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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 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):

January 26, 2011

Seacoast Banking Corporation of Florida

(Exact name of registrant as specified in its charter)

Florida

001-13660

59-2260678

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

815 Colorado Avenue, Stuart, Florida

34994

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

772-287-4000

Not Applicable

Former name or former address, if changed since last report

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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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[Top of the Form](#)

**Item 2.02 Results of Operations and Financial Condition.**

On January 26, 2011, the Seacoast Banking Corporation of Florida ("Seacoast" or the "Company") announced its financial results for the fourth quarter and year ended December 31, 2010.

A copy of the press release announcing Seacoast's results for the fourth quarter and year ended December 31, 2010 is attached hereto as Exhibit 99.1 and incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

On January 27, 2011, Seacoast held an investor conference call to discuss its financial results for the fourth quarter and year ended December 31, 2010. A transcript of this conference call is attached hereto as Exhibit 99.2 and incorporated herein by reference. Also attached as Exhibit 99.3 are charts (available on the Company's website at [www.seacoastbanking.net](http://www.seacoastbanking.net)) containing information used in the conference call and incorporated herein by reference. All information included in the transcript and the charts is presented as of December 31, 2010, and the Company does not assume any obligation to correct or update said information in the future.

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

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

Exhibit  
No. Description

99.1 Press Release dated January 26, 2011 with respect to Seacoast Banking Corporation of Florida's financial results for the fourth quarter and year ended December 31, 2010

99.2 Transcript of Seacoast's investor conference call held on January 27, 2011 to discuss the Company's financial results for the fourth quarter and year ended December 31, 2010

99.3 Data on website containing information used in the conference call held on January 27, 2011

Exhibits 99.1, 99.2 and 99.3 referenced herein contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements about future financial and operating results, ability to realized deferred tax assets, cost savings, enhanced revenues, economic and seasonal conditions in our markets, and improvements to reported earnings that may be realized from cost controls and for integration of banks that we have acquired, as well as statements with respect to Seacoast's objectives, expectations and intentions and other statements that are not historical facts. Actual results may differ from those set forth in the forward-looking statements.

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

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

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2009 and in our quarterly report on Form 10-Q for the period ending September 30, 2010 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>.

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**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.

*January 31, 2011*

Seacoast Banking Corporation of Florida

By: */s/ William R. Hahl*

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*Name: William R. Hahl*

*Title: Executive Vice President & Chief Financial Officer*

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Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
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99.3	Data on website containing information used in the conference call held on January 27, 2011

**NEWS RELEASE**

**SEACOAST BANKING CORPORATION OF FLORIDA**

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

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

**SEACOAST REPORTS SIGNIFICANT IMPROVEMENTS FOR  
FOURTH QUARTER AND YEAR**

- **Revenue growth improved 6.3 percent (annualized, linked-quarter) through low cost deposit growth initiatives and improved fee income through an expanding customer base**
- **Capital remains at record levels with estimated total risk-based capital ratio at year-end of 17.8 percent, up from 15.2 percent a year ago**
- **Credit risk continues to decline with nonperforming loans falling 30.2 percent for the year and other real estate owned declining 20.7 percent from the third quarter**

STUART, FL., January 26, 2011 – Seacoast Banking Corporation of Florida (NASDAQ-NMS: SBCF) today reported a significantly reduced net loss for the fourth quarter of 2010 totaling \$10.2 million, compared to \$38.1 million for the fourth quarter of 2009. In addition, the net loss was lower for the year 2010 totaling \$33.2 million, compared to \$146.7 million for 2009. For the year 2009, the net loss was impacted by a \$49.8 million goodwill impairment, as well as, much higher provisioning for loan losses. The net loss that is available to Common shareholders for the fourth quarter and the year 2010 totaled, respectively, \$11.1 million or \$0.12 diluted earnings per share (DEPS), and \$37.0 million or \$0.48 DEPS. These figures compare to a loss of \$0.73 DEPS and \$4.74 DEPS a year ago for the same periods, respectively.

“The new strategies we implemented in 2010 are gaining traction and driving improved results; the revenue generation of our core business and continued strength of the balance sheet are very positive,” said Dennis S. Hudson, III, Chairman and Chief Executive Officer of Seacoast Banking Corporation of Florida. “While the decrease in nonperforming assets and credit costs are certainly welcome, we are even more encouraged by the improvement in our operating results, driven by several of our business lines.” Mr. Hudson also noted an improving net interest margin, a result of increasing loan production and continued favorable deposit trends which, together with lower credit costs, are expected to lead to profitability in 2011.

During 2010 we achieved a number of important objectives:

- Completed and began implementation of a Board-driven strategic plan that features strong organic growth, attractive profitability, and a low risk posture intended to enhance future shareholder value;
- Strengthened our capital position following our successful capital raise with gross proceeds of approximately \$50 million;
- Completed a planned reduction in the size of our residential construction and land development loan portfolio which now totals \$14 million, or 1.1 percent of loans outstanding at December 31, 2010; and
- Aggressive liquidation plan, which commenced in 2007, has now reduced our loan exposure well below regulatory targets for institutions with concentrations in commercial real estate loans and construction and development loans.

Seacoast strengthened its capital ratios with the completion of a successful public common stock offering with gross proceeds totaling \$50 million in April 2010. The estimated total risk-based capital ratio at year-end increased to 17.8 percent, up from 15.2 percent a year ago. The estimated tangible common equity ratio increased to 5.81 percent at year-end 2010 from 4.79 percent for year-end 2009.

As predicted, Seacoast’s focused plan to address the slumping housing market in Florida — which the Company implemented well ahead of the industry as a whole — has positioned the Bank to be among the first in the state to emerge from the market’s negative

effects. As a result of loan sales and other aggressive liquidation efforts, aggregate commercial real estate exposure (construction loans and commercial real estate mortgages) has now been reduced to 218 percent of total risk-based capital, which is well below the regulatory threshold of 300 percent for institutions with commercial real estate loan concentrations.

As the plan to strengthen the balance sheet and reduce aggregate credit risk started to produce results upon implementation, the board and executive management began to proactively develop a five year strategic plan, which was completed in the first half of 2010. The Company implemented various components of the plan throughout the year designed to increase profitability and ultimately position Seacoast as a top-tier community bank as measured by low risk, strong organic growth and increased shareholder value.

Revenue achievements for the year and fourth quarter 2010 include:

- Total revenues (excluding securities gains, net) increased \$342,000 linked-quarter to \$21.6 million, an increase of 6.3 percent annualized;
- Net interest margin of 3.42 percent, up 5 basis points from the fourth quarter 2009 and 7 basis points higher than the third quarter of 2010;
- Service charges on deposit accounts increased 20.9 percent linked-quarter annualized;
- Debit card income for the year totaled \$3.2 million, up \$550,000 or 21.0 percent compared to the prior year's results, reflecting the growth in new deposit accounts;
- Mortgage banking revenues grew as a result of expanded capacity and focused growth initiatives, and increased year-over-year by \$158,000 or 37.4 percent for the fourth quarter;
- Seacoast was the largest producer of residential mortgage purchase loans in its largest market, the Treasure Coast, for 2010;
- Noninterest bearing checking balances totaled 17.7 percent of deposits at year-end compared with 15.1 percent the prior year;
- Core deposits (total deposits, excluding time deposits over \$100,000 and brokered deposits) comprise 84.5 percent of deposits, versus 80.5 percent a year ago; and
- Average cost of deposits totaled 0.76 percent, down 8 basis points from the third quarter of 2010 and 39 basis points lower compared to the prior year.

Revenue growth improved throughout 2010 as a result of the Company's retail and small business deposit growth initiatives, and improvements in loan production. The impact of these initiatives on fee based revenue was evident throughout the year as noted in the table below.

During the fourth quarter of 2010, the Company completed the sale of its merchant service business and recorded a \$600,000 gain on the sale. Seacoast will now continue to provide these services to its customers on an outsourced basis. This sale reduced total revenues for the year and quarter by approximately \$200,000, and also reduced outsourced data processing expenses by nearly the same amount due to the thin margin earned on this business.

<i>(dollars in thousands)</i>	<u>Q-4 2010</u>	<u>Q-3 2010</u>	<u>Q-2 2010</u>	<u>Q-1 2010</u>
<b>Noninterest Income:</b>				
Service charges on deposit accounts	\$ 1,590	\$ 1,511	\$ 1,452	\$ 1,372
Trust income	510	500	491	476
Mortgage banking fees	580	654	464	421
Brokerage commissions and fees	325	306	257	286
Marine finance fees	355	330	310	339
Debit card income	814	810	822	717
Other deposit based EFT fees	75	71	82	93
Other	320	297	310	391
Total	<u>\$ 4,569</u>	<u>\$ 4,479</u>	<u>\$ 4,188</u>	<u>\$ 4,095</u>
Merchant income	\$ 114	\$ 322	\$ 413	\$ 465
Other — gain on sale of merchant business	600	0	0	0
Total	<u>\$ 5,283</u>	<u>\$ 4,801</u>	<u>\$ 4,601</u>	<u>\$ 4,560</u>

Revenue earned from service charges on deposits, wealth management services, debit card interchange, and marine finance fees all improved linked quarter as a result of seasonal benefits and increased households. For the year, the retail bank added 7,495 new core deposit households, up 1,125 or 17.7 percent from 2009. Retail household growth for the entire year has improved as a result of the Company's retail deposit program and, more recently, expanded efforts to attract new commercial deposit accounts. New household

acquisition was particularly strong for the fourth quarter; new personal retail checking relationships opened during the quarter rose 42.1 percent from the same quarter of 2009 and 18.8 percent from the third quarter of 2010. Likewise, new commercial business checking deposit relationships increased by 71.6 percent compared with the same quarter one year ago. Along with the new relationships, our programs have improved market share, increased average services per household and decreased customer attrition.

Nonperforming loans declined by \$29.6 million, or 30.2 percent during the year and totaled 5.50 percent of loans outstanding at year-end. Nonperforming loans, which peaked at \$154.0 million in the third quarter of 2009, have consistently declined to \$68.3 million at year-end 2010, a level last achieved in the first quarter of 2008. The improvement is the result of aggressive liquidation activities and a significant slowing of new problem loan inflows during 2010. Early stage delinquencies (accruing loans 30 – 89 days past due) remain nominal at 0.41 percent of loans outstanding. The allowance for loan losses remains strong at 3.04 percent, the same as the prior quarter and compared to 3.23 percent at year-end 2009. Other real estate owned (“OREO”) balances declined by \$6.7 million or 20.7 percent from the third quarter as the result of sales and fewer loans foreclosed.

