UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

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

For the fiscal year ended December 31, 2021

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

For the transition period from _______ to _________

Commission File No. 0-13660

Seacoast Banking Corporation of Florida

(Exact Name of Registrant as Specified in its Charter)

Florida	59-2260678
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
815 Colorado Avenue, Stuart FL	34994
(Address of Principal Executive Offices)	(Zip Code)

(772) 287-4000
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	SBCF	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☒ No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☒ Yes ☐ No

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The aggregate market value of Seacoast Banking Corporation of Florida common stock, par value $0.10 per share, held by non-affiliates, computed by reference to the price at which the stock was last sold on June 30, 2021, as reported on the NASDAQ Global Select Market, was $1,893,140,629. The number of shares outstanding of Seacoast Banking Corporation of Florida common stock, par value $0.10 per share, as of January 31, 2022, was 61,198,780.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's Proxy Statement for the 2022 Annual Meeting of Shareholders (the "2022 Proxy Statement") are incorporated by reference into Part III, Items 10 through 14 of this report. Other than those portions of the 2022 Proxy Statement specifically incorporated by reference herein pursuant to Items 10 through 14, no other portions of the 2022 Proxy Statement shall be deemed so incorporated.

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SPECIAL CAUTIONARY NOTICE

REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made or incorporated by reference herein which are not statements of historical fact, including those under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere herein, are "forward-looking statements" within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include statements with respect to the Company's beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, and intentions about future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond the Company's control, and which may cause the actual results, performance or achievements of Seacoast Banking Corporation of Florida ("Seacoast" or the "Company") or its wholly-owned banking subsidiary, Seacoast National Bank ("Seacoast Bank") to be materially different from those set forth in the forward-looking statements.

All statements other than statements of historical fact could be forward-looking statements. You can identify these forward-looking statements through the use of words such as "may," "will," "anticipate," "assume," "should," "support," "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "further," "plan," "point to," "project," "could," "intend," "target" 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;
- the adverse effects of COVID-19 and any variants thereof (economic and otherwise) on the Company and its customers, counterparties, employees, and third-party service providers, and the adverse impacts to our business, financial position, results of operations, and prospects;
- government or regulatory responses to the COVID-19 pandemic;
- governmental monetary and fiscal policies, including interest rate policies of the Board of Governors of the Federal Reserve ("Federal Reserve"), as well as legislative, tax and regulatory changes, including those that impact the money supply and inflation;
- changes in accounting policies, rules and practices, including the impact of the adoption of the current expected credit losses ("CECL") methodology;
- our participation in the Paycheck Protection Program ("PPP");
- 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 rate sensitive assets and liabilities;
- interest rate risks, sensitivities and the shape of the yield curve; uncertainty related to the impact of LIBOR calculations on securities, loans and debt;
- changes in borrower credit risks and payment behaviors, including as a result of the financial impact of COVID-19;
- changes in retail distribution strategies, customer preferences and behavior;
- changes in the availability and cost of credit and capital in the financial markets;
- changes in the prices, values and sales volumes of residential and commercial real estate;
- the Company's ability to comply with any regulatory requirements;
- the effects of problems encountered by other financial institutions that adversely affect Seacoast or the banking industry;
- Seacoast's concentration in commercial real estate loans and in real estate collateral in the state of Florida;
- inaccuracies or other failures from the use of models, including the failure of assumptions and estimates, as well as differences in, and changes to, economic, market and credit conditions;
- the impact on the valuation of Seacoast's investments due to market volatility or counterparty payment risk;

- statutory and regulatory dividend restrictions;
- increases in regulatory capital requirements for banking organizations generally;
- the risks of mergers, acquisitions and divestitures, including Seacoast's ability to continue to identify acquisition targets, successfully acquire and integrate desirable financial institutions and realize expected revenues and revenue synergies;
- changes in technology or products that may be more difficult, costly, or less effective than anticipated;
- the Company's ability to identify and address increased cybersecurity risks, including as a result of employees working remotely;
- inability of Seacoast's risk management framework to manage risks associated with the business;
- dependence on key suppliers or vendors to obtain equipment or services for the business on acceptable terms;
- reduction in or the termination of Seacoast's ability to use the online- or mobile-based platforms that are critical to the Company's business growth strategy;
- the effects of war or other conflicts, acts of terrorism, natural disasters, health emergencies, epidemics or pandemics, or other catastrophic events that may affect general economic conditions;
- unexpected outcomes of, and the costs associated with, existing or new litigation involving the Company, including as a result of the Company's participation in the PPP;
- Seacoast's ability to maintain adequate internal controls over financial reporting;
- potential claims, damages, penalties, fines and reputational damage resulting from pending or future litigation, regulatory proceedings and enforcement actions;
- the risks that deferred tax assets could be reduced if estimates of future taxable income from operations and tax planning strategies are less than currently estimated and sales of capital stock could trigger a reduction in the amount of net operating loss carryforwards that the Company may be able to utilize for income tax purposes;
- the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, non-bank financial technology providers, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in the Company's 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;
- the failure of assumptions underlying the establishment of reserves for possible credit losses; and
- other factors and risks described under “Risk Factors” herein and in any of the Company's subsequent reports filed with the SEC and available on its website at www.sec.gov.

All written or oral forward-looking statements that are made or are attributable to Seacoast are expressly qualified in their entirety by this cautionary notice. The Company assumes no obligation to update, revise or correct any forward-looking statements that are made from time to time, either as a result of future developments, new information or otherwise, except as may be required by law.

Part I

Item 1. Business

General

Seacoast Banking Corporation of Florida (“Seacoast” or the “Company”) is a financial holding company, incorporated in Florida in 1983, and registered under the Bank Holding Company Act of 1956, as amended (the “BHC Act”). Its principal subsidiary is Seacoast National Bank, a wholly-owned national banking association ("Seacoast Bank"), which commenced its operations in 1933. As of December 31, 2021, Seacoast had total consolidated assets of $9.7 billion, total deposits of $8.1 billion, total consolidated liabilities, including deposits, of $8.4 billion and consolidated shareholders' equity of $1.3 billion.

Seacoast has grown to be one of the largest community banks headquartered in Florida, with concentrations in the state's fastest growing markets, each of which has unique characteristics and opportunities. This growth has been achieved through a balanced strategy consisting of organic growth and opportunistic acquisitions. The Company provides integrated financial services including commercial and retail banking, wealth management and mortgage services to customers through advanced online and mobile banking solutions, and through Seacoast Bank's network of 54 traditional branches.

The Company's legal structure includes wholly-owned subsidiaries through which the Company manages investments and foreclosed properties. Through one of these subsidiaries, Seacoast Bank has a controlling interest in a real estate investment trust ("REIT"). Unrelated investors own a noncontrolling interest in the preferred stock of the REIT. Seacoast Bank also provides brokerage and annuity services. Seacoast Bank personnel managing the sale of these services are dual employees with LPL Financial, the company through which Seacoast Bank presently conducts brokerage and annuity services. Seacoast Insurance Services, Inc., a wholly owned subsidiary of Seacoast, facilitates access for the Company to provide customers with a range of insurance products. The Company also operates seven trusts, formed for the purpose of issuing trust preferred securities, as described in Note 9 – "Borrowings" in Item 8 of this Form 10-K.

Available Information

The Company's principal offices are located at 815 Colorado Avenue, Stuart, Florida 34994, and the telephone number at that address is (772) 287-4000. The Company and Seacoast Bank maintain Internet websites at www.seacoastbanking.com and www.seacoastbank.com, respectively. The information on these websites is not part of this report and neither of these websites nor the information appearing on these websites is included or incorporated in this report.

Seacoast makes available, free of charge on its corporate website, its Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC.

Expansion of Market and Competition

Seacoast has in recent years sought to complement organic growth with the acquisition of financial institutions that support the Company's strategy and expand its ability to serve customers in Florida's key markets. Since 2014, Seacoast has acquired 13 institutions that have enhanced the Company's presence in the strongest and fastest growing markets in Florida, including Orlando, Tampa, and South Florida.

In 2021, the Company grew organically as well, adding 20 new commercial bankers across the state and key personnel across departments including treasury management, mortgage banking, credit operations, and loan operations as the Company seeks to complement its current and future growth. The Company has also invested in its branch network, opening two new branches in South Florida, with additional new branches planned for 2022. The Company continues to benefit from previous investments in technology to improve banker productivity and to enhance the banking experience for customers.

Seacoast operates in a highly competitive market, and Seacoast Bank's competition includes not only other banks of comparable or larger size in the same markets, but also various other nonbank financial institutions, including savings and loan associations, credit unions, mortgage companies, personal and commercial financial companies, peer to peer lending businesses, investment brokerage and financial advisory firms and mutual fund companies. Seacoast Bank competes for deposits, commercial, fiduciary and investment services and various types of loans and other financial services. Seacoast Bank also competes for interest-bearing funds with a number of other financial intermediaries, including brokerage and insurance firms, as well as investment alternatives, including mutual funds, governmental and corporate bonds, and other securities. Continued consolidation and rapid technological changes within the financial services industry will likely change the nature and intensity of competition, but should also create opportunities for the Company to demonstrate and leverage its competitive advantages.

Competitors include not only financial institutions based in Florida, but also a number of large out-of-state and foreign banks, bank holding companies and other financial institutions that have an established market presence in Florida or that offer internet-based products. Many of the Company's competitors are engaged in local, regional, national and international operations and have greater assets, personnel and other resources. Some of these competitors are subject to less regulation and/or more favorable tax treatment. Many of these institutions have greater resources, broader geographic markets and higher lending limits, and may offer services that the Company does not offer. In addition, these institutions may be able to better afford and make broader use of media advertising, support services, and electronic and other technology. To offset these potential competitive disadvantages, the Company depends on its reputation for superior service, ability to make credit and other business decisions quickly, and the delivery of an integrated distribution of traditional branches and bankers, with digital technology.

Human Capital

As of December 31, 2021, the Company and its subsidiaries employed 989 full time-equivalent employees. Since opening our doors in 1926, Seacoast Bank has remained true to our local roots and family values, and we believe that our greatest assets will always be our people.

Professional Development and Employee Engagement

We invest in our associates through training and development programs, as well as tuition reimbursement to promote continued professional growth. The Seacoast Manager Excellence Program, which was recognized in both 2020 and 2021 by American Banker when they named Seacoast as a Best Bank to Work For, supports associates as they progress from individual contributor to manager, focusing on creating purpose, driving results, developing talent, and leading change. To ensure that we are meeting associates' expectations, we conduct an Employee Engagement Survey each year. The results of the survey and the process of continuous improvement are discussed with the Board at least annually. In 2021, our engagement score was 83% with 93% participation by the associate base, a 9% increase from the prior year.

Diversity and Inclusion

We strive to create an atmosphere where all associates feel welcome and confident bringing their whole self to work. Inclusion, respect, and fairness live at the core of our Company culture, and we believe the diversity of our associate base and of the communities we serve makes us stronger. We believe each associate has a unique perspective that is valuable to our Company, our customers, and our communities.

As part of the many things we do to support our associates and their families, as well as additional steps we are taking to continue to build on this progress, we have established four Associate Resource Groups ("ARGs"): LGBT+, Military Outreach, Women Mean Business, and Black Associates and Allies Network ("BAAN") all of which collaborate across regions. The Company places a high value on inclusion, engaging employees in our ARG programs, which are each sponsored by a senior executive leader and are comprised of associates with diverse backgrounds, experiences or characteristics who share a common interest in professional development, improving corporate culture and delivering sustained business results.

Seacoast was also recognized as part of the Human Rights Campaign Foundation's 2021 Corporate Equality Index as a Best Place to Work for LGBTQ Equality, and was one of the few companies earning a top score of 100%. This is the second consecutive year we have earned this distinction.

Associate Health and Well-Being

We strive to offer competitive salaries and employee benefits including, among others, paid vacation time, medical, dental and vision insurance benefits, 401(k) plan with company match, and an employee stock purchase plan. Seacoast also provides access to a variety of resources to address personal and financial health and wellness. Comprehensive Employee Assistance Plan (EAP) resources are accessible to all associates, addressing a wide range of topics from substance abuse to child and elder care resources. Associates are encouraged to balance their physical fitness with their work life, with a Company reimbursement for a portion of fitness center memberships. We also offer financial planning resources for help with student debt, retirement planning and one-on-one financial planning sessions to all associates.

Supervision and Regulation

The Company is extensively regulated under federal and state law. The following is a brief summary that does not purport to be a complete description of all regulations that affect the Company or all aspects of those regulations. This discussion is qualified in its entirety by reference to the particular statutory and regulatory provisions described below and is not intended to be an exhaustive description of the statutes or regulations applicable to the Company's and Seacoast Bank's business. In addition, proposals to change the laws and regulations governing the banking industry are frequently raised at both the state and federal levels. The likelihood and timing of any changes in these laws and regulations, and the impact such changes may have on the Company and Seacoast Bank, are difficult to predict. In addition, bank regulatory agencies may issue enforcement actions, policy statements, interpretive letters and similar written guidance applicable to the Company or Seacoast Bank. Changes in applicable laws, regulations or regulatory guidance, or their interpretation by regulatory agencies or courts may have a material adverse effect on the Company and Seacoast Bank's business, operations, and earnings. Supervision and regulation of banks, their holding companies and affiliates is intended primarily for the protection of depositors and customers, the Deposit

Insurance Fund ("DIF") of the Federal Deposit Insurance Corporation ("FDIC"), and the U.S. banking and financial system rather than holders of the Company's capital stock.

Regulation of the Company: The Company is registered as a bank holding company with the Federal Reserve under the Bank Holding Company Act of 1956, as amended (the "BHC Act") and has elected to be a financial holding company. As such, the Company is subject to comprehensive supervision and regulation by the Federal Reserve and to its regulatory reporting requirements. Federal law subjects financial holding companies, such as Seacoast, to particular restrictions on the types of activities in which they may engage, and to a range of supervisory requirements and activities, including regulatory enforcement actions for violations of laws and regulations. Violations of laws and regulations, or other unsafe and unsound practices, may result in regulatory agencies imposing fines or penalties, cease and desist orders, or taking other enforcement actions. Under certain circumstances, these agencies may enforce these remedies directly against officers, directors, employees and other parties participating in the affairs of a bank or bank holding company.

If we become subject to and are unable to comply with the terms of any future regulatory actions or directives, supervisory agreements, or orders, then we could become subject to additional, heightened supervisory actions and orders, possibly including consent orders, prompt corrective action restrictions and/or other regulatory actions, including prohibitions on the payment of dividends on our common and preferred stock. If our regulators were to take such additional supervisory actions, then we could, among other things, become subject to significant restrictions on our ability to develop any new business, as well as restrictions on our existing business, and we could be required to raise additional capital, dispose of certain assets and liabilities within a prescribed period of time, or both. The terms of any such supervisory action could have a material negative effect on our business, reputation, operating flexibility, financial condition, and the value of our common stock.

Activity Limitations: As a financial holding company, Seacoast is permitted to engage directly or indirectly in a broader range of activities than those permitted for a bank holding company. Bank holding companies are generally restricted to engaging in the business of banking, managing or controlling banks and certain other activities determined by the Federal Reserve to be closely related to banking. Financial holding companies may also engage in activities that are considered to be financial in nature, as well as those incidental or, if so determined by the Federal Reserve, complementary to financial activities. The Company and Seacoast Bank must each remain "well-capitalized" and "well-managed" and Seacoast Bank must receive a Community Reinvestment Act ("CRA") rating of at least "Satisfactory" at its most recent examination in order for the Company to maintain its status as a financial holding company. In addition, the Federal Reserve has the power to order a financial holding company or its subsidiaries to terminate any nonbanking activity or terminate its ownership or control of any nonbank subsidiary, when it has reasonable cause to believe that continuation of such activity or such ownership or control constitutes a serious risk to the financial safety, soundness, or stability of any bank subsidiary of that financial holding company. As further described below, each of the Company and Seacoast Bank is well-capitalized as of December 31, 2021, and Seacoast Bank has a rating of "Outstanding" in its most recent CRA evaluation.

Source of Strength Obligations: As a bank holding company, we are required to act as a source of financial and managerial strength to Seacoast Bank and to maintain resources adequate to support it. The term "source of financial strength" means the ability to provide financial assistance in the event of financial distress. As regulator of Seacoast Bank, the Office of the Comptroller of the Currency (the "OCC") may require reports from the Company to assess its ability to serve as a source of strength and to enforce compliance with the source of strength requirements and require the Company to provide financial assistance to Seacoast Bank in the event of financial distress.

Acquisitions: The BHC Act permits acquisitions of banks by bank holding companies, such that Seacoast and any other bank holding company, whether located in Florida or elsewhere, may acquire a bank located in any other state, subject to certain deposit-percentages, age of bank charter requirements, and other restrictions. The BHC Act requires that a bank holding company obtain the prior approval of the Federal Reserve before (i) acquiring direct or indirect ownership or control of more than 5% of the voting shares of any additional bank or bank holding company, (ii) taking any action that causes an additional bank or bank holding company to become a subsidiary of the bank holding company, or (iii) merging or consolidating with any other bank holding company. The Federal Reserve may not approve any such transaction that would result in a monopoly or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in any section of the United States, or the effect of which may be substantially to lessen competition or to tend to create a monopoly in any section of the country, or that in any other manner would be in restraint of trade, unless the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction meeting the convenience and needs of the community to be served. The Federal Reserve is also required to consider: (1) the financial and managerial resources of the companies involved, including pro forma capital ratios; (2) the risk to the stability of the United States banking or financial system; (3) the convenience and needs of the communities to be served, including performance under the CRA; and (4) the effectiveness of the companies in combating money laundering.

Change in Control: Federal law restricts the amount of voting stock of a bank holding company or a bank that a person may acquire without the prior approval of banking regulators. Under the Change in Bank Control Act and the regulations thereunder, a person or group must give advance notice to the Federal Reserve before acquiring control of any bank holding company, such as Seacoast, and the OCC before acquiring control of any national bank, such as Seacoast Bank. Upon receipt of such notice, the bank regulatory agencies may approve or disapprove the acquisition. The Change in Bank Control Act creates a rebuttable presumption of control if a person or group acquires the power to vote 10% or more of the Company's outstanding common stock. The overall effect of such laws is to make it more difficult to acquire a bank holding company and a bank by tender offer or similar means than it might be to acquire control of another type of corporation. Consequently, shareholders of the Company may be less likely to benefit from the rapid increases in stock prices that may result from tender offers or similar efforts to acquire control of other companies. Investors should be aware of these requirements when acquiring shares of the Company's stock.

Governance and Financial Reporting Obligations: Seacoast is required to comply with various corporate governance and financial reporting requirements under the Sarbanes-Oxley Act of 2002, as well as rules and regulations adopted by the Securities and Exchange Commission (the “SEC”), the Public Company Accounting Oversight Board (the “PCAOB”), and the NASDAQ Global Select Market (“NASDAQ”) stock exchange. In particular, the Company is required to include management and independent registered public accounting firm reports on internal controls as part of its Annual Report on Form 10-K in order to comply with Section 404 of the Sarbanes-Oxley Act. The Company has evaluated its controls, including compliance with the SEC rules on internal controls, and has and expects to continue to spend significant amounts of time and money on compliance with these rules. Failure to comply with these internal control rules may materially adversely affect the Company's reputation, its ability to obtain the necessary certifications to financial statements, and the value of the Company's securities. The assessments of the Company's financial reporting controls as of December 31, 2021 are included in this report under “Item 9A. Controls and Procedures.”

Corporate Governance: The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) addressed many investor protection, corporate governance, and executive compensation matters that affect most U.S. publicly traded companies. The Dodd-Frank Act: (1) granted shareholders of U.S. publicly traded companies an advisory vote on executive compensation; (2) enhanced independence requirements for Compensation Committee members; and (3) required companies listed on national securities exchanges to adopt incentive-based compensation claw-back policies for executive officers.

Incentive Compensation: The Dodd-Frank Act required the banking agencies and the SEC to establish joint rules or guidelines for financial institutions with more than $1 billion in assets, which prohibit incentive compensation arrangements that the agencies determine to encourage inappropriate risks by the institution. The federal banking agencies issued proposed rules in 2011 and issued guidance on sound incentive compensation policies. In 2016, the federal banking agencies also proposed rules that would, depending upon the assets of the institution, directly regulate incentive compensation arrangements and would require enhanced oversight and recordkeeping. As of December 31, 2021, these rules have not been implemented. The Company and Seacoast Bank have undertaken efforts to ensure that their incentive compensation plans do not encourage inappropriate risks, consistent with three key principles: that incentive compensation arrangements should appropriately balance risk and financial rewards, be compatible with effective controls and risk management, and be supported by strong corporate governance.

Shareholder Say-On-Pay Votes: The Dodd-Frank Act requires public companies to provide shareholders with an advisory vote on executive compensation (known as say-on-pay votes), the frequency of a say-on-pay vote, and the golden parachutes available to executives in connection with change-in-control transactions. Public companies must give shareholders the opportunity to vote on say-on-pay proposals at least every three years and the opportunity to vote on the frequency of say-on-pay votes at least every six years, indicating whether the say-on-pay vote should be held annually, biennially, or triennially. The Company has annually included in the proxy statement a separate advisory vote on the compensation paid to executives. The say-on-pay, the say-on-parachute and the say-on-frequency votes are advisory and explicitly nonbinding and cannot override a decision of the Company's board of directors.

Volcker Rule: Section 13 of the BHC Act, commonly referred to as the “Volcker Rule,” generally prohibits banking organizations with greater than $10 billion in assets from (i) engaging in certain proprietary trading, and (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund,” all subject to certain exceptions. The Volcker Rule also specifies certain limited activities in which bank holding companies and their subsidiaries may continue to engage and requires banking organizations to implement compliance programs. In 2020, amendments to the proprietary trading and covered funds regulations issued by the federal banking agencies, the SEC, and the CFTC took effect, simplifying compliance and providing additional exclusions and exemptions. The Company and the Bank were not subject to the Volcker Rule in 2021, but may become so in the future.

Other Regulatory Matters: The Company and its subsidiaries are also subject to oversight by the SEC, the PCAOB, the NASDAQ stock exchange and various state securities and insurance regulators. The Company and its subsidiaries have from time to time received requests for information from regulatory authorities in various states, including state attorneys general, securities regulators and other regulatory authorities, concerning business practices. Such requests are considered incidental to the normal conduct of business.

Capital Requirements: The Company and Seacoast Bank are required under federal law to maintain certain minimum capital levels based on ratios of capital to total assets and capital to risk-weighted assets. The required capital ratios are minimums, and the Federal Reserve and OCC may determine that a banking organization, based on its size, complexity or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner. Risks such as concentration of credit risks and the risk arising from non-traditional activities, as well as the institution's exposure to a decline in the economic value of its capital due to changes in interest rates, and an institution's ability to manage those risks are important factors that are to be taken into account in assessing an institution's overall capital adequacy. The following is a brief description of the relevant provisions of these capital rules and their potential impact on the Company's and Seacoast Bank's capital levels.

The Company and Seacoast Bank are subject to the following risk-based capital ratios: a common equity Tier 1 ("CET1") risk-based capital ratio, a Tier 1 risk-based capital ratio, which includes CET1 and additional Tier 1 capital, and a total risk-based capital ratio, which includes Tier 1 and Tier 2 capital. CET1 is primarily comprised of the sum of common stock instruments and related surplus net of treasury stock, plus retained earnings, and certain qualifying minority interests, less certain adjustments and deductions, including with respect to goodwill, intangible assets, mortgage servicing assets and deferred tax assets subject to temporary timing differences. Additional Tier 1 capital is primarily comprised of noncumulative perpetual preferred stock, tier 1 minority interests and grandfathered trust preferred securities. Tier 2 capital consists of instruments disqualified from Tier 1 capital, including qualifying subordinated debt, other preferred stock and certain hybrid capital instruments, and a limited amount of loan loss reserves up to a maximum of 1.25% of risk-weighted assets, subject to certain eligibility criteria. The capital rules also define the risk-weights assigned to assets and off-balance sheet items to determine the risk-weighted asset components of the risk-based capital rules, including, for example, "high volatility" commercial real estate, past due assets, structured securities and equity holdings.

The leverage capital ratio, which serves as a minimum capital standard, is the ratio of Tier 1 capital to quarterly average total consolidated assets net of goodwill, certain other intangible assets, and certain required deduction items. The required minimum leverage ratio for all banks and bank holding companies is 4%.

In addition, the capital rules require a capital conservation buffer of 2.5% above each of the minimum risk-based capital ratio requirements (CET1, Tier 1 and total risk-based capital), which is designed to absorb losses during periods of economic stress. These buffer requirements must be met for a bank or bank holding company to be able to pay dividends, engage in share buybacks or make discretionary bonus payments to executive management without restriction.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), among other things, requires the federal bank regulatory agencies to take "prompt corrective action" regarding depository institutions that do not meet minimum capital requirements. FDICIA establishes five regulatory capital tiers: "well capitalized", "adequately capitalized", "undercapitalized", "significantly undercapitalized", and "critically undercapitalized". A depository institution's capital tier will depend upon how its capital levels compare to various relevant capital measures and certain other factors, as established by regulation. FDICIA imposes progressively more restrictive restraints on operations, management and capital distributions, depending on the category in which an institution is classified. FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized.

To be well-capitalized, Seacoast Bank must maintain at least the following capital ratios:

- 10.0% Total capital to risk-weighted assets
- 8.0% Tier 1 capital to risk-weighted asset
- 6.5% CET1 to risk-weighted assets; and
- 5.0% leverage ratio.

The Federal Reserve has not yet revised the well-capitalized standard for bank holding companies to reflect the higher capital requirements imposed under the current capital rules. For purposes of the Federal Reserve's Regulation Y, including determining whether a bank holding company meets the requirements to be a financial holding company, bank holding companies, such as the Company, must maintain a Tier 1 risk-based capital ratio of 6.0% or greater and a total risk-based capital ratio of 10.0% or greater to be well-capitalized. If the Federal Reserve were to apply the same or a similar well-capitalized standard to bank holding companies as that applicable to Seacoast Bank, the Company's capital ratios as of December 31, 2021 would exceed such revised well-capitalized standard. Also, the Federal Reserve may require bank holding companies, including the Company, to maintain capital ratios substantially in excess of mandated minimum levels, depending upon general economic conditions and a bank holding company's particular condition, risk profile and growth plans.

Failure to be well-capitalized or to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have an adverse material effect on the operations or financial condition of the Company or Seacoast Bank. Failure to meet minimum capital requirements could also result in restrictions on the Company's or Seacoast Bank's ability to pay dividends or otherwise distribute capital or to receive regulatory approval of applications or other restrictions on growth.

In 2021, the Company's and Seacoast Bank's regulatory capital ratios were above the well-capitalized standards and met the capital conservation buffer as of December 31, 2021. Based on current estimates, we believe that the Company and Seacoast Bank will continue to exceed all applicable well-capitalized regulatory capital requirements and the capital conservation buffer in 2022. As of December 31, 2021 the consolidated capital ratios of Seacoast and Seacoast Bank were as follows:

	Seacoast (Consolidated)	**Seacoast Bank**	**Minimum to be Well-Capitalized[1]**
Total Risk-Based Capital Ratio	18.21%	16.68%	10.00%
Tier 1 Capital Ratio	17.40	15.86	8.00
Common Equity Tier 1 Capital Ratio (CET1)	16.31	15.86	6.50
Leverage Ratio	11.68	10.65	5.00

[1]*For subsidiary bank only*

Payment of Dividends: The Company is a legal entity separate and distinct from Seacoast Bank and its other subsidiaries. The Company's primary source of cash, other than securities offerings, is dividends from Seacoast Bank. The prior approval of the OCC is required if the total of all dividends declared by a national bank (such as Seacoast Bank) in any calendar year will exceed the sum of such bank's net profits for that year and its retained net profits for the preceding two calendar years, less any required transfers to surplus. Federal law also prohibits any national bank from paying dividends that would be greater than such bank's undivided profits after deducting statutory bad debts in excess of such bank's allowance for possible loan losses.

In addition, the Company and Seacoast Bank are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The appropriate federal bank regulatory authority may prohibit the payment of dividends where it has determined that the payment of dividends would be an unsafe or unsound practice. The OCC and the Federal Reserve have indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsound and unsafe banking practice. The OCC and the Federal Reserve have each indicated that depository institutions and their holding companies should generally pay dividends only out of current operating earnings.

In accordance with Federal Reserve policy, the board of directors of a bank holding company must consider different factors to ensure that its dividend level is prudent relative to maintaining a strong financial position, and is not based on overly optimistic earnings scenarios, such as potential events that could affect its ability to pay, while still maintaining a strong financial position. As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company should consult with the Federal Reserve and eliminate, defer or significantly reduce the bank holding company's dividends if:

- its net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;
- its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition; or
- it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

The Company has traditionally relied upon dividends from Seacoast Bank and securities offerings to provide funds to pay the Company's expenses and to service the Company's debt. During the year ended December 31, 2021, Seacoast Bank distributed $47.7 million to the Company. During the year ended December 31, 2020, Seacoast Bank distributed $20.2 million to the Company. Prior approval by the OCC is required if the total of all dividends declared by a national bank in any calendar year exceeds the bank's profits for that year combined with its retained net profits for the preceding two calendar years. Under this restriction Seacoast Bank is eligible to distribute dividends up to $221.8 million to the Company, without prior OCC approval, as of December 31, 2021.

