

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 26, 2018

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

SEACOAST BANKING CORPORATION OF FLORIDA

Item 2.02 Results of Operations and Financial Condition

On July 26, 2018, Seacoast Banking Corporation of Florida (“Seacoast” or the “Company”) announced its financial results for the quarter ended June 30, 2018.

A copy of the press release announcing Seacoast’s results for the quarter ended June 30, 2018 is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On July 27, 2018, Seacoast held an investor conference call to discuss its financial results for the quarter ended June 30, 2018. 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.com) 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, 2018, 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>
<u>99.1</u>	<u>Press Release dated July 26, 2018 with respect to Seacoast’s financial results for the quarter ended June 30, 2018</u>
<u>99.2</u>	<u>Transcript of Seacoast’s investor conference call held on July 27, 2018 to discuss the Company’s financial results for the quarter ended June 30, 2018</u>
<u>99.3</u>	<u>Data on website containing information used in the conference call held on July 27, 2018</u>

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, 2017 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: August 1, 2018

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

EXHIBIT INDEX

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Charles M. Shaffer
Executive Vice President
Chief Financial Officer
(772) 221-7003

Chuck.Shaffer@seacoastbank.com

SEACOAST REPORTS SECOND QUARTER 2018 RESULTS

Net Income Increases 121% Year-Over-Year to \$17.0 Million

Record Consumer and Small Business Loan Originations, Record Commercial Pipeline Entering the Third Quarter

STUART, Fla., July 26, 2018 /GLOBE NEWSWIRE/ -- Seacoast Banking Corporation of Florida (“Seacoast” or “the Company”) (NASDAQ: SBCF) reported net income of \$17.0 million, or \$0.35 per share for the second quarter of 2018, a 121% or \$9.3 million increase year-over-year. Seacoast reported adjusted net income¹ of \$18.3 million, or \$0.38 per share, representing a 44% or \$5.6 million increase year-over-year.

For the second quarter 2018, return on average tangible assets was 1.24%, return on average tangible shareholders’ equity was 13.1%, and the efficiency ratio was 58.4%, compared to 1.34%, 14.4% and 57.8%, respectively, in the prior quarter and 0.66%, 7.3%, and 73.9%, respectively, in the second quarter of 2017. Adjusted return on average tangible assets¹ was 1.28%, adjusted return on average tangible shareholders’ equity¹ was 13.5%, and the adjusted efficiency ratio¹ was 57.3%, compared to 1.38%, 14.8%, and 57.1%, respectively, in the prior quarter, and 1.02%, 11.2%, and 61.2%, respectively, in the second quarter of 2017.

Dennis S. Hudson, III, Seacoast’s Chairman and CEO, said “Seacoast’s balanced growth strategy, combining organic growth with value-creating acquisitions, continues to benefit our shareholders. Consumer and small business loan originations reached record levels and we exited the quarter with our commercial loan pipeline at an all-time high. Looking ahead, we expect our total loan growth to accelerate, driven by the combination of a robust pipeline, investments we have made in proprietary commercial banking technologies, and expanding our commercial platform within the Tampa and South Florida markets. During the quarter we announced the acquisition of First Green Bancorp, Inc., which will introduce more than 10,000 new customers in central and south Florida to Seacoast’s innovative banking platforms and deepen our presence in Orlando, Florida’s third-largest metropolitan area. We expect this acquisition to close early in the fourth quarter.”

Charles M. Shaffer, Seacoast’s Chief Financial Officer, said, “We continue to balance a disciplined approach to credit, liquidity, and expense management, while making investments in technology and talent, resulting in an increase in tangible book value per share to \$11.67 at period end and positioning us well to deliver the strong performance we outlined in our Vision 2020 plan. With a loan to deposit ratio of 84% and a ratio of tangible common equity to tangible assets of 9.6%, our balance sheet provides us with the resources to prudently fund our organic growth initiatives while continuing to make accretive acquisitions.”

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



Notable Items Impacting the Second Quarter

Several notable items in aggregate impacted the quarter by approximately \$0.05 per share. These include a \$0.5 million reduction in accretion of purchase discounts on acquired loans quarter over quarter, and higher prepayments on the nonacquired originated loan portfolio which reduced loan growth by 3%. Additionally, we recognized \$1.7 million in net charge-offs and \$0.3 million in losses on the sale of other real estate owned during the quarter.

Second Quarter 2018 Financial Highlights

Income Statement

- **Net income** was \$17.0 million, or \$0.35 per diluted share, compared to \$18.0 million or \$0.38 for the prior quarter and \$7.7 million or \$0.18 for the second quarter of 2017. For the six months ended June 30, 2018, net income was \$35.0 million compared to \$15.6 million for the six months ended June 30, 2017. Adjusted net income ¹ was \$18.3 million, or \$0.38 per diluted share, compared to \$19.3 million or \$0.40 for the prior quarter and \$12.7 million or \$0.29 for the second quarter of 2017. For the six months ended June 30, 2018, adjusted net income ¹ was \$37.6 million compared to \$22.9 million for the six months ended June 30, 2017.
- **Net revenues** were \$62.9 million, an increase of \$0.9 million or 1% compared to the prior quarter, and an increase of \$8.3 million or 15% compared to the second quarter of 2017. For the six months ended June 30, 2018, net revenues were \$125.0 million, an increase of \$22.3 million or 22% compared to the six months ended June 30, 2017. Adjusted revenues ¹ were \$63.0 million, an increase of \$0.8 million, or 1%, from the prior quarter and an increase of \$8.4 million, or 15% from the second quarter of 2017. For the six months ended June 30, 2018, adjusted revenues ¹ were \$125.1 million, an increase of \$22.4 million or 22% compared to the six months ended June 30, 2017.
- **Net interest income** totaled \$50.2 million, an increase of \$0.4 million or 1% from the prior quarter and an increase of \$6.1 million or 14% from the second quarter of 2017. For the six months ended June 30, 2018, net interest income totaled \$100.0 million, an increase of \$17.6 million or 21% compared to the six months ended June 30, 2017.
- **Net interest margin** was 3.77% in the current quarter compared to 3.80% in the prior quarter and 3.84% in the second quarter of 2017. Removing the impact of accretion of purchase discounts on acquired loans the net interest margin was 3.61% in the current quarter, compared to 3.60% in the prior quarter and 3.59% in the second quarter of 2017. Quarter over quarter accretion on purchase discounts on acquired loans declined by \$0.5 million, impacting the net interest margin by 4 basis points.
- **Noninterest income** totaled \$12.7 million, an increase of \$0.4 million or 4% compared to the prior quarter and an increase of \$2.2 million or 21% from the second quarter of 2017. For the six months ended June 30, 2018, noninterest income totaled \$25.0 million, 23% higher than the six months ended June 30, 2017. Adjusted noninterest income ¹ totaled \$12.8 million for the quarter, an increase of \$0.4 million or 3% compared to prior quarter and an increase of \$2.3 million or 22% from the second quarter of 2017. Following on the significant progress we made in the first quarter, second quarter results reflected growth across our businesses resulting in improvements in nearly every category. We continue to benefit from the investments we have made in Wealth Management and SBA lending.

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



- The **provision for loan losses** was \$2.5 million, compared to \$1.1 million in the prior quarter and \$1.4 million in the second quarter of 2017, reflecting the effect of portfolio growth as well as \$1.7 million in net charge-offs in the current quarter.
- **Noninterest expense** was \$38.2 million compared to \$37.2 million in the prior quarter and \$41.6 million in the second quarter of 2017. For the six months ended June 30, 2018, noninterest expense was \$75.4 million compared to \$76.4 million for the six months ended June 30, 2017. In the current quarter, noninterest expense included \$0.7 million in merger related expenses. Adjusted noninterest expense ¹ was \$36.5 million compared to \$35.7 million in the prior quarter, and \$33.8 million in the second quarter of 2017. For the six months ended June 30, 2018, adjusted noninterest expense ¹ was \$72.3 million compared to \$64.8 million for the six months ended June 30, 2017. The increase in noninterest expense quarter over quarter was the result of continued investments in both talent and technology in the organization positioning Seacoast for continued robust profitability. We acquired two commercial banking team leaders, four commercial bankers, and made investments in talent to support scaling the organization prudently. During the second quarter, we granted 191,000 restricted shares, along with performance awards for up to an additional 356,000 shares upon meeting certain performance criteria. This investment for growth was granted deep into the organization, with the goal of providing meaningful value to our associates for achieving our performance objectives.
- Seacoast recorded \$5.2 million in **income tax expense** in the current quarter, compared to \$5.8 million in the prior quarter and \$3.9 million in the second quarter of 2017. The effective tax rate of 23.4% in the current quarter reflects the positive impact of the new lower corporate tax rate. Prior quarter included the effect of an additional \$0.3 million write down of deferred tax assets arising from measurement period adjustments on a prior year bank acquisition. The write down of those assets in the prior quarter increased the effective tax rate by 1.1% to 24.3%.
- Year to date **adjusted revenues** ¹ increased 22% compared to prior year while **adjusted noninterest expense** ¹ increased 12%, providing 10% operating leverage.
- The **efficiency ratio** was 58.4% compared to 57.8% in the prior quarter and 73.9% in the second quarter of 2017. The adjusted efficiency ratio ¹ was 57.3% compared to 57.1% in the prior quarter and 61.2% in the second quarter of 2017.

Balance Sheet

- At June 30, 2018, the Company had **total assets** of \$5.9 billion and total shareholders' equity of \$716 million. Book value per share was \$15.18 and tangible book value per share was \$11.67, compared to \$14.94 and \$11.39, respectively, at March 31, 2018 and \$13.29 and \$10.55, respectively, at June 30, 2017.
- **Debt Securities** totaled \$1.3 billion at June 30, 2018, a decrease of \$47 million compared to prior quarter and a decrease of \$70 million from June 30, 2017. Given the current interest rate environment, the securities portfolio is being used as a liquidity source to fund loan growth.

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



- **Net loans** totaled \$3.9 billion at June 30, 2018, an increase of \$76 million compared to prior quarter or 8% annualized in the current quarter, and an increase of \$641 million or 19% from June 30, 2017. Excluding the impact of two acquisitions in the fourth quarter of 2017, loans increased \$237 million or 7% from June 30, 2017.
 - During the current quarter, commercial originations were \$140.4 million, consumer and small business originations for the quarter were a record \$104.9 million and retained residential loans were \$75.0 million.
 - Loan growth for the quarter was impacted by higher loan prepayments when compared to the prior quarter, impacting annualized loan growth by 3%.
 - We continue to prudently manage commercial real estate exposure. Construction and land development and commercial real estate loans remain well below regulatory guidance at 59% and 203% of total risk based capital, respectively.
- **Pipelines** (loans in underwriting and approval or approved and not yet closed) are at a record high for second quarter. At June 30, 2018, total pipelines were \$311.6 million, an increase of 28% over the prior quarter and 16% compared to prior year.
 - Commercial pipelines were \$194.9 million, an increase of \$72.2 million, or 59%, from prior quarter.
 - Consumer and small business pipelines were \$52.9 million, an increase of \$2.6 million, or 5%, compared to the prior quarter.
 - Residential pipelines were \$63.7 million, decreasing by \$7.0 million, or 10%, from prior quarter.
- **Total deposits** were \$4.7 billion as of June 30, 2018, a decrease of \$22 million from prior quarter and an increase of \$722 million, or 18%, from June 30, 2017. The quarter over quarter decline in deposit outstandings reflects a normal impact of the summer season in Florida.
 - Year-over-year, interest bearing deposits (interest bearing demand, savings and money market deposits) increased \$271 million, or 12%, to \$2.4 billion, noninterest bearing demand deposits increased \$155 million, or 12%, to \$1.5 billion, and CDs increased \$295 million, or 60%, to \$790 million.
 - Excluding acquired deposits, noninterest bearing deposits increased 4% while total deposits increased 5% compared to June 30, 2017.
 - The Company's balance sheet continues to be primarily core deposit funded. Core customer funding was \$4.1 billion at June 30, 2018, compared to \$4.1 billion at March 31, 2018 and \$3.6 billion at June 30, 2017.
 - Overall cost of deposits remains attractive at 39 basis points.
- Second quarter **return on average tangible assets (ROTA)** was 1.24%, compared to 1.34% in the prior quarter and 0.66% in the second quarter of 2017. Adjusted ROTA ¹ was 1.28% compared to 1.38% in the prior quarter and 1.02% in the second quarter of 2017.

