

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) July 28, 2014

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))

SEACOAST BANKING CORPORATION OF FLORIDA

Item 2.02 Results of Operations and Financial Condition

On July 28, 2014, the Seacoast Banking Corporation of Florida (“Seacoast” or the “Company”) announced its financial results for the second quarter ended June 30, 2014.

A copy of the press release announcing Seacoast’s results for the second quarter ended June 30, 2014 is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On July 29, 2014, Seacoast held an investor conference call to discuss its financial results for the second quarter ended June 30, 2014. 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 June 30, 2014, 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

Exhibit No.	Description
99.1	Press Release dated July 28, 2014 with respect to Seacoast's financial results for the second quarter ended June 30, 2014
99.2	Transcript of Seacoast's investor conference call held on July 29, 2014 to discuss the Company's financial results for the second quarter ended June 30, 2014
99.3	Data on website containing information used in the conference call held on July 29, 2014

Exhibits 99.1, 99.2 and 99.3 referenced herein contain "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, 2013 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: July 31, 2014

By: /s/ William R. Hahl
William R. Hahl
Executive Vice President and Chief Financial Officer

NEWS RELEASE

SEACOAST BANKING CORPORATION OF FLORIDA

Dennis S. Hudson, III
Chairman and Chief Executive Officer
Seacoast Banking Corporation of Florida
(772) 288-6085

William R. Hahl
Executive Vice President/
Chief Financial Officer
(772) 221-2825

SEACOAST REPORTS \$0.07 EARNINGS PER SHARE; \$0.12 EXCLUDING MERGER RELATED CHARGES AND OTHER ADJUSTMENTS

- **Total revenues up \$842,000 or 15.5 percent annualized over first quarter 2014**
- **Adjusted pretax, preprovision earnings up 12 percent over first quarter 2014**
- **Average loans outstanding up \$30.6 million for the quarter or 9.4 percent annualized**
- **Previously announced expense reductions implemented during the second quarter; an additional \$1.8 million in expense reductions announced**

STUART, FL., July 28, 2014 – Seacoast Banking Corporation of Florida (NASDAQ-NMS: SBCF), today reported second quarter 2014 net income of \$1.9 million or \$0.07 per diluted common share. Excluding merger related charges and other adjustments as described below, adjusted net income was \$2.9 million or \$0.12 per diluted share.

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Dennis S. Hudson, Chief Executive Officer commented, “Our core earnings performance this quarter continued to improve on stronger revenue growth as the strategic investments we have been making over the past year or so began to produce better momentum. Revenue growth expanded in all business lines this quarter and our credit costs fell again as the Florida economic outlook continued to strengthen. We expect to see continued growth in our revenues and earnings as we step up execution of our programs and build further momentum.”

Our previously announced acquisition of BankFIRST is proceeding on schedule with closing expected to occur in early October. We received approval of the merger from our primary regulator earlier this month and expect final regulatory approval by the Federal Reserve in the coming weeks. The acquisition will create a \$3 Billion Florida bank with exposure to rapidly recovering Florida markets including a significant presence in the vibrant Orlando and South Florida markets.

FINANCIAL HIGHLIGHTS:

(Dollars in thousands, except share data)

	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	*Third Quarter 2013	Second Quarter 2013
Total Assets	\$ 2,294,156	\$ 2,315,992	\$ 2,268,940	\$ 2,149,777	\$ 2,183,680
Loans	\$ 1,335,192	\$ 1,312,456	\$ 1,304,207	\$ 1,262,912	\$ 1,265,893
Deposits	\$ 1,805,537	\$ 1,819,795	\$ 1,806,045	\$ 1,698,910	\$ 1,738,609
Net Income Available to Common Shareholders	\$ 1,918	\$ 2,299	\$ 588	\$ 44,204	\$ 2,017
Diluted Earnings Per Share	\$ 0.07	\$ 0.09	\$ 0.03	\$ 2.31	\$ 0.11
Return on Average Assets	0.33%	0.41%	0.33%	8.32%	0.54%

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**FINANCIAL
HIGHLIGHTS:***(Dollars in thousands,
except share data)*

	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	*Third Quarter 2013	Second Quarter 2013
Adjusted Net Income Available to Common Shareholders (1)	\$ 2,990	\$ 2,533	\$ 600	\$ 982	\$ 1,867
Adjusted Diluted Earnings Per Share (1)	\$ 0.12	\$ 0.10	\$ 0.03	\$ 0.05	\$ 0.10
Adjusted Return on Average Assets	0.52%	0.45%	0.11%	0.18%	0.34%
Average Diluted Shares Outstanding	25,998	25,657	21,558	19,098	18,936
Net Interest Margin	3.10%	3.07%	3.08%	3.25%	3.12%
Efficiency Ratio	89.4	84.3	81.9	78.1	81.1
Adjusted Efficiency Ratio	82.0	83.3	82.6	77.9	84.4
Annualized Core Operating Expenses as a Percent of Average Assets	3.27	3.26	3.29	3.33	3.51

* Third quarter 2013 net income includes the reversal of the valuation allowance for deferred tax assets of \$42,993.

(1) Non-GAAP measure

Adjusted Net Income

To better evaluate its earnings, the Company removes certain items to arrive at Adjusted Net Income and Adjusted Diluted earnings Per Share (non-GAAP measures) as detailed in the table below:

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	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	Third Quarter 2013	Second Quarter 2013
<i>(Dollars in thousands)</i>					
Net Income Available to Common Shareholders	\$ 1,918	\$ 2,299	\$ 588	\$ 44,204	\$ 2,017
Tax benefit related to deferred tax asset recovery				(42,993)	
Severance	181	212	0	24	10
Legal and professional fees for acquisition and expense initiatives	1,348	6	0	0	0
Security losses (gains)	0	(17)	0	(280)	(114)
Miscellaneous losses	144	0	190	0	0
Recovery of prior legal fees	0	0	(350)	0	(650)
Recovery of non-accrual loan interest	0	0	0	(505)	0
Net loss on OREO and repossessed assets	92	53	0	229	493
Asset dispositions expense	118	128	180	159	111
Effective tax rate on adjustments	(811)	(148)	(8)	144	-
Adjusted Net Income (1)	\$ 2,990	\$ 2,533	\$ 600	\$ 982	\$ 1,867
Adjusted Earnings per diluted share (1)	\$ 0.12	\$ 0.10	\$ 0.03	\$ 0.05	\$ 0.10
Average shares outstanding	25,998	25,657	21,558	19,098	18,936

(1) Non-GAAP measure

Strategic Investments Update

As a part of our strategy to transform the community bank business model we have made significant investments in our consumer and business banking lines while also reducing our legacy cost structure.

We are investing in enhancements to our digital platforms, customer sales and marketing processes, and additional personnel in marketing and data analytics. Year to date, operating expenses associated with these new investments total approximately \$748,000 which have been absorbed in our current year operating expense structure. Total investments in these areas are projected to be approximately \$1.3 million annually. These investments are helping us drive higher customer acquisition, lower customer attrition and improved revenues.

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We also made very substantial investments over the past year related to the startup and support for our Accelerate business distribution platform. This new commercial banking channel is supporting our growth in metro markets. Our success with this channel has been evident in improved commercial loan growth, higher business deposits and margin improvement this quarter. Total operating expense for the Accelerate platform is expected to total approximately \$4.7 million in 2014.

We are stepping up our execution around these strategic initiatives to drive increased momentum and we will begin to invest in new initiatives needed to transform the community bank business model to better meet customer needs in the world we see ahead. We continue to execute cost reductions related to our legacy cost structure. Previously announced cost initiatives implemented this year have focused on organizational restructuring, contract negotiation, and other legacy costs and have totaled \$3.4 million (annualized).

Additional Legacy Cost Reductions Announced

This quarter we are announcing additional legacy cost reductions (primarily branch consolidations) we will implement in the fourth quarter of this year. Annualized gross savings are estimated at \$1.8 million when fully implemented. We expect to implement substantially all of these savings late in the fourth quarter. These legacy cost reductions are in addition to the previously announced cost reductions related to our acquisition of BankFIRST. One time charges related to these new initiatives are estimated at approximately \$4.0 million and will be incurred primarily in the fourth quarter of 2014.

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Core Customer Growth and Digital Engagement Continues to Improve

- Average noninterest bearing demand deposits were up \$50.4 million, or 11.1 percent compared with the prior year and \$24.8 million, or 20.7 percent linked quarter annualized
- Ending noninterest bearing demand deposits increased to 28.2 percent of total deposits compared with 26.9 percent for the second quarter 2013
- Personal and business mobile banking users have increased 81.6 percent year over year.

Our growth in net new households continued into the summer season, a departure from historical trend. Core customer funding totaled \$1.689 billion at June 30, 2014, an \$86.3 million increase from the second quarter of 2013 and a \$223.2 million or 16 percent increase from 2012. Growth in commercial relationships resulting from an improved local economy and our increased focus on small business in our retail stores and our Accelerate business channel has resulted in core commercial business funding (noninterest demand, NOW and money market accounts) of \$449.6 million at June 30, 2014, an increase of \$43.6 million or 10.7 percent year over year.

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<i>(Dollars in thousands)</i>	Second Quarter 2014	Second Quarter 2013	Second Quarter 2012	2014 vs 2013 Change	2014 vs 2012 Change
Customer Relationship Funding					
Demand deposits (noninterest bearing)	\$ 509,798	\$ 468,517	\$ 393,681	8.8%	29.5%
NOW	493,927	453,069	420,449	9.0	17.5
Money market accounts	335,246	335,947	346,191	(0.2)	(3.2)
Savings deposits	208,333	184,219	156,019	13.1	33.5
Time certificates of deposit	258,233	296,857	373,244	(13.0)	(30.8)
Total deposits	1,805,537	1,738,609	1,689,584	3.8	6.9
Sweep repurchase agreements	141,662	160,934	139,489	(12.0)	1.6
Total core customer funding (1)	1,688,966	1,602,686	1,455,829	5.4	16.0
Demand deposit mix (noninterest bearing)	28.2%	26.9%	23.3%		

(1) Total deposits and sweep repurchase agreements, excluding certificates of deposits.

