

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported) January 24, 2019

**SEACOAST BANKING CORPORATION OF FLORIDA**

(Exact Name of Registrant as Specified in Charter)

**Florida**

(State or Other Jurisdiction  
of Incorporation)

**0-13660**

(Commission  
File Number)

**59-2260678**

(IRS Employer  
Identification No.)

**815 Colorado Avenue, Stuart, FL**

(Address of Principal Executive Offices)

**34994**

(Zip Code)

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

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

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

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

Emerging growth company

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

## SEACOAST BANKING CORPORATION OF FLORIDA

### Item 2.02 Results of Operations and Financial Condition

On January 24, 2019, Seacoast Banking Corporation of Florida (“Seacoast” or the “Company”) announced its financial results for the quarter ended December 31, 2018.

A copy of the press release announcing Seacoast’s results for the quarter ended December 31, 2018 is attached hereto as Exhibit 99.1 and incorporated herein by reference.

### Item 7.01 Regulation FD Disclosure

On January 25, 2019, Seacoast held an investor conference call to discuss its financial results for the quarter ended December 31, 2018. A transcript of this conference call is attached hereto as Exhibit 99.2 and incorporated herein by reference. Also attached as Exhibit 99.3 are charts (available on the Company’s website at [www.seacoastbanking.com](http://www.seacoastbanking.com)) containing information used in the conference call and incorporated herein by reference. All information included in the transcript and the charts is presented as of December 31, 2018, and the Company does not assume any obligation to correct or update said information in the future.

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

### Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<a href="#"><u>99.1</u></a>	<a href="#"><u>Press Release dated January 24, 2019 with respect to Seacoast’s financial results for the quarter ended December 31, 2018</u></a>
<a href="#"><u>99.2</u></a>	<a href="#"><u>Transcript of Seacoast’s investor conference call held on January 25, 2019 to discuss the Company’s financial results for the quarter ended December 31, 2018</u></a>
<a href="#"><u>99.3</u></a>	<a href="#"><u>Data on website containing information used in the conference call held on January 25, 2019</u></a>

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

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

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

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2017 under “Special Cautionary Notice Regarding Forward-Looking Statements” and “Risk Factors”, and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC’s Internet website at <http://www.sec.gov>.

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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.

SEACOAST BANKING CORPORATION OF FLORIDA

(Registrant)

Date: January 29, 2019

By: /s/ Charles M. Shaffer

Charles M. Shaffer

Executive Vice President and Chief Financial Officer

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EXHIBIT INDEX

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

## SEACOAST REPORTS FOURTH QUARTER AND FULL-YEAR 2018 RESULTS

**Full-Year Net Income Increased 57% Year-Over-Year to \$67.3 Million**

**Net Interest Margin Expanded to 4.0%, Up 18 Basis Points from Prior Quarter**

**Achieved Record Commercial Originations, Up 21% Year-Over-Year**

STUART, Fla., January 24, 2019 /GLOBE NEWSWIRE/ — Seacoast Banking Corporation of Florida (“Seacoast” or “the Company”) (NASDAQ: SBCF) today reported fourth quarter 2018 net income of \$16.0 million, or \$0.31 per share, up 22% or \$2.9 million year-over-year. For the full-year 2018, net income was \$67.3 million, or \$1.38 per share, up 57% year-over-year. Seacoast reported fourth quarter adjusted net income<sup>1</sup> of \$23.9 million, or \$0.47 per share, increasing \$6.6 million compared to fourth quarter 2017. For the full year 2018, adjusted net income<sup>1</sup> was \$79.1 million, or \$1.62 per share, a 43% increase year-over-year.

For the fourth quarter 2018, return on average tangible assets was 1.05%, return on average tangible shareholders’ equity was 10.9%, and the efficiency ratio was 65.8%, compared to 1.18%, 12.0% and 57.0%, respectively, in the prior quarter and 0.97%, 10.7%, and 64.0%, respectively, in the fourth quarter of 2017. Adjusted return on average tangible assets<sup>1</sup> was 1.49%, adjusted return on average tangible shareholders’ equity<sup>1</sup> was 15.4%, and the adjusted efficiency ratio<sup>1</sup> was 54.2%, compared to 1.22%, 12.4%, and 56.3%, respectively, in the prior quarter, and 1.23%, 13.5%, and 52.6%, respectively, in the fourth quarter of 2017.

Dennis S. Hudson, III, Seacoast’s Chairman and CEO, said, “Seacoast’s outstanding performance in 2018 demonstrates the continued success of our balanced growth strategy, with consistent organic growth augmented by prudent and well-integrated acquisitions. Our focused efforts to position our franchise in attractive Florida markets, among the fastest-growing markets in the United States, combined with our unique customer analytics capabilities, helped us to deliver another year of robust shareholder returns as we remained on-track to achieve our Vision 2020 goals.”

Hudson added, “I would like to personally thank our associates for their dedication and hard work in 2018, and I am very excited to carry our momentum into 2019 as we build on our position as Florida’s bank of choice.”

Charles M. Shaffer, Seacoast’s Chief Financial Officer, said, “We successfully allocated capital towards accretive opportunities in 2018, resulting in an 11% increase year-over-year in tangible book value per share to \$12.33, despite the initial dilutive effect of integrating First Green Bancorp in the fourth quarter. Our disciplined approach to credit, liquidity, and expense management combined with accretive acquisitions has driven operating leverage and margin expansion while maintaining the granularity and quality of our loan portfolio.”

<sup>1</sup> Non-GAAP measure, see “Explanation of Certain Unaudited Non-GAAP Financial Measures”

## **Completion of the Acquisition of First Green Bancorp**

On October 19, 2018, we completed the acquisition of First Green Bancorp, Inc., which added \$631 million in loans and \$624 million in deposits. The acquisition continues our expansion into the attractive Orlando, Daytona and Fort Lauderdale markets. All expense consolidation activities are largely complete.

## **Fourth Quarter 2018 Financial Highlights**

### ***Income Statement***

- **Net income** was \$16.0 million, or \$0.31 per diluted share, compared to \$16.3 million or \$0.34 for the prior quarter and \$13.0 million or \$0.28 for the fourth quarter of 2017. For the year ended December 31, 2018, net income was \$67.3 million compared to \$42.9 million for the year ended December 31, 2017. Adjusted net income <sup>1</sup> was \$23.9 million, or \$0.47 per diluted share, compared to \$17.6 million or \$0.37 for the prior quarter and \$17.3 million or \$0.37 for the fourth quarter of 2017. For the year ended December 31, 2018, adjusted net income <sup>1</sup> was \$79.1 million compared to \$55.3 million for the year ended December 31, 2017.
- **Net revenues** were \$72.7 million, an increase of \$8.8 million or 14% compared to the prior quarter, and a decrease of \$2.2 million or 3% compared to the fourth quarter of 2017. For the year ended December 31, 2018, net revenues were \$261.5 million, an increase of \$26.8 million or 11% compared to the year ended December 31, 2017. The fourth quarter of 2017 included a gain of \$15.2 million on the sale of Visa class B shares. Adjusted revenues <sup>1</sup> were \$72.8 million, an increase of \$8.9 million, or 14%, from the prior quarter and an increase of \$13.2 million, or 22% from the fourth quarter of 2017. For the year ended December 31, 2018, adjusted revenues <sup>1</sup> were \$261.9 million, an increase of \$42.4 million or 19% compared to the year ended December 31, 2017.
- **Net interest income** totaled \$60.0 million, an increase of \$8.4 million or 14% from the prior quarter and an increase of \$11.8 million or 24% from the fourth quarter of 2017. For the year ended December 31, 2018, net interest income totaled \$211.5 million, an increase of \$35.2 million or 20% compared to the year ended December 31, 2017.
- **Net interest margin** was 4.00% in the current quarter compared to 3.82% in the prior quarter and 3.71% in the fourth quarter of 2017. Quarter over quarter, the yield on loans expanded 29 basis points, the yield on securities expanded 11 basis points, and the cost of deposits increased 11 basis points. The cost of deposits excluding First Green increased approximately 6 basis points sequentially. The impact on net interest margin from accretion of purchase discounts on acquired loans was 27 basis points in the current quarter, compared to 18 basis points in the prior quarter and 22 basis points in the fourth quarter of 2017. Removing accretion on acquired loans, the net interest margin expanded 9 basis points.
- **Noninterest income** totaled \$12.7 million, an increase of \$0.4 million or 3% compared to the prior quarter and a decrease of \$13.9 million or 52% from the fourth quarter of 2017. For the year ended December 31, 2018, noninterest income totaled \$50.0 million, 14% lower than the year ended December 31, 2017. The fourth quarter of 2017 included a gain of \$15.2 million on the sale of Visa class B shares. Sequentially, increases in other income, service charges on deposits, and interchange income were partially offset by a decline in mortgage banking fees and securities losses. Service charges on deposits and interchange income benefited from the First Green acquisition and continued customer acquisition and engagement. Other income increased quarter over quarter, the result of increased fee income in SBA, a bank owned life insurance (BOLI) payout, increased SBIC investment income, and higher other miscellaneous customer related fees associated with the acquisition of First Green. Partially offsetting, mortgage banking fees declined quarter over quarter, the result of continued tight inventory levels and increasing customer demand for new home construction.
- The **provision for loan losses** was \$2.3 million compared to \$5.8 million in the prior quarter and \$2.3 million in the fourth quarter of 2017.

<sup>1</sup> Non-GAAP measure, see “Explanation of Certain Unaudited Non-GAAP Financial Measures”

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- **Noninterest expense** was \$49.5 million, an increase of \$12.1 million or 32% compared to the prior quarter and an increase of \$10.3 million or 26% from the fourth quarter of 2017. For the year ended December 31, 2018, noninterest expense was \$162.3 million compared to \$149.9 million for the year ended December 31, 2017. Fourth quarter included \$8.0 million in merger related charges and \$0.6 million in expenses associated with branch reductions and other expense initiatives. During the quarter, the company integrated the First Green acquisition, began consolidation on a legacy Seacoast branch location, and recorded severance expense associated with a reduction in force initiative. The company continued to make investments in talent to scale the organization, including 10 new C&I small business and commercial bankers, and additional personnel in our risk and compliance functions. The company accrued \$0.8 million for a discretionary bonus for second level leadership given the successful execution of the First Green integration, all while driving expense reduction and growth initiatives. As a percentage of average tangible assets, adjusted noninterest expense <sup>1</sup> in the current quarter was 2.46% compared to 2.48% for the prior quarter, reflecting our continued objective of driving operating leverage and efficiency into the organization. Merger related charges and expenses associated with the branch reduction and expense initiatives are removed from the presentation of adjusted results.
- Seacoast recorded \$4.9 million in **income tax expense** in the current quarter, compared to \$4.4 million in the prior quarter and \$20.4 million in the fourth quarter of 2017. Taxes included additional expense of \$0.5 million associated with the redemption of First Green's BOLI policies. Tax benefits related to stock-based compensation were \$0.4 million in the current quarter, consistent with the prior quarter. The tax impact associated with redemption of First Green's BOLI policies was removed from the presentation of adjusted results.
- Full year **adjusted revenues** <sup>1</sup> increased 19% compared to prior year while **adjusted noninterest expense** <sup>1</sup> increased 14%, providing 5% operating leverage.
- The **efficiency ratio** was 65.8% compared to 57.0% in the prior quarter and 64.0% in the fourth quarter of 2017. The adjusted efficiency ratio <sup>1</sup> was 54.2% compared to 56.3% in the prior quarter and 52.6% in the fourth quarter of 2017.

### **Balance Sheet**

- At December 31, 2018, the Company had **total assets** of \$6.7 billion and total shareholders' equity of \$864 million. Book value per share was \$16.83 and tangible book value per share was \$12.33, compared to \$15.50 and \$12.01, respectively, at September 30, 2018 and \$14.70 and \$11.15, respectively, at December 31, 2017. Year-over-year, tangible book value per share increased 11%.
- **Debt Securities** totaled \$1.2 billion at December 31, 2018, a decrease of \$67 million compared to prior quarter and a decrease of \$143 million from December 31, 2017. The decrease included the sale of \$32 million of certain low yielding securities, which resulted in a loss of \$0.4 million in the current quarter.
- **Loans** totaled \$4.8 billion at December 31, 2018, an increase of \$766 million compared to the prior quarter, and an increase of \$1.0 billion or 26% from December 31, 2017. Seacoast ended the year with record originations of \$1.5 billion, attributed to continued innovation in analytics technology and our continued expansion into the fast growing markets of Tampa, Orlando, and South Florida. Excluding the impact of First Green in the fourth quarter, loans increased \$134 million or 13% annualized in the current quarter, and \$376 million or 10% from December 31, 2017.
  - Record commercial originations during the fourth quarter of 2018 were \$159 million, an increase of 22% compared to third quarter of 2018. Originations for the year ended December 31, 2018 were \$553 million, an increase of 15% compared to the year ended 2017.
  - Consumer and small business originations for the fourth quarter of 2018 were \$53 million, a decrease of 10% compared to the third quarter of 2018. Originations for the year ended December 31, 2018 were \$443 million, an increase of 25% compared to the year ended 2017.
  - We continue to prudently manage commercial real estate exposure. Construction and land development and commercial real estate loans remain well below regulatory guidance at 63% and 227% of total risk based capital, respectively.
  - Closed residential loans retained for the fourth quarter of 2018 were \$73 million, down 7% from the third quarter of 2018. Residential loans retained for the year ended December 31, 2018 were \$306 million, a decrease of 2% compared to the year ended 2017.

<sup>1</sup> Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

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- **Pipelines** (loans in underwriting and approval or approved and not yet closed) remained strong, totaling \$261.2 million.
  - Commercial pipelines were \$164 million, a decrease of 17% sequentially and an increase of 38% compared to the prior year.
  - Consumer and small business pipelines were \$53 million, a decrease of 10% sequentially and an increase of 38% compared to the prior year. The decline sequentially is in line with previous year seasonal trends.
  - Residential pipelines were \$44 million, a decrease of 26% sequentially and a decrease of 11% compared to the prior year.
- **Total deposits** were \$5.2 billion as of December 31, 2018, an increase of \$534 million sequentially and an increase of \$585 million, or 13%, from the prior year.
  - Interest bearing deposits (interest bearing demand, savings and money market deposits) increased year-over-year \$265 million, or 11%, to \$2.7 billion, noninterest bearing demand deposits increased \$169 million, or 12%, to \$1.6 billion, and CDs increased \$150 million, or 19%, to \$926 million.
  - The Company's balance sheet continues to be primarily core deposit funded. Core customer funding was \$4.5 billion at December 31, 2018, an increase of 9% compared to September 30, 2018 and an increase of 11% compared to December 31, 2017.
  - Overall cost of deposits remains low at 54 basis points, an increase of 11 basis points from the prior quarter. The cost of deposits on Seacoast's legacy franchise excluding First Green increased approximately 6 basis points sequentially.
- Fourth quarter **return on average tangible assets (ROTA)** was 1.05%, compared to 1.18% in the prior quarter and 0.97% in the fourth quarter of 2017. Adjusted ROTA <sup>1</sup> was 1.49% compared to 1.22% in the prior quarter and 1.23% in the fourth quarter of 2017.