Accruing loans declined by approximately \$127.3 million, or 9.8 percent to \$1.172 billion for the year which negatively impacted net interest income, but were down only 1.80 percent compared to the third quarter 2010. This is the second consecutive quarter of modest negative loan growth as a result of improving loan production, a slowing of loans moving to nonaccrual status and our tactical focus on growing market share in lower risk customer segments. Should recent trends continue, we expect to see improvements in net interest income in the year ahead.

Core operating expenses (total noninterest expenses less losses on other real estate owned and other asset disposition expenses) were reduced throughout the year as noted in the table below. Noninterest expenses for the quarter totaled \$27.8 million and increased \$7.0 million from the prior year’s fourth quarter, entirely due to higher expenses for OREO and other asset dispositions which totaled \$9.9 million in the fourth quarter 2010 compared to \$2.3 million the prior year. Noninterest expenses for 2010 totaled \$90.7 million compared to \$81.9 million (excluding goodwill impairment) a year ago, an increase of \$8.8 million, all of which was attributable to higher legal and professional fees (including non-recurring consulting fees totaling approximately \$2.3 million for development and implementation assistance related to our strategic plan and enterprise risk management projects) and higher expense for OREO and other asset dispositions which totaled \$15.8 million for the year 2010, compared to \$6.3 million in 2009. Core operating expense was \$17.9 million in the fourth quarter, down \$859,000 or 4.6% from the third quarter.

Core operating expense trends are presented in the table below:

<i>(dollars in thousands)</i>	<u>Q-4 2010</u>	<u>Q-3 2010</u>	<u>Q-2 2010</u>	<u>Q-1 2010</u>
<b>Noninterest Expense:</b>				
Salaries and wages	\$ 6,539	\$ 6,631	\$ 6,776	\$ 6,462
Employee benefits	1,153	1,367	1,419	1,778
Outsourced data processing costs	1,592	1,772	1,852	1,876
Telephone / data lines	321	383	402	399
Occupancy expense	1,699	1,928	1,911	1,942
Furniture and equipment expense	609	595	585	609
Marketing expense	764	577	913	656
Legal and professional fees	1,783	2,491	1,602	2,101
FDIC assessments	947	966	1,039	1,006
Amortization of intangibles	212	212	246	315
Goodwill impairment	0	0	0	0
Other	2,330	1,886	2,060	2,152
Total Core Operating Expense	\$ 17,949	\$ 18,808	\$ 18,805	\$ 19,296
Net loss on OREO	\$ 8,763	\$ 849	\$ 415	\$ 4,073
Asset dispositions expense	1,122	587	0	0
Total	\$ 27,834	\$ 20,244	\$ 19,220	\$ 23,369

The Company expects to implement further cost saving measures during 2011 that result from an enterprise-wide review of operating efficiencies commencing in the first quarter.

The net interest margin increased by 7 basis points to 3.42 percent in the fourth quarter 2010 compared to the third quarter of 2010 primarily a result of lower nonperforming assets and lower costs for interest bearing liabilities. The net interest margin continues to be negatively impacted by higher levels of overnight liquidity and short-term investments. Interest bearing deposit costs decreased 9 basis points to 0.92 percent during the fourth quarter 2010, and total interest bearing liabilities decreased from 1.09 percent for the third quarter to 1.01 percent in the fourth quarter. The mix in deposits continues to improve, which strengthens the net interest margin, and is a result of our tactical activities designed to attract, on-board and retain new household relationships.

The Company will host a conference call on Thursday, January 27, 2011 at 9:00 a.m. (Eastern Time) to discuss its earnings results and business trends. Investors may call in (toll-free) by dialing (888) 517-2464 (access code: 5785075; leader: Dennis S. Hudson). Charts will be used during the conference call and may be accessed at Seacoast’s website at [www.seacoastbanking.net](http://www.seacoastbanking.net) by selecting “Presentations” under the heading “Investor Services”. A replay of the conference call will be available beginning the afternoon of

January 27 by dialing (877) 213-9653 (domestic), using the passcode 5785075.

Alternatively, individuals may listen to the live webcast of the presentation by visiting the Company's website at [www.seacoastbanking.net](http://www.seacoastbanking.net). The link to the live audio webcast is located in the subsection "Presentations" under the heading "Investor Services". Beginning the afternoon of January 27, 2011, an archived version of the webcast can be accessed from this same subsection of the website. This webcast will be archived and available for one year.

Seacoast, with approximately \$2.0 billion in assets, is one of the largest independent commercial banking organizations in Florida. Seacoast has 39 offices in South and Central Florida and is headquartered on Florida's Treasure Coast, which is one of the wealthiest areas in the nation.

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### Cautionary Notice Regarding Forward-Looking Statements

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

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All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2009 under "Special Cautionary Notice Regarding Forward-Looking Statements" and "Risk Factors", and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC's Internet website at <http://www.sec.gov>.

#### **FINANCIAL HIGHLIGHTS** (Unaudited)

##### **SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

<i>(Dollars in thousands, except per share data)</i>	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
<b>Summary of Earnings</b>				
Net loss	<b>\$(10,205)</b>	\$(38,149)	<b>\$(33,203)</b>	\$(146,686)
Net loss available to common shareholders	<b>(11,142)</b>	(39,086)	<b>(36,951)</b>	(150,434)
Net interest income (1)	<b>16,379</b>	17,518	<b>66,485</b>	73,847
<b>Performance Ratios</b>				
Return on average assets-GAAP basis (2),(3)	<b>(2.01)%</b>	(6.91)%	<b>(1.60)%</b>	(6.58)%

Return on average tangible assets (2),(3),(4)	(1.99)	(6.89)	(1.57)	(4.37)
Return on average shareholders' equity-GAAP basis (2),(3)	(23.31)	(84.51)	(19.30)	(73.79)
Net interest margin (1),(2)	3.42	3.37	3.37	3.55
<b>Per Share Data</b>				
Net loss diluted-GAAP basis	\$ (0.12)	\$ (0.73)	\$ (0.48)	\$ (4.74)
Net loss basic-GAAP basis	(0.12)	(0.73)	(0.48)	(4.74)
Cash dividends declared	0.00	0.00	0.00	0.01

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

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

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

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

(5) The Company defines tangible common equity as total shareholders equity less preferred stock and intangible assets.

(6) The ratio of tangible common equity to tangible assets is a non-GAAP ratio used by the investment community to measure capital adequacy.

<b>FINANCIAL HIGHLIGHTS</b>	(unaudited) (cont'd)		
<b>SEACOAST BANKING</b>	<b>CORPORATION OF FLORIDA AND SUBSIDIARIES</b>		
<i>(Dollars in thousands, except per share data)</i>	December 31,		Increase/ (Decrease)
	<u>2010</u>	2009	
<b>Credit Analysis</b>			
Net charge-offs year-to-date	\$ 39,128	\$ 108,963	(64.1) %
Net charge-offs to average loans	2.95%	6.86%	(57.0)
Loan loss provision year-to-date	\$ 31,680	\$ 124,767	(74.6)
Allowance to loans at end of period	3.04%	3.23%	(5.8)
Nonperforming loans	\$ 68,284	\$ 97,876	(30.2)
Other real estate owned	25,697	25,385	1.2
Total nonperforming assets	\$ 93,981	\$ 123,261	(23.8)
Restructured loans (accruing)	\$ 66,350	\$ 57,433	15.5
Nonperforming assets to loans and other real estate owned at end of period	7.42%	8.66%	(14.3)
Nonperforming assets to total assets	4.66	5.73	(18.7)
<b>Selected Financial Data</b>			
Total assets	\$2,016,381	\$2,151,315	(6.3)
Securities – available for sale (at fair value)	435,140	393,648	10.5
Securities – held for investment (at amortized cost)	26,861	17,087	57.2
Net loans	1,202,864	1,352,311	(11.1)
Deposits	1,637,228	1,779,434	(8.0)
Total shareholders' equity	166,299	151,935	9.5
Common shareholders' equity	120,051	106,936	12.3
Book value per share common	1.28	1.82	(29.4)
Tangible book value per share	1.75	2.51	(30.5)
Tangible common book value per share (5)	1.25	1.75	(28.5)
Average shareholders' equity to average assets	8.27%	8.92	% (7.3)
Tangible common equity to tangible assets (5),(6)	5.81	4.79	21.2
<b>Average Balances (Year-to-Date)</b>			
Total assets	\$2,080,570	\$2,228,418	(6.6)
Less: intangible assets	3,580	29,446	(87.8)
Total average tangible assets	\$2,076,990	\$2,198,972	(5.5)
Total equity	\$ 172,022	\$ 198,798	(13.5)
Less: intangible assets	3,580	29,446	(87.8)
Total average tangible equity	168,442	169,352	(0.5)

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

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

- (3) The calculations of ROA and ROE do not include the mark-to-market unrealized gains (losses) because the unrealized gains (losses) are not included in net income (loss).
- (4) The Company believes that return on average assets and equity excluding the impacts of noncash amortization expense on intangible assets is a better measurement of the Company's trend in earnings growth.
- (5) The Company defines tangible common equity as total shareholders equity less preferred stock and intangible assets.
- (6) The ratio of tangible common equity to tangible assets is a non-GAAP ratio used by the investment community to measure capital adequacy.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

### SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	Three Months Ended		For The Year Ended	
	December 31,		December 31,	
	2010	2009	2010	2009
<i>(Dollars in thousands, except per share data)</i>				
Interest on securities:				
Taxable	\$ 3,484	\$ 3,862	\$ 13,881	\$ 16,357
Nontaxable	40	72	227	305
Interest and fees on loans	16,503	19,248	69,454	84,882
Interest on federal funds sold and other investments	216	241	979	661
<b>Total Interest Income</b>	<b>20,243</b>	<b>23,423</b>	<b>84,541</b>	<b>102,205</b>
Interest on deposits	609	1,247	3,952	6,031
Interest on time certificates	2,547	3,936	11,345	18,749
Interest on borrowed money	766	796	3,032	3,836
<b>Total Interest Expense</b>	<b>3,922</b>	<b>5,979</b>	<b>18,329</b>	<b>28,616</b>
<b>Net Interest Income</b>	<b>16,321</b>	<b>17,444</b>	<b>66,212</b>	<b>73,589</b>
Provision for loan losses	3,975	41,514	31,680	124,767
<b>Net Interest Income (Loss) After Provision for Loan Losses</b>	<b>12,346</b>	<b>(24,070)</b>	<b>34,532</b>	<b>(51,178)</b>
Noninterest income:				
Service charges on deposit accounts	1,590	1,612	5,925	6,491
Trust income	510	543	1,977	2,098
Mortgage banking fees	580	422	2,119	1,746
Brokerage commissions and fees	325	321	1,174	1,416
Marine finance fees	355	228	1,334	1,153
Debit card income	814	658	3,163	2,613
Other deposit based EFT fees	75	79	321	331
Merchant income	114	409	1,314	1,764
Other	920	329	1,918	1,403
	5,283	4,601	19,245	19,015
Securities gains, net	0	2,188	3,687	5,399
<b>Total Noninterest Income</b>	<b>5,283</b>	<b>6,789</b>	<b>22,932</b>	<b>24,414</b>
Noninterest expenses:				
Salaries and wages	6,539	6,446	26,408	26,693
Employee benefits	1,153	1,228	5,717	6,109
Outsourced data processing costs	1,592	1,741	7,092	7,143
Telephone / data lines	321	420	1,505	1,835
Occupancy	1,699	1,977	7,480	8,260
Furniture and equipment	609	645	2,398	2,649
Marketing	764	519	2,910	2,067
Legal and professional fees	1,783	2,336	7,977	6,984
FDIC assessments	947	1,042	3,958	4,952
Amortization of intangibles	212	315	985	1,259
Asset dispositions expense	1,122	195	2,268	1,172
Net loss on other real estate owned and repossessed assets	8,763	2,125	13,541	5,155
Goodwill impairment	0	0	0	49,813
Other	2,330	1,879	8,428	7,656
<b>Total Noninterest Expenses</b>	<b>27,834</b>	<b>20,868</b>	<b>90,667</b>	<b>131,747</b>
<b>Loss Before Income Taxes</b>	<b>(10,205)</b>	<b>(38,149)</b>	<b>(33,203)</b>	<b>(158,511)</b>
Benefit for income taxes	0	0	0	(11,825)
<b>Net Loss</b>	<b>(10,205)</b>	<b>(38,149)</b>	<b>(33,203)</b>	<b>(146,686)</b>
Preferred Stock Dividends and Accretion on Preferred Stock Discount	937	937	3,748	3,748
<b>Net Loss Available to Common Shareholders</b>	<b>\$ (11,142)</b>	<b>\$ (39,086)</b>	<b>\$ (36,951)</b>	<b>\$ (150,434)</b>
Per share common stock:				
Net loss diluted	\$ (0.12)	\$ (0.73)	\$ (0.48)	\$ (4.74)
Net loss basic	(0.12)	(0.73)	(0.48)	(4.74)
Cash dividends declared	0.00	0.00	0.00	0.01
Average diluted shares outstanding	93,426,748	53,790,905	76,561,692	31,733,260
Average basic shares outstanding	93,426,748	53,790,905	76,561,692	31,733,260

**CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)**  
**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

<i>(Dollars in thousands, except share amounts)</i>	<b>December 31, 2010</b>	<b>December 31, 2009</b>
<b>Assets</b>		
Cash and due from banks	\$ 35,358	\$ 32,200
Interest bearing deposits with other banks	176,047	182,900
<b>Total Cash and Cash Equivalents</b>	<b>211,405</b>	<b>215,100</b>
Securities:		
Available for sale (at fair value)	435,140	393,648
Held for investment (at amortized cost)	26,861	17,087
<b>Total Securities</b>	<b>462,001</b>	<b>410,735</b>
Loans available for sale	12,519	18,412
Loans, net of unearned income	1,240,608	1,397,503
Less: Allowance for loan losses	(37,744)	(45,192)
<b>Net Loans</b>	<b>1,202,864</b>	<b>1,352,311</b>
Bank premises and equipment, net	36,045	38,932
Other real estate owned	25,697	25,385
Goodwill and other intangible assets	3,137	4,121
Other assets	62,713	86,319
	<b>\$2,016,381</b>	<b>\$2,151,315</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Deposits		
Demand deposits (noninterest bearing)	\$ 289,621	\$ 268,789
Savings deposits	812,625	838,288
Other time deposits	281,681	326,070
Brokered time certificates	7,093	38,656
Time certificates of \$100,000 or more	246,208	307,631
<b>Total Deposits</b>	<b>1,637,228</b>	<b>1,779,434</b>
Federal funds purchased and securities sold under agreements to repurchase, maturing within 30 days	98,213	105,673
Borrowed funds	50,000	50,000
Subordinated debt	53,610	53,610
Other liabilities	11,031	10,663
	<b>1,850,082</b>	<b>1,999,380</b>
<b>Shareholders' Equity</b>		
Preferred stock – Series A	46,248	44,999
Common stock	9,349	5,887
Additional paid in capital	221,522	178,096
Retained earnings	(112,652)	(78,200)
Treasury stock	(1)	(855)
	<b>164,466</b>	<b>149,927</b>
Accumulated other comprehensive gain, net	1,833	2,008
<b>Total Shareholders' Equity</b>	<b>166,299</b>	<b>151,935</b>
	<b>\$2,016,381</b>	<b>\$2,151,315</b>
Common Shares Outstanding	<b>93,487,581</b>	<b>58,867,229</b>

Note: The balance sheet at December 31, 2009 has been derived from the audited financial statements at that date.

**CONSOLIDATED QUARTERLY FINANCIAL DATA (Unaudited)**  
**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

<i>(Dollars in thousands, except per share data)</i>	QUARTERS				
	2010				Last 12
	Fourth	Third	Second	First	Months
Net loss	\$ (10,205)	\$ (7,638)	\$ (13,796)	\$ (1,564)	\$ (33,203)
<b>Operating Ratios</b>					
Return on average assets-GAAP basis (2),(3)	(2.01) %	(1.47) %	(2.61) %	(0.30) %	(1.60) %
Return on average tangible assets (2),(3),(4)	(1.99)	(1.44)	(2.58)	(0.26)	(1.57)
Return on average shareholders' equity -GAAP basis (2),(3)	(23.31)	(16.63)	(30.73)	(4.18)	(19.30)
Net interest margin (1),(2)	3.42	3.35	3.27	3.48	3.37
Average equity to average assets	8.63	8.83	8.49	7.13	8.27
<b>Credit Analysis</b>					
Net charge-offs	\$ 4,678	\$ 10,700	\$ 20,209	3,541	\$ 39,128
Net charge-offs to average loans	1.47 %	3.29 %	5.95 %	1.03 %	2.95 %
Loan loss provision	\$ 3,975	\$ 8,866	\$ 16,771	\$ 2,068	\$ 31,680

Allowance to loans at end of period	3.04 %	3.04 %	3.10 %	3.18 %	
Restructured loans (accruing)	\$ 66,350	\$ 64,403	\$ 64,876	\$ 60,032	
Nonperforming loans	\$ 68,284	\$ 69,519	\$ 90,885	\$ 96,321	
Other real estate owned	25,697	32,406	19,018	19,076	
Nonperforming assets	\$ 93,981	\$ 101,925	\$ 109,903	\$ 115,397	
Nonperforming assets to loans and other real estate owned at end of period	7.42 %	7.87 %	8.33 %	8.29 %	
Nonperforming assets to total assets	4.66	5.06	5.25	5.44	
Nonaccrual loans and accruing loans 90 days or more past due to loans outstanding at end of period	5.50	5.50	6.99	7.03	
<b>Per Share Common Stock</b>					
Net loss diluted-GAAP basis	\$ (0.12)	\$ (0.09)	\$ (0.25)	\$ (0.04)	\$ (0.48)
Net loss basic-GAAP basis	(0.12)	(0.09)	(0.25)	(0.04)	(0.48)
Cash dividends declared	0.00	0.00	0.00	0.00	0.00
Book value per share common	1.28	1.43	1.51	1.80	
<b>Average Balances</b>					
Total assets	\$2,013,405	\$2,062,857	\$2,120,388	\$2,127,074	
Less: intangible assets	3,239	3,452	3,669	3,969	
Total average tangible assets	\$2,010,166	\$2,059,405	\$2,116,719	\$2,123,105	
Total equity	\$ 173,707	\$ 182,202	\$ 180,093	\$ 151,731	
Less: intangible assets	3,239	3,452	3,669	3,969	
Total average tangible equity	\$ 170,468	\$ 178,750	\$ 176,424	\$ 147,762	

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

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

(3) The calculations of ROA and ROE do not include the mark-to-market unrealized gains (losses) because the unrealized gains (losses) on available for sale securities are not included in net income (loss).

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

## CONSOLIDATED QUARTERLY FINANCIAL DATA (Unaudited)

### SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

(Dollars in thousands)

	December 31, 2010	December 31, 2009
<b>SECURITIES</b>		
U.S. Treasury and U.S. Government Agencies	\$ 4,212	\$ 3,688
Mortgage-backed	426,477	384,864
Obligations of states and political subdivisions	1,709	2,063
Other securities	2,742	3,033
Securities Available for Sale	435,140	393,648
Mortgage-backed	18,963	12,853
Obligations of states and political subdivisions	7,398	4,234
Other securities	500	0
Securities Held for Investment	26,861	17,087
<b>Total Securities</b>	<b>\$462,001</b>	<b>\$410,735</b>
<b>LOANS</b>		
Construction and land development	\$ 79,306	\$ 162,868
Real estate mortgage	1,060,597	1,109,077
Installment loans to individuals	51,602	64,024
Commercial and financial	48,825	61,058
Other loans	278	476
<b>Total Loans</b>	<b>\$1,240,608</b>	<b>\$1,397,503</b>

## AVERAGE BALANCES, YIELDS AND RATES (1) (Unaudited)

### SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	2010		2009			
	Fourth Quarter		Third Quarter		Fourth Quarter	
<i>(Dollars in thousands)</i>	Average Balance	Yield/Rate	Average Balance	Yield/Rate	Average Balance	Yield/Rate
<b>Assets</b>						
Earning assets:						
Securities:						
Taxable	\$ 446,081	3.12 %	\$ 402,970	3.32%	\$ 368,830	4.19 %
Nontaxable	4,293	5.59	5,463	6.81	6,393	6.76
<b>Total Securities</b>	<b>450,374</b>	<b>3.15</b>	408,433	3.37	375,223	4.23
Federal funds sold and other investments	187,023	0.46	259,492	0.39	211,685	0.45
Loans, net	1,263,237	5.19	1,291,879	5.29	1,478,126	5.18
<b>Total Earning Assets</b>	<b>1,900,634</b>	<b>4.24</b>	1,959,804	4.23	2,065,034	4.51
Allowance for loan losses	(39,443)		(40,434)		(41,662)	
Cash and due from banks	33,024		27,311		34,553	
Premises and equipment	36,460		37,421		41,872	
Other assets	82,730		78,755		89,902	
	<b>\$2,013,405</b>		<b>\$2,062,857</b>		<b>\$2,189,699</b>	
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities:						
NOW	\$ 49,548	0.24 %	\$ 73,188	0.28%	\$ 53,109	0.52 %
Savings deposits	110,382	0.11	107,241	0.15	101,005	0.24
Money market accounts	662,315	0.33	675,273	0.46	654,250	0.68
Time deposits	537,772	1.88	556,395	1.94	710,955	2.20
Federal funds purchased and other short term borrowings	83,183	0.27	75,085	0.29	92,466	0.25
Other borrowings	103,610	2.72	103,610	2.80	110,479	2.64
<b>Total Interest-Bearing Liabilities</b>	<b>1,546,810</b>	<b>1.01</b>	1,590,792	1.09	1,722,264	1.38
Demand deposits (noninterest-bearing)	280,412		278,424		275,589	
Other liabilities	12,476		11,439		12,753	
<b>Total Liabilities</b>	<b>1,839,698</b>		1,880,655		2,010,606	
Shareholders' equity	173,707		182,202		179,093	
	<b>\$2,013,405</b>		<b>\$2,062,857</b>		<b>\$2,189,699</b>	
Interest expense as a % of earning assets		0.82 %		0.89%		1.15 %
Net interest income as a % of earning assets		3.42		3.35		3.37

(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.

