

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) April 25, 2017

SEACOAST BANKING CORPORATION OF FLORIDA

(Exact Name of Registrant as Specified in Charter)

Florida

(State or Other Jurisdiction
of Incorporation)

0-13660

(Commission
File Number)

59-2260678

(IRS Employer
Identification No.)

815 Colorado Avenue, Stuart, FL

(Address of Principal Executive Offices)

34994

(Zip Code)

Registrant's telephone number, including area code (772) 287-4000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.)

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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SEACOAST BANKING CORPORATION OF FLORIDA

Item 2.02 Results of Operations and Financial Condition

On April 25, 2017, Seacoast Banking Corporation of Florida (“Seacoast” or the “Company”) announced its financial results for the quarter ended March 31, 2017.

A copy of the press release announcing Seacoast’s results for the quarter ended March 31, 2017 is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On April 26, 2017, Seacoast held an investor conference call to discuss its financial results for the quarter ended March 31, 2017. A transcript of this conference call is attached hereto as Exhibit 99.2 and incorporated herein by reference. Also attached as Exhibit 99.3 are charts (available on the Company’s website at www.seacoastbanking.net) containing information used in the conference call and incorporated herein by reference. All information included in the transcript and the charts is presented as of March 31, 2017, and the Company does not assume any obligation to correct or update said information in the future.

The information in Items 2.02 and 7.01, as well as Exhibits 99.1, 99.2 and 99.3, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated April 25, 2017 with respect to Seacoast’s financial results for the quarter ended March 31, 2017
99.2	Transcript of Seacoast’s investor conference call held on April 26, 2017 to discuss the Company’s financial results for the quarter ended March 31, 2017
99.3	Data on website containing information used in the conference call held on April 26, 2017

Exhibits 99.1, 99.2 and 99.3 referenced herein contain “forward-looking statements” within the meaning of Section 28A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements about future financial and operating results, ability to realized deferred tax assets, cost savings, enhanced revenues, economic and seasonal conditions in our markets, and improvements to reported earnings that may be realized from cost controls and for integration of banks that we have acquired, as well as statements with respect to Seacoast’s objectives, expectations and intentions and other statements that are not historical facts. Actual results may differ from those set forth in the forward-looking statements.

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance or achievements of Seacoast to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. You should not expect us to update any forward-looking statements.

You can identify these forward-looking statements through our use of words such as “may,” “will,” “anticipate,” “assume,” “should,” “support,” “indicate,” “would,” “believe,” “contemplate,” “expect,” “estimate,” “continue,” “further,” “point to,” “project,” “could,” “intend” or other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation: the effects of future economic and market conditions, including seasonality; governmental monetary and fiscal policies, as well as legislative, tax and regulatory changes; changes in accounting policies, rules and practices; the risks of changes in interest rates on the level and composition of deposits, loan demand, liquidity and the values of loan collateral, securities, and interest sensitive assets and liabilities; interest rate risks, sensitivities and the shape of the yield curve; the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market areas and elsewhere, including institutions operating regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone, computer and the Internet; and the failure of assumptions underlying the establishment of reserves for possible loan losses. The risks of mergers and acquisitions, include, without limitation: unexpected transaction costs, including the costs of integrating operations; the risks that the businesses will not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; the potential failure to fully or timely realize expected revenues and revenue synergies, including as the result of revenues following the merger being lower than expected; the risk of deposit and customer attrition; any changes in deposit mix; unexpected operating and other costs, which may differ or change from expectations; the risks of customer and employee loss and business disruption, including, without limitation, as the result of difficulties in maintaining relationships with employees; increased competitive pressures and solicitations of customers by competitors; as well as the difficulties and risks inherent with entering new markets.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2016 under “Special Cautionary Notice Regarding Forward-Looking Statements” and “Risk Factors”, and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC’s Internet website at <http://www.sec.gov>.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SEACOAST BANKING CORPORATION OF FLORIDA
(Registrant)

Date: April 28, 2017

By: /s/ Charles M. Shaffer
Charles M. Shaffer
Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

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SEACOAST REPORTS FIRST QUARTER 2017 RESULTS

Net Income Increased 100% Year-Over-Year to \$7.9 Million; Net Revenue Increased 23% to \$48.1 Million

Record Consumer and Small Business Loan Originations; Commercial Origination and Mortgage Loan Strength Continues

Company Updates FY2017 Guidance

STUART, Fla., April 25, 2017 /PRNewswire/ -- Seacoast Banking Corporation of Florida ("Seacoast" or "the Company") (NASDAQ: SBCF) today reported net income of \$7.9 million for the first quarter of 2017, a 100% or \$4.0 million increase from the first quarter of 2016. The company reported first quarter adjusted net income¹ of \$10.3 million, representing a 46% or \$3.2 million increase year-over-year.

Dennis S. Hudson, III, Seacoast's Chairman and CEO, said "We sustained our prior year momentum during the first quarter, with robust loan pipelines, interchange and household growth reaching record levels, as we continued initiatives to become more efficient as the year progresses."

"We incurred certain expenses in the first quarter 2017, notably higher than the fourth quarter last year, that position us well for the balance of this fiscal year. We also successfully completed a public offering of 2.7 million shares during the first quarter, generating net proceeds of \$55.7 million and situating us to sustain our strong organic growth and make selective acquisitions. On April 7, we closed the GulfShore Bank acquisition, extending our proven integration strategy into the attractive Tampa market."

Notable Items Affecting First Quarter 2017 Results

Certain items during first quarter 2017, aggregating \$3.6 million in noninterest expense, were significant in comparison to fourth quarter 2016, and position the Company for much stronger performance looking forward.

- Return of seasonal 401(k) and payroll tax expense.
- Restructured the executive team, with salary expense overlap and severance-related charges. This was largely complete by first quarter end.
- Hired a commercial lending team, expected to be earnings accretive in fiscal year 2017.
- Completed a reduction in force, resulting in severance expense during the first quarter.
- Consolidated four branch locations, resulting in closure charges and severance in the first quarter, with anticipated benefits partially realized in the second quarter and more fully in the second half of 2017.

Guidance

The Company's previous baseline adjusted diluted earnings per share guidance of \$1.24 to \$1.28 remains unchanged. The Company has updated its definition of adjusted net income to exclude the effect of the amortization of acquisition related intangibles. Updating its guidance for this new definition and the greater number of shares in issue following the Company's capital raise, the Company has revised its 2017 expected adjusted diluted earnings per share guidance to \$1.28 to \$1.32.

¹ Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures" Effective in the first quarter of 2017, adjusted net income and adjusted noninterest expense exclude the effect of amortization of acquisition-related intangibles. Prior periods have been revised to conform with the current period presentation.

First Quarter 2017 Financial Highlights

Income Statement

- **Net income** was \$7.9 million, or \$0.20 per average common diluted share, compared to \$0.28 for the prior quarter and \$0.11 for the first quarter of 2016. Adjusted net income ¹ was \$10.3 million, or \$0.26 per average common diluted share, compared to \$0.31 for the prior quarter and \$0.20 for the first quarter of 2016.
- **Net revenues** were \$48.1 million, an increase of \$716 thousand, or 2%, compared to the prior quarter and an increase of \$9.1 million, or 23% year-over-year. Adjusted revenues ¹ were \$48.1 million, an increase of \$723 thousand, or 2%, from the prior quarter and an increase of \$9.7 million, or 25% year-over-year.
 - o Net interest income totaled \$38.2 million in the first quarter of 2017, an increase of \$740 thousand or 2% from the prior quarter. Compared to the prior year quarter, net interest income increased 26% or \$7.9 million.
 - o Noninterest income totaled \$9.9 million for the first quarter of 2017, flat to the prior quarter and \$1.2 million or 14% higher than the prior year quarter.
- **Net interest margin** was 3.63% in the current quarter compared to 3.56% in the prior quarter and 3.68% in the prior year quarter.
- The **provision for loan losses** increased from the prior quarter by \$304 thousand and from the prior year quarter by \$1.1 million to \$1.3 million, as a result of growth in loans outstanding.
- **Noninterest expense** increased \$4.4 million sequentially and increased \$2.4 million compared to the prior year quarter.
 - o The current quarter included expenses of \$2.6 million associated with consolidation activity in the retail branch network, the realignment of our executive team structure, and expenses associated with a reduction in workforce initiative. The earnings benefit from this work will be realized over the remainder of 2017. In addition, \$1.3 million was included in the quarter for merger related charges and amortization of intangibles acquired through acquisitions.
 - o Adjusted noninterest expense ¹ was \$30.9 million, an increase of \$2.1 million, or 7%, compared to the prior quarter and \$4.1 million, or 15%, compared to the prior year quarter. The increase quarter over quarter is primarily the result of seasonal expense associated with payroll taxes and incentive compensation accruals, the hiring of a commercial lending team during the quarter, and expenses associated with an investor relations event.
- Seacoast recorded a \$4.1 million **income tax provision** in the first quarter of 2017, compared to \$5.3 million in the fourth quarter of 2016 and \$2.4 million in the first quarter of 2016. The Company adopted ASU 2016-09, “Improvements to Employee Share-Based Payment Accounting” in the third quarter of 2016; as a result, benefits related to stock-based compensation were \$234 thousand in the current quarter and \$383 thousand in the prior quarter.
- **Revenues**, excluding securities gains, increased 24% compared to prior year levels while adjusted noninterest expense ¹ increased 15%, providing 9% operating leverage.
- The **efficiency ratio** increased to 71.1% compared to 62.4% in the prior quarter and improved from 81.7% in the prior year quarter. The adjusted efficiency ratio ¹ increased to 64.7% compared to 60.8% in the prior quarter and improved from 69.6% in the prior year quarter.

¹ Non-GAAP measure, see “Explanation of Certain Unaudited Non-GAAP Financial Measures”

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Balance Sheet

- At March 31, 2017, the Company had **total assets** of \$4.8 billion and total shareholders' equity of \$502.5 million. Book value per share was \$12.34 and tangible book value per share was \$10.41, up \$0.88 and \$1.04, respectively from December 31, 2016.
- **Loan production** continued at a strong pace across all business lines. Net loans totaled \$2.95 billion at March 31, 2017, an increase of \$93 million, or 3%, compared to December 31, 2016, and an increase of \$514 million, or 21%, from year-ago levels. Excluding acquisitions, loans increased \$456 million or 19% from year-ago levels. During the quarter, the Company purchased a residential adjustable mortgage pool, totaling \$43 million.
 - o Consumer and small business originations reached \$90 million, a new record level, during the current quarter.
 - o After recent record quarters, commercial originations remain strong at \$95 million.
 - o Closed residential loans retained during the quarter reached \$78 million, reflecting continued strong performance.
- **Pipelines** (loans in underwriting and approval or approved and not yet closed) remain strong at \$123 million in commercial, \$78 million in mortgage, and \$44 million in consumer and small business.
 - o Commercial pipelines increased \$33.9 million, or 38%, over prior quarter and \$24.8 million, or 25%, over year-ago levels.
 - o Mortgage pipelines increased \$5.7 million, or 8%, over prior quarter and \$20.6 million, or 36%, from year-ago levels.
 - o Consumer and small business declined from prior quarter by \$1.4 million, or 3%, and increased from year-ago levels by \$12.2 million, or 38%.
- **Total deposits** were \$3.7 billion as of March 31, 2017, an increase of \$155 million, or 4%, compared to prior quarter and an increase of \$456 million, or 14%, from the first quarter 2016.
 - o Deposit growth reflects our success in growing households both organically and through acquisitions. Since March 31, 2016, interest bearing deposits (interest bearing demand, savings and money markets deposits) increased \$249 million, or 14%, to \$2.1 billion, noninterest bearing demand deposits increased \$171 million, or 16%, to \$1.2 billion, and CDs increased \$36 million, or 10%, to \$398 million. Excluding acquired deposits, noninterest bearing deposits increased 7% and total deposits increased 3% compared to March 31, 2016.
 - o The Company's balance sheet continues to be primarily core deposit funded. Core customer funding increased to \$3.5 billion at March 31, 2017, a 3% increase from December 31, 2016 and a 13% increase from March 31, 2016. Excluding acquisitions, core customer funding increased by \$149 million, or 5%, from one year ago.
 - o Seacoast's overall cost of deposits is 0.14%, in line with the prior quarter and 0.13% in the prior year quarter, reflecting the significant value of the deposit franchise.
- First quarter **return on average assets (ROA)** was 0.68%, compared to 0.94% in the prior quarter and 0.44% in the prior year quarter. Return on average tangible assets (ROTA) was 0.74%, compared to 1.00% in the prior quarter and 0.48% in the prior year quarter. Adjusted ROTA ¹ was 0.90% compared to 1.05% in the prior quarter and 0.80% in the prior year quarter.