#### **Capital**

- Fourth quarter **return on average tangible common equity (ROTCE)** was 10.94%, compared to 12.04% in the prior quarter and 10.69% in the fourth quarter of 2017. Adjusted ROTCE <sup>1</sup> was 15.44% compared to 12.43% in the prior quarter and 13.49% in the fourth quarter of 2017.
- The **common equity tier 1 capital ratio (CET1)** was 13.1%, total capital ratio was 15.5% and the tier 1 leverage ratio was 11.3% at December 31, 2018.
- **Tangible common equity to tangible assets** was 9.72% at December 31, 2018, compared to 9.85% at September 30, 2018, and 9.27% at December 31, 2017.

#### **Asset Quality**

- **Nonperforming loans to total loans outstanding** was 0.44% at December 31, 2018, 0.56% at September 30, 2018, and 0.43% at December 31, 2017.
- **Nonperforming assets to total assets** was 0.58% at December 31, 2018, 0.52% at September 30, 2018 and 0.47% at December 31, 2017. Nonperforming assets increased \$8.4 million, attributed primarily to four former First Green branches valued at \$6.3 million.
- **The ratio of allowance for loan losses to total loans** was 0.67% at December 31, 2018, 0.83% at September 30, 2018, and 0.71% at December 31, 2017. The ratio of allowance for loan losses to non-acquired loans was 0.89% at December 31, 2018, 0.98% at September 30, 2018, and 0.90% at December 31, 2017. The decrease in coverage sequentially on the non-acquired portfolio is the result of a \$3.0 million charge-off of a single impaired loan, which resulted in a change of 9 basis points.

<sup>1</sup> Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

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- **Net charge-offs** were \$3.7 million, including \$3.0 million on a single impaired loan, or 0.32% for the current quarter compared to \$0.8 million in the prior quarter. Net charge-offs for the four most recent quarters averaged 0.16%.

<sup>1</sup> Non-GAAP measure, see “Explanation of Certain Unaudited Non-GAAP Financial Measures”

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**FINANCIAL HIGHLIGHTS**  
(Amounts in thousands except per share data)

(Unaudited)

	Quarterly Trends				
	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17
<b>Selected Balance Sheet Data:</b>					
Total Assets	\$ 6,747,659	\$ 5,930,934	\$ 5,922,681	\$ 5,903,101	\$ 5,810,129
Gross Loans	4,825,214	4,059,323	3,974,016	3,897,125	3,817,377
Total Deposits	5,177,240	4,643,510	4,697,440	4,719,543	4,592,720
<b>Performance Measures:</b>					
Net Income	\$ 15,962	\$ 16,322	\$ 16,963	\$ 18,027	\$ 13,047
Net Interest Margin	4.00%	3.82%	3.77%	3.80%	3.71%
Average Diluted Shares Outstanding	51,237	48,029	47,974	47,688	46,473
Diluted Earnings Per Share (EPS)	\$ 0.31	\$ 0.34	\$ 0.35	\$ 0.38	\$ 0.28
<b>Return on (annualized):</b>					
Average Assets (ROA)	0.96%	1.10%	1.16%	1.25%	0.91%
Average Return on Tangible Assets (ROTA)	1.18	1.24	1.34	0.97	1.12
Average Tangible Common Equity (ROTCE)	10.94	12.04	13.08	14.41	10.69
Efficiency Ratio	65.76	57.04	58.41	57.80	63.95
<b>Adjusted Operating Measures <sup>1</sup>:</b>					
Adjusted Net Income	\$ 23,893	\$ 17,626	\$ 18,268	\$ 19,298	\$ 17,261
Adjusted Diluted EPS	0.47	0.37	0.38	0.40	0.37
Adjusted ROTA	1.49%	1.22%	1.28%	1.38%	1.23%
Adjusted ROTCE	15.44	12.43	13.49	14.82	13.49
Adjusted Efficiency Ratio	54.19	56.29	57.31	57.05	52.55
Adjusted Noninterest Expenses as a Percent of Average Tangible Assets	2.46	2.48	2.57	2.55	2.24
<b>Other Data</b>					
Market capitalization <sup>2</sup>	\$ 1,336,415	\$ 1,380,275	\$ 1,489,411	\$ 1,243,644	\$ 1,182,796
Full-time equivalent employees	902	835	826	814	805
Number of ATMs	87	86	87	86	85
Full service banking offices	51	49	49	49	51
Registered online users	99,415	94,400	92,107	91,636	83,881
Registered mobile devices	83,151	73,300	69,038	65,336	62,516

<sup>1</sup> Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

<sup>2</sup> Common shares outstanding multiplied by closing bid price on last day of each period



## **Vision 2020**

We remain confident in our ability to achieve our Vision 2020 targets announced in 2017.

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

## **Fourth Quarter Strategic Highlights**

### **Modernizing How We Sell**

- Achieved record aggregate Small Business and Commercial Banking loan originations of \$209 million during the quarter while also acquiring over \$70 million in Small Business and Commercial Banking deposits due to our targeted approach to customer acquisition and relationship-driven strategy.

### **Lowering Our Cost to Serve**

- Consolidated five banking center locations in the fourth quarter in conjunction with the acquisition of First Green Bank and in alignment with our Vision 2020 objective of reducing our footprint to meet the evolving demands of our customers. Late in the fourth quarter we announced an additional legacy banking center consolidation with an expected six month payback period, recording a \$0.2 million one-time expense.
- At year end, average deposits per banking center exceeded \$102 million. Deposits have increase 187% since 2013 while the number of banking centers has increased 50% over the same period.
- New digital service enhancements launched during the quarter include mobile approval capability for wire transfers, same day ACH, and card controls, providing even greater digital access for our customers.

### **Driving Improvements in How Our Business Operates**

- In the third quarter, we launched a large-scale initiative to implement a fully-digital loan origination platform across all business units. This follows our successful rollout of our fully-digital mortgage banking origination platform. We expect this investment will lead to significant improvement in efficiency and banker productivity in 2020 and beyond.
  - We are targeting a \$7 million expense reduction in 2019 which will be reinvested to expand the number of bankers in Tampa and South Florida, install a fully-digital loan origination platform, and develop digital direct fulfillment for small business lending. We expect these investments to support growth and greater operating leverage in 2020 and beyond. At year-end we had initiated 70% of the 2019 expense reductions resulting in \$0.4 million in one-time expenses in the fourth quarter.
  - **Scaling and Evolving Our Culture**
    - We continue to invest in business bankers. In the fourth quarter we on-boarded 10 new C&I small business and commercial bankers (excluding of First Green Bank associates) in order to adequately cover the markets we serve and to support growth and operating leverage objectives.
    - Each year Seacoast associates make their voices heard through a survey that measures key drivers of associate engagement. In 2018, our overall engagement score reached 84%, up from 81% in the previous year. In addition, 89% of associates understand Seacoast's long-term strategy and 93% understand the importance of their role to the success of the organization.
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## OTHER INFORMATION

### Conference Call Information

Seacoast will host a conference call on Friday, January 25, 2019 at 10:00 a.m. (Eastern Time) to discuss the earnings results and business trends. Investors may call in (toll-free) by dialing (888) 424-8151 (passcode: 9965 703; host: Dennis S. Hudson). Charts will be used during the conference call and may be accessed at Seacoast's website at [www.SeacoastBanking.com](http://www.SeacoastBanking.com) by selecting "Presentations" under the heading "News/Events". A replay of the call will be available for one month, beginning late afternoon of January 25, 2019 by dialing (888) 843-7419 (domestic) and using passcode: 9965 703#.

Alternatively, individuals may listen to the live webcast of the presentation by visiting Seacoast's website at [www.SeacoastBanking.com](http://www.SeacoastBanking.com). The link is located in the subsection "Presentations" under the heading "Investor Services." Beginning the afternoon of January 25, 2019, an archived version of the webcast can be accessed from this same subsection of the website. The archived webcast will be available for one year.

### About Seacoast Banking Corporation of Florida (NASDAQ: SBCF)

Seacoast Banking Corporation of Florida is one of the largest community banks headquartered in Florida with approximately \$6.7 billion in assets and \$5.2 billion in deposits as of December 31, 2018. The Company provides integrated financial services including commercial and retail banking, wealth management, and mortgage services to customers through advanced banking solutions, 51 traditional branches of its locally-branded wholly-owned subsidiary bank, Seacoast Bank, and seven commercial banking centers. Offices stretch from Ft. Lauderdale, Boca Raton and West Palm Beach north through the Daytona Beach area, into Orlando and Central Florida and the adjacent Tampa market, and west to Okeechobee and surrounding counties. More information about the Company is available at [www.SeacoastBanking.com](http://www.SeacoastBanking.com).

### Cautionary Notice Regarding Forward-Looking Statements

*This press release contains "forward-looking statements" within the meaning, and protections, of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements about future financial and operating results, cost savings, enhanced revenues, economic and seasonal conditions in our markets, and improvements to reported earnings that may be realized from cost controls, tax law changes, and for integration of banks that we have acquired, or expect to acquire, as well as statements with respect to Seacoast's objectives, strategic plans, including Vision 2020, expectations and intentions and other statements that are not historical facts. Actual results may differ from those set forth in the forward-looking statements.*

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

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

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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, 2017, under “Special Cautionary Notice Regarding Forward-looking Statements” and “Risk Factors”, and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC’s Internet website at [www.sec.gov](http://www.sec.gov).*

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**FINANCIAL HIGHLIGHTS**

(Unaudited)

**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

<i>(Amounts in thousands, except ratios and per share data)</i>	Quarterly Trends					Twelve Months Ended	
	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17	4Q'18	4Q'17
<b>Summary of Earnings</b>							
Net income	\$ 15,962	\$ 16,322	\$ 16,964	\$ 18,027	\$ 13,047	67,275	42,865
Adjusted net income <sup>(1)</sup>	23,893	17,626	18,268	19,298	17,261	79,085	55,341
Net interest income <sup>(2)</sup>	60,100	51,709	50,294	49,853	48,402	211,956	177,002
Net interest margin <sup>(2)(3)</sup>	4.00%	3.82%	3.77%	3.80%	3.71%	3.85%	3.73%
<b>Performance Ratios</b>							
Return on average assets-GAAP basis <sup>(3)</sup>	0.96%	1.10%	1.16%	1.25%	0.91%	1.11%	0.82%
Return on average tangible assets-GAAP basis <sup>(3)(4)</sup>	1.05	1.18	1.24	1.34	0.97	1.20	0.88
Adjusted return on average tangible assets <sup>(1)(3)(4)</sup>	1.49	1.22	1.28	1.38	1.23	1.35	1.09
Return on average shareholders' equity-GAAP basis <sup>(3)</sup>	7.65	8.89	9.59	10.52	7.87	9.08	7.51
Return on average tangible shareholders' equity-GAAP basis <sup>(3)(4)</sup>	10.94	12.04	13.08	14.41	10.69	12.54	9.90
Adjusted return on average tangible common equity <sup>(1)(3)(4)</sup>	15.44	12.43	13.49	14.82	13.49	14.06	12.17
Efficiency ratio <sup>(5)</sup>	65.76	57.04	58.41	57.80	63.95	59.99	66.68
Adjusted efficiency ratio <sup>(1)</sup>	54.19	56.29	57.31	57.05	52.55	56.13	58.69
Noninterest income to total revenue	17.97	19.31	20.28	19.95	35.49	19.32	24.88
Tangible common equity to tangible assets <sup>(4)</sup>	9.72	9.85	9.56	9.33	9.27	9.72	9.27
Loan-to-deposit ratio	89.14	86.25	83.51	84.10	82.54	85.85	83.51
<b>Per Share Data</b>							
Net income diluted-GAAP basis	\$ 0.31	\$ 0.34	\$ 0.35	\$ 0.38	\$ 0.28	\$ 1.38	\$ 0.99
Net income basic-GAAP basis	0.32	0.35	0.36	0.38	0.29	1.40	1.01
Adjusted earnings <sup>(1)</sup>	0.47	0.37	0.38	0.40	0.37	1.62	1.28
Book value per share common	16.83	15.50	15.18	14.94	14.70	16.83	14.70
Tangible book value per share	12.33	12.01	11.67	11.39	11.15	12.33	11.15
Cash dividends declared	—	—	—	—	—	—	—

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

<sup>(2)</sup> Calculated on a fully taxable equivalent basis using amortized cost.