It is the policy of the Federal Reserve that bank holding companies should pay cash dividends on common stock only on income available during the past year, only if prospective earnings retention is consistent with the organization's expected future needs and financial condition, and only if the level of cash dividends does not undermine the bank holding company's ability to serve as a source of strength to its banking subsidiary. The Company has paid quarterly dividends since the second quarter of 2021. Whether the Company continues to pay quarterly dividends and the amount of any such dividends will be at the discretion of the Company's board of directors and will depend on the Company's earnings, financial condition, results of operations, business prospects, capital requirements, regulatory restrictions, and other factors that the board of directors may deem relevant.

Regulation of the Bank: As a national bank, Seacoast Bank is subject to comprehensive supervision and regulation by the OCC and is subject to its regulatory reporting requirements. The deposits of Seacoast Bank are insured by the FDIC up to the applicable limits, and, accordingly, the bank is also subject to certain FDIC regulations and the FDIC has backup examination authority and certain enforcement powers over Seacoast Bank. Seacoast Bank also is subject to certain Federal Reserve regulations.

In the quarter following four consecutive quarters reporting assets over $10 billion, Seacoast Bank would meet the FDIC's definition of a "large institution" and would become subject to direct supervision by the Consumer Financial Protection Bureau ("CFPB") for compliance with a wide range of consumer compliance laws, and for assessment of the effectiveness of the Bank's compliance management system. Until such time, authority to supervise and examine the Company and Seacoast Bank for compliance with federal consumer laws remains largely with the Federal Reserve and the OCC, respectively. However, the CFPB may participate in examinations on a "sampling basis" and may refer potential enforcement actions against such institutions to their primary regulators. The CFPB also may participate in examinations of the Company's other direct or indirect subsidiaries that offer consumer financial products or services. In addition, the Dodd-Frank Act permits states to adopt consumer protection laws and regulations that are stricter than those regulations promulgated by the CFPB, and state attorneys general are permitted to enforce certain federal consumer financial protection law.

Broadly, regulations applicable to Seacoast Bank include limitations on loans to a single borrower and to its directors, officers and employees; restrictions on the opening and closing of branch offices; the maintenance of required capital ratios; the granting of credit under equal and fair conditions; the disclosure of the costs and terms of such credit; requirements to maintain reserves against deposits and loans; limitations on the types of investments that may be made by Seacoast Bank; and requirements governing risk management practices. Seacoast Bank is permitted under federal law to open a branch on a de novo basis across state lines where the laws of that state would permit a bank chartered by that state to open a de novo branch.

Transactions with Affiliates and Insiders: Seacoast Bank is subject to restrictions on extensions of credit and certain other transactions between Seacoast Bank and the Company or any nonbank affiliate. Generally, these covered transactions with either the Company or any affiliate are limited to 10% of Seacoast Bank's capital and surplus, and all such transactions between Seacoast Bank and the Company and all of its nonbank affiliates combined are limited to 20% of Seacoast Bank's capital and surplus. Loans and other extensions of credit from Seacoast Bank to the Company or any affiliate generally are required to be secured by eligible collateral in specified amounts. In addition, any transaction between Seacoast Bank and the Company or any affiliate are required to be on an arm's length basis. Federal banking laws also place similar restrictions on certain extensions of credit by insured banks, such as Seacoast Bank, to their directors, executive officers and principal shareholders.

Reserves: Federal Reserve rules require depository institutions, such as Seacoast Bank, to maintain reserves against their transaction accounts, primarily interest bearing and non-interest bearing checking accounts. Effective March 26, 2020, reserve requirement ratios were reduced to zero percent. These reserve requirements are subject to annual adjustment by the Federal Reserve.

FDIC Insurance Assessments and Depositor Preference: Seacoast Bank's deposits are insured by the FDIC's DIF up to the limits under applicable law, which currently are set at $250,000 per depositor, per insured bank, for each account ownership category. Seacoast Bank is subject to FDIC assessments for its deposit insurance. The FDIC calculates quarterly deposit insurance assessments based on an institution's average total consolidated assets less its average tangible equity, and applies one of four risk categories determined by reference to its capital levels, supervisory ratings, and certain other factors. The assessment rate schedule can change from time to time, at the discretion of the FDIC, subject to certain limits.

Deposit insurance may be terminated by the FDIC upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by a bank's federal regulatory agency. In addition, the Federal Deposit Insurance Act provides that, in the event of the liquidation or other resolution of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC on behalf of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution, including those of the parent bank holding company.

Standards for Safety and Soundness: The Federal Deposit Insurance Act requires the federal bank regulatory agencies to prescribe, by regulation or guideline, operational and managerial standards for all insured depository institutions relating to: (1) internal controls; (2) information systems and audit systems; (3) loan documentation; (4) credit underwriting; (5) interest rate risk exposure; and (6) asset quality. The federal banking agencies have adopted regulations and Interagency Guidelines Establishing Standards for Safety and Soundness to implement these required standards. These guidelines set forth the safety and soundness standards used to identify and address problems at insured depository institutions before capital becomes impaired. Under the regulations, if a regulator determines that a bank fails to meet any standards prescribed by the guidelines, the regulator may require the bank to submit an acceptable plan to achieve compliance, consistent with deadlines for the submission and review of such safety and soundness compliance plans.

Anti-Money Laundering: A continued focus of governmental policy relating to financial institutions in recent years has been combating money laundering and terrorist financing. The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act") broadened the application of anti-money laundering regulations to apply to additional types of financial institutions such as broker-dealers, investment advisors and insurance companies, and strengthened the ability of the U.S. Government to help prevent, detect and prosecute international money laundering and the financing of terrorism. The principal provisions of Title III of the USA PATRIOT Act require that regulated financial institutions, including state member banks: (i) establish an anti-money laundering program that includes training and audit components; (ii) comply with regulations regarding the verification of the identity of any person seeking to open an account; (iii) take additional required precautions with non-U.S. owned accounts; and (iv) perform certain verification and certification of money laundering risk for their foreign correspondent banking relationships. Failure of a financial institution to comply with the USA PATRIOT Act's requirements could have serious legal and reputational consequences for the institution.

Bank regulators routinely examine institutions for compliance with these obligations and have been active in imposing cease and desist and other regulatory orders and money penalty sanctions against institutions found to be violating these obligations.

Economic Sanctions: The Office of Foreign Assets Control ("OFAC") is responsible for helping to ensure that U.S. entities do not engage in transactions with certain prohibited parties, as defined by various Executive Orders and acts of Congress. OFAC publishes, and routinely updates, lists of names of persons and organizations suspected of aiding, harboring or engaging in terrorist acts, including the Specially Designated Nationals and Blocked Persons List. If the Company finds a name on any transaction, account or wire transfer that is on an OFAC list, it must undertake certain specified activities, which could include blocking or freezing the account or transaction requested, and it must notify the appropriate authorities.

Concentrations in Lending: In 2006, the federal bank regulatory agencies released guidance on "Concentrations in Commercial Real Estate Lending" (the "Guidance") and advised financial institutions of the risks posed by commercial real estate ("CRE") lending concentrations. The Guidance requires that appropriate processes be in place to identify, monitor and control risks associated with real estate lending concentrations. Higher allowances for loan losses and capital levels may also be required. The Guidance is triggered when CRE loan concentrations exceed either:

- Total reported loans for construction, land development, and other land of 100% or more of a bank's total risk based capital; or
- Total reported loans secured by multifamily and nonfarm nonresidential properties and loans for construction, land development, and other land of 300% or more of a bank's total risk based capital.

The Guidance also applies when a bank has a sharp increase in CRE loans or has significant concentrations of CRE secured by a particular property type. Seacoast Bank has exposures to loans secured by commercial real estate due to the nature of its markets and the loan needs of both its retail and commercial customers. Seacoast Bank believes that its long term experience in CRE lending, underwriting policies, internal controls, and other policies currently in place, as well as its loan and credit monitoring and administration procedures, are generally appropriate to managing its concentrations as required under the Guidance. At December 31, 2021, Seacoast Bank had outstanding $155.0 million in commercial construction and residential land development loans and $75.8 million in residential construction loans to individuals, which represents approximately 21% of total risk-based capital at December 31, 2021, well below the Guidance's threshold. At December 31, 2021, the total CRE exposure for Seacoast Bank represents approximately 177% of total risk based capital, also below the Guidance's threshold. On a consolidated basis, construction and land development and commercial real estate loans represent 19% and 162%, respectively, of total consolidated risk-based capital.

Debit Interchange Fees: Interchange fees, or “swipe” fees, are fees that merchants pay to card companies and card-issuing banks such as Seacoast Bank for processing electronic payment transactions on their behalf. The “Durbin Amendment” in the Dodd-Frank Act provides limits on the amount of debit card interchange that may be received or charged by the debit card issuer, for insured depository institutions with $10 billion or more in assets (inclusive of affiliates) as of the end of the calendar year. Subject to certain exemptions and potential adjustments, the Durbin Amendment limits debit card interchange received or charged by the issuer to $0.21 plus 5 basis points multiplied by the value of the transaction. Upon crossing the $10 billion asset threshold in a calendar year, the rules require compliance with these limits by no later than July 1 of the succeeding year. Seacoast Bank did not exceed the $10 billion asset threshold in 2021, but may exceed this threshold in 2022. If so, the Company's compliance with the provisions of the Durbin amendment would be required no later than July 1, 2023, and the limits to debit card interchange would reduce the Company's revenue, on an annualized basis after taxes, by approximately $7.7 million.

Community Reinvestment Act: Seacoast Bank is subject to the provisions of the Community Reinvestment Act (“CRA”), which imposes a continuing and affirmative obligation, consistent with safe and sound operation, to help meet the credit needs of entire communities where the bank accepts deposits, including low- and moderate-income neighborhoods. The OCC’s assessment of Seacoast Bank’s CRA record is made available to the public. Following the enactment of the Gramm-Leach-Bliley Act (“GLBA”), CRA agreements with private parties must be disclosed and annual CRA reports must be made to a bank’s primary federal regulator. A bank holding company is not permitted to become or remain a financial holding company and no new activities authorized under GLBA may be commenced by a holding company or by a bank financial subsidiary if any of its bank subsidiaries receive less than a “satisfactory” CRA rating in its latest CRA examination. Federal CRA regulations require, among other things, that evidence of discrimination against applicants on a prohibited basis, and illegal or abusive lending practices be considered in the CRA evaluation. Seacoast Bank has a rating of “Outstanding” in its most recent CRA evaluation.

Privacy and Data Security: The GLBA generally prohibits disclosure of consumer information to non-affiliated third parties unless the consumer has been given the opportunity to object and has not objected to such disclosure. Financial institutions are further required to disclose their privacy policies to customers annually. Financial institutions, however, will be required to comply with state law if it is more protective of consumer privacy than the GLBA. The GLBA also directs federal regulators, including the FDIC and the OCC, to prescribe standards for the security of consumer information. Seacoast Bank is subject to such standards, as well as standards for notifying customers in the event of a security breach. Seacoast Bank is similarly required to have an information security program to safeguard the confidentiality and security of customer information and to ensure proper disposal. Customers must be notified when unauthorized disclosure involves sensitive customer information that may be misused. On November 18, 2021, the federal banking agencies issued a new rule effective in 2022 that requires banks to notify their regulators within 36 hours of a “computer-security incident” that rises to the level of a “notification incident”.

Consumer Regulation: Activities of Seacoast Bank are subject to a variety of statutes and regulations designed to protect consumers. These laws and regulations include, among numerous other things, provisions that:

- limit the interest and other charges collected or contracted for by Seacoast Bank;
- govern Seacoast Bank’s disclosures of credit terms to consumer borrowers;
- require Seacoast Bank to provide information to enable the public and public officials to determine whether it is fulfilling its obligation to help meet the housing needs of the community it serves;
- prohibit Seacoast Bank from discriminating on the basis of race, creed or other prohibited factors when it makes decisions to extend credit;
- govern the manner in which Seacoast Bank may collect consumer debts; and
- prohibit unfair, deceptive or abusive acts or practices in the provision of consumer financial products and services.

Mortgage Regulation: The CFPB adopted a rule that implements the ability-to-repay and qualified mortgage provisions of the Dodd-Frank Act (the “ATR/QM rule”), which requires lenders to consider, among other things, income, employment status, assets, payment amounts, and credit history before approving a mortgage, and provides a compliance “safe harbor” for lenders that issue certain “qualified mortgages.” The ATR/QM rule defines a “qualified mortgage” to have certain specified characteristics, and generally prohibits loans with negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years from being qualified mortgages. The rule also establishes general underwriting criteria for qualified mortgages, including that monthly payments be calculated based on the highest payment that will apply in the first five years of the loan and that the borrower have a total debt-to-income ratio that is less than or equal to 43%. While "qualified mortgages" will generally be afforded safe harbor status, a rebuttable presumption of compliance with the ability-to-repay requirements will attach to "qualified mortgages" that are "higher priced mortgages" (which are generally subprime loans). In addition, the securitizer of asset-backed securities must retain not less than five percent of the credit risk of the assets collateralizing the asset-backed securities, unless subject to an exemption for asset-backed securities that are collateralized exclusively by residential mortgages that qualify as "qualified residential mortgages."

The CFPB has also issued rules to implement requirements of the Dodd-Frank Act pertaining to mortgage loan origination (including with respect to loan originator compensation and loan originator qualifications) as well as integrated mortgage disclosure rules. In addition, the CFPB has issued rules that require servicers to comply with certain standards and practices with regard to: error correction; information disclosure; force-placement of insurance; information management policies and procedures; requiring information about mortgage loss mitigation options be provided to delinquent borrowers; providing delinquent borrowers access to servicer personnel with continuity of contact about the borrower's mortgage loan account; and evaluating borrowers' applications for available loss mitigation options. These rules also address initial rate adjustment notices for adjustable-rate mortgages (ARMs), periodic statements for residential mortgage loans, and prompt crediting of mortgage payments and response to requests for payoff amounts.

In 2020, the CARES Act granted certain forbearance rights and protection against foreclosure to borrowers with a "federally backed mortgage loan," including certain first or subordinate lien loans designed principally for the occupancy of one to four families. These consumer protections continue during the COVID-19 pandemic emergency.

Non-Discrimination Policies: Seacoast Bank is also subject to, among other things, the provisions of the Equal Credit Opportunity Act (the "ECOA") and the Fair Housing Act (the "FHA"), both of which prohibit discrimination based on race or color, religion, national origin, sex, and familial status in any aspect of a consumer or commercial credit or residential real estate transaction. The Department of Justice (the "DOJ"), and the federal bank regulatory agencies have issued an Interagency Policy Statement on Discrimination in Lending that provides guidance to financial institutions in determining whether discrimination exists, how the agencies will respond to lending discrimination, and what steps lenders might take to prevent discriminatory lending practices. The DOJ has increased its efforts to prosecute what it regards as violations of the ECOA and FHA.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should consider the factors described below, as well as the risk factors and uncertainties discussed in our other public filings with the SEC under the caption "Risk Factors" in evaluating us and our business and making or continuing an investment in our stock. The material risks and uncertainties that management believes affect us are described below. The risks contained in this Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may materially adversely affect our business, financial condition or future results. The trading price of our securities could decline due to the materialization of any of these risks, and our shareholders may lose all or part of their investment. This Form 10-K also contains forward-looking statements that may not be realized as a result of certain factors, including, but not limited to, the risks described herein and in our other public filings with the SEC. Please refer to the section in this Form 10-K entitled "Special Cautionary Notice Regarding Forward-Looking Statements" for additional information regarding forward-looking statements.

COVID-19 Pandemic-Related Risks

The COVID-19 pandemic has and may continue to adversely impact our business and financial results, and the ultimate impact will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and actions taken by governmental authorities in response to the pandemic.

The COVID-19 pandemic has and may continue creating extensive disruptions to the global economy and to the lives of individuals throughout the world. The pandemic and related efforts to contain it have disrupted global economic activity, adversely affected the functioning of financial markets, impacted interest rates, increased economic and market uncertainty, and disrupted trade, supply chains, and the labor market. During the past two years, governments, businesses, and the public are taking unprecedented actions to contain the spread of the COVID-19 pandemic and to mitigate its effects, including quarantines, travel bans, shelter-in-place orders, closures of businesses and schools, fiscal stimulus, and legislation designed to deliver monetary aid and other relief. At present, most restrictions on movement have been lifted and widely available vaccines have proved to be effective in preventing serious illness and death from the novel coronavirus; however, the emergence of new variants of the virus have impeded the ability to fully resolve the public health risk and, as such, disruption of typical social and economic conditions persists. The scope, duration, and full effects of the COVID-19 pandemic are not fully known. If these effects continue for a prolonged period or result in sustained economic stress, recession or depression, they could have a material adverse impact on us in a number of ways related to credit, collateral, customer demand, funding, operations, interest rate risk, and human capital, as described in more detail below.

Credit Risk. Our risks of timely loan repayment and the value of collateral supporting the loans are affected by the strength of our borrowers' businesses. The continuation of the COVID-19 public health crisis has caused and may continue to cause constraint on commercial activity and financial transactions. At present, labor shortages and supply chain interruptions continue to present obstacles to economic recovery and have contributed to inflationary conditions. These conditions have and are expected to continue to result in overall economic and financial market instability and affect businesses' profitability and individual purchasing power, all of which may cause our customers to be unable to make scheduled loan payments. The future effects of the COVID-19 pandemic on economic activity could negatively affect the collateral values associated with our existing loans, the ability to liquidate the real estate collateral securing our residential and commercial real estate loans, our ability to maintain loan origination volume and to obtain additional financing, the future demand for or profitability of our lending and services, and the financial condition and credit risk of our customers. Further, in the event of delinquencies, regulatory changes and policies designed to protect borrowers may slow or prevent us from making our business decisions or may result in a delay in our taking certain remediation actions, such as foreclosure. If the effects of the COVID-19 pandemic result in widespread and sustained repayment shortfalls on loans in our portfolio, we could incur significant delinquencies, foreclosures and credit losses, particularly if the available collateral is insufficient to cover our exposure. In the event our allowance for credit losses is insufficient to cover such losses, our earnings, capital and liquidity could be adversely affected.

In an effort to support our communities during the COVID-19 pandemic, we participated in the Paycheck Protection Program (“PPP”) under the CARES Act whereby loans to small businesses are originated. These loans require forbearance of loan payments for a specified time and also limit our ability to pursue all available remedies in the event of a loan default. If the borrower under the PPP loan fails to qualify for loan forgiveness, if the terms of the program change, or if the SBA determines there is a deficiency in the manner in which any PPP loans were originated, funded or serviced by the Company, we may be subject to repayment risk as well as the heightened risk of holding these loans at unfavorable interest rates as compared to loans to customers that we would have otherwise extended credit.

Strategic Risk. Our financial condition and results of operations may be affected by a variety of external factors that may affect the price or marketability of our products and services, changes in interest rates that may increase our funding costs, reduced demand for our financial products due to economic conditions and the various responses of governmental and nongovernmental authorities to economic instability. The COVID-19 pandemic has significantly increased economic and demand uncertainty, contributed to labor shortages, and has led to severe disruptions and volatility in the global capital markets, which may impact our ability to effect our strategic priorities, including strategies relating to organic growth and bank acquisitions. Furthermore, many of the governmental actions in response to the COVID-19 pandemic were directed toward curtailing household and business activity to contain the COVID-19 pandemic, including actions to temporarily close or restrict the operations of certain businesses, and these restrictions could recur if there are future increases in the spread of the virus.

Operational Risk. We rely on business processes and branch activity that largely depend on people and technology, including access to information technology systems as well as information, applications, payment systems and other services provided by third parties. In response to the COVID-19 pandemic, we have modified our business practices with a portion of our employees working remotely to ensure that our operations continue uninterrupted as much as possible. Nonetheless, technology in employees’ homes may not be as robust as in our offices and could cause the networks, information systems, applications, and other tools available to employees to be more limited or less reliable than in our offices. The continuation of these work-from-home measures also introduces additional operational risk, including increased cybersecurity risk. These cyber risks include the risks of greater phishing, malware, and other cybersecurity attacks, vulnerability to disruptions of our information technology infrastructure and telecommunications systems for remote operations, increased risk of unauthorized dissemination of confidential information, limited ability to restore the systems in the event of a systems failure or interruption, greater risk of a security breach resulting in destruction or misuse of valuable information, and potential impairment of our ability to perform critical functions, including wiring funds, all of which could expose us to risks of data or financial loss, litigation and liability and could seriously disrupt our operations and the operations of any impacted customers.

Interest Rate Risk. Our net interest income, lending activities, deposits and profitability have been and may continue to be negatively affected by volatility in interest rates caused by uncertainties stemming from the COVID-19 pandemic. In March 2020, the Federal Reserve lowered the target range for the federal funds rate to a range from 0 to 0.25 percent, citing concerns about the impact of the COVID-19 pandemic on markets and stress in the energy sector. A prolonged period of extremely volatile and unstable market conditions would likely increase our funding costs and negatively affect market risk mitigation strategies. Further, increasing interest rates can have a negative impact on our business by reducing the amount of money our customers borrow or by adversely affecting their ability to repay outstanding loan balances that may increase due to adjustments in their variable rates. In addition, in a rising interest rate environment we may have to offer more attractive interest rates to depositors to compete for deposits, or pursue other sources of liquidity, such as wholesale funds. Higher income volatility from changes in interest rates and spreads to benchmark indices could cause a loss of future net interest income and a decrease in current fair market values of our assets. Fluctuations in interest rates, or a prolonged period of low interest rates will impact both the level of income and expense recorded on most of our assets and liabilities and the market value of all interest-earning assets and interest-bearing liabilities, which in turn could have a material adverse effect on our net income, operating results, or financial condition.

Because there have been no comparable recent global pandemics that resulted in similar global impact, we do not yet know the full extent and long-term impact of the COVID-19 pandemic's effects on our business, operations, or the global economy as a whole. Any future developments will be highly uncertain and cannot be predicted, including the scope and duration of the COVID-19 pandemic, the effectiveness of our work from home arrangements, third party providers' ability to support our operation, and any actions taken by governmental authorities and other third parties in response to the COVID-19 pandemic. The uncertain future development of this crisis has and could continue to materially and adversely affect our business, operations, operating results, financial condition, liquidity or capital levels.

Regulatory and Litigation Risk. Legal and regulatory responses to concerns about the COVID-19 pandemic could result in additional regulation or restrictions affecting the conduct of our business in the future. Furthermore, since the inception of the PPP, several banks have been subject to litigation regarding the process and procedures that such banks used in processing applications for the PPP and claims related to agent fees. In addition, some banks have received negative media attention associated with PPP loans. The Company and the Bank are exposed to similar litigation risk and negative media attention risk, from both customers and non-customers that approached the Bank regarding PPP loans, regarding its process and procedures used in processing applications for the PPP, or litigation from agents with respect to agent fees. If any such litigation is filed against the Company or the Bank and is not resolved in a manner favorable to the Company or the Bank, it may result in significant financial liability or adversely affect the Company's reputation. In addition, litigation can be costly, regardless of outcome. Any financial liability, litigation costs or reputational damage caused by PPP-related litigation or negative media attention could have a material adverse impact on our business, financial condition and results of operations.

The PPP has also attracted interest from federal and state enforcement authorities, oversight agencies, regulators and Congressional committees. State Attorneys General and other federal and state agencies may assert that they are not subject to the provisions of the CARES Act and the PPP regulations entitling the Bank to rely on borrower certifications, and they may take more aggressive actions against the Bank for alleged violations of the provisions governing the Bank's participation in the PPP. Federal and state regulators can impose or request that we consent to substantial sanctions, restrictions and requirements if they determine there are violations of laws, rules or regulations or weaknesses or failures with respect to general standards of safety and soundness, which could adversely affect our business, reputation, results of operation and financial condition.

Credit Risk

Lending goals may not be attainable.

Future demand for additional lending is unclear and uncertain, and opportunities to make loans may be more limited and/or involve risks or terms that we likely would not find acceptable or in our shareholders' best interest. A failure to meet our lending goals could adversely affect our results of operations, and financial condition, liquidity and capital.

Deterioration in the real estate markets, including the secondary market for residential mortgage loans, can adversely affect us.

A correction in residential real estate market prices or reduced levels of home sales, could result in lower single family home values, adversely affecting the liquidity and value of collateral securing commercial loans for residential land acquisition, construction and development, as well as residential mortgage loans and residential property collateral securing loans that we hold, mortgage loan originations and gains on the sale of mortgage loans. Declining real estate prices cause higher delinquencies and losses on certain mortgage loans, generally, and particularly on second lien mortgages and home equity lines of credit. Significant ongoing disruptions in the secondary market for residential mortgage loans can limit the market for and liquidity of most residential mortgage loans other than conforming Fannie Mae and Freddie Mac loans. Deteriorating trends could occur, including declines in real estate values, home sales volumes, financial stress on borrowers as a result of job losses or other factors. These could have adverse effects on borrowers that result in higher delinquencies and greater charge-offs in future periods, which would adversely affect our financial condition, including capital and liquidity, or results of operations. In the event our allowance for credit losses on loans is insufficient to cover such losses, our earnings, capital and liquidity could be adversely affected.

Our real estate portfolios are exposed if weakness in the Florida housing market or general economy arises.

Florida has historically experienced deeper recessions and more dramatic slowdowns in economic activity than other states and a decline in real estate values in Florida can be significantly larger than the national average. Declines in home prices and the volume of home sales in Florida, along with the reduced availability of certain types of mortgage credit, can result in increases in delinquencies and losses in our portfolios of home equity lines and loans, and commercial loans related to residential real estate acquisition, construction and development. Declines in home prices coupled with high or increased unemployment levels or increased interest rates can cause losses which adversely affect our earnings and financial condition, including our capital and liquidity.

We are subject to lending concentration risk.

Our loan portfolio contains several industry and collateral concentrations including, but not limited to, commercial and residential real estate. Due to the exposure in these concentrations, disruptions in markets, economic conditions, including those resulting from the global response to the COVID-19 pandemic, changes in laws or regulations or other events could cause a significant impact on the ability of borrowers to repay and may have a material adverse effect on our business, financial condition and results of operations.

A substantial portion of our loan portfolio is secured by real estate. In weak economies, or in areas where real estate market conditions are distressed, we may experience a higher than normal level of nonperforming real estate loans. The collateral value of the portfolio and the revenue stream from those loans could come under stress, and additional provisions for the allowance for credit losses could be necessitated. Our ability to dispose of foreclosed real estate at prices at or above the respective carrying values could also be impaired, causing additional losses.

Commercial real estate ("CRE") is cyclical and poses risks of loss to us due to our concentration levels and risk of the asset, especially during a difficult economy, including the current stressed economy. As of December 31, 2021, 49% of our loan portfolio was comprised of loans secured by commercial real estate. The banking regulators continue to give CRE lending greater scrutiny, and banks with higher levels of CRE loans are expected to implement improved underwriting, internal controls, risk management policies and portfolio stress testing, as well as higher levels of allowances for possible losses and capital levels as a result of CRE lending growth and exposures.

Seacoast Bank has a CRE concentration risk management program and monitors its exposure to CRE; however, there can be no assurance that the program will be effective in managing our concentration in CRE.

Nonperforming assets could result in an increase in our provision for credit losses on loans, which could adversely affect our results of operations and financial condition.

At December 31, 2021, our nonaccrual loans totaled $30.6 million, or 0.52%, of the loan portfolio and our nonperforming assets (which includes nonaccrual loans) were $44.2 million, or 0.46%, of assets. In addition, we had approximately $5.7 million in accruing loans that were 30 days or more delinquent at December 31, 2021. Our nonperforming assets adversely affect our net income in various ways. We generally do not record interest income on nonaccrual loans or OREO, thereby adversely affecting our income, and increasing our loan administration costs. When the only source of repayment expected is the underlying collateral, we are required to mark the related loan to the then fair market value of the collateral, if less than the recorded amount of our investment, which may result in a loss. These loans and OREO also increase our risk profile and the capital our regulators believe is appropriate in light of such risks. We may incur additional losses relating to an increase in nonperforming loans. If economic conditions and market factors negatively and/or disproportionately affect some of our larger loans, then we could see a sharp increase in our total net charge-offs and our provision for credit losses on loans. Any increase in our nonperforming assets and related increases in our provision for losses on loans could negatively affect our business and could have a material adverse effect on our capital, financial condition and results of operations.

Decreases in the value of these assets, or the underlying collateral, or in these borrowers' performance or financial conditions, whether or not due to economic and market conditions beyond our control, could adversely affect our business, results of operations and financial condition. In addition, the resolution of nonperforming assets requires significant commitments of time from management and our personnel, which can be detrimental to the performance of their other responsibilities. There can be no assurance that we will not experience increases in nonperforming loans in the future, or that nonperforming assets will not result in losses in the future.

Our allowance for credit losses on loans may prove inadequate or we may be adversely affected by credit risk exposures.