Loan Growth Improves

Total loans were \$1.335 billion at June 30, 2014, up \$22.7 million from March 31, 2014 due to strong closings in commercial banking and residential lending. Our prior year investments in revenue producing personnel in our Accelerate business channel have produced solid results seen in our current period loan originations and forward pipeline. As indicated in the table below, commercial loan originations for the quarter totaled \$53.3 million, an increase of \$15.9 million linked quarter. Growth in our commercial loan pipeline is indicative of stronger commercial loan closings into the third quarter. Closed residential production of \$61.2 million produced a sequential increase of 53.9 percent, contributing to growth in mortgage banking revenue linked quarter. The mortgage banking pipeline totaled \$28.3 million at June 30, 2014 compared to \$26.7 million at March 31, 2014.

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<i>(Dollars in thousands)</i>	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	Third Quarter 2013	Second Quarter 2013
Commercial pipeline	\$ 58,168	\$ 29,936	\$ 27,830	\$ 54,600	\$ 46,850
Commercial loans closed	\$ 53,250	37,386	60,037	33,727	68,576
Total loan originations and pipeline	<u>\$ 111,418</u>	<u>\$ 67,322</u>	<u>\$ 87,867</u>	<u>\$ 88,327</u>	<u>\$ 115,426</u>

Income Statement Highlights

Noninterest Income

Noninterest income increased from the prior quarter by \$338,000 or 6.1 percent. New mortgage product offerings and overall improved demand in mortgage banking resulted in a \$194,000 or 29.3 percent increase in mortgage banking fees from the first quarter. Interchange fees were up \$111,000 or 7.9 percent linked quarter. Additionally, wealth management fees increased \$63,000 linked quarter, or 6.0 percent.

<i>(Dollars in thousands)</i>	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	Third Quarter 2013	Second Quarter 2013
Service charges on deposit accounts	\$ 1,484	\$ 1,507	\$ 1,778	\$ 1,741	\$ 1,641
Trust income	703	671	693	667	675
Mortgage banking fees	855	661	728	1,075	1,256
Brokerage commissions and fees	410	379	461	383	362
Marine finance fees	340	254	215	283	419
Interchange income	1,514	1,403	1,394	1,358	1,388
Other deposit based EFT fees	83	98	80	77	87
Other	507	585	617	503	507
Total	<u>5,896</u>	<u>5,558</u>	<u>5,966</u>	<u>6,087</u>	<u>6,335</u>
Securities gains, net	0	17	0	280	114
	<u>\$ 5,896</u>	<u>\$ 5,575</u>	<u>\$ 5,966</u>	<u>\$ 6,367</u>	<u>\$ 6,449</u>

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Noninterest Expense

Total noninterest expenses increased \$1.9 million from the prior quarter to \$20.7 million as merger related charges for legal and professional fees of \$1.2 million were incurred related to our previously announced acquisition of The BANKshares, Inc. Commissions from increased mortgage banking production and brokerage revenues were partially offset by a portion of personnel reductions from strategic cost initiatives in the second quarter. While employee benefits were \$101,000 lower than the prior quarter, higher than expected healthcare claims resulted in higher than anticipated expense. We expect this trend to slow in the third and fourth quarters in line with trend for the prior year.

Previously announced expense reductions were completed in the second quarter. These reductions total \$1.9 million annualized and produced a partial benefit in the second quarter. This benefit will be fully realized in the third quarter. Severance associated with this restructuring totaled \$181,000 for the second quarter.

<i>(Dollars in thousands)</i>	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	Third Quarter 2013	Second Quarter 2013
Noninterest Expense:					
Salaries and wages	\$ 7,587	\$ 7,412	\$ 8,077	\$ 7,533	\$ 7,892
Employee benefits	2,081	2,182	1,568	1,713	1,823
Outsourced data processing costs	1,811	1,695	1,586	1,657	1,631
Telephone / data lines	306	293	325	318	325
Occupancy expense	1,888	1,838	1,824	1,824	1,775
Furniture and equipment expense	604	571	597	605	571
Marketing expense	675	813	749	456	685
Legal and professional fees	924	935	839	874	949
FDIC assessments	411	386	451	713	720
Amortization of intangibles	196	196	196	195	197
Other	2,317	2,063	2,414	2,203	2,512
Total Core Operating Expense	18,800	18,384	18,626	18,091	19,080

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<i>(Dollars in thousands)</i>	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	Third Quarter 2013	Second Quarter 2013
Severance and organizational changes	181	212	0	24	10
Legal and professional fees for acquisition and expense initiatives	1,348	6	0	0	0
Miscellaneous losses	144	0	190	0	0
Recovery of prior legal fees	0	0	(350)	0	(650)
Net loss on OREO and repossessed assets	92	53	0	229	493
Asset dispositions expense	118	128	180	159	111
Total	\$ 20,683	\$ 18,789	\$ 18,646	\$ 18,503	\$ 19,044

Income Taxes

The effective tax rate for the second quarter of 2014 was higher due to merger related expenses that are not deductible for tax purposes. The effective tax rate for the second half of 2014 is expected to be approximately 40.85 percent.

Other Highlights

Credit Quality Continues to Improve

Improvements in credit quality continued during the second quarter of 2014 across all portfolios. A substantial paydown on a larger commercial loan during the quarter supported the partial reversal of a specific loan loss impairment reserve which resulted in an increased provision recapture compared with the first quarter. We expect to see continued improvement in asset quality over the balance of this year.

- Provision for loan loss recapture of \$1.4 million recorded for three months ended June 30, 2014
- Net recoveries of \$112,000 during the quarter compared to net charge-offs of \$2.0 million one year ago;

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- Nonperforming assets to total assets declined to 1.2 percent, compared to 2.0 percent a year ago.

<i>(Dollars in thousands)</i>	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	Third Quarter 2013	Second Quarter 2013
Net charge-offs (recoveries)	\$ (112)	\$ (139)	\$ 838	\$ 842	\$ 2,027
Net charge-offs (recoveries) to average loans	(0.03)%	(0.04)%	0.26%	0.26%	0.64%
Loan loss provision/ (recapture)	\$ (1,444)	\$ (735)	\$ 490	\$ 1,180	\$ 565
Allowance to loans at end of period	1.36%	1.48%	1.54%	1.62%	1.59%
Restructured loans (accruing)	\$ 28,157	\$ 24,537	\$ 25,137	\$ 25,509	\$ 29,612
Nonperforming loans	\$ 21,745	\$ 26,220	\$ 27,672	\$ 28,724	\$ 33,266
Other real estate owned	6,198	6,369	6,860	5,589	10,063
Nonperforming assets	<u>\$ 27,943</u>	<u>\$ 32,589</u>	<u>\$ 34,532</u>	<u>\$ 34,313</u>	<u>\$ 43,329</u>
Nonperforming loans to loans outstanding at end of period	1.63%	2.00%	2.12%	2.27%	2.63%
Nonperforming assets to total assets	1.22	1.41	1.52	1.60	1.98

Capital Ratios Continue to Strengthen

The Company's tier 1 capital ratio is estimated at 17.8 percent and the total risk based capital ratio at 19.1 percent at June 30, 2014. The tier 1 leverage ratio was 10.9 percent at June 30, 2014 compared with 10.6 percent at March 31, 2014 and 5.3 percent the prior year.

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Seacoast will host a conference call on Tuesday, July 29, 2014 at 10:00 a.m. (Eastern Time) to discuss the earnings results. Investors may call in (toll-free) by dialing (800) 774-6070 (passcode: 7789246; host: Dennis S. Hudson). Slides will be used during the conference call and may be accessed at Seacoast's website at SeacoastBanking.net by selecting "Presentations" under the heading "Investor Services." A replay of the call will be available for one month, beginning the afternoon of July 29, by dialing (888) 843-7419 (domestic), using the passcode 7789246.

Alternatively, individuals may listen to the live webcast of the presentation by visiting Seacoast's website at SeacoastBanking.net. The link is located in the subsection "Presentations" under the heading "Investor Services." Beginning the afternoon of July 29, 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.

Seacoast Banking Corporation of Florida is one of the largest community banks headquartered in Florida with approximately \$2.3 billion in assets and \$1.8 billion in deposits as of June 30, 2014. The Company provides integrated financial services including commercial and retail banking, wealth management, and mortgage services to customers through 34 traditional branches of its locally-branded wholly-owned subsidiary bank, Seacoast National Bank, and five Accelerate offices fueled by the power of Seacoast National Bank. Offices stretch from Fort Lauderdale north through the Treasure Coast and into Orlando, and west to Okeechobee and surrounding counties.

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Cautionary Notice Regarding Forward-Looking Statements

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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, 2013 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>.

FINANCIAL HIGHLIGHTS

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

<i>(Dollars in thousands, except share data)</i>	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Summary of Earnings					
Net income (loss)	\$ 1,918	\$ 2,299	\$ 2,954	\$ 4,217	\$ 4,998
Net income available to common shareholders (loss)	1,918	2,299	2,017	4,217	3,124
Net interest income (1)	16,779	16,277	16,172	33,056	32,227
Net interest margin (1), (2)	3.10	3.07	3.12	3.09	3.13
Performance Ratios					
Return on average assets-GAAP basis (2), (3)	0.33%	0.41%	0.54%	0.37%	0.46%
Return on average shareholders' equity-GAAP basis (2), (3)	3.25	4.02	7.19	3.63	6.15
Return on average tangible common shareholders' equity-GAAP basis (2), (3), (4)	3.47	4.26	7.53	3.86	6.01
Efficiency ratio (5)	89.42	84.30	81.05	86.91	81.25
Noninterest income to total revenue	26.06	25.52	28.22	25.80	27.64
Per Share Data					
Net income (loss) diluted-GAAP basis (6)	\$ 0.07	\$ 0.09	\$ 0.11	\$ 0.16	\$ 0.17
Net income (loss) basic-GAAP basis (6)	0.07	0.09	0.11	0.16	0.17
Book value per share common (6)	9.02	8.79	5.89	9.02	5.89
Tangible book value per share (6)	9.00	8.77	8.44	9.00	8.44
Tangible common book value per share (4), (6)	9.00	8.77	5.84	9.00	5.84
Cash dividends declared	0.00	0.00	0.00	0.00	0.00

(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 calculation of ROA and ROE do not include the mark-to-market unrealized gains (losses) because the unrealized gains (losses) are not included in net income (loss).

(4) The Company defines tangible common equity as total shareholder's equity less preferred stock and intangible assets.

(5) 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).

(6) Calculated based on total shares outstanding subsequent to the 5/1 reverse stock split.