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

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

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

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

(Amounts in thousands, except per share data)	Quarterly Trends					Twelve Months Ended	
	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17	4Q'18	4Q'17
<b>Interest on securities:</b>							
Taxable	\$ 9,528	\$ 9,582	\$ 9,389	\$ 9,361	\$ 9,153	\$ 37,860	\$ 34,442
Nontaxable	200	225	216	243	231	884	913
Interest and fees on loans	59,495	48,713	46,519	45,257	43,322	199,984	153,825
Interest on federal funds sold and other investments	835	634	585	616	638	2,670	2,416
<b>Total Interest Income</b>	<b>70,058</b>	<b>59,154</b>	<b>56,709</b>	<b>55,477</b>	<b>53,344</b>	<b>241,398</b>	<b>191,596</b>
<b>Interest on deposits:</b>							
Interest on deposits	3,140	2,097	1,988	1,538	1,246	8,763	3,654
Interest on time certificates	3,901	2,975	2,629	2,179	2,032	11,684	4,678
Interest on borrowed money	3,033	2,520	1,885	1,998	1,840	9,436	6,968
<b>Total Interest Expense</b>	<b>10,074</b>	<b>7,592</b>	<b>6,502</b>	<b>5,715</b>	<b>5,118</b>	<b>29,883</b>	<b>15,300</b>
<b>Net Interest Income</b>	<b>59,984</b>	<b>51,562</b>	<b>50,207</b>	<b>49,762</b>	<b>48,226</b>	<b>211,515</b>	<b>176,296</b>
Provision for loan losses	2,342	5,774	2,529	1,085	2,263	11,730	5,648
<b>Net Interest Income After Provision for Loan Losses</b>	<b>57,642</b>	<b>45,788</b>	<b>47,678</b>	<b>48,677</b>	<b>45,963</b>	<b>199,785</b>	<b>170,648</b>
<b>Noninterest income:</b>							
Service charges on deposit accounts	3,019	2,833	2,674	2,672	2,566	11,198	10,049
Trust fees	1,040	1,083	1,039	1,021	941	4,183	3,705
Mortgage banking fees	809	1,135	1,336	1,402	1,487	4,682	6,449
Brokerage commissions and fees	468	444	461	359	273	1,732	1,352
Marine finance fees	185	194	446	573	313	1,398	910
Interchange income	3,198	3,119	3,076	2,942	2,836	12,335	10,583
BOLI income	1,091	1,078	1,066	1,056	1,100	4,291	3,426
Other	3,329	2,453	2,671	2,373	1,861	10,826	6,756
	13,139	12,339	12,769	12,398	11,377	50,645	43,230
Gain on sale of VISA stock	—	—	—	—	15,153	—	15,153
Securities gains/(losses), net	(425)	(48)	(48)	(102)	112	(623)	86
<b>Total Noninterest Income</b>	<b>12,714</b>	<b>12,291</b>	<b>12,721</b>	<b>12,296</b>	<b>26,642</b>	<b>50,022</b>	<b>58,469</b>
<b>Noninterest expenses:</b>							
Salaries and wages	22,172	17,129	16,429	15,381	16,321	71,111	65,692
Employee benefits	3,625	3,205	3,034	3,081	2,812	12,945	11,732
Outsourced data processing costs	5,809	3,493	3,393	3,679	4,160	16,374	14,116
Telephone / data lines	602	624	643	612	538	2,481	2,291
Occupancy	3,747	3,214	3,316	3,117	3,265	13,394	13,290
Furniture and equipment	2,452	1,367	1,468	1,457	1,806	6,744	6,067
Marketing	1,350	1,139	1,344	1,252	1,490	5,085	4,784
Legal and professional fees	3,668	2,019	2,301	1,973	3,054	9,961	11,022
FDIC assessments	571	431	595	598	558	2,195	2,326
Amortization of intangibles	1,303	1,004	1,004	989	964	4,300	3,361
Foreclosed property expense and net (gain)/loss on sale	—	(136)	405	192	(7)	461	(300)
Other	4,165	3,910	4,314	4,833	4,223	17,222	15,535
<b>Total Noninterest Expense</b>	<b>49,464</b>	<b>37,399</b>	<b>38,246</b>	<b>37,164</b>	<b>39,184</b>	<b>162,273</b>	<b>149,916</b>
<b>Income Before Income Taxes</b>	<b>20,892</b>	<b>20,680</b>	<b>22,153</b>	<b>23,809</b>	<b>33,421</b>	<b>87,534</b>	<b>79,201</b>
Income taxes	4,930	4,358	5,189	5,782	20,374	20,259	36,336
<b>Net Income</b>	<b>\$ 15,962</b>	<b>\$ 16,322</b>	<b>\$ 16,964</b>	<b>\$ 18,027</b>	<b>\$ 13,047</b>	<b>\$ 67,275</b>	<b>\$ 42,865</b>
<b>Per share of common stock:</b>							
Net income diluted	\$ 0.31	\$ 0.34	\$ 0.35	\$ 0.38	\$ 0.28	\$ 1.38	\$ 0.99
Net income basic	0.32	0.35	0.36	0.38	0.29	1.40	1.01
Cash dividends declared	—	—	—	—	—	—	—
Average diluted shares outstanding	51,237	48,029	47,974	47,688	46,473	48,748	43,350
Average basic shares outstanding	50,523	47,205	47,165	46,952	45,541	47,969	42,613



**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Unaudited)

**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

<i>(Amounts in thousands)</i>	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<b>Assets</b>					
Cash and due from banks	\$ 92,242	\$ 101,920	\$ 123,927	\$ 129,065	\$ 104,039
Interest bearing deposits with other banks	23,709	3,174	7,594	6,794	5,465
<b>Total Cash and Cash Equivalents</b>	<b>115,951</b>	105,094	131,521	135,859	109,504
Time deposits with other banks	8,243	9,813	10,562	12,553	12,553
Debt Securities:					
Available for sale (at fair value)	865,831	923,206	954,906	982,958	949,460
Held to maturity (at amortized cost)	357,949	367,387	382,137	400,647	416,863
<b>Total Debt Securities</b>	<b>1,223,780</b>	1,290,593	1,337,043	1,383,605	1,366,323
Loans held for sale	11,873	16,172	14,707	20,887	24,306
Loans	4,825,214	4,059,323	3,974,016	3,897,125	3,817,377
Less: Allowance for loan losses	(32,423)	(33,865)	(28,924)	(28,118)	(27,122)
<b>Net Loans</b>	<b>4,792,791</b>	4,025,458	3,945,092	3,869,007	3,790,255
Bank premises and equipment, net	71,024	63,531	63,991	64,577	66,883
Other real estate owned	12,802	4,715	8,417	10,288	7,640
Goodwill	204,753	148,555	148,555	148,555	147,578
Other intangible assets, net	25,977	16,508	17,319	18,246	19,099
Bank owned life insurance	123,394	122,561	121,602	120,654	123,981
Net deferred tax assets	28,954	25,822	26,021	24,427	25,417
Other assets	128,117	102,112	97,851	94,443	116,590
<b>Total Assets</b>	<b>\$ 6,747,659</b>	\$ 5,930,934	\$ 5,922,681	\$ 5,903,101	\$ 5,810,129
<b>Liabilities and Shareholders' Equity</b>					
<b>Liabilities</b>					
Deposits					
Noninterest demand	\$ 1,569,602	\$ 1,488,689	\$ 1,463,652	\$ 1,488,261	\$ 1,400,227
Interest-bearing demand	1,014,032	912,891	976,281	1,015,054	1,050,755
Savings	493,807	451,958	444,736	437,878	434,346
Money market	1,173,950	1,036,940	1,023,170	1,035,531	931,458
Other time certificates	513,312	411,208	413,643	410,108	414,277
Brokered time certificates	220,594	192,182	228,602	184,405	217,385
Time certificates of more than \$250,000	191,943	149,642	147,356	148,306	144,272
<b>Total Deposits</b>	<b>5,177,240</b>	4,643,510	4,697,440	4,719,543	4,592,720
Securities sold under agreements to repurchase	214,323	189,035	200,050	173,249	216,094
Federal Home Loan Bank borrowings	380,000	261,000	205,000	208,000	211,000
Subordinated debt	70,804	70,734	70,664	70,591	70,521
Other liabilities	41,025	33,824	33,364	29,857	30,130
<b>Total Liabilities</b>	<b>5,883,392</b>	5,198,103	5,206,518	5,201,240	5,120,465
<b>Shareholders' Equity</b>					
Common stock	5,136	4,727	4,716	4,698	4,693
Additional paid in capital	778,501	668,711	665,885	663,727	661,632
Retained earnings	97,074	81,112	64,790	47,825	29,914
Treasury stock	(3,384)	(2,854)	(2,884)	(2,279)	(2,359)
	877,327	751,696	732,507	713,971	693,880
Accumulated other comprehensive loss, net	(13,060)	(18,865)	(16,344)	(12,110)	(4,216)
<b>Total Shareholders' Equity</b>	<b>864,267</b>	732,831	716,163	701,861	689,664
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 6,747,659</b>	\$ 5,930,934	\$ 5,922,681	\$ 5,903,101	\$ 5,810,129
Common shares outstanding	51,361	47,270	47,163	46,983	46,918

**CONSOLIDATED QUARTERLY FINANCIAL DATA**

(Unaudited)

**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

<i>(Amounts in thousands, except ratios)</i>	Quarterly Trends				
	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17
<b>Credit Analysis</b>					
Net charge-offs (recoveries) - non-acquired loans	\$ 3,693	\$ 800	\$ 1,715	\$ 117	\$ 1,475
Net charge-offs (recoveries) - acquired loans	56	(3)	(25)	(116)	(139)
<b>Total Net Charge-offs (Recoveries)</b>	<b>3,749</b>	<b>797</b>	<b>1,690</b>	<b>1</b>	<b>1,336</b>
TDR valuation adjustments	\$ 35	\$ 36	\$ 33	\$ 88	\$ 37
Net charge-offs (recoveries) to average loans - non-acquired loans	0.32%	0.08%	0.17%	0.01%	0.16%
Net charge-offs (recoveries) to average loans - acquired loans	—	—	—	(0.01)	(0.02)
<b>Total Net Charge-offs (Recoveries) to Average Loans</b>	<b>0.32</b>	<b>0.08</b>	<b>0.17</b>	<b>0.00</b>	<b>0.14</b>
Provision for loan losses - non-acquired loans	\$ 2,343	\$ 5,640	\$ 2,591	\$ 1,383	\$ 2,053
Provision for (recapture of) loan losses - acquired loans	(1)	134	(62)	(298)	210
<b>Total Provision for Loan Losses</b>	<b>\$ 2,342</b>	<b>\$ 5,774</b>	<b>\$ 2,529</b>	<b>\$ 1,085</b>	<b>\$ 2,263</b>
Allowance for loan losses - non-acquired loans	\$ 31,803	\$ 33,188	\$ 28,384	\$ 27,541	\$ 26,363
Allowance for loan losses - acquired loans	620	677	540	577	759
<b>Total Allowance for Loan Losses</b>	<b>\$ 32,423</b>	<b>\$ 33,865</b>	<b>\$ 28,924</b>	<b>\$ 28,118</b>	<b>\$ 27,122</b>
Non-acquired loans at end of period	\$ 3,588,251	\$ 3,383,571	\$ 3,221,569	\$ 3,063,618	\$ 2,922,609
Purchased noncredit impaired loans at end of period	1,222,529	662,701	739,232	819,814	877,351
Purchased credit impaired loans at end of period	14,434	13,051	13,215	13,693	17,417
<b>Total Loans</b>	<b>\$ 4,825,214</b>	<b>\$ 4,059,323</b>	<b>\$ 3,974,016</b>	<b>\$ 3,897,125</b>	<b>\$ 3,817,377</b>
Non-acquired loans allowance for loan losses to non-acquired loans at end of period	0.89%	0.98%	0.88%	0.90%	0.90%
Total allowance for loan losses to total loans at end of period	0.67	0.83	0.73	0.72	0.71
Acquired loans allowance for loan losses to acquired loans at end of period	0.05	0.10	0.07	0.07	0.08
Discount for credit losses to acquired loans at end of period	3.86	2.25	2.31	2.32	2.33
<b>End of Period</b>					
Nonperforming loans - non-acquired	\$ 15,783	\$ 18,998	\$ 19,578	\$ 12,628	\$ 12,569
Nonperforming loans - acquired	10,693	7,142	6,624	6,711	6,955
Other real estate owned - non-acquired	386	418	354	2,246	2,246
Other real estate owned - acquired	3,020	1,203	4,969	4,969	1,632
Bank branches closed included in other real estate owned	9,396	3,094	3,094	3,073	3,762
<b>Total Nonperforming Assets</b>	<b>\$ 39,278</b>	<b>\$ 30,855</b>	<b>\$ 34,619</b>	<b>\$ 29,627</b>	<b>\$ 27,164</b>
Restructured loans (accruing)	\$ 13,346	\$ 13,797	\$ 14,241	\$ 14,777	\$ 15,559
Nonperforming loans to loans at end of period - non-acquired	0.44%	0.56%	0.61%	0.41%	0.43%
Nonperforming loans to loans at end of period - acquired	0.86	1.06	0.88	0.81	0.78
<b>Total Nonperforming Loans to Loans at End of Period</b>	<b>0.55</b>	<b>0.64</b>	<b>0.66</b>	<b>0.50</b>	<b>0.51</b>
Nonperforming assets to total assets - non-acquired	0.38%	0.38%	0.39%	0.30%	0.32%
Nonperforming assets to total assets - acquired	0.20	0.14	0.19	0.20	0.15
<b>Total Nonperforming Assets to Total Assets</b>	<b>0.58</b>	<b>0.52</b>	<b>0.58</b>	<b>0.50</b>	<b>0.47</b>

**Average Balances**

Total average assets	\$ 6,589,870	\$ 5,903,327	\$ 5,878,035	\$ 5,851,688	\$ 5,716,230
Less: intangible assets	213,713	165,534	166,393	167,136	149,432
<b>Total Average Tangible Assets</b>	<b>\$ 6,376,157</b>	<b>\$ 5,737,793</b>	<b>\$ 5,711,642</b>	<b>\$ 5,684,552</b>	<b>\$ 5,566,798</b>
Total average equity	\$ 827,759	\$ 728,290	\$ 709,674	\$ 695,240	\$ 657,100
Less: intangible assets	213,713	165,534	166,393	167,136	149,432
<b>Total Average Tangible Equity</b>	<b>\$ 614,046</b>	<b>\$ 562,756</b>	<b>\$ 543,281</b>	<b>\$ 528,104</b>	<b>\$ 507,668</b>

	<u>December 31,</u> <u>2018</u>	<u>September 30,</u> <u>2018</u>	<u>June 30,</u> <u>2018</u>	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
<b>Loans</b>					
Construction and land development	\$ 443,568	\$ 376,257	\$ 359,070	\$ 374,244	\$ 343,125
Commercial real estate - owner occupied	970,181	829,368	812,306	796,898	791,408
Commercial real estate - non-owner occupied	1,161,885	897,331	888,989	848,341	848,584
Residential real estate	1,324,377	1,152,640	1,103,946	1,065,152	1,038,810
Consumer	202,881	192,772	190,835	195,788	189,436
Commercial and financial	722,322	610,955	618,870	616,702	606,014
<b>Total Loans</b>	<b>\$ 4,825,214</b>	<b>\$ 4,059,323</b>	<b>\$ 3,974,016</b>	<b>\$ 3,897,125</b>	<b>\$ 3,817,377</b>

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**AVERAGE BALANCES, INTEREST INCOME AND EXPENSES, YIELDS AND RATES <sup>(1)</sup>**

(Unaudited)

**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

<i>(Amounts in thousands, except ratios)</i>	4Q'18			3Q'18			4Q'17		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
<b>Assets</b>									
Earning assets:									
Securities:									
Taxable	\$ 1,227,648	\$ 9,528	3.10%	\$ 1,284,774	\$ 9,582	2.98%	\$ 1,369,921	\$ 9,153	2.67%
Nontaxable	29,255	252	3.45	31,411	283	3.60	31,282	354	4.53
<b>Total Securities</b>	<b>1,256,903</b>	<b>9,780</b>	<b>3.11</b>	<b>1,316,185</b>	<b>9,865</b>	<b>3.00</b>	<b>1,401,203</b>	<b>9,507</b>	<b>2.71</b>
Federal funds sold and other investments	87,146	835	3.80	51,255	634	4.91	79,025	638	3.20
Loans, net	4,611,691	59,559	5.12	4,008,527	48,802	4.83	3,691,344	43,375	4.66
<b>Total Earning Assets</b>	<b>5,955,740</b>	<b>70,174</b>	<b>4.67</b>	<b>5,375,967</b>	<b>59,301</b>	<b>4.38</b>	<b>5,171,572</b>	<b>53,520</b>	<b>4.11</b>
Allowance for loan losses	(33,864)			(29,259)			(26,298)		
Cash and due from banks	124,299			110,929			121,109		
Premises and equipment	75,120			63,771			64,121		
Intangible assets	213,713			165,534			149,432		
Bank owned life insurance	132,495			121,952			123,272		
Other assets	122,367			94,433			113,022		
<b>Total Assets</b>	<b>\$ 6,589,870</b>			<b>\$ 5,903,327</b>			<b>\$ 5,716,230</b>		
<b>Liabilities and Shareholders' Equity</b>									
Interest-bearing liabilities:									
Interest-bearing demand	\$ 974,711	\$ 515	0.21%	\$ 939,527	\$ 426	0.18%	\$ 976,295	\$ 367	0.15%
Savings	509,434	418	0.33	444,935	170	0.15	431,124	94	0.09
Money market	1,161,599	2,207	0.75	1,031,960	1,501	0.58	929,914	785	0.33
Time deposits	899,153	3,901	1.72	779,608	2,975	1.51	761,720	2,032	1.06
Federal funds purchased and securities sold under agreements to repurchase	242,963	732	1.20	204,097	463	0.90	166,006	231	0.55
Federal Home Loan Bank borrowings	240,799	1,468	2.42	222,315	1,228	2.19	320,380	968	1.20
Other borrowings	70,764	833	4.67	70,694	829	4.65	70,480	641	3.61
<b>Total Interest-Bearing Liabilities</b>	<b>4,099,423</b>	<b>10,074</b>	<b>0.97</b>	<b>3,693,136</b>	<b>7,592</b>	<b>0.82</b>	<b>3,655,919</b>	<b>5,118</b>	<b>0.56</b>
Noninterest demand	1,628,842			1,451,751			1,373,403		
Other liabilities	33,846			30,150			29,808		
<b>Total Liabilities</b>	<b>5,762,111</b>			<b>5,175,037</b>			<b>5,059,130</b>		
Shareholders' equity	827,759			728,290			657,100		
<b>Total Liabilities &amp; Equity</b>	<b>\$ 6,589,870</b>			<b>\$ 5,903,327</b>			<b>\$ 5,716,230</b>		
Cost of deposits			0.54%			0.43%			0.29%
Interest expense as a % of earning assets			0.67%			0.56%			0.39%
Net interest income as a % of earning assets		\$ 60,100	4.00%		\$ 51,709	3.82%		\$ 48,402	3.71%

<sup>(1)</sup> On a fully taxable equivalent basis. All yields and rates have been computed using amortized cost. Fees on loans have been included in interest on loans. Nonaccrual loans are included in loan balances.