Capital

- Completed a successful **public offering of 2.7 million shares** of common stock on February 21, 2017, generating net proceeds of \$55.7 million.
- The common equity tier 1 **capital ratio (CET1)** was 12.3%, total capital ratio was 14.9% and the tier 1 leverage ratio was 10.3% at March 31, 2017.
- **Tangible common equity to tangible assets** was 9.0% at March 31, 2017.

¹ Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

Effective in the first quarter of 2017, adjusted net income and adjusted noninterest expense exclude the effect of amortization of acquisition-related intangibles. Prior periods have been revised to conform with the current period presentation.

Asset Quality

- **Nonperforming loans to total** loans outstanding at March 31, 2017 decreased to 0.57% from 0.62% at December 31, 2016 and from 0.63% as of March 31, 2016.
- **Nonperforming assets to total assets** declined to 0.52% at March 31, 2017, compared to 0.60% at December 31, 2016 and 0.59% one year ago. Of the \$25 million in nonperforming assets, \$4 million relates to six closed branch properties held as REO.
- **The ratio of allowance for loan losses to non-acquisition related loans** was 0.95% at March 31, 2017, 0.96% at December 31, 2016, and 1.04% at March 31, 2016.

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FINANCIAL HIGHLIGHTS

(Dollars in thousands, except per share data)

	1Q17	4Q16	3Q16	2Q16	1Q16
Selected Balance Sheet Data (at period end):					
Total Assets	\$ 4,769,775	\$ 4,680,932	\$ 4,513,934	\$ 4,381,204	\$ 4,001,323
Gross Loans	2,973,759	2,879,536	2,769,338	2,616,052	2,455,214
Total Deposits	3,678,645	3,523,245	3,510,493	3,501,316	3,222,447
Performance Measures:					
Net Income	\$ 7,926	\$ 10,771	\$ 9,133	\$ 5,332	\$ 3,966
Net Interest Margin	3.63%	3.56%	3.69%	3.63%	3.68%
Average Diluted Shares Outstanding (000)	39,499	38,252	38,170	38,142	35,453
Diluted Earnings Per Share (EPS)	\$ 0.20	\$ 0.28	\$ 0.24	\$ 0.14	\$ 0.11
Return on (annualized):					
Average Assets (ROA)	0.68%	0.94%	0.82%	0.51%	0.44%
Average Tangible Assets (ROTA)	0.74	1.00	0.88	0.56	0.48
Average Tangible Common Equity (ROTCE)	8.77	12.51	10.91	6.62	5.13
Efficiency Ratio	71.08	62.36	68.60	78.01	81.73
Adjusted Operating Measures ¹:					
Adjusted Net Income	\$ 10,270	\$ 11,803	\$ 11,060	\$ 9,156	\$ 7,049
Adjusted Diluted EPS	0.26	0.31	0.29	0.24	0.20
Adjusted ROTA	0.90%	1.05%	1.01%	0.89%	0.80%
Adjusted ROTCE	10.74	13.14	12.56	10.60	8.49
Adjusted Efficiency Ratio	64.65	60.84	63.14	64.78	69.64
Adjusted Noninterest Expenses as a Percentage of Average Tangible Assets	2.71	2.56	2.76	2.76	3.03
Other Data					
Market Capitalization	\$ 976,933	\$ 838,762	\$ 611,824	\$ 617,007	\$ 597,275
Full Time Equivalent Employees	743	725	731	784	728
Number of ATMs	76	77	80	85	71
Full Service Banking Offices	46	47	47	57	53
Registered Online Users	71,385	67,243	66,115	61,634	55,914
Registered Mobile Users	50,729	47,131	44,128	38,619	35,098

First Quarter 2017 Strategic Highlights***Modernizing How We Sell***

- New households served grew by a record 1,416 new households in March. This was achieved despite having fewer branches and fewer FTEs in the retail business unit.
- Consumer loans closed remotely increased to 33%, from 0% one year prior.
- Consumer and small business loans originated in digital channels or by our call center grew by 38%. These are the fastest growing channels as our customers migrate to these channels for convenience.
- Invested \$200 thousand in hiring a commercial banking team, to be headquartered in Tampa, Florida with nationwide distribution, primarily serving lower middle market commercial and industrial business relationships.

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Lowering Our Cost to Serve

- Closing four locations in the first half of 2017. Costs associated with branch closures in the current quarter were \$515 thousand. This consolidation effort is expected to lower operating expenses by \$2.0 million on an annual basis.
- Customers continue to move to more convenient digital channels, and we still expect non-teller transactions to surpass teller transactions by this summer.
- Initiated a reduction in workforce initiative during the first quarter, in line with our focus on efficiency.

Driving Improvements in How Our Business Operates

- Last June, we launched our online mortgage portal, where customers can apply online, upload documents, and track where they are in the process. In the first quarter, 51% of customers who closed a loan utilized the portal. Customer adoption has exceeded our expectations and the online portal continues to improve both our customers' experience and our lenders' efficiency. Our goal by 2020 is to replicate this across our other major product platforms.
- In the current quarter, we opened a new call center in the Orlando area to support our growth strategy. This new location supports our 24/7 customer service model, provides us with access to a larger talent pool, and helps us strengthen our business continuity plan.
- In the current quarter, we invested \$127 thousand in relocating our secondary data center to a managed service provider environment creating reliability and scalability to support the growth of the organization.

Scaling and Evolving Our Culture

- In January 2017, we announced key leadership changes to drive our growth strategy. Charles M. (Chuck) Shaffer was appointed CFO and head of strategy, Julie Kleffel, who has headed small-business banking for the past two years, will succeed Shaffer as EVP, Community Banking, Jeffery (Jeff) Bray was appointed EVP of Service and Operations and Joe Forlenza joined us as EVP, Chief Audit Executive. We also welcomed Al Monserrat, CEO of RES Software, a leading digital workspace technology company, to the Seacoast board of directors.
- On April 7th, we completed our acquisition of GulfShore Bank, adding Joe Caballero as EVP, Tampa Market President, anchoring Seacoast in one of the most attractive markets in Florida.

OTHER INFORMATION

Conference Call Information

Seacoast will host a conference call on Wednesday, April 26, 2017 at 10:00 a.m. (Eastern Time) to discuss the earnings results. Investors may call in (toll-free) by dialing (800) 774-6070 (passcode: 7756 381). Slides will be used during the conference call and may be accessed at Seacoast's website at SeacoastBanking.com by selecting "Presentations" under the heading "Investor Services." A replay of the call will be available for one month, beginning late afternoon of April 26, by dialing (888) 843-7419 and using passcode: 7756 381.

Alternatively, individuals may listen to the live webcast of the presentation by visiting Seacoast's website at SeacoastBanking.com. The link is located in the subsection "Presentations" under the heading "Investor Services." Beginning the afternoon of April 26, an archived version of the webcast can be accessed from this same subsection of the website. The archived webcast will be available for one year.

¹ Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

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About Seacoast Banking Corporation of Florida (NASDAQ: SBCF)

Seacoast Banking Corporation of Florida is one of the largest community banks headquartered in Florida with approximately \$4.8 billion in assets and \$3.7 billion in deposits as of March 31, 2017. The Company provides integrated financial services including commercial and retail banking, wealth management, and mortgage services to customers through advanced banking solutions, 46 traditional branches of its locally-branded wholly-owned subsidiary bank, Seacoast Bank, and five commercial banking centers. Offices stretch from Ft. Lauderdale, Boca Raton and West Palm Beach north through the Daytona Beach area, into Orlando and Central Florida, and west to Okeechobee and surrounding counties. More information about the Company is available at SeacoastBanking.com.

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FINANCIAL HIGHLIGHTS

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

(Dollars in thousands, except per share data)

	Three Months Ended				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Summary of Earnings					
Net income	\$ 7,926	\$ 10,771	\$ 9,133	\$ 5,332	\$ 3,966
Net interest income (1)	38,377	37,628	37,735	34,801	30,349
Net interest margin (1), (2)	3.63%	3.56%	3.69%	3.63%	3.68%
Performance Ratios					
Return on average assets-GAAP basis (2)	0.68%	0.94%	0.82%	0.51%	0.44%
Return on average tangible assets (2),(3)	0.74	1.00	0.88	0.56	0.48
Adjusted return on average tangible assets (2), (3), (5)	0.90	1.05	1.01	0.89	0.80
Return on average shareholders' equity-GAAP basis (2)	6.89	9.80	8.44	5.15	4.30
Return on average tangible shareholders' equity-GAAP basis (2),(3)	8.77	12.51	10.91	6.62	5.13
Adjusted return on average tangible common equity (2), (3), (5)	10.74	13.14	12.56	10.60	8.49
Efficiency ratio (4)	71.08	62.36	68.60	78.01	81.73
Adjusted efficiency ratio (5)	64.65	60.84	63.14	64.78	69.64
Noninterest income to total revenue	20.61	20.96	20.68	20.89	22.21
Average equity to average assets	9.93	9.56	9.74	9.91	10.30
Per Share Data					
Net income diluted-GAAP basis	\$ 0.20	\$ 0.28	\$ 0.24	\$ 0.14	\$ 0.11
Net income basic-GAAP basis	0.20	0.29	0.24	0.14	0.11
Adjusted earnings (5)	0.26	0.31	0.29	0.24	0.20
Book value per share common	12.34	11.45	11.45	11.20	10.91
Tangible book value per share	10.41	9.37	9.35	9.08	9.17
Cash dividends declared	0.00	0.00	0.00	0.00	0.00
Other Data					
Market capitalization (6)	976,368	838,762	611,824	617,007	597,275
Full-time equivalent employees	743	725	731	784	728
Number of ATMs	76	77	80	85	71
Full service banking offices	46	47	47	57	53
Registered online users	71,385	67,243	66,115	61,634	55,914
Registered mobile devices	50,729	47,131	44,128	38,619	35,098

(1) Calculated on a fully taxable equivalent basis using amortized cost.

(2) These ratios are stated on an annualized basis and are not necessarily indicative of future periods.

(3) The Company defines average tangible assets as total assets less intangible assets, and tangible common equity as total shareholder's equity less intangible assets.

(4) Defined as (noninterest expense less foreclosed property expense and amortization of intangibles) divided by net operating revenue (net interest income on a fully taxable equivalent basis plus noninterest income excluding securities gains).

(5) Non-GAAP measure - see "Explanation of Certain Unaudited Non-GAAP Financial Measures."