FINANCIAL HIGHLIGHTS**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

<i>(Dollars in thousands, except share data)</i>	June 30, 2014	March 31, 2014	June 30, 2013
Selected Financial Data			
Total assets	\$ 2,294,156	\$ 2,315,992	\$ 2,183,680
Securities available for sale (at fair value)	518,353	658,512	672,809
Securities held for investment (at amortized cost)	156,498	0	0
Net loans	1,317,052	1,292,984	1,245,815
Deposits	1,805,537	1,819,795	1,738,609
Total shareholders' equity	234,439	228,382	161,248
Common shareholders' equity	234,439	228,382	111,878
Average Balances (Year-to-Date)			
Total average assets	\$ 2,295,983	\$ 2,286,998	\$ 2,173,810
Less: intangible assets	525	629	1,299
Total average tangible assets	\$ 2,295,458	\$ 2,286,369	\$ 2,172,511
Total average equity	\$ 234,214	\$ 231,769	\$ 163,776
Less: intangible assets	525	629	1,299
Total average tangible equity	\$ 233,689	\$ 231,140	\$ 162,477

Credit Analysis

Net charge-offs (recoveries) year-to-date	\$	(251)	\$	(139)	\$	3,544
Net charge-offs (recoveries) to average loans (annualized)		(0.04)%		(0.04)%		0.57%
Loan loss provision (recapture) year-to-date	\$	(2,179)	\$	(735)	\$	1,518
Allowance to loans at end of period		1.36%		1.48%		1.59%
Nonperforming loans	\$	21,745	\$	26,220	\$	33,266
Other real estate owned		6,198		6,369		10,063
Total nonperforming assets	\$	<u>27,943</u>	\$	<u>32,589</u>	\$	<u>43,329</u>
Restructured loans (accruing)	\$	28,157	\$	24,537	\$	29,612
Nonperforming loans to loans at end of period		1.63%		2.00%		2.63%
Nonperforming assets to total assets		1.22%		1.41%		1.98%

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<i>(Dollars in thousands, except per share data)</i>				
Interest on securities:				
Taxable	\$ 3,629	\$ 3,008	\$ 7,063	\$ 6,192
Nontaxable	9	17	21	35
Interest and fees on loans	14,103	14,264	27,901	28,291
Interest on federal funds sold and other investments	246	224	514	452
Total Interest Income	17,987	17,513	35,499	34,970
Interest on deposits:				
Interest on deposits	184	191	378	399
Interest on time certificates	386	501	793	1,033
Interest on borrowed money	692	707	1,382	1,424
Total Interest Expense	1,262	1,399	2,553	2,856
Net Interest Income	16,725	16,114	32,946	32,114
Provision (recapture) for loan losses	(1,444)	565	(2,179)	1,518
Net Interest Income After Provision for Loan Losses	18,169	15,549	35,125	30,596
Noninterest income:				
Service charges on deposit accounts	1,484	1,641	2,991	3,192
Trust income	703	675	1,374	1,351
Mortgage banking fees	855	1,256	1,516	2,370
Brokerage commissions and fees	410	362	789	787
Marine finance fees	340	419	594	691
Interchange income	1,514	1,388	2,917	2,652
Other deposit based EFT fees	83	87	181	185
Other	507	507	1,092	1,038
	5,896	6,335	11,454	12,266
Securities gains, net	0	114	17	139
Total Noninterest Income	5,896	6,449	11,471	12,405
Noninterest expenses:				
Salaries and wages	7,768	7,902	15,392	15,372
Employee benefits	2,081	1,823	4,263	4,046
Outsourced data processing costs	1,811	1,631	3,506	3,129
Telephone / data lines	306	325	599	610
Occupancy	1,888	1,775	3,726	3,530
Furniture and equipment	604	571	1,175	1,132
Marketing	675	685	1,488	1,134
Legal and professional fees	2,272	299	3,213	1,095
FDIC assessments	411	720	797	1,437
Amortization of intangibles	196	197	392	392
Asset dispositions expense	118	111	246	401
Net loss on other real estate owned and repossessed assets	92	493	145	1,060
Other	2,461	2,512	4,524	4,665
Total Noninterest Expenses	20,683	19,044	39,466	38,003
Income Before Income Taxes	3,382	2,954	7,130	4,998
Income taxes (benefit)	1,464	0	2,913	0
Net Income	1,918	2,954	4,217	4,998
Preferred stock dividends and accretion on preferred stock discount	-	937	-	1,874
Net Income Available to Common Shareholders	\$ 1,918	\$ 2,017	\$ 4,217	\$ 3,124
Per share of common stock:				
Net income diluted	\$ 0.07	\$ 0.11	\$ 0.16	\$ 0.17
Net income basic	0.07	0.11	0.16	0.17

Cash dividends declared	0.00	0.00	0.00	0.00
Average diluted shares outstanding	25,998,121	18,936,480	25,828,391	18,930,879
Average basic shares outstanding	25,826,825	18,794,651	25,659,159	18,792,054

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

<i>(Dollars in thousands, except share data)</i>	June 30, 2014	December 31, 2013	June 30, 2013
Assets			
Cash and due from banks	\$ 40,175	\$ 48,561	\$ 33,673
Interest bearing deposits with other banks	113,855	143,063	106,446
Total Cash and Cash Equivalents	154,030	191,624	140,119
Securities:			
Available for sale (at fair value)	518,353	641,611	672,809
Held for investment (at amortized cost)	156,498	0	0
Total Securities	674,851	641,611	672,809
Loans available for sale	18,129	13,832	26,029
Loans, net of deferred costs	1,335,192	1,304,207	1,265,893
Less: Allowance for loan losses	(18,140)	(20,068)	(20,078)
Net Loans	1,317,052	1,284,139	1,245,815
Bank premises and equipment, net	34,653	34,505	35,029
Other real estate owned	6,198	6,860	10,063
Other intangible assets	326	718	1,109
Other assets	88,917	95,651	52,707
	\$ 2,294,156	\$ 2,268,940	\$ 2,183,680
Liabilities and Shareholders' Equity			
Liabilities			
Deposits			
Demand deposits (noninterest bearing)	\$ 509,798	\$ 464,006	\$ 468,517
NOW	493,927	540,288	453,069
Savings deposits	208,333	192,491	184,219
Money market accounts	335,246	331,184	335,947
Other time certificates	144,001	154,743	168,710
Brokered time certificates	8,040	9,776	9,820
Time certificates of \$100,000 or more	106,192	113,557	118,327
Total Deposits	1,805,537	1,806,045	1,738,609
Federal funds purchased and securities sold under agreements to repurchase, maturing within 30 days	141,662	151,310	160,934
Borrowed funds	50,000	50,000	50,000
Subordinated debt	53,610	53,610	53,610
Other liabilities	8,908	9,371	19,279
	2,059,717	2,070,336	2,022,432
Shareholders' Equity			
Preferred stock - Series A	0	0	49,370
Common stock	2,599	2,364	1,898
Additional paid in capital	302,088	277,290	230,615
Accumulated deficit	(66,478)	(70,695)	(115,487)
Treasury stock	(54)	(11)	(12)
	238,155	208,948	166,384
Accumulated other comprehensive gain (loss), net	(3,716)	(10,344)	(5,136)
Total Shareholders' Equity	234,439	198,604	161,248
	\$ 2,294,156	\$ 2,268,940	\$ 2,183,680
Common Shares Outstanding	25,998,823	23,637,434	18,982,293

Note: The balance sheet at December 31, 2013 has been derived from the audited financial statements at that date.



CONSOLIDATED QUARTERLY FINANCIAL DATA

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

(Dollars in thousands, except per share data)	QUARTERS					
	2014			2013		
	Second	First	Fourth	Third	Second	First
Net income (loss)	\$1,918	\$2,299	\$1,850	\$45,141	\$2,954	\$2,299
Operating Ratios						
Return on average assets-GAAP basis (2),(3),(5)	0.33	0.41%	0.33%	8.32%	0.54%	0.41%
Return on average tangible assets (2),(3),(4)	0.36	0.43	0.35	8.34	0.57	0.43
Return on average shareholders' equity-GAAP basis (2),(3),(5)	3.25	4.02	3.10	106.55	7.19	4.02
Efficiency ratio (6)	89.42	84.30	81.92	78.05	81.05	84.30
Noninterest income to total revenue	26.06	25.52	26.82	26.58	28.22	25.52
Net interest margin (1),(2)	3.10	3.07	3.08	3.25	3.12	3.07
Average equity to average assets	10.27	10.13	10.55	7.80	7.56	10.13
Credit Analysis						
Net charge-offs (recoveries)	\$ (112)	\$ (139)	\$ 838	\$ 842	\$ 2,027	\$ (139)
Net charge-offs (recoveries) to average loans	(0.03)	(0.04)%	0.26%	0.26%	0.64%	(0.04)%
Loan loss provision (recapture)	\$ (1,444)	\$ (735)	\$ 490	\$ 1,180	\$ 565	\$ (735)
Allowance to loans at end of period	1.36	1.48%	1.54%	1.62%	1.59%	1.48%
Restructured loans (accruing)	\$ 28,157	\$ 24,537	\$ 25,137	\$ 25,509	\$ 29,612	\$ 24,537
Nonperforming loans	\$ 21,745	\$ 26,220	\$ 27,672	\$ 28,724	\$ 33,266	\$ 26,220
Other real estate owned	6,198	6,369	6,860	5,589	10,063	6,369
Nonperforming assets	\$ 27,943	\$ 32,589	\$ 34,532	\$ 34,313	\$ 43,329	\$ 32,589
Nonperforming loans to loans at end of period	1.63	2.00%	2.12%	2.27%	2.63%	2.00%
Nonperforming assets to total assets	1.22	1.41	1.52	1.60	1.98	1.41
Per Share Common Stock						
Net income (loss) diluted-GAAP basis (7)	\$ 0.07	\$ 0.09	\$ 0.03	\$ 2.31	\$ 0.11	\$ 0.09
Net income (loss) basic-GAAP basis (7)	0.07	0.09	0.03	2.35	0.11	0.09
Cash dividends declared (7)	0.00	0.00	0.00	0.00	0.00	0.00
Book value per share common (7)	9.02	8.79	8.40	8.12	5.89	8.79
Average Balances						
Total average assets	\$ 2,304,870	\$ 2,286,998	\$ 2,245,155	\$ 2,153,830	\$ 2,178,242	\$ 2,286,998
Less: Intangible assets	422	629	813	1,009	1,205	629
Total average tangible assets	\$ 2,304,448	\$ 2,286,369	\$ 2,244,342	\$ 2,152,821	\$ 2,177,038	\$ 2,286,369
Total average equity	\$ 236,632	\$ 231,769	\$ 236,950	\$ 168,078	\$ 164,747	\$ 231,769
Less: Intangible assets	422	629	813	1,009	1,205	629
Total average tangible equity	\$ 236,210	\$ 231,140	\$ 236,137	\$ 167,069	\$ 163,541	\$ 231,140

(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 calculation of ROA and ROE do not include the mark-to-market unrealized gains (losses), because the unrealized gains (losses) are not included in net income (loss).