**AVERAGE BALANCES, INTEREST INCOME AND EXPENSES, YIELDS AND RATES <sup>(1)</sup>**

(Unaudited)

**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

	Twelve Months Ended December 31,			Twelve Months Ended December 31,		
	2018			2017		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
<i>(Amounts in thousands, except ratios)</i>						
<b>Assets</b>						
Earning assets:						
Securities:						
Taxable	\$ 1,299,089	\$ 37,860	2.91%	\$ 1,316,972	\$ 34,442	2.62%
Nontaxable	31,331	1,115	3.56	28,369	1,401	4.94
<b>Total Securities</b>	<b>1,330,420</b>	<b>38,975</b>	<b>2.93</b>	<b>1,345,341</b>	<b>35,843</b>	<b>2.66</b>
Federal funds sold and other investments	61,048	2,670	4.37	71,352	2,416	3.39
Loans, net	4,112,009	200,194	4.87	3,323,403	154,043	4.64
<b>Total Earning Assets</b>	<b>5,503,477</b>	<b>241,839</b>	<b>4.39</b>	<b>4,740,096</b>	<b>192,302</b>	<b>4.06</b>
Allowance for loan losses	(29,972)			(25,485)		
Cash and due from banks	114,936			106,710		
Premises and equipment	67,332			59,842		
Intangible assets	178,287			115,511		
Bank owned life insurance	124,452			97,939		
Other assets	98,823			112,004		
<b>Total Assets</b>	<b>\$ 6,057,335</b>			<b>\$ 5,206,617</b>		
<b>Liabilities and Shareholders' Equity</b>						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 978,030	\$ 1,883	0.19%	\$ 922,353	\$ 1,065	0.12%
Savings	457,542	811	0.18	385,515	241	0.06
Money market	1,049,900	6,069	0.58	868,427	2,348	0.27
Time deposits	811,741	11,684	1.44	523,646	4,678	0.89
Federal funds purchased and securities sold under agreements to repurchase	200,839	1,804	0.90	171,686	781	0.45
Federal Home Loan Bank borrowings	224,982	4,468	1.99	377,396	3,744	0.99
Other borrowings	70,658	3,164	4.48	70,377	2,443	3.47
<b>Total Interest-Bearing Liabilities</b>	<b>3,793,692</b>	<b>29,883</b>	<b>0.79</b>	<b>3,319,400</b>	<b>15,300</b>	<b>0.46</b>
Noninterest demand	1,492,451			1,279,825		
Other liabilities	30,621			36,993		
<b>Total Liabilities</b>	<b>5,316,764</b>			<b>4,636,218</b>		
Shareholders' equity	740,571			570,399		
<b>Total Liabilities &amp; Equity</b>	<b>\$ 6,057,335</b>			<b>\$ 5,206,617</b>		
Cost of deposits			0.43%			0.21%
Interest expense as a % of earning assets			0.54%			0.32%
Net interest income as a % of earning assets		\$ 211,956	3.85%		\$ 177,002	3.73%

<sup>(1)</sup> On a fully taxable equivalent basis. All yields and rates have been computed using amortized cost. Fees on loans have been included in interest on loans. Nonaccrual loans are included in loan balances.

**CONSOLIDATED QUARTERLY FINANCIAL DATA**

(Unaudited)

**SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES**

<i>(Amounts in thousands)</i>	<b>December 31, 2018</b>	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
<b>Customer Relationship Funding</b>					
Noninterest demand					
Commercial	\$ 1,217,842	\$ 1,182,018	\$ 1,154,225	\$ 1,163,119	\$ 1,073,539
Retail	259,318	233,472	236,838	252,055	253,454
Public funds	68,324	42,474	44,182	49,014	50,837
Other	24,118	30,725	28,407	24,073	22,397
<b>Total Noninterest Demand</b>	<b>1,569,602</b>	1,488,689	1,463,652	1,488,261	1,400,227
Interest-bearing demand					
Commercial	211,879	167,865	181,646	164,359	157,272
Retail	650,490	655,429	681,615	700,262	702,616
Public funds	151,663	89,597	113,020	150,433	190,867
<b>Total Interest-Bearing Demand</b>	<b>1,014,032</b>	912,891	976,281	1,015,054	1,050,755
Total transaction accounts					
Commercial	1,429,721	1,349,883	1,335,871	1,327,478	1,230,811
Retail	909,808	888,901	918,453	952,317	956,070
Public funds	219,987	132,071	157,202	199,447	241,704
Other	24,118	30,725	28,407	24,073	22,397
<b>Total Transaction Accounts</b>	<b>2,583,634</b>	2,401,580	2,439,933	2,503,315	2,450,982
Savings	493,807	451,958	444,736	437,878	434,346
Money market					
Commercial	459,380	423,304	408,005	410,527	375,471
Retail	607,837	524,415	522,783	522,882	471,086
Public funds	106,733	89,221	92,382	102,122	84,901
<b>Total Money Market</b>	<b>1,173,950</b>	1,036,940	1,023,170	1,035,531	931,458
Brokered time certificates	220,594	192,182	228,602	184,405	217,385
Other time certificates	705,255	560,850	560,999	558,414	558,549
	<b>925,849</b>	753,032	789,601	742,819	775,934
<b>Total Deposits</b>	<b>\$ 5,177,240</b>	\$ 4,643,510	\$ 4,697,440	\$ 4,719,543	\$ 4,592,720
Customer sweep accounts	\$ 214,323	\$ 189,035	\$ 200,050	\$ 173,249	\$ 216,094
<b>Total core customer funding <sup>(1)</sup></b>	<b>\$ 4,465,714</b>	\$ 4,079,513	\$ 4,107,889	\$ 4,149,973	\$ 4,032,880

<sup>(1)</sup> Total deposits and customer sweep accounts, excluding certificates of deposit.

## Explanation of Certain Unaudited Non-GAAP Financial Measures

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

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## GAAP TO NON-GAAP RECONCILIATION

(Unaudited)

## SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES

(Amounts in thousands, except per share data)	Quarterly Trends					Twelve Months Ended	
	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17	4Q'18	4Q'17
Net income	\$ 15,962	\$ 16,322	\$ 16,964	\$ 18,027	\$ 13,047	\$ 67,275	\$ 42,865
Gain on sale of VISA stock	—	—	—	—	(15,153)	—	(15,153)
Securities (gains)/losses, net	425	48	48	102	(112)	623	(86)
BOLI benefits on death (included in other income)	(280)	—	—	—	—	(280)	—
<b>Total Adjustments to Revenue</b>	<b>145</b>	<b>48</b>	<b>48</b>	<b>102</b>	<b>(15,265)</b>	<b>343</b>	<b>(15,239)</b>
Merger related charges	8,034	482	695	470	6,817	9,681	12,922
Amortization of intangibles	1,303	1,004	1,004	989	963	4,300	3,360
Business continuity expenses - Hurricane Irma	—	—	—	—	—	—	352
Branch reductions and other expense initiatives	587	—	—	—	—	587	4,321
<b>Total Adjustments to Noninterest Expense</b>	<b>9,924</b>	<b>1,486</b>	<b>1,699</b>	<b>1,459</b>	<b>7,780</b>	<b>14,568</b>	<b>20,955</b>
Tax effect of adjustments	(2,623)	(230)	(443)	(538)	3,147	(3,834)	(1,792)
Taxes and tax penalties on acquisition-related BOLI redemption	485	—	—	—	—	485	—
Effect of change in corporate tax rate	—	—	—	248	8,552	248	8,552
<b>Adjusted Net Income</b>	<b>\$ 23,893</b>	<b>\$ 17,626</b>	<b>\$ 18,268</b>	<b>\$ 19,298</b>	<b>\$ 17,261</b>	<b>\$ 79,085</b>	<b>\$ 55,341</b>
Earnings per diluted share, as reported	0.31	0.34	0.35	0.38	0.28	1.38	0.99
Adjusted earnings per diluted share	0.47	0.37	0.38	0.40	0.37	1.62	1.28
Average shares outstanding	51,237	48,029	47,974	47,688	46,473	48,748	43,350
Revenue	72,698	63,853	62,928	62,058	74,868	261,537	234,765
Total adjustments to revenue	145	48	48	102	(15,265)	343	(15,239)
<b>Adjusted Revenue</b>	<b>72,843</b>	<b>63,901</b>	<b>62,976</b>	<b>62,160</b>	<b>59,603</b>	<b>261,880</b>	<b>219,526</b>
Noninterest expense	49,464	37,399	38,246	37,164	39,184	162,273	149,916
Total adjustments to noninterest expense	9,924	1,486	1,699	1,459	7,780	14,568	20,955
<b>Adjusted Noninterest Expense</b>	<b>39,540</b>	<b>35,913</b>	<b>36,547</b>	<b>35,705</b>	<b>31,404</b>	<b>147,705</b>	<b>128,961</b>
Adjusted noninterest expense	39,540	35,913	36,547	35,705	31,404	147,705	128,961
Foreclosed property expense and net (gain)/loss on sale	—	(137)	405	192	(7)	461	(302)
<b>Net Adjusted Noninterest Expense</b>	<b>39,540</b>	<b>36,050</b>	<b>36,142</b>	<b>35,513</b>	<b>31,411</b>	<b>147,244</b>	<b>129,263</b>
Adjusted revenue	72,843	63,901	62,976	62,160	59,603	261,880	219,526
Impact of FTE adjustment	116	147	87	91	174	441	706
Adjusted revenue on a fully taxable equivalent basis	72,959	64,048	63,063	62,251	59,777	262,321	220,232
<b>Adjusted Efficiency Ratio</b>	<b>54.19%</b>	<b>56.29%</b>	<b>57.31%</b>	<b>57.05%</b>	<b>52.55%</b>	<b>56.13%</b>	<b>58.69%</b>
Average assets	\$ 6,589,870	\$ 5,903,327	\$ 5,878,035	\$ 5,851,688	\$ 5,716,230	\$ 6,057,335	\$ 5,206,617
Less average goodwill and intangible assets	(213,713)	(165,534)	(166,393)	(167,136)	(149,432)	(178,287)	(115,511)
<b>Average Tangible Assets</b>	<b>\$ 6,376,157</b>	<b>\$ 5,737,793</b>	<b>\$ 5,711,642</b>	<b>\$ 5,684,552</b>	<b>\$ 5,566,798</b>	<b>\$ 5,879,048</b>	<b>\$ 5,091,106</b>
Return on average assets (ROA)	0.96%	1.10%	1.16%	1.25%	0.91%	1.11%	0.82%
Impact of removing average intangible assets and related amortization	0.09	0.08	0.08	0.09	0.06	0.09	0.06
<b>Return on Tangible Average Assets (ROTA)</b>	<b>1.05</b>	<b>1.18</b>	<b>1.24</b>	<b>1.34</b>	<b>0.97</b>	<b>1.20</b>	<b>0.88</b>
Impact of other adjustments for adjusted net income	0.44	0.04	0.04	0.04	0.26	0.15	0.21
<b>Adjusted Return on Average Tangible Assets</b>	<b>1.49</b>	<b>1.22</b>	<b>1.28</b>	<b>1.38</b>	<b>1.23</b>	<b>1.35</b>	<b>1.09</b>
Average shareholders' equity	\$ 827,759	\$ 728,290	\$ 709,674	\$ 695,240	\$ 657,100	\$ 740,571	\$ 570,399
Less average goodwill and intangible assets	(213,713)	(165,534)	(166,393)	(167,136)	(149,432)	(178,287)	(115,511)
<b>Average Tangible Equity</b>	<b>\$ 614,046</b>	<b>\$ 562,756</b>	<b>\$ 543,281</b>	<b>\$ 528,104</b>	<b>\$ 507,668</b>	<b>\$ 562,284</b>	<b>\$ 454,888</b>
Return on average shareholders' equity	7.7%	8.9%	9.6%	10.5%	7.9%	9.1%	7.5%
Impact of removing average intangible assets and related amortization	3.2	3.1	3.5	3.9	2.8	3.4	2.4

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<b>Return on Average Tangible Common Equity (ROTCE)</b>	<b>10.9</b>	12.0	13.1	14.4	10.7	12.5	9.9
Impact of other adjustments for adjusted net income	<b>4.5</b>	0.4	0.4	0.4	2.8	1.6	2.3
<b>Adjusted Return on Average Tangible Common Equity</b>	<b>15.4</b>	12.4	13.5	14.8	13.5	14.1	12.2

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# Final Transcript

**Customer: Seacoast Banking Corporation**  
**Call Title: Fourth Quarter Earnings Conference Call**  
**Confirmation Number: 48076937**  
**Host: Dennis Hudson**  
**Date: January 25, 2019**  
**Time/Time Zone: 9:00 am Central Time**

## **SPEAKERS**

**Dennis Hudson - Chairman and CEO**  
**Chuck Shaffer - Chief Financial Officer**  
**Julie Kleffel - Community Banking Executive**  
**Chuck Cross - Commercial Banking Executive**  
**David Houdeshell - Chief Risk Officer**  
**Jeff Lee - Chief Marketing and Analytics Officer**  
**Jeff Bray - Executive Vice President, Service and Operations**

## **ANALYSTS**

**David Feaster - Raymond James**  
**Graham Dick - Sandler O'Neill**  
**Michael Young - SunTrust**  
**Jeff Cantwell - Guggenheim Securities**  
**Steve Moss - B. Riley FBR**

## **PRESENTATION**

**Operator:** Welcome to the Seacoast's Fourth Quarter Earnings Conference Call. My name is Christine and I will be your operator for today's call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. [Operator instructions].