Our business depends on the creditworthiness of our customers. We review our allowance for credit losses on loans for adequacy, at a minimum quarterly, considering economic conditions and trends, reasonable and supportable forecasts, collateral values and credit quality indicators, including past charge-off experience and levels of past due loans and nonperforming assets. The determination of the appropriate level of the allowance for credit losses involves a high degree of subjectivity and judgment and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. We cannot be certain that our allowance will be adequate over time to cover credit losses in our portfolio because of unanticipated adverse changes in the economy, market conditions or events adversely affecting specific customers, industries or markets, or borrowers repaying their loans. Generally speaking, the credit quality of our borrowers can deteriorate as a result of economic downturns in our markets. If the credit quality of our customer base or their debt service behavior materially decreases, if the risk profile of a market, industry or group of customers declines or weakness in the real estate markets and other economics were to arise, or if our allowance for credit losses on loans is not adequate, our business, financial condition, including our liquidity and capital, and results of operations could be materially adversely affected. In addition, bank regulatory agencies periodically review our allowance and may require an increase in the provision for credit losses or the recognition of loan charge-offs, based on judgments different than those of management. If charge-offs in future periods exceed the allowance for credit losses on loans, we will need additional provisions to increase the allowance, which would result in a decrease in net income and capital, and could have a material adverse effect on our financial condition and results of operations.

Interest Rate Risk

We must effectively manage our interest rate risk. The impact of changing interest rates on our results is difficult to predict and changes in interest rates may impact our performance in ways we cannot predict.

Our profitability is largely dependent on our net interest income, which is the difference between the interest income paid to us on our loans and investments and the interest we pay to third parties such as our depositors, lenders and debt holders. Changes in interest rates can impact our profits and the fair values of certain of our assets and liabilities. Prolonged periods of unusually low interest rates may have an incrementally adverse effect on our earnings by reducing yields on loans and other earning assets over time. Increases in market interest rates may reduce our customers' desire to borrow money from us or adversely affect their ability to repay their outstanding loans by increasing their debt service obligations through the periodic reset of adjustable interest rate loans. If our borrowers' ability to pay their loans is impaired by increasing interest payment obligations, our level of nonperforming assets would increase, producing an adverse effect on operating results. Increases in interest rates can have a material impact on the volume of mortgage originations and re-financings, adversely affecting the profitability of our mortgage finance business. Interest rate risk can also result from mismatches between the dollar amounts of re-pricing or maturing assets and liabilities and from mismatches in the timing and rates at which our assets and liabilities re-price. We actively monitor and manage the balances of our maturing and re-pricing assets and liabilities to reduce the adverse impact of changes in interest rates, but there can be no assurance that we will be able to avoid material adverse effects on our net interest margin in all market conditions.

There can be no assurance that we will not be materially adversely affected in the future if economic activity increases and interest rates rise, which may result in our interest expense increasing, and our net interest margin decreasing, if we must offer interest on demand deposits to attract or retain customer deposits**.**

The Federal Reserve has implemented significant economic strategies that have impacted interest rates, inflation, asset values, and the shape of the yield curve, over which the Company has no control and which the Company may not be able to adequately anticipate.

In recent years, in response to the recession in 2008 and the following uneven recovery, the Federal Reserve implemented a series of domestic monetary initiatives. Several of these have emphasized so-called quantitative easing strategies, the most recent of which ended during 2014. Since then the Federal Reserve raised rates nine times during 2015-2018, and reduced rates five times during 2019-2020. Further rate changes reportedly are dependent on the Federal Reserve's assessment of economic data as it becomes available; however, in December 2021, the Federal Reserve released projections related to the target range for the federal funds rate that imply, while there can be no such assurance that any increases in the federal funds rate will occur, three 25 basis point increases in the federal funds rate in 2022, followed by three in 2023 and two in 2024. The Company cannot predict the nature or timing of future changes in monetary, economic, or other policies or the effect that they may have on the Company's business activities, financial condition and results of operations.

Our cost of funds may increase as a result of general economic conditions, FDIC insurance assessments, interest rates and competitive pressures.

We have traditionally obtained funds through local deposits and thus we have a base of lower cost transaction deposits. Generally, we believe local deposits are a cheaper and more stable source of funds than other borrowings because interest rates paid for local deposits are typically lower than interest rates charged for borrowings from other institutional lenders and reflect a mix of transaction and time deposits, whereas brokered deposits typically are higher cost time deposits. Our costs of funds and our profitability and liquidity are likely to be adversely affected if, and to the extent, we have to rely upon higher cost borrowings from other institutional lenders or brokers to fund loan demand or liquidity needs, and changes in our deposit mix and growth could adversely affect our profitability and the ability to expand our loan portfolio.

The discontinuation of the London Interbank Offered Rate ("LIBOR"), and the identification and use of alternative replacement reference rates, could adversely affect our revenue, expenses, and the value of the Company's financial instruments, and may subject the Company to litigation risk.

In 2017, the United Kingdom's Financial Conduct Authority, which regulates LIBOR, publicly announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. On November 30, 2020, the Intercontinental Exchange Benchmark Administration, which is the administrator of LIBOR, announced its intention to cease the publication of most U.S. dollar ("USD") LIBOR settings immediately following the LIBOR publication on June 30, 2023, extending the previously indicated timeline for the discontinuation of the widely used one-month, three-month, and other USD LIBOR benchmarks.

In the United States, the Alternative Reference Rate Committee ("ARRC"), a group of market participants including large U.S. financial institutions, assembled by the Federal Reserve Board and the Federal Reserve Bank of New York, was tasked with identifying alternative reference interest rates to replace LIBOR. The Secured Overnight Finance Rate ("SOFR") has emerged as the ARRC's preferred alternative rate for LIBOR. SOFR is a measure of the cost of borrowing cash overnight, collateralized by U.S. Treasury securities, and is based on directly observable U.S.-Treasury-backed repurchased transactions. On July 29, 2021, ARCC formally recommended SOFR as its preferred alternative replacement rate for LIBOR. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates as the transition away from LIBOR is anticipated to be gradual over the coming years. The consequences of these developments with respect to LIBOR cannot be entirely predicted, and these reforms may cause benchmark rates to perform differently than in the past or have other consequences, which could adversely affect the value of our floating rate obligations, loans, derivatives, and other financial instruments tied to LIBOR rates.

The Company's LIBOR transition steering committee is responsible for overseeing the execution of the Company's enterprise-wide LIBOR transition program, and for evaluating and mitigating the risks associated with the transition from LIBOR. The LIBOR transition program includes a comprehensive review of the financial products, agreements, contracts and business processes that may use LIBOR as a reference rate, and the development and execution of a strategy to transition away from LIBOR, with appropriate consideration of the potential financial, customer, counterparty, regulatory and legal impacts.

As of December 31, 2021, the Company has ceased issuance of new LIBOR loans, and has approximately $250 million in existing loans for which the repricing index is tied to LIBOR. The Company's swap agreements and other derivatives are governed by the International Swap Dealers Association ("ISDA"). ISDA has developed fallback language for swap agreements and has established a protocol to allow counterparties to modify legacy trades to include the new fallback language. The Company also invests in securities and has issued subordinated debt tied to LIBOR. The Company continues to monitor regulatory and legislative activity with regard to these products to identify and execute necessary actions to facilitate the transition to alternative reference rates.

The market transition away from LIBOR to an alternative reference rate is complex. We may incur significant expense in effecting the transition and we may be subject to disputes or litigation with our borrowers or counterparties over the appropriateness or comparability to LIBOR of the replacement reference rates. The replacement reference rates could also result in a reduction in our interest income. We may also receive inquiries and other actions from regulators about the Company's preparation and readiness for the replacement of LIBOR with alternative reference rates.

Liquidity Risk

Liquidity risks could affect operations and jeopardize our financial condition.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. Our funding sources include customer deposits, federal funds purchases, securities sold under repurchase agreements, and short- and long-term debt. We are also members of the Federal Home Loan Bank of Atlanta (the "FHLB") and the Federal Reserve Bank of Atlanta, where we can obtain advances collateralized with eligible assets. We maintain a portfolio of securities that can be used as a secondary source of liquidity. Other sources of liquidity available to us or Seacoast Bank include the acquisition of additional deposits, the issuance and sale of debt securities, and the issuance and sale of preferred or common securities in public or private transactions.

Our access to funding sources in amounts adequate or on terms which are acceptable to us could be impaired by other factors that affect us specifically or the financial services industry or economy in general. Factors that could detrimentally impact our access to liquidity sources include a downturn in the markets in which our loans are concentrated or adverse regulatory action against us. In addition, our access to deposits may be affected by the liquidity and/or cash flow needs of depositors. Although we have historically been able to replace maturing deposits and FHLB advances as necessary, we might not be able to replace such funds in the future and can lose a relatively inexpensive source of funds and increase our funding costs if, among other things, customers move funds out of bank deposits and into alternative investments, such as the stock market, that may be perceived as providing superior expected returns. We may be required to seek additional regulatory capital through capital raises at terms that may be very dilutive to existing shareholders.

Our ability to borrow could also be impaired by factors that are not specific to us, such as disruptions in the financial markets or negative views and expectations about the prospects for the financial services industry.

Our ability to receive dividends from our subsidiaries could affect our liquidity and ability to pay interest on our trust preferred securities or reinstate dividends.

We are a legal entity separate and distinct from Seacoast Bank and our other subsidiaries. Our primary source of cash, other than securities offerings, is dividends from Seacoast Bank. These dividends are the principal source of funds to pay dividends on our common stock, interest on our trust preferred securities and interest and principal on our debt. Various laws and regulations limit the amount of dividends that Seacoast Bank may pay us, as further described in "Supervision and Regulation - Payment of Dividends." Also, our right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. Limitations on our ability to receive dividends from our subsidiaries could have a material adverse effect on our liquidity and on our ability to pay dividends on common stock. Additionally, if our subsidiaries' earnings are not sufficient to make dividend payments to us while maintaining adequate capital levels, we may not be able to make payments on our trust preferred securities or reinstate dividend payments to our common shareholders.

Business and Strategic Risks

Our future success is dependent on our ability to compete effectively in highly competitive markets.

We operate in markets throughout the State of Florida, each with unique characteristics and opportunities. Our future growth and success will depend on our ability to compete effectively in these and other potential markets. We compete for loans, deposits and other financial services in geographic markets with other local, regional and national commercial banks, thrifts, credit unions, mortgage lenders, and securities and insurance brokerage firms. Many of our competitors offer products and services different from us, and have substantially greater resources, name recognition and market presence than we do, which benefits them in attracting business. Larger competitors may be able to price loans and deposits more aggressively than we can, and have broader customer and geographic bases to draw upon.

Consumers may decide not to use banks to complete their financial transactions, which could adversely affect our net income.

Technology and other changes now allow parties to complete financial transactions without banks. For example, consumers can pay bills, transfer funds directly and obtain loans without banks. This process could result in the loss of interest and fee income, as well as the loss of customer deposits and the income generated from those deposits.

Transactions utilizing digital assets, including cryptocurrencies, stablecoins and other similar assets, have increased substantially. Certain characteristics of digital asset transactions, such as the speed with which such transactions can be conducted, the ability to transact without the involvement of regulated intermediaries, the ability to engage in transactions across multiple jurisdictions, and the anonymous nature of the transactions, are appealing to certain consumers notwithstanding the various risks posed by such transactions. Accordingly, digital asset service providers which, at present are not subject to the extensive regulation as banking organizations and other financial institutions, have become active competitors for our customers' banking business. The process of eliminating banks as intermediaries, known as “disintermediation,” could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost of deposits as a source of funds could have a material adverse effect on our financial condition and results of operations and increased competition may negatively affect our earnings by creating pressure to lower prices or credit standards on our products and services requiring additional investment to improve the quality and delivery of our technology, reducing our market share, or affecting the willingness of our clients to do business with us. Non-bank financial technology providers invest substantial resources in developing and designing new technology, particularly digital and mobile technology, and are beginning to offer more traditional banking products either directly or through bank partnerships.

In addition, the widespread adoption of new technologies, including internet banking services, mobile banking services, cryptocurrencies and payment systems, could require substantial expenditures to modify or adapt our existing products and services as we grow and develop our internet banking and mobile banking channel strategies in addition to remote connectivity solutions. We might not be successful in developing or introducing new products and services, integrating new products or services into our existing offerings, responding or adapting to changes in consumer behavior, preferences, spending, investing and/or saving habits, achieving market acceptance of our products and services, reducing costs in response to pressures to deliver products and services at lower prices or sufficiently developing and maintaining loyal customers.

Further, we may experience a decrease in customer deposits if customers perceive alternative investments, such as the stock market, as providing superior expected returns. When customers move money out of bank deposits in favor of alternative investments, we may lose a relatively inexpensive source of funds, and be forced to rely more heavily on borrowings and other sources of funding to fund our business and meet withdrawal demands, thereby increasing our funding costs and adversely affecting our net interest margin.

Hurricanes or other adverse weather events, as well as climate change, could negatively affect our local economies or disrupt our operations, which would have an adverse effect on our business and results of operations.

Our market areas in Florida are susceptible to hurricanes, tropical storms and related flooding and wind damage and other similar weather events. Such weather events can disrupt operations, result in damage to properties and negatively affect the local economies in the markets where we operate. We cannot predict whether or to what extent damage that may be caused by future weather events will affect our operations or the economies in our current or future market areas, but such events could result in a decline in loan originations, a decline in the value or destruction of properties securing our loans and an increase in delinquencies, foreclosures or loan losses, negatively impacting our business and results of operations. As a result of the potential for such weather events, many of our customers have incurred significantly higher property and casualty insurance premiums on their properties located in our markets, which may adversely affect real estate sales and values in our markets. Climate change may be increasing the nature, severity, and frequency of adverse weather conditions, making the impact from these types of natural disasters on us or customers worse.

Further, concerns over the long-term impacts of climate change have led and will continue to lead to governmental efforts around the world to mitigate those impacts. Investors, consumers and businesses also may change their behavior on their own as a result of these concerns. The state of Florida could be disproportionately impacted by long-term climate changes. We and our customers may face cost increases, asset value reductions (which could impact customer creditworthiness), operating process changes, changes in demand for products and services, and the like resulting from new laws, regulations, and changing consumer and investor preferences regarding our, or other companies', response to climate change. Our efforts to take these risks into account in making lending and other decisions, including by increasing our business with climate-friendly companies, may not be effective in protecting us from the negative impact of new laws and regulations or changes in consumer or business behavior.

Changes in accounting rules applicable to banks could adversely affect our financial condition and results of operations.

From time to time, the Financial Accounting Standards Board (the “FASB”) and the SEC change the financial accounting and reporting standards that govern the preparation of our financial statements. These changes can be hard to predict and can materially impact how we record and report our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in a restatement of our prior period financial statements.

On January 1, 2020, we implemented FASB's Accounting Standards Codification ("ASC") Topic 326, *Financial Instruments* - *Credit Losses*. This guidance replaced the existing "incurred loss" methodology for financial assets measured at amortized cost, and introduced requirements to estimate current expected credit losses ("CECL"). Under the incurred loss methodology, credit losses were recognized only when the losses were probable or had been incurred; under CECL, companies are required to recognize the full amount of expected credit losses for the lifetime of the financial assets, based on historical experience, current conditions and reasonable and supportable forecasts. This change requires earlier recognition of credit losses that are deemed expected but not yet probable, and we expect will result in higher reserves for credit losses and higher volatility in the quarterly provision for credit losses.

The CECL model also impacts the accounting for bank acquisition activity by requiring the recognition of expected credit losses on acquired loans at the date of acquisition, in addition to the purchase discount, if any. With the exception of purchased loans with credit deterioration ("PCD"), this day-one recognition of the allowance for credit losses is recorded with an offset to net income. For PCD loans, the initial estimate of expected credit losses is recognized as an adjustment to the amortized cost basis of the loan at acquisition (i.e., a balance sheet gross-up).

The anti-takeover provisions in our Articles of Incorporation and under Florida law may make it more difficult for takeover attempts that have not been approved by our board of directors.

Florida law and our Articles of Incorporation include anti-takeover provisions, such as provisions that encourage persons seeking to acquire control of us to consult with our board of directors, and which enable the board of directors to negotiate and give consideration on behalf of us and our shareholders and other constituencies to the merits of any offer made. Such provisions, as well as super-majority voting and quorum requirements, and a staggered board of directors, may make any takeover attempts and other acquisitions of interests in us, by means of a tender offer, open market purchase, a proxy fight or otherwise, that have not been approved by our board of directors more difficult and more expensive. These provisions may discourage possible business combinations that a majority of our shareholders may believe to be desirable and beneficial. As a result, our board of directors may decide not to pursue transactions that would otherwise be in the best interests of holders of our common stock.

Operational Risk

The implementation of other new lines of business or new products and services may subject us to additional risk.

We continuously evaluate our service offerings and may implement new lines of business or offer new products and services within existing lines of business in the future. There are substantial risks and uncertainties associated with these efforts. In developing and marketing new lines of business and/or new products and services, we undergo a process to assess the risks of the initiative, and invest significant time and resources to build internal controls, policies and procedures to mitigate those risks, including hiring experienced management to oversee the implementation of the initiative. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business and/or a new product or service. Furthermore, any new line of business and/or new product or service could require the establishment of new key and other controls and have a significant impact on our existing system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business and/or new products or services could have a material adverse effect on our business and, in turn, our financial condition and results of operations.

Employee misconduct could expose us to significant legal liability and reputational harm.

We are vulnerable to reputational harm because we operate in an industry in which integrity and the confidence of our customers are of critical importance. Our employees could engage in fraudulent, illegal, wrongful or suspicious activities, and/or activities resulting in consumer harm that adversely affects our customers and/or our business. The precautions we take to detect and prevent such misconduct may not always be effective, such misconduct may result in regulatory sanctions and/or penalties, serious harm to our reputation, financial condition, customer relationships or the ability to attract new customers. In addition, improper use or disclosure of confidential information by our employees, even if inadvertent, could result in serious harm to our reputation, financial condition and current and future business relationships. The precautions we take to detect and prevent such misconduct may not always be effective.

We are subject to losses due to fraudulent and negligent acts.

Financial institutions are inherently exposed to fraud risk. Fraudulent activity can take many forms and has escalated as more tools for accessing financial services emerge, such as real-time payments. Fraud schemes are broad and continuously evolving. A fraud can be perpetrated by a customer of Seacoast, an employee, a vendor, or members of the general public. We are subject to fraud risk in connection with the origination of loans, ACH transactions, wire transactions, ATM transactions, checking and other transactions. When we originate loans, we rely heavily upon information supplied by loan applicants and third parties, including the information contained in the loan application, property appraisal, title information and employment and income documentation provided by third parties. If any of this information is misrepresented and such misrepresentation is not detected prior to loan funding, we generally bear the risk of loss associated with the misrepresentation. Although the Company seeks to mitigate fraud risk and losses through continued investment in systems, resources, and controls, there can be no assurance that our efforts will be effective in detecting fraud or that we will not experience fraud losses or incur costs or other damage related to such fraud, at levels that adversely affect our financial results or reputation.

If we fail to maintain an effective system of disclosure controls and procedures, including internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud, which could have a material adverse effect on our business, results of operations and financial condition. In addition, current and potential shareholders could lose confidence in our financial reporting, which could harm the trading price of our common stock.

Management regularly monitors, reviews and updates our disclosure controls and procedures, including our internal control over financial reporting. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable assurances that the controls will be effective. Any failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on our business, results of operations and financial condition.

Failure to achieve and maintain an effective internal control environment could prevent us from accurately reporting our financial results, preventing or detecting fraud or providing timely and reliable financial information pursuant to our reporting obligations, which could result in a material weakness in our internal controls over financial reporting and the restatement of previously filed financial statements and could have a material adverse effect on our business, financial condition and results of operations. Further, ineffective internal controls could cause our investors to lose confidence in our financial information, which could affect the trading price of our common stock.

Our operations rely on external vendors.

We rely on certain external vendors to provide products and services necessary to maintain our day-to-day operations, particularly in the areas of operations, treasury management systems, information technology and security, exposing us to the risk that these vendors will not perform as required by our agreements. An external vendor's failure to perform in accordance with our agreement could be disruptive to our operations, which could have a material adverse impact on our reputation, business, financial condition and results of operations. Our regulators also impose requirements on us with respect to monitoring and implementing adequate controls and procedures in connection with our third party vendors.

From time to time, we may decide to retain new vendors for new or existing products and services. Transition to these new vendors may not proceed as anticipated and could negatively impact our customers or our ability to conduct business, which, in turn, could have an adverse effect on our business, results of operations and financial condition. To mitigate this risk, the Company has an established process to oversee vendor relationships.

We must effectively manage our information systems risk.

We rely heavily on our communications and information systems to conduct our business. The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products, services and methods of delivery. Our ability to compete successfully depends in part upon our ability to use technology to provide products and services that will satisfy customer demands. We have and will continue to make technology investments to achieve process improvements and increase efficiency. Many of the Company's competitors invest substantially greater resources in technological improvements than we do. We may not be able to effectively select, develop or implement new technology-driven products and services or be successful in marketing these products and services to our customers, which may negatively affect our business, results of operations or financial condition.

Disruptions to our information systems or security breaches could adversely affect our business and reputation.

Our communications and information systems remain vulnerable to unexpected disruptions and failures. Any failure or interruption of these systems could impair our ability to serve our customers and to operate our business and could damage our reputation, result in a loss of business, subject us to additional regulatory scrutiny or enforcement or expose us to civil litigation and possible financial liability. While we have developed extensive recovery plans, we cannot assure that those plans will be effective to prevent adverse effects upon us and our customers resulting from system failures. While we maintain an insurance policy which we believe provides sufficient coverage at a manageable expense for an institution of our size and scope with similar technological systems, we cannot assure that this policy would be sufficient to cover all related financial losses and damages should we experience any one or more of our or a third party's systems failing or experiencing a cyber-attack.

Notwithstanding the strength of our defensive measures, the threat from cyber-attacks is severe, attacks are sophisticated and attackers respond rapidly to changes in defensive measures, and there is no assurance that our response to any cyber-attack or system interruption, breach or failure will be fully effective to mitigate and remediate the issues resulting from such an event, including the costs, reputational harm and litigation challenges that we may face as a result. Cyber security risks may also occur with our third-party service providers, and may interfere with their ability to fulfill their contractual obligations to us, with attendant potential for financial loss or liability that could adversely affect our financial condition or results of operations. We offer our clients the ability to bank remotely and provide other technology based products and services, which services include the secure transmission of confidential information over the Internet and other remote channels. To the extent that our clients' systems are not secure or are otherwise compromised, our network could be vulnerable to unauthorized access, malicious software, phishing schemes and other security breaches. To the extent that our activities or the activities of our clients or third-party service providers involve the storage and transmission of confidential information, security breaches and malicious software could expose us to claims, regulatory scrutiny, litigation and other possible liabilities. While to date we have not experienced a significant compromise, significant data loss or material financial losses related to cyber security attacks, our systems and those of our clients and third-party service providers are under constant threat and it is possible that we could experience a significant event in the future. We may suffer material financial losses related to these risks in the future or we may be subject to liability for compromises to our client or third-party service provider systems. Any such losses or liabilities could adversely affect our financial condition or results of operations, and could expose us to reputation risk, the loss of client business, increased operational costs, as well as additional regulatory scrutiny, possible litigation, and related financial liability. These risks also include possible business interruption, including the inability to access critical information and systems. In addition, as the domestic and foreign regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to our business, compliance with those requirements could also result in additional costs.

We collect and store sensitive data, including personally identifiable information of our customers and employees as well as sensitive information related to our operations. Our collection of such Company and customer data is subject to extensive regulation and oversight. Computer break-ins of our systems or our customers' systems, thefts of data and other breaches and criminal activity may result in significant costs to respond, liability for customer losses if we are at fault, damage to our customer relationships, regulatory scrutiny and enforcement and loss of future business opportunities due to reputational damage. Although we, with the help of third-party service providers, will continue to implement security technology and establish operational procedures to protect sensitive data, there can be no assurance that these measures will be effective. We advise and provide training to our customers regarding protection of their systems, but there is no assurance that our advice and training will be appropriately acted upon by our customers or effective to prevent losses. In some cases we may elect to contribute to the cost of responding to cybercrime against our customers, even when we are not at fault, in order to maintain valuable customer relationships.

In our ordinary course of business, we rely on electronic communications and information systems to conduct our businesses and to store sensitive data, including financial information regarding our customers. The integrity of information systems of financial institutions are under significant threat from cyber-attacks by third parties, including through coordinated attacks sponsored by foreign nations and criminal organizations to disrupt business operations and other compromises to data and systems for political or criminal purposes. We employ an in-depth, layered, lines of defense approach that leverages people, processes and technology to manage and maintain cyber security and other information security controls.

Compliance Risk

We operate in a heavily regulated environment. Regulatory compliance burdens and associated costs can affect our business, including our reputation, the value of our securities, and the results of our operations.

We and our subsidiaries are regulated by several regulators, including, but not limited to, the Federal Reserve, the OCC, the FDIC, the CFPB, the Small Business Administration, the SEC and NASDAQ. Our success is affected by state and federal regulations affecting banks and bank holding companies, the securities markets and banking, securities and insurance regulators. Banking regulations are primarily intended to protect consumers and depositors, not shareholders. The financial services industry also is subject to frequent legislative and regulatory changes and proposed changes, the effects of which cannot be predicted. These changes, if adopted, could require us to maintain more capital, liquidity and risk controls which could adversely affect our growth, profitability and financial condition. Any such changes in law can impact the profitability of our business activities, require changes to our operating policies and procedures, or otherwise adversely impact our business.

Further, we expect to continue to commit significant resources to our compliance with various corporate governance and financial reporting requirements under the Sarbanes-Oxley Act of 2002, as well as rules and regulations adopted by the SEC, the Public Accounting Oversight Board and NASDAQ. Our failure to track and comply with the various rules may materially adversely affect our reputation, ability to obtain the necessary certifications to financial statements, and the value of our securities.

Additionally, the CFPB has issued mortgage-related rules required under the Dodd-Frank Act addressing borrower ability-to-repay and qualified mortgage standards. The CFPB has also issued rules for loan originators related to compensation, licensing requirements, administration capabilities and restrictions on pursuance of delinquent borrowers. These rules could have a negative effect on the financial performance of Seacoast Bank's mortgage lending operations such as limiting the volume of mortgage originations and sales into the secondary market, increased compliance burden and impairing Seacoast Bank's ability to proceed against certain delinquent borrowers with timely and effective collection efforts.

Banks with greater than $10 billion in total consolidated assets are subject to certain additional regulatory requirements, including limits on the debit card interchange fees that such banks may collect, changes in the manner in which assessments for FDIC deposit insurance are calculated, and providing the authority to the CFPB to supervise and examine such banks. If Seacoast Bank grows to exceed and sustain assets over $10 billion, which we expect to do in 2022, we will be subject to additional federal regulations, which could materially and adversely affect our business. We estimate that limits to debit card interchange fees that would take effect July 1, 2023 would reduce the Company's revenue, on an annualized basis after taxes, by approximately $7.7 million. Additionally, compliance with the Dodd-Frank Act's requirements may necessitate that we hire or contract with additional compliance or other personnel, design and implement additional internal controls, or incur other significant expenses, any of which could have a material adverse effect on our business, financial condition or results of operations.

We are required to maintain capital to meet regulatory requirements, and if we fail to maintain sufficient capital, whether due to losses, growth opportunities, or an inability to raise additional capital or otherwise, our financial condition, liquidity and results of operations, as well as our compliance with regulatory requirements, would be adversely affected.

Both we and Seacoast Bank must meet regulatory capital requirements and maintain sufficient liquidity and our regulators may modify and adjust such requirements in the future. Our ability to raise additional capital, when and if needed in the future, will depend on conditions in the capital markets, general economic conditions and a number of other factors, including investor perceptions regarding the banking industry and the market, governmental activities, many of which are outside our control, and on our financial condition and performance. Accordingly, we cannot assure you that we will be able to raise additional capital if needed or on terms acceptable to us. If we fail to meet these capital and other regulatory requirements, our financial condition, liquidity and results of operations would be materially and adversely affected.

Although the Company currently complies with all capital requirements, we may be subject to more stringent regulatory capital ratio requirements in the future and we may need additional capital in order to meet those requirements. Our failure to remain “well capitalized” for bank regulatory purposes could affect customer confidence, our ability to grow, our costs of funds and FDIC insurance costs, our ability to pay dividends on common stock, make distributions on our trust preferred securities, our ability to make acquisitions, and our business, results of operations and financial condition, generally. Under FDIC rules, if

Seacoast Bank ceases to be a "well capitalized" institution for bank regulatory purposes, its ability to accept brokered deposits and the interest rates that it pays may both be restricted.

Federal banking agencies periodically conduct examinations of our business, including for compliance with laws and regulations, and our failure to comply with any supervisory actions to which we are or become subject as a result of such examinations may adversely affect us.

The Federal Reserve and the OCC periodically conduct examinations of our business and Seacoast Bank's business, including for compliance with laws and regulations, and Seacoast Bank also may be subject to future regulatory examinations by the CFPB as discussed in the "Supervision and Regulation" section above. If, as a result of an examination, the Federal Reserve, the OCC and/or the CFPB were to determine that the financial condition, capital resources, asset quality, asset concentrations, earnings prospects, management, liquidity, sensitivity to market risk, or other aspects of any of our or Seacoast Bank's operations had become unsatisfactory, or that we or our management were in violation of any law, regulation or guideline in effect from time to time, the regulators may take a number of different remedial actions as they deem appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to change the composition of our concentrations in portfolio or balance sheet assets, to assess civil monetary penalties against our officers or directors or to remove officers and directors.

Higher FDIC deposit insurance premiums and assessments could adversely affect our financial condition.