(4) The Company believes that return on average assets and equity excluding the impacts of noncash amortization expense on intangible assets is a better measurement of the Company's trend in earnings growth.

(5) Excluding the income tax benefit related to the reversal of the valuation allowance for deferred tax assets and reflecting tax provisioning of \$1,351 for the third quarter 2013, adjusted return on average assets and adjusted return on average shareholder's equity for the third quarter was 0.40 percent and 5.07 percent, respectively.

(6) 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).

(7) Calculated based on total shares outstanding subsequent to the 5/1 reverse stock split.

SECURITIES	June 30, 2014	December 31, 2013	June 30, 2013
U.S. Treasury and U.S. Government Agencies	\$ 100	\$ 100	\$ 101
Mortgage-backed	479,720	602,568	631,228
Collateralized loan obligations	32,260	32,179	32,527
Obligations of states and political subdivisions	6,273	6,764	7,465
Other securities	0	0	1,488

Securities Available for Sale	518,353	641,611	672,809
Mortgage-backed	156,498	0	0
Securities Held for Investment	156,498	0	0
Total Securities	\$ 674,851	\$ 641,611	\$ 672,809

LOANS	June 30, 2014	December 31, 2013	June 30, 2013
Construction and land development	\$ 57,393	\$ 67,450	\$ 61,116
Real estate mortgage	1,145,013	1,113,128	1,094,976
Installment loans to individuals	45,241	44,713	44,296
Commercial and financial	87,285	78,636	65,224
Other loans	260	280	281
Total Loans	\$ 1,335,192	\$ 1,304,207	\$ 1,265,893

AVERAGE BALANCES

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

(Dollars in thousands)	QUARTER					Percent Change vs.	
	2014		2013			1st Qtr	2nd Qtr
	Second	First	Fourth	Third	Second	2014	2013
Assets							
Earning assets:							
Securities:							
Taxable	\$ 677,600	\$ 653,646	\$ 655,176	\$ 664,103	\$ 639,769	3.7%	5.9%
Nontaxable	827	1,016	1,560	1,560	1,647	(18.6)	(49.8)
Total Securities	678,427	654,662	656,736	665,663	641,416	3.6	5.8
Federal funds sold and other investments	153,410	188,048	156,823	113,798	168,740	(18.4)	(9.1)
Loans, net	1,338,415	1,307,796	1,293,373	1,278,391	1,269,789	2.3	5.4
Total Earning Assets	2,170,252	2,150,506	2,106,932	2,057,852	2,079,945	0.9	4.3
Allowance for loan losses	(19,784)	(20,205)	(20,817)	(20,206)	(21,515)	(2.1)	(8.0)
Cash and due from banks	35,735	37,186	40,836	35,810	34,279	(3.9)	4.2
Premises and equipment	34,948	34,731	34,750	34,834	35,121	0.6	(0.5)
Other assets	83,719	84,780	83,454	45,540	50,412	(1.3)	66.1
	\$ 2,304,870	\$ 2,286,998	\$ 2,245,155	\$ 2,153,830	\$ 2,178,242	0.8	5.8
Liabilities and Shareholders' Equity							
Interest-bearing liabilities:							
NOW	\$ 498,285	\$ 507,313	\$ 483,569	\$ 447,350	\$ 461,005	(1.8)%	8.1%
Savings deposits	205,686	197,300	190,558	185,918	180,915	4.3	13.7
Money market accounts	336,772	330,787	332,576	336,229	339,058	1.8	(0.7)
Time deposits	259,325	270,215	282,543	289,408	302,110	(4.0)	(14.2)
Federal funds purchased and other short term borrowings	150,108	155,656	142,999	157,607	159,847	(3.6)	(6.1)
Other borrowings	103,610	103,610	103,610	103,610	103,610	0.0	0.0
Total Interest-Bearing Liabilities	1,553,786	1,564,881	1,535,855	1,520,122	1,546,545	(0.7)	0.5
Demand deposits (noninterest-bearing)	505,892	481,048	462,830	454,642	455,525	5.2	11.1
Other liabilities	8,560	9,300	9,520	10,988	11,425	(8.0)	(25.1)
Total Liabilities	2,068,238	2,055,229	2,008,205	1,985,752	2,013,495	0.6	2.7
Shareholders' equity	236,632	231,769	236,950	168,078	164,747	2.1	43.6
	\$ 2,304,870	\$ 2,286,998	\$ 2,245,155	\$ 2,153,830	\$ 2,178,242	0.8	5.8

AVERAGE YIELDS / RATES ⁽¹⁾

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

(Dollars in thousands)	QUARTER				
	2014		2013		
	Second	First	Fourth	Third	Second
Assets					
Earning assets:					
Securities:					
Taxable	2.14%	2.10%	2.11%	1.93%	1.88%
Nontaxable	6.77	6.69	6.41	6.67	6.55
Total Securities	2.15	2.11	2.12	1.95	1.89
Federal funds sold and other investments	0.64	0.58	0.57	0.67	0.53
Loans, net	4.24	4.29	4.29	4.59	4.52
Total Earning Assets	3.33	3.31	3.33	3.52	3.39
Liabilities and Shareholders' Equity					
Interest-bearing liabilities:					
NOW	0.08	0.08	0.08	0.08	0.09
Savings deposits	0.04	0.05	0.05	0.05	0.05
Money market accounts	0.08	0.08	0.09	0.08	0.08
Time deposits	0.60	0.61	0.62	0.64	0.67
Federal funds purchased and other short term borrowings	0.17	0.17	0.17	0.17	0.18
Other borrowings	2.43	2.44	2.44	2.44	2.45

Total Interest-Bearing Liabilities	0.33	0.33	0.35	0.36	0.36
Interest expense as a % of earning assets	0.23	0.24	0.25	0.26	0.27
Net interest income as a % of earning assets	3.10	3.07	3.08	3.25	3.12

(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.*

INTEREST INCOME / EXPENSE ⁽¹⁾

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

<i>(Dollars in thousands)</i>	QUARTER					Percent Change vs.	
	2014		2013			1st Qtr	2nd Qtr
	Second	First	Fourth	Third	Second	2014	2013
Assets							
Earning assets:							
Securities:							
Taxable	\$ 3,630	\$ 3,434	\$ 3,452	\$ 3,212	\$ 3,008	5.7%	20.7%
Nontaxable	14	17	25	26	27	(17.6)	(48.1)
Total Securities	3,644	3,451	3,477	3,238	3,035	5.6	20.1
Federal funds sold and other investments	246	268	224	192	224	8.2	9.8
Loans, net	14,151	13,849	13,974	14,804	14,312	2.2	(1.1)
Total Earning Assets	18,041	17,568	17,675	18,234	17,571	2.7	2.7
Liabilities and Shareholders' Equity							
Interest-bearing liabilities:							
NOW	94	102	96	93	100	(7.8)	(6.0)
Savings deposits	23	24	26	25	24	(4.2)	(4.2)
Money market accounts	67	68	74	69	67	(1.5)	0.0
Time deposits	386	407	444	470	501	(5.2)	(23.0)
Federal funds purchased and other short term borrowings	65	66	62	68	73	(1.5)	(11.0)
Other borrowings	627	624	637	637	634	0.5	(1.1)
Total Interest-Bearing Liabilities	1,262	1,291	1,339	1,362	1,399	(2.2)	(9.8)
Net interest income	16,779	16,277	16,336	16,872	16,172	3.1	3.8

(1) On a fully taxable equivalent basis. Fees on loans have been included in interest on loans.

CONSOLIDATED QUARTERLY FINANCIAL DATA

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

<i>(Dollars in thousands)</i>	2014		2013		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
Customer Relationship Funding (Period End)					
Demand deposits (noninterest bearing)					
Commercial	\$ 293,515	\$ 291,221	\$ 261,938	\$ 254,373	\$ 260,325
Retail	167,172	173,698	159,117	155,281	163,551
Public funds	33,223	34,636	32,971	27,002	29,487
Other	15,888	14,370	9,980	16,293	15,154
	<u>509,798</u>	<u>513,925</u>	<u>464,006</u>	<u>452,949</u>	<u>468,517</u>
NOW accounts					
Commercial	41,423	41,281	43,241	35,029	35,714
Retail	327,762	329,226	324,583	305,055	308,390
Public funds	124,742	134,191	172,464	100,785	108,965
	<u>493,927</u>	<u>504,698</u>	<u>540,288</u>	<u>440,869</u>	<u>453,069</u>
Total Transaction Accounts					
Commercial	334,938	332,501	305,179	289,402	296,039
Retail	494,934	502,924	483,700	460,336	471,941
Public funds	157,965	168,828	205,435	127,787	138,452
Other	15,888	14,370	9,980	16,293	15,154
	<u>1,003,725</u>	<u>1,018,623</u>	<u>1,004,294</u>	<u>893,818</u>	<u>921,586</u>
Savings accounts	208,333	202,170	192,491	187,181	184,219
Money market accounts					
Commercial	114,662	109,158	100,601	107,767	109,938
Retail	213,927	221,762	221,062	217,176	216,370
Public funds	6,657	6,488	9,521	9,735	9,639
	<u>335,246</u>	<u>337,408</u>	<u>331,184</u>	<u>334,678</u>	<u>335,947</u>
Time certificates of deposit	258,233	261,594	278,076	283,233	296,857
Total Deposits	<u>\$ 1,805,537</u>	<u>\$ 1,819,795</u>	<u>\$ 1,806,045</u>	<u>\$ 1,698,910</u>	<u>\$ 1,738,609</u>
Sweep repurchase agreements	\$ 141,662	\$ 156,136	\$ 151,310	\$ 134,338	\$ 160,934
Total core customer funding (1)	<u>\$ 1,688,966</u>	<u>\$ 1,714,337</u>	<u>\$ 1,679,279</u>	<u>\$ 1,550,015</u>	<u>\$ 1,602,686</u>

(1) Total deposits and sweep repurchase agreements, excluding certificates of deposits.