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

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

**Dennis Hudson:** Thank you, operator. Good morning, and thank you everybody for joining us today for Seacoast's Fourth Quarter 2018 Conference Call. Our press release, which we released yesterday after the market closed, and our investor presentation can be found on the investor portion of our website under the title Presentations.

With us today is Chuck Shaffer, our Chief Financial Officer, who will discuss our financial and operating results. Also with us today are Julie Kleffel, our Community Banking Executive; Chuck Cross, our Commercial Banking Executive; David Houdeshell, our Chief Risk Officer; and Jeff Lee, our Chief Marketing and Analytics Officer.

Our fourth quarter results were outstanding, giving us, as we enter 2019, the best fundamentals in our history. Our objective last year was to strengthen our franchise by continuing to execute our balanced growth strategy. We did so, growing organically and by acquisition in 2018 as we maintained our prudent loan granularity and risk controls, and continued our focus on reducing the cost to serve our customers.

Turning to the fourth quarter's results, we grew adjusted net revenue 14% to roughly \$73 million and achieved adjusted net income of nearly \$24 million, up 38% from last year. We reported \$0.47 in adjusted earnings per share, an increase of 27% year-over-year. This was driven by strong loan growth, including record commercial originations, expense control and net interest margin expansion.

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We achieved fourth quarter adjusted return on tangible assets of 1.49% and adjusted return on tangible common equity of 15.4%. Both substantially better numbers than last year and we are well within reach of our achieving our below 50% efficiency ratio target as we exit 2020. Our strong 2018 performance positions us well to meet our Vision 2020 objectives.

Our successful growth initiatives last year include the acquisition of First Green, which is exceeding our operating and financial expectations, as well as the addition of new bankers in Orlando, Tampa and other key Florida markets.

Specifically, and significantly, we continue to deepen the use of our customer analytics platforms, and our digital and mobile tools, to power how we serve and market to our business and consumer customers. These tools help boost our organic loan production, keep our cost of deposits low and by increasing productivity, help us improve our efficiency ratio. Beyond the strength of our operating model, we also continue to benefit as a leading bank in very attractive, top performing Florida markets.

In the coming year, we will be continuing to invest in our proprietary customer analytics platforms. These platforms are a significant competitive advantage, differentiating us compared to other community banks and enabling us to deepen relationships and better meet our customers' needs.

Another growth driver will be the continued expansion of our commercial lending teams. We benefited from the onboarding of both new bankers and the First Green team in the fourth quarter. We will maintain this strategy as we scale our team to take advantage of market opportunities.

We also continue to seek strategic acquisitions that will deepen or extend our footprint in Florida's most attractive MSAs. We have a proven integration model that allows us to generate compelling returns and we will continue to follow the playbook that has positioned us as a Florida market leader.

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Looking ahead, while there are some macro questions out there, we certainly see no signs of structural weakness in our markets. We are seeing strong growth in C&I loans reflecting Florida's status as a tax advantaged jurisdiction, which is attracting corporate relocations. We also continue to benefit from our presence in two of the nation's fastest growing MSAs, the Tampa and Orlando MSAs, and have a growing presence in Broward County. In fact, we see many opportunities to strengthen our franchise by continuing to deploy our strong balance sheet across organic and M&A initiatives.

Finally, I'd like to thank our associates. Their devotion and work ethic are the reason Seacoast is one of the nation's top performing banks and Florida's bank of choice. I look forward to growing our business with all of you in the coming year.

So, in summary, we're well-positioned as we enter 2019 to build on our presence in some of Florida's fastest growing MSAs as we continue to refine our proven operating model. With a healthy balance sheet, liquidity position and increasing returns on assets and equity, our roadmap for creating value and achieving our ambitious Vision 2020 objectives remains clear.

And one last item, next month on February 13<sup>th</sup>, we will be hosting an Investor Day in Boca Raton to discuss in greater detail our strategy and vision beyond the 2020 goals we set two years ago. It will be an exciting event and I hope you will be able to join us either in person or via the webcast. To find out more, please visit our website, [seacoastbank.com/investordaysvp](http://seacoastbank.com/investordaysvp).

With that, I'd like to turn the call over to Chuck who's going to review some more information about our quarter.

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**Chuck Shaffer:** Thank you, Dennis, and thank you all for joining us this morning. As I provide my comments, I'll reference the fourth quarter and full year 2018 earnings slide deck, which can be found at [seacoastbanking.com](http://seacoastbanking.com).

Starting with slide 4, we finished the year on a strong note with excellent performance across our business units, while also completing the First Green integration. Our team did an outstanding job consolidating five overlapping branches, while also successfully onboarding First Green's customers and associates. We continue to reinvest legacy operating expense into growth and expect to sustain momentum into 2019. Our balance sheet is well-positioned to support this growth; we remain on a clear path to achieve our Vision 2020 objectives.

Turning to the fourth quarter results, GAAP net income grew to \$0.31 per diluted share and adjusted net income grew to 38% year-over-year to \$23.9 million, or \$0.47 per diluted share. We reported a 1.49% adjusted return on tangible assets and a 15.4% adjusted return on tangible common equity. And sequentially, we saw increased tangible book value by \$0.32 per share to \$12.33 per share, overcoming the initial dilutive effect of the First Green acquisition.

Highlights for the quarter include:

First, we had a record quarter for commercial originations, which increased 22% sequentially and 21% from the prior year, the result of a robust Florida economy and expansion of our commercial banking team.

Second, we delivered strong annualized organic loan growth of 13%. This growth was driven across all geographies with new bankers coming online in both Broward and Tampa. We also on boarded the new First Green commercial banking team in the quarter. We continue to focus on developing relationships with operating companies, as this strategy delivers greater granularity in our loan portfolio, generates full service relationships, which include demand deposits, and generates opportunities for wealth management, all important for creating long-term franchise value.

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Third, the net margin increased 18 basis points quarter-over-quarter to 4%, the result of strong organic margin expansion and the significant accretive value of the First Green acquisition.

And lastly, we closed the First Green acquisition in October. This acquisition solidified Seacoast's position as the largest community bank in the fast growing Orlando MSA and expanded our Fort Lauderdale presence. This acquisition has gone extremely well with all consolidation activities already completed.

Turning to slide 5, the net interest income was up \$8.4 million sequentially and the net interest margin was up 18 basis points from the previous quarter to 4%. Excluding accretion on acquired loans, the net interest margin expanded 9 basis points sequentially and was up 24 basis points from the fourth quarter of 2017.

Quarter-over-quarter, the yield on loans increased 29 basis points, yield on securities increased 11 basis points and the cost of deposits was up 11 basis points. The increase in the cost of interest-bearing liabilities was in line with our expectation and the increase in the cost of deposits was in line with the range provided on last quarter's call.

The margin expansion exceeded our prior guidance of high 3.80s to low 3.90s, the result of better than forecasted organic loan growth, greater than expected purchase accretion and a higher yield on loans for First Green than originally anticipated.

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We remain disciplined in loan and deposit pricing. Our average add-on rates for new loans increased 15 basis points sequentially to 5.27% and are up 76 basis points from the prior year. The increase in add-on rates accelerated over the prior year as investments in credit, pricing and marketing analytics continue to drive pricing increases and consumer and small business lending above the change in the treasury curve, with an average add-on rate of 5.6% in the fourth quarter.

Our commercial banking business also saw new origination yields increase quarter-over-quarter by 17 basis points. Mortgage banking add-on rates increased 25 basis points quarter-over-quarter and are up 86 basis points from the prior year. In 2019, we will be keenly focused on increasing loan spreads, which supports the net interest margin as we move forward.

We expect our consolidated cost of deposits to be in the mid-60 basis point range in the first quarter, and we believe we are positioned better than most to manage margin moving into 2019. We have the ability to continue to remix our earning assets, reduce our investment portfolio, all while growing our loan book and replace lower yielding one-to-four family mortgage balances with higher yielding commercial loan balances. And while volatile, we model purchase accounting accretion to be approximately 25 basis points over the first half of 2019.

Looking forward to the first quarter of 2019 and assuming no change in the Federal Funds rate, we expect the net interest margin to be in line with the fourth quarter of 2018.

Moving to slide 6, adjusted non-interest income increased \$0.5 million from the prior quarter and grew \$1.5 million or 13% from the prior year. During the quarter, we saw increased interchange and service charge income, driven by growth in customers both organically and through acquisition, and broader customer engagement. Other income was driven by SBA-related fees, SBIC income and other customer fees.

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Wealth-related fee income was pressured by lower equity valuations, but continued to benefit from ongoing growth in AUM. We acquired \$127 million in assets under management in 2018, bringing our total AUM to \$513 million, a 22% increase from 2017.

Mortgage banking fee income continues to face headwinds, as we experience downward pressure on service release premiums, and lower salable opportunities due to tight inventory levels in Florida and a continued shift in customer demand to new construction.

Moving to slide 7, adjusted non-interest expense was up \$3.6 million sequentially and up \$8.1 million to prior year, due largely to the growth of our banking team and the addition of First Green. In the fourth quarter, we added ten commercial and small business bankers, continuing our trend of adding talent to scale the organization. We are targeting another 10 to 15 hires in 2019 and have a strong pipeline of proven candidates. Additionally, we added talent in our risk and compliance functions appropriately investing to support and sustain our growth.

Fourth quarter non-interest expense was on the high end of our guidance range. This was largely due to an \$800,000 expense accrual for discretionary cash bonuses for second level leadership, resulting from the successful execution of the First Green integration, all while driving expense reductions and growth initiatives.

We continue to look for ways to re-engineer the organization by removing costs from lower return activities and investing in higher return strategic initiatives. This expense control is paying off and reduced the adjusted non-interest expense to 2.46% of average tangible assets, down from 2.48% in the prior quarter.

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As announced on the last quarter's call, we're well on our way to executing a \$7 million expense reduction program in 2019. Since then, we successfully renegotiated a contract with a key supplier, identified and began closure efforts on a legacy Seacoast branch and executed a reduction in force plan. In aggregate, these actions will reduce expenses by \$5.1 million in 2019. We have already identified additional opportunities to execute on the remaining \$1.9 million over the first half of 2019.

We will reinvest this expense reduction in installing a fully digital loan origination platform, direct through digital fulfillment for small business and building out our commercial banking team in Tampa and South Florida. These investments will allow us to drive growth and operating leverage in line with our Vision 2020 objectives, while setting up the organization for further growth beyond 2020. We will maintain our disciplined focus on efficiency and expense management.

Looking toward to the first quarter of 2019, we expect adjusted non-interest expense to be approximately \$39 million to \$40 million, excluding the amortization of intangible assets, which is approximately \$1.5 million per quarter. As a reminder, the first quarter is impacted by seasonal 401(k) and FICA-related expenses.

Moving to slide 8, our adjusted efficiency ratio improved to 54%, down from 56% in the prior quarter. We remain confident that we are on track to achieve our below 50% efficiency ratio as laid out in our Vision 2020 plan.

Turning to slide 9, loan outstandings increased \$766 million during the quarter. Excluding the loans acquired through First Green, organic loan outstandings grew 10% from the prior year and 13% on a quarterly annualized basis. Loan production was robust in Q4, with our commercial business originating \$159 million, a record quarter.

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Looking forward, we have strong pipelines and are making investments in bankers and new technologies to continue to drive loan growth. We are targeting high single-digit loan growth for 2019 and we continue to be selective about originating transactional-related credits such as CRE given the maturity of the cycle. We continue to shift our mortgage business away from portfolio lending and into saleable volume. This supports NIM expansion and we expect stronger returns from the mortgage business unit. The saleable mortgage market has proven challenging, given low inventory levels and the significant shift to new constructions in our markets. If volumes continue to be a challenge, we will offset revenue declines with corresponding expense reductions.

Turning to slide 10, deposit outstandings increased \$534 million quarter-over-quarter, primarily reflecting the impact of the acquisition of First Green. Looking back at the First Green acquisition, loan volumes began to accelerate during the second quarter for First Green, outpacing their ability to fund these balances with core accounts. As a result, they acquired a pool of non-relationship based deposit balances. We chose not to compete for this volatile funding and allowed it to run-off in the quarter.

Looking at the legacy Seacoast customer base, we saw a strong demand for C&I-related lending and, in conjunction, saw demand deposit outflows from core business banking customers. Based on conversations with our small business and commercial banking team, we believe this is a very positive signal for the Florida economy. Our business customers are making investments in growth given their outlook for a strong Florida economy in 2019.

Rates paid on deposits increased 11 basis points to 54 basis points quarter-over-quarter in line with the range provided on last quarter's call. The overall cost of interest-bearing liabilities increased 15 basis points in line with our expectation.

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Looking ahead, we're targeting deposit growth of approximately 6%, and assuming no change in the Fed Funds rates, we expect deposit costs to be in the mid-60 basis points range in the first quarter of 2019. Targeting a deposit growth rate of 6%, in combination with a high single-digit loan growth, results in a loan deposit ratio in the low 90s for a period of time in 2019.

Turning to slide 11, our deposit beta continues to perform very well reflecting the transactional nature of our deposit book. Looking back to the past four quarters, the Fed Funds rate increased 100 basis points and our deposit book only re-priced 25 basis points. And if you remove the effect of First Green, the legacy deposit beta was only 20 basis points over the same period. Non-interest-bearing demand deposits represent 31% of deposit franchise and transaction accounts represent over 50% of our deposit book in line with the prior quarter.

Turning to slide 12, credit continues to benefit from rigorous credit selection that emphasizes through the cycle orientation, builds on customer relationships and well understood, known markets and sectors, as well as maintaining diversity of loan mix and granularity. The overall allowance to total loans was down 16 basis points to 67 basis points at quarter end, including 9 basis points from the charge-off of a single retail commercial note, which we discussed in the two prior quarters and approximately 7 basis points due to the purchase discount being applied to the First Green-acquired loan portfolio.

Let me take a moment to remind you that under purchase accounting, loans acquired through an acquisition are placed in the acquired loan portfolio and a purchase mark, including both characteristics for credit and rate, is applied and accreted back through net interest income as these loans paydown are mature. We applied a 3% credit mark to the First Green portfolio at acquisition.

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In the non-acquired loan portfolio, the ALLL ended the quarter at 89 basis points of loan outstandings, down 9 basis points from the prior quarter. This is the result of charging off the single retail commercial note that we previously discussed. Removing this single retail reserve from the prior quarter's coverage ratio, the ALLL as a percentage of loan outstandings and the originate portfolio remained flat sequentially.