**QUARTERLY TRENDS – LOANS AT END OF PERIOD** (Dollars in Millions) (Unaudited)

**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

		2009			
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
<b>Construction and Land Development</b>					
<b>Residential:</b>					
Condominiums	>\$4 million	\$ 8.4	\$ 7.9	\$ 5.3	\$ -
	<\$4 million	7.9	8.8	3.7	6.1
Town homes	>\$4 million	-	-	-	-
	<\$4 million	4.2	2.3	—	—
Single Family Residences	>\$4 million	6.6	6.5	-	-
	<\$4 million	13.9	10.3	7.1	4.1
Single Family Land & Lots	>\$4 million	21.8	21.8	5.9	5.9
	<\$4 million	29.6	21.5	19.5	16.6
Multifamily	>\$4 million	7.8	7.8	6.6	6.6
	<\$4 million	17.0	9.8	9.5	8.3
	TOTAL >\$4 million	44.6	44.0	17.8	12.5
	TOTAL <\$4 million	72.6	52.7	39.8	35.1

**GRAND  
TOTAL**

\$117.2

\$96.7

\$57.6

\$47.6

**QUARTERLY TRENDS – LOANS AT END OF PERIOD** (Unaudited)

(Dollars in Millions)

*SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES*

		2010				Nonperforming	
		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	4th Qtr	Number
<b>Construction and Land Development</b>							
<b>Residential:</b>							
Condominiums	>\$4 million	\$ -	\$ -	\$ -	\$ -	\$ -	-
	<\$4 million	0.9	0.9	0.9	0.9	0.9	1
Town homes	>\$4 million	-	-	-	-	-	-
	<\$4 million	—	—	—	—	—	—
Single Family Residences	>\$4 million	-	-	-	-	-	-
	<\$4 million	3.9	3.6	3.8	—	—	—
Single Family Land & Lots	>\$4 million	5.9	5.9	-	-	-	-
	<\$4 million	15.7	9.6	10.3	7.0	0.2	4
Multifamily	>\$4 million	6.6	4.3	-	-	-	-
	<\$4 million	8.1	8.2	6.3	6.1	1.1	2
	TOTAL >\$4 million	12.5	10.2	—	—	—	—
	TOTAL <\$4 million	28.6	22.3	21.3	14.0	2.2	7
<b>GRAND TOTAL</b>		\$41.1	\$32.5	\$21.3	\$14.0	\$2.2	7

**QUARTERLY TRENDS – LOANS AT END OF PERIOD** (Unaudited)

(Dollars in Millions)

*SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES*

	2009			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
<b>Construction and land development</b>				
<b>Residential</b>				
Condominiums	\$ 16.3	\$ 16.8	\$ 9.0	\$ 6.1
Townhomes	4.2	2.3	—	—
Single family residences	20.5	16.7	7.1	4.1
Single family land and lots	51.4	43.3	25.4	22.6
Multifamily	24.8	17.6	16.1	14.8
	117.2	96.7	57.6	47.6
<b>Commercial</b>				
Office buildings	17.4	13.8	13.8	13.9
Retail trade	70.0	55.9	23.0	3.9
Land	60.9	51.2	50.8	45.6
Industrial	9.0	8.5	8.2	2.5
Healthcare	5.7	6.0	4.8	4.8
Churches and educational facilities	—	—	—	—
Lodging	0.6	—	—	—
Convenience stores	—	—	—	—
Marina	31.6	30.0	28.1	6.8
Other	6.2	1.4	—	—
	201.4	166.8	128.7	77.5
<b>Individuals</b>				
Lot loans	34.0	32.4	30.7	29.3
Construction	16.2	11.8	11.1	8.5
	50.2	44.2	41.8	37.8
<b>Total construction and land development</b>	368.8	307.7	228.1	162.9
<b>Real estate mortgages</b>				
<b>Residential real estate</b>				
Adjustable	333.1	328.0	325.9	289.4
Fixed rate	90.8	90.6	89.5	88.6
Home equity mortgages	85.5	83.8	83.9	86.8
Home equity lines	60.3	60.1	59.7	60.1
	569.7	562.5	559.0	524.9
<b>Commercial real estate</b>				
Office buildings	140.6	141.6	144.2	132.3
Retail trade	109.1	120.0	151.4	164.6
Land	—	—	—	—
Industrial	95.3	93.0	89.3	88.4
Healthcare	28.3	30.9	25.4	24.7

Churches and educational facilities	34.8	34.6	30.8	29.6
Recreation	1.7	1.4	3.3	3.0
Multifamily	27.2	31.7	35.1	29.7
Mobile home parks	3.0	5.6	5.6	5.4
Lodging	26.3	26.3	25.6	25.5
Restaurant	6.1	5.1	5.0	4.7
Agricultural	8.2	11.8	12.0	11.7
Convenience stores	23.3	23.2	22.8	22.1
Marina	18.1	18.0	5.9	15.8
Other	24.9	29.6	28.1	26.6
	<u>546.9</u>	<u>572.8</u>	<u>584.5</u>	<u>584.1</u>
Total real estate mortgages	1,116.6	1,135.3	1,143.5	1,109.0
Commercial & financial	75.5	71.8	66.0	61.1
Installment loans to individuals				
Automobile and trucks	19.4	18.0	16.6	15.3
Marine loans	26.3	26.9	26.8	26.4
Other	25.7	24.3	23.3	22.3
	<u>71.4</u>	<u>69.2</u>	<u>66.7</u>	<u>64.0</u>
Other	0.3	0.3	0.3	0.5
	<u>\$1,632.6</u>	<u>\$1,584.3</u>	<u>\$1,504.6</u>	<u>\$1,397.5</u>

**QUARTERLY TRENDS – LOANS AT END OF PERIOD (continued)** (Unaudited)

(Dollars in Millions)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	2010			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Construction and land development				
Residential				
Condominiums	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9
Townhomes	—	—	—	—
Single family residences	3.9	3.6	3.8	—
Single family land and lots	21.6	15.5	10.3	7.0
Multifamily	14.7	12.5	6.3	6.1
	<u>41.1</u>	<u>32.5</u>	<u>21.3</u>	<u>14.0</u>
Commercial				
Office buildings	13.7	—	—	—
Retail trade	3.9	—	—	—
Land	45.7	38.5	35.1	33.6
Industrial	2.5	0.3	0.3	—
Healthcare	—	—	—	—
Churches and educational facilities	—	—	—	—
Lodging	—	—	—	—
Convenience stores	—	—	—	0.2
Marina	6.8	—	—	—
Other	—	—	—	—
	<u>72.6</u>	<u>38.8</u>	<u>35.4</u>	<u>33.8</u>
Individuals				
Lot loans	28.9	27.4	26.3	24.4
Construction	8.7	8.2	9.1	7.1
	<u>37.6</u>	<u>35.6</u>	<u>35.4</u>	<u>31.5</u>
Total construction and land development	151.3	106.9	92.1	79.3
Real estate mortgages				
Residential real estate				
Adjustable	290.5	295.9	300.9	303.3
Fixed rate	87.6	86.0	84.1	82.6
Home equity mortgages	89.1	79.0	74.4	73.4
Home equity lines	60.1	58.8	58.4	57.7
	<u>527.3</u>	<u>519.7</u>	<u>517.8</u>	<u>517.0</u>
Commercial real estate				
Office buildings	131.1	128.2	122.9	122.0
Retail trade	163.5	155.9	152.0	151.5
Land	—	—	—	—
Industrial	81.7	84.0	79.8	78.0
Healthcare	29.1	29.4	29.0	30.0
Churches and educational facilities	29.1	28.5	29.4	28.8
Recreation	3.0	3.0	2.9	2.9
Multifamily	25.3	23.6	23.2	22.4
Mobile home parks	5.3	2.6	2.6	2.5

Lodging	23.5	23.4	22.1	21.9
Restaurant	4.7	4.6	4.5	4.5
Agricultural	11.4	10.8	10.7	10.6
Convenience stores	22.3	21.0	18.9	18.6
Marina	15.7	22.2	22.1	21.9
Other	25.3	25.6	26.8	28.0
	<u>571.0</u>	<u>562.8</u>	<u>546.9</u>	<u>543.6</u>
Total real estate mortgages	1,098.3	1,082.5	1,064.7	1,060.6
Commercial & financial	62.1	49.9	54.0	48.8
Installment loans to individuals				
Automobile and trucks	14.4	12.9	11.6	10.9
Marine loans	25.3	27.3	19.7	19.8
Other	21.7	20.8	20.9	20.9
	<u>61.4</u>	<u>61.0</u>	<u>52.2</u>	<u>51.6</u>
Other	0.2	0.3	0.3	0.3
	<u>\$1,373.3</u>	<u>\$1,300.6</u>	<u>\$1,263.3</u>	<u>\$1,240.6</u>