(6) Common shares outstanding multiplied by closing bid price on last day of each period.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	QUARTER				
	2017	2016			
	First	Fourth	Third	Second	First
<i>(Dollars in thousands, except share and per share data)</i>					
Interest on securities:					
Taxable	\$ 8,087	\$ 6,880	\$ 6,966	\$ 6,603	\$ 5,683
Nontaxable	287	287	287	299	164
Interest and fees on loans	31,891	32,007	31,932	29,244	26,034
Interest on federal funds sold and other investments	510	517	429	433	290
Total Interest Income	40,775	39,691	39,614	36,579	32,171
Interest on deposits	624	622	679	688	604
Interest on time certificates	566	598	613	550	313
Interest on borrowed money	1,420	1,046	874	848	1,032
Total Interest Expense	2,610	2,266	2,166	2,086	1,949
Net Interest Income	38,165	37,425	37,448	34,493	30,222
Provision for loan losses	1,304	1,000	550	662	199
Net Interest Income After Provision for Loan Losses	36,861	36,425	36,898	33,831	30,023
Noninterest income:					
Service charges on deposit accounts	2,422	2,612	2,698	2,230	2,129
Trust fees	880	969	820	838	806
Mortgage banking fees	1,552	1,616	1,885	1,364	999
Brokerage commissions and fees	377	480	463	470	631
Marine finance fees	134	115	138	279	141
Interchange income	2,494	2,334	2,306	2,370	2,217
Other deposit based EFT fees	140	125	109	116	127
BOLI income	733	611	382	379	841
Other	1,173	1,060	963	1,065	739
	9,905	9,922	9,764	9,111	8,630
Securities gains, net	0	7	225	47	89
Total Noninterest Income	9,905	9,929	9,989	9,158	8,719
Noninterest expenses:					
Salaries and wages	15,369	12,476	14,337	13,884	13,399
Employee benefits	3,068	2,475	2,425	2,521	2,482
Outsourced data processing costs	3,269	3,076	3,198	2,803	4,439
Telephone / data lines	532	502	539	539	528
Occupancy	3,157	2,830	3,675	3,645	2,972
Furniture and equipment	1,391	1,211	1,228	1,283	998
Marketing	922	847	780	957	1,049
Legal and professional fees	2,132	2,370	2,213	2,656	2,357
FDIC assessments	570	661	517	643	544
Amortization of intangibles	719	719	728	593	446
Asset dispositions expense	53	84	219	160	90
Net gain on other real estate owned and repossessed assets	(346)	(161)	(96)	(201)	(51)
Early redemption cost for Federal Home Loan Bank advances	0	0	0	1,777	0
Other	3,910	3,207	3,672	3,548	3,088
Total Noninterest Expenses	34,746	30,297	33,435	34,808	32,341
Income Before Income Taxes	12,020	16,057	13,452	8,181	6,401
Income taxes	4,094	5,286	4,319	2,849	2,435
Net Income	\$ 7,926	\$ 10,771	\$ 9,133	\$ 5,332	\$ 3,966
Per share of common stock:					
Net income diluted	\$ 0.20	\$ 0.28	\$ 0.24	\$ 0.14	\$ 0.11
Net income basic	0.20	0.29	0.24	0.14	0.11
Cash dividends declared	0.00	0.00	0.00	0.00	0.00

Average diluted shares outstanding	39,498,836	38,252,351	38,169,863	38,141,550	35,452,968
Average basic shares outstanding	38,839,285	37,603,789	37,549,804	37,470,071	34,848,875

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
<i>(Dollars in thousands, except share data)</i>					
Assets					
Cash and due from banks	\$ 133,923	\$ 82,520	\$ 89,777	\$ 113,028	\$ 113,178
Interest bearing deposits with other banks	10,914	27,124	77,606	13,774	35,450
Total Cash and Cash Equivalents	144,837	109,644	167,383	126,802	148,628
Securities:					
Available for sale (at fair value)	909,275	950,503	866,613	923,560	905,182
Held to maturity (at amortized cost)	379,657	372,498	392,138	401,570	198,231
Total Securities	1,288,932	1,323,001	1,258,751	1,325,130	1,103,413
Loans held for sale	16,326	15,332	20,143	20,075	19,867
Loans	2,973,759	2,879,536	2,769,338	2,616,052	2,455,214
Less: Allowance for loan losses	(24,562)	(23,400)	(22,684)	(20,725)	(19,724)
Net Loans	2,949,197	2,856,136	2,746,654	2,595,327	2,435,490
Bank premises and equipment, net	58,611	58,684	59,035	63,817	61,416
Other real estate owned	7,885	9,949	12,734	8,694	8,091
Goodwill	64,649	64,649	64,649	64,123	55,196
Other intangible assets, net	13,853	14,572	15,291	16,154	11,524
Bank owned life insurance	85,237	84,580	44,044	43,729	43,417
Net deferred tax assets	55,834	60,818	58,848	62,648	67,049
Other assets	84,414	83,567	66,402	54,705	47,232
Total Assets	\$ 4,769,775	\$ 4,680,932	\$ 4,513,934	\$ 4,381,204	\$ 4,001,323
Liabilities and Shareholders' Equity					
Liabilities					
Deposits					
Noninterest demand	\$ 1,225,124	\$ 1,148,309	\$ 1,168,542	\$ 1,146,792	\$ 1,054,069
Interest-bearing demand	870,457	873,727	776,480	776,388	750,904
Savings	363,140	346,662	340,899	330,928	313,179
Money market	821,606	802,697	858,931	860,930	741,657
Other time certificates	153,840	159,887	166,987	172,816	164,388
Brokered time certificates	66,741	7,342	8,218	9,216	11,062
Time certificates of \$100,000 or more	177,737	184,621	190,436	204,246	187,188
Total Deposits	3,678,645	3,523,245	3,510,493	3,501,316	3,222,447
Securities sold under agreements to repurchase	183,107	204,202	167,693	183,387	198,330
Federal Home Loan Bank borrowings	302,000	415,000	305,000	151,000	50,000
Subordinated debt	70,311	70,241	70,171	70,101	70,031
Other liabilities	33,218	32,847	25,058	49,971	46,727
Total Liabilities	4,267,281	4,245,535	4,078,415	3,955,775	3,587,535
Shareholders' Equity					
Preferred stock - CBF Subsidiary REIT			0	0	0
Common stock	4,075	3,802	3,799	3,799	3,792
Additional paid in capital	510,806	454,001	453,007	451,542	450,389
Accumulated deficit	(5,731)	(13,657)	(24,427)	(33,560)	(38,892)
Treasury stock	(1,172)	(1,236)	(691)	(482)	(88)
	507,978	442,910	431,688	421,299	415,201
Accumulated other comprehensive loss, net	(5,484)	(7,513)	3,831	4,130	(1,413)
Total Shareholders' Equity	502,494	435,397	435,519	425,429	413,788
Total Liabilities & Shareholders' Equity	\$ 4,769,775	\$ 4,680,932	\$ 4,513,934	\$ 4,381,204	\$ 4,001,323
Common Shares Outstanding	40,715,938	38,021,835	38,025,020	37,993,013	37,922,250

Note: The balance sheet at December 31, 2016 has been derived from the audited financial statements at that date.

CONSOLIDATED QUARTERLY FINANCIAL DATA

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	QUARTERS				
	2017	2016			
	First	Fourth	Third	Second	First
<i>(Dollars in thousands)</i>					
Credit Analysis					
Net charge-offs (recoveries) - non-acquired loans	\$ 260	\$ 142	\$ (1,328)	\$ (315)	\$ (539)
Net charge-offs (recoveries) - acquired loans	(118)	141	(81)	(24)	142
Total net charge-offs (recoveries)	\$ 142	\$ 283	\$ (1,409)	\$ (339)	\$ (397)
Net charge-offs (recoveries) to average loans - non-acquired loans	0.04%	0.02%	(0.20)%	(0.05)%	(0.10)%
Net charge-offs to average loans - acquired loans	(0.02)	0.02	(0.01)	0.00	0.03
Total net charge-offs (recoveries) to average loans	0.02	0.04	(0.21)	(0.05)	(0.07)
Loan loss provision (recapture) - non-acquired loans	\$ 1,504	\$ 1,161	\$ 649	\$ 423	\$ (20)
Loan loss provision (recapture) - acquired loans	(200)	(161)	(99)	239	219
Total loan loss provision	\$ 1,304	\$ 1,000	\$ 550	\$ 662	\$ 199
Allowance for loan losses - non-acquired loans	\$ 24,487	\$ 23,243	\$ 22,225	\$ 20,248	\$ 19,510
Allowance for loan losses - acquired loans	75	157	459	477	214
Total allowance for loan losses	\$ 24,562	\$ 23,400	\$ 22,684	\$ 20,725	\$ 19,724
Non-acquired loans at end of period	\$ 2,572,549	\$ 2,425,850	\$ 2,272,276	\$ 2,047,881	\$ 1,880,421
Purchased noncredit impaired loans at end of period	388,229	440,690	484,006	554,519	558,262
Purchased credit impaired loans at end of period	12,981	12,996	13,057	13,652	16,531
Total loans	\$ 2,973,759	\$ 2,879,536	\$ 2,769,339	\$ 2,616,052	\$ 2,455,214
Non-acquired loans allowance for loan losses to non-acquired loans at end of period	0.95%	0.96%	0.98%	0.99%	1.04%
Acquired loans allowance for loan losses to acquired loans at end of period	0.02	0.03	0.09	0.08	0.04
Purchase discount to acquired loans at end of period	4.25	4.18	4.24	3.96	3.79
End of Period					
Nonperforming loans - non-acquired loans	\$ 10,557	\$ 11,023	\$ 10,561	\$ 10,919	\$ 11,881
Nonperforming loans - acquired loans	6,428	7,048	7,876	4,360	3,707
Other real estate owned - non-acquired	2,790	3,041	3,681	3,791	5,042
Other real estate owned - acquired	1,203	1,203	1,468	1,644	2,415
Bank branches closed included in other real estate owned	3,892	5,705	7,585	3,259	634
Total nonperforming assets	\$ 24,870	\$ 28,020	\$ 31,171	\$ 23,973	\$ 23,679
Restructured loans (accruing)	\$ 18,125	\$ 17,711	\$ 19,272	\$ 20,337	\$ 19,956
Nonperforming loans to loans at end of period - non-acquired loans	0.36%	0.38%	0.38%	0.42%	0.48%
Nonperforming loans to loans at end of period - acquired loans	0.22	0.24	0.28	0.16	0.15
Total nonperforming loans to loans at end of period	0.57	0.62	0.66	0.58	0.63
Nonperforming assets to total assets - non-acquired	0.36%	0.42%	0.48%	0.41%	0.44%
Nonperforming assets to total assets - acquired	0.16	0.18	0.21	0.14	0.15
Total nonperforming assets to total assets	0.52	0.60	0.69	0.55	0.59
Average Balances					
Total average assets	\$ 4,699,745	\$ 4,572,188	\$ 4,420,438	\$ 4,206,800	\$ 3,601,381
Less: Intangible assets	78,878	79,620	80,068	69,449	37,006
Total average tangible assets	\$ 4,620,867	\$ 4,492,568	\$ 4,340,370	\$ 4,137,351	\$ 3,564,375
Total average equity	\$ 466,847	\$ 437,077	\$ 430,410	\$ 416,748	\$ 370,816
Less: Intangible assets	78,878	79,620	80,068	69,449	37,006
Total average tangible equity	\$ 387,969	\$ 357,457	\$ 350,342	\$ 347,299	\$ 333,810
	March 31,	December 31,	September 30,	June 30,	March 31,

LOANS	2017	2016	2016	2016	2016
Construction and land development	\$ 174,991	\$ 160,116	\$ 153,901	\$ 142,387	\$ 147,594
Commercial real estate	1,349,883	1,357,592	1,293,512	1,239,508	1,171,356
Residential real estate	893,675	836,787	833,413	794,321	762,838
Installment loans to individuals	165,040	153,945	145,523	115,513	95,183
Commercial and financial	389,445	370,589	342,501	323,466	277,775
Other loans	725	507	489	857	468
Total Loans	\$ 2,973,759	\$ 2,879,536	\$ 2,769,339	\$ 2,616,052	\$ 2,455,214

CONSOLIDATED QUARTERLY FINANCIAL DATA

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

<i>(Dollars in thousands)</i>	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Customer Relationship Funding					
Noninterest demand					
Commercial	\$ 916,940	\$ 860,449	\$ 892,876	\$ 860,953	\$ 768,890
Retail	234,109	220,134	209,351	211,722	212,367
Public funds	52,126	48,690	42,147	44,275	52,244
Other	21,949	19,036	24,168	29,842	20,568
	<u>1,225,124</u>	<u>1,148,309</u>	<u>1,168,542</u>	<u>1,146,792</u>	<u>1,054,069</u>
Interest-bearing demand					
Commercial	117,629	102,320	100,824	102,105	101,767
Retail	613,121	591,808	567,286	549,301	496,846
Public funds	139,707	179,599	108,370	124,982	152,291
	<u>870,457</u>	<u>873,727</u>	<u>776,480</u>	<u>776,388</u>	<u>750,904</u>
Total transaction accounts					
Commercial	1,034,569	962,769	993,700	963,058	870,657
Retail	847,230	811,942	776,637	761,023	709,213
Public funds	191,833	228,289	150,517	169,257	204,535
Other	21,949	19,036	24,168	29,842	20,568
	<u>2,095,581</u>	<u>2,022,036</u>	<u>1,945,022</u>	<u>1,923,180</u>	<u>1,804,973</u>
Savings					
Money market					
Commercial	313,094	286,879	313,200	293,724	271,567
Retail	414,886	411,696	411,550	419,821	380,233
Public funds	93,626	104,122	134,181	147,385	89,857
	<u>821,606</u>	<u>802,697</u>	<u>858,931</u>	<u>860,930</u>	<u>741,657</u>
Time certificates of deposit					
	398,318	351,850	365,641	386,278	362,638
Total Deposits	<u>\$ 3,678,645</u>	<u>\$ 3,523,245</u>	<u>\$ 3,510,493</u>	<u>\$ 3,501,316</u>	<u>\$ 3,222,447</u>
Customer sweep accounts					
	<u>\$ 183,107</u>	<u>\$ 204,202</u>	<u>\$ 167,693</u>	<u>\$ 183,387</u>	<u>\$ 198,330</u>
Total core customer funding (1)	<u>\$ 3,463,434</u>	<u>\$ 3,375,597</u>	<u>\$ 3,312,545</u>	<u>\$ 3,298,425</u>	<u>\$ 3,058,139</u>

(1) Total deposits and customer sweep accounts, excluding certificates of deposits.