We continue to prudently manage our commercial real estate exposure with construction and land development as a percentage of capital at 63% and commercial real estate loans as a percentage of capital at 227%. Net charge-offs were \$3.7 million for the quarter, including \$3 million for the single retail commercial real estate note. Looking back to the past four quarters, our annualized net charge-off rate was 15 basis points, inclusive of this charge-off.

Looking forward to 2019, we forecast annualized net charge-offs of approximately 15 basis points as the economic cycle matures. The provision for loan losses will continue to be influenced by loan growth and net charge-offs.

Turning to slide 13, we possess a healthy balance sheet and are delivering strong capital generation through our balanced growth strategy. This positions us well for additional acquisition and organic growth opportunities, and provides options to manage capital and returns moving forward.

The common equity Tier 1 ratio was 13.8% and the total risk-based capital ratio was 14.4% at December 31<sup>st</sup>, 2018. The tangible common equity to tangible asset ratio was 9.7% at quarter end, providing capital for additional growth in 2019.

And to wrap up on slide 14, we ended 2018 on solid footing. We're well-positioned to maintain and sustain the momentum in 2019. Our fundamentals remains very strong with a well-capitalized balance sheet and low-cost funding, and we see continued robust opportunities to enhance our balance growth strategy in some of Florida's fastest growing markets. Overall, we remain confident we're on track to meet our Vision 2020 targets.

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And as Dennis mentioned prior, we're excited to host our upcoming Investor Day on February 13, 2019 in Boca Raton, Florida. For more information, you can visit [seacoastbank.com/investordaysvp](http://seacoastbank.com/investordaysvp). We look forward to your questions.

I will now turn the call back over to Dennis.

**Dennis Hudson:** Thank you, Chuck. We'd be pleased to take a few questions at this point, operator?

**Operator:** Thank you. [Operator instructions]. Our first question is from David Feaster of Raymond James. Please go ahead.

**David Feaster:** Good morning, guys. So I'd like to start on the NIM, your core NIM expansion was impressive. Could you just walk through some of what drove that, how much was from the September hike in the LIBOR move, how much do you think was from First Green and from the remixing of earning assets?

And I guess as a follow-on, what kind of rate outlook are you assuming in your NIM guidance and do you think you can see NIM expansion exclusive of additional hikes?

**Chuck Shaffer:** Sure. I'll start with the expansion quarter-over-quarter. I would say there are really three key factors. If you look at just removing the purchase accretion increase quarter-over-quarter due to the acquisition, we did get a rate increase that certainly was beneficial. But importantly, as we've talked in the past, we have the ability to continue to remix earning assets. We sold off some securities at a very modest loss and we continue to allow the securities portfolio to decline; at the same time, we saw robust loan growth that certainly supported the margin. As well as, when we acquired the First Green transaction, their loan yield that came on, the book yields in that portfolio, were higher than we originally modeled and so that supported sort of a start rate that was beneficial as well.

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But I'll point out, it's important as we move forward that having five sort of asset classes between commercial lending, mortgage banking, SBA, consumer and small business lending really is allowing us to have some flexibility on what we pick and how we put things in the portfolio. So that's helping manage the loan yield as we move forward. As I mentioned in my comments, we continue to see increased loan spreads. That's something we are keenly focused on; we're keenly focused on pricing. So I think it's a combination of all that, but it's something we—I think we're well positioned to move forward.

On the guidance around NIM, we assume no rate hikes in that guidance.

**David Feaster:** That's terrific. Thanks. On loan growth, your organic growth was terrific but given the inclusion of First Green, it's a little hard to tell exactly from our perspective what drove the growth. Could you just give us some insight into that by segment and region, too?

**Chuck Shaffer:** Sure. And maybe Chuck(Cross), you can make a few comments on this. But I'll just say broadly, when we put out the guide of high-single digits last quarter, we were assuming a run rate. We saw the commercial business bank really come online in the fourth quarter.

I would also say that the team, and Chuck, you can probably add to this, but the team we brought on hit the ground running. So we're seeing growth across the full geography; Broward, Orlando, Tampa, and it's helping the expansionary efforts we've been putting in place and I think that continues to help loan growth moving into the next year.

Chuck(Cross), do you have anything you want to add to that?

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**Chuck Cross:** David, this is Chuck Cross. I think as Chuck Schaffer said, we saw the growth in consumer, small business and commercial banking, and we're seeing the growth in the markets where we've invested and added to staff. And as Chuck (Shaffer) said, the bankers that we hired in Fort Lauderdale and Tampa have come on pretty strong, and that bodes well for the pipelines that we're building for this year also.

**David Feaster:** That's helpful. Last one for me, expenses, you talked about 70% of the \$7 million in savings that have already been realized, could you just talk about the timing of the remaining savings? And how much of the expenses from the ten hires are already in your expense run rate? Just, again, remind us of the seasonal impacts in the first quarter.

**Chuck Shaffer:** Sure. And I gave you some guidance there of \$39 million to \$40 million on non-interest expense exclusive of the amortization of intangibles, but that guidance includes those ten hires. They were hired on early in the quarter and so they were in the number. And looking forward on the cost side, what we've done at this point is identified pretty much all of the \$7 million, like I said, we got through almost \$5 million of it. We got another \$1.9 million, but we expect to realize that pretty ratably over next year.

But as I mentioned in our plan, we plan to reinvest that in growth-oriented activities that really support growth moving beyond 2019.

**David Feaster:** So keeping expenses on a quarterly basis relatively flattish throughout?

**Chuck Shaffer:** That's the guidance we provided last quarter and that remains still today.

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**David Feaster:** Terrific. Thanks, guys.

**Chuck Shaffer:** Thanks, David.

**Operator:** Thank you. Our next question is from Stephen Scouten of Sandler O'Neill. Please go ahead.

**Graham Dick:** Hey, guys. This is Graham Dick on for Stephen today. How are you doing?

**Chuck Shaffer:** Hi, Graham.

**Graham Dick:** All right. So just one question here for you all, how are you thinking about mortgage production and realizing the revenues through fees rather than just portfolioing the loans?

**Chuck Shaffer:** That's a big objective of ours. Late last year we began rotating more toward salables we moved forward. Part of that was inclusive of us introducing a number of salable products to our originators. We're kind of in the middle of doing that now.

But as we move out over the rest of the year, our expectations is for that to continue to improve and that's important for delivering bottom line returns for the business unit as we move through 2019. So that is one of our key focuses as we move through the coming year.

**Graham Dick:** All right. Great. That's it for me, guys. Congrats on the quarter.

**Operator:** Thank you. Our next question is from Michael Young of SunTrust. Please go ahead.

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**Michael Young:** Good morning. I appreciate all the color on the guidance; I thought it was very clear. But just curious kind of as you look out, you provided this guidance in 3Q last year, basically a little earlier than most other banks. Has anything shifted, materially, in terms of areas that might be more of a challenge or easier to achieve given some of the hiring? Just generally curious what your thoughts are now at this point versus where you were when you provided the guidance originally.

**Chuck Shaffer:** I think generally at a high level, Michael, we still feel basically the same as we felt in third quarter. 2019 looks like a robust year for us, 2018 was a great year. We've got great momentum coming into the coming year.

So I don't know if there's anything materially different other than we continue to focus on the key pieces around remixing expense out of legacy cost structure and into growth as we move for the transformation around that, focused on building good core loan and deposit growth as we move through the year and a big piece of our investments in 2019, as we've talked about in the back half of 2018, is really building out Tampa and Broward.

Those markets are incredibly growth-oriented. It's really the customers that we want to focus on. It's a lot of operating companies in those markets and so we'll continue to invest in bankers, and growing out that footprint.

**Dennis Hudson:** And as a result, we'll continue to move forward and I think increase and improve the lending we're doing to operating companies. As we go through time, that becomes critical as we look forward to the environment ahead.

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And that's always been a big part of our strategy, and it's working, and we're going to continue to press forward there. And as Chuck said, we have a lot of flexibility as a result, both across the geography as well as the asset classes to think about how we continue to improve NIM as we look out over time.

**Chuck Shaffer:** And I would say just leaning on that, maybe one thing that's a little different is a keen focus on returns and mix. That is key to us in 2019 in getting good spreads on lending, making sure we're hitting strong risk-adjusted returns and that's even more of a focus.

**Dennis Hudson:** Beginning, I think, the middle of last year, we began looking at areas that we wanted to invest less in and transfer that investment into areas that were likely to perform better in the environment we see ahead.

**Michael Young:** And can you just remind me, Chuck, the seasonality to some of the deposit growth and outflows and then also similarly on the loan side? I think that caught some people off guard last year, but just wanted to have that clearly reflected this year.

**Chuck Shaffer:** Sure. I'll talk through that. So generally what happens on the loan side is, well, the fourth quarter is usually stronger than the first quarter as we clean out pipeline to get geared up for the coming year. That's sort of a natural seasonal trend and we'll probably see that this year as well.

And on the deposit side, the first quarter is our strongest quarter for deposit growth, and it builds up through the first quarter and into the second. It begins to decline through the summer and then rebuilds late in the year.

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**Michael Young:** And then just last one for me on the fully digital end-to-end process that you guys are putting in place on the lending side. Can you just walk through when that should be up and running? And then is there any real initial income statement impact that we should see around that or is that just going to be a slow flywheel grinding higher, I guess, over time?

**Chuck Shaffer:** No. That's a key focus for us, and the guidance that we provided is inclusive of that project. But it will probably launch—our goal is to get it launched by about June of this year, and probably see the full benefit of that late into this year and into next year. So it's a nine-month implementation, a lot of training and things like that going on, but it is priority-one for our technology strategy to get that in place.

**Dennis Hudson:** It's kind of interesting you pair that together with some of the other competencies that we have developed over the last few years, particularly in marketing, the work we've done around customer analytics that you've seen, Michael, and so forth, you pair those two together and you create something that could really be remarkable.

**Michael Young:** All right. Well, thanks, guys. Congrats on a good quarter.

**Chuck Shaffer:** Thanks, Mike.

**Operator:** Thank you. Our next question is from Jeff Cantwell of Guggenheim Securities. Please go ahead.

**Jeff Cantwell:** Hi. Good morning. Thanks for taking my questions. I know these won't be the usual things that I ask you about like NIM or loan growth or credit quality but I wanted to ask you a couple of questions related to your technology and your digital strategy.

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But I guess I should provide some context for my questions first. So there's significant focus in the market right now on the Fiserv-First Data deal and how that combination could actually impact financial institutions in new and better ways in the future. So maybe, first off, at a high level, I wanted to ask you how might a combination of Fiserv-First Data eventually benefit financial institutions such as yours. Do you have any thoughts there? I just would love to get your perspective on what you think the deal ultimately means for community banks. I thought you might have some interesting perspectives to share. Thanks.

**Dennis Hudson:** I'm going to ask Jeff Bray, who's in the room with us, to maybe make a few comments. Jeff runs our service operations and technology groups. So Jeff, thoughts?

**Jeff Bray:** Sure. Absolutely. The initial thought around it was the advantage that the merger will create in the payment space, particularly both from a banking standpoint and a merchant standpoint with the amount of data that that corporation, combined corporation, will have will probably create a lot of new products and services that will be delivered out into both the merchant space, as well as the banking space.

As it relates to us, impact immediately, we have a relationship with both firms today. We have a relationship with Fiserv through PC lender, which they acquired last year, and we do have a relationship with First Data through the merchant services program that we sell through with our customers to First Data. So that, obviously, is going to tip the scales around where the services are going to belong to once the merger is completed.

For me, I think it's going to enable, hopefully, Fiserv to provide better capabilities that would take cost out, would simplify how interactions are made between us, our employees and our customers through their tool and tool stack. I think it's a pretty aggressive move on their part especially in the payment space and I'm really excited to see what comes out of that with their \$500 million investment that they're putting into innovation over the next five years.

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**Jeff Cantwell:** Thanks very much. I appreciate that. And just a follow-up to that topic, you have plenty of business banking customers and for those business banking customers, where do you think a combination like Fiserv plus First Data might drive improvement in terms of how you serve those small businesses? I guess the way we think about it is the ultimate goal, right, is for those providers to help make a bank's relationship with his business customers more seamless or better or more impactful in a rapidly changing technology environment.

So is there anything between core account processing and First Data's platform like Clover's point of sale or adding STAR or any of other First Data's other capabilities that you think could be impactful in terms of how you serve small businesses? Thanks.

**Jeff Bray:** Absolutely. I think, obviously, one of the strategic plays is what happens with Clover and the Clover platform. I think that will be interesting to see what Fiserv ultimately does with First Data through that.

For me, in terms of being a bank and participating in and enabling the ability for small business and business banking to be able to move data more efficiently, more effectively, I think it's something that will be impacted with this merger. It will hopefully bring better, holistic tools and tool sets through services that we could acquire from that institution that would put us in better engagement with the business banking and small business provider as it relates to a lot of things from data about their customers, how they use that data and how it helps us serve those businesses better through accumulation of that data and the transparency of that data.

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So I think there is tremendous value. Then when you align that to the payment hub that will probably come out of the deal, you really create some efficiencies that can be very beneficial for both the bank, working with those services, as well with the banking clients like the small business or business bank.

**Jeff Cantwell:** Thanks for that.

**Dennis Hudson:** I will just add that what is happening and will continue to happen in terms of innovation in and around payments is going to be a critical competitive issue, I think, for banks generally. And when you look at some of the very, very large banks, the trillion dollar players that have developed their own payments platforms and the like, I think, it was probably a good move to combine those two organizations together to better support some of the mid-sized banks out there. So, interesting questions. Thanks. Thanks a lot, Jeff.

**Jeff Cantwell:** Appreciate it. If I could just squeeze one last here, I appreciate your time here and thank you for patiently answering my questions on your digital strategy.

But my last question is, what do you think of Square as an emerging competitor for deposits? I guess, I'm asking both on the consumer side and with business deposits. We seem to be at an interesting point in time where Fintechs care a lot more about providing bank-like services and so I figured if any bank would have a strong opinion on this, it will be you guys given how much you've invested in your own digital strategy. So I would just appreciate any thoughts you have on Square and whether you see them as a future competitor. Thanks.

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**Jeff Lee:** It's Jeff Lee. I'll weigh in on that. I mean, we certainly have our eye on that as well as a number of other companies along those lines. I mean, it's fertile territory; it's all about who is going to own most of the customer and now more folks are into the fray. I think it's still a little early to see how it's going to net out. Square obviously has relationships with a lot of businesses; it's something we have got to remain very focused on. It's trying to get the entire relationship of the customers that we serve which is kind of one our critical points.

**Jeff Cantwell:** Thanks again and congrats.

**Operator:** Thank you. And our next question is from Steve Moss of B. Riley FBR. Please go ahead.

**Steve Moss:** Good morning, guys. I just want to touch on the margin again. It seems like the guidance implies basically a flat core margin quarter-over-quarter, and just kind of wondering given we had a rate hike in December and LIBOR has moved up, kind of what are just the underlying drivers there.