**QUARTERLY TRENDS – INCREASE (DECREASE) IN LOANS BY QUARTER** (Unaudited)

(Dollars in Millions)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	2009			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Construction and land development				
Residential				
Condominiums	\$ (1.1)	\$ 0.4	\$ (7.7)	\$ (2.9)
Townhomes	(1.9)	(1.9)	(2.3)	—
Single family residences	(6.3)	(3.7)	(9.7)	(3.0)
Single family land and lots	(1.4)	(8.1)	(17.9)	(2.9)
Multifamily	<u>(2.0)</u>	<u>(7.2)</u>	<u>(1.5)</u>	<u>(1.2)</u>
	<u>(12.7)</u>	<u>(20.5)</u>	<u>(39.1)</u>	<u>(10.0)</u>
Commercial				
Office buildings	0.1	(3.6)	—	0.1
Retail trade	1.3	(14.1)	(32.9)	(19.1)
Land	(12.4)	(9.7)	(0.4)	(5.2)
Industrial	(4.3)	(0.5)	(0.3)	(5.7)
Healthcare	5.7	0.3	(1.2)	—
Churches and educational facilities	—	—	—	—
Lodging	0.6	(0.6)	—	—
Convenience stores	—	—	—	—
Marina	0.9	(1.6)	(1.9)	(21.3)
Other	<u>0.2</u>	<u>(4.8)</u>	<u>(1.4)</u>	<u>—</u>
	<u>(7.9)</u>	<u>(34.6)</u>	<u>(38.1)</u>	<u>(51.2)</u>
Individuals				
Lot loans	(1.7)	(1.6)	(1.7)	(1.4)
Construction	<u>(4.1)</u>	<u>(4.4)</u>	<u>(0.7)</u>	<u>(2.6)</u>
	<u>(5.8)</u>	<u>(6.0)</u>	<u>(2.4)</u>	<u>(4.0)</u>
Total construction and land development	<u>(26.4)</u>	<u>(61.1)</u>	<u>(79.6)</u>	<u>(65.2)</u>
Real estate mortgages				
Residential real estate				
Adjustable	4.1	(5.1)	(2.1)	(36.5)
Fixed rate	(4.7)	(0.2)	(1.1)	(0.9)
Home equity mortgages	0.7	(1.7)	0.1	2.9
Home equity lines	<u>1.8</u>	<u>(0.2)</u>	<u>(0.4)</u>	<u>0.4</u>
	1.9	(7.2)	(3.5)	(34.1)
Commercial real estate				
Office buildings	(5.8)	1.0	2.6	(11.9)
Retail trade	(2.8)	10.9	31.4	13.2
Land	—	—	—	—
Industrial	0.6	(2.3)	(3.7)	(0.9)
Healthcare	(0.9)	2.6	(5.5)	(0.7)
Churches and educational facilities	(0.4)	(0.2)	(3.8)	(1.2)
Recreation	—	(0.3)	1.9	(0.3)
Multifamily	—	4.5	3.4	(5.4)
Mobile home parks	—	2.6	—	(0.2)
Lodging	(0.3)	—	(0.7)	(0.1)
Restaurant	(0.1)	(1.0)	(0.1)	(0.3)
Agricultural	(0.3)	3.6	0.2	(0.3)
Convenience stores	(0.2)	(0.1)	(0.4)	(0.7)

Marina	(0.1)	(0.1)	(12.1)	9.9
Other	<u>(0.5)</u>	<u>4.7</u>	<u>(1.5)</u>	<u>(1.5)</u>
	<u>(10.8)</u>	<u>25.9</u>	<u>11.7</u>	<u>(0.4)</u>
Total real estate mortgages	(8.9)	18.7	8.2	(34.5)
Commercial & financial	(7.3)	(3.7)	(5.8)	(4.9)
Installment loans to individuals				
Automobile and trucks	(1.4)	(1.4)	(1.4)	(1.3)
Marine loans	0.3	0.6	(0.1)	(0.4)
Other	<u>(0.4)</u>	<u>(1.4)</u>	<u>(1.0)</u>	<u>(1.0)</u>
	(1.5)	(2.2)	(2.5)	(2.7)
Other	<u>—</u>	<u>—</u>	<u>—</u>	<u>0.2</u>
	<u>\$(44.1)</u>	<u>\$(48.3)</u>	<u>\$(79.7)</u>	<u>\$(107.1)</u>

#### QUARTERLY TRENDS – INCREASE (DECREASE) IN LOANS BY QUARTER (Continued)

(Unaudited)

(Dollars in Millions)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

	2010			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Construction and land development				
Residential				
Condominiums	\$ (5.2)	\$ —	\$ —	\$ —
Townhomes	—	—	—	—
Single family residences	(0.2)	(0.3)	0.2	(3.8)
Single family land and lots	(0.9)	(6.1)	(5.2)	(3.3)
Multifamily	<u>(0.2)</u>	<u>(2.2)</u>	<u>(6.2)</u>	<u>(0.2)</u>
	(6.5)	(8.6)	(11.2)	(7.3)
Commercial				
Office buildings	(0.2)	(13.7)	—	—
Retail trade	—	(3.9)	—	—
Land	0.1	(7.2)	(3.4)	(1.5)
Industrial	—	(2.2)	—	(0.3)
Healthcare	(4.8)	—	—	—
Churches and educational facilities	—	—	—	—
Lodging	—	—	—	—
Convenience stores	—	—	—	0.2
Marina	—	(6.8)	—	—
Other	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	(4.9)	(33.8)	(3.4)	(1.6)
Individuals				
Lot loans	(0.4)	(1.5)	(1.1)	(1.9)
Construction	<u>0.2</u>	<u>(0.5)</u>	<u>0.9</u>	<u>(2.0)</u>
	<u>(0.2)</u>	<u>(2.0)</u>	<u>(0.2)</u>	<u>(3.9)</u>
Total construction and land development	(11.6)	(44.4)	(14.8)	(12.8)
Real estate mortgages				
Residential real estate				
Adjustable	1.1	5.4	5.0	2.4
Fixed rate	(1.0)	(1.6)	(1.9)	(1.5)
Home equity mortgages	2.3	(10.1)	(4.6)	(1.0)
Home equity lines	<u>—</u>	<u>(1.3)</u>	<u>(0.4)</u>	<u>(0.7)</u>
	2.4	(7.6)	(1.9)	(0.8)
Commercial real estate				
Office buildings	(1.2)	(2.9)	(5.3)	(0.9)
Retail trade	(1.1)	(7.6)	(3.9)	(0.5)
Land	—	—	—	—
Industrial	(6.7)	2.3	(4.2)	(1.8)
Healthcare	4.4	0.3	(0.4)	1.0
Churches and educational facilities	(0.5)	(0.6)	0.9	(0.6)
Recreation	—	—	(0.1)	—
Multifamily	(4.4)	(1.7)	(0.4)	(0.8)
Mobile home parks	(0.1)	(2.7)	—	(0.1)
Lodging	(2.0)	(0.1)	(1.3)	(0.2)
Restaurant	—	(0.1)	(0.1)	—
Agricultural	(0.3)	(0.6)	(0.1)	(0.1)
Convenience stores	0.2	(1.3)	(2.1)	(0.3)
Marina	(0.1)	6.5	(0.1)	(0.2)
Other	<u>(1.3)</u>	<u>0.3</u>	<u>1.2</u>	<u>1.2</u>
	<u>(13.1)</u>	<u>(8.2)</u>	<u>(15.9)</u>	<u>(3.3)</u>

Total real estate mortgages	(10.7)	(15.8)	(17.8)	(4.1)
Commercial & financial	1.0	(12.2)	4.1	(5.2)
Installment loans to individuals				
Automobile and trucks	(0.9)	(1.5)	(1.3)	(0.7)
Marine loans	(1.1)	2.0	(7.6)	0.1
Other	<u>(0.6)</u>	<u>(0.9)</u>	<u>0.1</u>	<u>—</u>
	(2.6)	(0.4)	(8.8)	(0.6)
Other	<u>(0.3)</u>	<u>0.1</u>	<u>—</u>	<u>—</u>
	<u>\$<u>(24.2)</u></u>	<u>\$<u>(72.7)</u></u>	<u>\$<u>(37.3)</u></u>	<u>\$<u>(22.7)</u></u>

**Seacoast Banking Corporation of Florida**  
**Fourth Quarter and Year-End 2010 Earnings Conference Call**  
**January 27, 2011**  
**9:00 AM Eastern Time**

**Operator:**

*Welcome to the Fourth Quarter and Year End 2010 Earnings Conference Call. My name is Sandra, 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. Please note that this conference is being recorded.*

*I will now turn the call over to Mr. Dennis S. Hudson. Mr. Hudson, you may begin, sir.*

**Dennis S. Hudson, III:**

Thank you very much, Sandra, and welcome to our Seacoast Fourth Quarter Conference Call.

As always, before we begin, we will direct your attention to the statement contained at the end of our press release last night regarding forward statements. During this call, we will be discussing issues that constitute forward-looking statements within the meaning of the Securities and Exchange Act and accordingly our comments are intended to be covered within the meaning of Section 27A of that Act.

With me is today is Jean Strickland, our President; Russ Holland, our Chief Lending Officer; and Bill Hahl, our CFO.

We are very pleased to report continued progress this quarter; and in fact, we are very pleased with our revenue improvements and overhead improvements, which have been particularly strong in the second half of the year.

But before we discuss the factors that are producing these improvements, as well as our outlook for 2011, I want to comment on the year that just closed out and how our progress in 2010 will support our return to profitability in 2011.

Throughout 2010, we progressed forward in our effort to reduce aggregate credit risk in the balance sheet. Our targeted plan to reduce loan concentrations, and as I said in our July conference call, by focusing our liquidation efforts on our larger problem loan exposures and larger concentrations in 2009, we are now seeing problem loan inflows pace slower and the inflow is comprised of smaller loans. At the time of our call back in July, I also said that we believe our problem loan exposure peaked in the third quarter of 2009, and our belief was supported with a continued decline in the level of classified loans. As a result, I also said that we expected to see a moderation of new problem loans. Well, our nonperforming loans declined each quarter throughout the year in 2010. Nonperforming loans declined by 23.5 percent in the third quarter on a linked basis to \$69.5 million, and then fell to \$68 million in the fourth quarter, compared with a peak level of \$154 million in the third quarter of 2009. Nonperforming loans at year-end represented a decline of 56 percent from the peak and a decline of 30 percent for the year. Other real estate owned did in fact grow throughout the year, as I said it would during our first quarter call, but then declined 21 percent on a linked-quarter basis to \$25.7 million at year-end as we continued our problem asset liquidation effort.

Earnings results for the year 2010 were lumpy, again something I said we should expect during our first quarter call, including this quarter with our loss of \$10 million. The lumpy results were due entirely as we predicted to losses associated with the sale of OREO (other real estate owned) and asset dispositions, particularly in the first and final quarters of 2010.