Capital

- Second quarter **return on average tangible common equity (ROTCE)** was 13.08%, compared to 14.41% in the prior quarter and 7.25% in the second quarter of 2017. Adjusted ROTCE ¹ was 13.49% compared to 14.82% in the prior quarter and 11.22% in the second quarter of 2017.
- The **common equity tier 1 capital ratio (CET1)** was 12.9%, total capital ratio was 15.2% and the tier 1 leverage ratio was 11.0% at June 30, 2018.
- **Tangible common equity to tangible assets** was 9.56% at June 30, 2018, compared to 9.33% at March 31, 2018, and 8.88% at June 30, 2017.

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



Asset Quality

- **Nonperforming loans to total loans outstanding** was 0.66% at June 30, 2018, 0.50% at March 31, 2018, and 0.52% at June 30, 2017. Nonperforming loans increased \$7.0 million, the result of a transfer of a single credit to nonaccrual status.
- **Nonperforming assets to total assets** was 0.58% at June 30, 2018, 0.50% at March 31, 2018 and 0.49% at June 30, 2017. The \$34.6 million in nonperforming assets includes \$3.1 million in closed branch properties held as REO.
- **The ratio of allowance for loan losses to total loans** was 0.73% at June 30, 2018, 0.72% at March 31, 2018, and 0.78% at June 30, 2017.
- **The ratio of allowance for loan losses to non-acquired loans** was 0.88% at June 30, 2018, 0.90% at March 31, 2018, and 0.95% at June 30, 2017.
- **Net charge-offs** were \$1.7 million or 0.17% for the current quarter compared to near zero in the prior quarter. Net charge-offs for the four most recent quarters averaged 0.09%.

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


FINANCIAL HIGHLIGHTS

(Unaudited)

(Amounts in thousands except per share data)

	Quarterly Trends				
	2Q'18	1Q'18	4Q'17	3Q'17	2Q'17
Selected Balance Sheet Data:					
Total Assets	\$ 5,922,681	\$ 5,903,101	\$ 5,810,129	\$ 5,340,413	\$ 5,281,295
Gross Loans	3,974,016	3,897,125	3,817,377	3,384,991	3,330,075
Total Deposits	4,697,440	4,719,543	4,592,720	4,112,600	3,975,458
Performance Measures:					
Net Income	\$ 16,964	\$ 18,027	\$ 13,047	\$ 14,216	\$ 7,676
Net Interest Margin	3.77%	3.80%	3.71%	3.74%	3.84%
Average Diluted Shares Outstanding	47,974	47,688	46,473	43,792	43,556
Diluted Earnings Per Share (EPS)	\$ 0.35	\$ 0.38	\$ 0.28	\$ 0.32	\$ 0.18
Return on (annualized):					
Average Assets (ROA)	1.16%	1.25%	0.91%	1.06%	0.61%
Average Tangible Common Equity (ROTCE)	13.08	14.41	10.69	12.45	7.25
Efficiency Ratio	58.41	57.80	63.95	58.93	73.90
Adjusted Operating Measures ¹:					
Adjusted Net Income	\$ 18,268	\$ 19,298	\$ 17,261	\$ 15,145	\$ 12,665
Adjusted Diluted EPS	0.38	0.40	0.37	0.35	0.29
Adjusted ROTA	1.28%	1.38%	1.23%	1.16%	1.02%
Adjusted ROTCE	13.49	14.82	13.49	12.80	11.22
Adjusted Efficiency Ratio	57.31	57.05	52.55	57.69	61.20
Adjusted Noninterest Expenses as a					
Percent of Average Tangible Assets	2.57	2.55	2.24	2.50	2.73
Other Data:					
Market capitalization ²	\$ 1,489,411	\$ 1,243,644	\$ 1,182,796	\$ 1,039,506	\$ 1,047,361
Full-time equivalent employees	826	814	805	762	759
Number of ATMs	87	86	85	76	76
Full service banking offices	49	49	51	45	45
Registered online users	92,107	91,636	83,881	78,880	75,394
Registered mobile devices	69,038	65,336	62,516	58,032	55,013

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

² Common shares outstanding multiplied by closing bid price on last day of each period



Acquisition of First Green Bancorp

On June 11, 2018 we announced the acquisition of First Green Bancorp, Inc., headquartered in Orlando, Florida, which we expect to close early in the fourth quarter. Pursuant to the terms of the merger agreement, First Green Bancorp, Inc. will be merged into Seacoast Banking Corporation, and First Green Bank will be merged into Seacoast Bank. Organized in 2009, First Green Bank has deposits of approximately \$629 million and loans of \$629 million. First Green operates seven branches in the Orlando, Daytona and Ft. Lauderdale markets. We expect the acquisition to be more than 10% accretive to earnings per share in 2019 excluding one-time transaction costs, and have a tangible book value earn-back of less than one year using the cross over method. The transaction is expected to provide an internal rate of return over 25%.

Vision 2020

We remain confident in our ability to achieve our Vision 2020 targets announced early last year. We continue to monitor the impact of the Tax Cuts and Jobs Act of 2017 and believe the impact of this important legislation will more fully materialize in the marketplace moving forward. Additionally, we announced the acquisition of First Green Bancorp, Inc., which is expected to close early in the fourth quarter. We believe both the Tax Cuts and Jobs Act of 2017 and the acquisition of First Green Bancorp, Inc. reinforce our ability to achieve these objectives.

	Vision 2020 Targets
Return on Tangible Assets	1.30%+
Return on Tangible Common Equity	16%+
Efficiency Ratio	Below 50%

Second Quarter Strategic Highlights

Modernizing How We Sell

- Seacoast Wealth Management added \$75.1 million in new fee-based assets under management year to date, 65% of which were the direct result of referrals from the commercial, small business, and retail teams. The resulting trust and brokerage revenues continue to rise, with industry leading products including digital tools, and a growing sales and support team throughout the footprint.
- We launched our proprietary Commercial Banking Portal in June, providing customized banker dashboards with key indicators and alerts. With the Portal, our bankers have real-time updates on how their customers use our products and services, allowing them to provide more meaningful guidance and advice. We believe this tool will provide our Bankers the ability to significantly expand relationships moving forward.
- Other technology investments during the quarter included enhancements to our proprietary Connections portal, which provides our teams with greater access and insight to customer service and sales opportunities to better meet customer needs.

Lowering Our Cost to Serve

- We continue to implement footprint-related expense reduction strategies, consolidating three banking center locations in the last twelve months. Our upcoming First Green acquisition further provides opportunity to reposition our footprint, as six out of seven First Green branches are located within three miles of a Seacoast branch.
 - An automated lending platform, currently in development with strategic technology partners, will create efficiencies by digitizing the onboarding journey with automation of underwriting activities and application of credit policies.
 - We are in early project planning to fully overhaul our commercial lending process, bringing in new technology that will allow for process automation and greater results from our bankers.
-



Driving Improvements in How Our Business Operates

- Our 100% Florida-staffed call center provides 24/7 customer service, and in the second half of the year will implement a fully modernized software platform providing expanded self-serve options with additional security features.
- Partnering with specialized providers, we have created greater scalability in mortgage fulfillment while maintaining cycle times.

Scaling and Evolving Our Culture

- During the quarter we acquired new seasoned commercial banking leadership in the markets of Broward County and Tampa and added four new bankers to our team. Our goal is to add an additional ten commercial bankers before year end.
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OTHER INFORMATION

Conference Call Information

Seacoast will host a conference call on Friday, July 27, 2018 at 10:00 a.m. (Eastern Time) to discuss the earnings results. Investors may call in (toll-free) by dialing (888) 466-9845 (passcode: 6353 188). 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 July 27, 2018 by dialing (888) 843-7419 and using passcode: 6353 188#.

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 July 27, 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.

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 \$5.9 billion in assets and \$4.7 billion in deposits as of June 30, 2018. The Company provides integrated financial services including commercial and retail banking, wealth management, and mortgage services to customers through advanced banking solutions, 49 traditional branches of its locally-branded wholly-owned subsidiary bank, Seacoast Bank, and seven 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 the adjacent Tampa market, and west to Okeechobee and surrounding counties. More information about the Company is available at <http://www.Seacoastbanking.com/>.

Cautionary Notice Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning, and protections, 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, cost savings, enhanced revenues, economic and seasonal conditions in our markets, and improvements to reported earnings that may be realized from cost controls, tax law changes, and for integration of banks that we have acquired, or expect to acquire, as well as statements with respect to Seacoast's objectives, strategic plans, including Vision 2020, 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, 2017, 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

(Dollars in thousands, except per share data)

	Quarterly Trends					Six Months Ended	
	2Q'18	1Q'18	4Q'17	3Q'17	2Q'17	2Q'18	2Q'17
Summary of Earnings							
Net income	\$ 16,964	\$ 18,027	\$ 13,047	\$ 14,216	\$ 7,676	\$ 34,991	\$ 15,602
Adjusted net income (1)	18,268	19,298	17,261	15,145	12,665	37,566	22,935
Net interest income (2)	50,294	49,853	48,402	45,903	44,320	100,147	82,697
Net interest margin (2), (3)	3.77%	3.80%	3.71%	3.74%	3.84%	3.78%	3.74%
Performance Ratios							
Return on average assets-GAAP basis (3)	1.16%	1.25%	0.91%	1.06%	0.61%	1.20%	0.64%
Return on average tangible assets (3),(4)	1.24	1.34	0.97	1.12	0.66	1.29	0.70
Adjusted return on average tangible assets (1), (3), (4)	1.28	1.38	1.23	1.16	1.02	1.33	0.96
Return on average shareholders' equity-GAAP basis (3)	9.59	10.52	7.87	9.59	5.43	10.04	6.08
Return on average tangible shareholders' equity-GAAP basis (3),(4)	13.08	14.41	10.69	12.45	7.25	13.73	7.94
Adjusted return on average tangible common equity (1), (3), (4)	13.49	14.82	13.49	12.80	11.22	14.14	11.00
Efficiency ratio (5)	58.41	57.80	63.95	58.93	73.90	58.11	72.58
Adjusted efficiency ratio (1)	57.31	57.05	52.55	57.69	61.20	57.18	62.82
Noninterest income to total revenue	20.28	19.95	35.49	20.06	19.16	20.11	19.84
Tangible common equity to tangible assets	9.56	9.33	9.27	9.13	8.88	9.56	8.88
Loan-to-deposit ratio	83.51	84.10	82.54	85.18	83.48	83.51	83.48
Per Share Data							
Net income diluted-GAAP basis	\$ 0.35	\$ 0.38	\$ 0.28	\$ 0.32	\$ 0.18	\$ 0.73	\$ 0.38
Net income basic-GAAP basis	0.36	0.38	0.29	0.33	0.18	0.74	0.38
Adjusted earnings (1)	0.38	0.40	0.37	0.35	0.29	0.79	0.55
Book value per share common	15.18	14.94	14.70	13.66	13.29	15.18	13.29
Tangible book value per share	11.67	11.39	11.15	10.95	10.55	11.67	10.55
Cash dividends declared	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

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

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

(4) The Company defines tangible assets as total assets less intangible assets, and tangible common equity as total shareholders' equity less intangible assets.