**Chuck Shaffer:** The gives and takes are—the flat guidance, we could be but we'll see how things come together. We'll see some expansion in investment yields. The loan book, we'll see where purchase accretion goes; it's really hard to model that as we move forward. We had almost 28 basis points I believe with purchase accretion in the fourth quarter; we're modeling something closer to 25 in the first quarter. So that's some offset there but, again, that's a volatile outlook. And then we've given some guidance around cost deposits. When you push all of that together and given some inversion in the curve that's occurred, we think it's just reasonable and prudent to guide to something similar in Q1 to Q4.

**Steve Moss:** That's helpful. And I'm just kind of wondering about purchase accounting accretion in the second half of 2019, Chuck. I know it's hard to model but I'm wondering is there a step-down, a meaningful step-down in the purchase accounting accretion at some point later this year or is that more of a 2020 type event?

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**Chuck Shaffer:** I wouldn't say, later this year there's any meaningful step-down. As you know, it depends on the burn down of the portfolio and that takes years. So it'll be a while before we start to see any step-down there, but it is tough to model and it'll depend on how fast that portfolio pays off.

**Steve Moss:** That's fair. And on M&A here, kind of wondering what are your updated thoughts, after First Green, and just what is the activity you're seeing in the market these days.

**Dennis Hudson:** Well, there's still market out there. There have been a number of transactions announced recently, small transactions, amazingly purchases by credit unions here in the state which still astounds me from a tax standpoint.

But there are still conversations out there. We have our list, and we maintain contact with lots of different parties as we go through time. We are in a good position. If the stars align to move forward and if everything makes sense from a value creation standpoint, we wouldn't hesitate to move forward.

**Chuck Shaffer:** And I would say, Steve, just if you're thinking about things from a high level, there's really been no change in momentum around conversations or activity. We still see a lot of targets out there, still have a lot of conversations and so we'll see how things come together in the coming year.

**Steve Moss:** All right. Thank you very much.

**Operator:** Thank you. I will now turn the call back over to Dennis Hudson for closing remarks.

**Dennis Hudson:** Thank you, operator. And again, thanks everybody for being with us today. We had a terrific quarter and we look forward to updating you next quarter.

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**Operator:** Thank you. And thank you, ladies and gentlemen, this concludes today's conference. Thank you for participating. You may now disconnect.

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# Seacoast

BANKING CORPORATION  
OF FLORIDA

## Earnings Presentation

FOURTH QUARTER AND FULL-YEAR RESULTS  
2018

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## Cautionary Notice Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning, and protections, of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements about future financial and operating results, cost savings, enhanced revenues, economic and seasonal conditions in our markets, and improvements to reported earnings that may be realized from cost controls, tax law changes, and for integration of banks that we have acquired, or expect to acquire, as well as statements with respect to Seacoast's objectives, strategic plans, including Vision 2020, expectations and intentions and other statements that are not historical facts. Actual results may differ from those set forth in the forward-looking statements.

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

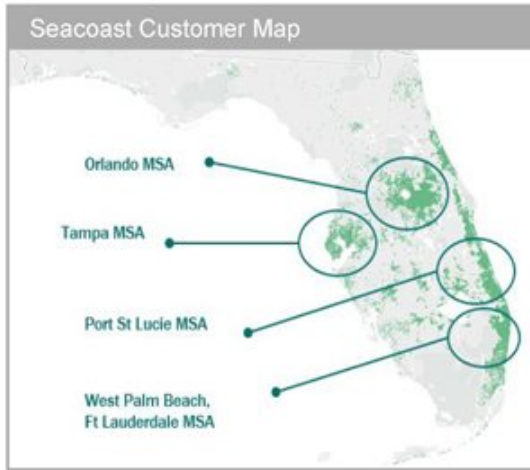
You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "should," "support," "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "further," "point to," "project," "could," "intend" or other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation: the effects of future economic and market conditions, including seasonality; governmental monetary and fiscal policies, as well as legislative, tax and regulatory changes; changes in accounting policies, rules and practices; the risks of changes in interest rates on the level and composition of deposits, loan demand, liquidity and the values of loan collateral, securities, and interest sensitive assets and liabilities; interest rate risks, sensitivities and the shape of the yield curve; the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market areas and elsewhere, including institutions operating regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone, computer and the Internet; and the failure of assumptions underlying the establishment of reserves for possible loan losses.

The risks of mergers and acquisitions, include, without limitation: unexpected transaction costs, including the costs of integrating operations; the risks that the businesses will not be integrated successfully or that such integration may be more difficult, time-consuming or costly than expected; the potential failure to fully or timely realize expected revenues and revenue synergies, including as the result of revenues following the merger being lower than expected; the risk of deposit and customer attrition; any changes in deposit mix; unexpected operating and other costs, which may differ or change from expectations; the risks of customer and employee loss and business disruption, including, without limitation, as the result of difficulties in maintaining relationships with employees; increased competitive pressures and solicitations of customers by competitors; as well as the difficulties and risks inherent with entering new markets.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2017 under "Special Cautionary Notice Regarding Forward-Looking Statements" and "Risk Factors", and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC's internet website at <http://www.sec.gov>.

## Seacoast Bank [NASDAQ: SBCF]

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



- \$6.7 billion in assets as of December 31, 2018, operating in the nation's third-most populous state
- Strong and growing presence in four of Florida's most attractive MSAs
  - #1 Florida-based bank in the Orlando MSA
  - Growing share in West Palm Beach
  - #2 share in Port St Lucie MSA
  - Growing presence in Tampa MSA
- Investing in business banking and innovative customer analytics
- Growth-oriented culture, engaged associate base, strong customer advocacy
- Active board with diverse range of experience and expertise
- Market Cap: \$1.3 billion (12/31/2018)



## Fourth Quarter Highlights

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

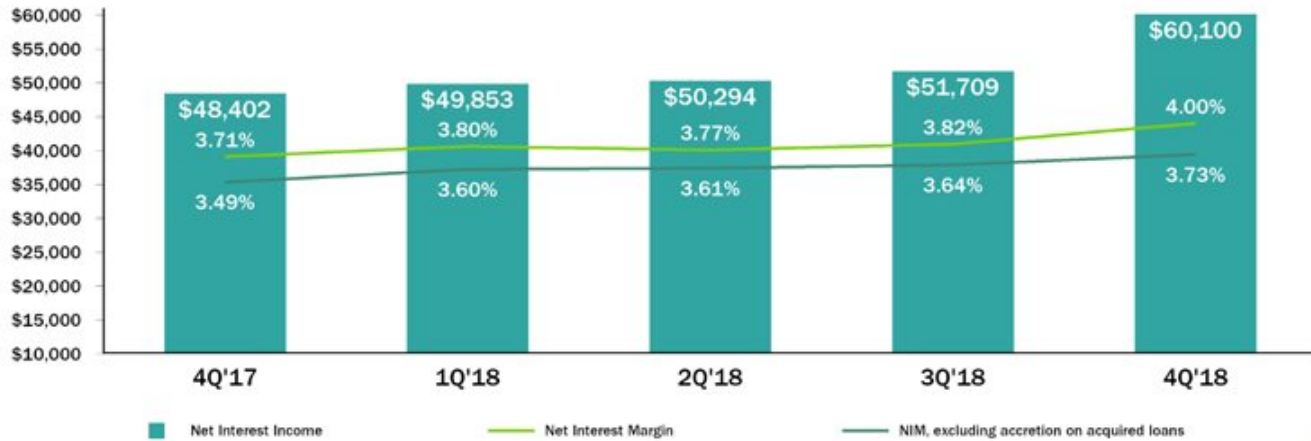
- Earnings per share totaled \$0.31 on a GAAP basis, and \$0.47 on an adjusted basis<sup>1</sup>.
- On a GAAP basis, ended the quarter at 1.05% Return on Tangible Assets (ROTA), 10.9% Return on Average Tangible Common Equity, and 65.8% efficiency ratio. On an adjusted basis, fourth quarter results were 1.49% adjusted ROTA<sup>1</sup>, 15.4% adjusted ROTCE<sup>1</sup>, and 54.2% adjusted efficiency ratio<sup>1</sup>.
- Record commercial originations of \$159 million in the fourth quarter, up 22% sequentially.
- Fourth quarter annualized organic loan growth of 13%.
- Net interest margin expanded 18 basis points to 4.00% quarter-over-quarter, driven by loan yield expansion of 29 basis points to 5.12% and securities yield expansion of 11 basis points to 3.11%, partially offset by higher deposit costs, which expanded 11 basis points to 0.54%.
- Completed the First Green Bancorp acquisition.

<sup>1</sup>Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

## Net Interest Income and Margin

- Net interest margin expanded 18 basis points to 4.00% quarter-over-quarter, driven by loan yield expansion of 29 basis points to 5.12% and securities yield expansion of 11 basis points to 3.11%, partially offset by higher deposit costs, which expanded 11 basis points to 0.54%.
- The impact of purchased loan accretion on total net interest margin was 27 basis points in the current quarter, versus 18 basis points in the prior quarter and 22 basis points in the fourth quarter of 2017. Removing accretion on acquired loans, the net interest margin expanded 9 basis points.

(\$ in thousands)



<sup>1</sup>Calculated on a fully taxable equivalent basis using amortized cost

## Adjusted Noninterest Income<sup>1</sup>

- Adjusted noninterest income<sup>1</sup> totaled \$12.9 million, up \$0.5 million or 4% from the prior quarter and up \$1.5 million or 13% compared to the prior year quarter.
- Other income, service charges on deposits, and interchange income were higher as a result of continued customer acquisition and engagement in conjunction with the acquisition of First Green. Other income benefited from increases in SBA related income, SBIC investment income, and other customer fees.
- Mortgage banking fees continued to face headwinds, impacted by lower inventory levels and increased customer demand for new construction across our markets.



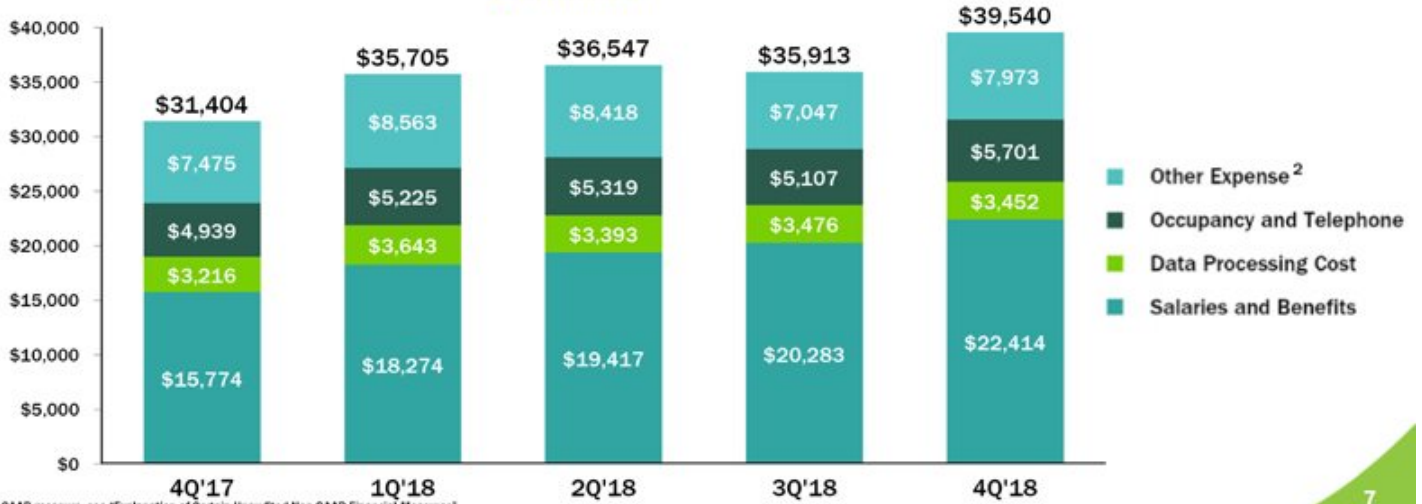
<sup>1</sup>Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

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

## Adjusted Noninterest Expense<sup>1</sup>

- As a percentage of average tangible assets, adjusted noninterest expense in the current quarter was 2.46% compared to 2.48% in the prior quarter.
- During the fourth quarter, the Company continued to make investments in talent to scale the organization, including 10 new C&I small business and commercial bankers, and personnel in our risk and compliance functions.
- A discretionary bonus of \$0.8 million was accrued in the fourth quarter for second level leadership given the successful execution of the First Green integration, all while driving expense reduction and growth initiatives.

(\$ in thousands)



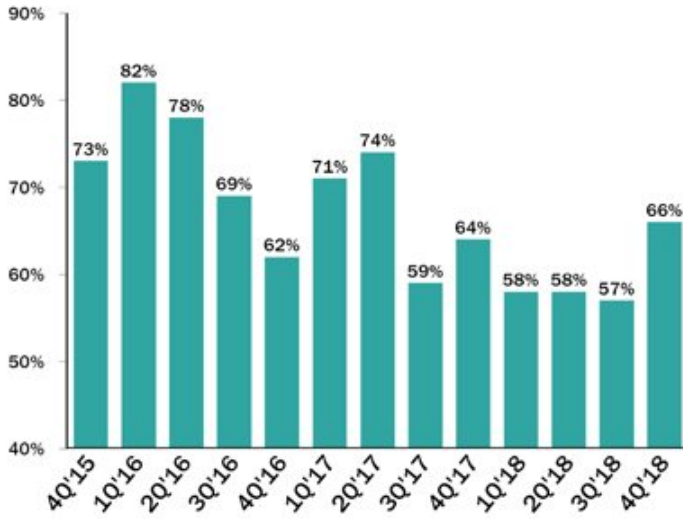
<sup>1</sup>Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

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

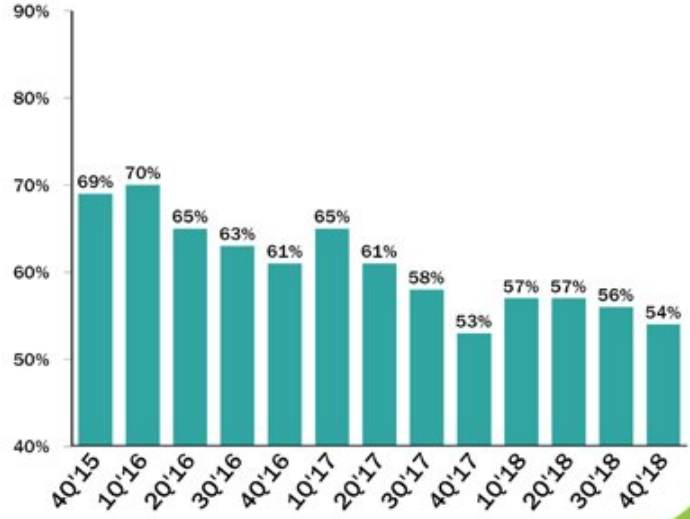
## Efficiency Ratio

- The efficiency ratio was 65.8% compared to 57.0% in the prior quarter and 64.0% in the fourth quarter of 2017.
- The adjusted efficiency ratio<sup>1</sup> was 54.2% compared to 56.3% in the prior quarter and 52.6% in the fourth quarter of 2017.