Our success in managing down our credit risk will now begin to support our return to profitability. A reduction in aggregate credit risk, combined with signs of stability in the local economy, means fewer new problem loans and improved credit migration trends, and that's exactly what we are now seeing. I would say the real news here today is that what started out as hopeful signs of improvement in early 2010 have now emerged as real trends, trends we expect to continue.

As I now look at the liquidation work ahead of us, it will be very different than that of the past two years. First of all, our C&D loan exposure, which drove the bulk of our losses, has been all but eliminated. Second, further bulk loan sales are no longer needed to muscle down aggregate credit risk. And third, credit charge-offs primarily come from new problem inflows; and given that those inflows are now much reduced and are in asset classes with lower loss potential, we fully expect credit losses to continue to moderate. The assets that remain have generally received credit marks that reflect current conditions. This doesn't mean we have eliminated the risk brought on by current conditions, because conditions remain weak, but we do expect to see improved credit costs and continued improvements in credit quality in the next quarter and throughout 2011.

Now back to my opening comments regarding revenues and overhead. We reported very positive improvements in revenue growth last quarter and this trend continued into the final quarter of 2010. This growth occurred across the board and is a result of our focused

efforts to accelerate household growth and market share. Bill is going to speak to some of the details, but I'm particularly pleased with the growth in fees given the new regulatory fee restrictions that were put in place and impacted our final quarter.

Moving to overhead, core operating expenses, which totaled \$19.3 million in the first quarter of 2010, were reduced 7 percent to \$17.9 million in the final quarter of the year. These positive trends relating to revenues and positive trends relating to overhead, together with positive trends relating to asset quality and credit costs, support our belief that we can now begin to return to profitability in 2011 provided the overall economic outlook remains stable, as we think it will.

I'm now going to turn the call over to Bill for a few comments, and then we'll conclude with some questions.

**William R. Hahl:**

Thank you, Denny; and good morning, everyone. Thank you for joining us on the call today. We've posted a few slides for the call on our website for your reference. I'll quickly review some of the highlights from our results and then turn the call back to Denny and we'll take your questions.

Overall, our results for 2010 were driven by steadily improving credit trends that saw net charge-offs fall \$70 million to \$39.1 million, or 295 basis points of average loans, and provisioning for loan losses fell \$93 million to \$31.7 million. NPLs fell by 30 percent to \$68.3 million compared to the prior year. Taken together, these two factors contributed significantly to our year-over-year earnings improvement. Encouragingly, fourth quarter loan production in our consumer, residential and commercial loan portfolios resulted in only a 1.8 percent decline in accruing loans linked-quarter. Additionally, expansion of the net interest margin, coupled with good expense control, contributed to improving operating efficiencies; and higher deposit household acquisitions enabled our retail bank to offset the reduction in consumer service charges that Denny mentioned during the mid-year implementation of changes to Reg E.

Included in GAAP earnings for 2010 were credit-related expenses related to elevated nonperforming asset management costs and direct costs to manage these assets and combined totaled \$17.8 million for the year compared to \$6.3 million for 2009. Additionally, noncore operating expenses for professional fees related to the assistance in developing the Company's new strategic plan and new risk management system of \$2.3 million are also included in GAAP noninterest expenses. Without these costs and on a comparable basis, overhead for the year 2010 declined by \$2.7 million compared to the prior year.

Next, I'd like to cover a few highlights from the balance sheet and the income statement. Taxable equivalent net interest income was \$16.4 million for the fourth quarter, slightly lower than the third quarter. The net interest margin improved slightly during the fourth quarter, averaging 3.42 percent, up seven basis points from 3.35 percent in the third quarter. As we discussed on the earnings call in October, we held higher levels of cash on the balance sheet during the third quarter, and this continued in the fourth quarter. In this unusually low interest rate environment and with the prospects for improved asset yields in 2011 and beyond, we remain opportunistic investors. While this program negatively impacts the net interest margin, it is a temporary issue and it will allow for future margin expansion as the economy improves and loan growth returns, perhaps as early as late 2011. Offsetting this has been improved deposit mix, which allowed net interest deposit costs to decline 9 basis points to 0.92 percent and overall costs of deposits to decline 8 basis points to 0.76 percent compared to the third quarter.

As for the balance sheet, compared with the third quarter, residential real estate loans grew by an annualized 7.7 percent, reflecting specifically the retaining of more mortgage loan production in the portfolio, while consumer loan correction was largely offset by monthly amortization of principal. While it seems clear that economic activity continues to improve, commercial loan growth is still weak and dependent on market share increases, as little new business is being started, expanded or opened.

With that said, we continue to see strong growth in core deposits. Average core customer deposits, which exclude CDs greater than \$100,000, increased in the fourth quarter to 84.5 percent of total deposits, up from 80.5 percent a year ago.

Turning to noninterest income excluding security gains, noninterest income was \$5.3 million for the recent quarter compared to \$4.8 million in the third quarter. Mortgage banking fees were \$580,000 for the quarter, down from \$654,000 linked-quarter. As I mentioned earlier, this decline can be attributed to our decision to retain a higher percentage of mortgage production, as closed production increased to \$49 million in the quarter, up from \$38 million in the third quarter and sequentially was up every quarter. We started with first quarter at \$33 million.

Service charges on deposit accounts were \$1.6 million during the quarter compared with \$1.5 million linked-quarter. This 20.9 percent annualized increase reflected the full impact of the implementation of the new Reg E, which Denny mentioned and I mentioned earlier, but it was largely offset. There were declines in those fees, but they were principally offset with increases in personal and business core deposit household growth.

Turning to expenses, operating expenses continue to be well controlled during the recent quarter. Excluding credit-related costs and professional fees, as discussed earlier core operating expenses were \$17.5 million, down from \$17.7 million in the third quarter. Annualized net charge-offs as a percentage of total loans were 147 basis points, down from 329 basis points linked-quarter. The provision for credit losses was also down at \$4 million for the quarter compared to \$9 million in the linked-quarter. The provision allowed for the allowance for loan losses to remain at a steady 3.04 percent of total loans at year-end.

The tangible common equity (“TCE”) ratio was 5.81 percent at the end of the fourth quarter, a 105 basis point increase from 4.76 percent at December 31, 2009. We increased the deferred tax valuation allowance again this quarter and it now totals \$47.8 million. The recapture of the valuation allowance will allow the TCE to increase by 137 basis points when we are able to rely on a forecast of future taxable earnings as support for the Company’s net deferred tax assets (“DTA”).

The outlook for 2011 is for the rate of recovery to remain slow with levels of economic activity improving. We expect the net interest margin for 2011 to be relatively consistent with the 3.42 percent we recorded in the fourth quarter. Overall, our goal for 2011 is to sustain the improvements that we have gained during 2010 and to further develop and implement strategies which achieve our long-term objective of improving shareholder value.

That concludes my remarks, so I’ll turn the back to Denny and we will open for some questions.

**Dennis S. Hudson, III:**

Thank you, Bill. We included a new slide this quarter, nonperforming loan inflows, slide number six. If you take a look at that, it is very supportive of some of the comments I made earlier in the call. Again, we are seeing a very significant reduction in the level of inflows. And the final comment I’ll make is we were very comprehensive in our look at year-end nonperforming assets with respect to credit marks needed and so forth to move those assets out as we look forward into 2011. You’ll probably have some questions on that and I’m happy to give you a little more detail around that. But I think for now, we will just throw the floor open to questions and ask the operator to please announce our questions.

**Operator:**

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

*The first question is from Brad Scheiner from FBR Capital Markets. Please go ahead.*

**Brad Scheiner:**

Good morning, gentlemen.

**William R. Hahl:**

Good morning.

**Dennis S. Hudson, III:**

Good morning.

**Brad Scheiner:**

Good to see credit improving. **I understand you will have about a 140 basis point TCE recapture when the DTA comes back. TCE, though, is still below 6 percent. Can you just give some color on how you are thinking about capital, whether you think you need to access the capital markets?**

**Dennis S. Hudson, III:**

Well, I think our focus is on returning to profitability. And as we return to profitability, the visibility of the deferred tax asset gets a little clearer, and we think it’s important to do that. So we’re comfortable with our capital position right now. As I said, we were pretty aggressive in the fourth quarter, looking at all of the credit marks throughout the portfolio and getting the portfolio now to a point where we can start to more rapidly reduce and liquidate, in an appropriate way, those assets. So as we do that, we continue to improve credit quality, number one, and risk levels continue to improve, which we think is positive in terms of looking at capital. That is to say, the credit impact on capital will become much less in 2011, and we think we have bottomed out in terms of some of the capital numbers there. So we fully expect to see that number improve over the next year.

**Brett Scheiner:**

Let me ask you a follow-up on that. **Your intention would be for the at least partial DTA recovery, if not all, as you return to profitability—certainly you have plenty of time to use it—and then raise capital at a more favorable price? Or do you believe at that point that you’ll be capitalized at a comfortable rate?**

**Dennis S. Hudson, III:**

We believe we'll be capitalized at a comfortable rate. Given the improving risk profile of the organization, the growing revenues, and increasing profitability, we will start accreting capital in 2011.

**Brett Scheiner:**

Okay great. Congrats in the improvements in the year. Take care.

**William R. Hahl:**

Thanks.

**Dennis S. Hudson, III:**

Thanks.

**Operator:**

*Thank you. The next question is from Chris Marinac from FIG Partners. Please go ahead.*

**Chris Marinac:**

Thanks. Good morning, Denny and Bill.

**Dennis S. Hudson, III:**

Good morning.

**William R. Hahl:**

Good morning, Chris.

**Chris Marinac:**

**I wanted to ask about your perception about the classified assets relative to capital reserves at this juncture. Are you satisfied with the improvements there, and do you think that there will be further changes in that ratio coming lower in the coming quarters?**

**Dennis S. Hudson, III:**

Yeah, we are very pleased with the level of classified assets to capital. It's improved consistently for quite some time now. In fact, our classified assets peaked prior to the nonperforming loans peaking in the third quarter, so it would have been a couple of quarters earlier. And ever since then, we have seen a continuous decline in the level of classified assets. When you relate that number to our capital, again the trends are positive. We are seeing those numbers get even more favorable as we hit the end of 2011 in terms of our outlook and projection. So, yeah, we feel pretty comfortable with where we are there. The trends are great; the numbers are down to levels that we find a lot more acceptable than they were two years ago; and again the inflows and migration trends are very favorable as well. We are now seeing—I think I said last quarter—we are starting to see more upgrades than we are downgrades, and that continued into the fourth quarter. So we are seeing things clearly stabilize, Chris, on that front. Back to the earlier question on capital, that's one reason we feel comfortable with the current capital position. We are seeing all the risk metrics improve very nicely.

