.4 million;
- Delinquent loans reduced by $1.9 million, or 100%, to $0;
- Loans on non-accrual status (considered "non-performing" loans) reduced by $1.5 million, or 60.9%, to $941 thousand. All non-accrual loans were performing and current as of year-end;
- Allowance (Reserve) for Loan Losses ("ALLL") as a percentage of non-performing loans increased to 271% from 103%;
- ALLL increased to $2.5 million, or 3.8% of non-FAS 159 loans, up from 3.2%;
- Non-performing assets to Tier-1 Capital plus ALLL (known as the "Texas Ratio"), reduced to 14.1% from 37.9%;

Selected other financial highlights as of December 31, 2010:

- Liquidity, defined as cash, due from banks, investment securities, and loans available for sale was $49.5 million;
- The Bank had no speculative construction loans;
- Commercial Real Estate ("CRE") loans stood at 120% of Tier-1 Capital plus ALLL, well below the regulatory preferred maximum of 300%, with all CRE loans performing;

- Small Business Administration ("SBA") loans funded in the fourth quarter of $36.4 million, with total SBA loans funded for 2010 of $98.9 million;
- SBA loan pipeline (defined as either approved or in underwriting) as of December 31 stood at $49 million.

As previously announced, the Bank completed a $5 million Private Placement of Common stock and Warrants in June of 2010, with proceeds used to support the Bank's growth. The Bank has always been "well capitalized", with December 31, 2010 capital ratios of:

		FDIC "Well Capitalized" Level
• Tier 1 Capital Ratio:	10.51%	5.00%
• Tier 1 Risk-Based Capital Ratio:	16.61%	6.00%
• Total Risk-Based Capital Ratio:	17.88%	10.00%

Richard M. Sanborn, President & Chief Executive Officer, commented, "We had a successful year on all fronts as we virtually eliminated all our non-performing loans, increased the strength of our balance sheet, improved our liquidity, significantly increased our capital position, returned to profitability, and have started to provide a return to our shareholders. Our decision to focus on SBA lending 18-months ago was the right decision and our SBA team has produced tremendous results, funding nearly $100 million in loans to small businesses in 2010. The income from those SBA loans, both through interest income, and the gain we are able to record when we sell those loans, provided us with exceptional top-line revenue growth, and ultimately a year-end profit." Sanborn continued, "While we still have concerns about current economic conditions, we are cautiously optimistic going into 2011 and beyond. Our business plan is working effectively and our pipeline of new business continues to be strong, which should allow us to deliver above average results. We certainly aim to continue the trend."

Allan W. Arendsee, Chairman of the Board, stated, "Our whole team has done an absolutely tremendous job addressing issues and delivering on a plan to return the bank to profitability in a safe and sound manner. We are extremely pleased with the progress made and the focus on increasing shareholder value. The Board and management team are grateful to our shareholders for their continued support and patience over the last couple years and we look forward to delivering continued success."

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, or at rsanborn@sccombank.com.

Seacoast Commerce Bank

Selected Financial Data – Unaudited (000)

For the Years Ended	**12/31/2010**	**12/31/2009**	% Change
Balance Sheet Items			
Liquidity	19,732	27,843	-29.1%
Gross Loans	108,569	75,821	43.2%
Total Deposits	93,244	94,756	-1.6%
Total Assets	129,669	104,048	24.6%
Shareholders' Equity	13,413	8,341	60.8%
Income Statement Items			
Total Interest Income	5,664	4,961	14.2%
Total Interest Expense	1,818	1,766	3.0%
Net Interest Income	3,846	3,196	20.3%
Provision for Loan Losses	2,900	3,535	-18.0%
Non-Interest Income	8,364	1,383	504.9%
Non-Interest Expense	8,981	5,996	50.8%
Taxes	0	14	-100%
Net Income (Loss)	329	(4,927)	

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.