AVERAGE BALANCES, INTEREST INCOME AND EXPENSES, YIELDS AND RATES (1)(Unaudited)
SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

(Dollars in thousands)	2017			2016					
	First Quarter			Fourth Quarter			First Quarter		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets									
Earning assets:									
Securities:									
Taxable	\$ 1,279,246	\$ 8,087	2.53%	\$ 1,251,015	\$ 6,880	2.20%	\$ 996,301	\$ 5,683	2.28%
Nontaxable	27,833	441	6.34	28,589	441	6.17	17,929	251	5.60
Total Securities	1,307,080	8,528	2.61	1,279,604	7,321	2.29	1,014,230	5,934	2.34
Federal funds sold and other investments	56,771	510	3.64	90,437	517	2.28	52,213	290	2.23
Loans, net	2,918,665	31,949	4.44	2,833,895	32,056	4.50	2,246,773	26,074	4.67
Total Earning Assets	4,282,515	40,987	3.88	4,203,936	39,894	3.78	3,313,216	32,298	3.92
Allowance for loan losses	(24,036)			(22,819)			(19,558)		
Cash and due from banks	105,803			90,082			81,947		
Premises and equipment	58,783			59,108			57,062		
Intangible assets	78,878			79,620			37,006		
Bank owned life insurance	84,811			48,954			43,647		
Other assets	112,994			113,307			88,061		
Total Assets	\$ 4,699,745			\$ 4,572,188			\$ 3,601,381		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities:									
Interest-bearing demand	\$ 834,244	\$ 163	0.08%	\$ 812,056	\$ 149	0.07%	\$ 710,083	\$ 155	0.09%
Savings	353,452	44	0.05	343,753	44	0.05	303,207	37	0.05
Money market	803,795	417	0.21	824,440	429	0.21	667,466	412	0.25
Time deposits	347,143	566	0.66	360,712	598	0.66	304,401	313	0.41
Federal funds purchased and securities sold under agreements to repurchase	181,102	153	0.34	184,612	110	0.24	185,728	127	0.28
Federal Home Loan Bank borrowings	426,144	702	0.67	339,457	392	0.46	57,308	409	2.87
Other borrowings	70,273	565	3.26	70,197	544	3.08	69,987	496	2.85
Total Interest-Bearing Liabilities	3,016,153	2,610	0.35	2,935,227	2,266	0.31	2,298,180	1,949	0.34
Noninterest demand	1,183,813			1,167,687			906,231		
Other liabilities	32,932			32,197			26,154		
Total Liabilities	4,232,898			4,135,111			3,230,565		
Shareholders' equity	466,847			437,077			370,816		
Total Liabilities & Equity	\$ 4,699,745			\$ 4,572,188			\$ 3,601,381		
Interest expense as a % of earning assets			0.25%			0.21%			0.24%
Net interest income as a % of earning assets		\$ 38,377	3.63%		\$ 37,628	3.56%		\$ 30,349	3.68%

(1) On a fully taxable equivalent basis. All yields and rates have been computed on an annualized basis using amortized cost.

Fees on loans have been included in interest on loans. Nonaccrual loans are included in loan balances.

Explanation of Certain Unaudited Non-GAAP Financial Measures

This presentation contains financial information determined by methods other than Generally Accepted Accounting Principles (“GAAP”). Management uses these non-GAAP financial measures in its analysis of the Company’s performance and believes these presentations provide useful supplemental information, and a clearer understanding of the Company’s performance. The Company believes the non-GAAP measures enhance investors’ understanding of the Company’s business and performance and if not provided would be requested by the investor community. These measures are also useful in understanding performance trends and facilitate comparisons with the performance of other financial institutions. The limitations associated with operating measures are the risk that persons might disagree as to the appropriateness of items comprising these measures and that different companies might calculate these measures differently. The Company provides reconciliations between GAAP and these non-GAAP measures. These disclosures should not be considered an alternative to GAAP.

Effective in the first quarter of 2017, adjusted net income and adjusted noninterest expense exclude the effect of amortization of acquisition-related intangibles. Prior periods have been revised to conform with the current period presentation.

RECONCILIATION OF NON-GAAP MEASURES
SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	First Quarter 2017	Fourth Quarter 2016	Third Quarter 2016	Second Quarter 2016	First Quarter 2016
<i>(Dollars in thousands except per share data)</i>					
Net income	\$ 7,926	\$ 10,771	\$ 9,133	\$ 5,332	\$ 3,966
BOLI income (benefits upon death)	0	0	0	0	(464)
Security gains	0	(7)	(225)	(47)	(89)
Total Adjustments to Revenue	0	(7)	(225)	(47)	(553)
Merger related charges	533	561	1,699	2,446	4,322
Amortization of intangibles	719	719	728	593	446
Branch reductions and other expense initiatives	2,572	163	894	1,587	713
Early redemption cost for FHLB advances	0	0	0	1,777	0
Total Adjustments to Noninterest Expense	3,824	1,443	3,321	6,403	5,481
Effective tax rate on adjustments	(1,480)	(404)	(1,168)	(2,532)	(1,845)
Adjusted Net Income	\$ 10,270	\$ 11,803	\$ 11,061	\$ 9,156	\$ 7,049
Earnings per diluted share, as reported	0.20	0.28	0.24	0.14	0.11
Adjusted Earnings per Diluted Share	0.26	0.31	0.29	0.24	0.20
Average shares outstanding (000)	39,499	38,252	38,170	38,142	35,453
Revenue	\$ 48,070	\$ 47,354	\$ 47,437	\$ 43,651	\$ 38,941
Total Adjustments to Revenue	0	(7)	(225)	(47)	(553)
Adjusted Revenue	48,070	47,347	47,212	43,604	38,388
Noninterest Expense	34,746	30,297	33,435	34,808	32,341
Total Adjustments to Noninterest Expense	3,824	1,443	3,321	6,403	5,481
Adjusted Noninterest Expense	30,922	28,854	30,114	28,405	26,860
Adjusted Noninterest Expense	30,922	28,854	30,114	28,405	26,860
Foreclosed property expense and net (gain)/loss on sale	(293)	(78)	124	(41)	38
Net Adjusted Noninterest Expense	31,215	28,932	29,990	28,446	26,822
Adjusted Revenue	48,070	47,347	47,212	43,604	38,388
Impact of FTE adjustment	211	204	287	308	127
Adjusted Revenue on a fully taxable equivalent basis	48,281	47,551	47,499	43,912	38,515
Adjusted Efficiency Ratio	64.7%	60.8%	63.1%	64.8%	69.6%
Average Assets	\$ 4,699,745	\$ 4,572,188	\$ 4,420,438	\$ 4,206,800	\$ 3,601,390
Less average goodwill and intangible assets	(78,878)	(79,620)	(80,068)	(69,449)	(37,015)
Average Tangible Assets	4,620,867	4,492,568	4,340,370	4,137,351	3,564,375
Return on Average Assets (ROA)	0.68%	0.94%	0.82%	0.51%	0.44%
Impact of removing average intangible assets and related amortization	0.06%	0.06%	0.06%	0.05%	0.04%
Return on Tangible Average Assets (ROTA)	0.74%	1.00%	0.88%	0.56%	0.48%
Impact of other adjustments for Adjusted Net Income	0.16%	0.05%	0.13%	0.33%	0.32%
Adjusted Return on Average Tangible Assets	0.90%	1.05%	1.01%	0.89%	0.80%
Average Shareholders' Equity	\$ 466,846	\$ 437,077	\$ 430,410	\$ 416,748	\$ 370,816
Less average goodwill and intangible assets	(78,878)	(79,620)	(80,068)	(69,449)	(37,015)
Average Tangible Equity	387,968	357,457	350,342	347,299	333,801
Return on Average Shareholders' Equity	6.9%	9.8%	8.4%	5.1%	4.3%
Impact of removing average intangible assets and related amortization	1.9%	2.7%	2.5%	1.5%	0.8%
Return on Average Tangible Common Equity (ROTCE)	8.8%	12.5%	10.9%	6.6%	5.1%
Impact of other adjustments for Adjusted Net Income	1.9%	0.6%	1.7%	4.0%	3.4%
Adjusted Return on Average Tangible Common Equity	10.7%	13.1%	12.6%	10.6%	8.5%

Final Transcript

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SPEAKERS

Dennis Hudson - Chairman and CEO
Chuck Shaffer - EVP and Community Banking Executive
Chuck Cross - EVP and Commercial Banking Executive

ANALYSTS

Michael Young - SunTrust Robinson Humphrey
Bob Ramsey - FBR
Stephen Scouten - Sandler O'Neill
David Feaster - Raymond James
Eric Wasserstrom - Guggenheim Securities LLC

PRESENTATION

Operator: Welcome to the Seacoast First Quarter 2017 Earnings Conference Call. My name is Paulette, and I will be your operator. Before we begin, I have been asked to direct your attention to the statement contained at the end of our press release regarding forward-looking statements.

Seacoast will be discussing issues that constitute forward-looking statements within the meaning of the Securities and Exchange Act, and their comments today are intended to be covered within the meaning of that act. Please note this conference is being recorded.

I will now turn the call over to Dennis Hudson, Chairman and CEO, Seacoast Bank. Mr. Hudson, you may begin.

Dennis Hudson: Thank you for joining us today for our first quarter 2017 conference call. Our press release issued yesterday after the market close and updated investor presentation, which contains supplementary information are posted on the investors portion of our website at SeacoastBanking.com. You can find the information under presentations.

With us today is Chuck Schaffer, our Chief Financial Officer, who will discuss our financial and operating results, as well as Julie Kleffel, our Community Banking Executive; Chuck Cross, our Commercial Banking Executive; David Houdeshell, our Chief Credit Officer; and Jeff Lee, our Chief Marketing and Analytics Officer.

During the first quarter, Seacoast's execution of our balanced growth strategy, continued to create value for shareholders and positioned us well, we feel, for the balance of the year. Net income increased 100% on a 23% increase in revenue, and our adjusted net income rose 46%. Adjusted earnings per share rose by 30%.

Strong organic growth drove our improved performance complemented by the impact of our expansion last year in Orlando. Our revenue growth and our improved operating efficiency in turn created significant operating leverage as reflected in our improved bottom-line year-over-year.

Notably, we accomplished this while adhering to our credit standards and our controls governing loan portfolio diversity and granularity. Moreover, we continue to build franchise value with strong deposit growth as we maintained a 14 basis point cost of deposits for the quarter, which is another important key to creating value for shareholders in the environment ahead.