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

Average diluted shares outstanding	47,974,118	47,688,388	46,472,538	43,792,108	43,556,285	47,827,646	41,538,769
Average basic shares outstanding	47,164,909	46,951,829	45,541,099	43,151,248	42,841,152	47,058,958	40,851,273

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
<i>(Dollars in thousands, except share data)</i>					
Assets					
Cash and due from banks	\$ 123,927	\$ 129,065	\$ 104,039	\$ 114,621	\$ 88,133
Interest bearing deposits with other banks	7,594	6,794	5,465	10,657	20,064
Total Cash and Cash Equivalents	131,521	135,859	109,504	125,278	108,197
Time deposits with other banks	10,562	12,553	12,553	14,591	16,426
Debt Securities:					
Available for sale (at fair value)	954,906	982,958	949,460	990,299	1,010,244
Held to maturity (at amortized cost)	382,137	400,647	416,863	374,773	397,096
Total Debt Securities	1,337,043	1,383,605	1,366,323	1,365,072	1,407,340
Loans held for sale	14,707	20,887	24,306	29,447	22,262
Loans	3,974,016	3,897,125	3,817,377	3,384,991	3,330,075
Less: Allowance for loan losses	(28,924)	(28,118)	(27,122)	(26,232)	(26,000)
Net Loans	3,945,092	3,869,007	3,790,255	3,358,759	3,304,075
Bank premises and equipment, net	63,991	64,577	66,883	57,092	56,765
Other real estate owned	8,417	10,288	7,640	7,142	8,497
Goodwill	148,555	148,555	147,578	101,747	101,739
Other intangible assets, net	17,319	18,246	19,099	16,102	16,941
Bank owned life insurance	121,602	120,654	123,981	118,762	88,003
Net deferred tax assets	26,021	24,427	25,417	43,951	52,195
Other assets	97,851	94,443	116,590	102,356	98,855
Total Assets	\$ 5,922,681	\$ 5,903,101	\$ 5,810,129	\$ 5,340,299	\$ 5,281,295
Liabilities and Shareholders' Equity					
Liabilities					
Deposits					
Noninterest demand	\$ 1,463,652	\$ 1,488,261	\$ 1,400,227	\$ 1,284,118	\$ 1,308,458
Interest-bearing demand	976,281	1,015,054	1,050,755	935,097	934,861
Savings	444,736	437,878	434,346	379,499	376,825
Money market	1,023,170	1,035,531	931,458	870,788	861,119
Other time certificates	413,643	410,108	414,277	288,398	278,890
Brokered time certificates	228,602	184,405	217,385	281,551	149,270
Time certificates of more than \$250,000	147,356	148,306	144,272	73,149	66,035
Total Deposits	4,697,440	4,719,543	4,592,720	4,112,600	3,975,458
Securities sold under agreements to repurchase	200,050	173,249	216,094	142,153	167,558
Federal Home Loan Bank borrowings	205,000	208,000	211,000	389,000	395,000
Subordinated debt	70,664	70,591	70,521	70,451	70,381
Other liabilities	33,364	29,857	30,130	31,654	95,521
Total Liabilities	5,206,518	5,201,240	5,120,465	4,745,858	4,703,918
Shareholders' Equity					
Common stock	4,716	4,698	4,693	4,351	4,339
Additional paid in capital	665,885	663,727	661,632	576,825	574,842
Retained earnings	64,790	47,825	29,914	16,161	1,945
Treasury stock	(2,884)	(2,279)	(2,359)	(1,730)	(1,768)
	732,507	713,971	693,880	595,607	579,358
Accumulated other comprehensive loss, net	(16,344)	(12,110)	(4,216)	(1,166)	(1,981)
Total Shareholders' Equity	716,163	701,861	689,664	594,441	577,377
Total Liabilities & Shareholders' Equity	\$ 5,922,681	\$ 5,903,101	\$ 5,810,129	\$ 5,340,299	\$ 5,281,295
Common Shares Outstanding	47,163,109	46,983,165	46,917,735	43,512,179	43,458,973

Note: The balance sheet at December 31, 2017 has been derived from the audited financial statements at that date.



CONSOLIDATED QUARTERLY FINANCIAL DATA

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	Quarterly Trends				
	2Q'18	1Q'18	4Q'17	3Q'17	2Q'17
<i>(Dollars in thousands)</i>					
Credit Analysis					
Net charge-offs (recoveries) - non-acquired loans	\$ 1,715	\$ 117	\$ 1,475	\$ 612	\$ 304
Net charge-offs (recoveries) - acquired loans	(25)	(116)	(139)	(333)	(405)
Total net charge-offs (recoveries)	\$ 1,690	\$ 1	\$ 1,336	\$ 279	\$ (101)
TDR valuation adjustments	\$ 33	\$ 88	\$ 37	\$ 169	\$ 64
Net charge-offs (recoveries) to average loans - non-acquired loans	0.17%	0.01%	0.16%	0.07%	0.04%
Net charge-offs (recoveries) to average loans - acquired loans	(0.00)	(0.01)	(0.02)	(0.04)	(0.05)
Total net charge-offs (recoveries) to average loans	0.17	0.00	0.14	0.03	(0.01)
Loan loss provision - non-acquired loans	\$ 2,591	\$ 1,383	\$ 2,053	\$ 795	\$ 1,690
Loan loss provision (recapture) - acquired loans	(62)	(298)	210	(115)	(289)
Total loan loss provision	\$ 2,529	\$ 1,085	\$ 2,263	\$ 680	\$ 1,401
Allowance for loan losses - non-acquired loans	\$ 28,384	\$ 27,541	\$ 26,363	\$ 25,822	\$ 25,809
Allowance for loan losses - acquired loans	540	577	759	410	191
Total allowance for loan losses	\$ 28,924	\$ 28,118	\$ 27,122	\$ 26,232	\$ 26,000
Non-acquired loans at end of period	\$ 3,221,569	\$ 3,063,618	\$ 2,922,609	\$ 2,837,490	\$ 2,722,866
Purchased noncredit impaired loans at end of period	739,232	819,814	877,351	537,057	594,077
Purchased credit impaired loans at end of period	13,215	13,693	17,417	10,443	13,132
Total loans	\$ 3,974,016	\$ 3,897,125	\$ 3,817,377	\$ 3,384,990	\$ 3,330,075
Non-acquired loans allowance for loan losses to non-acquired loans at end of period	0.88%	0.90%	0.90%	0.91%	0.95%
Total allowance for loan losses to total loans at end of period	0.73	0.72	0.71	0.77	0.78
Acquired loans allowance for loan losses to acquired loans at end of period	0.07	0.07	0.08	0.07	0.03
Discount for credit losses to acquired loans at end of period	2.31	2.32	2.33	2.77	3.37
End of Period					
Nonperforming loans - non-acquired	\$ 19,578	\$ 12,628	\$ 12,569	\$ 10,877	\$ 10,541
Nonperforming loans - acquired	6,624	6,711	6,955	3,498	6,632
Other real estate owned - non-acquired	354	2,246	2,246	1,748	1,748
Other real estate owned - acquired	4,969	4,969	1,632	1,632	1,645
Bank branches closed included in other real estate owned	3,094	3,073	3,762	3,762	5,104
Total nonperforming assets	\$ 34,619	\$ 29,627	\$ 27,164	\$ 21,517	\$ 25,670
Restructured loans (accruing)	\$ 14,241	\$ 14,777	\$ 15,559	\$ 16,181	\$ 16,941
Nonperforming loans to loans at end of period - non-acquired	0.61%	0.41%	0.43%	0.38%	0.39%
Nonperforming loans to loans at end of period - acquired	0.88	0.81	0.78	0.64	1.09
Allowance for loan losses to nonperforming loans - non-acquired	144.98	218.10	209.75	237.40	244.84
Total nonperforming loans to loans at end of period	0.66	0.50	0.51	0.42	0.52
Nonperforming assets to total assets - non-acquired	0.39%	0.30%	0.32%	0.31%	0.33%
Nonperforming assets to total assets - acquired	0.19	0.20	0.15	0.10	0.16
Total nonperforming assets to total assets	0.58	0.50	0.47	0.40	0.49
Average Balances					
Total average assets	\$ 5,878,035	\$ 5,851,688	\$ 5,716,230	\$ 5,316,119	\$ 5,082,002
Less: Intangible assets	166,393	167,136	149,432	118,364	114,563
Total average tangible assets	\$ 5,711,642	\$ 5,684,552	\$ 5,566,798	\$ 5,197,755	\$ 4,967,439
Total average equity	\$ 709,674	\$ 695,240	\$ 657,100	\$ 587,919	\$ 567,448
Less: Intangible assets	166,393	167,136	149,432	118,364	114,563
Total average tangible equity	\$ 543,281	\$ 528,104	\$ 507,668	\$ 469,555	\$ 452,885

LOANS	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Construction and land development	\$ 359,070	\$ 374,244	\$ 343,125	\$ 245,151	\$ 230,574
Commercial real estate - Owner Occupied	812,306	796,898	791,408	688,224	654,783
Commercial real estate - Non-Owner Occupied	888,989	848,341	848,584	789,867	809,285
Residential real estate	1,103,946	1,065,152	1,038,810	941,169	991,144
Consumer	190,835	195,788	189,436	185,122	179,151
Commercial and financial	618,870	616,702	606,014	535,457	465,138
Total Loans	\$ 3,974,016	\$ 3,897,125	\$ 3,817,377	\$ 3,384,990	\$ 3,330,075

AVERAGE BALANCES, INTEREST INCOME AND EXPENSES, YIELDS AND RATES ⁽¹⁾

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

<i>(Dollars in thousands)</i>	2Q'18			1Q'18			2Q'17		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets									
Earning assets:									
Securities:									
Taxable	\$ 1,324,280	\$ 9,389	2.84%	\$ 1,361,277	\$ 9,361	2.75%	\$ 1,261,017	\$ 8,379	2.66%
Nontaxable	32,055	273	3.41	32,640	307	3.76	28,092	316	4.50
Total Securities	1,356,335	9,662	2.85	1,393,917	9,668	2.77	1,289,109	8,695	2.70
Federal funds sold and other investments	49,387	585	4.75	56,173	616	4.45	72,535	604	3.34
Loans, net	3,948,460	46,549	4.73	3,872,369	45,284	4.74	3,266,812	38,263	4.70
Total Earning Assets	5,354,182	56,796	4.25	5,322,459	55,568	4.23	4,628,456	47,562	4.12
Allowance for loan losses	(29,234)			(27,469)			(25,276)		
Cash and due from banks	110,549			113,899			99,974		
Premises and equipment	64,445			65,932			59,415		
Intangible assets	166,393			167,136			114,563		
Bank owned life insurance	121,008			122,268			87,514		
Other assets	90,692			87,463			117,356		
Total Assets	\$ 5,878,035			\$ 5,851,688			\$ 5,082,002		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities:									
Interest-bearing demand	\$ 996,929	\$ 492	0.20	\$ 1,001,672	\$ 450	0.18	\$ 949,981	\$ 262	0.11
Savings	439,691	118	0.11	435,433	104	0.10	378,989	51	0.05
Money market	1,027,705	1,378	0.54	976,498	984	0.41	868,427	541	0.25
Time deposits	790,404	2,629	1.33	776,807	2,179	1.14	432,805	814	0.75
Federal funds purchased and securities sold under agreements to repurchase	179,540	334	0.75	175,982	274	0.63	174,715	194	0.45
Federal Home Loan Bank borrowings	160,846	741	1.85	276,389	1,030	1.51	323,780	780	0.97
Other borrowings	70,623	810	4.60	70,550	694	3.99	70,343	600	3.42
Total Interest-Bearing Liabilities	3,665,738	6,502	0.71	3,713,331	5,715	0.62	3,199,040	3,242	0.41
Noninterest demand	1,473,331			1,413,967			1,283,255		
Other liabilities	29,292			29,150			32,259		
Total Liabilities	5,168,361			5,156,448			4,514,554		
Shareholders' equity	709,674			695,240			567,448		
Total Liabilities & Equity	\$ 5,878,035			\$ 5,851,688			\$ 5,082,002		
Interest expense as a % of earning assets			0.49			0.44			0.28
Net interest income as a % of earning assets		\$ 50,294	3.77%		\$ 49,853	3.80%		\$ 44,320	3.84%

(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.