FDIC insurance premiums we pay may change and be significantly higher in the future. Market developments may significantly deplete the insurance fund of the FDIC and reduce the ratio of reserves to insured deposits, thereby making it requisite upon the FDIC to charge higher premiums prospectively. Additionally, if we grow to and sustain more than $10 billion in total assets, which we expect to do in 2022, the method that the FDIC uses to determine the amount of our deposit insurance premium will change. Any increases in our assessment rate, future special assessments, or required prepayments in FDIC insurance premiums could reduce our profitability or limit our ability to pursue certain business opportunities, which could have a material adverse effect on our assets, business, cash flow, condition (financial or otherwise), liquidity, prospects or results of operations.

Tax law changes and interpretations may have a negative impact on our earnings.

The enactment of the Tax Reform Act, has had, and is expected to continue to have, far reaching and significant effects on us, our customers and the U.S. economy. Further, U.S. tax authorities may at any time clarify and/or modify legislation, administration or judicial changes or interpretations the income tax treatment of corporations. Such changes could adversely affect us, either directly or as a result of the effects on our customers. While lower income tax rates should result in improved net income performance over prospective periods, the extent of the benefit will be influenced by the competitive environment and other factors.

As of December 31, 2021, we had net deferred tax assets ("DTAs") of $27.3 million, based on management's estimation of the likelihood of those DTAs being realized. These and future DTAs may be reduced in the future if our estimates of future taxable income from our operations and tax planning strategies do not support the amounts recorded.

Management expects to realize the $27.3 million in net DTAs well in advance of the statutory carryforward period, based on its forecast of future taxable income. We consider positive and negative evidence, including the impact of reversals of existing taxable temporary differences, tax planning strategies and projected earnings within the statutory tax loss carryover period. This process requires significant judgment by management about matters that are by nature uncertain. If we were to conclude that significant portions of our DTAs were not more likely than not to be realized (due to operating results or other factors), a requirement to establish a valuation allowance could adversely affect our financial position and results of operations.

The amount of net operating loss carry-forwards and certain other tax attributes realizable annually for income tax purposes may be reduced by an offering and/or other sales of our capital securities, including transactions in the open market by five percent or greater shareholders, if an ownership change is deemed to occur under Section 382 of the Internal Revenue Code ("Section 382"). The determination of whether an ownership change has occurred under Section 382 is highly fact-specific and can occur through one or more acquisitions of capital stock (including open market trading) if the result of such acquisitions is that the percentage of our outstanding common stock held by shareholders or groups of shareholders owning at least 5% of our common stock at the time of such acquisition, as determined under Section 382, is more than 50 percentage points higher than the lowest percentage of our outstanding common stock owned by such shareholders or groups of shareholders within the prior three-year period. Management does not believe any stock offerings, issuances, or reverse stock split have had any negative implications for the Company under Section 382 to date.

Merger-Related Risks

Future acquisition and expansion activities may disrupt our business, dilute existing shareholders and adversely affect our operating results.

We periodically evaluate potential acquisitions and expansion opportunities. To the extent we grow through acquisition, we cannot assure you that we will be able to adequately or profitably manage this growth. Acquiring other banks, branches or businesses, as well as other geographic and product expansion activities, involve various risks including:

- risks of unknown or contingent liabilities;
- unanticipated costs and delays;
- risks that acquired new businesses do not perform consistent with our growth and profitability expectations;
- risks of entering new market or product areas where we have limited experience;
- risks that growth will strain our infrastructure, staff, internal controls and management, which may require additional personnel, time and expenditures;
- exposure to potential asset quality issues with acquired institutions;
- difficulties, expenses and delays of integrating the operations and personnel of acquired institutions, and start-up delays and costs of other expansion activities;
- potential disruptions to our business;
- possible loss of key employees and customers of acquired institutions;
- potential short-term decrease in profitability;
- inaccurate estimates of value assigned to acquired assets; and
- diversion of our management's time and attention from our existing operations and businesses.

Attractive acquisition opportunities may not be available to us in the future.

While we seek continued organic growth, we anticipate continuing to evaluate merger and acquisition opportunities presented to us in our core markets and beyond. The number of financial institutions headquartered in Florida, the Southeastern United States, and across the country continues to decline through merger and other activity. We expect that other banking and financial companies, many of which have significantly greater resources, will compete with us to acquire financial services businesses. This competition, as the number of appropriate merger targets decreases, could increase prices for potential acquisitions which could reduce our potential returns, and reduce the attractiveness of these opportunities to us. Also, acquisitions are subject to various regulatory approvals. If we fail to receive the appropriate regulatory approvals, we will not be able to consummate an acquisition that we believe is in our best interests. Among other things, our regulators consider our capital, liquidity, profitability, regulatory compliance, including with respect to anti-money laundering ("AML") obligations, consumer protection laws and CRA obligations and levels of goodwill and intangibles when considering acquisition and expansion proposals. Any acquisition could be dilutive to our earnings and shareholders' equity per share of our common stock.

Our business strategy includes significant growth plans, and our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth effectively, or if we fail to successfully integrate our acquisitions or to realize the anticipated benefits of them.

We intend to continue to pursue an organic growth strategy for our business while also regularly evaluating potential acquisitions and expansion opportunities. If appropriate opportunities present themselves, we expect to engage in selected acquisitions of financial institutions, branch acquisitions and other business growth initiatives or undertakings. There can be no assurance that we will successfully identify appropriate opportunities, that we will be able to negotiate or finance such activities or that such activities, if undertaken, will be successful. While we have substantial experience in successfully integrating institutions we have acquired, we may encounter difficulties during integration, such as the loss of key employees, the disruption of operations and businesses, loan and deposit attrition, customer loss and revenue loss, possible inconsistencies in standards, control procedures and policies, and unexpected issues with expected branch closures costs, operations, personnel, technology and credit, all of which could divert resources from regular banking operations. Achieving the anticipated benefits of these mergers is subject to a number of uncertainties, including whether we integrate these institutions in an efficient and effective manner, governmental actions affecting the financial industry generally, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits could result in a reduction in the price of our shares as well as in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could materially and adversely affect our business, financial condition and results of operations.

There are risks associated with our growth strategy. To the extent that we grow through acquisitions, there can be no assurance that we will be able to adequately or profitably manage this growth. Acquiring other banks, branches or other assets, as well as other expansion activities, involves various risks including the risks of incorrectly assessing the credit quality of acquired assets, encountering greater than expected costs of integrating acquired banks or branches into us, the risk of loss of customers and/or employees of the acquired institution or branch, executing cost savings measures, not achieving revenue enhancements and otherwise not realizing the transaction’s anticipated benefits. Our ability to address these matters successfully cannot be assured. In addition, our strategic efforts may divert resources or management’s attention from ongoing business operations, may require investment in integration and in development and enhancement of additional operational and reporting processes and controls and may subject us to additional regulatory scrutiny.

Our growth initiatives may also require us to recruit and retain experienced personnel to assist in such initiatives. Accordingly, the failure to identify and retain such personnel would place significant limitations on our ability to successfully execute our growth strategy. In addition, to the extent we expand our lending beyond our current market areas, we could incur additional risks related to those new market areas. We may not be able to expand our market presence in our existing market areas or successfully enter new markets.

If we do not successfully execute our acquisition growth plan, it could adversely affect our business, financial condition, results of operations, reputation and growth prospects. In addition, if we were to conclude that the value of an acquired business had decreased, that conclusion may result in an impairment charge to goodwill or other tangible or intangible assets, which would adversely affect our results of operations. While we believe we have the executive management resources and internal systems in place to successfully manage our future growth, there can be no assurance growth opportunities will be available or that we will successfully manage our growth.

Additionally, we may pursue divestitures of non-strategic branches or other assets. Such divestitures involve various risks, including the risks of not being able to timely or fully replace liquidity previously provided by deposits which may be transferred as part of a divestiture, which could adversely affect our financial condition and results of operations.

General Risk Factors

Shares of our common stock are not insured deposits and may lose value.

Shares of our common stock are not savings accounts, deposits or other obligations of any depository institution and are not insured or guaranteed by the FDIC or any other governmental agency or instrumentality, any other deposit insurance fund or by any other public or private entity, and are subject to investment risk, including the possible loss of principal.

Any future economic downturn could have a material adverse effect on our capital, financial condition, results of operations, and future growth.

Management continually monitors market conditions and economic factors throughout our footprint. If conditions were to worsen nationally, regionally or locally, then we could see a sharp increase in our total net charge-offs and also be required to significantly increase our allowance for credit losses. Furthermore, the demand for loans and our other products and services could decline. An increase in our non-performing assets and related increases in our provision for credit losses, coupled with a potential decrease in the demand for loans and our other products and services, could negatively affect our business and could have a material adverse effect on our capital, financial condition, results of operations and future growth. Our customers may also be adversely impacted by changes in regulatory, trade (including tariffs) and tax policies and laws, all of which could reduce demand for loans and adversely impact our borrowers' ability to repay our loans. In addition, international economic uncertainty could also impact the U.S. financial markets by potentially suppressing stock prices, including ours, and adding it to overall market volatility, which could adversely affect our business. The effects of any economic downturn could continue for many years after the downturn is considered to have ended.

A reduction in consumer confidence could negatively impact our results of operations and financial condition.

Significant market volatility driven in part by concerns relating to, among other things, actions by the U.S. Congress or imposed through Executive Order by the President of the United States, as well as global political actions or events, including natural disasters, health emergencies or pandemics, could adversely affect the U.S. or global economies, with direct or indirect impacts on the Company and our business. Results could include reduced consumer and business confidence, credit deterioration, diminished capital markets activity, and actions by the Federal Reserve Board impacting interest rates or other U.S. monetary policy.

We must attract and retain skilled personnel.

Our success depends, in substantial part, on our ability to attract and retain skilled, experienced personnel in key positions within the organization. Competition for qualified candidates in the activities and markets that we serve is intense. If we are not able to hire, adequately compensate, or retain these key individuals, we may be unable to execute our business strategies and may suffer adverse consequences to our business, financial condition and results of operations. Recent labor shortages as a result of the COVID-19 pandemic may also restrict our ability to attract and retain personnel.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Seacoast maintains its corporate headquarters in a 68,000 square foot, three story building at 815 Colorado Avenue in Stuart, Florida. The building is owned by Seacoast Bank.

Seacoast Bank owns or leases all of the buildings in which its business operates. At December 31, 2021, Seacoast Bank had 54 branch offices, stand-alone commercial lending offices, and its main office, all located in Florida. For additional information regarding properties, please refer to Notes 7 and 11 of the Notes to Consolidated Financial Statements.

Item 3. Legal Proceedings

The Company and its subsidiaries are subject, in the ordinary course, to litigation incidental to the businesses in which they are engaged. Management presently believes that none of the legal proceedings to which they are a party are likely to have a material effect on the Company's consolidated financial position, operating results or cash flows, although no assurance can be given with respect to the ultimate outcome of any such claim or litigation.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Holders of the Company's common stock are entitled to one vote per share on all matters presented to shareholders for their vote, as provided in our Articles of Incorporation, as amended.

The Company's common stock is traded under the symbol “SBCF” on the NASDAQ Global Select Market (“NASDAQ”). As of January 31, 2022, there were 61,198,780 shares of the Company's common stock outstanding, held by approximately 3,002 record holders.

Dividends from Seacoast Bank are the Company's primary source of funds to pay dividends to its shareholders. Under the National Bank Act, national banks may in any calendar year, without the approval of the OCC, pay dividends to the extent of net profits for that year, plus retained net profits for the preceding two years (less any required transfers to surplus). The need for Seacoast Bank to maintain adequate capital also limits dividends that may be paid to the Company.

For additional information regarding restrictions on the ability of Seacoast Bank to pay dividends to the Company see “Item 1. Business- Payment of Dividends” of this Form 10-K.

Securities Authorized for Issuance Under Equity Compensation Plans

See the information included under Part III, Item 12, which is incorporated in response to this item by reference.

Repurchase of Common Stock

On December 15, 2021, the Company's Board of Directors authorized the renewal of the Company's share repurchase program, under which the Company may, from time to time, purchase up to $100 million of its shares of outstanding common stock. Under the share repurchase program, which will expire on December 31, 2022, repurchases will be made, if at all, in accordance with applicable securities laws and may be made from time to time in the open market, by block purchase or by negotiated transactions. The amount and timing of repurchases, if any, will be based on a variety of factors, including share acquisition price, regulatory limitations, market conditions and other factors. The program does not obligate the Company to purchase any of its shares, and may be terminated or amended by the Board of Directors at any time prior to its expiration date. The Company did not repurchase shares of its common stock during the year ended December 31, 2021.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The purpose of this discussion and analysis is to aid in understanding significant changes in the financial condition of Seacoast Banking Corporation of Florida and its subsidiaries (“Seacoast” or the “Company”) and their results of operations. Nearly all of the Company’s operations are contained in its banking subsidiary, Seacoast National Bank (“Seacoast Bank” or the “Bank”). Such discussion and analysis should be read in conjunction with the Company's Condensed Consolidated Financial Statements and the related notes included in this report.

The emphasis of this discussion will be on the years ended December 31, 2021 and 2020. Additional information about the Company’s financial condition and results of operations in 2019 and changes in the Company’s financial condition and results of operations from 2019 to 2020 may be found in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020.

This discussion and analysis contains statements that may be considered “forward-looking statements” as defined in, and subject to the protections of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. See the “Special Cautionary Notice Regarding Forward-Looking Statements” for additional information regarding forward-looking statements.

For purposes of the following discussion, the words “Seacoast,” or the “Company,” refer to the combined entities of Seacoast Banking Corporation of Florida and its direct and indirect wholly owned subsidiaries.

Overview – Strategy and Results

Seacoast Banking Corporation of Florida (“Seacoast” or the “Company”), a financial holding company, registered under the Bank Holding Company Act of 1956, as amended (the “BHC Act”), is one of the largest community banks in Florida, with $9.7 billion in assets and $8.1 billion in deposits as of December 31, 2021. Its principal subsidiary is Seacoast National Bank (“Seacoast Bank”), a wholly owned national banking association. The Company provides integrated financial services including commercial and consumer banking, wealth management, and mortgage services to customers through advanced online and mobile banking solutions, and Seacoast Bank's network of 54 traditional branches and commercial banking centers. Seacoast operates primarily in Florida, with concentrations in the state's fastest growing markets, each with unique characteristics and opportunities. The Company's offices stretch from the southeast, including Fort Lauderdale, Boca Raton and Palm Beach, north along the east coast to the Daytona area, into Orlando and Central Florida and the adjacent Tampa market, and west to

Okeechobee and surrounding counties. In the first quarter of 2022, the footprint has expanded to include Naples, Sarasota, and Jacksonville.

The Company delivers integrated banking services, combining traditional retail locations with online and mobile technology and a convenient telephone banking center. Seacoast has built a fully integrated distribution platform across all channels to provide customers with the ability to choose their path of convenience to satisfy their banking needs, allowing the Company an opportunity to reach customers through a variety of sales channels. The Company believes its digital delivery and products are contributing to the franchise's growth.

Seacoast is executing a balanced growth strategy, combining organic growth with strategic acquisitions in Florida's most attractive growing markets. In Orlando, Seacoast is now the largest Florida-based bank and a top-10 bank in the Orlando market overall. In other key markets, including Palm Beach County, Fort Lauderdale, and Tampa, the Company has enhanced its footprint with 13 acquisitions since 2014, generating continued expansion and strengthening market share, increasing the customer base and lowering operating costs through economies of scale.

The Company's acquisition strategy has not only increased customer households and been accretive to earnings, but has also opened markets and Seacoast's customer base. The table below summarizes acquisition activity in recent years:

(In millions)	**Primary Market(s)**	**Year of Acquisition**	**Acquired Loans**	**Acquired Deposits**
Florida Business Bank/ Business Bank of Florida, Corp.[1]	Melbourne	2022	$ 124	$ 166
Sabal Palm Bank/ Sabal Palm Bancorp, Inc.[1]	Sarasota	2022	249	396
Legacy Bank of Florida	Boca Raton and Palm Beach	2021	477	495
Freedom Bank/ Fourth Street Banking Company	Tampa- St. Petersburg	2020	303	330
First Bank of the Palm Beaches	West Palm Beach	2020	147	174
First Green Bank/ First Green Bancorp, Inc.	Orlando and Fort Lauderdale	2018	631	624
Palm Beach Community Bank	West Palm Beach	2017	270	269
NorthStar Bank/ NorthStar Banking Corporation, Inc.	Tampa- St. Petersburg	2017	137	182
GulfShore Bank/ GulfShore BancShares, Inc.	Tampa- St. Petersburg	2017	251	285
Orlando banking operations of BMO Harris Bank, N.A.	Orlando	2016	63	314
Floridian Bank/ Floridian Financial Group, Inc.	Orlando	2016	266	337
Grand Bank & Trust of Florida/ Grand Bankshares, Inc.	West Palm Beach	2015	111	188
BankFirst/ The BANKshares, Inc.	Orlando	2014	365	516

[1]*Acquired loans and deposits presented for acquisitions closed in 2022 are preliminary and do not include fair value/purchase accounting adjustments.*

Impact of COVID-19, the CARES Act and the Paycheck Protection Program on Comparability Among Periods

The COVID-19 pandemic and related responses taken by governments, businesses and individuals have caused unprecedented uncertainty, volatility and disruption in financial markets and in governmental, commercial and consumer activity in the United States and globally, including the markets that we serve. The impact of the economic downturn caused by the pandemic was experienced differently across geographic areas, business sectors and demographic groups. The Florida economy has experienced positive trends including population growth and lower unemployment than much of the rest of the country. While the overall economic outlook has improved, there continues to be the risk of further resurgence of infections, including from variants, and possible reimplementation of business restrictions.

The Coronavirus Aid, Relief and Economic Security (“CARES”) Act encouraged financial institutions to provide loan modifications to assist borrowers financially impacted by COVID-19. Seacoast began offering payment accommodations to eligible borrowers in March 2020 and, at June 30, 2020, loans with active payment accommodations peaked at $1.1 billion. Nearly all such modifications have expired and borrowers returned to making payments under the original loan terms. At

December 31, 2021 and 2020, loans with active payment accommodations totaled $1.2 million and $74.1 million, respectively. In 2020, uncertainty related to the impact of the pandemic on the economy and on borrowers' ability to repay loan obligations resulted in increases in the provisioning for credit losses during 2020. As the overall economic outlook has improved and loan portfolio credit indicators have remained strong, the Company has reduced the level of allowance for credit losses in 2021 compared to 2020. The future effects of the COVID-19 pandemic on economic activity remain uncertain, and future additional provisions for credit losses could be necessary.

The CARES Act also included provisions for the Paycheck Protection Program ("PPP") offered through the U.S. Small Business Administration ("SBA"). Loans originated under this program have a contractual rate of interest of 1% with principal and interest that may be forgiven provided that the borrower uses the funds in a manner consistent with PPP guidelines. Seacoast assisted borrowers with nearly 9,000 loans originated through the PPP. The SBA established a fee structure based on loan size, and fees received by Seacoast, net of related costs, totaled $26.7 million, which were deferred and are being recognized as an adjustment to yield over time. During 2020, Seacoast recognized net fees of $7.8 million and contractual interest of $4.2 million on PPP loans. During 2021, Seacoast recognized net fees of $17.5 million and contractual interest of $3.8 million on PPP loans. PPP loan balances outstanding at December 31, 2021 totaled $91.1 million, and the remaining $2.4 million in deferred PPP loan fees will be recognized over the loans' remaining contractual maturity or sooner, as loans are forgiven.

2021 Financial Performance Highlights

- Record net income of $124.4 million, or $2.18 per diluted share, for the year ended December 31, 2021, an increase of 60% year-over-year.
- Steady build of shareholder value through consistent growth in tangible book value per share, which ended the period at $17.84, an increase of 10% year-over-year.
- The tangible common equity ratio of 11.09% supports Seacoast's ability to deploy capital for organic growth and opportunistic acquisitions.
- Increasing commercial loan originations, with the fourth quarter of 2021 increasing 47% over the prior year to a record $408.9 million, and a record commercial pipeline of $397.8 million at December 31, 2021.
- Growth in fee based revenues with year-over-year increases in interchange income of 18% to $16.2 million, wealth management income, which increased 28% to $9.6 million and SBA gains, which increased 124% to $1.5 million for the full year.
- Disciplined expense management with a focus on balancing investments by streamlining business and cost savings processes, maintaining a 2021 efficiency ratio of 55%, which includes the impact of merger-related expenses incurred during the year. On an adjusted basis[1], efficiency ratio was 53%.
- The successful acquisition of Legacy Bank of Florida in the third quarter of 2021 added experienced bankers and a net four new branches in Broward and Palm Beach counties.

	Quarter					
	First 2021	**Second 2021**	**Third 2021**	**Fourth 2021**	**Total 2021**	**2020**
Return on average tangible assets	1.70 %	1.48 %	1.00 %	1.51 %	1.41 %	1.08 %
Return on average tangible common equity	15.62	13.88	9.56	14.29	13.27	10.10
Efficiency ratio	53.21	54.93	59.55	53.70	55.39	54.84
Adjusted return on average tangible assets[1]	1.75 %	1.52 %	1.23 %	1.49 %	1.48 %	1.17 %
Adjusted return on average tangible common equity[1]	16.01	14.27	11.72	14.11	13.97	10.93
Adjusted efficiency ratio[1]	51.99	53.49	51.50	53.43	52.59	51.63

[1]Non-GAAP measure - see "Explanation of Certain Unaudited Non-GAAP Financial Measures" for more information and a reconciliation to GAAP.

Results of Operations

Earnings Summary

For the year ended December 31, 2021, net income totaled $124.4 million, or $2.18 per diluted share, compared to $77.8 million, or $1.44 per diluted share, for the year ended December 31, 2020. Return on average assets ("ROA") was 1.33% and return on average equity ("ROE") was 10.24% in 2021 compared to 0.99% and 7.44%, respectively, in 2020.

Adjusted net income[1] for the year ended December 31, 2021 totaled $135.0 million, or $2.36 per diluted share, compared to $89.0 million, or $1.65 per diluted share, in 2020.

During 2020, uncertainty related to the impact of COVID-19 resulted in increased provisioning for credit losses. A strong economic recovery in the state of Florida as well as an improving economic outlook have resulted in a release of reserves throughout 2021.

In 2021, the Company's efficiency ratio, defined as noninterest expense less foreclosed property expense and amortization of intangibles divided by net operating revenue (net interest income on a fully tax equivalent basis plus noninterest income excluding securities gains and losses), was 55.39%, compared to 54.84% for 2020. Changes from the prior year reflect higher 2021 expenses, resulting from organic and acquisition related expansion of the Company's footprint and investments in commercial banking talent, partially offset by lower funding costs and increases in noninterest income. The adjusted efficiency ratio[1] in 2021 was 52.59% compared to 51.63% in 2020.

Net Interest Income and Margin

Net interest income for the year ended December 31, 2021 totaled $276.0 million, increasing $13.3 million, or 5%, compared to the year ended December 31, 2020. Net interest income (on a fully taxable equivalent basis)[1] for the year ended December 31, 2021 was $276.5 million, increasing $13.3 million, or 5%, compared to the year ended December 31, 2020. In 2021 and 2020, net interest margin (on a fully tax equivalent basis)[1] was 3.27% and 3.65%, respectively.

The continued low interest rate environment during 2021 resulted in lower yields on securities and non-PPP loans. Yield on securities contracted by 72 basis points from 2.33% to 1.61% while the yield on non-PPP loans declined 33 basis points from 4.62% to 4.29% as higher yielding securities and loans paid down and were replaced with lower yielding assets. Yield on PPP loans increased from 2.86% to 5.57% resulting from loan forgiveness during the year. The effect on net interest margin of interest and fees from PPP loans was an increase of 11 basis points in 2021 compared to a decrease of 3 basis points in 2020. The effect on net interest margin of purchase discounts on acquired loans was an increase of 15 basis points in 2021 compared to 21 basis points in 2020.

The cost of deposits decreased by 24 basis points to 8 basis points in 2021, reflecting the impact of the continued low interest rate environment as well as a shift in product mix to include a higher proportion of noninterest bearing demand deposits to total deposits.

The following table details the Company's average balance sheets, interest income and expenses, and yields and rates[1], for the past three years:

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[1] *Non-GAAP measure - see "Explanation of Certain Unaudited Non-GAAP Financial Measures" for more information and a reconciliation to GAAP.*

	For the Year Ended December 31,								
	2021			2020			2019		
(In thousands, except percentages)	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets									
Earning Assets:									
Securities									
Taxable	$ 1,839,619	$ 29,206	1.59 %	$ 1,277,441	$ 29,718	2.33 %	$ 1,176,842	$ 35,354	3.00 %
Nontaxable	25,369	730	2.88	22,164	570	2.57	23,122	695	3.01
Total Securities	1,864,988	29,936	1.61	1,299,605	30,288	2.33	1,199,964	36,049	3.00
Federal funds sold	763,795	1,043	0.14	187,400	260	0.14	16,431	366	2.23
Other investments	65,533	1,947	2.97	52,094	2,237	4.29	71,614	3,013	4.21
Loan excluding PPP loans	5,369,204	230,552	4.29	5,259,653	242,736	4.62	4,933,518	250,730	5.08
PPP loans	381,860	21,282	5.57	419,154	11,974	2.86	—	—	—
Total Loans	5,751,064	251,834	4.38	5,678,807	254,710	4.49	4,933,518	250,730	5.08
Total Earning Assets	8,445,380	284,760	3.37	7,217,906	287,495	3.98	6,221,527	290,158	4.66
Allowance for credit losses on loans	(88,659)			(81,858)			(33,465)		
Cash and due from banks	332,664			142,314			94,643		
Bank premises and equipment, net	71,771			71,846			69,142		
Intangible assets	249,089			231,267			228,042		
Bank owned life insurance	156,599			128,569			124,803		
Other assets	170,210			149,956			126,588		
Total Assets	$ 9,337,054			$ 7,860,000			$ 6,831,280		
Liabilities and Shareholders' Equity									
Interest-Bearing Liabilities:									
Interest-bearing demand	$ 1,787,234	895	0.05 %	$ 1,324,433	1,710	0.13 %	$ 1,114,334	4,025	0.36 %
Savings	805,816	383	0.05	610,015	849	0.14	516,526	2,015	0.39
Money market	1,765,444	2,327	0.13	1,294,629	4,361	0.34	1,164,938	10,581	0.91
Time deposits	602,739	2,788	0.46	1,101,321	13,365	1.21	1,092,516	21,776	1.99
Securities sold under agreements to repurchase	113,881	141	0.12	84,514	283	0.33	106,142	1,431	1.35
Federal Home Loan Bank borrowings	—	—	—	139,439	1,540	1.10	131,921	3,010	2.28
Other borrowings	71,495	1,685	2.36	71,220	2,184	3.07	70,939	3,367	4.75
Total Interest-Bearing Liabilities	5,146,609	8,219	0.16	4,625,571	24,292	0.53	4,197,316	46,205	1.10
Noninterest demand	2,851,687			2,107,931			1,641,766		
Other liabilities	123,446			81,279			63,405		
Total Liabilities	8,121,742			6,814,781			5,902,487		
Shareholders' equity	1,215,312			1,045,219			928,793		
Total Liabilities & Shareholders' Equity	$ 9,337,054			$ 7,860,000			$ 6,831,280		
Cost of deposits			0.08 %			0.32 %			0.69 %
Interest expense as % of earning assets			0.10 %			0.34 %			0.74 %
Net interest income/yield on earning assets		$ 276,541	3.27 %		$ 263,203	3.65 %		$ 243,953	3.92 %

[1]On a fully taxable equivalent basis. All yields and rates have been computed using amortized costs. Fees on loans have been included in interest on loans. Nonaccrual loans are included in loan balances.

The following table shows the impact of value and rate on earning assets and interest bearing liabilities[1]:

	2021 vs 2020 Due to Change in:			2020 vs 2019 Due to Change in:		
(In thousands)	Volume	Rate	Total	Volume	Rate	Total
			Amount of increase (decrease)			
Earning Assets:						
Securities						
Taxable	$ 11,002	$ (11,514)	$ (512)	$ 2,681	$ (8,317)	$ (5,636)
Nontaxable	87	73	160	(27)	(98)	(125)
Total Securities	11,089	(11,441)	(352)	2,654	(8,415)	(5,761)
Federal funds sold	793	(10)	783	309	(10)	299
Other investments	488	(778)	(290)	3,387	(4,568)	(1,181)
Loans excluding PPP loans	4,880	(17,064)	(12,184)	15,813	(23,807)	(7,994)
PPP loans	(1,572)	10,880	9,308	11,974	—	11,974
Total Loans	3,308	(6,184)	(2,876)	27,787	(23,807)	3,980
Total Earning Assets	15,678	(18,413)	(2,735)	34,137	(36,800)	(2,663)
Interest-Bearing Liabilities:						
Interest-bearing demand	415	(1,230)	(815)	515	(2,830)	(2,315)
Savings	183	(649)	(466)	247	(1,413)	(1,166)
Money market accounts	1,103	(3,137)	(2,034)	807	(7,027)	(6,220)
Time deposits	(4,178)	(6,399)	(10,577)	141	(8,552)	(8,411)
Total Deposits	(2,477)	(11,415)	(13,892)	1,710	(19,822)	(18,112)
Securities sold under agreements to repurchase	67	(209)	(142)	(182)	(966)	(1,148)
Federal Home Loan Bank borrowings	(1,540)	—	(1,540)	127	(1,597)	(1,470)
Other borrowings	7	(506)	(499)	11	(1,194)	(1,183)
Total Interest Bearing Liabilities	(3,943)	(12,130)	(16,073)	1,666	(23,579)	(21,913)
Net Interest Income	$ 19,621	$ (6,283)	$ 13,338	$ 32,471	$ (13,221)	$ 19,250

[1]On a fully taxable equivalent basis. All yields and rates have been computed using amortized costs. Fees on loans have been included in interest on loans. Nonaccrual loans are included in loan balances. Changes attributable to rate/volume (mix) are allocated to rate and volume on an equal basis.