This quarter, we found opportunities to make investments in our people and in our business, as well as opportunities to reduce costs that are significantly designed to position us for stronger performance over the rest of this year. Chuck is going to provide us with some additional color on this in a few minutes. In short, though, we are executing on our plan and we're confident we will hit our earnings goal for this year.

Turning to our operations, we generated strong organic growth in consumer, small business, and residential lending. Consumer and small business originations reached \$90 million, a record level for us during the current quarter, and commercial originations remained strong at \$95 million after several recent record quarters. We grew the number of households we serve, adding a record 1,416 new households in the month of March alone. All of this was achieved despite having fewer branches and fewer FTEs in our retail business units.

These and other metrics signal the strength of our operating model and our success in evolving to better meet the needs of our customers. Very clearly our work in moving routine transactions to lower cost channels, combined with the investments we've made in our 24/7 call center and in our ATM network, have positioned us to deliver the convenience our customers expect through a more efficient operating model.

Our acquisitions contributed meaningfully to the results again this quarter. Last year's Floridian and BMO acquisitions in Orlando are performing well and progressing as planned. Our acquisition and integration playbook is now well-honed and proven in multiple markets. We've now turned our sites to the Tampa MSA, which ranks among the fastest-growing markets in the state and in the country.

This month, we announced the close of our GulfShore Bank acquisition, which added three branches and \$332 million in assets in Florida's second-largest market. Moreover, we picked up a strong leadership team, which will remain focused on our customers, expanding our share of services with them, and importantly growing organically in this very attractive MSA.

Building on our Tampa market entry, we recently lifted out a commercial banking team—this occurred during the quarter—which will be headquartered in the Tampa area. The team brings decades of experience growing C&I portfolios, and we're excited to welcome them on board. And again, Chuck is going to provide us a little additional detail a little later in the call.

While we have a keen eye on growth, we are equally focused on effective risk controls. For those who attended our Investor Day, you know that we heavily weight this area because we believe it is paramount to our long-term success. By managing our risk well, we have been able to deliver above-average industry results at below industry average risk levels measured, for example, by CRE as a percentage of capital, as well as our loan granularity.

We discussed during that meeting Seacoast's culture of risk awareness, not just risk avoidance, at our Investor Day and detailed how our prudent credit culture is a linchpin to everything we do. During the first quarter of 2017, our adjusted efficiency ratio and adjusted return on average tangible assets both improved substantially compared to the first quarter of last year, although they declined sequentially as a result of seasonally higher expenses and loan loss provisioning during the first quarter. Chuck again will detail this in a minute here. For the balance of this fiscal year, we are confident in our ability to drive profitability and topline growth without changing our risk profile.

And two final points I want to make. First, I want to acknowledge our \$56 million common equity raise in February. This raise added capital for continued strong organic growth, the buildout of our Tampa MSA, and future opportunistic acquisitions. While we will continue to evaluate opportunities for their overall fit in our system and strategy, we will only pursue transactions that produce strong results for shareholders and strengthen our incredibly valuable Florida franchise.

Those who attended or listened in on our Investor Day in February know that we plan to update our guidance on this Q1 earnings call. As noted in our press release, we have updated our guidance for a change in definition, but the baseline guidance remains unchanged. Chuck will provide further details here in a minute.

The second point I wanted to make here, four months into the year, is that we're confident in our ability to achieve our 2017 goals and our three-year 2020 vision. As we said at our Investor Day in February, these goals are based on our strong organic growth trajectory, reflecting the initiatives we explored in detail at our Investor Day. Additional contributions from the right strategic acquisitions could press our performance even higher than we planned.

In closing, I'd like to thank our many investors we met face to face at our meeting in New York. If you haven't had a chance, I would invite you to take the opportunity to look over our Investor Day presentation and consider listening to the replay, which can be found on our Investor Relations page of our website.

With that, I'll turn the call over to Chuck who will review our financial highlights for the quarter and then we'd be happy to take some questions. Chuck?

Chuck Shaffer: Thank you, Denny, and thank you all for joining us this morning. As I provide my comments, I'll reference the slide deck, which can be found at www.seacoastbanking.com.

I'll start this morning on slide 5 by talking about a few notable items aggregating the \$3.6 million that impacted the first quarter. These actions were taken purposely to better position Seacoast for improved performance as the year moves forward.

First, we had the seasonal return of 401(k) and payroll tax expense. We also restructured our executive team, bringing on two new roles and reducing the team by three roles. There were some salary overlap and severance-related charges associated with this transition.

We also completed a lift-out of a commercial lending team, which will be headquartered in Tampa, Florida. This team has nationwide sales distribution and will be focused on growing C&I relationships that fit within our house limits and credit guardrails.

This team's pipeline has grown to \$90 million as of April 20th and we're excited to have them on the Seacoast team. We recruited this team out of a large regional bank and they have a proven track record of success. We also completed a reduction in force resulting in severance charges in the quarter. The benefit of this work will be realized at the start of the second quarter. And finally, we consolidated four branches, resulting in closure and severance-related charges in the quarter with anticipated benefits partially realized in the second quarter and more fully over the remainder of the year.

Before we move to performance during the first quarter, please note that the company has updated its definition of adjusted net income and adjusted non-interest expense to exclude the effect of amortization expense associated with acquisition-related intangibles. Although this is not a GAAP measure, management believes that this information helps investors better understand the effect of acquisition-related activity and other charges that are not considered to be operating in nature.

Additionally, the company believes it better aligns the presentation of adjusted earnings to the presentation of adjusted return on tangible common equity, adjusted return on tangible assets, and the adjusted efficiency ratio. We have considered making this change for some time and chose to make this change in the first quarter to provide consistency as the year progresses forward.

Looking more deeply at the quarter, let's move to slide 6, net interest income. Net interest income was up \$749,000 sequentially and the net interest margin was up seven basis points sequentially due to a steeper yield curve, higher short-term rates, and a higher yield on the securities portfolio. The increase in yield on the securities benefited from the early payoff of CLO securities, resulting in a 4 basis point impact on margin and a 13 basis point impact on the yield on securities.

Looking forward, we expect the net interest margin to be in the mid 3.60s throughout 2017 assuming no change in short-term or long-term interest rates. We remain asset-sensitive, and a 100 to 200 basis point parallel increase in rates would equate to approximately 3% to 6% improvement in net interest income over the next 12 months and 6% to 12% improvement in net interest income on a 12- to 24-month period.

We will continue to manage to an asset-sensitive balance sheet, which is bolstered by a very valuable low-cost deposit portfolio. If the Fed funds rate was increased by another 25 basis points mid-year; that would add \$0.01 to our earnings per share in the current year.

Moving to slide 7, adjusted non-interest income remained relatively in line with the prior quarter and is up \$1.7 million from the prior year's first quarter, primarily the result of four factors: stronger service charges on deposits due to the acquisition of BMO's operations in Orlando; expansion of our BOLI program; continued increases in interchange income that result in driving spend and activation using our automated marketing tools; and continued household acquisition.

When looking forward, we feel confident in the momentum of both our wealth and mortgage teams and expect revenues from these teams to continue to grow over time. Additionally, we expect check and debit card interchange to continue to grow in line with our current trends.

Moving to slide 8, adjusted non-interest expense was up \$2.1 million from the prior quarter and up \$4.1 million from the prior year's first quarter. The quarter-over-quarter increase on an adjusted basis was primarily the result of higher salaries and benefits of \$1.6 million, of which \$500,000 was related to seasonal payroll and 401(k) expenses, \$200,000 related to the commercial team we lifted out, \$100,000 due to the executive team salary overlap as we migrated through the transition, and the remainder as the result of a return to normalized incentive accruals and a few investments in talent.

We will continue to carefully manage the expenses as we move forward and will become more efficient in our retail network. We believe branches are still valuable to our customers for more complex transactions, but simple tasks such as depositing/withdrawing funds are rapidly migrating to a digital world. During the first quarter, deposits outside the branch network increased to 36% from 31% in the same quarter one year prior. We are well on our way to our goal of closing 20% of our branch locations in the next 24 to 36 months.

We're in process of consolidating four locations in the first quarter, and some of this operational expense savings will be reinvested into technology and talent to deliver products and services in new, more convenient ways. We'll continue to carefully balance our investments for growth to bottom-line performance as we move forward.

When considering expenses, I expect expenses to increase in the second quarter in line with our plan, entirely the result of the GulfShore acquisition, then decline modestly in the third and fourth quarter, the result of efficiency initiatives currently in process.

We recorded a \$4.1 million tax provision in the first quarter of 2017. The quarter tax position benefited from the adoption of ASU 2016-9, improvements of employee share-based payment accounting. As a result, Seacoast recorded a benefit of \$234,000 in the quarter and looking ahead, we expect our effective tax rate to be 35.5%.

Moving to slide 9, as noted, our adjusted efficiency ratio increased to 64.7%, which is up due to some of the items I mentioned previously. This is slightly behind our internal objective, the result of a delay in executing our first quarter cost reduction we had planned; however, we feel confident in our ability to achieve our internal objectives and exit the year with an adjusted efficiency ratio in the 50s, of which will be the result of a more streamlined organization and higher revenue from our business units.

Turning to slide 10, loan outstandings continued to grow during the first quarter with growth in outstandings of \$95 million. During the quarter, the company purchased a \$43 million adjustable residential mortgage pool yielding 3.17% at an average life of 4.2 years, and the company experienced higher than usual commercial loan payoffs during the quarter totaling \$60 million, \$30 million higher than our normal run rate. We don't expect this trend to continue.

Excluding acquisitions, organic loan outstandings grew 19% over the prior year and pipelines remained strong at quarter end with the commercial pipeline at \$123 million, residential at \$78 million and the consumer small business pipeline in aggregate at \$44 million. We're excited to bring the newly hired commercial C&I team and the GulfShore team into our lending businesses as we move forward. The Tampa market is an exciting opportunity to add additional growth to our balance sheet.

We continue to focus on building a well-diversified loan book. Our average commercial loan size is \$363,000. Our top ten relationships as a percentage of total capital are 41% at the end of the first quarter, up from 31% at the end of the first quarter of 2016. Looking forward, we expect loan growth to continue in the mid to high teens and loan yields should remain stable excluding any non-cash accretion effects from loans included in the purchase credit impaired or acquired loan pools.

Turning to slide 11, deposit outstandings grew by \$156 million quarter-over-quarter and were up \$457 million from the first quarter in the prior year. Deposits per branch increased to \$80 million from \$61 million one year ago. Rates paid on deposits remained stable quarter-over-quarter and looking ahead, we expect to grow deposit outstandings in the 7% range with some minor increases in deposit rates paid to customers as we compete more aggressively for funding. That being said, our customers do not bank with us for rate, but for the value we provide through digital-centric offerings, great service, and the convenience of a 24/7, 365 day call center.

Turning to slide 12, credit quality continues to be strong with our risk profile well-maintained. In the legacy portfolio, the ALLL ended the quarter at 95 basis points of loan outstandings, down from 96 basis points at the end of the prior quarter. Net charge-offs were \$142,000 for the quarter compared to \$283,000 in the prior quarter and then recoveries of \$397,000 in the first quarter of the prior year. Looking forward, the provision for credit losses will continue to be influenced by loan growth.

Turning to slide 13, our capital position remains strong. During the quarter, we completed a successful public offering of 2.7 million shares of common stock, generating net proceeds of \$55.7 million. This capital provides flexibility to continue growing organically and make disciplined and thoughtful acquisitions as we move forward.

The common equity tier 1 capital ratio was 12.3%, total capital ratio was 14.9% and the tier 1 leverage ratio was 10.3% at March 31, 2017. The tangible common equity to tangible asset ratio was 9% at quarter end. If GulfShore was included in these ratios on a pro forma basis, the common equity tier 1 capital ratio would be 12.1%, the total capital ratio would be 14.5% and the tier 1 leverage ratio would be 10.2%. The tangible common equity to tangible asset ratio would be 8.8%.

Turning to slide 14, the company's previous baseline adjusted earnings per share guidance of \$1.24 to \$1.28 remains unchanged from our prior presentation at the February Investor Day. As mentioned earlier, the company has updated its definition of adjusted net income to exclude the effect of amortization of acquisition-related intangibles.