**Chris Marinac:**

**Denny, is there any rule of thumb on if we see NPAs and other performance metrics improve, is there any relationship to how classifieds drop? Do the classifieds actually fall faster than NPAs, or is there any rule of thumb there?**

**Dennis S. Hudson, III:**

Yeah, I don't know. I don't have that number off of the top of my head. But I'd say as the NPAs come down, we do see some probably modest, even further improvement in the level of classifieds, and it's because of performing classified loans, again, improving. The other thing I said last quarter was the quality of the classified loans that are not on nonaccrual, that is to say those that continue to perform, the quality of those classified assets continues to improve. We are seeing relationships that two years ago were headed....had trends that were very negative and now we are seeing the trends improve. It's still a classified asset; it's still got stress; we are still

concerned about it, but the falling trends have now stabilized in just about all cases, and in many cases have actually improved; and we can begin to start seeing the borrower is returning to better health. So there is some of that going on, and that would tend to increase the improvement beyond that that you are seeing in NPLs.

**Chris Marinac:**

Okay. And then just one quick last question, Denny. **On OREO costs, how much change should we expect in that? I know this quarter was a large one, but just curious on how that number is going to fluctuate quarter-quarter?**

**Dennis S. Hudson, III:**

Yeah, this quarter was... It's a good question. This quarter was a very large impact. And again, as the inflows have now moderated and our projected inflows continue to moderate as we look forward, we felt this quarter we needed to look very carefully at current market conditions and try to achieve credit marks, particularly in the OREO portfolio, that would allow us to continue to liquidate those assets over the next several quarters. We feel pretty good about that. We think we've got things marked more aggressively now than they probably ever have been, and it's the right time to do that.

Russ, did you have any comments on...

**H. Russell Holland, III:**

Well, just sort of confirming what you said that we have written the assets down to where we are seeing increased market activity, which has been reducing our days in ORE. So we have been able to start seeing more movement in the assets sooner.

**Dennis S. Hudson, III:**

Right. We are seeing good activity on the OREO side and things are moving, and actually probably a little ahead of where we had thought we would be in the fourth quarter on OREO. Again, with all of the migration that occurred in 2010 into OREO, it's pretty amazing. We actually saw no growth from year-end to year-end in OREO balances. So we are feeling pretty good about our ability to move the stuff out, and we believe that will continue next quarter and into 2011. We are more optimistic today than we were last quarter, and we were very optimistic about the trends last quarter. So we are feeling pretty good now that things have really turned, clearly stabilized. Locally things are stabilizing, and we are seeing much better numbers out ahead of us.

**Chris Marinac:**

Great. Thanks very much for the color.

**Dennis S. Hudson, III:**

Yep.

**Operator:**

*Thank you. The next question is from Dave Bishop from Stifel Nicolaus. Please go ahead.*

**Dave Bishop:**

Hey. Good morning, guys.

**Dennis S. Hudson, III:**

Morning.

**William R. Hahl:**

Morning.

**Dave Bishop:**

**Hey, circling back to the OREO costs there, in terms of the expenses this quarter, was it — - how deep of a dive was it? Were there larger credits impacting that? Actually, what was moved out of there? What flowed in, in terms of the size and depth, or was it a little bit more granular in terms of some of the write-down?**

**Dennis S. Hudson, III:**

I'll make a general comment and then turn it over to Russ and Jean to give a little more color. Generally speaking, again in my earlier comments several quarters back, we focused our liquidation efforts in late 2008 and all of 2009 on our largest, biggest, baddest, nastiest stuff. And as a result of that, the inflows that we are seeing now are much smaller in size—now meaning during 2010—tended to be more granular and things that are easier to liquidate. That was the plan back in late 2008, and we executed on that plan. Now we are seeing it come to fruition with these improvements in 2010. Those improvements will continue on into 2011 and the negative impacts are driven down by the increased granularity and the increased liquidity associated with it.

Any other comments, Russ or Jean, on that?

**H. Russell Holland, III:**

As far as the nature of the write-downs, they were fairly diverse across the portfolios and were again valuation-driven, enabling us to move the assets more quickly.

**O. Jean Strickland:**

We had a conscious thought... This is Jean Strickland. We had a conscious thought that we wanted to take a hard look so that we could make sure of our ability this year to continue moving things out.

**Dennis S. Hudson, III:**

Yeah.

**Dave Bishop:**

**Has there been any change in terms of the depth of the market there for secondary, for buyers there in terms of dipping their toe in the market? Is it becoming a little bit more rational, a bit more professional-driven, where people are getting not necessarily more optimistic, but a little bit more rational in terms of the pricing there? It's okay, it's more acceptable in terms of the marks that you are taking?**

**Dennis S. Hudson, III:**

We are actually seeing improved volumes. First of all, for example, residential home sales accelerated back up in December and were actually surprisingly strong in the month of December. We are seeing pricing... The valuations now on the residential side of things are not what I would call bargains, because it is the market price, but they are very reasonably priced and they are priced—as I've said for several quarters—to match income levels. Everything has come back into balance, and that is what is driving the volume up in those areas. We are also seeing some stability, I would say, across the board and in commercial as well.

You were about to say something...

**O. Jean Strickland:**

Just that we commented earlier, I think you and Russ both did, about the activity that we are seeing. We're seeing a more active market, which speaks for a little bit more demand. So to your point about: "Are the pricing expectations of sellers and buyers getting closer together", I would say, "Yes, we are seeing that now."

**Dennis S. Hudson, III:**

Yeah, and I think the price capitulation on the part of the seller, which was driven by a lot of short sales and distressed asset sales and that sort of thing, have really come into a better balance with the buyers' expectations. So we are again seeing things move. We have a much more positive outlook today than we had a year ago.

**Dave Bishop:**

Thanks.

**Operator:**

*Thank you. As a reminder, if you would like to ask a question, please press star/one on your phone.*

*The next question is from Mac Hodgson from SunTrust Robinson. Please go ahead.*

**Mac Hodgson:**

Good morning.

**Dennis S. Hudson, III:**

Good morning.

**Mac Hodgson:**

**On the margin, I know you mentioned that the excess cash liquidity of \$200 million or so is a drag and that you hope to obviously redeploy it. Can you help us think through long-term where the margin could go when that turns around and loan growth comes back?**

**Dennis S. Hudson, III:**

As Bill pointed out, the higher level is not just cash. It's also higher levels of short-term investments in the portfolio that restricts our ability to produce a better margin. And as that liquidity in the short-term investment portfolio is reinvested into loans, we are projecting some very nice margin expansions over time. I think the key there is: what is the pace of that? We have been very disciplined with respect to our forward projections for interest rate risk, and we are very concerned over where yields may be going over the next year. So we have been, as I said, very disciplined in trying to manage that price risk very diligently, and we put more of our efforts into growing a loan portfolio. There are two things that happened that will layout over the next couple of years, Mac. The first thing will be the redeployment of liquidity into the loan portfolio, and that is worth a lot of money. That would have a significant impact on net interest income, and it would actually probably have a very significant impact on bottom line performance. We see that occurring over the next 12 to 18 months. And then beyond that, the continued growth in market share and household growth that we talked about this quarter and last quarter, particularly, starts expanding the balance sheet in a very low cost way. Again, that works its way back into earning assets, which is the secondary source of margin growth and will be more of an impact in 2012 and beyond. But all of those things are stacking up to improve margin growth. It might be good for somebody to comment on what effort we have underway to grow the loan portfolio.

**H. Russell Holland, III:**

Sure. On the commercial side, we have been heavily recruiting commercial lenders from our competitors in various markets, and we have seen some activity of bringing those relationships over from our competitors. We are focused on small business lending, owner-occupied type financing, and have seen an increase in the fourth quarter in the number of transactions. In residential mortgages, we have had a significant increase in volume bringing us back to improve our market share in our core markets and increase our volume in those areas. We are also working heavily with our retail branches in originating additional consumer credit.

**Dennis S. Hudson, III:**

Right. So we have a lot of irons in the fire, Mac, to grow that loan portfolio in an appropriate way. We have seen great success in the residential and a little bit in the consumer area. That's working very well, and those are market share gains that are driving that success. We want to see similar market share gains driving success in the small business owner-occupied area, as Russ said, and that led us to recruiting. What we seeing out there with our recruiting efforts—and this is fairly recent, something we started last quarter and talked about—we actually landed some folks in the fourth quarter who are beginning to produce. But the real impact starts to get felt in 2011 with growing revenues out of that. But I know...

**H. Russell Holland, III:**

Well the interesting thing in our market is there is still quite a bit of disruption with some of our larger competitors that are in transition, and that transition is causing disruption not only with their customers, but also with their line production folks. We are able to attract them because what Seacoast has to offer is fairly unique in our market, and it is attracting not only the customers, but the originators as well.

**Mac Hodgson:**

**How many bankers did you hire?**

**H. Russell Holland, III:**

We brought on four in the fourth quarter, and we are going to continue that trend throughout 2011.

**Mac Hodgson:**

Okay, that's great color. Thanks. Just a couple others...

**Dennis S. Hudson, III:**

And by the way, I just remind you, in the second quarter call in July, I talked about we had moved all of our softer workouts back into special assets, so what was frenetic in the prior year 2009 has now clearly turned into, I think I called it, a "mop up" operation by the time we hit mid-year. So the focus was in the second half of the year to really press forward to drive revenue growth so that we could set ourselves up for some more impressive revenue growth in 2011 and beyond. A lot of our existing production folks are now devoting greater amounts of their time, in fact full-time now, on new loan growth. We think that the timing was good, because the economy is stabilizing and the local economy is starting to repair itself now. Unemployment is still very, very high in our markets—in most of our markets, it's 12 and 13 percent or even a couple of them almost 14 percent—so conditions are still very, very soft. But we think the timing is very appropriate for us to be back out in the market now. What we have to focus on is...We are not seeing any new production, new business, new expansion going on; it is all market share acquisition, so we are laserizing in on particular market segments that are very attractive in the current environment and are likely to show improved performance over the next couple of years. We are laserizing in on those areas, and we are seeking production folks in other markets from other competitors who have a specialty in those targeted segments; and it's beginning to work. We saw volume increase very nicely in the commercial side in the fourth quarter, and pipelines are starting to build. We did this a year ago on the residential side, and it is now paying dividends big time. We believe by the time we get to the end of 2011, we will have some very nice overall loan growth beginning to materialize and that will drive net interest income throughout 2011, but even more aggressively in 2012.