Total average loans increased $72.3 million, or 1%, during 2021 compared to 2020. Average loans (the highest yielding component of earning assets) as a percentage of average earning assets totaled 68% in 2021, compared to 79% in 2020. Loans secured by commercial real estate represented 53% of total loans, excluding PPP loans, at December 31, 2021, compared to 52% at December 31, 2020. Residential loan balances with individuals (including home equity loans and lines and personal construction loans) represented 26% of total loans, excluding PPP loans, at December 31, 2021, compared to 28% at December 31, 2020 (see “Loan Portfolio”).

Average debt securities increased $565.4 million, or 44%, from 2020 reflecting the investment of excess liquidity into the securities portfolio. Securities comprised 22% and 18% of average earning assets in 2021 and 2020, respectively. Yields on securities decreased from 2.33% in 2020 to 1.61% in 2021.

Loan production is detailed in the following table for the periods specified:

	For the Year Ended December 31,			
(In thousands)		2021		2020
Commercial/commercial real estate loan pipeline at year-end	$	397,822	$	166,735
Commercial/commercial real estate loans closed		1,137,847		655,821
Residential pipeline - saleable at period end	$	30,102	$	92,017
Residential loans - sold		422,796		509,420
Residential pipeline - portfolio at period end	$	25,589	$	25,083
Residential loans - retained		464,631		129,183
Consumer pipeline at period end	$	29,739	$	18,207
Consumer originations		249,473		219,294
PPP originations	$	256,007	$	598,994

Commercial and commercial real estate loan production in 2021 totaled $1.1 billion, compared to $655.8 million in 2020. Included in 2021 are $36.4 million in fixed-rate commercial real estate loans acquired through the wholesale market. The combination of economic expansion and a focus on building the leading commercial bank in Florida with the addition of top talent resulted in significant growth in loan production during 2021.

Residential loan production totaled $887.4 million in 2021, compared to $638.6 million in 2020. Included in 2021 are purchases of $219.2 million in residential loans from the wholesale market. No purchases were made in the wholesale market during 2020.

Consumer originations totaled $249.5 million during 2021, compared to $219.3 million during 2020.

Seacoast originated $256.0 million in PPP loans during 2021 and $599.0 million in 2020. No additional PPP originations are expected.

In 2021, the cost of average interest-bearing liabilities decreased 37 basis points to 0.16% from 2020, reflecting the impact of the continued low interest rate environment as well as a shift in product mix to include a higher proportion of noninterest bearing demand deposits to total deposits. The low overall cost of funding reflects the Company’s successful core deposit focus that produced strong growth in customer relationships over the past several years. Noninterest bearing demand deposits at December 31, 2021 represented 38% of total deposits, compared to 33% at December 31, 2020. The cost of average total deposits (including noninterest bearing demand deposits) in 2021 was 0.08%, compared to 0.32% in 2020.

The following table details the Company's customer relationship funding as of:

	December 31,	
(In thousands, except percentages)	**2021**	**2020**
Noninterest demand	$ 3,075,534	$ 2,289,787
Interest-bearing demand	1,890,212	1,566,069
Money market	1,651,881	1,556,370
Savings	895,019	689,179
Time certificates of deposit	554,943	831,156
Total deposits	$ 8,067,589	$ 6,932,561
Customer sweep accounts	$ 121,565	$ 119,609
Noninterest demand deposit mix	38 %	33 %

The Company's focus on convenience, with high-quality customer service, expanded digital offerings and distribution channels provides stable, low-cost core deposit funding. Over the past several years, the Company has strengthened its retail deposit franchise using new strategies and product offerings, while maintaining a focus on growing customer relationships. Seacoast believes that digital product offerings are central to core deposit growth and have proved to be of meaningful value to its customers. Seacoast's call center and retail associates continue to lead the market in availability and customer service standards, with the call center out-performing large bank call center wait times and service level standards. The impact of various government stimulus programs, as well as the acquisition of Legacy Bank of Florida in the third quarter of 2021, have also contributed to higher deposit balances. During 2021, average transaction deposits (noninterest and interest bearing demand deposits) increased $1.2 billion, or 35%, compared to 2020.

Growth in core deposits has also provided low funding costs. The Company's deposit mix remains favorable, with 92% of average deposit balances comprised of savings, money market, and demand deposits in 2021.

Sweep repurchase agreements with customers increased $2.0 million, or 2%, to $121.6 million at December 31, 2021 compared to $119.6 million at December 31, 2020. The average rate on customer repurchase accounts was 0.12% in 2021 compared to 0.33% in 2020. No federal funds purchased were utilized at December 31, 2021 or 2020.

The Company had no FHLB borrowings during the year ended December 31, 2021 or at December 31, 2020. FHLB borrowings averaged $139.4 million at an average rate of 1.10% for the full year 2020 (see "Note 9 - Borrowings" to the Company's consolidated financial statements).

In 2021, average subordinated debt of $71.5 million related to trust preferred securities issued by subsidiary trusts of the Company carried an average cost of 2.36%, down from 3.07% in 2020, reflecting the impact of lower interest rates as the subordinated debt cost is based on LIBOR plus a spread (see "Note 9 - Borrowings").

Provision for Credit Losses

The provision for credit losses was a net benefit of $9.4 million for the full year 2021 compared to a provision of $38.2 million for the full year 2020. The provision in 2021 reflects an improved economic outlook compared to heightened uncertainty in 2020 relating to the impact of COVID-19 on the economic environment. On January 1, 2020, the Company adopted ASC Topic 326 - *Financial Instruments - Credit Losses.* Under the CECL approach, the Company reserves for the full amount of expected credit losses over the life of the loans, which also contributed to the increase in provision in 2020.

Noninterest Income

Noninterest income (excluding securities gains and losses) totaled $71.3 million in 2021, an increase of $11.0 million, or 18%, compared to 2020. Noninterest income accounted for 21% of total revenue in 2021 and 19% in 2020 (net interest income plus noninterest income, excluding securities gains and losses).

Noninterest income is detailed as follows:

(In thousands, except percentages)	For the Year Ended December 31, 2021	2020	% Change 21/20
Service charges on deposit accounts	$ 9,777	$ 9,429	4%
Interchange income	16,231	13,711	18
Wealth management income	9,628	7,507	28
Mortgage banking fees	11,782	14,696	(20)
Marine finance fees	665	690	(4)
SBA gains	1,531	685	124
BOLI income	4,154	3,561	17
SBIC income	6,778	1,373	394
Other income	10,759	8,683	24
	71,305	60,335	18
Securities gains (losses), net	(578)	1,235	(147)
Total Noninterest Income	$ 70,727	$ 61,570	15%

Service charges on deposits for the year ended December 31, 2021 compared to the year ended December 31, 2020 increased $0.3 million, or 4%, to $9.8 million. This increase reflects a return to more normalized fee activity compared to the prior year, in part due to the waiver of certain account charges during the first half of 2020 in response to the COVID-19 pandemic. Overdraft fees on business and consumer accounts represented 41% of total service charges on deposits in 2021 compared to 44% in 2020.

Interchange revenue totaled $16.2 million in 2021, an increase of 18% from $13.7 million in 2020. Growth in the number of commercial and consumer customers, targeted marketing campaigns and a continued economic recovery all contributed to higher transaction volume and per-card spending for both consumer and commercial customers for the year.

Wealth management revenues, including brokerage commissions and fees and trust income, increased $2.1 million, or 28%, to $9.6 million for the year ended December 31, 2021. The wealth management team has continued to grow relationships, resulting in an increase in assets under management of 42% year-over-year to $1.2 billion as of December 31, 2021.

Mortgage banking fees decreased by $2.9 million, or 20%, to $11.8 million for the year ended December 31, 2021 compared to 2020. The prior year results benefited from a significant decrease in interest rates which resulted in a strong refinance market, while 2021 results reflect a slowdown in refinance activity and lower housing inventory.

Gains on sale of the guaranteed portion of SBA loans totaled $1.5 million for the year ended December 31, 2021, an increase of $0.8 million compared to 2020. PPP loan production ended in the second quarter of 2021, resulting in a shift back to SBA borrowing in the second half of 2021.

Bank owned life insurance (“BOLI”) income totaled $4.2 million in 2021, an increase of $0.6 million, or 17%, compared to the prior year. The Company purchased or added through bank acquisition $69.1 million in BOLI in 2021.

Income from the Company's investments in Small Business Investment Companies (“SBICs”) increased by $5.4 million to $6.8 million compared to 2020. The amounts recognized on SBIC investments will vary amongst periods.

Other income increased by $2.1 million year-over-year, reflecting $1.7 million from the resolution of contingencies on two loans acquired in 2017, and the sale of an internet domain name for $0.8 million. These increases were partially offset by a decrease in loan swap fees.

Securities losses in 2021 totaled $0.6 million, resulting from a $0.4 million net loss on the sale of debt securities with a fair value of $102.1 million, and a $0.2 million decrease in the value of the CRA-qualified mutual fund investment. Securities gains in 2020 totaled $1.2 million, resulting from net gains on the sale of $96.7 million of debt securities, and a $0.1 million increase in the value of the CRA-qualified mutual fund investment.

Noninterest Expense

The Company has demonstrated its commitment to efficiency through disciplined, proactive management of its cost structure. Noninterest expenses in 2021 totaled $197.4 million and included acquisition-related expenses of $7.9 million, and expenses related to branch consolidation and other expense reduction initiatives of $2.2 million. In 2020, noninterest expenses totaled

$185.6 million, including $9.1 million in acquisition-related expenses, $0.8 million in expenses related to branch consolidation and other expense reduction initiatives, and $0.3 million in bonuses to retail associates for keeping critical functions operating at full capacity through the initial stages of the Company's response to the COVID-19 pandemic. Adjusted noninterest expense[1] in 2021 totaled $182.4 million, an increase of 8% from 2020, reflecting overall growth of the organization. Changes in the categories of noninterest expense for the year ended 2021 compared to 2020 are further described below.

	For the Year Ended December 31,		% Change
(In thousands, except percentages)	**2021**	**2020**	**21/20**
Salaries and wages	$ 97,283	$ 88,539	10%
Employee benefits	17,873	15,544	15
Outsourced data processing costs	19,919	19,053	5
Telephone and data lines	3,223	2,984	8
Occupancy	14,140	14,150	—
Furniture and equipment	5,390	5,874	(8)
Marketing	4,583	4,833	(5)
Legal and professional fees	11,376	9,167	24
FDIC assessments	2,405	1,268	90
Amortization of intangibles	5,033	5,857	(14)
Foreclosed property expense and net loss on sale	(264)	2,263	(112)
Provision for credit losses on unfunded commitments	133	185	(28)
Other	16,341	15,835	3
Total Noninterest Expense	$ 197,435	$ 185,552	6%

Salaries and wages totaled $97.3 million in 2021, an increase of $8.7 million, or 10%, compared to 2020. Results in 2021 include $2.6 million in bank acquisition-related charges compared to $2.8 million in 2020. The remaining increase compared to the prior year reflects higher salaries from headcount added through acquisitions and investments made to support organic growth.

During 2021, employee benefit costs, which include costs associated with the Company's self-funded health insurance benefits, 401(k) plan, payroll taxes, and unemployment compensation, increased $2.3 million, or 15%, compared to 2020. The increase reflects the impact of higher health insurance related costs and payroll taxes resulting from headcount added through acquisitions and investments made to support organic growth.

The Company utilizes third parties for core data processing systems. Ongoing data processing costs are directly related to the number of transactions processed and the negotiated rates associated with those transactions. Outsourced data processing costs totaled $19.9 million in 2021, an increase of $0.9 million, or 5%. Results include $0.9 million in acquisition-related charges compared to $2.7 million in 2020. Investments in 2021 included improvements to the digital commercial loan origination platform that has provided a quicker renewal process and a streamlined workflow for bankers and underwriters, and an automated PPP forgiveness solution integrated with the Company's existing technology infrastructure. The Company continues to improve and enhance mobile and digital products and services through key third parties, and in the first quarter of 2022 upgraded its online and mobile banking platform, providing an enhanced digital experience for customers. Outsourced data processing costs may increase in the future as customers adopt improved products and as business volumes grow.

Telephone and data line expenses, including electronic communications with customers, between branch locations and personnel, and with third party data processors, increased by $0.2 million in 2021 to $3.2 million.

Total occupancy, furniture and equipment expenses in 2021 totaled $19.5 million, a decrease of $0.5 million, or 2%, compared to 2020. The Company continues to evolve its branch footprint in order to redirect capacity into attractive growth markets. In alignment with this strategy, four banking center locations were consolidated in 2021, and two new branches opened.

In 2021 and 2020, marketing expenses totaled $4.6 million and $4.8 million, respectively. The Company continues to carefully manage the use of marketing campaigns to target potential high value customers in a cost effective manner through a mix of digital communications, direct mail, event sponsorships and donations.

Legal and professional fees increased by $2.2 million in 2021, or 24%, to $11.4 million, which includes $3.5 million in merger-related expenses in 2021, compared to $2.7 million in 2020.

FDIC assessments were $2.4 million in 2021, compared to $1.3 million in 2020. Expenses in the prior year were partially offset by $0.7 million in FDIC deposit insurance assessment credits.

For the year ended December 31, 2021, foreclosed property expenses were more than offset by net gains on sale, resulting in a benefit of $0.3 million, compared to foreclosed property expense and net losses on sale of $2.3 million in 2020. Results in 2021 were the result of gains on the sale of OREO properties, while the prior year was impacted primarily by the write-downs of two properties.

Other expense totaled $16.3 million and $15.8 million in 2021 and 2020, respectively. The increase of $0.5 million, or 3%, includes higher loan production-related expenses.

Income Taxes

In 2021, the provision for income taxes totaled $34.3 million, compared to $22.8 million in 2020. The increase reflects higher pre-tax income and is partially offset by a temporary reduction in the corporate state tax rate in 2021 to 3.535% compared to 4.5% for 2020. The state tax rate increased to 5.5% effective January 1, 2022, resulting in an additional tax benefit of $0.8 million recognized in the fourth quarter of 2021 upon the adjustment of the value of deferred tax assets affected by the change. Discrete tax benefits related to share-based compensation were $0.9 million in 2021 and $0.1 million in 2020.

Fourth Quarter Results and Analysis

Net income totaled $36.3 million in the fourth quarter of 2021, an increase of $13.4 million, or 58%, from the third quarter of 2021, and an increase of $7.0 million, or 24%, compared to the fourth quarter of 2020. Adjusted net income[1] totaled $36.9 million, an increase of $7.5 million, or 26%, from the third quarter of 2021, and an increase of $6.2 million, or 20%, compared to the fourth quarter of 2020. Diluted earnings per common share ("EPS") was $0.62 and adjusted diluted EPS[1] was $0.62 in the fourth quarter of 2021, compared to diluted EPS of $0.40 and adjusted diluted EPS[1] of $0.51 in the third quarter of 2021 and compared to diluted EPS of $0.53 and adjusted diluted EPS[1] of $0.55 in the fourth quarter of 2020.

Revenues increased $0.6 million, or 1%, from the third quarter of 2021 and increased $7.3 million, or 9%, from the fourth quarter of 2020. Net interest income increased $1.0 million, or 1%, compared to the third quarter of 2021 and increased $3.5 million, or 5%, compared to the fourth quarter of 2020.

Net interest income (on a tax-equivalent basis), for the fourth quarter of 2021 totaled $72.4 million, an increase of $1.0 million, or 1%, from the third quarter of 2021, and an increase of $3.5 million, or 5%, from the fourth quarter 2020. Net interest margin (on a tax-equivalent basis), contracted six basis points to 3.16% from 3.22% in the third quarter of 2021.

Noninterest income, excluding securities gains and losses, totaled $19.1 million for the fourth quarter of 2021, in line with the third quarter of 2021 and an increase of $4.1 million, or 28%, from the fourth quarter of 2020.

Included in the fourth quarter was a gain of $0.8 million on the sale of a website domain name obtained in a prior bank acquisition, and an increase of $0.7 million in SBIC investment income compared to the third quarter of 2021. These increases were offset by lower mortgage banking fees, which decreased by $0.5 million, due to slowing refinance activity and continuing low housing inventory levels, and lower SBA gains, which decreased by $0.6 million due to lower saleable production.

Noninterest expenses for the fourth quarter of 2021 totaled $50.3 million, a decrease of $5.0 million, or 9% from the prior quarter and an increase of $6.6 million, or 15%, from the fourth quarter of 2020. Costs associated with bank acquisitions and expense initiatives were lower by $6.5 million in the fourth quarter of 2021 compared to the prior quarter. Offsetting were increases in employee benefits expense associated with higher employee health insurance costs, and expenses incurred in preparing for the 2022 upgrade of the online and mobile banking platform.

The provision for loan losses was a net benefit of $3.9 million in the fourth quarter of 2021, reflecting continued improvement in the economic outlook, compared to a provision of $5.1 million in the prior quarter. The prior quarter included an increase associated with onboarding the Legacy Bank of Florida acquisition. The ratio of allowance for credit losses to total loans was 1.41% at December 31, 2021, compared to 1.49% at September 30, 2021. Excluding PPP loans, the ratio was 1.43% at December 31, 2021, compared to 1.54% at September 30, 2021.

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[1] *Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures" for more information and a reconciliation to GAAP.*

Explanation of Certain Unaudited Non-GAAP Financial Measures

This report contains financial information determined by methods other than Generally Accepted Accounting Principles ("GAAP"). The financial highlights provide reconciliations between GAAP and adjusted financial measures including net income, fully taxable equivalent net interest income, noninterest income, noninterest expense, tax adjustments, net interest margin and other financial ratios. 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 define or 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.

The following tables provide reconciliation between GAAP and adjusted (non-GAAP) financial measures.

	Quarters				
(In thousands except per share data)	**Fourth 2021**	**Third 2021**	**Second 2021**	**First 2021**	**Total Year**
Net income	$ 36,330	$ 22,944	$ 31,410	$ 33,719	$ 124,403
Total noninterest income	$ 18,706	$ 19,028	$ 15,322	$ 17,671	$ 70,727
Securities losses (gains), net	379	30	55	114	578
Gain on sale of domain name (included in other income)	(755)	—	—	—	(755)
Total Adjustments to Noninterest Income	(376)	30	55	114	(177)
Total Adjusted Noninterest Income	$ 18,330	$ 19,058	$ 15,377	$ 17,785	$ 70,550
Total noninterest expense	$ 50,263	$ 55,268	$ 45,784	$ 46,120	$ 197,435
Merger-related charges	(482)	(6,281)	(509)	(581)	(7,853)
Amortization of intangibles	(1,304)	(1,306)	(1,212)	(1,211)	(5,033)
Branch reductions and other expense initiatives	(168)	(870)	(663)	(449)	(2,150)
Total Adjustments to Noninterest Expense	(1,954)	(8,457)	(2,384)	(2,241)	(15,036)
Total Adjusted Noninterest Expense	$ 48,309	$ 46,811	$ 43,400	$ 43,879	$ 182,399
Income Taxes	$ 8,344	$ 7,049	$ 8,785	$ 10,157	$ 34,335
Tax effect of adjustments	280	2,081	598	577	3,536
Effect of change in corporate tax rate on deferred tax assets	774	—	—	—	774
Total Adjustments to Income Taxes	1,054	2,081	598	577	4,310
Adjusted Income Taxes	9,398	9,130	9,383	10,734	38,645
Adjusted Net Income	$ 36,854	$ 29,350	$ 33,251	$ 35,497	$ 134,952
Earnings per diluted share, as reported	$ 0.62	$ 0.40	$ 0.56	$ 0.60	$ 2.18
Adjusted Earnings per Diluted Share	0.62	0.51	0.59	0.63	2.36
Average diluted shares outstanding	59,016	57,645	55,901	55,992	57,088
Adjusted Noninterest Expense	$ 48,309	$ 46,811	$ 43,400	$ 43,879	$ 182,399
Provision for credit losses on unfunded commitments	—	(133)	—	—	(133)
Foreclosed property expense and net gain (loss) on sale	175	(66)	90	65	264

(In thousands except per share data)	Quarters Fourth 2021	Third 2021	Second 2021	First 2021	Total Year
Net Adjusted Noninterest Expense	$ 48,484	$ 46,612	$ 43,490	$ 43,944	$ 182,530
Revenue	$ 90,995	$ 90,352	$ 81,124	$ 84,281	$ 346,752
Total Adjustments to Revenue	(376)	30	55	114	(177)
Impact of FTE adjustment	123	131	131	131	516
Adjusted revenue on a fully tax equivalent basis	$ 90,742	$ 90,513	$ 81,310	$ 84,526	$ 347,091
Adjusted Efficiency Ratio	53.43 %	51.50 %	53.49 %	51.99 %	52.59 %
Net Interest Income	$ 72,289	$ 71,324	$ 65,802	$ 66,610	$ 276,025
Impact of FTE Adjustment	123	131	131	131	516
Net interest income including FTE adjustment	72,412	71,455	65,933	66,741	276,541
Total noninterest income	18,706	19,028	15,322	17,671	70,727
Total noninterest expense	50,263	55,268	45,784	46,120	197,435
Pre-Tax Pre-Provision Earnings	40,855	35,215	35,471	38,292	149,833
Total Adjustments to Noninterest Income	(376)	30	55	114	(177)
Total Adjustments to Noninterest Expense	(1,779)	(8,656)	(2,294)	(2,176)	(14,905)
Adjusted Pre-Tax Pre-Provision Earnings	$ 42,258	$ 43,901	$ 37,820	$ 40,582	$ 164,561
Average Assets	$ 10,061,382	$ 9,753,734	$ 9,025,846	$ 8,485,354	$ 9,337,054
Less average goodwill and intangible assets	(267,692)	(254,980)	(235,964)	(237,323)	(249,089)
Average Tangible Assets	$ 9,793,690	$ 9,498,754	$ 8,789,882	$ 8,248,031	$ 9,087,965
Return on Average Assets (“ROA”)	1.43 %	0.93 %	1.40 %	1.61 %	1.33 %
Impact of removing average intangible assets and related amortization	0.08	0.07	0.08	0.09	0.08
Return on Average Tangible Assets (“ROTA”)	1.51	1.00	1.48	1.70	1.41
Impact of other adjustments for Adjusted Net Income	(0.02)	0.23	0.04	0.05	0.07
Adjusted Return on Average Tangible Assets	1.49 %	1.23 %	1.52 %	1.75 %	1.48 %
Average Shareholders' Equity	$ 1,303,686	$ 1,248,547	$ 1,170,395	$ 1,136,416	$ 1,215,312
Less average goodwill and intangible assets	(267,692)	(254,980)	(235,964)	(237,323)	(249,089)
Average Tangible Equity	$ 1,035,994	$ 993,567	$ 934,431	$ 899,093	$ 966,223
Return on Average Shareholders' Equity	11.06 %	7.29 %	10.76 %	12.03 %	10.24 %
Impact of removing average intangible assets and related amortization	3.23	2.27	3.12	3.59	3.03
Return on Average Tangible Common Equity (“ROTCE”)	14.29	9.56	13.88	15.62	13.27
Impact of other adjustments for Adjusted Net Income	(0.18)	2.16	0.39	0.39	0.70
Adjusted Return on Average Tangible Common Equity	14.11 %	11.72 %	14.27 %	16.01 %	13.97 %
Loan interest income[1]	$ 64,487	$ 64,517	$ 60,440	$ 62,390	$ 251,834
Accretion on acquired loans	(3,520)	(3,483)	(2,886)	(2,868)	(12,757)
Interest and fees on PPP loans	(3,352)	(5,917)	(5,127)	(6,886)	(21,282)
Loan interest income excluding PPP and accretion on acquired loans	$ 57,615	$ 55,117	$ 52,427	$ 52,636	$ 217,795
Yield on loans[1]	4.31 %	4.49 %	4.33 %	4.39 %	4.38 %
Impact of accretion on acquired loans	(0.24)	(0.24)	(0.21)	(0.20)	(0.22)
Impact of PPP	(0.13)	(0.22)	0.01	(0.04)	(0.10)

(In thousands except per share data)	Fourth 2021	Third 2021	Second 2021	First 2021	Total Year
	Quarters				
Yield on loans excluding PPP and accretion on acquired loans	3.94 %	4.03 %	4.13 %	4.15 %	4.06 %
Net interest income[1]	$ 72,412	$ 71,455	$ 65,933	$ 66,741	$ 276,541
Accretion on acquired loans	(3,520)	(3,483)	(2,886)	(2,868)	(12,757)
Interest and fees on PPP	(3,352)	(5,917)	(5,127)	(6,886)	(21,282)
Net interest income excluding PPP and accretion on acquired loans	$ 65,540	$ 62,055	$ 57,920	$ 56,987	$ 242,502
Net interest margin	3.16 %	3.22 %	3.23 %	3.51 %	3.27 %
Impact of accretion on acquired loans	(0.15)	(0.15)	(0.14)	(0.15)	(0.15)
Impact of PPP	(0.10)	(0.18)	(0.06)	(0.11)	(0.11)
Net interest margin excluding PPP and accretion on acquired loans	2.91 %	2.89 %	3.03 %	3.25 %	3.01 %
Security interest income[1]	$ 8,750	$ 7,956	$ 6,745	$ 6,485	$ 29,936
Tax equivalent adjustment to securities	(37)	(38)	(39)	(39)	(153)
Securities interest income excluding tax equivalent adjustment	$ 8,713	$ 7,918	$ 6,706	$ 6,446	$ 29,783
Loan interest income[1]	$ 64,487	$ 64,517	$ 60,440	$ 62,390	$ 251,834
Tax equivalent adjustment to loans	(86)	(93)	(92)	(92)	(363)
Loan interest income excluding tax equivalent adjustment	$ 64,401	$ 64,424	$ 60,348	$ 62,298	$ 251,471
Net Interest Income[1]	$ 72,412	$ 71,455	$ 65,933	$ 66,741	$ 276,541
Tax equivalent adjustment to securities	(37)	(38)	(39)	(39)	(153)
Tax equivalent adjustment to loans	(86)	(93)	(92)	(92)	(363)
Net interest income excluding tax equivalent adjustments	$ 72,289	$ 71,324	$ 65,802	$ 66,610	$ 276,025

[1]On a fully taxable equivalent basis. All yields and rates have been computed using amortized cost.