Updating the guidance for this new definition and the greater number of shares in issue following the capital raise, the company has revised its 2017 expected adjusted diluted earnings per share guidance to \$1.28 to \$1.32. This increase primarily represents the change in definition, which adds \$0.04 per share, the result of a removal of expense associated with acquisition-related intangibles.

We have updated our internal model to support this range with the key assumptions outlined on slide 14. We based our model on static interest rates at March 31, 2017 with Fed funds at 1% and the 10-year Treasury curve at 2.40%. We have assumed no further increases in rates in the model. We have modeled loan growth in the mid to high teens, core deposit growth rate at 7% and any shortfall in funding will be filled with 1% timed deposits or public funds. We have modeled stable loan yields and stable security yields for the remainder of 2017.

We have also modeled net charge-offs of two to four basis points and loan provisioning in line with loan growth. Our goal is to exit the year with an efficiency ratio in the 50s, and we're excited about the markets we're operating in. We're also excited about the trajectory of our performance and are looking forward to executing our plan over the remainder of the year.

I'll now turn the call back over to Denny.

Dennis Hudson: Thanks, Chuck, and we'd be pleased to take a few questions, operator.

Operator: Thank you. We will now begin the question-and-answer session. [Operator instructions]. And our first question comes from Michael Young from SunTrust. Please go ahead.

Michael Young: Hey, good morning, everyone.

Dennis Hudson: Good morning, Michael.

Chuck Shaffer: Hi, Michael.

Michael Young: Chuck, I just wanted to start with the revised guidance for the year. The \$0.06 of incremental growth post-capital raise, is that simply a function of deploying the liquidity from the capital raise or are you expecting incremental growth even though you haven't changed your loan growth guidance per se?

Chuck Shaffer: I think the way to think about it, Michael, is with the capital raise, it's allowing us to grow the balance sheet even probably more stronger than we had originally anticipated, and when you think about the fact that we've added a new team, the C&I team that we added in Tampa, as well as GulfShore, both of those are additive to our loan growth thoughts, as well as we'll be adding to our securities portfolio, potentially adding \$100 million to \$200 million over the next quarter. And so the combination of additional investment securities, lending, both from the C&I team and the GulfShore team, all potentially give more flexibility to growing the balance sheet over the remainder of the year.

Michael Young: Okay. And one other just point of clarification, I guess. The original guidance was using a static rate scenario as of year-end, so this one I guess incorporates an additional rate hike. Is that the right way to think about that?

Chuck Shaffer: I think you can't think about it that way. We did have that rate hike in between, and we've rerun our models to substantiate the additional guidance we put out today.

Michael Young: Okay, great. And maybe just switching gears, Denny, big picture on M&A, obviously there was the deal on Tampa announced last night, but just wanted to get your updated thoughts on opportunities this year and what you might be seeing in the pipeline.

Dennis Hudson: Yes, I would just say that there are opportunities out there, and we continue to look at them. As you well know, our primary focus though is organic growth, and we believe that it is critically important that we demonstrate an ability to continue to grow our customer base and broaden the relationships within that customer base over time, and we're quite pleased to do that.

I would say given the change in trading multiples that occurred after the election probably gave rise to more interest on the part of sellers but really don't have anything more to say other than that. But, again, we try to really focus on a balanced strategy around growth. As you saw this quarter, we invested in a new production team that moved over en masse to us in the Tampa market, which we think is going to be incredibly valuable as we look ahead over the balance of the year.

We also closed on our acquisition in Tampa, and we believe one of the key values, if not the key value in that acquisition was the leadership team that we got in that market. We think there is tremendous opportunity for that team to lead with further growth in that market, and so we remain focused on that.

If we see an opportunity that we think makes sense and fits into our strategy and is not just accretive to earnings and has the right metrics, but more importantly, actually accretes value overall to the franchise, we'd certainly consider it.

Michael Young: Okay, great. I'll step back for now. Thanks.

Dennis Hudson: Thanks a lot.

Operator: And our next question comes from Bob Ramsey from FBR. Please go ahead.

Bob Ramsey: Hey, good morning. A quick technical question. Which lines were the merger and branch consolidation charges in? Do you have how much of that was maybe in salaries and where else they fell?

Chuck Shaffer: Yes. I think the way to think about that, Bob, is \$2 million was in salaries and wages; other was about \$100,000; occupancy \$300,000 and FF&E \$200,000.

Bob Ramsey: Okay, got it. Thank you. And then obviously that stuff all goes away next quarter. I know you highlighted some of the other unusual seasonal type costs. Is it fair to say that we start the second quarter the full \$3.6 million lower or do you think there's some other offsetting factors in there?

Chuck Shaffer: The only thing that will expand into the second quarter is some of the branch-related expenses due to the way lease termination works and the accounting rules around that. There will be some one-time expenses probably dragging into the second quarter connected to the four branches we announced.

Dennis Hudson: And I'm sure you know this, but obviously we did the closing for the Tampa acquisition, the GulfShore acquisition and those one-timers will hit in the second quarter as well.

Bob Ramsey: Yes, that's fair. Got it. And then I know as you all have mapped out the earnings trajectory through the year, you say you expect to end the year with an adjusted efficiency ratio in the 50s. Can we narrow that down a little bit more? There's obviously a big range between 51% and 59%. Is the mid-50s probably a fair way to think about it without being too precise?

Chuck Shaffer: Yes, I don't want to be too precise there, Bob, but mid-50s to high 50s is probably the way to think about it, but our internal target is mid-50s.

Bob Ramsey: Okay, got it. And then last question. Just curious, noticed on the end of period balance sheet that there was an uptick in broker time deposits this quarter. Could you maybe talk about what drove that increase?

Chuck Shaffer: Yes. We had some leverage on the balance sheet when we came into the end of the year. We took advantage of the fact that we thought we could go out and extend duration of funding. It was just an interest rate risk management play to extend the benefit to rising rates in the balance sheet.

Bob Ramsey: Okay, great. Any pressure on deposit pricing out there? I'm just curious what you're seeing competitively.

Chuck Shaffer: No, no real pressure. If there is any pressure, it's up in the public fund and wholesale markets, but as you know, most of our funding is relationship-based, small business and consumer and the like. We see no real pressure down there where in the wholesale markets just moved in line with the short-term end of the curve.

Bob Ramsey: Great. All right. Thank you.

Operator: Our next question comes from Stephen Scouten from Sandler O'Neill. Please go ahead.

Stephen Scouten: Hey, guys, good morning.

Chuck Shaffer: Hey, Steve.

Stephen Scouten: A question for you, maybe drilling down a little bit more into this Tampa team lift-out. Can you give any more color about how many people that might be and what sort of contribution you expect? I know you said it would be accretive to 2017 earnings, but any further clarity there and maybe average loan sizes as well? I'd expect they're maybe a little less granular than your average portfolio. Is that fair?

Chuck Cross: Hey, Steve, this is Chuck Cross. I'll take the first part of that. This C&I team kind of focuses on the equipment side of lending. They're a great fit with our credit culture. They focus on companies up to about \$750 million in revenue that have strong balance sheets and consistent cash flow. Their typical deal size is \$2 million to \$10 million, which sits well within our guardrails. Most of their transactions are fully amortizing under seven years, and they tend to target business aircraft, on-highway trucks and trailers, and rail cars.

Chuck Shaffer: And to follow up with the question around the accretion earnings and the like, we made an investment here in the first quarter that's primarily salary-related expenses, and as we move through the year and our portfolio builds, we think that becomes \$0.01 or so accretive earnings by the end of the year.

Stephen Scouten: Okay. And did you mention where those folks came from at all? Did I miss that?

Chuck Shaffer: The only information we gave and I think we'll stick here is it was a large regional bank.

Stephen Scouten: Okay, fair enough. And maybe looking at the branch closures, it looked like from the actual branch count that maybe only one of those occurred in the quarter and the other three have maybe already occurred this quarter. Is that correct? And then in terms of the cost, it looked like \$515,000 taken this quarter and maybe you said some additional into 2Q with a \$2 million annual benefit. So, what's the earn-back on that?

Chuck Shaffer: I think the way to think about it is, well, one, we applied for all four in the quarter, so they're all coming through. The only expenses that'll move into the second quarter are around the facilities and the lease-related expenses. All of the salary-related costs associated with that have been taken in this quarter.

Stephen Scouten: Okay. So, we should see—

Chuck Shaffer: Yes, payback, just to answer that, is two years or less type payback periods. I don't have that specifically. If you want, I can follow up with you on it, but it's two years or less generally.

Stephen Scouten: Okay. No, that's fantastic. That's fantastic. And then just in terms of the loan growth, obviously you had a little bit you mentioned on the \$43 million loan purchase. Is that activity that you guys would expect to continue or was that just opportunistic in nature? What's the thought process behind that resi mortgage purchase?

Chuck Shaffer: Yes, it was just opportunistic in nature. When we compared it back what we could get in the investment portfolio from a yield to duration benefit, we thought that was a better investment, so we put it in the loan portfolio. It's only going to be opportunistic going forward. Our forward plan doesn't include anything, but if we see something we like, we'll take it, but it's not part of really our plan to grow loans.

Dennis Hudson: And regardless, I wouldn't call it a significant thing for us as we look forward.

Stephen Scouten: Perfect, perfect. Okay, maybe one last one from me. I know Bob was asking you maybe on an expense run rate, but ex the GulfShore acquisition, I mean this—I think give or take around \$31.6 million core expenses for the quarter, is that a pretty good run rate if I'm thinking about that into 2Q or is there anything on a core basis that should shift around significantly?

Chuck Shaffer: I don't think you'll see anything on a core basis shift around significantly, but we will pick up the full impact of GulfShore in the second quarter, and then the efficiency work we're doing right now will start to impact Q3 and Q4.

Stephen Scouten: Perfect. Thanks so much, guys. Congrats on a good quarter.

Chuck Shaffer: Thanks.

Dennis Hudson: Thank you.

Operator: Our next question comes from David Feaster from Raymond James. Please go ahead.

David Feaster: Hey, good morning, guys.

Dennis Hudson: Good morning, David.

Chuck Shaffer: Hey, David.

David Feaster: So, on the lender lift-out, this is interesting—it's a great move and an easy way to generate organic growth at a reasonable price. Do you think that the continued consolidation in Florida from out-of-state banks is going to create more opportunity and more dislocation for you to pick off high-quality talent like this?

Chuck Cross: David, this is Chuck Cross. We continually talk to people and look at that. A lot of the acquisitions, some of the key people are tied up, so we try to stay in the game, and we will be opportunistic where we can be opportunistic.

Dennis Hudson: But I would say it probably continues to increase the opportunities, and I know we're talking with some others right now in some markets.

David Feaster: Okay. And you noted that deposit pricing pressure, you haven't seen any yet and given your customer base you really don't expect it. Could you maybe just talk about the competitive environment for deposits, what deposit betas you might expect on the next 25 to 50 basis points or maybe when would you expect deposit betas to increase and maybe where you anticipate the loan to deposit ratio shaking out over time?

Chuck Shaffer: Yes, I'll start with the loan deposit ratio. I think as you move into late this year or early next year, the loan deposit ratio starts to approach around 90% type range, and deposit growth and the competition around deposit funding, it's out there.

It's more competitive around the public funds type area, but I think customers see value, and your franchise value, and the service you provide, that's how we grow deposits going forward, and it's doing it the hard way, getting out and working in the field and bringing in relationships.

Dennis Hudson: I would say that a lot of our cross-sell work has really I would say helped us with that, and we've seen some nice results there, again focusing on broadening the relationships we have with customers. I know particularly I think we have some additional opportunity in the small business and commercial areas, areas we've seen nice deposit growth in over the last couple of quarters, and we'll continue to focus on that because we see more opportunity there.

So, we have in place a pretty solid strategy to deal with the question you asked in terms of deposit betas, and our goal will be to demonstrate improved performance when compared with others as a result of the work we're doing particularly in the area of analytics and digital.

David Feaster: Last one from me. Given your expectations for loan yields to remain stable here around the 445 level, does that imply that the March rate hike is essentially pretty much captured in the first quarter numbers?