CONSOLIDATED QUARTERLY FINANCIAL DATA

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

<i>(Dollars in thousands)</i>	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Customer Relationship Funding					
Noninterest demand					
Commercial	\$ 1,154,225	\$ 1,163,119	\$ 1,073,539	\$ 997,749	\$ 995,720
Retail	236,838	252,055	253,454	217,809	238,506
Public funds	44,182	49,014	50,837	43,686	47,691
Other	28,407	24,073	22,397	24,874	26,541
	1,463,652	1,488,261	1,400,227	1,284,118	1,308,458
Interest-bearing demand					
Commercial	181,646	164,359	157,272	156,176	155,178
Retail	681,615	700,262	702,616	670,705	659,906
Public funds	113,020	150,433	190,867	108,216	119,777
	976,281	1,015,054	1,050,755	935,097	934,861
Total transaction accounts					
Commercial	1,335,871	1,327,478	1,230,811	1,153,925	1,150,898
Retail	918,453	952,317	956,070	888,514	898,412
Public funds	157,202	199,447	241,704	151,902	167,468
Other	28,407	24,073	22,397	24,874	26,541
	2,439,933	2,503,315	2,450,982	2,219,215	2,243,319
Savings					
	444,736	437,878	434,346	379,499	376,825
Money market					
Commercial	408,005	410,527	375,471	360,567	351,871
Retail	522,783	522,882	471,086	431,325	427,575
Public funds	92,382	102,122	84,901	78,896	81,673
	1,023,170	1,035,531	931,458	870,788	861,119
Time certificates of deposit					
	789,601	742,819	775,934	643,098	494,195
Total Deposits	\$ 4,697,440	\$ 4,719,543	\$ 4,592,720	\$ 4,112,600	\$ 3,975,458
Customer sweep accounts					
	\$ 200,050	\$ 173,249	\$ 216,094	\$ 142,153	\$ 167,558
Total core customer funding (1)					
	\$ 4,107,889	\$ 4,149,973	\$ 4,032,880	\$ 3,611,655	\$ 3,648,821

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

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.

<i>(Dollars in thousands except per share data)</i>	Quarterly Trends					YTD	
	2Q'18	1Q'18	4Q'17	3Q'17	2Q'17	June 30, 2018	June 30, 2017
Net income	\$ 16,964	\$ 18,027	\$ 13,047	\$ 14,216	\$ 7,676	\$ 34,991	\$ 15,602
Gain on sale of VISA stock	0	0	(15,153)	0	0	0	0
Securities (gains)/losses, net	48	102	(112)	47	(21)	150	(21)
Total Adjustments to Revenue	48	102	(15,265)	47	(21)	150	(21)
Merger related charges	695	470	6,817	491	5,081	1,165	5,614
Amortization of intangibles	1,004	989	963	839	839	1,993	1,558
Business continuity expenses - Hurricane Irma	0	0	0	352	0	0	0
Branch reductions and other expense initiatives	0	0	0	(127)	1,876	0	4,448
Total Adjustments to Noninterest Expense	1,699	1,459	7,780	1,555	7,796	3,158	11,620
Effective tax rate on adjustments	(443)	(538)	3,147	(673)	(2,786)	(981)	(4,266)
Effect of change in corporate tax rate	0	248	8,552	0	0	248	0
Adjusted Net Income	\$ 18,268	\$ 19,298	\$ 17,261	\$ 15,145	\$ 12,665	\$ 37,566	\$ 22,935
Earnings per diluted share, as reported	0.35	0.38	0.28	0.32	0.18	0.73	0.38
Adjusted Earnings per Diluted Share	0.38	0.40	0.37	0.35	0.29	0.79	0.55
Average shares outstanding (000)	47,974	47,688	46,473	43,792	43,556	47,828	41,539
Revenue	\$ 62,928	\$ 62,058	\$ 74,868	\$ 57,183	\$ 54,644	\$ 124,985	\$ 102,714
Total Adjustments to Revenue	48	102	(15,265)	47	(21)	150	(21)
Adjusted Revenue	62,976	62,160	59,603	57,230	54,623	125,135	102,693
Noninterest Expense	38,246	37,164	39,184	34,361	41,625	75,410	76,371
Total Adjustments to Noninterest Expense	1,699	1,459	7,780	1,555	7,796	3,158	11,620
Adjusted Noninterest Expense	36,547	35,705	31,404	32,806	33,829	72,252	64,751
Adjusted Noninterest Expense	36,547	35,705	31,404	32,806	33,829	72,252	64,751
Foreclosed property expense and net (gain)/loss on sale	405	192	(7)	(296)	297	597	4
Net Adjusted Noninterest Expense	36,142	35,513	31,411	33,102	33,532	71,655	64,747
Adjusted Revenue	62,976	62,160	59,603	57,230	54,623	125,135	102,693
Impact of FTE adjustment	87	91	174	154	164	178	375
Adjusted Revenue on a fully taxable equivalent basis	63,063	62,251	59,777	57,384	54,787	125,313	103,068
Adjusted Efficiency Ratio	57.3%	57.1%	52.6%	57.7%	61.2%	57.2%	62.8%
Average Assets	\$ 5,878,035	\$ 5,851,688	\$ 5,716,230	\$ 5,316,119	\$ 5,082,002	\$ 5,864,934	\$ 4,891,929
Less average goodwill and intangible assets	(166,393)	(167,136)	(149,432)	(118,364)	(114,563)	(166,762)	(96,819)
Average Tangible Assets	5,711,642	5,684,552	5,566,798	5,197,755	4,967,439	5,698,172	4,795,110
Return on Average Assets (ROA)	1.16%	1.25%	0.91%	1.06%	0.61%	1.20%	0.64%
Impact of removing average intangible assets and related amortization	0.08	0.09	0.06	0.06	0.05	0.09	0.06
Return on Tangible Average Assets (ROTA)	1.24	1.34	0.97	1.12	0.66	1.29	0.70
Impact of other adjustments for Adjusted Net Income	0.04	0.04	0.26	0.04	0.36	0.04	0.26
Adjusted Return on Average Tangible Assets	1.28	1.38	1.23	1.16	1.02	1.33	0.96
Average Shareholders' Equity	\$ 709,674	\$ 695,240	\$ 657,100	\$ 587,919	\$ 567,448	\$ 702,497	\$ 517,425
Less average goodwill and intangible assets	(166,393)	(167,136)	(149,432)	(118,364)	(114,563)	(166,762)	(96,819)
Average Tangible Equity	543,281	528,104	507,668	469,555	452,885	535,735	420,606
Return on Average Shareholders' Equity	9.6%	10.5%	7.9%	9.6%	5.4%	10.0%	6.1%
Impact of removing average intangible assets and related amortization	3.5	3.9	2.8	2.9	1.9	3.7	1.8
Return on Average Tangible Common Equity (ROTCE)	13.1	14.4	10.7	12.5	7.3	13.7	7.9
Impact of other adjustments for Adjusted Net Income	0.4	0.4	2.8	0.3	3.9	0.4	3.1
Adjusted Return on Average Tangible Common Equity	13.5	14.8	13.5	12.8	11.2	14.1	11.0

Final Transcript

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Host: Dennis S. Hudson
Date: July 27, 2018
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SPEAKERS

Dennis Hudson – Chairman and CEO
Charles Shaffer – Chief Financial Officer
Juliette Kleffel – Community Banking Executive
David Houdeshell – Chief Risk Officer
Jeff Lee – Chief Marketing and Analytics Officer

ANALYSTS

Stephen Scouten – Sandler O’Neill
David Feaster – Raymond James
Michael Young – SunTrust
Steve Moss – B. Riley FBR

PRESENTATION

Operator: Welcome to the Seacoast Second Quarter Earnings Conference call. My name is Ellen, and I will 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. [Operator instructions.]

Before we begin, I’ve been asked to direct your attention to the statement contained at the end of the press release regarding forward-looking statements. Seacoast will be discussing issues that constitute forward-looking statements within the meanings of the Securities and Exchange Act and their comments today are intended to be covered within the meaning of that Act. Please note that this conference is being recorded.

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

Dennis Hudson: Good morning, and thank you everybody, for joining us today for our Second Quarter 2018 Conference call. Our press release which we released yesterday afternoon, after the market closed, and our investor presentation can be found on the investor portion of our website, under the title presentations. With us today is Chuck Shaffer, our CFO and Head of Strategy, who's going to discuss our financial and operating results. Also with us today is Julie Kleffel, our Community Banking Executive, David Houdeshell, our Chief Risk Officer, and Jeff Lee, our Chief Marketing and Analytics Officer.

Our strong second quarter operating and financial performance show the impact of our continued execution of Seacoast's balance growth strategy. We had solid loan originations and exited the quarter with a growing commercial pipeline and we announced the significant earnings accretive acquisition of First Green Bank expanding our position in Orlando. These, plus organic growth initiatives I will discuss, give us the momentum for further growth and value creation in the second half of 2018 and beyond.

Turning to the quarterly results, we grew adjusted net revenue, 15% to \$63 million for the quarter, and achieved adjusted net income of \$18.3 million up 44% from last year. We reported \$0.38 in adjusted earnings per share, an increase of 31% year-over-year, driven by strong loan originations, continued year-over-year deposit growth and growth in non-interest income. Organic growth is a source of strength for Seacoast and we closed the first half on solid footing. Our consumer and small business originations were at record levels and we entered July with a commercial pipeline that was up 59% from the prior quarter.

As we onboard more bankers in the second half, we anticipate our commercial loan growth will return to a double digit rate. While we are pleased with the fundamentals of our business and execution of our strategy, several items impacted our quarterly results. In the aggregate, these items impacted our results by approximately \$0.05 per share. Chuck will provide more detail on these charges, but I want to reiterate our underlying business model remains strong and our commitment to high credit quality and to preserving the granularity and diversity of our loan portfolio is a paramount.