(In thousands except per share data)	Fourth 2020	Third 2020	Second 2020	First 2020	Total Year
	Quarters				
Net income	$ 29,347	$ 22,628	$ 25,080	$ 709	$ 77,764
Total noninterest income	$ 14,930	$ 16,946	$ 15,006	$ 14,688	$ 61,570
Securities losses (gains), net	18	(4)	(1,230)	(19)	(1,235)
Total Adjustments to Noninterest Income	18	(4)	(1,230)	(19)	(1,235)
Total Adjusted Noninterest Income	$ 14,948	$ 16,942	$ 13,776	$ 14,669	$ 60,335
Total noninterest expense	$ 43,681	$ 51,674	$ 42,399	$ 47,798	$ 185,552
Merger-related charges	—	(4,281)	(240)	(4,553)	(9,074)
Amortization of intangibles	(1,421)	(1,497)	(1,483)	(1,456)	(5,857)
Business continuity expenses	—	—	—	(307)	(307)
Branch reductions and other expense initiatives	(354)	(464)	—	—	(818)
Total Adjustments to Noninterest Expense	(1,775)	(6,242)	(1,723)	(6,316)	(16,056)
Total Adjusted Noninterest Expense	$ 41,906	$ 45,432	$ 40,676	$ 41,482	$ 169,496

(In thousands except per share data)	Quarters Fourth 2020	 Third 2020	 Second 2020	 First 2020	Total Year
Income Taxes	$ 8,793	$ 6,992	$ 7,188	$ (155)	$ 22,818
Tax effect of adjustments	440	1,530	121	1,544	3,635
Total Adjustments to Income Taxes	440	1,530	121	1,544	3,635
Adjusted Income Taxes	9,233	8,522	7,309	1,389	26,453
Adjusted Net Income	$ 30,700	$ 27,336	$ 25,452	$ 5,462	$ 88,950
Earnings per diluted share, as reported	$ 0.53	$ 0.42	$ 0.47	$ 0.01	$ 1.44
Adjusted diluted earnings per share	$ 0.55	$ 0.50	$ 0.48	$ 0.10	$ 1.65
Average diluted shares outstanding	55,739	54,301	53,308	52,284	53,930
Adjusted Noninterest Expense	$ 41,906	$ 45,432	$ 40,676	$ 41,482	$ 169,496
Provision for credit losses on unfunded commitments	795	(756)	(178)	(46)	(185)
Foreclosed property expense and net (loss)/gain on sale	(1,821)	(512)	(245)	315	(2,263)
Total Adjusted Noninterest Expense	$ 40,880	$ 44,164	$ 40,253	$ 41,751	$ 167,048
Revenue	$ 83,721	$ 80,449	$ 82,278	$ 77,865	$ 324,313
Total Adjustments to Revenue	18	(4)	(1,230)	(19)	(1,235)
Impact of FTE adjustment	112	118	116	114	460
Adjusted Revenue on a fully taxable equivalent basis	$ 83,851	$ 80,563	$ 81,164	$ 77,960	$ 323,538
Adjusted Efficiency Ratio	48.75 %	54.82 %	49.60 %	53.55 %	51.63 %
Net Interest Income	$ 68,791	$ 63,503	$ 67,272	$ 63,177	$ 262,743
Impact of FTE adjustment	112	118	116	114	460
Net Interest Income including FTE adjustment	68,903	63,621	67,388	63,291	263,203
Total noninterest income	14,930	16,946	15,006	14,688	61,570
Total noninterest expense	43,681	51,674	42,399	47,798	185,552
Pre-Tax Pre-Provision Earnings	40,152	28,893	39,995	30,181	139,221
Total Adjustments to Noninterest Income	18	(4)	(1,230)	(19)	(1,235)
Total Adjustments to Noninterest Expense	(2,801)	(7,510)	(2,146)	(6,047)	(18,504)
Adjusted Pre-Tax Pre-Provision Earnings	$ 42,971	$ 36,399	$ 40,911	$ 36,209	$ 156,490
Average Assets	$ 8,376,396	$ 8,086,890	$ 7,913,002	$ 7,055,543	$ 7,860,000
Less average goodwill and intangible assets	(238,631)	(228,801)	(230,871)	(226,712)	(231,267)
Average Tangible Assets	$ 8,137,765	$ 7,858,089	$ 7,682,131	$ 6,828,831	$ 7,628,733
Return on Average Assets (“ROA”)	1.39 %	1.11 %	1.27 %	0.04 %	0.99 %
Impact of removing average intangible assets and related amortization	0.10	0.09	0.10	0.07	0.09
Return on Average Tangible Assets (“ROTA”)	1.49	1.20	1.37	0.11	1.08
Impact of other adjustments for Adjusted Net Income	0.01	0.18	(0.04)	0.21	0.09
Adjusted Return on Average Tangible Assets	1.50 %	1.38 %	1.33 %	0.32 %	1.17 %
Average Shareholders' Equity	$ 1,111,073	$ 1,061,807	$ 1,013,095	$ 993,993	$ 1,045,219
Less average goodwill and intangible assets	(238,631)	(228,801)	(230,871)	(226,712)	(231,267)
Average Tangible Equity	$ 872,442	$ 833,006	$ 782,224	$ 767,281	$ 813,952

(In thousands except per share data)	Quarters Fourth 2020	Third 2020	Second 2020	First 2020	Total Year
Return on Average Shareholders' Equity	10.51 %	8.48 %	9.96 %	0.29 %	7.44 %
Impact of removing average intangible assets and related amortization	3.36	2.87	3.51	0.66	2.66
Return on Average Tangible Common Equity (“ROTCE”)	13.87	11.35	13.47	0.95	10.10
Impact of other adjustments for Adjusted Net Income	0.13	1.71	(0.38)	1.91	0.83
Adjusted Return on Average Tangible Common Equity	14.00 %	13.06 %	13.09 %	2.86 %	10.93 %
Loan interest income[1]	$ 65,684	$ 60,573	$ 64,929	$ 63,524	$ 254,710
Accretion on acquired loans	(4,448)	(3,254)	(2,988)	(4,287)	(14,977)
Interest and fees on PPP loans	(5,187)	(1,719)	(5,068)	—	(11,974)
Loan Interest Income excluding accretion on acquired loans	$ 56,049	$ 55,600	$ 56,873	$ 59,237	$ 227,759
Yield on loans[1]	4.42 %	4.11 %	4.56 %	4.90 %	4.49 %
Impact of accretion on acquired loans	(0.30)	(0.22)	(0.21)	(0.33)	(0.27)
Interest and fees on PPP loans	0.11	0.33	(0.04)	—	0.11
Yield on Loans excluding accretion on acquired loans	4.23 %	4.22 %	4.31 %	4.57 %	4.33 %
Net interest income[1]	$ 68,903	$ 63,621	$ 67,388	$ 63,291	$ 263,203
Accretion on acquired loans	(4,448)	(3,254)	(2,988)	(4,287)	(14,977)
Interest and fees on PPP loans	(5,187)	(1,719)	(5,068)	—	(11,974)
Net Interest Income excluding accretion on acquired loans	$ 59,268	$ 58,648	$ 59,332	$ 59,004	$ 236,252
Net interest margin	3.59 %	3.40 %	3.70 %	3.93 %	3.65 %
Impact of accretion on acquired loans	(0.23)	(0.17)	(0.16)	(0.27)	(0.21)
Impact of PPP loans	0.01	0.19	(0.08)	—	0.03
Net interest margin excluding accretion on acquired loans	3.37 %	3.42 %	3.46 %	3.66 %	3.47 %
Securities Interest Income[1]	$ 6,586	$ 7,129	$ 7,725	$ 8,848	30,288
Tax equivalent adjustment to securities	(23)	(32)	(31)	(30)	(116)
Security interest income excluding tax equivalent adjustment	$ 6,563	$ 7,097	$ 7,694	$ 8,818	$ 30,172
Loan Interest Income[1]	$ 65,684	$ 60,573	$ 64,929	$ 63,524	$ 254,710
Tax equivalent adjustment to loans	(89)	(86)	(85)	(84)	(344)
Loan interest income excluding tax equivalent adjustment	$ 65,595	$ 60,487	$ 64,844	$ 63,440	$ 254,366
Net interest income[1]	$ 68,903	$ 63,621	$ 67,388	$ 63,291	$ 263,203
Tax equivalent adjustment to securities	(23)	(32)	(31)	(30)	(116)
Tax equivalent adjustment to loans	(89)	(86)	(85)	(84)	(344)
Net Interest Income excluding tax equivalent adjustments	$ 68,791	$ 63,503	$ 67,272	$ 63,177	$ 262,743

[1] *On a fully taxable equivalent basis. All yields and rates have been computed using amortized cost.*

Financial Condition

Total assets increased $1.3 billion, or 16%, year-over-year to $9.7 billion at December 31, 2021, reflecting a combination of organic growth and acquisitions, partially offset by PPP forgiveness.

Securities

Information related to yields, maturities, carrying values and fair value of the Company's securities is set forth in Tables 7 and 8 and "Note 3 - Securities" of the Company's consolidated financial statements.

At December 31, 2021, the Company had $1.6 billion in securities available-for-sale, and $638.6 million in securities held-to-maturity. The Company's total debt securities portfolio increased $700.3 million, or 44%, from December 31, 2020.

During the first quarter of 2021, the Company reclassified debt securities with an amortized cost of $210.8 million from available-for-sale to held-to-maturity. These securities had net unrealized gains of $0.8 million at the date of transfer, which will continue to be reported in accumulated other comprehensive income and will be amortized over the remaining life of the securities as an adjustment of yield. The effect on interest income of the amortization of net unrealized gains is offset by the amortization of the premium on the securities transferred. The Company has the intent and ability to retain these securities until maturity.

During the year ended December 31, 2021, there were $1.5 billion of debt security purchases and $679.3 million in paydowns and maturities over the same period. For the year ended December 31, 2021, debt securities with a fair value of $102.1 million were sold with net losses of $0.4 million. During the year ended December 31, 2020, there were $830.3 million of debt security purchases and $379.9 million in paydowns and maturities over the same period. For the year ended December 31, 2020, debt securities with a fair value of $96.7 million were sold with net gains of $1.1 million.

Debt securities generally return principal and interest monthly. The modified duration of the securities portfolio at both December 31, 2021 and December 31, 2020 was 3.8 years.

At December 31, 2021, available-for-sale securities had gross unrealized losses of $20.9 million and gross unrealized gains of $11.5 million, compared to gross unrealized losses of $2.1 million and gross unrealized gains of $28.7 million at December 31, 2020. The Company assesses securities in an unrealized loss position on a quarterly basis. As of December 31, 2021, the Company expected to recover the entire amortized cost basis of these securities and therefore no allowance for credit losses was recorded.

The credit quality of the Company's securities holdings are primarily investment grade. U.S. Treasury and U.S. government agencies and obligations of U.S. government-sponsored entities totaled $1.9 billion, or 82%, of the total portfolio.

The portfolio includes $88.1 million, with a fair value of $88.8 million, in private label residential and commercial mortgage-backed securities and collateralized mortgage obligations. Included are $63.0 million, with a fair value of $63.1 million, in private label mortgage-backed residential securities with weighted average credit support of 28%. The collateral underlying these mortgage investments includes both fixed-rate and adjustable-rate mortgage loans. Non-guaranteed agency commercial securities total $25.1 million, with a fair value of $25.7 million. These securities have weighted average credit support of 12%. The collateral underlying these mortgages are primarily pooled multifamily loans.

The Company also has invested $292.7 million in uncapped 3-month LIBOR floating rate collateralized loan obligations. Collateralized loan obligations are special purpose vehicles that purchase first lien broadly syndicated corporate loans while providing support to senior tranche investors. As of December 31, 2021, all of the Company's collateralized loan obligations were in AAA/AA tranches with average credit support of 32%. The Company utilizes credit models with assumptions of loan level defaults, recoveries, and prepayments to evaluate each security for potential credit losses. The result of this analysis did not indicate expected credit losses.

Held-to-maturity securities consist solely of mortgage-backed securities and collateralized mortgage obligations guaranteed by government agencies.

At December 31, 2021, the Company has determined that all debt securities in an unrealized loss position are the result of both broad investment type spreads and the current interest rate environment. Management believes that each investment will recover any price depreciation over its holding period as the debt securities move to maturity, and management has the intent and ability to hold these investments to maturity, if necessary. Therefore, at December 31, 2021, no allowance for credit losses has been recorded.

Loan Portfolio

Loans, net of unearned income and excluding the allowance for credit losses, were $5.9 billion at December 31, 2021, an increase of $189.7 million, or 3%, compared to December 31, 2020. Increases reflect organic growth, along with the acquisition of Legacy Bank of Florida and the purchase of select loan pools, offset by PPP forgiveness. During the first half of 2021, the Company participated in the second round of the PPP program, resulting in originations of $256.0 million. Increases were offset by $777.6 million in PPP loans forgiven by the SBA during the year ended December 31, 2021. In the third quarter of 2021, the Company successfully completed the acquisition of Legacy Bank of Florida, resulting in the addition of $477.2 million in loans.

For the year ended December 31, 2021, the Company originated $1.1 billion in commercial and commercial real estate loans, compared to $655.8 million for the year ended December 31, 2020, an increase of $482.0 million, or 73%. The late-stage pipeline for commercial and commercial real estate loans totaled $397.8 million at December 31, 2021. Prior year's production and pipeline reflect the impact of the onset of the COVID-19 pandemic where the Company purposefully slowed originations. The current year activity reflects the Company's return to its pre-pandemic credit policy and continuation of strict underwriting guidelines.

The Company originated $245.4 million in residential loans retained in the portfolio during the year ended December 31, 2021, compared to originations of $129.2 million during the year ended December 31, 2020, an increase of $116.2 million, or 90%. Residential loans retained in the portfolio includes a $180.8 million purchased pool consisting of 30-year fixed rate jumbo residential loans purchased in the third quarter of 2021 and a $38.4 million purchased pool consisting of 30-year jumbo rate residential loans purchased in the second quarter of 2021. Saleable production decreased for the year ended December 31, 2021, representing $422.8 million versus $509.4 million during the year ended December 31, 2020, a decrease of 17%.

The Company originated $249.5 million consumer loans during the year ended December 31, 2021 compared to $219.3 million originated in the year ended December 31, 2020.

The Company remains committed to sound risk management procedures. Lending policies contain guardrails that pertain to lending by type of collateral and purpose, along with limits regarding loan concentrations and the principal amount of loans. The Company's exposure to commercial real estate lending remains well below regulatory limits (see “Loan Concentrations”).

The following table details loan portfolio composition at December 31, 2021 and 2020 for portfolio loans, purchased credit deteriorated loans (“PCD”) and loans purchased which are not considered credit deteriorated (“Non-PCD”) as defined in “Note 4 - Loans”.

	December 31, 2021			
(In thousands)	**Portfolio Loans**	**Acquired Non-PCD Loans**	**PCD Loans**	**Total**
Construction and land development	$ 199,341	$ 31,438	$ 45	$ 230,824
Commercial real estate - owner occupied	983,517	186,812	27,445	1,197,774
Commercial real estate - non-owner occupied	1,278,180	382,554	75,705	1,736,439
Residential real estate	1,261,306	156,957	7,091	1,425,354
Commercial and financial	968,318	84,395	16,643	1,069,356
Consumer	169,507	4,658	10	174,175
Paycheck Protection Program	69,503	21,604	—	91,107
Totals	$ 4,929,672	$ 868,418	$ 126,939	$ 5,925,029

(In thousands)	December 31, 2020 Portfolio Loans	Acquired Non-PCD Loans	PCD Loans	Total
Construction and land development	$ 216,420	$ 26,250	$ 2,438	$ 245,108
Commercial real estate - owner occupied	854,769	247,090	39,451	1,141,310
Commercial real estate - non-owner occupied	1,043,459	323,273	29,122	1,395,854
Residential real estate	1,155,914	176,105	10,609	1,342,628
Commercial and financial	743,846	94,627	16,280	854,753
Consumer	181,797	6,660	278	188,735
Paycheck Protection Program	515,532	51,429	—	566,961
Totals	$ 4,711,737	$ 925,434	$ 98,178	$ 5,735,349

The amortized cost basis of loans at December 31, 2021 included net deferred costs of $31.0 million on non-PPP portfolio loans and net deferred fees of $2.4 million on PPP loans. At December 31, 2020, the amortized cost basis included net deferred costs of $22.6 million on non-PPP portfolio loans and net deferred fees of $9.5 million on PPP loans. At December 31, 2021, the remaining fair value adjustments on acquired loans was $23.1 million, or 2.3% of the outstanding acquired loan balances. At December 31, 2020, the remaining fair value adjustments on acquired loans was $30.2 million, or 2.9% of the acquired loan balances. These amounts are accreted into interest income over the remaining lives of the related loans on a level yield basis.

Commercial real estate (“CRE) loans, inclusive of owner-occupied commercial real estate, increased $397.0 million, or 16%, totaling $2.9 billion at December 31, 2021, compared to December 31, 2020. Owner-occupied commercial real estate loans represent $1.2 billion, or 41%, of the commercial real estate portfolio.

During the year ended December 31, 2021, the Company participated in the most recent round of the PPP and originated 2,782 loans totaling $256.0 million. Also during the year ended December 31, 2021, $777.6 million in PPP loans were forgiven by the SBA.

At December 31, 2021, Seacoast had $1.2 million of loans with payment accommodations to borrowers financially impacted by the COVID-19 pandemic, none of which have been classified as TDRs, compared to $74.1 million at December 31, 2020.

Residential mortgage loans increased $82.7 million, or 6%, year-over-year to $1.4 billion as of December 31, 2021. Substantially all residential originations have been underwritten to conventional loan agency standards, including loans having balances that exceed agency value limitations. At December 31, 2021, approximately $278.9 million, or 20%, of the Company’s residential mortgage balances were adjustable 1-4 family mortgage loans (including hybrid adjustable rate mortgages). Fixed rate mortgages totaled $773.7 million, or 54%, of the residential mortgage portfolio at December 31, 2021, of which 15- and 30-year mortgages totaled $37.1 million and $399.6 million, respectively. Remaining fixed rate balances were comprised of home improvement loans totaling $373.1 million, most with maturities of 10 years or less. Home equity lines of credit (“HELOCs”), primarily floating rates, totaled $336.6 million at December 31, 2021. Borrowers in the residential real estate portfolio have an average credit score of 749. Specifically for HELOCs, borrowers have an average credit score of 763. The average LTV of our HELOC portfolio is 69% with 42% of the portfolio being in the first lien position at December 31, 2021, compared to an average LTV of 68% with 45% of the portfolio being in the first lien position at December 31, 2020.

The Company also provides consumer loans, which include installment loans, auto loans, marine loans and other consumer loans, which decreased $14.6 million, or 8%, year-over-year to a total of $174.2 million at December 31, 2021, compared to $188.7 million at December 31, 2020. Borrowers in the consumer portfolio have an average credit score of 734.

At December 31, 2021, the Company had unfunded commitments to make loans of $2.0 billion, compared to $1.5 billion at December 31, 2020 (see “Note 15 - Contingent Liabilities and Commitments with Off-Balance Sheet Risk” to the Company’s consolidated financial statements).

Loan Concentrations

The Company has developed prudent guardrails to manage loan types that are most impacted by stressed market conditions in order to minimize credit risk concentration to capital. Outstanding balances for commercial and commercial real estate (“CRE”) loan relationships greater than $10 million totaled $1.2 billion, representing 20% of the total portfolio at December 31, 2021, compared to $753.7 million, or 13%, at December 31, 2020.

The Company's ten largest commercial and commercial real estate funded and unfunded loan relationships at December 31, 2021 aggregated to $312.0 million, of which $157.8 million was funded, compared to $254.3 million at December 31, 2020, of which $188.0 million was funded. The Company had 174 commercial and commercial real estate relationships in excess of $5 million totaling $1.9 billion, of which $1.4 billion was funded at December 31, 2021, compared to 135 relationships totaling $1.3 billion at December 31, 2020, of which $1.2 billion was funded.

Concentrations in total construction and land development loans and total CRE loans are maintained well below regulatory limits. Construction and land development and CRE loan concentrations as a percentage of total risk based capital, were 21% and 177%, respectively, at December 31, 2021, compared to 26% and 169% as of December 31, 2020. Regulatory guidance suggests limits of 100% and 300%, respectively. On a consolidated basis, construction and land development and commercial real estate loans represent 19% and 162%, respectively, of total consolidated risk based capital. To determine these ratios, the Company defines CRE in accordance with the guidance on "Concentrations in Commercial Real Estate Lending" (the "Guidance") issued by the federal bank regulatory agencies in 2006 (and reinforced in 2015), which defines CRE loans as exposures secured by land development and construction, including 1-4 family residential construction, multifamily property, and non-farm nonresidential property where the primary or a significant source of repayment is derived from rental income associated with the property (i.e. loans for which 50 percent or more of the source of repayment comes from third party, non-affiliated, rental income) or the proceeds of the sale, refinancing, or permanent financing of the property. Loans to real estate investment trusts ("REITs") and unsecured loans to developers that closely correlate to the inherent risks in CRE markets would also be considered CRE loans under the Guidance. Loans on owner-occupied CRE are generally excluded. In addition, the Company is subject to a geographic concentration of credit because it primarily operates in Florida.

Nonperforming Loans, Troubled Debt Restructurings, Other Real Estate Owned, and Credit Quality

Table 6 provides certain information concerning nonperforming assets for the years indicated.

Nonperforming assets ("NPAs") at December 31, 2021 totaled $44.2 million, a decrease of $4.6 million, or 9.5%, compared to 2020, and were comprised of $30.6 million of nonaccrual loans and other real estate owned ("OREO") of $13.6 million that includes $1.4 million of branches taken out of service. Compared to December 31, 2020, nonaccrual loans decreased by $5.5 million, or 15%, and non-branch OREO increased $2.0 million, or 20%, due to $2.5 million in capital expenditures, partially offset by writedowns of $0.4 million. Approximately 76% of nonaccrual loans were secured with real estate at December 31, 2021. Nonaccrual loans have been written down by approximately $7.1 million, including reserves on individually evaluated loans.

Nonperforming loans to total loans outstanding at December 31, 2021 decreased to 0.52% from 0.63% at December 31, 2020. Nonperforming assets to total assets at December 31, 2021 decreased to 0.46% from 0.59% at December 31, 2020.

The Company's asset mitigation staff handles all foreclosure actions together with outside legal counsel.

The Company pursues loan restructurings in selected cases where it expects to realize better values than may be expected through traditional collection activities. The Company has worked with retail mortgage customers, when possible, to achieve lower payment structures in an effort to avoid foreclosure. Troubled debt restructurings ("TDRs") have been a part of the Company's loss mitigation activities and can include rate reductions, payment extensions and principal deferrals. Company policy requires TDRs that are classified as nonaccrual loans after restructuring remain on nonaccrual until performance can be verified, which usually requires six months of performance under the restructured loan terms. Accruing restructured loans totaled $3.9 million at December 31, 2021, compared to $4.2 million at December 31, 2020. Accruing TDRs are excluded from nonperforming asset ratios.

Beginning in March 2020, in response to the economic downturn resulting from the COVID-19 pandemic, the Company offered short-term payment deferrals to affected borrowers. As of December 31, 2021, pandemic-related accommodations totaled $1.2 million and are not considered troubled debt restructurings ("TDRs").

The table below sets forth details related to nonaccrual and accruing restructured loans.

	December 31, 2021			
	Nonaccrual Loans			Accruing Restructured
(In thousands)	Non-Current	Current	Total	Loans
Construction & land development	$ —	$ 259	$ 259	$ 12
Commercial real estate mortgages - owner occupied	261	3,705	3,966	101
Commercial real estate mortgages - non-owner occupied	3,218	2,687	5,905	—
Residential real estate	5,130	7,915	13,045	3,298
Commercial and financial	2,914	3,955	6,869	318
Consumer	46	508	554	188
Total loans	$ 11,569	$ 19,029	$ 30,598	$ 3,917

	December 31, 2020			
	Nonaccrual Loans			Accruing Restructured
(In thousands)	Non-Current	Current	Total	Loans
Construction & land development	$ 37	$ 129	$ 166	$ 109
Commercial real estate mortgages - owner occupied	5,682	2,500	8,182	109
Commercial real estate mortgages - non-owner occupied	2,030	6,053	8,083	—
Residential real estate mortgages	4,074	8,418	12,492	3,740
Commercial and financial	3,777	2,827	6,604	—
Consumer	543	40	583	224
Total loans	$ 16,143	$ 19,967	$ 36,110	$ 4,182

At December 31, 2021 and December 31, 2020, total TDRs (performing and nonperforming) were comprised of the following loans by type of modification:

	December 31, 2021		December 31, 2020	
(Dollars in thousands)	Number	Amount	Number	Amount
Maturity extended	56	$ 5,385	51	$ 5,438
Rate reduction	25	2,769	37	4,275
Chapter 7 bankruptcies	1	39	13	417
Not elsewhere classified	12	378	5	160
Total loans	94	$ 8,571	106	$ 10,290

During the year ended December 31, 2021, 12 loans totaling $0.8 million were modified to a TDR, compared to ten loans totaling $0.7 million for the year ended December 31, 2020. Loan modifications are not reported in calendar years after modification if the loans were modified at an interest rate equal to the yields of new loan originations with comparable risk and the loans are performing based on the terms of the restructuring agreements. There was one default totaling $0.2 million on loans that had been modified in TDRs within the twelve months preceding December 31, 2021, and there were no defaults on loans that had been modified in TDRs within the twelve months preceding December 31, 2020. A restructured loan is considered in default when it becomes 90 days or more past due under the modified terms, has been transferred to nonaccrual status, or has been transferred to OREO.

In accordance with regulatory reporting requirements, loans are placed on nonaccrual following the Retail Classification of Loan interagency guidance. The accrual of interest is generally discontinued on loans, except consumer loans, that become 90 days past due as to principal or interest unless collection of both principal and interest is assured by way of collateralization, guarantees or other security. Consumer loans that become 120 days past due are generally charged off. The loan carrying value is analyzed and any changes are appropriately made as described above quarterly.

Allowance for Credit Losses on Loans

Management estimates the allowance using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit losses provide the basis for estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, loan to value ratios, borrower credit characteristics, loan seasoning or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, occupancy rates, and other macroeconomic metrics.

The provision for credit losses was a net benefit of $9.4 million for the year ended December 31, 2021, compared to a provision of $37.8 million for the year ended December 31, 2020. The prior year reflected the impact of economic uncertainty attributed primarily to the onset of the COVID-19 pandemic. The removal of lockdown restrictions and a continued improvement in the economic outlook are reflected in the decrease in provisioning in 2021. Net charge-offs for 2021 were $3.0 million, or 0.06% of average loans, excluding PPP loans, compared to $7.6 million, or 0.14%, for 2020. Excluding PPP loans, the ratio of allowance to total loans decreased to 1.43% at December 31, 2021 from 1.79% at December 31, 2020.

Activity in the allowance for credit losses is summarized as follows:

	December 31, 2021						
(In thousands)	**Beginning Balance**	**Initial Allowance on PCD Loans Acquired During the Period**	**Provision for Loan Losses**	**Charge-Offs**	**Recoveries**	**TDR Allowance Adjustments**	**Ending Balance**
Construction and land development	$ 4,920	$ —	$ (2,300)	$ —	$ 133	$ (2)	$ 2,751
Commercial real estate - owner occupied	9,868	—	(1,289)	—	—	—	8,579
Commercial real estate - non-owner occupied	38,266	1,327	(1,664)	(1,327)	15	—	36,617
Residential real estate	17,500	—	(5,822)	(57)	1,196	(6)	12,811
Commercial and financial	18,690	1,719	2,292	(3,987)	1,030	—	19,744
Consumer	3,489	—	(638)	(727)	697	(8)	2,813
Paycheck Protection Program	—	—	—	—	—	—	—
Total	$ 92,733	$ 3,046	$ (9,421)	$ (6,098)	$ 3,071	$ (16)	$ 83,315

	December 31, 2020							
(In thousands)	**Beginning Balance**	**Impact of Adoption of ASC 326**	**Initial Allowance on PCD Loans Acquired During the Period**	**Provision for Credit Losses[1]**	**Charge-Offs**	**Recoveries**	**TDR Allowance Adjustments**	**Ending Balance**
Construction and land development	$ 1,842	$ 1,479	$ 87	$ 1,399	$ —	$ 114	$ (1)	$ 4,920
Commercial real estate - owner-occupied	5,361	80	1,161	3,632	(310)	18	(74)	9,868
Commercial real estate - non owner-occupied	7,863	9,341	2,236	18,966	(177)	37	—	38,266
Residential real estate	7,667	5,787	124	3,840	(240)	350	(28)	17,500
Commercial and financial	9,716	3,677	2,643	8,329	(7,091)	1,416	—	18,690
Consumer	2,705	862	28	1,613	(2,024)	316	(11)	3,489
Paycheck Protection Program	—	—	—	—	—	—	—	—
Totals	$ 35,154	$ 21,226	$ 6,279	$ 37,779	$ (9,842)	$ 2,251	$ (114)	$ 92,733

[1]*Excludes $0.4 million provision for credit losses on accrued interest receivable.*

Concentrations of credit risk, discussed under the caption "Loan Portfolio" of this discussion and analysis, can affect the level of the allowance and may involve loans to one borrower, an affiliated group of borrowers, borrowers engaged in or dependent upon the same industry, or a group of borrowers whose loans are predicated on the same type of collateral. At December 31, 2021, the Company's largest concentrations of credit risk were $2.9 billion in loans secured by commercial real estate and $1.4 billion in loans secured by residential real estate, representing 50% and 24% of total loans outstanding, respectively. In addition, the Company is subject to a geographic concentration of credit because it primarily operates in Florida.

LIBOR Transition

The Company’s LIBOR transition steering committee is responsible for overseeing the execution of the Company’s enterprise-wide LIBOR transition program, and for evaluating and mitigating risks associated with the transition from LIBOR. The LIBOR transition program includes a comprehensive review of the financial products, agreements, contracts, and business processes that may use LIBOR as a reference rate, and the development and execution of strategy to transition away from LIBOR, with appropriate consideration of the potential financial, customer, counterpart, regulatory and legal impacts. The Company continues to execute its LIBOR transition program, and to monitor regulatory and legislative activity to identify any necessary actions and facilitate the transition to alternative reference rates.

As of December 31, 2021, the Company has ceased issuance of new LIBOR loans, and has approximately $250 million in existing loans for which the repricing index is tied to LIBOR. The Company's swap agreements and other derivatives are governed by the International Swap Dealers Association (“ISDA”). ISDA has developed fallback language for swap agreements and has established a protocol to allow counterparties to modify legacy trades to include the new fallback language. The Company also invests in securities and has issued subordinated debt tied to LIBOR. The Company continues to monitor regulatory and legislative activity with regard to these products to identify and execute necessary actions to facilitate the transition to alternative reference rates.

Cash and Cash Equivalents, Liquidity Risk Management and Contractual Commitments

Liquidity risk involves the risk of being unable to fund assets with the appropriate duration and rate-based liability, as well as the risk of not being able to meet unexpected cash needs. Liquidity planning and management are necessary to ensure the ability to fund operations cost effectively and to meet current and future potential obligations such as loan commitments and unexpected deposit outflows.

Funding sources include primarily customer-based deposits, collateral-backed borrowings, brokered deposits, cash flows from operations, cash flows from our loan and investment portfolios and asset sales, primarily secondary marketing for residential real estate mortgages and marine loans. Cash flows from operations are a significant component of liquidity risk management and the Company considers both deposit maturities and the scheduled cash flows from loan and investment maturities and payments when managing risk.

Deposits are a primary source of liquidity. The stability of this funding source is affected by numerous factors, including returns available to customers on alternative investments, the quality of customer service levels, perception of safety and competitive forces. The Company routinely uses debt securities and loans as collateral for secured borrowings. In the event of severe market disruptions, the Company has access to secured borrowings through the FHLB and the Federal Reserve Bank of Atlanta under its borrower-in-custody program.