QUARTERLY TRENDS - LOANS AT END OF PERIOD (Dollars in Millions)
SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	2014		2013			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Installment loans to individuals						
Automobile and trucks	\$ 6.1	\$ 6.2	\$ 6.6	\$ 7.1	\$ 7.5	\$ 7.8
Marine loans	23.3	20.8	20.2	21.3	16.7	15.4
Other	15.8	17.6	17.9	18.8	20.1	20.0
	<u>45.2</u>	<u>44.6</u>	<u>44.7</u>	<u>47.2</u>	<u>44.3</u>	<u>43.2</u>
Construction and land development to individuals						
Lot loans	13.1	13.3	12.9	14.7	15.5	16.6
Construction	16.7	24.4	21.3	19.7	20.7	20.8
	<u>29.8</u>	<u>37.7</u>	<u>34.2</u>	<u>34.4</u>	<u>36.2</u>	<u>37.4</u>
Residential real estate						
Adjustable	407.7	392.5	391.9	378.4	372.6	365.8
Fixed rate	91.0	89.8	91.1	94.7	97.5	98.2
Home equity mortgages	54.9	60.6	62.0	61.8	62.2	61.3
Home equity lines	53.2	49.7	47.7	47.7	49.1	49.3
	<u>606.8</u>	<u>592.6</u>	<u>592.7</u>	<u>582.6</u>	<u>581.4</u>	<u>574.6</u>
TOTAL CONSUMER	<u>681.8</u>	<u>674.9</u>	<u>671.6</u>	<u>664.2</u>	<u>661.9</u>	<u>655.2</u>
Commercial & financial	87.3	79.4	78.6	70.8	65.2	64.8
Construction and land development for commercial						
Residential						
Single family residences	5.1	1.8	2.0	-	-	-
Single family land and lots	4.5	4.7	4.9	4.9	5.0	4.9
Townhomes	1.1	0.5	-	-	-	-
Multifamily	3.5	3.6	3.7	3.8	3.9	3.9
	<u>14.2</u>	<u>10.6</u>	<u>10.6</u>	<u>8.7</u>	<u>8.9</u>	<u>8.8</u>
Commercial						
Office buildings	-	-	-	1.6	1.6	1.1
Retail trade	2.4	2.9	7.7	1.8	1.8	-
Land	4.1	4.4	4.9	7.3	7.2	7.8
Healthcare	-	7.1	5.4	4.7	2.9	3.3
Churches and educational facilities	1.6	1.1	3.8	4.0	2.5	1.2
Lodging	5.2	3.4	0.9	0.3	-	-
Convenience stores	0.1	-	-	-	-	-
	<u>13.4</u>	<u>18.9</u>	<u>22.7</u>	<u>19.7</u>	<u>16.0</u>	<u>13.4</u>
Total construction and land development	27.6	29.5	33.3	28.4	24.9	22.2
Commercial real estate						
Office buildings	122.8	120.0	118.7	118.2	112.0	112.5
Retail trade	142.8	142.0	130.6	128.9	135.5	122.2
Industrial	82.2	76.7	81.1	79.6	83.3	73.4
Healthcare	41.6	44.1	45.5	38.8	42.1	39.4
Churches and educational facilities	26.7	26.9	25.3	24.2	26.4	26.9
Recreation	3.3	2.4	2.5	2.5	2.6	2.6
Multifamily	18.7	17.2	16.8	6.2	9.5	8.5
Mobile home parks	1.7	1.8	1.9	1.9	1.9	2.0
Lodging	17.0	16.9	17.1	17.3	17.5	18.0
Restaurant	3.9	3.7	3.7	3.8	3.5	3.6
Agricultural	4.6	4.7	7.0	7.2	7.1	5.9
Convenience stores	20.9	22.0	20.8	21.0	20.2	20.2
Marina	18.5	20.6	21.3	21.5	20.9	21.1
Other	33.5	29.4	28.1	27.9	31.1	25.1
	<u>538.2</u>	<u>528.4</u>	<u>520.4</u>	<u>499.0</u>	<u>513.6</u>	<u>481.4</u>

TOTAL COMMERCIAL	<u>653.1</u>	<u>637.3</u>	<u>632.3</u>	<u>598.2</u>	<u>603.7</u>	<u>568.4</u>
Other	<u>0.3</u>	<u>0.2</u>	<u>0.3</u>	<u>0.5</u>	<u>0.3</u>	<u>0.2</u>
	<u>\$ 1,335.2</u>	<u>\$ 1,312.4</u>	<u>\$ 1,304.2</u>	<u>\$ 1,262.9</u>	<u>\$ 1,265.9</u>	<u>\$ 1,223.8</u>

QUARTERLY TRENDS - INCREASE (DECREASE) IN LOANS BY QUARTER (Dollars in Millions)
SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	2014		2013			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Installment loans to individuals						
Automobile and trucks	\$ (0.1)	\$ (0.4)	\$ (0.5)	\$ (0.4)	\$ (0.3)	\$ -
Marine loans	2.5	0.6	(1.1)	4.6	1.3	(3.0)
Other	(1.8)	(0.3)	(0.9)	(1.3)	0.1	(0.7)
	<u>0.6</u>	<u>(0.1)</u>	<u>(2.5)</u>	<u>2.9</u>	<u>1.1</u>	<u>(3.7)</u>
Construction and land development to individuals						
Lot loans	(0.2)	0.4	(1.8)	(0.8)	(1.1)	(0.1)
Construction	(7.7)	3.1	1.6	(1.0)	(0.1)	(1.4)
	<u>(7.9)</u>	<u>3.5</u>	<u>(0.2)</u>	<u>(1.8)</u>	<u>(1.2)</u>	<u>(1.5)</u>
Residential real estate						
Adjustable	15.2	0.6	13.5	5.8	6.8	4.8
Fixed rate	1.2	(1.3)	(3.6)	(2.8)	(0.7)	(0.8)
Home equity mortgages	(5.7)	(1.4)	0.2	(0.4)	0.9	3.3
Home equity lines	3.5	2.0	-	(1.4)	(0.2)	(2.1)
	<u>14.2</u>	<u>(0.1)</u>	<u>10.1</u>	<u>1.2</u>	<u>6.8</u>	<u>5.2</u>
TOTAL CONSUMER	<u>6.9</u>	<u>3.3</u>	<u>7.4</u>	<u>2.3</u>	<u>6.7</u>	<u>-</u>
Commercial & financial	7.9	0.8	7.8	5.6	0.4	2.9
Construction and land development for commercial						
Residential						
Single family residences	3.3	(0.2)	2.0	-	-	-
Single family land and lots	(0.2)	(0.2)	-	(0.1)	0.1	(0.7)
Townhomes	0.6	0.5	-	-	-	-
Multifamily	(0.1)	(0.1)	(0.1)	(0.1)	-	(0.4)
	<u>3.6</u>	<u>(0.0)</u>	<u>1.9</u>	<u>(0.2)</u>	<u>0.1</u>	<u>(1.1)</u>
Commercial						
Office buildings	-	-	(1.6)	-	0.5	1.1
Retail trade	(0.5)	(4.8)	5.9	-	1.8	-
Land	(0.3)	(0.5)	(2.4)	0.1	(0.6)	(1.8)
Healthcare	(7.1)	1.7	0.7	1.8	(0.4)	1.5
Churches and educational facilities	0.5	(2.7)	(0.2)	1.5	1.3	0.7
Lodging	1.8	2.5	0.6	0.3	-	-
Convenience stores	0.1	-	-	-	-	-
	<u>(5.5)</u>	<u>(3.8)</u>	<u>3.0</u>	<u>3.7</u>	<u>2.6</u>	<u>1.5</u>
Total construction and land development	<u>(1.9)</u>	<u>(3.8)</u>	<u>4.9</u>	<u>3.5</u>	<u>2.7</u>	<u>0.4</u>
Commercial real estate						
Office buildings	2.8	1.3	0.5	6.2	(0.5)	7.8
Retail trade	0.8	11.4	1.7	(6.6)	13.3	(4.5)
Industrial	5.5	(4.4)	1.5	(3.7)	9.9	0.8
Healthcare	(2.5)	(1.4)	6.7	(3.3)	2.7	(1.3)
Churches and educational facilities	(0.2)	1.6	1.1	(2.2)	(0.5)	(1.7)
Recreation	0.9	(0.1)	-	(0.1)	-	(0.1)
Multifamily	1.5	0.4	10.6	(3.3)	1.0	(0.5)
Mobile home parks	(0.1)	(0.1)	-	-	(0.1)	-
Lodging	0.1	(0.2)	(0.2)	(0.2)	(0.5)	(0.7)
Restaurant	0.2	-	(0.1)	0.3	(0.1)	0.1
Agricultural	(0.1)	(2.3)	(0.2)	0.1	1.2	(0.2)
Convenience stores	(1.1)	1.2	(0.2)	0.8	-	(0.3)
Marina	(2.1)	(0.7)	(0.2)	0.6	(0.2)	(0.1)
Other	4.1	1.3	0.2	(3.2)	6.0	(4.7)
	<u>9.8</u>	<u>8.0</u>	<u>21.4</u>	<u>(14.6)</u>	<u>32.2</u>	<u>(5.4)</u>

TOTAL COMMERCIAL	<u>15.8</u>	<u>5.0</u>	<u>34.1</u>	<u>(5.5)</u>	<u>35.3</u>	<u>(2.1)</u>
Other	<u>0.1</u>	<u>(0.1)</u>	<u>(0.2)</u>	<u>0.2</u>	<u>0.1</u>	<u>(0.2)</u>
	<u>\$ 22.8</u>	<u>\$ 8.2</u>	<u>\$ 41.3</u>	<u>\$ (3.0)</u>	<u>\$ 42.1</u>	<u>\$ (2.3)</u>

Seacoast Banking Corporation of Florida
Second Quarter 2014 Earnings Conference Call
July 28, 2013
10:00 AM Eastern Time

Company Participants:

Dennis S. Hudson, III, Chairman and Chief Executive Officer, Seacoast Banking Corporation of Florida

William R. Hahl, Executive Vice President and Chief Financial Officer, Seacoast Banking Corporation of Florida

Other Participants:

Christopher Marinac, Director of Research, FIG Partners

Michael Rose, Senior Vice President - Equity Research, Raymond James & Associates, Inc.

Scott Valentin, Managing Director, FBR Capital Markets

Management Discussion :

Operator: *Welcome to the Seacoast Second Quarter Earnings Conference Call. My name is John, and I'll be your operator for today's call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Please note that the conference is being recorded.*

And I will now turn the call over to Dennis Hudson. Dennis, you may begin.