Seacoast's balance growth strategy is powered by investments to modernize how we sell and lower our cost to serve. On our last earnings call, I discussed the importance of deepening customer relationships and growing their value through innovation and analytics. I'm very pleased that during the second quarter, we went live with a new proprietary commercial banking portal. This platform gives our commercial lenders real time insights into how their customers interact with Seacoast's products and services, providing the information to significantly expand their existing relationships.

At the same time, we upgraded our proprietary connections portal, giving our retail bankers and our 24/7 Florida based call center team members enhanced insights into customer sales and service opportunities. These tools will help drive further organic growth continuing the multiyear trend of growing our adjusted revenue per customer, which we've grown approximately 30% since introducing proprietary analytics and marketing automation investments in mid-2015.

Acquisitions that expand our footprint, strengthen our competitive position, grow our deposit base, and enhance earnings, are the other half of our balanced growth strategy. In June we announced the acquisition of First Green, an Orlando based bank with \$730 million in assets. This acquisition features excellent economics and fortifies our position in the important Orlando market; where we are already at scale and hold the leading position among Florida based banks. Moreover, the acquisition increases the number of customers we serve in this market by nearly one-third.

First Green will also serve as an extension of the Seacoast brand in the attractive Ft. Lauderdale market, leveraging our proven integration capabilities, we expect the deal to be highly accretive to earnings in 2019 and 2020 with a strong IRR of more than 25%. We are on track to close the deal in the fourth quarter and I'm thrilled to welcome First Green's employees and customers to the Seacoast family.

Finally, let me thank Seacoast employees and welcome First Green employees. Our strong momentum is due to your outstanding execution of our balanced growth strategy. We are growing a great business and generating significant value for our Floridian neighbors and our shareholders. On behalf of all shareholders, I want to thank you all for your efforts.

In summary, we enter the second half of 2018 well positioned with key foundational elements in place to drive sustained profitable growth. Our pipelines are robust and will be supported by an expanded banking team and innovative customer centered investments. The acquisition of First Green provides yet another avenue of growth, taken together, we are confident in achieving our vision 2020 goals we set forth on our investor day back in 2017.

With that, I'd like to turn the call over to Chuck, who's going to review our quarterly results. Chuck?

Charles Shaffer: Thank you, Denny. Thank you all for joining us this morning. As I provide my comments, I'll reference the second quarter slide deck, which can be found at Seacoastbanking.com. I'll start this morning on slide 5. We're successfully executing our strategy across all business lines, adjusted net income grew 44%, year-over-year to \$18.3 million, or \$0.38 per diluted common share, we reported a 1.28% adjusted return on tangible assets and a 13.5% adjusted return on tangible common equity.

Additionally, we ended the quarter with tangible book value per share of \$11.67. We continue to possess a healthy balance sheet and are delivering strong capital generation through our balanced growth strategy. Our robust capital standing positions us well for additional acquisition and organic growth opportunities. Highlights for the quarter, include another production record for consumer and small business originations. Our commercial banking business enters the third quarter with a record pipeline of \$195 million which is a 59% increase from the first quarter. Additionally, as Denny mentioned, we launched our proprietary commercial portal software that'll allow our bankers to significantly expand customer relationships by providing direct insights into commercial customer behaviors and needs.

Lastly, we announced the acquisition of First Green Bank Corp. which once closed gives us the opportunity to expand the banking relationships of another 10,000 customers across central and south Florida.

Turning to slide 6, a few notable items impacted the quarterly results. We experienced the \$0.5 million slowdown in accretion from discounts on acquired loans quarter-over-quarter, while also facing elevated prepayments on our non-acquired loan portfolio which impacted loan growth by 3%. Without this increase and prepayments from the prior quarter, loan growth would've been 11% on an annualized basis. Additionally, we recognized \$1.7 million in net charge-offs and \$0.3 million in losses on other real estate owned during the quarter. The losses taken on OREO were to mitigate future expected expenses. In aggregate, these items impacted the quarter by approximately \$0.05 per share. As we move through the rest of the slides, I'll discuss these items in detail.

Turning to slide 7, we announced late last quarter the acquisition of First Green Bank Corp., which we expect to close in the fourth quarter. As Denny described, the acquisition expands our footprint in Orlando, Florida's third largest MSA. We're already at scale and the largest Florida based bank. We expect 10% plus EPS accretion in 2019 and 2020, a 25% plus internal rate of return, and the tangible book value dilution, will be earned back in less than one year.

Now, looking a little more deeply at the quarter, let's move to slide 8, net interest income was up \$0.4 million sequentially and the net interest margin was down 3 basis points from the prior quarter to 3.77%. As previously mentioned, the slowdown in accretion on purchase loans quarter-over-quarter impacted the margin by 4 basis points. Additionally, the margin was impacted by higher prepayments affecting loans outstanding and constraining an increase in the loan to deposit ratio. The increase in the cost of interest bearing liabilities of 9 basis points was in line with our expectation. If you remove the effect of the 4 basis slow-down in purchase accretion, the margin would have been 3.81%, an increase of 1 basis point from the prior quarter and in line with prior guidance.

We remain disciplined in loan pricing and deposit pricing. Our average add-on rates for new loans increased 21 basis points sequentially to 4.96% and are up 58 basis points from the second quarter of the prior year. During the quarter we implemented a new pricing methodology for our consumer and small business products and in these two segments we saw overall pricing increase 50 basis points from the prior quarter. Total deposit costs increased 6 basis points quarter-over-quarter and are up 22 basis points from the prior year. Looking to the third quarter we expect the net interest margin to be in the low 380s and then expand to the high 380s to low 390s by year end. This assumes that 25 basis point rate increase in September and December and the closing of the First Green transaction in October this year.

As a reminder, the First Green acquisition will increase our overall purchase discount, increasing recognized purchase loan accretion in the fourth quarter. This also assumes the cost of deposits increases approximately 5 basis points a quarter, in line with our re-pricing data expectations and includes approximately 15 to 20 basis points of non-cash accretion in the third quarter, and 20 to 25 basis points in non-cash accretion in the fourth quarter, which will remain variable as we move forward.

We remain asset sensitive, a 25 basis point increase in the Federal fund rate results in approximately 3 to 4 basis point improvement in net interest margin, assuming a parallel shift in the yield curve, and excludes any impact from purchase loan accretion.

Moving one slide forward to slide 9. Adjusted non-interest income increased \$0.4 million from the prior quarter and is up \$2.3 million or 22% from the prior year. The sequential and year-over-year increase in non-interest income was primarily the result of strong performance in our SBA program, wealth management, and better performance across a number of fee related categories. We expect swap related income, SBA related income, and wealth management to continue to grow in the second half. Our wealth management team has made significant strides, growing assets under management \$75 million in the last six months.

Moving to slide 10, adjusted non-interest expense was up \$0.8 million sequentially, and up \$2.7 million from the prior year. The increase was in line with our prior guidance and was the result of continued investments in talent and technology in the organization. We acquired two commercial banking team leaders, four commercial bankers, and made investments in roles to support scaling the organization. Also impacting non-interest expense, we granted 191,000 restricted shares, along with performance awards for up to an additional 356,000 shares upon meeting certain performance criteria. This investment was granted deep into the organization with the goal of providing meaningful value and ownership mentality to our associates for achieving our performance objectives.

We'll maintain our disciplined focus on efficiency and expense management. In looking to the third quarter, we expect adjusted noninterest expense to be approximately \$37.5 million, excluding the amortization of intangible assets, which is approximately \$1 million per quarter and any one-time merger related charges associated with the First Green acquisition. We'll continue to recruit commercial bankers in the second half, with a focus on adding personnel to accelerate organic growth in our expansion markets of Tampa and South Florida.

Moving to slide 11, our adjusted efficiency ratio improved nearly four percentage points from the prior year, but increased sequentially to 57.3% for the quarter. The quarter-over-quarter increase was a direct result of the notable items that we discussed on slide 6, impacting revenue, while making the investments we have discussed over the first half of the year. We remain confident and we are on track to achieve a below 50 efficiency ratio as we laid out in our vision 2020 plan.

Turning to slide 12, loan outstandings increased \$77 million during the quarter, or 8% on an annualized basis. Excluding the loans added by last year's bank acquisitions, organic loans grew 7% from the prior year. Looking forward, our growing and healthy pipelines led by the commercial segment, coupled with investments in commercial bankers and new technologies, have laid a foundation for continued loan growth. We're actively investing in teams of bankers in Florida's most attractive markets. Given our increased pipeline at the end of Q2, we expect loan originations to be robust in the third quarter. In quarter-to-quarter, we may see variations in the gross amount of loan prepayments, but taking a longer view, our target is double-digit loan growth.

Turning to slide 13, deposit outstandings declined \$23 million quarter-over-quarter, or up \$700 million from the prior year. The seasonal decline was expected and reflects the summer season in our Florida markets. Excluding the impact of acquired deposits, total deposits increased 5% year-over-year. Rates paid on deposits increased 6 basis points to 39 basis points quarter-over-quarter, approximately 2 basis points above our prior guidance. The 2 basis point increase reflects purposeful action taken to utilize broker time deposits and reduce Federal home loan bank advances due to more attractive rate and term. The overall cost of interest bearing liabilities increased 9 basis points which was in line with our expectation. In looking ahead, we expect year-over-year deposit growth of approximately 6% and we do expect deposit competition to remain aggressive. We believe we are well positioned to manage funding cost with a lower loan to deposit ratio and a value proposition that resonates with customers.

Turning to slide 14, our deposit beta continues to perform very well, reflecting the transactional nature of our deposit book. Looking back at the last four quarters, the federal funds rate increased 75 basis points and our deposit book re-priced 22 basis points. Non-interest bearing demand deposits represent 31% of the franchise. On the business side, our strategy of focusing on developing core C&I relationships, which bring funding and fee based products when compared to traditional CRE lending, and we operate a very competitive retail consumer model which continues to outpace the industry in growing customers. Given our franchise and innovative analytics toolset, we expect our deposit portfolio to continue to outperform when compared to like-size community banks.

Turning to slide 15, credit continues to benefit from a rigorous credit selection that emphasizes through the cycle orientation, builds on customer relationships, and well understood in known markets and sectors and as well as maintaining diversity of loan mix and granularity. Our overall allowance to total loans was up 1 basis point to 73 basis points at quarter-end. In the non-acquired loan portfolio, the ALLL ended the quarter at 88 basis points of loan outstandings, down 2 basis points from the prior quarter. Non-performing loans increased \$6.9 million quarter-over-quarter, the result of a single credit transferred to non-accrual. This credit was originated prior to 2008.

Net charge-offs for the quarter was \$1.7 million and looking back over the last four quarters, our annualized net charge-off rate was 9 basis points, in line with our prior guidance of 5 to 10 basis points. This line item will behave in an episodic manner as we're coming off a period of near zero net charge-off rate, does not reflect a change in current credit conditions. Looking forward to 2019, we expect annualized net charge-offs of approximately 15 basis points as the economic cycle matures. The provision for loan losses will continue to be influenced by loan growth and net charge-offs.

Turning to slide 16, our capital position remains strong. The common equity tier one capital ratio was 14.5%. The total risk based capital ratio was 15.2% and the tangible common equity to tangible asset ratio was 9.6% at quarter-end, providing capital for additional growth in 2018.