GAAP - Efficiency



Adjusted - Efficiency<sup>1</sup>



<sup>1</sup>Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures"

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

- Fourth quarter loans totaled \$4.8 billion, an increase of \$1.0 billion or 26% from year-ago levels. Adjusting for acquisitions, loans grew \$376 million or 10% year over year.
- Full year consumer and small business originations were \$443 million, up 25% compared to prior year.
- Commercial originations were a record for the fourth quarter, with \$159 million in originations. Full year commercial originations were \$553 million, up 15% compared to prior year.
- Pipelines exiting 2018 were \$164 million in commercial, \$44 million in residential, and \$53 million in consumer and small business.
- Purchased loan accretion was 35 basis points in 4Q 2018 versus 25 basis points in the prior quarter, and 31 basis points in the fourth quarter of 2017.

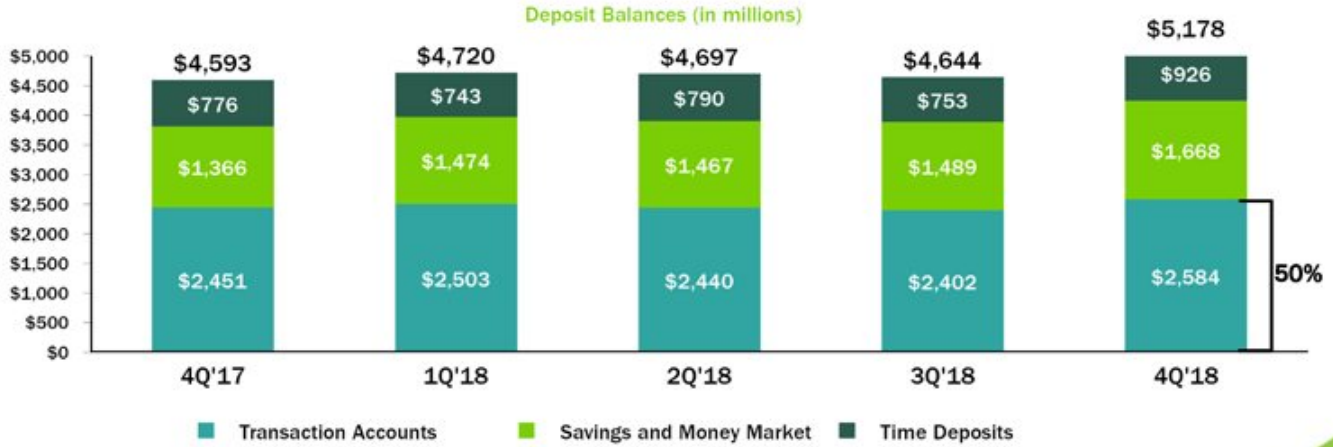
Total Loans Outstanding (in millions)



(Yields presented above do not reflect FTE adjustments)

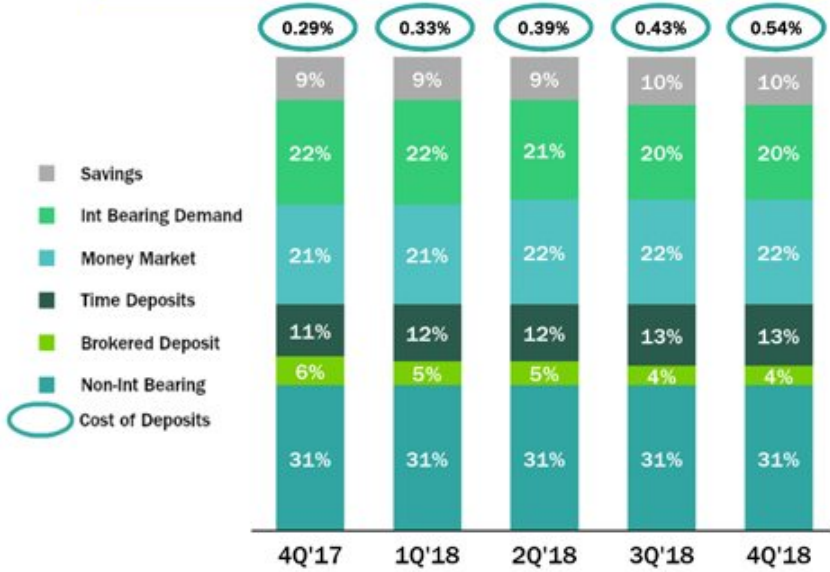
## The Deposit Franchise Continues to Perform Well and Serves as a Source of Earnings Strength

- Total deposits increased 13% year-over-year.
- Transaction accounts represented 50% of total deposits and increased 5% year-over-year.
- Cost of deposits was 0.54%, up 11 basis points from the prior quarter, and up 25 basis points from the fourth quarter of 2017. Excluding the impact of the First Green acquisition, cost of deposits increased 6 basis points sequentially.



## Average Deposit Balances and Cost

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



4Q'17-4Q'18	Interest Bearing Deposits Cumulative Beta <sup>1</sup>
Savings	24 bps
Interest Bearing Demand	6 bps
Money Market	42 bps
Time Deposits	67 bps
Brokered CDs	80 bps
Total Interest Bearing	37 bps
Total Deposits	25 bps
Fed Fund Change	100 bps

<sup>1</sup>Beta calculated using the change in deposit costs 4Q'18 vs 4Q'17 divided by the 100 bps change in Fed Funds rate from December 31, 2017 to December 31, 2018



# Credit Quality

(\$ in thousands)

## Net Charge-Offs



## ALLL

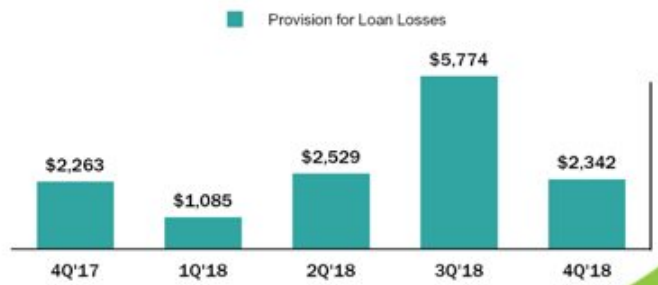


<sup>1</sup>Includes charge off of \$3.0 million for a single impaired loan.

## Nonperforming Loans



## Provision for Loan Losses

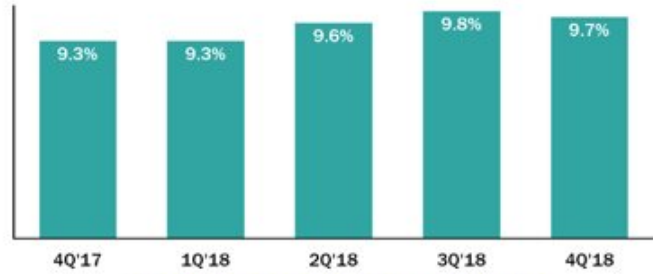


# Maintaining Strong Capital to Support Balanced Growth Opportunities

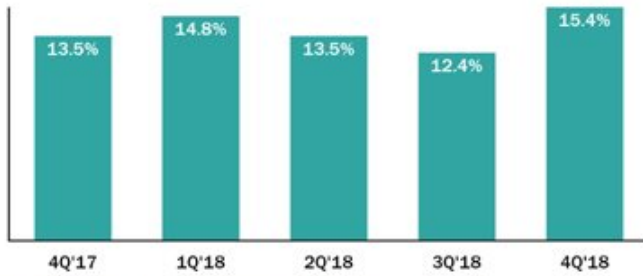
Tangible Book Value / Book Value Per Share



Tangible Common Equity / Tangible Assets



Adjusted Return on Tangible Common Equity<sup>1</sup>



Total Risk Based and Tier 1 Capital



<sup>1</sup>Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures."

## On-track to Achieve Our Vision 2020 Objectives

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

## Contact Details: Seacoast Banking Corporation of Florida



### Charles M. Shaffer

Executive Vice President  
Chief Financial Officer  
(772) 221-7003

#### INVESTOR RELATIONS

NASDAQ: SBCF



# Seacoast

BANKING CORPORATION  
OF FLORIDA

**90**  
**+YEARS**

## Explanation of Certain Unaudited Non-GAAP Financial Measures

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

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



## GAAP to Non-GAAP Reconciliation

Quarterly Trend

Twelve Months Ended December 31,

(Dollars in thousands except per share data)	Quarterly Trend				Twelve Months Ended December 31,		
	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17	2018	2017
Net income (loss)	\$ 15,962	\$ 16,322	\$ 16,964	\$ 18,027	\$ 13,047	\$ 67,275	\$ 42,865
Gain on sale of VISA Stock	—	—	—	—	(15,153)	—	(15,153)
Securities (gains)/losses, net	425	48	48	102	(112)	623	(86)
BOLI benefits on death (included in other income)	(280)	—	—	—	—	(280)	—
<b>Total Adjustments to Revenue</b>	<b>145</b>	<b>48</b>	<b>48</b>	<b>102</b>	<b>(15,265)</b>	<b>343</b>	<b>(15,239)</b>
Merger related charges	8,034	482	695	470	6,817	9,681	12,922
Amortization of intangibles	1,303	1,004	1,004	989	963	4,300	3,360
Business continuity expenses - Hurricane Irma	—	—	—	—	—	—	352
Branch reductions and other expense initiatives	587	—	—	—	—	587	4,321
<b>Total Adjustments to Noninterest Expense</b>	<b>9,924</b>	<b>1,486</b>	<b>1,699</b>	<b>1,459</b>	<b>7,780</b>	<b>14,568</b>	<b>20,955</b>
Tax effect of adjustments	(2,623)	(230)	(443)	(538)	3,147	(3,834)	(1,792)
Taxes and tax penalties on acquisition-related BOLI redemption	485	—	—	—	—	485	—
Effect of change in corporate tax rate	—	—	—	248	8,552	248	8,552
<b>Adjusted Net Income</b>	<b>\$ 23,893</b>	<b>\$ 17,626</b>	<b>\$ 18,268</b>	<b>\$ 19,298</b>	<b>\$ 17,261</b>	<b>\$ 79,085</b>	<b>\$ 55,341</b>
Earnings per diluted share, as reported	0.31	0.34	0.35	0.38	0.28	1.38	0.99
<b>Adjusted earnings per diluted share</b>	<b>0.47</b>	<b>0.37</b>	<b>0.38</b>	<b>0.40</b>	<b>0.37</b>	<b>1.62</b>	<b>1.28</b>
Average shares outstanding	51,237	48,029	47,974	47,688	46,473	48,748	43,350
Revenue	72,698	63,853	62,928	62,058	74,868	261,537	234,765
Total Adjustments to Revenue	145	48	48	102	(15,265)	343	(15,239)
<b>Adjusted Revenue</b>	<b>72,843</b>	<b>63,901</b>	<b>62,976</b>	<b>62,160</b>	<b>59,603</b>	<b>261,880</b>	<b>219,526</b>
Noninterest Expense	49,464	37,399	38,246	37,164	39,184	162,273	149,916
Total Adjustments to Noninterest Expense	9,924	1,486	1,699	1,459	7,780	14,568	20,955
<b>Adjusted Noninterest Expense</b>	<b>39,540</b>	<b>35,913</b>	<b>36,547</b>	<b>35,705</b>	<b>31,404</b>	<b>147,705</b>	<b>128,961</b>
Foreclosed property expense and net (gain)/loss on sale	—	(137)	405	192	(7)	461	(302)
<b>Net Adjusted Noninterest Expense</b>	<b>\$ 39,540</b>	<b>\$ 36,050</b>	<b>\$ 36,142</b>	<b>\$ 35,513</b>	<b>\$ 31,411</b>	<b>\$ 147,244</b>	<b>\$ 129,263</b>



## GAAP to Non-GAAP Reconciliation

(Dollars in thousands except per share data)	Quarterly Trend				Twelve Months Ended December 31,		
	4Q'18	3Q'18	2Q'18	1Q'18	4Q'17	2018	2017
Adjusted Revenue	\$ 72,843	\$ 63,901	\$ 62,976	\$ 62,160	\$ 59,603	\$ 261,880	\$ 219,526
Impact of FTE adjustment	116	147	87	91	174	441	706
Adjusted Revenue on a fully taxable equivalent basis	72,959	64,048	63,063	62,251	59,777	262,321	220,232
<b>Adjusted Efficiency Ratio</b>	<b>54.19%</b>	<b>56.29%</b>	<b>57.31%</b>	<b>57.05%</b>	<b>52.55%</b>	<b>56.13%</b>	<b>58.69%</b>
Average Assets	\$ 6,589,870	\$ 5,903,327	\$ 5,878,035	\$ 5,851,688	\$ 5,716,230	\$ 6,057,335	\$ 5,206,617
Less average goodwill and intangible assets	(213,713)	(165,534)	(166,393)	(167,136)	(149,432)	(178,287)	(115,511)
Average Tangible Assets	\$ 6,376,157	\$ 5,737,793	\$ 5,711,642	\$ 5,684,552	\$ 5,566,798	\$ 5,879,048	\$ 5,091,106
Return on Average Assets (ROA)	0.96%	1.10%	1.16%	1.25%	0.91%	1.11%	0.82%
Impact of removing average intangible assets and related amortization	0.09%	0.08%	0.08%	0.09%	0.06%	0.09%	0.06%
Return on Tangible Average Assets (ROTA)	1.05%	1.18%	1.24%	1.34%	0.97%	1.20%	0.88%
Impact of other adjustments for Adjusted Net Income	0.44%	0.04%	0.04%	0.04%	0.26%	0.15%	0.21%
<b>Adjusted Return on Average Tangible Assets</b>	<b>1.49%</b>	<b>1.22%</b>	<b>1.28%</b>	<b>1.38%</b>	<b>1.23%</b>	<b>1.35%</b>	<b>1.09%</b>
Average Shareholders' Equity	\$ 827,759	\$ 728,290	\$ 709,674	\$ 695,240	\$ 657,100	\$ 740,571	\$ 570,399
Less average goodwill and intangible assets	(213,713)	(165,534)	(166,393)	(167,136)	(149,432)	(178,287)	(115,511)
Average Tangible Equity	\$ 614,046	\$ 562,756	\$ 543,281	\$ 528,104	\$ 507,668	\$ 562,284	\$ 454,888
Return on Average Shareholders' Equity	7.7%	8.9%	9.6%	10.5%	7.9%	9.1%	7.5%
Impact of removing average intangible assets and related amortization	3.2%	3.1%	3.5%	3.9%	2.8%	3.4%	2.4%
Return on Average Tangible Common Equity (ROTCE)	10.9%	12.0%	13.1%	14.4%	10.7%	12.5%	9.9%
Impact of other adjustments for Adjusted Net Income	4.5%	0.4%	0.4%	0.4%	2.8%	1.6%	2.3%
<b>Adjusted Return on Average Tangible Common Equity</b>	<b>15.4%</b>	<b>12.4%</b>	<b>13.5%</b>	<b>14.8%</b>	<b>13.5%</b>	<b>14.1%</b>	<b>12.2%</b>