Dennis S. Hudson, III: Thank you very much, and welcome to our Second Quarter Conference Call. Before we begin, I'll direct your attention to our forward statement contained at the end of our press release. We'll be discussing certain issues that constitute forward-looking statements and accordingly our comments are intended to be covered within the meaning of 27A of the Securities and Exchange Act.

With me today is Chuck Cross, who heads up our commercial business banking line. Also here is Bill Hahl, our CFO, and David Houdeshell, our Chief Credit Officer.

During our call this morning, I'll be covering a few topics that are important to us as we look ahead to the rest of the year and into 2015 and beyond. Most importantly, this quarter we began to develop faster momentum across the board as our strategic investments that we've been making are producing greater results. Our revenue growth this quarter was quite meaningful, as you saw, and it was led by the best margin improvement, in fact the best net interest income growth, we have seen since coming out of the recession. Our adjusted pretax pre-provision income grew by 12 percent during the quarter as revenue growth continued to improve and our core expenses remained in line with our expectations. Credit costs continued to fall, leading to another quarter of provision recapture. Our adjusted EPS for the quarter was 12 cents per share.

As you know, last quarter we announced the acquisition of BankFIRST in Orlando and I'm pleased to say we received approval for this transaction from a primary regulator much quicker than we expected. In fact, we received our approval in record time, so we are headed for a closing in early October, October 1st in fact, following shareholders' meetings that are scheduled for mid-September. We still need final regulatory action by the Federal Reserve, and we expect this to occur quickly.

As we incorporate the team members of BankFIRST with our group, we create the most powerful commercial banking team, we think, in the state. Together, we create a \$3 billion Florida bank with significant exposure to markets that are now starting to grow again, especially the very vibrant Orlando market. As we announced in the transaction, we expect to generate meaningful accretion out of the gate with much greater potential for growth. Over the past few months, we've gotten to know the team better at BankFIRST. These guys and gals are true dedicated professionals with a deep connection to their clients and connections into their markets. They are going to play a big role in our combined success in 2015 and beyond as we continue to transform the community bank business model to address customer needs in the future. Our integration plan puts the customer first and values the talent that joins our team from BankFIRST. So we are on track and we just can't wait to get our teams moving together.

As you saw in last night's release, we also announced additional cost-outs totaling \$1.8 million, primarily related to legacy branch consolidations. This work will not occur until late in the fourth quarter of this year, which means the savings will start to positively impact earnings in the first quarter of 2015. Now these cost-outs that we've announced are in addition to the cost-outs we intend to implement in the fourth quarter related to BankFIRST, which were announced previously.

So our performance is improving as our momentum is growing. Loan volumes are growing as well, up 9.4 percent annualized for the quarter. Our new customer acquisition continues to build, with average non-interest bearing deposits up 11 percent for the year and even more than that for the quarter. Our strategic investments are building better momentum as our execution improves and as the economic growth begins to emerge in the state of Florida, so we are going to continue to invest as we bring down our legacy cost structure.

Let me talk for a minute about our strategic investments. The world we live in is changing as rapid digital transformation begins to redefine convenience in the minds of our customers. This is happening in just about every industry. The implications on the legacy community bank business model, we think, are quite profound. Now don't get me wrong, customer needs haven't really changed at all, but the way we serve our customers as we meet those needs much change, so we're in the process of transforming our business model. As you know, one of our strategic bets is our Accelerate business platform. This new channel delivers a unique customer experience to small and midsize commercial customers by improving our speed to deliver by utilizing our full featured digital business banking product suite for every banking service we deliver. We are building new customers and new markets with this new distribution platform across Florida. Since the beginning of the year, Accelerate has been a major contributor to our lending growth, and our pipelines suggest we are going to see further growth in the months ahead.

Another series of strategic investments are underway in our retail business line, our community banking division. In just one year, we have improved and increased significantly our digital product offerings and dramatically grown digital customer engagement. Personal and business mobile users are up 81 percent over the past year. We also recently rolled out 24/7 local customer support in our call center, and we announced recently totally-free ATM access at more than 1,000 Publix supermarket locations across the state of Florida. This summer new customer growth in our community banking division is up measurably over last summer, and frankly running counter to our typical seasonal trends as our associates build better momentum and as new marketing and sales management processes have been introduced.

As noted in our announcement last night, over the past couple of quarters, we have been begun to make new investments into improved marketing and customer data analytics. This is another strategic bet designed to support the new business model we are developing. Improvements in these areas will not only help us drive revenue growth, but also help us replace legacy overhead structures with more efficient, more customer-centric processes at a lower cost.

So I've mentioned a few of the strategic investments we are making. As I mentioned at the outset, they support our effort to transform the community bank business model and improve performance, and we will soon move forward with a meaningful accretive transaction that helps us move even faster.

So at this point, we will pause for a few questions and turn the call back over to our operator.

***Operator:** Thank you. We will now begin the question-and-answer session. If you do have a question, press star, then one, on your touchtone phone. If you wish to be removed from the queue, please press the pound sign or the hash key. There will be a delay before the first question is announced. If you're using a speakerphone, you may need to pick up the handset first before pressing the numbers. Once again, if you have a question, press star then one on your touchtone phone.*

We do have a question from Michael Rose from Raymond James.

Michael Rose: Hey, good morning, guys. How are you?

Dennis S. Hudson, III: Good morning.

Michael Rose: Just wanted to get a little color on the additional cost savings. You mentioned that it's primarily branch consolidations. How many branches do you expect to consolidate? Can you give us any details on where these branches are? Maybe they're in closer proximity to some other branches that are underperforming; and if you can give us some color on some of the additional costs that will come out associated with this new announcement.

Dennis S. Hudson, III: Well most of the costs indeed are out of branch consolidations. We haven't yet started to announce this, but we will. They would represent some of our lower performing offices and many of them are in markets that we are going to evolve forward post-merger with the BankFIRST merger. So it's kind of a combination all over the market of some of our lower performing offices. And again, we haven't gotten to the point where we are ready to release the exact names of those offices, and I think it involves over time, Bill...

William R. Hahl: Five.

Dennis S. Hudson, III: ...five offices.

Michael Rose: Okay, that's helpful. **And then on the commercial pipeline, obviously pretty good advancement this quarter. What drove that? Was it any particular market? Was there a specific focus by you all in any certain categories or geographies that resulted in that increase, and should we expect that to continue to grow?**

Dennis S. Hudson, III: Yeah, I'll let Chuck Cross add a few comments in terms of where some of that growth is coming from.

Charles K. Cross, Jr.: Yeah, I think it's a combination of the commercial lending teams being in place for a good period of time and also our focus with those bankers on lead generation. They are just out in the market a lot more than we have all been in a long time.

Dennis S. Hudson, III: I would say that a good amount of the volume is coming from all over the market. We are seeing very even performance across our footprint. Obviously, some of the metro areas to the south, in South Florida and even in Orlando, we are seeing better volume coming out of those markets. They are actually I would say, Chuck, beginning to convert back into growth mode now at this point in terms of the market.

Charles K. Cross, Jr.: Correct.

Dennis S. Hudson, III: Yep.

Michael Rose: Okay, and then just one final housekeeping question. **You recognized some merger-related costs this quarter. Just remind us again, if you can, how much more in additional merger-related expenses you expect to incur.** Thanks.

Dennis S. Hudson, III: I think in the announcement we had it was 6 million...

William R. Hahl: Right.

Dennis S. Hudson, III: ...that we announced and so...

William R. Hahl: 5.5/6.

Dennis S. Hudson, III: ...5.5/6 million. So we are beginning to basically eat into that number between now and the end of the year.

Michael Rose: And then you all have another 4 million in the fourth quarter from the new initiatives?

Dennis S. Hudson, III: That's right.

Michael Rose: Okay great. Thanks for taking my questions.

Operator: *Once again, if you do have a question, press star, then one, on your touchtone phone.*

And we have a question from Christopher Marinac from FIG Partners.

Christopher Marinac: Thanks. Good morning, Denny, Bill, and others. **I wanted to ask about the Accelerate initiative, sort of where that stands in terms of its loan generation, and how you think that will evolve in future quarters.**

Charles K. Cross, Jr.: This is Chuck Cross. The Accelerate program is mainly in the metropolitan areas and, as Denny said before, that's where we are seeing growth in those markets and we are taking part of that growth. We see nice acceptance from those markets and we see it continuing to grow in the future.

Dennis S. Hudson, III: I would say kind of where we are in the evolution of that channel: we were in startup mode a year ago, still acquiring talent, still building out the locations and so forth, but primarily focused on building talent. You flip forward to today, between a year ago and today, we have done a much better job of sales management with the talent we have, and we continue to add talent to the teams, but it's more about refining the model. As we look ahead over the next year, I think we move to what we call internally the 2.0 model, where we have much better support from our data analytics folks helping us with better targeting and lead generation, which is going to be quite helpful.

I would say the other thing happening, Chris, is we – now that our core markets are improving and we are seeing much better business conditions in some of our legacy markets – we are also stepping up and we will have some announcements probably next quarter on what we are doing to generate small business activity in some of our retail branches as well. That's beginning to produce some nice results for us. So as to where are we in this evolution of Accelerate: we are now at a more sustainable place, we think, where we will continue to see new business developed out of that channel on a more consistent basis over the coming quarters; and again, a lot more work to do in our retail offices with small business as well.

Christopher Marinac: Okay, thanks. That's helpful. **And I guess if we look at the total dollar amount of loan growth, Denny, is Accelerate a meaningful part of that or still just a small contributor to the net dollars?**

Dennis S. Hudson, III: It's meaningful.

Charles K. Cross, Jr.: It's meaningful.

Dennis S. Hudson, III: Yeah, right. Our markets, our older legacy markets are much thinner and the business activity has been a little slower to return, although it is definitely returning now. A year ago I couldn't have said that. Today we are seeing much better borrower conditions and expansions starting to happen and so forth, but those metro markets have been very important for us over the past year; and as we look ahead, they will continue to be important for us. As we look in Orlando, we think the acquisition that will close right at the beginning of October really moves us much further down the road in that market. It gives us some great branch coverage across the entire footprint to supplement what we already have going there, and it dramatically increases our presence in the market to the point where we become one of the top leading community players in the market. So we are very excited about the impact that the acquisition has on us. As I mentioned at the outset, BankFIRST has a great production team, small business and medium-sized business lenders just like our guys, and when you put the two together, we are not looking at doing anything there in terms of costs. We just see nothing but opportunity as we put the two teams together and bring it forward in that very, very important and vibrant market. Orlando market is growing very nicely now, and we see a lot of positive opportunity there for us over the next year.