To wrap up on slide 17, our fundamentals remain strong and set us up well for the balance of 2018. Although this quarter's performance was impacted by a few select irregular items, our balance sheet position, strategy and momentum remain unchanged. We are making smart investments in technology and talent, we are operating in outstanding markets, and we're confident we remain on track to meet our vision 2020 targets we laid out in early 2017. Tax reform and the First Green acquisition further bolstered our ability to achieve these targets. And as a reminder, our targets are return on tangible assets of 1.30% plus, return on tangible equity is 16% plus, and efficiency ratio below 50. I look forward to your questions.

I'll turn the call back over to Denny.

Dennis Hudson: Thank you, Chuck. Operator we'd be happy to open the call up to a few questions.

Operator: Thank you. We will now begin the question and answer session. [Operator instructions.] Our first question is from Stephen Scouten from Sandler O'Neill.

Dennis Hudson: Good morning, Steve.

Stephen Scouten: Good morning. Denny, Chuck, appreciate the color here and all the information you gave. I'm curious just to follow up, Chuck, maybe on that discussion around the NIM and specifically on the deposit side. I know you said you expected maybe five bps of the cost of deposit pressure in the quarters moving forward, but I'm curious if you think that could be escalated even above what we saw this quarter, just given that we did see that level of pressure even in a quarter where much deposit growth wasn't required, or is it just that your low loan and deposit ratio gives you enough room to still keep those levels in the range you're speaking to.

Chuck Shaffer: Yes. I think the way to think about it is, this is the part of the season in the year where we enter the summer, and as you know, the deposit balances usually drop through this period. As we move through remainder of the year, we'll see growth back through non-interest bearing demand as well, and so you look back to Q1, where we had strong growth in DDA. We'll see that on the back half of the year.

So we're kind of at the bottom part of that cycle. But if you look out at the deposit competition, the way we've handled it is we continue to manage it on an exception basis. I think we've handled it very well. Our deposit cost increasing approximately 6 bips a quarter. I think we can continue to manage that over the next two quarters. It's certainly competitive, but we have a lower loan-to-deposit ratio, we're going to be selective on where we bring assets in. And we continue to focus on good core, C&I and good operating accounts. So I think the guidance is strong for the time being.

Dennis Hudson: We've intentionally perfectly positioned ourselves to perform as well as possible in this kind of environment that we're seeing. So I think you make a good point, Steve, and the liquidity that we maintain really has been very helpful.

Chuck Shaffer: Yes. I'll reiterate too, Stephen, as you think about that 2 basis points of the increase was, we looked at what we're getting in Federal Home Loan Bank advances and what we can get in brokered time, and we brought in some brokered time because we can get a longer-term and a lower rate. So part of the increase was a result of that. You look at overall increase in the cost of interest-bearing liabilities, it reflects that benefit and gave us a little more duration for higher rates looking forward.

Stephen Scouten: Yes. That makes sense. You guys have an advantage that not many banks like ever have. So that's helpful. On that competition side, I know you guys have spoken several months back about just beginning to see some of that competition increase from some of the bigger banks. Is that a phenomenon that's increased any over the last quarter? Is it largely just the community size banks that are starting to compete and run some of these specials? Or are those larger banks moving the needle at all in your markets?

Chuck Shaffer: We see the larger banks putting out some rates. The larger banks are a little more rational than some of the community banks. Where we see the bulk of the pressure is community banks with very high loan-to-deposit ratios that have to fund earnings growth. We're not in any way following those if we have customers that want to go out and get that, we're letting them go. But there is more competition for deposits today than there was a year ago.

Dennis Hudson: And again, really important to consider how we positioned ourselves in this environment, in an environment where the competition has real liquidity issues that they have to deal with and funding issues, and we find ourselves in the opposite position here. So it gives us a lot of flexibility in how we're going to be dealing with the environment as it kind of unfolds over the next year.

Stephen Scouten: Okay, that's helpful. Maybe one more for me, and I'll let somebody else hop on. The pipeline growth looks like 30% growth in the pipeline quarter-over-quarter, which is phenomenal. Can you give us an idea of where that's coming from? Is there any sort of geography concentration from any of your newer markets? And maybe kind of how some of these newer lenders and teams you've been starting to add have been contributing to that pipeline so far? Or is that maybe still to come and provide incremental benefit from here?

Dennis Hudson: Before I answer that, I want to make one other comment about our deposit funding. The First Green Bank acquisition is pending. We'll close that in October at this point. And when you look at the core funding in that organization, about 30% DDA mix in terms of overall deposit. So moving forward with that acquisition, they have a little higher deposit cost on average that impacts us. But when you look at the fundamental core deposit book in that bank, it's very, very valuable. In fact, as we looked ahead over other kinds of opportunities across the State of Florida, this pops up as a very valuable deposit book, which we've said all along is what drives our M&A work. Particularly, helpful to us in this position.

And when we looked at that, not only did they have that, but they're one of the larger banks left in Florida with a decent deposit book. So I just want to kind of reiterate that; that puts us in even stronger position as we get into 2018, with even better funding.

To answer your question on the pipeline improvement, I think we went through a little dip over the last couple of quarters and we're recovering from that in terms of pipeline. But moreover, we've continued to add resources with new folks, primarily in metro areas across the state, where we're finding great opportunities with very deep relationships with some old-line commercial borrowers out there and we're really excited about that.

I wouldn't attribute it to a particular change in anything that we've done. It's more just us getting our act together in some of the metro areas with more resources and beginning to build momentum as we look ahead. So kind of steady as she goes, I would say, in terms of our progress around where we're hunting for loans and new relationships across the state.

Stephen Scouten: Perfect. Denny, Chuck, I appreciate the color and the time as always.

Operator: Our next question is from David Feaster with Raymond James.

David Feaster: I'd like to follow-up on the competitive environment. I appreciate the color on the deposit front, but what are you seeing on the loan front? Where are you seeing any irrationality if any? Or more intense competition on pricing and structure? And maybe just overall thoughts on how the M&A in the state that we've seen could create disruption? And ultimately, opportunity for you to gain share on both loans and deposits as well as continued hiring.

Dennis Hudson: Yes. I always say that there's never been a time in my career where we haven't had irrational competition. I mean, it's just always there. And we just try. We built a loan process that is built to last through business cycles in the overwriting objectives, and the key part of that is maintaining discipline and consistency in how we approach the kinds of loans that we're looking for, and the kinds of relationships, as well as how we manage from a portfolio view around high levels of granularity and making sure credit selection is very focused.

When you do that in an increasingly competitive environment, you just do the best you can, basically, as we go through time. And we're very pleased with our results. I would say anecdotally, we certainly see a little more aggressiveness out there and we have to look at more deals as a result because we lose them all the time. Back to some of the recent M&A announcements. FCB was a pretty big competitor, particularly in South Florida. It's not a market we've been as—I'm talking Dade County—and some of the other markets that are in Tampa and the like. We haven't run into them too much for us, but definitely they were a more significant local competitor, and it will be interesting to see how that runs out.

I think it opens up tremendous opportunities for us to acquire maybe some great local lenders, particularly, in some of the metro areas. And I just like to invite any of them who are listening to the call today to give us a call. We'd love to talk to you and see if there is a good fit.

Chuck Shaffer: David, and maybe just a follow-up on the loan pricing. If you look at our quarter, we're averaged add-on rate of 4.96, it was up solidly and we're able to put into place, and particularly in our consumer and small business segment, given some of the speed at which we're delivering product there. We're able to get more in price. So we know we think we've held tight to our pricing expectations, and it's kind of masked by the NIM issue around purchase accretion this quarter. But solid growth and new origination yields quarter-over-quarter and continues to be a focus of ours.

Dennis Hudson: We think one of the benefits of the granularity is a little more control over pricing, if you think about it. And we definitely see that when you compare the level of competition on the larger C&I and certainly, in the CRE area, we're seeing tremendous competition in CRE. And fortunately, we don't focus a lot of our attention on the CRE side of what's going on in the state. We think our strategy that we've mapped out with this focus on granularity allows us greater ability to control pricing.

We're beginning to see that now, we're in an up environment, and we're being very thoughtful about how we deliver the kinds of risk-adjusted returns in those business lines, that we think we deserve as we go forward. So it's a key area of focus for us and I've said at the beginning of this year, internally, that we're going to grow margin based on better pricing as well as the volume side. We've put a lot of energy and effort into that with our credit folks, particularly, on the smaller credit side.

David Feaster: That's great color. Thank you. On the securities book, could you just talk about what your plans are there? Whether you expect to continue to wind that down, and maybe use the cash flow for maturing securities to fund some of the loan growth going forward?

Chuck Shaffer: Yes, that's exactly the strategy. I think given where the yield curve is and where we are with rates right now, it's going to be a source of liquidity for loan growth.

David Feaster: Where do you think that you'd like that to shake out? Is there any kind of target that you have?

Chuck Shaffer: No. Well, as we talked over the long run, our loan-to-deposit ratio target would be 90. And when you look out over the next couple of years, we think we get there with our expectations around loan growth. But it will be a blend of blending down the securities portfolio and driving up the loan book as we obviously, for obvious reasons, of getting more margin out of the balance sheet.

David Feaster: Last one from me. I'd like to hear some more about the commercial banking portal. It's, obviously, pretty early. It rolled out last month, but how's banker adoption been thus far? And have you seen any tangible results? Just how are things going early on?

Jeff Lee: Hi David, Jeff Lee. I will take that. I think the response from the bankers has been fantastic. They've had it, again, for about a month. And as you know, it's just taking advantage of all those insights we've developed at a customer level and making it a lot easier for the bankers to realize. We're seeing some quick wins, for sure. We have alerts and triggers where, maybe a deposit drop for the customer, and it's enabling that banker to reach out and try to keep the relationship with those customers. So, still early days, but the feedback from the bankers has been great.

And probably the last point on that is that it was really an upwelling from the bankers saying we want to serve our customers better. Help us get these insights, so we can serve our customers better. So we're really pleased with how we're out there, and we expect some really good results as we move forward.

Chuck Shaffer: And just looking back at our history, as we've talked in the past, we rolled out our connections portal for our retail and small business teams. That's three years into maturity now. Our second focus was to provide a set of analytics and data to the commercial bankers, and Jeff's teams rolled that out in the last 30 days. So we're excited about where that goes as it matures over the next 12 to 24 months.

Dennis Hudson: It's interesting, this quarter, our small business bankers really contributed nicely to some of our wealth growth. And we were able to actually see that a pretty healthy percentage of that impact came through the retail and small business banking portals that gave insights to those teams. So we're really pleased. We're beginning to see some momentum now come out of that at an even faster clip and we're kind of excited about and probably talk more about that in the next few quarters.

David Feaster: Great, guys. Thanks for the color.

Operator: The next question is from Michael Young with SunTrust.

Michael Young: I wanted to just start on the expense side. Obviously, made some investments on technology and in talent and lending. Can you give us a feel for maybe when that occurred in the quarter? And basically, the point of that is just kind of what the expense outlook is going forward? Or if you want to characterize it through efficiency ratio?

Chuck Shaffer: Yes. I would say the investments we made were right where we expected to be. All that was planned, as we talked about in Q1, and if you look at the guidance we provided for Q2, it was basically in line with that guidance. As I mentioned in my prepared comments, our target for Q3 is \$37.5 million, and that does not include the amortization intangible or any merger-related expenses with First Green. But that's the way I think about sort of expenses for the third quarter.

