

Seacoast Commerce Bank Announces Second Quarter Profit, Growth and Credit Improvement

CHULA VISTA, CA – July 21, 2011 – Seacoast Commerce Bank (OTC: SCCB) today announced its unaudited results of operations for the second quarter ending June 30, 2011. The Bank reported net income of \$545 thousand for the second quarter, compared to net income of \$457 thousand for the first quarter of 2011, and a net loss of \$1.7 million for the comparative second quarter of 2010. This marks the bank's fourth consecutive quarterly profit.

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

- Asset growth⁽¹⁾ of \$14.3 million, or 12.8%, to \$126.5 million;
- Loan growth⁽¹⁾ of \$24.7 million, or 33.8%, to \$97.8 million;
- Deposit growth of \$11.3 million, or 11.4%, to \$110.4 million;
- Core deposit growth, defined as demand deposits, savings, money market accounts and CD's under \$100 thousand, of \$20.0 million, or 30.1%;
- Core deposits as a percent of total deposits up 16.7%, to 78.3% of total deposits;
- Brokered deposits completely eliminated;
- Shareholders' Equity growth of \$3.0 million, or 25.4%, to \$14.5 million;
- Interest Income growth of \$370 thousand, or 30.2%, to \$1.6 million;
- Interest Expense reduction of \$102 thousand, or 25.5%, to \$300 thousand;
- Non-Interest Income growth of \$183 thousand, or 8.5%, to \$2.3 million;
- Non-Interest Expense growth of \$655 thousand, or 30.6%, to \$2.8 million;
- Allowance for Loan and Lease Losses ("ALLL") provision of \$300 thousand, resulting in a reserve build of \$144 thousand, after net charge-offs of \$156 thousand, compared to a \$2.5 million provision, and net charge-offs of \$2.7 million in 2010;
- ALLL balance increase of \$521 thousand, or 21.0%, to \$3.0 million, or 3.1% of loans;
- Non-performing loans reduced by \$254 thousand, or 12.9% to \$1.7 million, or 1.75% of total loans;
- Other Real Estate owned ("ORE") reduced by \$527 thousand, or 37.4%, to \$884 thousand, representing one property that is well secured;
- Non-performing assets to Tier 1 Capital plus ALLL (Texas Ratio) of 15.05%;

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

FDIC "Well Capitalized" Level

•	Tier 1 Capital Ratio:	12.00%	5.00%
•	Tier 1 Risk-Based Capital Ratio:	17.75%	6.00%
•	Total Risk-Based Capital Ratio:	19.03%	10.00%

As reported by the U.S. Small Business Administration, Seacoast Commerce Bank was the 2nd largest SBA lender in the San Diego District, the 6th largest SBA lender in the State, and the 16th largest SBA lender in the Nation, on an SBA year-to-date basis (nine months) when ranked by total dollars approved of \$128 million. The bank funded a total of \$60.1 million in new SBA loans in the first-half of calendar year 2011 compared to \$40.2 million funded in the first-half of 2010, and remains on track to reach its goal of providing \$120 million in credit to small businesses. Of the \$60.1 million funded, second quarter fundings were \$28 million, down slightly from the \$32 million funded in the first quarter of 2011.

Richard M. Sanborn, President & Chief Executive Officer, commented, "We're focused on providing stable, consistent results, and I'm pleased to report our fourth consecutive profitable quarter. Our second quarter net profit resulted in a 16.1% annualized return on shareholders' average equity even after adding \$300 thousand to our loan loss reserve. This represents an improvement on our first quarter annualized return on shareholders' average equity of 13.8%. We continued to reduce our exposure to problem loans and other real estate owned and our SBA loan pipeline remains strong. Our entire team remains focused on improving both asset quality and financial performance, and we are on track with our lending goal to qualified small businesses. Contrary to what's being reported in the press about the banking industry, we are lending to small businesses," 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 four 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		%
	06/30/2011	06/302010	Change
Balance Sheet Items			
Liquidity	26,655	38,185	(30.2%)
Gross Loans (1)	97,794	73,099	33.8%
Total Deposits	110,394	99,075	11.4%
Total Assets (1)	126,474	112,151	12.8%
Shareholders' Equity	14,545	11,599	25.4%
Income Statement Items	_		
Total Interest Income	1,595	1,225	30.2%
Total Interest Expense	300	402	(25.5%)
Net Interest Income	1,296	823	57.4%
Provision for Loan Losses	300	2,510	(88.0%)
Non-Interest Income	2,338	2,155	8.5%
Non-Interest Expense	2,798	2,143	30.6%
Net Income (Loss)	545	(1,675)	132.6%
Basic Earnings per Share	0.12	(0.40)	
Book Value per Share	2.88	2.32	
Return on Average Assets*	1.72%	(2.92%)	
Return on Average Equity*	16.08%	(33.66%)	
*Annualized			

^{*}Annualized

⁽¹⁾ Net of the effects of FAS 166,