Christopher Marinac: And then, Denny, one last one just on acquisitions. Given the fast approval that you are seeing on BankFIRST, is it possible to consider another acquisition in 2015?

Dennis S. Hudson, III: Yeah, we think it is. We think it is. I think it's important for us to get our underlying core earnings moving up, and that's obviously a really important thing for us to do between now and the end of the year.

Christopher Marinac: Great. Thanks for all the feedback here.

Dennis S. Hudson, III: Yep.

Operator: And we have a question from Scott Valentin from FBR & Company.

Scott Valentin: Good morning, and thanks for taking my question. **Just looking at the margin, it seems to have stabilized — call it between 3.05 and 3.10. Just wondering if that's kind of the outlook going forward? I noticed that loan yields were down a little bit linked-quarter, but it seems like maybe origination loan yields are getting close to portfolio loan yields.**

Dennis S. Hudson, III: Yeah, I would say that's true and the margin improvement we saw this quarter was definitely for the reasons you just stated. I think the big headline though is we saw over a half million dollar growth in net interest income from the first quarter; and again we are seeing better, more sustainable, we think, volume and growth there that will continue to push, we think, that number up. When you look at our margin back over the five quarters, it had pretty consistent performance. We are beginning to see now some improvement.

Any other comments on pricing, Chuck?

Charles K. Cross, Jr.: Good.

William R. Hahl: I think deposit mix is the other thing that has been helpful over the 12 month period in bringing down cost and supporting the margin. And as we continue to improve our loan production overall, which really emerged nicely both in the first and second quarters here this year, that's what's supporting it. And you're correct that our add-on rates now on the portfolio are just about where we're at.

Dennis S. Hudson, III: The big driver to that change is loan mix. If you look back historically, the loan growth we were producing two years ago was primarily in the area of residential loans, and most of what we put in the portfolio were adjustable rate loans with relatively low yields compared to portfolio. So it was a sort of a struggling period where the only loan growth we could find was in the retail side, primarily in the residential mortgage area. We now, as you well know, have successfully begun to grow much more rapidly our commercial focus, and so we are now seeing that loan mix begin to shift back away from residential into commercial. The yields are better. Finally I'd note that this acquisition that we're going to close brings with it a much more favorable mix of loans. When we plug that into the equation, we see further accretion in loan yield; and a lot of that is driven by an equally valuable, if not more valuable, deposit portfolio with even accretion in DDA mix and the like. So the whole mix part of the equation accounts for our extraordinarily low interest margin that we have today and have had historically over the last couple of years. I hope I've given you some flavor and color in terms of why, as we move that loan mix in the right direction, we believe over time we will see modest growth in the margin. And then again this acquisition couldn't be coming at a better time for us, pushing our margins up even further because of the more favorable mix of loans and equally favorable mix of deposits.

Scott Valentin: Okay, that color is very helpful, and then just one follow-up question. **In the table on loan growth, it shows that the commercial pipeline is up pretty substantially year-over-year from about 47 million to 58 million, but the commercial loans closed is down. I didn't know if that's just normal business variability or anything happened in the second quarter of '13 versus second quarter '14 that would account for the drop in commercial loans closed.**

Dennis S. Hudson, III: No, it's just kind of normal variability whether something gets closed at the end of the month or end of the quarter, or two weeks into the next quarter.

Scott Valentin: Okay, great. Thanks very much.

Dennis S. Hudson, III: Sure.

Operator: Once again, if you do have a question, press star, then one, on your touchtone phone. I'm showing no further questions at this time.

Dennis S. Hudson, III: Great. Thank you very much for attending our call today and we look forward to talking with you again next quarter and reporting further progress. Thanks.

Operator: *Thank you, ladies and gentlemen. That concludes today's call. Thank you for participating. You may all disconnect at this time.*

Second Quarter 2014
July 29, 2014



Seacoast
BANKING CORPORATION
OF FLORIDA

Cautionary Notice Regarding Forward-Looking Statements

This press release 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, 2013 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>



Q2 2014 Financial and Strategic Highlights

Financial Highlights

- Total revenues up \$842 thousand linked quarter or over 15% annualized
- Average loans outstanding increased \$30.6 million linked quarter or over 9% annualized
- Adjusted net income up 18% linked quarter*
- Asset quality improvement results in \$1.4 million provision for loan loss recapture

Strategic Highlights

- Completed implementation of \$1.9 million in annualized expense reductions in Q2, \$3.4 million annualized year to date
- Announced additional \$1.8 million in annualized core expense savings implemented in Q4 for legacy cost reductions (primarily branch consolidations)
- Reinvestment of \$748 thousand year to date in new customer acquisition strategies (digital delivery and marketing/data analytics)

* Non-GAAP measure, excludes merger related legal and professional fees and other non core expenses (See Appendix for reconciliation to GAAP)

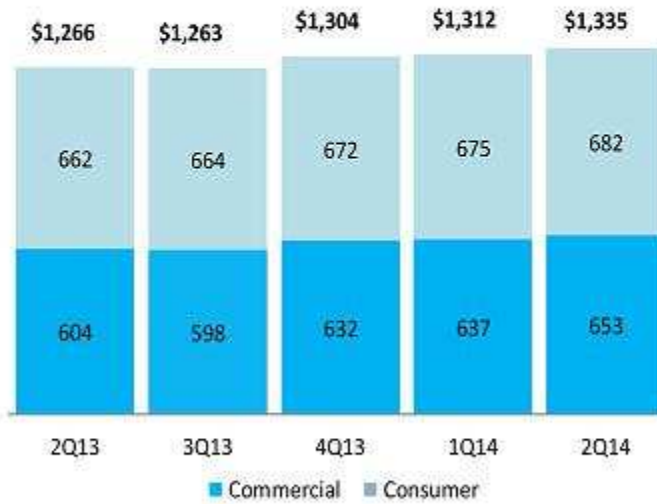


Consistent Loan Growth In All Portfolios

- Total loans increased 5% year over year to \$1.3 billion
- Commercial originations of \$53 million in Q2, \$16 million higher than Q1
- Residential production of \$61 million, a 54% increase over Q1
- Average Commercial loan size of \$524 thousand originated in 2014, showing discipline in building diversification

Total Loans

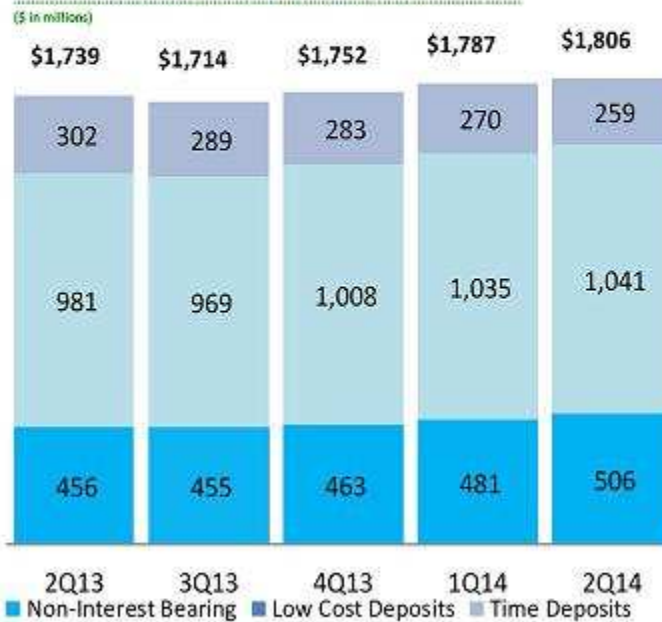
(\$ in millions)



Consistent Growth In Low Cost Deposits

- Average noninterest bearing demand deposits were up \$50 million, or 11 % compared with prior year
- Total average deposits increased \$19 million linked quarter
- Average noninterest bearing demand deposits were up 21% linked quarter annualized
- Non-interest bearing and low-cost deposits increased to 86% of total average deposits

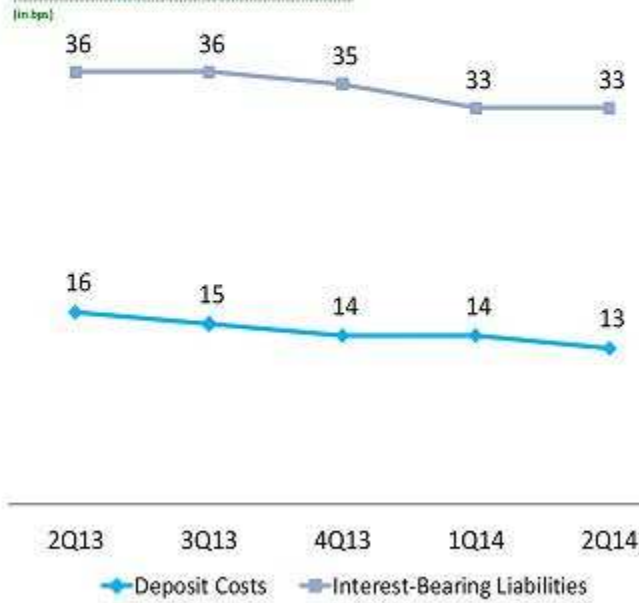
Average Deposit Balances



Funding Costs Continue To Decline

- Cost of funding continues to approach zero
- Improved deposit mix lowers total cost of deposits by 3 bps compared to Q2 2013
- Ending noninterest bearing demand deposits increased to 28% of total deposits

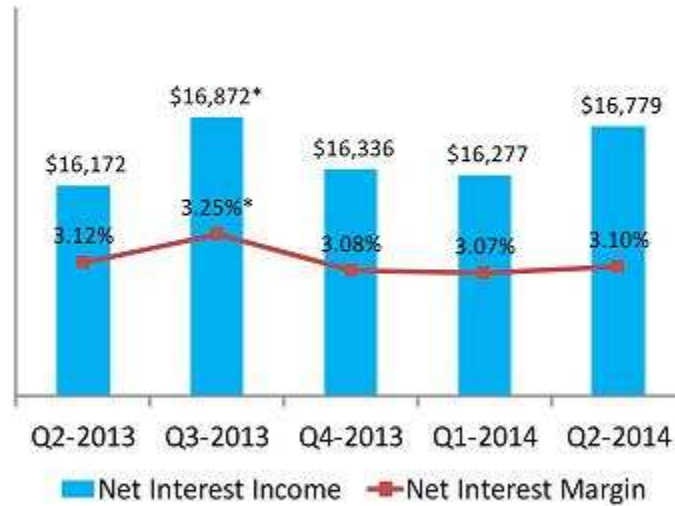
Funding Costs



Net Interest Margin Improves By 3 Bps, While Net Interest Income Improves Significantly