**Mac Hodgson:**

Okay great. Just maybe just one last one. **What is the liquidity at the holding company and when do you expect to go back to, unless I missed it already, go back to paying the TARP interest or preferred dividends?**

**Dennis S. Hudson, III:**

Yeah, that's kind of a current topic. We have over \$20 million of liquidity at the parent, and we believe we are very fast approaching a point when it makes sense for us to come out of deferral. So it is a current topic; and as we get better visibility on that, we will be letting you know what our thoughts are.

**Mac Hodgson:**

Okay great. Thanks.

**Operator:**

*Thank you. The next question is from Bill Young from Macquarie. Please go ahead.*

**Bill Young:**

Hey, good morning, guys.

**Dennis S. Hudson, III:**

Good morning.

**William R. Hahl:**

Good morning.

**Bill Young:**

**Could you just quickly remind us how much you expect to achieve from cost savings with the efficiency plan next year?**

**Dennis S. Hudson, III:**

We don't have anything that we've announced in terms of what that looks like, but we'll have something to say I think in the first quarter.

You had a comment?

**O. Jean Strickland:**

Only that we are looking at working with an outside firm to assist with an overhead review, so it will be significant.

**Dennis S. Hudson, III:**

It will be a significant deep look, and we are looking for operating efficiencies. We have been through a very tumultuous period, and as we begin to now stabilize the organization and see these trends emerge, I think it's very important and very timely for us to refocus our attention on our structural overhead, match that overhead to the opportunities out ahead of us, and begin to increase our efficiencies as we look forward. Our efficiency ratio today is completely unacceptable. It is not where it needs to be, but that is not entirely due to the operational side and the cost side. It is also very, very much a function of the revenue side of the equation given what we have been through here. I'd remind you that not only are we holding very high levels of liquidity, but we are also continuing to carry higher levels of nonperforming assets; and as those assets are liquidated and reinvested, all of that continues to drive revenue up. So we think the combination of a look at overhead, combined with this focus on revenue, will begin to get our overhead ratios back, in a year from now, to a level that we find a lot more acceptable.

**O. Jean Strickland:**

And part of focusing on efficiency has to do with improving customer service, so that's another benefit that we expect to achieve through the look we will do this year.

**Mac Hodgson:**

Got it. Thanks, guys.

**Dennis S. Hudson, III:**

Thank you.

**Operator:**

*Thank you. Dave Bishop from Stifel Nicolaus is back online with a question. Please go ahead.*

**Dave Bishop:**

Yeah, I just had one follow-up. **Jean, I think you talked about this before, and it doesn't look like there was too much movement in or out either way, but on the restructured loan portfolios, have you had much experience there— I think you were assuming it was like 20 percent on the residential side and no re-defaults on the commercial real estate side? Is that still holding true?**

**O. Jean Strickland:**

That is still holding true. We have no re-defaults on the commercial side. And on the residential side, we are experiencing half of what the industry sees in terms of us having a 20 percent re-default rate versus 40.

**Dave Bishop:**

Okay, gotcha. Great. Thank you.

**Operator:**

*Once again, if you would like to ask a question, please press star/one on your phone. At this time, there are no further questions.*

**Dennis S. Hudson, III:**

Okay. Well thank you very much for your attendance today. We look forward to talking with you after the first quarter results. Thank you.

**Operator:**

*Thank you. Ladies and gentleman, this concludes today's conference. Thank you for participating. You may now disconnect.*

**Seacoast Banking Corporation of Florida**

**Fourth Quarter 2010**

**Cautionary Notice Regarding Forward-Looking Statements**

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

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

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

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2009 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>.

## **Highlights**

- Loss of \$11.1 million, or \$0.12 per share, improved significantly compared to last year
- Solid capital position with estimated tangible common equity (TCE) ratio of 8.0% when DTA valuation allowance of \$47.8 million is recaptured.
- Nonperforming loans declined from \$69.5 million at September 30, 2010 to \$68.2 million during the quarter
- The trend of decline in accruing loans outstanding continues to slow
- Liquidity remains strong with low cost core funding from deposits and sweep repos
- Cost of deposits for the quarter declined 8 basis points to 0.76%; total interest bearing liabilities down 8 basis points to 1.01%

- Improved asset quality trends continued with nonperforming assets, nonaccrual loans and net charge-offs all declining
- Favorable deposit volume and mix trends continued
- Expenses remain well managed
- Operating trends continue to be encouraging and we remain acutely focused on executing client satisfaction and retention initiatives to drive steadily improving results

## Capital Ratios

	<u>4Q-2010</u> <u>Estimate</u>	<u>3Q-2010</u> <u>Actual</u>	<u>2Q-2010</u> <u>Actual</u>	<u>1Q-2010</u> <u>Actual</u>
Tier 1 Capital Ratio	16.57%	17.11%	17.62%	13.83%
Total Risk Based Capital Ratio	17.84%	18.38%	18.89%	15.29%
YTD Average Equity to YTD Average Assets	8.27%	8.15%	7.82%	7.13%
Tangible Equity to Tangible Assets	8.10%	8.76%	8.78%	6.96%
Tangible Common Equity to Tangible Assets	5.81%	6.48%	6.60%	4.82%
Tangible Common Equity to Risk Weighted Assets	9.43%	10.32%	10.78%	7.53%

## Credit Analysis

	(\$ in thousands)				
	<u>4Q-2010</u>	<u>3Q-2010</u>	<u>2Q-2010</u>	<u>1Q-2010</u>	<u>4Q-2009</u>
Net charge-offs	\$4,678	\$10,700	\$20,209	\$3,541	\$45,172
Net charge-offs to average loans	1.47%	3.29%	5.95%	1.03%	12.12%
Loan loss provision	\$3,975	\$ 8,866	\$16,771	\$2,068	\$41,514
Allowance to loans at end of period	3.04%	3.04%	3.10%	3.18%	3.23%

## NPL Inflows

	<u>1Q-09</u>	<u>2Q-09</u>	<u>3Q-09</u>	<u>4Q-09</u>	<u>1Q-10</u>	<u>2Q-10</u>	<u>3Q-10</u>	<u>4Q-10</u>
NPL Inflows	\$37,170	\$46,303	\$75,295	\$36,196	\$11,895	\$22,560	\$8,151	\$9,990

## Funding & Liquidity

### Stable Funding Profile and Strong Liquidity Position

#### Funding

- Deposits and sweep repo base
  - Customer deposits and sweep repos were \$1.734 billion at December 31, 2010 <sup>(1)</sup>
  - Customer deposits and sweep repos compose 94% of total funding <sup>(2)</sup>

#### Liquidity

- Daily overnight borrowing position maintained at zero since year-end 2008
- On balance sheet cash liquidity averaged approximately \$174 billion for the fourth quarter
- Combined available contingent liquidity from the Federal Reserve, FHLB, and free securities approximately \$638 million

(1) Excludes brokered deposits; but includes Certificate of Deposit Account Registry Service (CDARS) deposits

(2) Total funding includes customer deposits, broker deposits, sweep repos, borrowed funds and subordinated debt.

## Noninterest Expense

### Controllable Expenses Well Managed

(\$ in thousands)		
<u>4Q-2010</u>	<u>3Q-2010</u>	<u>4Q-2009</u>

Noninterest Expenses	\$27,834	\$20,244	\$20,868
Strategic plan & credit related Professional Fees	179	791	902
OREO and REPO Expenses (1)	1,414	942	488
Net loss on OREO & Repossessed Assets	<u>8,763</u>	<u>849</u>	<u>2,125</u>
Nonrecurring Expenses	\$10,356	\$ 2,582	\$ 3,515
Core Operating Expenses	\$17,478	\$17,662	\$17,353

	<b>4Q 2010</b>	<b>4Q 2010</b>
	<b>vs 3Q 2010</b>	<b>vs 4Q 2009</b>
Noninterest Expenses	37.5%	33.4%
Strategic plan & credit related Professional Fees		
OREO and REPO Expenses (1)		
Net loss on OREO & Repossessed Assets		
Nonrecurring Expenses	301.1%	194.6%
Core Operating Expenses	-1.0%	0.7%

(1) Does not include personnel expense related to credit administration or default management costs

## Core Deposit Growth

### Favorable Mix Shift

	(\$ in thousands)			
	<b>4Q-2010</b>	<b>Mix</b>	<b>4Q-2009</b>	<b>Mix</b>
Demand deposits (noninterest bearing)	\$ 289,621	17.69%	\$ 268,789	15.11%
Savings deposits	<u>812,625</u>	<u>49.63%</u>	<u>838,288</u>	<u>47.11%</u>
<b>Total Demand and Savings</b>	<b>\$1,102,246</b>	<b>67.31%</b>	<b>\$1,107,077</b>	<b>62.22%</b>
Other time certificates	281,681	17.20%	326,070	18.32%
Brokered time certificates	7,093	0.43%	38,656	2.17%
Time certificates of \$100,000 or more	<u>246,208</u>	<u>15.04%</u>	<u>307,631</u>	<u>17.29%</u>
<b>Total Time Deposits</b>	<b>\$ 534,982</b>	<b>32.68%</b>	<b>\$ 672,357</b>	<b>37.78%</b>
<b>Total Deposits</b>	<b>\$1,637,228</b>		<b>\$1,779,434</b>	

## Net Interest Margin

	<b>4Q-09</b>	<b>1Q-10</b>	<b>2Q-10</b>	<b>3Q-10</b>	<b>4Q-10</b>
Net Interest Margin	3.37%	3.48%	3.27%	3.35%	3.42%

- Focus on deposit pricing and favorable deposit trends benefited the margin
- Margin is expected to remain stable provided the slower pace of decline in accruing loans outstanding continues in the following year

## Noninterest Income (excluding securities gains)

### Quarterly Trends Improve Sequentially in 2010

	<b>2010</b>			
<i>\$ in thousands</i>	<b>Q-4</b>	<b>Q-3</b>	<b>Q-2</b>	<b>Q-1</b>
<b>Total Noninterest Income (excluding securities gains)</b>	<b>\$5,283</b>	<b>\$4,801</b>	<b>\$4,601</b>	<b>\$4,559</b>
Highlights include:				
Service Charges	\$1,509	\$1,511	\$1,452	\$1,372
Trust Income	510	500	491	476
Mortgage Banking	580	654	464	421
Brokerage	325	306	257	286
Marine	355	330	310	339
Debit Card	814	810	822	717

## Service Area

### [Map of Franchise]

- Seminole County

- Orange County
- Brevard County
- Indian River County
- Okeechobee County
- St. Lucie County
- Martin County
- Palm Beach County
- Hardee County
- Highlands County
- Desoto County
- Glades County
- Hendry County