Chuck Shaffer: Part of it, but I would suggest, yes, the guidance I gave on loan yields includes the March rate hike.

David Feaster: Thanks, guys.

Operator: [Operator instructions]. And our next question comes from Eric Wasserstrom from Guggenheim Securities. Please go ahead.

Eric Wasserstrom: Thanks very much. Just to follow up on the loan growth question, is the sequential growth trend that you experienced in the first quarter, is that a fair basis for a run rate, an organic run rate?

Chuck Shaffer: I think the way to think about it is first quarter is usually seasonally our weakest quarter. As you move through the year, I would suspect just like we saw over the last year we had 19% growth in loan outstandings. Our expectation is mid to high teens as we move through this year. So, I wouldn't use first quarter as a proxy for the way we think about the rest of the year.

Dennis Hudson: We expect higher, better performance.

Chuck Shaffer: Yes.

Eric Wasserstrom: So, if I just put the pieces together, it's an organic growth rate, let's say, in the mid, high teens, plus the benefits of the acquisition, plus the benefits of the commercial lending team joining in the back half?

Chuck Shaffer: I think the way to think about it is the mid to high teens includes all of our loan production, but given what we've acquired, we feel very confident and excited about what we think we can put together going forward.

Eric Wasserstrom: Okay. Thanks very much.

Chuck Shaffer: Thanks, Eric.

Operator: And we're showing no further questions. I will now turn the call back to Mr. Hudson for closing comments.

Dennis Hudson: Well, thank you, everybody, for attending today. As always, we're happy to handle follow-up questions after the call, and we look forward to talking with you next quarter.

Operator: Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating, and you may now disconnect.



Seacoast

BANKING CORPORATION
OF FLORIDA

Earnings Presentation

Q1 - 2017

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Cautionary Notice Regarding Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements about future financial and operating results, ability to realized deferred tax assets, cost savings, enhanced revenues, economic and seasonal conditions in our markets, and improvements to reported earnings that may be realized from cost controls and for integration of banks that we have acquired, as well as statements with respect to Seacoast's objectives, expectations and intentions and other statements that are not historical facts. Actual results may differ from those set forth in the forward-looking statements.

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, estimates and intentions, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance or achievements of Seacoast to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. You should not expect us to update any forward-looking statements.

You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "should," "support," "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "further," "point to," "project," "could," "intend" or other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation: the effects of future economic and market conditions, including seasonality; governmental monetary and fiscal policies, as well as legislative, tax and regulatory changes; changes in accounting policies, rules and practices; the risks of changes in interest rates on the level and composition of deposits, loan demand, liquidity and the values of loan collateral, securities, and interest sensitive assets and liabilities; interest rate risks, sensitivities and the shape of the yield curve; the effects of

competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market areas and elsewhere, including institutions operating regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone, computer and the Internet; and the failure of assumptions underlying the establishment of reserves for possible loan losses. The risks of mergers and acquisitions, include, without limitation: unexpected transaction costs, including the costs of integrating operations; the risks that the businesses will not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; the potential failure to fully or timely realize expected revenues and revenue synergies, including as the result of revenues following the merger being lower than expected; the risk of deposit and customer attrition; any changes in deposit mix; unexpected operating and other costs, which may differ or change from expectations; the risks of customer and employee loss and business disruption, including, without limitation, as the result of difficulties in maintaining relationships with employees; increased competitive pressures and solicitations of customers by competitors; as well as the difficulties and risks inherent with entering new markets.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2016 under "Special Cautionary Notice Regarding Forward-Looking Statements" and "Risk Factors", and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC's Internet website at <http://www.sec.gov>.

3rd Generation Florida Bank, Benefitting from Attractive Geography;
Investments in Digital Transformation and Commercial Loan Platform,
Strategic Acquisitions



- \$5.1B assets bank operating in the nation's third most-populous state
 - Strong and growing presence in two of Florida's most attractive MSAs
 - Top 10 bank in Orlando
 - Growing share in West Palm Beach
 - #1 share in Port St Lucie MSA, 8th largest market in Florida
 - Growing presence in
- Tampa MSA
- Investing in digital transformation, innovative business banking delivery
 - Growth-oriented culture, engaged associate base, strong customer advocacy
 - Engaged and independent board
 - Market Cap: \$976.4 million (3/31/17),

Seacoast's Differentiated Strategy



Expanding Analytical
& Digital Capabilities



Comprehensive Customer
Servicing Model



Track Record of Value-
Creating Acquisitions



Focused on Controls



Experienced Board &
Management Team



Well-Positioned to Benefit
From Florida Market

Notable Items Affecting Q1 Results

Certain items during the first quarter 2017, aggregating to \$3.6 million in noninterest expense, were significant when compared to the prior quarter.

- Return of seasonal 401(k) and payroll tax expense.
- Restructured the executive team, with salary expense overlap and severance-related charges. This was largely complete by first quarter end.
- Lifted-out a commercial lending team, expected to be earnings accretive in the fiscal year 2017.
- Completed a reduction in force, resulting in severance expense during the first quarter.
- Consolidated four branch locations, resulting in closure charges and severance in the first quarter, with anticipated benefits partially realized in the second quarter and more fully in the second half of 2017.

Net Interest Income and Margin

- Net interest income for the quarter totaled \$38.4 million, up 2% from the prior quarter.
- Net interest margin for the quarter increased to 3.63%, versus 3.56% in the prior quarter.

Net Interest Income and Net Interest Margin* (\$ in thousands)



*Calculated on a fully taxable equivalent basis using amortized cost.

Adjusted Noninterest Income¹

- Adjusted noninterest income totaled \$9.9 million, an increase of approximately \$1.8 million or 21% from the first quarter of 2016.
- Strong increases in mortgage banking revenue, deposit service charges, and interchange income, up from the prior year by 55%, 14%, and 12%, respectively.

Adjusted Noninterest Income (in thousands)

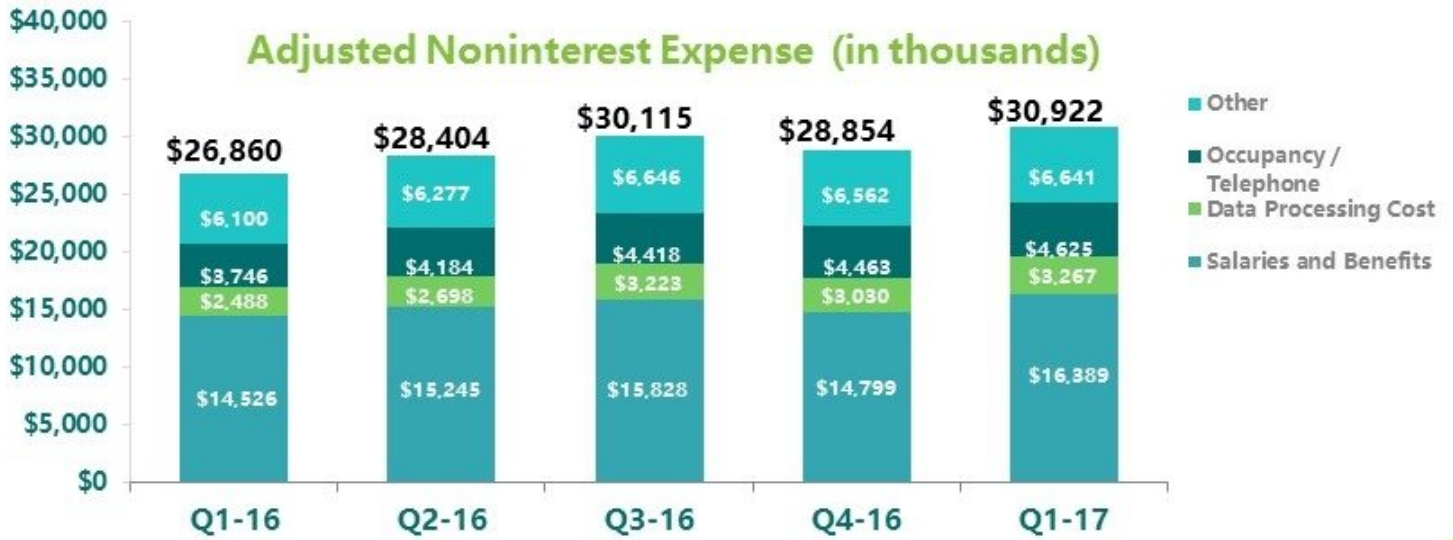


¹Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures". Effective in the first quarter of 2017, adjusted net income and adjusted noninterest expense exclude the effect of amortization of acquisition-related intangibles. Prior periods have been revised to conform with the current period presentation.



Adjusted Noninterest Expense¹

- As a percentage of average assets, noninterest expense in the first quarter of 2017 was 2.71%, down from 3.03% in the first quarter of 2016.
- The increase in adjusted noninterest expense quarter over quarter is primarily the result of a return of seasonal 401(k) and payroll tax expense; executive team restructure; commercial team lift-out; and expenses associated with a investor relations event.

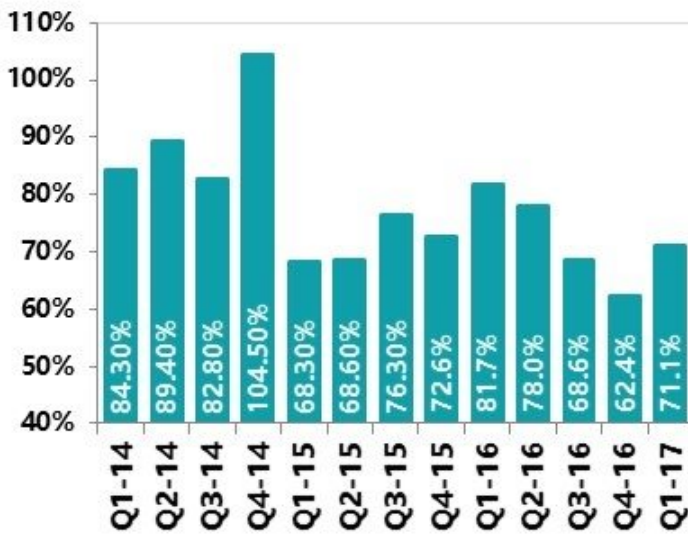


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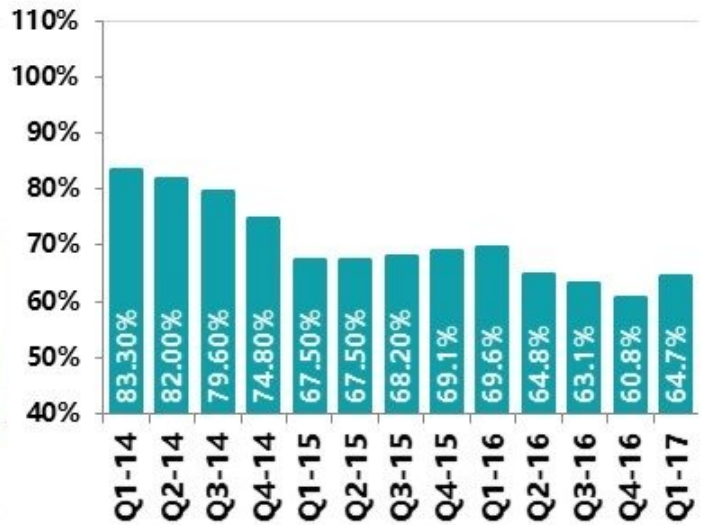
Efficiency Ratio

- Looking forward, we expect the efficiency ratio to continue to improve, and exit the year in the 50s

GAAP - Efficiency



Adjusted - Efficiency¹



¹Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures". Effective in the first quarter of 2017, adjusted net income and adjusted noninterest expense exclude the effect of amortization of acquisition-related intangibles. Prior periods have been revised to conform with the current period presentation.