- Net interest income increased \$502 thousand linked quarter
- Net interest margin improves 3 basis points from Q1
- Average loan outstandings up \$31 million linked quarter or 9% annualized

Net Interest Income and Net Interest Margin



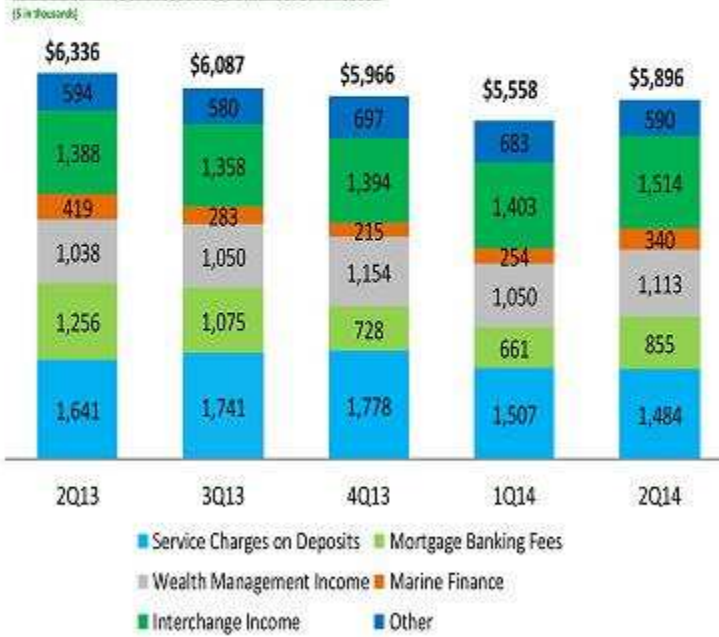
* Includes \$505 thousand recovery of non-accrual loan interest



Non-Interest Income

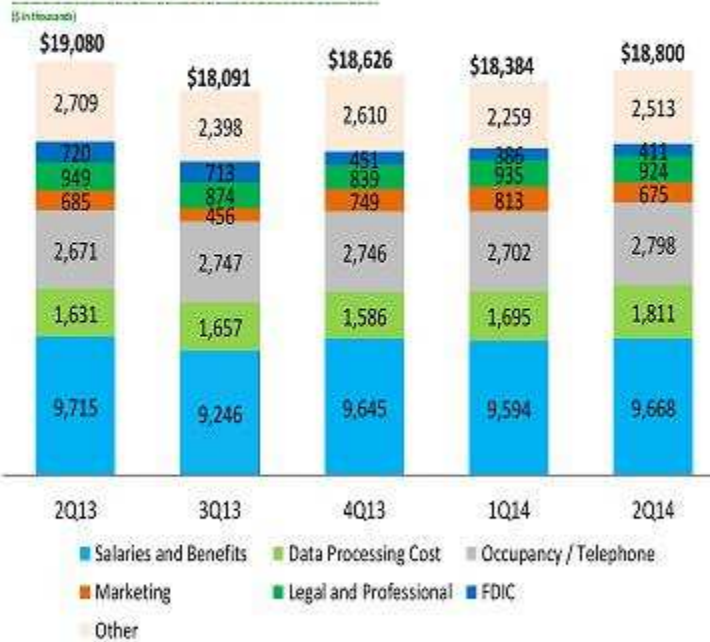
- Non-interest income increased \$338 thousand from Q1, or 6%
- Interchange fees were up \$111 thousand, or 8% linked quarter
- Improved sales in mortgage banking resulted in a \$194 thousand or 29% increase in mortgage banking fees from Q1

Non-Interest Income



Non-Interest Expense*

Core Operating Expenses



- Higher commissions (salaries and benefits) from increased mortgage banking production and brokerage revenue in Q2
- Higher than expected healthcare claims (salaries and wages) in Q2 expected to slow in second half of 2014, in line with prior year
- Investment of \$748 thousand year to date in new customer acquisition strategies (marketing and salaries and wages)

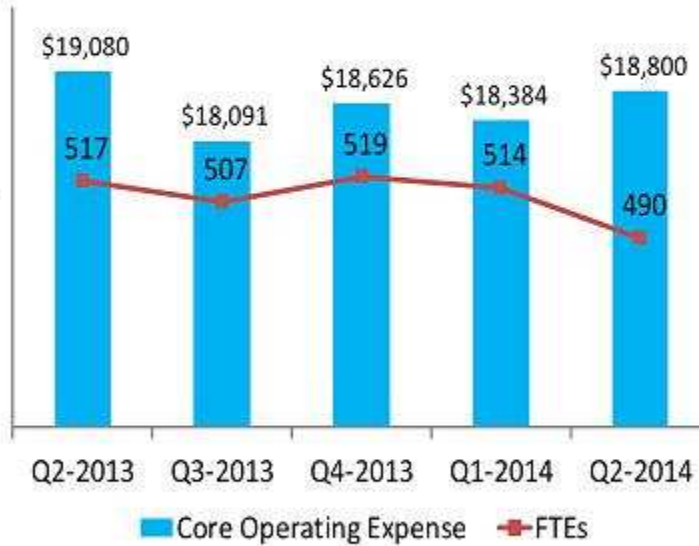
* Non-GAAP measure, excludes merger related legal and professional fees and other non core expenses (See Appendix for reconciliation to GAAP)



Non-Interest Expense*

Core Operating Expenses and FTEs

- Implemented Cost reductions totaling \$1.9 million in Q2 (only partially realized)
- Higher commissions from increased mortgage banking production and brokerage revenue combined with higher healthcare claims drove increase in core operating expense in Q2

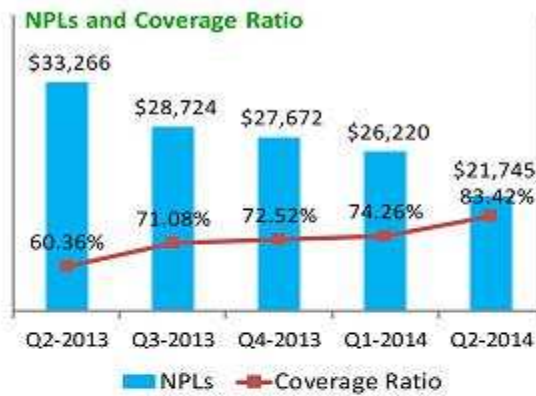


* Non-GAAP measure, excludes merger related legal and professional fees and other non core expenses (See Appendix for reconciliation to GAAP)



Asset Quality Improvement

- Net recoveries of \$112 thousand in Q2
- NPLs have declined 35% year over year
- Loan loss provision reversal of \$1.4 million in Q2
- Nonperforming assets to total assets declined to 1.2%, compared to 2.0% a year ago.



2014 Initiatives

Building Shareholder Value

- Successful integration of merger agreement with The BANKshares, Inc.
- Continued reduction of legacy costs and operational expense
- Prudent investment of balance sheet liquidity
- Focus on customer acquisition and diversified lending

Growing Our Franchise

- Enhance customer experience through reinvestment in branch network
- Leverage investments in marketing and data analytics



Appendix



Net Income - GAAP to Non-GAAP Reconciliation:

Presented below is net income excluding adjustments for merger related legal and professional fees and other non-core expenses. The Company believes that these results of operations are a more meaningful depiction of the underlying fundamentals of its business and overall performance.

	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	Third Quarter 2013	Second Quarter 2013
<i>(Dollars in thousands)</i>					
Net Income Available to Common Shareholders (GAAP)	\$1,918	\$2,299	\$588	\$44,204	\$2,017
Tax benefit related to deferred tax asset recovery				(42,993)	
Severance	181	212	0	24	10
Legal and professional fees for acquisition and expense initiatives	1,348	6	0	0	0
Security losses (gains)	0	(17)	0	(280)	(114)
Miscellaneous losses	144	0	190	0	0
Recovery of prior legal fees	0	0	(350)	0	(650)
Recovery of non-accrual loan interest	0	0	0	(505)	0
Net loss on OREO and repossessed assets	92	53	0	229	493
Asset dispositions expense	118	128	180	159	111
Effective tax rate on adjustments	(811)	(148)	(8)	144	-
Adjusted Net Income (1)	\$2,990	\$2,533	\$600	\$982	\$1,867
Adjusted Earnings per diluted share (1)	\$0.12	\$0.10	\$0.03	\$0.05	\$0.10
Average shares outstanding	25,998	25,657	21,558	19,098	18,936

(1) Non-GAAP Measure



Non-Interest Expense - GAAP to Non-GAAP Reconciliation:

Presented below are non-interest expenses excluding adjustments for merger related legal and professional fees and other non core expenses. The Company believes that these results of operations are a more meaningful depiction of the underlying fundamentals of its business and overall performance.

<i>(Dollars in thousands)</i>	Second Quarter 2014	First Quarter 2014	Fourth Quarter 2013	Third Quarter 2013	Second Quarter 2013
Noninterest Expense:					
Salaries and wages	\$7,587	\$7,412	\$8,077	\$7,533	\$7,892
Employee benefits	2,081	2,182	1,568	1,713	1,823
Outsourced data processing costs	1,811	1,695	1,586	1,657	1,631
Telephone / data lines	306	293	325	318	325
Occupancy expense	1,888	1,838	1,824	1,824	1,775
Furniture and equipment expense	604	571	597	605	571
Marketing expense	675	813	749	456	685
Legal and professional fees	924	935	839	874	949
FDIC assessments	411	386	451	713	720
Amortization of intangibles	196	196	196	195	197
Other	2,317	2,063	2,414	2,203	2,512
Total Core Operating Expense	18,800	18,384	18,626	18,091	19,080
Severance and organizational changes	181	212	0	24	10
Legal and professional fees for acquisition and expense initiatives	1,348	6	0	0	0
Miscellaneous losses	144	0	190	0	0
Recovery of prior legal fees	0	0	(350)	0	(650)
Net loss on OREO and repossessed assets	92	53	0	229	493
Asset dispositions expense	118	128	180	159	111
Total	\$20,683	\$18,789	\$18,646	\$18,503	\$19,044