The Company does not rely on and is not dependent on off-balance sheet financing or significant amounts of wholesale funding. Brokered deposits at December 31, 2021 totaled $8.0 million, compared to $430.4 million at December 31, 2020.

Cash and cash equivalents, including interest bearing deposits, totaled $737.7 million on a consolidated basis at December 31, 2021, compared to $404.1 million at December 31, 2020. Higher cash and cash equivalent balances at December 31, 2021 are primarily the result of growth in deposits.

Contractual maturities for assets and liabilities are reviewed to meet current and expected future liquidity requirements. Sources of liquidity, both anticipated and unanticipated, are maintained through a portfolio of high-quality marketable assets, such as residential mortgage loans, available-for-sale debt securities and interest-bearing deposits. The Company is also able to provide short-term financing of its activities by selling, under an agreement to repurchase, United States Treasury and government agency debt securities not pledged to secure public deposits or trust funds. At December 31, 2021, the Company had available unsecured lines of $165.0 million and lines of credit under current lendable collateral value, which are subject to change, of $1.6 billion. In addition, the Company had $1.9 billion of debt securities and $614.2 million in residential and commercial real estate loans available as collateral. In comparison, at December 31, 2020, the Company had available unsecured lines of $135.0 million and lines of credit of $1.8 billion, and $1.2 billion of debt securities and $733.3 million in residential and commercial real estate loans available as collateral.

The Company has traditionally relied upon dividends from Seacoast Bank and securities offerings to provide funds to pay the Company’s expenses and to service the Company’s debt. During 2021, Seacoast Bank distributed $47.7 million to the Company and, at December 31, 2021, is eligible to distribute dividends to the Company of approximately $221.8 million without prior regulatory approval. Seacoast Bank distributed $20.2 million to the Company during 2020. At December 31, 2021, the Company had cash and cash equivalents at the parent of approximately $57.0 million compared to $70.1 million at December 31, 2020.

The following table presents contractual obligations by remaining maturity. All deposits presented in the table with indeterminate maturities such as interest bearing and noninterest bearing demand deposits, savings accounts and money market accounts are presented as having a maturity of one year or less. The Company considers these low cost deposits to be its largest, most stable funding source, despite no contracted maturity.

	December 31, 2021				
(In thousands)	Total	One Year or Less	Over One Year Through Three Years	Over Three Years Through Five Years	Over Five Years
Deposit maturities	$ 8,067,589	$ 8,012,263	$ 41,977	$ 12,742	$ 607
Securities sold under agreements to repurchase	121,565	121,565	—	—	—
Subordinated debt	71,646	—	—	—	71,646
Operating leases[1]	44,730	6,597	12,198	10,430	15,505
Total	$ 8,305,530	$ 8,140,425	$ 54,175	$ 23,172	$ 87,758

[1]Of the $44.7 million, approximately $4.0 million is related to offices taken out of service (closed).

Deposits and Borrowings

The Company's balance sheet continues to be primarily funded by core deposits.

Total deposits increased $1.1 billion, or 16%, to $8.1 billion at December 31, 2021 compared to December 31, 2020. The increase reflects growth in existing customer balances, the addition of new customers and the impact of the Legacy Bank of Florida acquisition which added $494.9 million in deposits during 2021.

Since December 31, 2020, interest bearing deposits, which includes interest bearing demand, savings and money markets deposits, increased $625.5 million, or 16%, to $4.4 billion at December 31, 2021, noninterest bearing demand deposits increased $785.7 million, or 34%, to $3.1 billion, and CDs decreased $276.2 million, or 33%, to $554.9 million. Noninterest demand deposits represented 38% of deposits at December 31, 2021 and 33% at December 31, 2020. Transaction account balances (noninterest demand and interest-bearing demand) increased to 62% of total deposits at December 31, 2021 compared to 56% at December 31, 2020.

Time deposits over $250,000 were $150.3 million and $171.5 million at December 31, 2021 and December 31, 2020, respectively. The following table details the maturities of time deposits of $250,000 and greater at December 31, 2021 and December 31, 2020:

(In thousands, except percentages)	December 31, 2021	% of Total	December 31, 2020	% of Total
Certificates of Deposit of $250,000 and Greater				
Maturity Group:				
Three months or less	$ 57,299	38%	$ 65,627	38%
Over three through six months	56,206	38	50,430	29
Over six through 12 months	20,027	13	35,580	21
Over 12 months	16,810	11	19,826	12
Total Certificates of Deposit of $250,000 and Greater	$ 150,342	100%	$ 171,463	100%

Total uninsured deposits were estimated to be $3.2 billion at December 31, 2021.

Customer repurchase agreements totaled $121.6 million at December 31, 2021, increasing $2.0 million, or 2%, from December 31, 2020. Repurchase agreements are offered by Seacoast to select customers who wish to sweep excess balances on a daily basis for investment purposes. The increase reflects higher overall balances held by existing customers in 2021. Public funds comprise a significant amount of the outstanding balance.

The Company participates in programs with third party deposit networks as part of its liquidity management strategy. Through these programs, the Company can offer its customers access to FDIC insurance on large balances, and the Company can retain or sell, on an overnight basis, the underlying deposits. At December 31, 2021, and had sold, on an overnight basis, $228.0

million in deposits compared to $112.7 million at December 31, 2020. These deposits are not included in the Consolidated Balance Sheets.

No unsecured federal funds purchased were outstanding at December 31, 2021 or December 31, 2020.

Borrowings were comprised of $71.6 million and $71.4 million at December 31, 2021 and December 31, 2020, respectively, related to trust preferred securities issued by trusts organized or acquired by the Company, and there were no borrowings from FHLB.

The Company issued subordinated debt in conjunction with its wholly owned trust subsidiaries in connection with bank acquisitions in previous years. The acquired junior subordinated debentures (in accordance with ASC Topic 805 *Business Combinations*) were recorded at fair value, which collectively is $3.5 million lower than face value at December 31, 2021. This amount is being amortized into interest expense over the acquired subordinated debts' remaining term to maturity. All trust preferred securities are guaranteed by the Company on a junior subordinated basis.

Under Basel III and Federal Reserve rules, qualified trust preferred securities and other restricted capital elements can be included as Tier 1 capital, within limitations. The Company believes that its trust preferred securities qualify under these capital rules. The weighted average interest rate of our outstanding subordinated debt related to trust preferred securities was 2.36% for the year ended December 31, 2021, compared to 3.07% in 2020.

Go to "Note 9 - Borrowings" to the Company's consolidated financial statements for more detailed information pertaining to borrowings.

Off-Balance Sheet Transactions

In the normal course of business, the Company may engage in a variety of financial transactions that, under generally accepted accounting principles, either are not recorded on the balance sheet or are recorded on the balance sheet in amounts that differ from the full contract or notional amounts. These transactions involve varying elements of market, credit and liquidity risk.

Lending commitments include unfunded loan commitments and standby and commercial letters of credit. For loan commitments, the contractual amount of a commitment represents the maximum potential credit risk that could result if the entire commitment had been funded, the borrower had not performed according to the terms of the contract, and no collateral had been provided. A large majority of loan commitments and standby letters of credit expire without being funded, and accordingly, total contractual amounts are not representative of our actual future credit exposure or liquidity requirements. Loan commitments and letters of credit expose the Company to credit risk in the event that the customer draws on the commitment and subsequently fails to perform under the terms of the lending agreement.

For commercial customers, loan commitments generally take the form of revolving credit arrangements. For retail customers, loan commitments are generally lines of credit secured by residential property. These instruments are not recorded on the balance sheet until funds are advanced under the commitment. Loan commitments were $2.0 billion at December 31, 2021, and $1.5 billion at December 31, 2020 (see "Note 15 - Contingent Liabilities and Commitments with Off-Balance Sheet Risk" to the Company's consolidated financial statements).

In the normal course of business, the Company and Seacoast Bank enter into agreements, or are subject to regulatory agreements that result in cash, debt and dividend restrictions. A summary of the most restrictive items follows:

Seacoast Bank may be required to maintain reserve balances with the Federal Reserve Bank. There was no reserve requirement at December 31, 2021 or December 31, 2020.

Under Federal Reserve regulation, Seacoast Bank is limited as to the amount it may loan to its affiliates, including the Company, unless such loans are collateralized by specified obligations. At December 31, 2021, the maximum amount available for transfer from Seacoast Bank to the Company in the form of loans approximated $100.2 million, if the Company has sufficient acceptable collateral. There were no loans made to affiliates during the periods ending December 31, 2021 and 2020.

Capital Resources and Management

Table 1 summarizes the Company's capital position and selected ratios.

The Company's equity capital at December 31, 2021 increased $180.3 million, or 16%, from December 31, 2020, to $1.3 billion. Changes in equity included increases from net income and the issuance of equity in conjunction with the acquisition of Legacy Bank of Florida, partially offset by the issuance of common stock dividends and the decrease in accumulated other comprehensive income primarily attributed to the decrease in market value of available-for-sale securities.

The ratio of shareholders' equity to period end total assets was 13.54% and 13.55% at December 31, 2021 and December 31, 2020, respectively. The ratio of tangible shareholders' equity to tangible assets was 11.09% and 11.01% at December 31, 2021 and December 31, 2020, respectively.

Activity in shareholders' equity for the year ended December 31, 2021 and December 31, 2020 follows:

	For the Year Ended December 31,	
(In thousands)	**2021**	**2020**
Beginning balance at January 1, 2021 and 2020	$ 1,130,402	$ 985,639
Net income	124,403	77,764
Cumulative change in accounting principle upon adoption of new accounting pronouncement	—	(16,876)
Issuance of common stock and conversion of options, pursuant to acquisitions	92,094	62,152
Stock compensation (net of Treasury shares acquired)	13,707	5,818
Dividends on common stock	(22,506)	—
Change in other comprehensive income	(27,364)	15,905
Ending balance at December 31, 2021 and 2020	$ 1,310,736	$ 1,130,402

Capital ratios are well above regulatory requirements for well-capitalized institutions. Management's use of risk-based capital ratios in its analysis of the Company's capital adequacy are not GAAP financial measures. Seacoast's management uses these measures to assess the quality of capital and believes that investors may find it useful in their analysis of the Company. The capital measures are not necessarily comparable to similar capital measures that may be presented by other companies and Seacoast does not nor should investors consider such non-GAAP financial measures in isolation from, or as a substitute for GAAP financial information (see "Table 1 - Capital Resources" and "Note 13 - Shareholders' Equity").

	Seacoast (Consolidated)	Seacoast Bank	Minimum to be Well-Capitalized[1]
Total Risk-Based Capital Ratio	18.21%	16.68%	10.00%
Tier 1 Capital Ratio	17.40	15.86	8.00
Common Equity Tier 1 Ratio (CET1)	16.31	15.86	6.50
Leverage Ratio	11.68	10.65	5.00

[1]*For subsidiary bank only*

The Company's total risk-based capital ratio was 18.21% at December 31, 2021, a decrease from 18.51% at December 31, 2020. During the first quarter of 2020, the Company adopted interagency guidance that delays the impact of CECL adoption on capital for two years followed by a three-year phase-in period. As of December 31, 2021, the Bank's leverage ratio (Tier 1 capital to adjusted total assets) was 10.65%, compared to 11.03% at December 31, 2020, well above the minimum to be well capitalized under regulatory guidelines.

The Company and Seacoast Bank are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The appropriate federal bank regulatory authority may prohibit the payment of dividends where it has determined that the payment of dividends would be an unsafe or unsound practice. The Company is a legal entity separate and distinct from Seacoast Bank and its other subsidiaries, and the Company's primary source of cash and liquidity, other than securities offerings and borrowings, is dividends from its bank subsidiary. Without Office of the Comptroller of the Currency ("OCC") approval, Seacoast Bank can pay up to $221.8 million of dividends to the Company (see "Part I. Item 1. Business").

The OCC and the Federal Reserve have policies that encourage banks and bank holding companies to pay dividends from current earnings, and have the general authority to limit the dividends paid by national banks and bank holding companies, respectively, if such payment may be deemed to constitute an unsafe or unsound practice. If, in the particular circumstances, either of these federal regulators determined that the payment of dividends would constitute an unsafe or unsound banking practice, either the OCC or the Federal Reserve may, among other things, issue a cease and desist order prohibiting the payment of dividends by Seacoast Bank or the Company, respectively. Under a recently adopted Federal Reserve policy, the board of directors of a bank holding company must consider different factors to ensure that its dividend level is prudent relative to the organization's financial position and is not based on overly optimistic earnings scenarios such as any potential events that may occur before the payment date that could affect its ability to pay, while still maintaining a strong financial position. As a general matter, the Federal Reserve has indicated that the board of directors of a bank holding company, such as Seacoast, should consult with the Federal Reserve and eliminate, defer, or significantly reduce the bank holding company's dividends if: (i) its net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends; (ii) its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition; or (iii) it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

The Company has seven wholly owned trust subsidiaries that issued trust preferred securities, all of which are guaranteed by the Company on a junior subordinated basis. The Federal Reserve's rules permit qualified trust preferred securities and other restricted capital elements to be included under Basel III capital guidelines, with limitations, and net of goodwill and intangibles. The Company believes that its trust preferred securities qualify under these revised regulatory capital rules and believes that it will be able to treat all $71.6 million of trust preferred securities as Tier 1 capital. For regulatory purposes, the trust preferred securities are added to the Company's tangible common shareholders' equity to calculate Tier 1 capital.

Critical Accounting Policies and Estimates

The Company's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles, ("GAAP"), including prevailing practices within the financial services industry. The preparation of consolidated financial statements requires management to make judgments in the application of certain of its accounting policies that involve significant estimates and assumptions. The Company has established policies and control procedures that are intended to ensure valuation methods are well controlled and applied consistently from period to period. These estimates and assumptions, which may materially affect the reported amounts of certain assets, liabilities, revenues and expenses, are based on information available as of the date of the financial statements, and changes in this information over time and the use of revised estimates and assumptions could materially affect amounts reported in subsequent financial statements. Management, after consultation with the Company's Audit Committee, believes the most critical accounting estimates and assumptions that involve the most difficult, subjective and complex assessments are:

- the allowance and the provision for credit losses;
- acquisition accounting and purchased loans;
- intangible assets and impairment testing;
- other fair value measurements;
- impairment of debt securities, and;
- contingent liabilities.

The following is a discussion of the critical accounting policies intended to facilitate a reader's understanding of the judgments, estimates and assumptions underlying these accounting policies and the possible or likely events or uncertainties known to the Company that could have a material effect on reported financial information. For more information regarding management's judgments relating to significant accounting policies and recent accounting pronouncements, see "Note A-Significant Accounting Policies" to the Company's consolidated financial statements.

Allowance for Credit Losses – Critical Accounting Policies and Estimates

On January 1, 2020, the Company adopted ASC Topic 326 - *Financial Instruments - Credit Losses,* which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology.

For loans, management estimates the allowance for credit losses using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit losses provide the basis for estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, loan to value ratios, borrower credit characteristics, loan seasoning or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, occupancy rates, and other macroeconomic metrics.

The allowance for credit losses is measured on a collective basis when similar risk characteristics exist. The Company has developed an allowance model based on an analysis of probability of default ("PD") and loss given default ("LGD") to determine an expected loss by loan segment. PDs and LGDs are developed by analyzing the average historical loss migration of loans to default.

The allowance estimation process also applies an economic forecast scenario over a three year forecast period. The forecast may utilize one scenario or a composite of scenarios based on management's judgment and expectations around the current and future macroeconomic outlook. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. For portfolio segments with a weighted average life longer than three years, the Company reverts to longer-term historical loss experience, adjusted for prepayments, to estimate losses over the remaining life of the loans within each segment.

Adjustments may be made to baseline reserves for some of the loan pools based on an assessment of internal and external influences on credit quality not fully reflected in the quantitative components of the allowance model. These influences may include elements such as changes in concentration, macroeconomic conditions, recent observable asset quality trends, staff turnover, regional market conditions, employment levels and loan growth. Based upon management's assessments of these factors, the Company may apply qualitative adjustments to the allowance.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

The contractual term of a loan excludes expected extensions, renewals, and modification unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and not unconditionally cancellable by the Company.

The allowance for credit losses on troubled debt restructurings ("TDRs") is measured using the same method as all other loans held for investment, except when the value of a concession cannot be measured using a method other than the discounted cash flow method. When the value of a concession is measured using the discounted cash flow method, the allowance for credit losses is determining by discounting the expected future cash flows at the original interest rate of the loan.

It is the Company's practice to ensure that the charge-off policy meets or exceeds regulatory requirements. Losses on unsecured consumer loans are recognized at 90 days past due, compared to the regulatory loss criteria of 120 days. In compliance with Federal Financial Institution Examination Council guidelines, secured consumer loans, including residential real estate, are typically charged off or charged down between 120 and 180 days past due, depending on the collateral type. Commercial loans and real estate loans are typically placed on nonaccrual status when principal or interest is past due for 90 days or more, unless the loan is both secured by collateral having realizable value sufficient to discharge the debt in-full and the loan is in process of collection. Loans provided with short-term payment deferrals under the CARES Act or interagency guidance are not considered past due if in compliance with the terms of their deferral. Secured loans may be charged down to the estimated value of the collateral with previously accrued unpaid interest reversed against interest income. Subsequent charge-offs may be required as a result of changes in the market value of collateral or other repayment prospects. Initial charge-off amounts are based on valuation estimates derived from appraisals, broker price opinions, or other market information. Generally, new appraisals are not received until the foreclosure process is completed; however, collateral values are evaluated periodically based on market information and incremental charge-offs are recorded if it is determined that collateral values have declined from their initial estimates.

Note 5 to the financial statements (titled "Allowance for Credit Losses") summarizes the Company's allocation of the allowance for credit losses on loans by loan segment and provides detail regarding charge-offs and recoveries for each loan segment and the composition of the loan portfolio at December 31, 2021, 2020 and 2019.

Acquisition Accounting and Purchased Loans – Critical Accounting Policies and Estimates

The Company accounts for acquisitions under ASC Topic 805, Business Combinations, which requires the use of the acquisition method of accounting. All identifiable assets acquired, including loans, are recorded at fair value. All loans acquired are recorded at fair value in accordance with the fair value methodology prescribed in ASC Topic 820, *Fair Value Measurement*. The fair value estimates associated with the loans include estimates related to expected prepayments and the amount and timing of expected principal, interest and other cash flows. Loans are identified as purchased credit deteriorated ("PCD") when they have experienced more-than-insignificant deterioration in credit quality since origination. An allowance for expected credit losses on PCD loans is recorded at the date of acquisition through an adjustment to the loans' amortized cost basis. In contrast, expected credit losses on loans not considered PCD are recognized in net income at the date of acquisition.

Fair value estimates for acquired assets and assumed liabilities are based on the information available, and are subject to change for up to one year after the closing date of the acquisition as additional information relative to closing date fair values becomes available.

Intangible Assets and Impairment Testing – Critical Accounting Policies and Estimates

Intangible assets consist of goodwill, core deposit intangibles and loan servicing rights. Goodwill represents the excess purchase price over the fair value of net assets acquired in business acquisitions. The core deposit intangible represents the excess intangible value of acquired deposit customer relationships as determined by valuation specialists. Core deposit intangibles are amortized on a straight-line basis, and are evaluated for indications of potential impairment at least annually. Goodwill is not amortized but rather is evaluated for impairment on at least an annual basis. We performed an annual impairment test of goodwill as required by ASC Topic 350, Intangibles—Goodwill and Other, in the fourth quarter of 2021 and concluded that no impairment existed.

Fair value estimates for acquired assets and assumed liabilities are based on the information available, and are subject to change for up to one year after the closing date of the acquisition as additional information relative to closing date fair values becomes available.

Other Fair Value Measurements – Critical Accounting Policies and Estimates

The fair value of collateral-dependent loans, OREO and repossessed assets is typically based on current appraisals, which are reviewed quarterly to determine if fair value adjustments are necessary based on known changes in the market and/or the project assumptions. When necessary, the appraised value may be adjusted based on more recent appraisal assumptions received by the Company on other similar properties, the tax assessed market value, comparative sales and/or an internal valuation. Collateral-dependent loans are loans where repayment is solely dependent on the liquidation of the collateral or operation of the collateral for repayment.

The Company also holds 11,330 shares of Visa Class B stock which, following resolution of Visa's litigation, will be converted to Visa Class A shares. Under the current conversion rate that became effective December 29, 2021, the Company expects to receive 1.6181 shares of Class A stock for each share of Class B stock, for a total of 18,333 shares of Visa Class A stock. The Company's ownership is related to prior ownership in Visa's network while Visa operated as a cooperative. This ownership is recorded on the Company's financial records at a zero basis.

Impairment of Debt Securities – Critical Accounting Policies and Estimates

On January 1, 2020, the Company adopted ASC Topic 326 – *Financial Instruments – Credit Losses*, which requires expected credit losses on both held-to-maturity ("HTM") and available-for-sale ("AFS") securities to be recognized through a valuation allowance instead of as a direct write-down to the amortized cost basis of the security. For HTM securities, the guidance requires management to estimate expected credit losses over the remaining expected life and recognize this estimate as an allowance for credit losses. An AFS security is considered impaired if the fair value is less than amortized cost basis. For AFS securities, if any portion of the decline in fair value is related to credit, the amount of allowance is determined as the portion related to credit, limited to the difference between the amortized cost basis and the fair value of the security. If the fair value of the security increases in subsequent periods, or changes in factors used within the credit loss assessment result in a change in the estimated credit loss, the Company would reflect the change by decreasing the allowance. If the Company has the intent to sell or believes it is more likely than not that it will be required to sell an impaired AFS security before recovery of the amortized cost basis, the credit loss is recorded as a direct write-down of the amortized cost basis. Declines in the fair value of AFS securities that are not considered credit related are recognized in Accumulated Other Comprehensive Income on the Company's Consolidated Balance Sheet.

Seacoast analyzes AFS debt securities quarterly for credit losses. The analysis is performed on an individual security basis for all securities where fair value has declined below amortized cost. Fair value is based upon pricing obtained from third party pricing services. Based on internal review procedures and the fair values provided by the pricing services, the Company believes that the fair values provided by the pricing services are consistent with the principles of ASC Topic 820, *Fair Value Measurement*. However, on occasion pricing provided by the pricing services may not be consistent with other observed prices in the market for similar securities. Using observable market factors, including interest rate and yield curves, volatilities, prepayment speeds, loss severities and default rates, the Company may at times validate the observed prices using a discounted cash flow model and using the observed prices for similar securities to determine the fair value of its securities.

The Company utilizes both quantitative and qualitative assessments to determine if a security has a credit loss. Quantitative assessments are based on a discounted cash flow method. Qualitative assessments consider a range of factors including: percent decline in fair value, rating downgrades, subordination, duration, amortized loan-to-value, and the ability of the issuers to pay all amounts due in accordance with the contractual terms.

Contingent Liabilities – Critical Accounting Policies and Estimates

Seacoast is subject to contingent liabilities, including judicial, regulatory and arbitration proceedings, and tax and other claims arising from the conduct of the Company's business activities. These proceedings include actions brought against the Company and/or its subsidiaries with respect to transactions in which the Company and/or its subsidiaries acted as a lender, a financial adviser, a broker or acted in a related activity. Accruals are established for legal and other claims when it becomes probable that the Company will incur an expense and the amount can be reasonably estimated. Company management, together with attorneys, consultants and other professionals, assesses the probability and estimated amounts involved in a contingency. Throughout the life of a contingency, the Company or its advisers may learn of additional information that can affect the assessments about probability or about the estimates of amounts involved. Changes in these assessments can lead to changes in recorded reserves. In addition, the actual costs of resolving these claims may be substantially higher or lower than the amounts reserved for the claims. At December 31, 2021 and 2020, the Company had no significant accruals for contingent liabilities and had no known pending matters that could potentially be significant.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Sensitivity

Fluctuations in interest rates may result in changes in the fair value of the Company's financial instruments, cash flows and net interest income. This risk is managed using simulation modeling to calculate the most likely interest rate risk utilizing estimated loan and deposit growth. The objective is to optimize the Company's financial position, liquidity, and net interest income while limiting volatility.

Senior management regularly reviews the overall interest rate risk position and evaluates strategies to manage the risk. The Company's Asset and Liability Management Committee ("ALCO") uses simulation analysis to monitor changes in net interest income due to changes in market interest rates. The simulation of rising, declining and flat interest rate scenarios allows management to monitor and adjust interest rate sensitivity to minimize the impact of market interest rate swings. The analysis of the impact on net interest income over a twelve month period is subjected to instantaneous changes in market rates of 100 basis point and 200 basis point increases and a 100 basis point decrease on net interest income and is monitored on a quarterly basis.

The following table presents the ALCO simulation model's projected impact of a change in interest rates on the projected baseline net interest income for the 12 and 24 month periods beginning on January 1, 2022, holding all other changes in the balance sheet static. This change in interest rates assumes parallel shifts in the yield curve and does not take into account changes in the slope of the yield curve.

	% Change in Projected Baseline Net Interest Income			
	2021		2020	
Changes in Interest Rates	**1-12 months**	**13-24 months**	**1-12 months**	**13-24 months**
+2.00%	13.4%	19.6%	7.6%	14.0%
+1.00%	6.7	10.1	3.9	7.4
Current	—	—	—	—
-1.00%	(2.5)	(8.8)	(4.5)	(10.1)

The Company's calculation of interest rate sensitivity for the year ended December 31, 2021 is presented below. The balances of interest rate sensitive assets and liabilities are presented in the periods in which they reprice to market rates or mature. The amounts are aggregated to reflect the interest rate sensitivity gap. This analysis includes assumptions for prepayments of loans and securities and assumptions for core deposit re-pricing. The Company utilizes interest rate floors for certain variable rate loans to offset the potential impact of declining interest rates.

The computations of interest rate sensitivity are based on the static balance sheet and do not necessarily include certain actions management may undertake to manage this risk in response to changes in interest rates in the future. This may include the use of derivative financial instruments, such as interest rate swaps, options, caps, floors, futures and forward contracts as components of the Company's risk management profile.

Interest Rate Sensitivity Analysis[1]

(In thousands)	December 31, 2021 0-3 Months	4-12 Months	1-5 Years	Over 5 Years	Total
Federal funds sold and interest bearing deposits	$ 498,979	$ —	$ —	$ —	$ 498,979
Debt securities[2]	451,661	258,684	1,150,754	421,860	2,282,959
Loans[3]	1,902,428	866,539	2,457,841	730,012	5,956,820
Other assets	5,720	—	—	39,314	45,034
Earning assets	$ 2,858,788	$ 1,125,223	$ 3,608,595	$ 1,191,186	$ 8,783,792
Non-maturity deposits	139,252	305,931	1,318,864	2,673,065	4,437,112
Time deposits	194,331	305,286	54,719	607	554,943
Borrowings	193,211	—	—	—	193,211
Interest bearing liabilities	$ 526,794	$ 611,217	$ 1,373,583	$ 2,673,672	$ 5,185,266
Interest rate swaps	300,000	—	—	—	300,000
Interest sensitivity gap	$ 2,031,994	$ 514,006	$ 2,235,012	$ (1,482,486)	$ 3,298,526
Cumulative gap	$ 2,031,994	$ 2,546,000	$ 4,781,012	$ 3,298,526	
Cumulative gap to total earning assets	23 %	29 %	54 %	38 %	
Earning assets to interest bearing liabilities	543 %	184 %	263 %	45 %	

[1]*The repricing dates may differ from contractual maturity dates for certain assets due to prepayment assumptions.*

[2]*Securities are stated at carrying value.*

[3]*Includes loans available-for-sale.*

Market Risk

Market risk refers to potential losses arising from changes in interest rates, and other relevant market rates or prices.

Interest rate risk, defined as the exposure of net interest income and Economic Value of Equity ("EVE") to adverse movements in interest rates, is the Company's primary market risk, and mainly arises from the structure of the balance sheet (non-trading activities). The Company is also exposed to market risk in its investing activities. The ALCO meets regularly and is responsible for reviewing the interest rate sensitivity position of the Company and establishing policies to monitor and limit exposure to interest rate risk. The policies established by the ALCO are reviewed and approved by the Company's board of directors. The primary goal of interest rate risk management is to control exposure to interest rate risk, within policy limits approved by the board of directors. These limits reflect the Company's tolerance for interest rate risk over short-term and long-term horizons.

The Company also performs valuation analyses, which are used for evaluating levels of risk present in the balance sheet that might not be taken into account in the net interest income simulation analyses. Whereas net interest income simulation highlights exposures over a relatively short time horizon, valuation analysis incorporates all cash flows over the estimated remaining life of all balance sheet positions. The valuation of the balance sheet, at a point in time, is defined as the discounted present value of asset cash flows minus the discounted value of liability cash flows, the net result of which is the EVE. The sensitivity of EVE to changes in the level of interest rates is a measure of the longer-term re-pricing risks and options risks embedded in the balance sheet. In contrast to the net interest income simulation, which assumes interest rates will change over a period of time, EVE uses instantaneous changes in rates.

EVE values only the current balance sheet, and does not incorporate the growth assumptions that are used in the net interest income simulation model. As with the net interest income simulation model, assumptions about the timing and variability of balance sheet cash flows are critical in the EVE analysis. Particularly important are the assumptions driving prepayments and the expected changes in balances and pricing of the indeterminate life deposit portfolios. Core deposits are a more significant funding source for the Company, making the lives attached to core deposits more important to the accuracy of our modeling of EVE. The Company periodically reassesses its assumptions regarding the indeterminate lives of core deposits utilizing an independent third party resource to assist. With lower interest rates over a prolonged period, the average lives of core deposits have trended higher and favorably impacted our model estimates of EVE for higher rates.