Loan Growth Momentum Continues, Supported by a Strong Florida Economy, and Prudent Guardrails

Total Loans Outstanding (in millions)

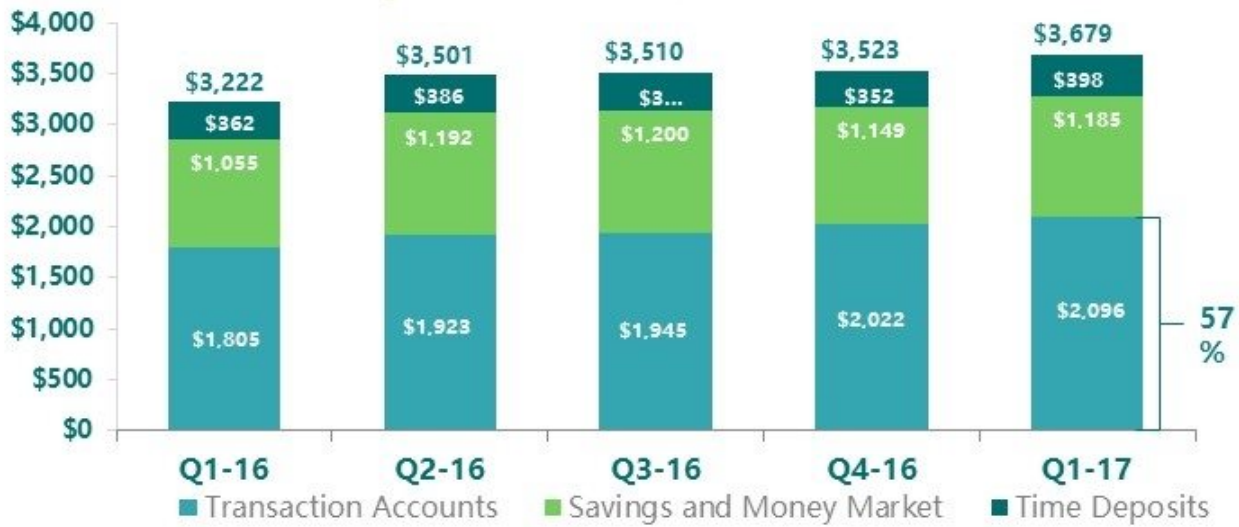


- Loans grew \$514 million or 21% from year-ago levels. Adjusting for acquisitions, loans grew \$456 million or 19%. Compared to the prior quarter, loans increased \$93 million or 3%.
- Pipelines remain strong, with the commercial pipeline at \$123 million, residential at \$78 million, and consumer/small business at \$44 million.
- New Tampa based C&I team pipeline has expanded to \$90 million at April 21. The team joined in February.
- Assuming no further rate increases, and stabilized non-cash accretion from acquired loans, loan yields should remain stable from this quarter forward.

The Deposit Franchise Continues to Perform Well and Serves as a Source of Earnings Strength

- Total deposits increased 14% from year over year, Transaction accounts represent 57% of total deposits, and have increased 16% year over year.
- Cost of deposits of 0.14% remains flat from prior quarter, up from 0.13% in prior year first quarter.

Deposit Balances (in millions)



Credit Quality (\$ in thousands)

Net Charge-offs



Nonperforming Loans



ALLL



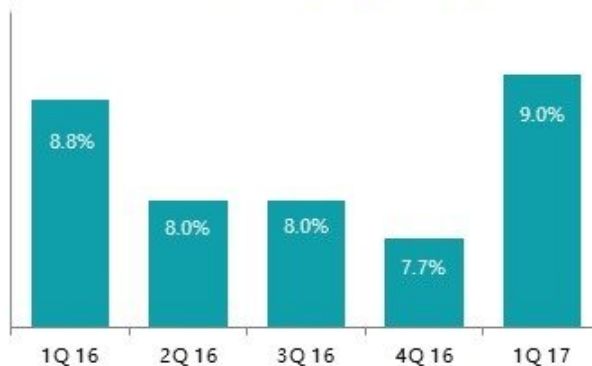
Loan Loss Provision



Capital Position

On February 21, 2017, we completed a public offering of 2.7 million shares of common stock, generating net proceeds of \$55.7 million.

Tangible Book Value / Book Value Per Share



Adjusted Return on Tangible Common Equity¹ Total Risk Based and Tier 1 Capital



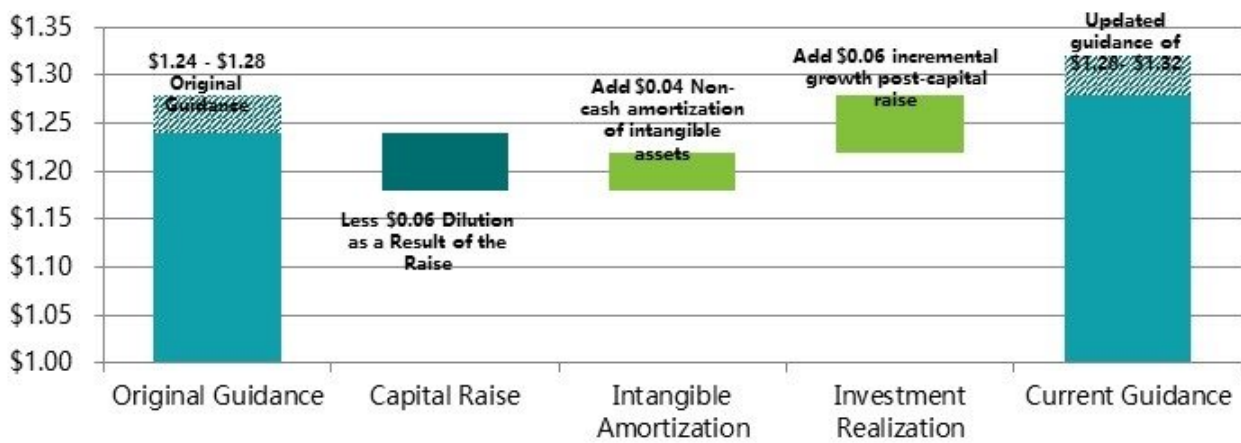
¹Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

Effective in the first quarter of 2017, adjusted net income and adjusted noninterest expense exclude the effect of amortization of acquisition-related intangibles. Prior periods have been revised to conform with the current period presentation.

2017 Adjusted Earnings Per Share Guidance – \$1.28 to \$1.32 per share

Key Assumptions – Updated Guidance

- Prepared based on static interest rates at 3/31/2017 (Fed funds at 1.0%, 10 year at 2.40%). No further interest rate increases modeled.
- Loan growth in the mid to high teens
- Core deposit growth of 7%, and funding shortfalls, filled with 1.0% time deposits or public funds
- Stable loan yields of approximately 4.45%, securities yields of approximately 2.58%
- On target to consolidate 4 retail locations by mid year.
- Net charge offs of 2-4 basis points
- Loan provisioning in line with growth in loans outstanding
- Effective tax rate of 35.5%
- Exit 2017 with an adjusted efficiency ratio in the 50s



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Chief Financial Officer
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INVESTOR RELATIONS

NASDAQ: SBCF



Seacoast

BANKING CORPORATION
OF FLORIDA

90
YEARS

Explanation of Certain Unaudited Non-GAAP Financial Measures

This presentation contains financial information determined by methods other than Generally Accepted Accounting Principles ("GAAP"). The financial highlights provide reconciliations between GAAP net income and adjusted net income, GAAP income and adjusted pretax, preprovision income. Management uses these non-GAAP financial measures in its analysis of the Company's performance and believes these presentations provide useful supplemental information, and a clearer understanding of the Company's performance. The Company believes the non-GAAP measures enhance investors' understanding of the Company's business and performance and if not provided would be requested by the investor community.

These measures are also useful in understanding performance trends and facilitate comparisons with the performance of other financial institutions. The limitations associated with operating measures are the risk that persons might disagree as to the appropriateness of items comprising these measures and that different companies might calculate these measures differently. The Company provides reconciliations between GAAP and these non-GAAP measures. These disclosures should not be considered an alternative to GAAP.

GAAP to Non-GAAP Reconciliation

(Q1 16 - Q1 17)

(Dollars in thousands except per share data)	First Quarter: 2017	Fourth Quarter: 2016	Third Quarter: 2016	Second Quarter: 2016	First Quarter: 2016
Net income (loss)	\$ 7,926	\$ 10,771	\$ 9,133	\$ 5,332	\$ 3,966
Boli Income	0	0	0	0	(464)
Security Gains	0	(7)	(225)	(47)	(89)
Total Adjustments to Revenue	0	(7)	(225)	(47)	(553)
Merger related charges	533	561	1,699	2,446	4,322
Amortization of intangibles	719	719	728	593	446
Branch reductions and other expense initiatives	2,572	163	894	1,587	713
Early redemption cost for FHLB advances	0	0	0	1,777	0
Total Adjustments to Noninterest Expense	3,824	1,443	3,321	6,403	5,481
Effective tax rate on adjustments	(1,480)	(404)	(1,166)	(2,532)	(1,845)
Adjusted Net Income	\$ 10,270	\$ 11,803	\$ 11,061	\$ 9,156	\$ 7,049
Earnings per diluted share, as reported	0.20	0.28	0.24	0.14	0.11
Adjusted earnings per diluted share	0.26	0.31	0.29	0.24	0.20
Average shares outstanding (000)	39,499	38,252	38,170	38,142	35,453
Revenue	\$ 48,070	\$ 47,354	\$ 47,437	\$ 43,651	\$ 38,941
Total Adjustments to Revenue	0	(7)	(225)	(47)	(553)
Adjusted Revenue	48,070	47,347	47,212	43,604	38,388
Noninterest Expense	34,746	30,297	33,435	34,808	32,341
Total Adjustments to Noninterest Expense	3,824	1,443	3,321	6,403	5,481
Adjusted Noninterest Expense	30,922	28,854	30,114	28,405	26,860
Foreclosed property expense and net (gain)/loss on sale	(293)	(78)	124	(41)	38
Net Adjusted Noninterest Expense	31,215	28,932	29,990	28,446	26,822

GAAP to Non-GAAP Reconciliation

(Q1 16 - Q1 17)

(Dollars in thousands)	First Quarter: 2017	Fourth Quarter: 2016	Third Quarter: 2016	Second Quarter: 2016	First Quarter: 2016
Adjusted Revenue	48,070	47,347	47,212	43,604	38,388
Impact of FTE adjustment	211	204	287	308	127
Adjusted Revenue on a fully taxable equivalent basis	48,281	47,551	47,499	43,912	38,515
Adjusted Efficiency Ratio	64.7%	60.8%	63.1%	64.8%	69.6%
Average Assets	\$ 4,699,745	\$ 4,572,188	\$ 4,420,438	\$ 4,206,800	\$ 3,601,390
Less average goodwill and intangible assets	(78,878)	(79,620)	(80,068)	(69,449)	(37,015)
Average Tangible Assets	4,620,867	4,492,568	4,340,370	4,137,351	3,564,375
Return on Average Assets (ROA)	0.68%	0.94%	0.82%	0.51%	0.44%
Impact of removing average intangible assets and related amortization	0.06%	0.06%	0.06%	0.05%	0.04%
Return on Tangible Average Assets (ROTA)	0.74%	1.00%	0.88%	0.56%	0.48%
Impact of other adjustments for Adjusted Net Income	0.16%	0.05%	0.13%	0.33%	0.32%
Adjusted Return on Average Tangible Assets	0.90%	1.05%	1.01%	0.89%	0.80%
Average Shareholders' Equity	\$ 466,846	\$ 437,077	\$ 430,410	\$ 416,748	\$ 370,816
Less average goodwill and intangible assets	(78,878)	(79,620)	(80,068)	(69,449)	(37,015)
Average Tangible Equity	387,968	357,457	350,342	347,299	333,801
Return on Average Shareholders' Equity	6.9%	9.8%	8.4%	5.1%	4.3%
Impact of removing average intangible assets and related amortization	1.9%	2.7%	2.5%	1.5%	0.8%
Return on Average Tangible Common Equity (ROTCE)	8.8%	12.5%	10.9%	6.6%	5.1%
Impact of other adjustments for Adjusted Net Income	1.9%	0.6%	1.7%	4.0%	3.4%
Adjusted Return on Average Tangible Common Equity	10.7%	13.1%	12.6%	10.6%	8.5%