And then, obviously, moving into the fourth, when we close the First Green transaction in October, we'll have expenses coming in from that. But we continue to make investments and we'll make some investments here in the third quarter around commercial bankers. We've got a number of folks that we're bringing on. But \$37.5 million is the adjusted non-interest expense target for the coming quarter.

Michael Young: And all of that's incorporating the future hiring, etc.?

Chuck Shaffer: It is.

Michael Young: And is most of this hiring is taking place more in Tampa since there hasn't been maybe the right M&A opportunity yet, as you look to grow there. Or are you kind of doubling down in existing markets where you already have decent market share?

Chuck Shaffer: It's been kind of mixed across the group. It's primarily Tampa and South Florida, Broward County and Southern Palm Beach County.

Dennis Hudson: When we look across the state in the markets that we're in today, we try to size up the opportunity, and try to balance the investments we're making in those markets and what we see is tremendous upside in the two markets that Chuck just mentioned. So we're looking to redeploy additional resources into those areas because we think that's where the opportunity is.

Michael Young: And then maybe just last on capital. You've kind of mentioned in the past, wanting to maintain a little dry powder for future M&A opportunities. But some of the subsidiary trust deferreds are creeping up in costs. Any opportunities there to kind of reduce some costs on some of those instruments? Or is that kind of on the back burner for a while?

Chuck Shaffer: No. I think our view is it's still very low-cost capital, and we'll maintain that for the time being. And as you mentioned, our thoughts around capital at the moment are, there's still opportunities out there to grow through acquisition, and we want to maintain capital to be able to get that done over as we move forward into 2019.

Dennis Hudson: And I'll point out that that's something that can be adjusted—

Chuck Shaffer: Yes.

Dennis Hudson: Over time. And whether it be an acquisition or using other means and we're certainly aware of that. And we'll be able to do that at some appropriate point if we felt it was in alignment with our strategy.

Operator: And the next question is from Steve Moss with B. Riley FBR.

Steve Moss: Following up on the hiring here, I guess it feels like a little bit of an acceleration in terms of hiring. Any thoughts? A bit longer-term in terms of what continuing to 2019, any color around that would be helpful?

Chuck Shaffer: I think our thoughts around it right now are, we have First Green coming on that brings a lending team with it. We're excited about that team coming on. The most of the hiring we think will happen over the back half of this year. And ideally, we'll get the right bankers in the right markets in an expeditious way. So we're excited about building that out.

We think that market right now has opportunity in it and we see our pipeline's grown. There's definitely demand and so we want to be able to capture the demand, so we'll continue to make investments. But I think it's a 2018 thing for now, and we're trying to set ourselves up here to have good strong growth moving into 2019.

Steve Moss: Right. And as you look at loan growth, kind of in low double digits to low teens, looking from, obviously, more of an acceleration, are you thinking like mid-teens are a little bit better over the next 12 to 18 months?

Dennis Hudson: I think low double digits, low teens is the right way to think about it as we move forward, particularly, into '19.

Steve Moss: And then on the fourth quarter color for the margin, I probably could back into it, but what are you expecting for purchase accounting accretion?

Chuck Shaffer: Fourth quarter, I have 20. Right now, we modeled in 20 to 25 basis points and 15 to 20 basis points in Q3.

Steve Moss: And then lastly, on the nonaccrual this quarter, what kind of loan is it? And what do you think in terms of timeline for resolution?

Dennis Hudson: David, do you want to take that?

David Houdeshell: Yes. Hi Steve, this is David. So we had an isolated loan. It was a big-box store in one of our markets; the loan it was back in 2007. Really was over leveraged. We've been working it down. It's coming to term and the tenants reposition themselves as we've seen in other big-box stores across the macro markets.

So we feel that this is isolated. It's a loan we can certainly handle. We've put it on nonaccrual to be conservative. It is still paying, it's current. We anticipate that to continue, but again, just given the nature of some of these big-box spaces that conservative approach I think is prudent.

Dennis Hudson: And just to reiterate, this was made prior to the great recession. And as we retooled our approach to loan granularity and other portfolio metrics, one of the many things that we change was we're not going to make any more investments or loans in single tenant type properties. So we don't see any similar things like this in the portfolio. So that's why we say, and can confidently say, it's isolated.

Operator: At this time, I'd like to turn the call back to Mr. Hudson for closing remarks.

Dennis Hudson: Thank you very much, everybody, for attending today. And we look forward to talking with you again at the conclusion of 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
Q2-2018

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Cautionary Notice Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning, and protections, 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, cost savings, enhanced revenues, economic and seasonal conditions in our markets, and improvements to reported earnings that may be realized from cost controls, tax law changes, and for integration of banks that we have acquired, or expect to acquire, as well as statements with respect to Seacoast's objectives, strategic plans, including Vision 2020, 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, 2017 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>.

Seacoast Bank [NASDAQ: SBCF]

Valuable Florida Bank Franchise With Balanced Growth Strategy, Benefiting from Attractive Geography, Investments in Digital Transformation and Commercial Loan Platform, and Strategic Acquisitions



- \$5.9 billion in assets operating in the nation's third most-populous state
- Investing in digital transformation, innovative business banking delivery
- Strong and growing presence in four of Florida's most attractive MSAs
 - #1 Florida based bank in the Orlando MSA
 - Growing share in West Palm Beach
 - #2 share in Port St Lucie MSA
 - Growing presence in Tampa MSA
- Growth-oriented culture, engaged associate base, strong customer advocacy
- Active board with diverse range of experience and expertise
- Market Cap: \$1.5 billion (6/30/18)

Seacoast's Differentiated Strategy



Comprehensive Customer Servicing Model



Focused on Controls



Track Record of Value-Creating Acquisitions



Well-Positioned to Benefit From Florida Market



Expanding Analytical & Digital Capabilities



Experienced Board & Management Team



2Q 2018 Highlights

With a growing presence in Florida's most attractive markets, Seacoast is one of Florida's top-performing banking franchises.

- Earnings per share totaled \$0.35 on a GAAP basis, and \$0.38 per share on an adjusted basis¹.
- Net income increased 121% YoY to \$17.0 million, while net revenue was up 15% during the same period to \$62.9 million. Adjusted net income¹ increased 44% YoY to \$18.3 million, and adjusted net revenue¹ increased 15% YoY or \$63.0 million.
- On a GAAP basis, we ended the quarter at 1.24% Return on Tangible Assets (ROTA), 13.1% Return on Average Tangible Common Equity, and 58.4% efficiency ratio. On an adjusted basis, second quarter results were 1.28% adjusted ROTA¹, 13.5% adjusted ROTCE¹, and 57.3% adjusted efficiency ratio¹.
- Record quarter for small business and consumer loan originations totaling \$105 million.
- Entering 3Q with a record commercial pipeline of \$195 million.
- Announced the acquisition of First Green Bancorp, Inc., broadening our presence in the Orlando Market, Florida's third largest MSA.
- Launched our proprietary commercial portal software tool.

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

Notable Items Impacting Results by \$0.05 per share in the Second Quarter

- \$0.5 million reduction in accretion from discounts on acquired loans quarter over quarter.
- Experienced higher prepayments quarter over quarter on the nonacquired originated loan portfolio which reduced loan growth by 3%.
- Recognized \$1.7 million in net charge offs in the quarter.
- Recognized \$0.3 million in losses on the sale of other real estate owned during the quarter.

First Green Bank Acquisition: Continuation of “Land and Expand” M&A Strategy in Orlando FL

<p>High-Quality Expansion In Attractive Market</p>	<ul style="list-style-type: none"> • Expands footprint in Orlando, Florida’s 3rd largest MSA • Significantly strengthens Seacoast’s position as the #1 community bank by deposit market share in the Orlando MSA, increasing deposits 49% to over \$1.4 billion • High growth potential as Seacoast executes its integration and digital marketing playbook • Solidifies presence along attractive, high growth I-4 corridor
<p>Anticipated Positive Financial Results</p>	<ul style="list-style-type: none"> • 10%+ core EPS accretion in both 2019 and 2020 • 25%+ internal rate of return • Tangible book value dilution earn-back of under one year (crossover method)
<p>Adds Scale in Orlando MSA, Strengthens Florida Franchise Overall</p>	<ul style="list-style-type: none"> • Branch location overlap creates immediate operating synergy opportunities • Opens First Green’s customer base and prospect list to Seacoast’s expanded products and services • Expands Seacoast’s loan portfolio and maintains prudent level of diversification

Net Interest Income and Margin

- Net interest income¹ totaled \$50.3 million, up \$0.4 million or 1% from the prior quarter and \$6.0 million or 14% from the prior year quarter.
- Net interest margin was 3.77% in the current quarter compared to 3.80% in the prior quarter and 3.84% in the second quarter of 2017.
- The impact of purchased loan accretion on total net interest margin represented 16 basis points in the current quarter, versus 20 in the prior quarter and 25 in the second quarter of 2017.



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

Adjusted Noninterest Income¹

- Adjusted noninterest income¹ totaled \$12.8 million, up \$0.4 million or 3% from the prior quarter and \$2.3 million or 22% compared to prior year quarter.
- Adjusted noninterest income¹ is benefiting from investments made in prior years in Wealth Management, SBA lending, and our proprietary analytics platform.



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

²Other income includes gains on sale of SBA loans, marine finance fees, swap related income and other fees related to customer activity.

Adjusted Noninterest Expense¹

- As a percentage of average tangible assets, adjusted noninterest expense in the current quarter was 2.57% compared to 2.55% for the prior quarter and 2.73% for the second quarter of 2018.
- Higher salaries and benefits in the current quarter reflect the impact of stock awards granted, investments in talent in our commercial and business banking teams, and roles to support scaling the organization prudently.



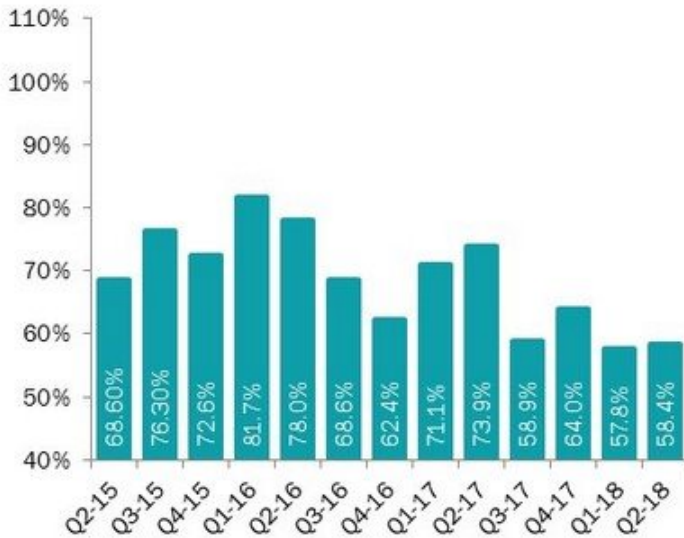
¹Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

²Other expense includes legal and professional fees, marketing expenses and other expenses associated with ongoing business operations.

