



Seacoast Commerce Bank Announces Record 3rd Quarter Results

CHULA VISTA, Calif. – October 23, 2009 – Seacoast Commerce Bank (OTCBB: SCCB) today announced the unaudited results of its operations for the third quarter ended September 30, 2009. The Bank reported record growth in assets, topping \$111.4 million for the third quarter of 2009, with growth of \$36.4 million, or 48.6%, over September 30, 2008. Deposits also reached a record high of \$99.7 million, up \$45.2 million, or 83%, over September 30, 2008, with loans up \$7.7 million to \$68.3 million, or 12.8% over September 30, 2008.

The Bank reported a net loss of \$1.6 million for the third quarter, compared to a net profit of \$222 thousand for the same period in 2008. The third quarter loss included several large, one-time, non-recurring items including a pre-payment penalty on the retirement of the Bank's borrowings with the Federal Home Loan Bank; a payment for the early termination of the Bank's Eastlake location lease; and the payment of an insurance deductible associated with the resolution of a litigation matter. The Bank also set aside \$1.1 million in its loan loss reserve to cover expected credit problems in the loan portfolio. During the quarter the Bank also absorbed the start-up costs associated with its previously announced new Small Business Lending (SBA) and Religious Lending Divisions.

The Bank continues to be well-capitalized as of September 30, 2009, with a Total Risked-Based Capital ratio of 16.3%, well in excess of the FDIC's "Well-Capitalized" threshold of 10%. The Bank's liquidity ratio was also excellent at 41.6%.

The Bank also reported continued improvement in credit quality. Loans which were on non-accrual and considered "non-performing" were reduced for the fourth straight quarter and stood at \$2.6 million as of September 30, 2009, a decrease of \$1.5 million, or 36.5%, from September 30, 2008, and down 22% from June 30, 2009. The current Allowance for Loan and Lease Losses ("ALLL") stood at \$1.3 million, or 1.9% of gross loans outstanding at quarter end.

Richard M. Sanborn, President & Chief Executive Officer commented, "We believe our balance sheet clean-up, while not done, is well under control, as evidenced by our fourth consecutive quarters of improved credit quality; and now our growth engine is kicking in. We have already started to see positive results in our SBA and Religious Lending Divisions and are excited about the significant pipeline of loans currently in process. Four weeks after start-up, the pipeline of newly originated SBA loans exceeds \$20 million. A significant benefit of the SBA program is our ability to sell the guaranteed portion of the loans we originate in the secondary market, potentially producing substantial non-interest income for the bank.

Allan W. Arendsee, Chairman of the Board stated, "Our goal has always been to build a quality institution which focuses on safety, soundness, and a superior return to our

shareholders. Although it has been a difficult journey, the Board of Directors is encouraged by the steps that have been taken to address the problems in the Bank and return it to profitability.”

Seacoast Commerce Bank is a business bank operating in San Diego, California, with loan production offices in Orange County, Los Angeles, and Sacramento, CA, and Bellevue, Washington. 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 Quarters Ended	<u>9/30/2009</u>	<u>6/30/2009</u>	Change 9/30 - 6/30	<u>9/30/2008</u>	Change 9/30 - 9/30
Balance Sheet Items					
Gross Loans	68,302,000	68,517,000	-0.3%	60,563,000	12.8%
Total Deposits	99,746,000	67,253,000	48.3%	54,513,000	83.0%
Total Assets	111,410,000	89,451,000	24.5%	74,961,000	48.6%
Shareholders' Equity	11,052,000	12,578,000	-12.1%	10,842,000	1.9%
Income Statement Items					
Total Interest Income	1,391,000	1,168,000	19.1%	1,150,000	21.0%
Total Interest Expense	520,000	389,000	33.7%	462,000	12.6%
Net Interest Income	871,000	779,000	11.8%	688,000	26.6%
Provision for Loan Losses	710,000	130,000	446.2%	0	0
Non-Interest Income	86,000	246,000	-65.0%	547,000	-84.3%
Non-Interest Expense	1,867,000	1,146,000	62.9%	1,013,000	-84.3
Net Income (Loss)	<u>-1,620,000</u>	<u>-251,000</u>	545.4%	<u>222,000</u>	-829.7%