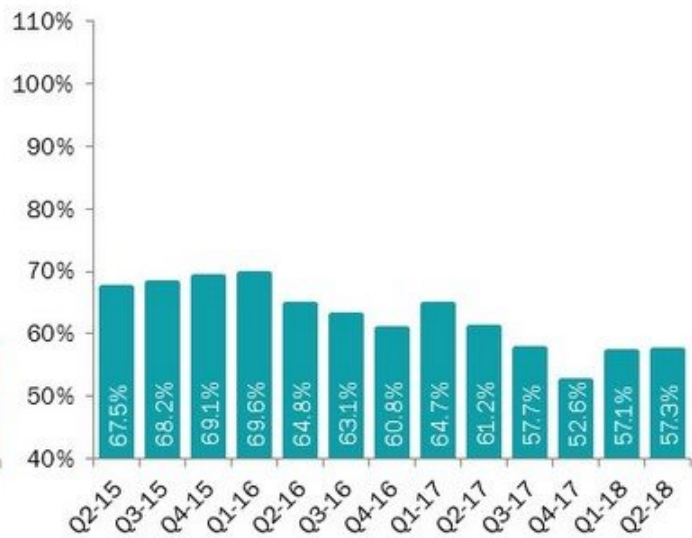
Efficiency Ratio

- The efficiency ratio was 58.4% compared to 57.8% in the prior quarter and 73.9% in the second quarter of 2017.
- The adjusted efficiency ratio¹ was 57.3% compared to 57.1% in the prior quarter and 61.2% in the second quarter of 2017.

GAAP - Efficiency



Adjusted - Efficiency¹



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

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

- Second quarter loans totaled \$3.9 billion, an increase of \$644 million or 19% from year-ago levels. Adjusting for acquisitions, loans grew \$237 million or 7% year over year.
- Experienced higher prepayments quarter over quarter on the nonacquired originated loan portfolio which reduced loan growth by 3%.
- Pipelines were \$195 million in commercial, \$64 million in mortgage, and \$53 million in consumer and small business at June 30, 2018. This compares to \$123 million in commercial, \$71 million in mortgage, and \$50 million in consumer and small business at March 31, 2018.
- Purchased loan accretion was 23 basis points in Q2 2018 versus 27 basis points in the prior quarter, and 36 basis points in the second quarter of 2017. \$0.5 million reduction in accretion from discounts on acquired loans quarter over quarter.

Total Loans Outstanding (in millions)



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

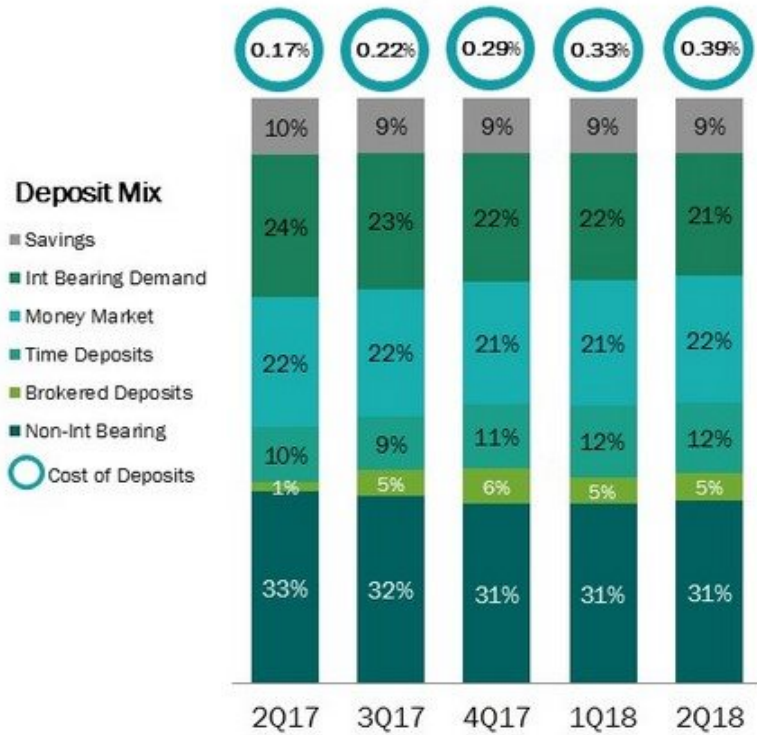
- Total deposits have increased 18% year over year, and declined seasonally quarter over quarter.
- Transaction accounts represent 52% of total deposits, and have increased 9% year over year.
- Brokered time deposits increased quarter over quarter, as we reduced our balance of advances from the Federal Home Loan Bank. The market presented a unique opportunity to borrow at a lower rate with brokered time deposits.
- Cost of deposits was 0.39%, up 6 basis points from the prior quarter, and up 22 basis points from the second quarter of 2017.

Deposit Balances (in millions)



Average Deposit Balances and Cost

Our focus on organic growth and relationship-based funding, in combination with our innovative analytics platform, supports a well-diversified low-cost deposit portfolio.



2Q17-2Q18	Interest Bearing Deposits Cumulative Beta ⁽¹⁾
Savings	7 bps
Interest Bearing Demand	12 bps
Money Market	38 bps
Time Deposits	71 bps
Brokered CDs	54 bps
Total Interest Bearing	33 bps
Total Deposits	22 bps
Fed Funds Change	75 bps

(1) Beta calculated using the change in deposit costs 2Q18 vs 2Q17 divided by the 75bps change in Fed Funds rate from June 30, 2017 to June 30, 2018

Credit Quality

(\$ in thousands)

Net Charge-offs



Nonperforming Loans



ALLL



Provision for Loan Losses

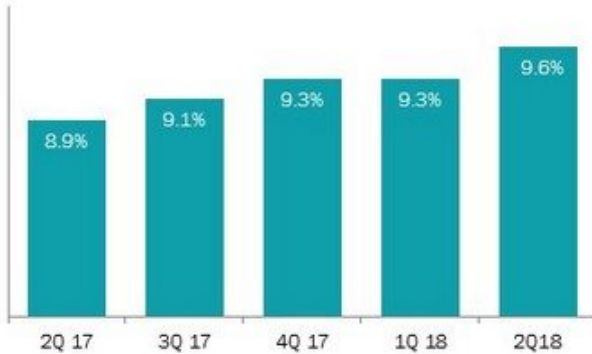


Maintaining Strong Capital to Support Balanced Growth Opportunities

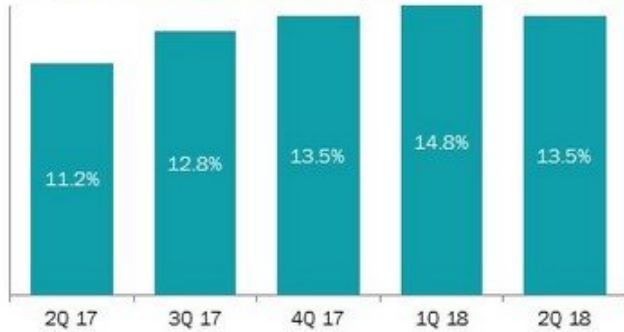
Tangible Book Value / Book Value Per Share



Tangible Common Equity / Tangible Assets



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."

Reiterating Vision 2020 Objectives

- We remain confident in our ability to achieve our Vision 2020 targets announced early last year. We continue to monitor the impact of the Tax Cuts and Jobs Act of 2017 and believe the impact of this important legislation will more fully materialize in the marketplace moving forward. Additionally, we announced the acquisition of First Green Bancorp, Inc., which is expected to close early in the fourth quarter. We believe both the Tax Cuts and Jobs Act of 2017 and the acquisition of First Green Bancorp, Inc. reinforce our ability to achieve these objectives.

	Vision 2020 Targets
Return on Tangible Assets	1.30%+
Return on Tangible Common Equity	16%+
Efficiency Ratio	Below 50%



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Charles M. Shaffer

Executive Vice President
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

(Q2 17 - Q2 18)

(Dollars in thousands except per share data)	Second Quarter: 2018	First Quarter: 2018	Fourth Quarter: 2017	Third Quarter: 2017	Second Quarter: 2017
Net income (loss)	15,964	18,027	13,047	14,216	7,676
Gain on sale of VISA Stock	0	0	(15,153)	47	(21)
Securities (gains)/losses, net	48	102	(112)	47	(21)
Total Adjustments to Revenue	48	102	(15,265)	47	(21)
Merger related charges	695	470	6,817	491	5,081
Amortization of intangibles	1,004	989	963	839	839
Business continuity expenses - Hurricane Irma	0	0	0	352	0
Branch reductions and other expense initiatives	0	0	0	(127)	1,878
Total Adjustments to Noninterest Expense	1,699	1,459	7,780	1,555	7,796
Tax impact of adjustments	(433)	(538)	3,147	(673)	(2,786)
Effect of change in corporate tax rate	0	248	8,552	0	0
Adjusted Net Income	18,268	19,298	17,261	15,145	12,665
Earnings per diluted share, as reported	0.35	0.38	0.28	0.32	0.18
Adjusted earnings per diluted share	0.38	0.40	0.37	0.35	0.29
Average shares outstanding (000)	47,974	47,688	46,473	43,792	43,556
Revenue	62,928	62,058	74,868	57,183	54,644
Total Adjustments to Revenue	48	102	(15,265)	47	(21)
Adjusted Revenue	62,976	62,160	59,603	57,230	54,623
Noninterest Expense	38,246	37,164	39,184	34,361	41,625
Total Adjustments to Noninterest Expense	1,699	1,459	7,780	1,555	7,796
Adjusted Noninterest Expense	36,547	35,705	31,404	32,806	33,829
Foreclosed property expense and net (gain)/loss on sale	405	192	(7)	(296)	297
Net Adjusted Noninterest Expense	36,142	35,513	31,411	33,102	33,532

GAAP to Non-GAAP Reconciliation

(Q2 17 - Q2 18)

(Dollars in thousands)	Second Quarter: 2018	First Quarter: 2018	Fourth Quarter: 2017	Third Quarter: 2017	Second Quarter: 2017
Adjusted Revenue	62,976	62,160	59,603	57,230	54,623
Impact of FTE adjustment	87	91	174	154	164
Adjusted Revenue on a fully taxable equivalent basis	63,063	62,251	59,777	57,384	54,787
Adjusted Efficiency Ratio	57.3%	57.1%	52.8%	57.7%	61.2%
Average Assets	5,878,035	5,851,688	5,716,230	5,316,119	5,082,002
Less average goodwill and intangible assets	(166,393)	(167,136)	(149,432)	(118,364)	(114,563)
Average Tangible Assets	5,711,642	5,684,552	5,566,798	5,197,755	4,967,439
Return on Average Assets (ROA)	1.16%	1.25%	0.91%	1.06%	0.61%
Impact of removing average intangible assets and related amortization	0.08%	0.09%	0.06%	0.06%	0.05%
Return on Tangible Average Assets (ROTA)	1.24%	1.34%	0.97%	1.12%	0.66%
Impact of other adjustments for Adjusted Net Income	0.04%	0.04%	0.26%	0.04%	0.36%
Adjusted Return on Average Tangible Assets	1.28%	1.38%	1.23%	1.16%	1.02%
Average Shareholders' Equity	709,674	695,240	657,100	587,919	567,448
Less average goodwill and intangible assets	(166,393)	(167,136)	(149,432)	(118,364)	(114,563)
Average Tangible Equity	543,281	528,104	507,668	469,555	452,885
Return on Average Shareholders' Equity	9.6%	10.5%	7.9%	9.6%	5.4%
Impact of removing average intangible assets and related amortization	3.5%	3.9%	2.8%	2.9%	1.9%
Return on Average Tangible Common Equity (ROTCE)	13.1%	14.4%	10.7%	12.5%	7.3%
Impact of other adjustments for Adjusted Net Income	0.4%	0.4%	2.8%	0.3%	3.9%
Adjusted Return on Average Tangible Common Equity	13.5%	14.8%	13.5%	12.8%	11.2%