The following table presents the projected impact of a change in interest rates on the balance sheet. This change in interest rates assumes parallel shifts in the yield curve and does not take into account changes in the slope of the yield curve.

	% Change in Economic Value of Equity	
Changes in Interest Rates	**2021**	**2020**
+2.00%	18.6%	23.7%
+1.00%	10.2	13.3
Current	—	—
-1.00%	(10.8)	(19.2)

While an instantaneous and severe shift in interest rates is used in this analysis to provide an estimate of exposure under an extremely adverse scenario, a gradual shift in interest rates would have a much more modest impact. Since EVE measures the discounted present value of cash flows over the estimated lives of instruments, the change in EVE does not directly correlate to the degree that earnings would be impacted over a shorter time horizon, i.e., the next fiscal year. Further, EVE does not take into account factors such as future balance sheet growth, changes in product mix, change in yield curve relationships, and changing product spreads that could mitigate the adverse impact of changes in interest rates.

Effects of Inflation and Changing Prices

The consolidated financial statements and related financial data presented herein have been prepared in accordance with U.S. GAAP, which require the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative purchasing power of money, over time, due to inflation.

Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution’s performance than the general level of inflation. However, inflation affects financial institutions by increasing their cost of goods and services purchased, as well as the cost of salaries and benefits, occupancy expense, and similar items. Inflation and related increases in interest rates generally decrease the market value of investments and loans held and may adversely affect liquidity, earnings, and shareholders’ equity. Mortgage originations and re-financings tend to slow as interest rates increase, and higher interest rates likely will reduce the Company’s earnings from such activities and the income from the sale of residential mortgage loans in the secondary market.

Table 1 - Capital Resources

(In thousands, except percentages)	December 31, 2021	December 31, 2020
Tier 1 Capital		
Common stock	$ 5,850	$ 5,524
Additional paid in capital	963,747	856,092
Retained earnings	358,598	256,701
Treasury stock	(10,569)	(8,285)
Goodwill	(252,154)	(221,176)
Intangibles	(12,998)	(14,577)
Other[1]	23,182	24,946
Common Equity Tier 1 Capital	1,075,656	899,225
Qualifying trust preferred securities	71,646	71,365
Other	4	4
Total Tier 1 Capital	1,147,306	970,594
Tier 2 Capital		
Allowance for credit losses on loans[1], as limited	53,579	58,861
Total Tier 2 Capital	53,579	58,861
Total Risk-Based Capital	$ 1,200,885	$ 1,029,455
Risk weighted assets	$ 6,595,378	$ 5,560,489
Common equity Tier 1 ratio (CET1)	16.31 %	16.17 %
Regulatory minimum[2]	4.50	4.50
Tier 1 capital ratio	17.40	17.46
Regulatory minimum[2]	6.00	6.00
Total capital ratio	18.21	18.51
Regulatory minimum[2]	8.00	8.00
Tier 1 capital to adjusted total assets	11.68	11.92
Regulatory minimum	4.00	4.00
Shareholders' equity to assets	13.54	13.55
Average shareholders' equity to average total assets	13.02	13.30
Tangible shareholders' equity to tangible assets	11.09	11.01

[1]Upon adoption of the CECL accounting standard in 2020, the Company elected, in accordance with interagency guidance, to delay the estimated impact on regulatory capital resulting from the implementation of CECL. The guidance provides banks the option to delay for two years an estimate of CECL's effect on regulatory capital, relative to the incurred loss methodology's effect on regulatory capital, followed by a three-year transition period (five-year transition option). As of December 31, 2021 and 2020, the adjustment to Tier 1 Capital was $23.0 million and $24.7 million, respectively, and the adjustment to Tier 2 Capital was $28.5 million and $30.2 million, respectively.

[2]Excludes the Basel III capital conservation buffer of 2.5% which, if not exceeded, may constrain dividends, equity repurchases and compensation.

Table 2 - Loans Outstanding

(In thousands)	December 31, 2021 Amount	2021 % to Total Loans	December 31, 2020 Amount	2020 % to Total Loans
Construction and land development	$ 230,824	4 %	$ 245,108	4 %
Commercial real estate - owner occupied	1,197,774	20 %	1,141,310	20 %
Commercial real estate - non-owner occupied	1,736,439	29 %	1,395,854	25 %
Residential real estate	1,425,354	24 %	1,342,628	23 %
Commercial and financial	1,069,356	18 %	854,753	15 %
Consumer	174,175	3 %	188,735	3 %
Paycheck Protection Program	91,107	2 %	566,961	10 %
Total Loans	$ 5,925,029	100 %	$ 5,735,349	100 %

Table 3 - Loan Maturity Distribution

The following table presents loans by maturity, separately presenting fixed rate loans from those with floating or adjustable rates.

	December 31, 2021							
		After one year but within five years:		After five year but within fifteen years:		After fifteen years:		
(In thousands)	In one year or less	Floating or adjustable	Fixed	Floating or adjustable	Fixed	Floating or adjustable	Fixed	Total
Construction and Land Development	$ 61,924	$ 35,914	$ 14,354	$ 62,928	$ 15,905	$ 20,554	$ 19,245	$ 230,824
Commercial Real Estate - Owner Occupied	56,708	43,584	261,332	104,358	703,830	24,419	3,543	1,197,774
Commercial Real Estate - Non-owner Occupied	152,824	70,651	716,994	85,868	693,667	14,328	2,107	1,736,439
Residential Real Estate	34,627	33,405	67,374	286,247	76,368	276,070	651,263	1,425,354
Commercial and Financial	212,728	72,273	333,168	82,340	144,009	149,652	75,186	1,069,356
Consumer	18,320	11,431	37,147	10,480	52,719	26,610	17,468	174,175
Paycheck Protection Program	4,089	—	87,018	—	—	—	—	91,107
Total	$ 541,220	$ 267,258	$ 1,517,387	$ 632,221	$ 1,686,498	$ 511,633	$ 768,812	$ 5,925,029

Table 4 - Select Credit Ratios[1]

(In thousands, except percentages)	For the Year Ended December 31, 2021	2020	2019
Daily average loans outstanding[2]	$ 5,751,064	$ 5,678,807	$ 4,933,518
Ratio of allowance for credit losses on loans to loans outstanding at end of year	1.41 %	1.62 %	0.68 %
Ratio of net charge-offs (recoveries) to average loans outstanding			
Construction and land development	— %	— %	— %
Commercial real estate - owner occupied	— %	— %	n/a
Commercial real estate - non-owner occupied	0.02 %	— %	n/a
Commercial real estate	n/a	n/a	(0.01) %
Residential real estate	(0.02) %	— %	— %
Commercial and financial	0.05 %	0.10 %	0.13 %
Consumer	— %	0.03 %	0.04 %
Paycheck Protection Program	— %	— %	— %
Total ratio of net charge-offs to average loans outstanding	0.05 %	0.13 %	0.16 %

[1]With the adoption of ASC Topic 326 -Financial Instruments - Credit Losses on January 1, 2020, the Company re-evaluated the aggregation of loans into segments, and separated Commercial Real Estate - Owner Occupied from Commercial Real Estate - Non Owner Occupied. In prior years, all Commercial Real Estate loans were considered a single segment.

[2]Net of unearned income.

Table 5 - Allowance for Credit Losses on Loans[1]

(In thousands, except percentages)	December 31, 2021 Amount	2021 % of Total Allowance	2020 Amount	2020 % of Total Allowance	2019 Amount	2019 % of Total Allowance
Allocation by Loan Type						
Construction and land development	$ 2,751	3 %	$ 4,920	5 %	$ 1,842	5 %
Commercial real estate - owner occupied	8,579	10 %	9,868	11 %	n/a	n/a
Commercial real estate - non-owner occupied	36,617	44 %	38,266	41 %	n/a	n/a
Commercial real estate	n/a	n/a	n/a	n/a	13,224	38 %
Residential real estate	12,811	16 %	17,500	19 %	7,667	22 %
Commercial and financial	19,744	24 %	18,690	20 %	9,716	27 %
Consumer	2,813	3 %	3,489	4 %	2,705	8 %
Paycheck Protection Program	$ —	— %	$ —	— %	n/a	n/a
Total Allowance for Credit Losses on Loans	$ 83,315	100 %	$ 92,733	100 %	$ 35,154	100%

[1]With the adoption of ASC Topic 326 -Financial Instruments - Credit Losses on January 1, 2020, the Company re-evaluated the aggregation of loans into segments, and separated Commercial Real Estate - Owner Occupied from Commercial Real Estate - Non Owner Occupied. In prior years, all Commercial Real Estate loans were considered a single segment.

Table 6 - Nonperforming Assets[1]

(In thousands, except percentages)	December 31, 2021	2020	2019
Nonaccrual loans[2,3]			
Construction and land development	$ 259	$ 167	$ 4,937
Commercial real estate loans - owner occupied	3,966	8,181	n/a
Commercial real estate loans - non-owner occupied	5,905	8,084	n/a
Commercial real estate	n/a	n/a	6,520
Residential real estate loans	13,045	12,492	9,479
Commercial and financial loans	6,869	6,604	5,909
Consumer loans	554	582	110
Total Nonaccrual Loans	$ 30,598	$ 36,110	$ 26,955
Other real estate owned			
Construction and land development	$ 8,828	$ 6,715	$ 197
Commercial real estate loans - owner occupied	—	—	n/a
Commercial real estate loans - non-owner occupied	3,395	5,963	n/a
Commercial real estate	n/a	n/a	5,111
Residential real estate loans	—	72	241
Bank branches closed	1,395	—	6,842
Total Other Real Estate Owned	$ 13,618	$ 12,750	$ 12,391
Total Nonperforming Assets	$ 44,216	$ 48,860	$ 39,346
Amount of loans outstanding at end of year[3]	$ 5,925,029	$ 5,735,349	$ 5,198,404
Ratio of total nonperforming assets to loans outstanding and other real estate owned at end of period	0.74 %	0.85 %	0.76 %
Ratio of total nonaccrual loans to loans outstanding at end of period	0.52 %	0.63 %	0.52 %
Ratio of allowance for credit losses on loans to total nonaccrual loans	272 %	257 %	130 %
Accruing loans past due 90 days or more	$ 121	$ 63	$ 108
Loans restructured and in compliance with modified terms[4]	3,917	4,182	11,100

[1]With the adoption of ASC Topic 326 -Financial Instruments - Credit Losses on January 1, 2020, the Company re-evaluated the aggregation of loans into segments, and separated Commercial Real Estate - Owner Occupied from Commercial Real Estate - Non Owner Occupied. In prior years, all Commercial Real Estate loans were considered a single segment.

[2]Interest income that could have been recorded during 2021, 2020, and 2019 related to nonaccrual loans was $0.9 million, $1.1 million, and $0.4 million, respectively, none of which was included in interest income or net income.

[3]Net of unearned income.

[4]Interest income that would have been recorded based on original contractual terms was $0.2 million, $0.2 million, and $0.4 million, respectively, for 2021, 2020, and 2019. The amount included in interest income under the modified terms for 2021, 2020, and 2019 was $0.2 million, $0.3 million, and $0.6 million respectively.

Table 7 - Maturity Distribution of Available-For-Sale Debt Securities

	December 31, 2021				
(In thousands)	**Less than 1 Year**	**After 1-5 Years**	**After 5-10 Years**	**After 10 Years**	**Total**
Amortized Cost					
U.S. Treasury securities and obligations of U.S. government agencies	$ 100	$ 1,020	$ 130	$ 5,216	$ 6,466
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	—	70,658	59,416	1,104,647	1,234,721
Private mortgage-backed securities and collateralized mortgage obligations	5,000	—	2,163	80,933	88,096
Collateralized loan obligations	—	—	132,741	160,010	292,751
Obligations of state and political subdivisions	2,074	12,997	6,911	9,642	31,624
Total Available-For-Sale Debt Securities	$ 7,174	$ 84,675	$ 201,361	$ 1,360,448	$ 1,653,658
Fair Value					
U.S. Treasury securities and obligations of U.S. government agencies	$ 100	$ 1,027	$ 131	$ 5,521	$ 6,779
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	—	73,010	60,792	1,088,918	1,222,720
Private mortgage-backed securities and collateralized mortgage obligations	4,999	—	2,117	81,651	88,767
Collateralized loan obligations	—	—	132,647	160,043	292,690
Obligations of state and political subdivisions	2,109	13,814	7,211	10,229	33,363
Total Available-For-Sale Debt Securities	$ 7,208	$ 87,851	$ 202,898	$ 1,346,362	$ 1,644,319
Weighted Average Yield[1]					
U.S. Treasury securities and obligations of U.S. government agencies	0.79 %	2.31 %	2.23 %	3.15 %	2.96 %
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	—	2.95	2.32	1.46	1.58
Private mortgage-backed securities and collateralized mortgage obligations	0.16	—	1.76	2.62	2.45
Collateralized loan obligations	—	—	1.56	1.60	1.58
Obligations of state and political subdivisions	2.80	2.87	2.37	2.36	2.60
Total Available-For-Sale Debt Securities	0.93 %	2.93 %	1.81 %	1.56 %	1.65 %

[1]*All yields and rates have been computed using amortized costs.*

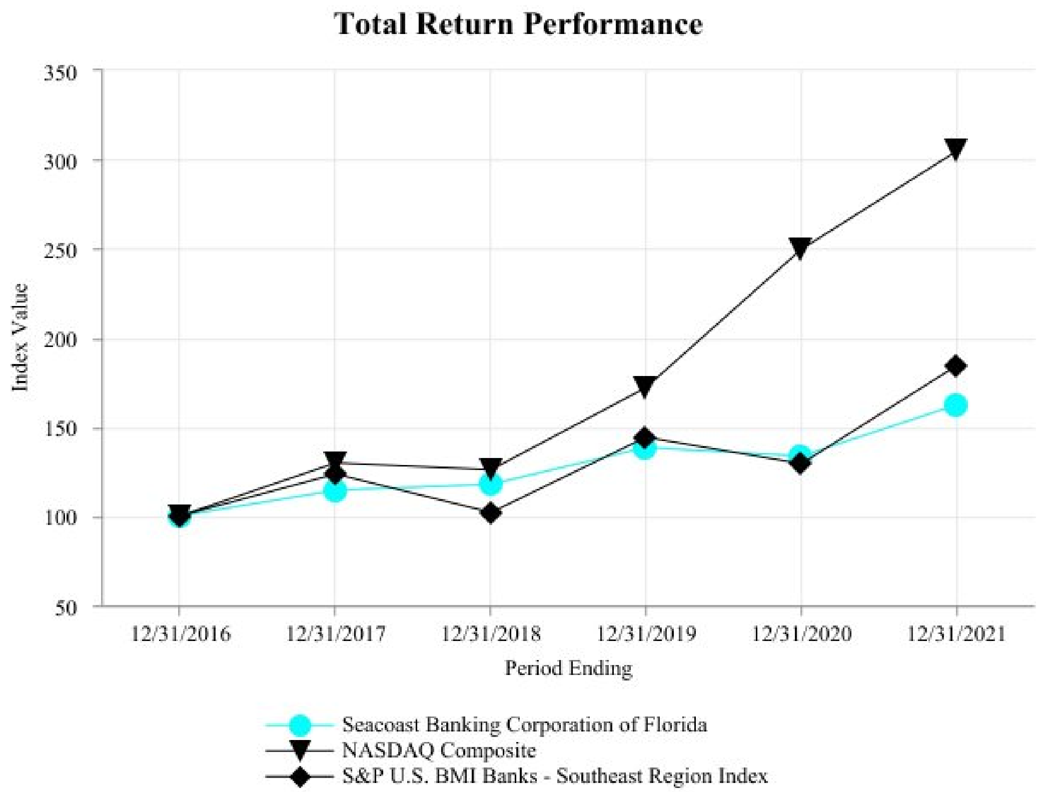
Table 8 - Maturity Distribution of Held-to-Maturity Debt Securities

	December 31, 2021				
(In thousands)	**Less than 1 year**	**After 1-5 Years**	**After 5-10 Years**	**After 10 Years**	**Total**
Amortized Cost					
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	$ 18,634	$ 8,906	$ 53,680	$ 557,420	$ 638,640
Total Held-to-Maturity Debt Securities	$ 18,634	$ 8,906	$ 53,680	$ 557,420	$ 638,640
Fair Value					
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	$ 18,808	$ 9,083	$ 55,335	$ 544,172	$ 627,398
Total Held-to-Maturity Debt Securities	$ 18,808	$ 9,083	$ 55,335	$ 544,172	$ 627,398
Weighted Average Yield[1]					
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	2.36 %	2.96 %	2.62 %	1.58 %	1.71 %
Total Held-to-Maturity Debt Securities	2.36 %	2.96 %	2.62 %	1.58 %	1.71 %

[1]*All yields and rates have been computed using amortized costs.*

Stock Performance Graph

The line graph below compares the cumulative total stockholder return on Seacoast common stock with the cumulative total return of the NASDAQ Composite Index and the S&P U.S. BMI Banks - Southeast Region Index for the same period. The graph and table assume that $100 was invested on December 31, 2016 (the last day of trading for the year ended December 31, 2016) in each of Seacoast common stock, the NASDAQ Composite Index and the S&P U.S. BMI Banks - Southeast Region Index. The cumulative total return represents the change in stock price and the amount of dividends received over the period, assuming all dividends were reinvested.



Index	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Seacoast Banking Corporation of Florida	100.00	114.28	117.95	138.58	133.50	162.32
NASDAQ Composite Index	100.00	129.64	125.96	172.18	249.51	304.85
S&P U.S. BMI Banks - Southeast Region Index	100.00	123.70	102.20	144.05	129.15	184.47

Source: S&P Global Market Intelligence © 2022

SELECTED QUARTERLY INFORMATION
QUARTERLY CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	2021 Quarters				2020 Quarters			
(In thousands, except per share data)	**Fourth**	**Third**	**Second**	**First**	**Fourth**	**Third**	**Second**	**First**
Net interest income:								
Interest income	$ 73,942	$ 73,209	$ 67,763	$ 69,330	$ 72,681	$ 68,140	$ 73,222	$ 72,992
Interest expense	1,653	1,885	1,961	2,720	3,890	4,637	5,950	9,815
Net interest income	72,289	71,324	65,802	66,610	68,791	63,503	67,272	63,177
Provision for credit losses	(3,942)	5,091	(4,855)	(5,715)	1,900	(845)	7,611	29,513
Net interest income after provision for credit losses on loans	76,231	66,233	70,657	72,325	66,891	64,348	59,661	33,664
Noninterest income:								
Service charges on deposit accounts	2,606	2,495	2,338	2,338	2,423	2,242	1,939	2,825
Interchange income	4,135	4,131	4,145	3,820	3,596	3,682	3,187	3,246
Wealth management income	2,356	2,562	2,387	2,323	1,949	1,972	1,719	1,867
Mortgage banking fees	2,030	2,550	2,977	4,225	3,646	5,283	3,559	2,208
Marine finance fees	147	152	177	189	145	242	157	146
SBA gains	200	812	232	287	113	252	181	139
BOLI income	1,295	1,128	872	859	889	899	887	886
Other income	6,316	5,228	2,249	3,744	2,187	2,370	2,147	3,352
Securities (losses) gains, net	(379)	(30)	(55)	(114)	(18)	4	1,230	19
Total noninterest income	18,706	19,028	15,322	17,671	14,930	16,946	15,006	14,688
Noninterest expenses:								
Salaries and wages	25,005	27,919	22,966	21,393	21,490	23,125	20,226	23,698
Employee benefits	4,763	4,177	3,953	4,980	3,915	3,995	3,379	4,255
Outsourced data processing costs	5,165	5,610	4,676	4,468	4,233	6,128	4,059	4,633
Telephone and data lines	790	810	838	785	774	705	791	714
Occupancy	3,500	3,541	3,310	3,789	3,554	3,858	3,385	3,353
Furniture and equipment	1,403	1,567	1,166	1,254	1,317	1,576	1,358	1,623
Marketing	1,060	1,353	1,002	1,168	1,045	1,513	997	1,278
Legal and professional fees	2,461	4,151	2,182	2,582	509	3,018	2,277	3,363
FDIC assessments	713	651	515	526	528	474	266	—
Amortization of intangibles	1,304	1,306	1,212	1,211	1,421	1,497	1,483	1,456
Foreclosed property expense and net loss (gain) on sale	(175)	66	(90)	(65)	1,821	512	245	(315)
Provision for credit losses on unfunded commitments	—	133	—	—	(795)	756	178	46
Other	4,274	3,984	4,054	4,029	3,869	4,517	3,755	3,694
Total noninterest expenses	50,263	55,268	45,784	46,120	43,681	51,674	42,399	47,798
Income before income taxes	44,674	29,993	40,195	43,876	38,140	29,620	32,268	554
Income taxes	8,344	7,049	8,785	10,157	8,793	6,992	7,188	(155)
Net income	$ 36,330	$ 22,944	$ 31,410	$ 33,719	$ 29,347	$ 22,628	$ 25,080	$ 709

(In thousands, except per share data)	2021 Quarters				2020 Quarters			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Per Common Share Data								
Net income diluted	$ 0.62	$ 0.40	$ 0.56	$ 0.60	$ 0.53	$ 0.42	$ 0.47	$ 0.01
Net income basic	0.62	0.40	0.57	0.61	0.53	0.42	0.47	0.01
Cash dividends declared:								
Common stock	0.13	0.13	0.13	0.00	0.00	0.00	0.00	0.00
Market price common stock:								
Low close	33.29	29.62	33.08	29.17	18.01	17.44	16.35	14.64
High close	38.31	34.26	38.81	40.35	29.60	21.40	25.00	30.55
Bid price at end of period	35.39	33.81	34.15	36.24	29.45	18.03	20.40	18.31

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors of Seacoast Banking Corporation of Florida

Stuart, Florida

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Seacoast Banking Corporation of Florida (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company has changed its method of accounting for credit losses effective January 1, 2020 due to the adoption of Financial Accounting Standards Board Accounting Standards Codification No. 326, *Financial Instruments – Credit Losses (ASC 326)*. The Company adopted the new credit loss standard using the modified retrospective method such that prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance and Provision for Credit Losses on Loans

The allowance for credit losses (the "ACL") is an accounting estimate of expected credit losses over the contractual life of loans carried at amortized cost as described in Notes 1 and 5 of the consolidated financial statements. The Company's loan portfolio, which is measured at amortized cost, is required to be presented at the net amount expected to be collected. Estimates of expected credit losses for loans are based on historical experience, current conditions and reasonable and supportable forecasts over the expected life of the loans.

The Company estimates expected credit losses for loans using a methodology based on the probability of default ("PD") and loss given default ("LGD"), which is defined as credit loss incurred when an obligor of the bank defaults. PDs and LGDs are developed by analyzing the average historical loss migration of loans to default. The ACL estimation process for loans also applies economic forecast scenarios over a three-year forecast period. The forecast may use a single scenario or a composite of scenarios. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments. For portfolio segments with a weighted average life longer than three years, the Company reverts to longer-term historical loss experience, adjusted for prepayments, to estimate losses over the remaining life of the loans within each segment.

Adjustments may be made to baseline reserves based on an assessment of internal and external influences on credit quality not fully reflected in the quantitative components of the allowance model. These influences may include elements such as changes in concentration, macroeconomic conditions, recent observable asset quality trends, staff turnover, regional market conditions, employment levels and loan growth. Outcomes in any or all of these factors could differ from the baseline scenario, and the Company incorporated qualitative considerations reflecting the risk of uncertain economic conditions. These qualitative adjustments are based upon management's assessment of the factors.

We determined that auditing the allowance for credit losses on loans was a critical audit matter because of the extent of auditor judgment applied and significant audit effort to evaluate the significant subjective and complex judgments made by management throughout the application processes, including the need to involve our valuation services specialists.

The principal considerations resulting in our determination included the following:

- Significant auditor judgment in evaluating the selection and application of the reasonable and supportable forecasts of economic variables and reasonableness of other model assumptions.

- Significant auditor judgment and effort were used in evaluating the qualitative adjustments used in the model computation.

- Significant audit effort related to the completeness and accuracy of the high volume of data used to develop assumptions and in the model computation

The primary procedures performed to address the critical audit matter included:

- Testing the effectiveness of management's internal controls over the Company's significant model assumptions and judgments, reasonable and supportable forecasts, qualitative adjustments, and information systems.

- Testing the effectiveness of controls over the completeness and accuracy of historical inputs, including loan segmentation, used in the development of the PD method and LGD assumptions, data imputation, use of third-party data, and loan data used in the computation.

- Testing the effectiveness of controls over the Company's preparation and review of the allowance for credit losses calculation, including the relevance and reliability of data used as the basis for adjustments related to the qualitative factors and the development and reasonableness of qualitative adjustments and mathematical accuracy and appropriateness of the overall calculation.

- With the assistance of our valuation specialists, evaluating the reasonableness of assumptions and judgments related to the PD, LGD and loan segmentation, the conceptual design of the credit losses estimation models, and model assumption sensitivity analysis.

- Evaluating management's judgments in the selection and application of reasonable and supportable forecasts of economic variables

- Substantively testing management's process for developing the qualitative factors and assessing reasonableness, relevance and reliability of data used to develop factors, including evaluating management's judgments and assumptions for reasonableness

- Substantively testing the mathematical accuracy of the PD and LGD methods on a pooled loan level with the assistance of valuation specialists, including the completeness and accuracy of loan data used in the model

/s/ Crowe LLP

We have served as the Company's auditor since 2014.

Fort Lauderdale, Florida

February 25, 2022

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	For the Year Ended December 31,		
(In thousands, except per share data)	**2021**	**2020**	**2019**
Interest Income			
Interest and dividends on securities			
Taxable	$ 29,206	$ 29,718	$ 35,354
Nontaxable	577	454	555
Interest and fees on loans	251,471	254,366	250,535
Interest on interest bearing deposits and other investments	2,990	2,497	3,379
Total Interest Income	284,244	287,035	289,823
Interest Expense			
Interest on deposits	3,605	6,920	16,621
Interest on time certificates	2,788	13,365	21,776
Interest on securities sold under agreement to repurchase	141	283	1,431
Interest on Federal Home Loan Bank (“FHLB”) borrowings	—	1,540	3,010
Interest on subordinated debt	1,685	2,184	3,367
Total Interest Expense	8,219	24,292	46,205
Net Interest Income	276,025	262,743	243,618
Provision for credit losses	(9,421)	38,179	10,999
Net Interest Income After Provision for Credit Losses	285,446	224,564	232,619
Noninterest Income:			
Service charges on deposit accounts	9,777	9,429	11,529
Interchange income	16,231	13,711	13,399
Wealth management income	9,628	7,507	6,352
Mortgage banking fees	11,782	14,696	6,490
Marine finance fees	665	690	1,053
SBA gains	1,531	685	2,472
BOLI income	4,154	3,561	3,674
SBIC income	6,778	1,373	904
Other	10,759	8,683	9,642
	71,305	60,335	55,515
Securities (losses) gains, net (includes net gains of $2.2 million for 2021, net gains of $0.2 million for 2020 and net gains of $6.2 million for 2019 in other comprehensive income reclassifications)	(578)	1,235	1,217
Total Noninterest Income	70,727	61,570	56,732
Noninterest Expense:			
Salaries and wages	97,283	88,539	73,829
Employee benefits	17,873	15,544	13,697
Outsourced data processing costs	19,919	19,053	15,077
Telephone / data lines	3,223	2,984	2,958
Occupancy	14,140	14,150	14,284
Furniture and equipment	5,390	5,874	6,245
Marketing	4,583	4,833	4,161

Legal and professional fees	11,376	9,167	8,553
FDIC assessments	2,405	1,268	881
Amortization of intangibles	5,033	5,857	5,826
Foreclosed property expense and net (gain) loss on sale	(264)	2,263	51
Provision for credit losses on unfunded commitments	133	185	—
Other	16,341	15,835	15,177
Total Noninterest Expense	197,435	185,552	160,739
Income Before Income Taxes	158,738	100,582	128,612
Income taxes	34,335	22,818	29,873
Net Income	$ 124,403	$ 77,764	$ 98,739
Share Data			
Net income per share of common stock			
Diluted	$ 2.18	$ 1.44	$ 1.90
Basic	2.20	1.45	1.92
Average common shares outstanding			
Diluted	57,088	53,930	52,029
Basic	56,586	53,502	51,449

See notes to consolidated financial statements.

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Year Ended December 31,		
(In thousands)	**2021**	**2020**	**2019**
Net Income	$ 124,403	$ 77,764	$ 98,739
Other comprehensive income (loss):			
Available-for-sale securities:			
Unrealized (losses) gains on available-for-sale securities, net of tax benefit of $8.2 million in 2021, tax expense of $5.0 million in 2020 and tax expense of $5.9 million in 2019	$ (27,377)	$ 16,628	$ 19,016
Reclassification of unrealized losses on securities transferred to available-for-sale upon adoption of new accounting pronouncement, net of tax benefit of $154 thousand in 2019	—	—	(730)
Amortization of unrealized losses on securities transferred to held-to-maturity, net of tax expense of $21 thousand, $40 thousand, and $87 thousand, respectively	86	184	175
Reclassification adjustment for losses (gains) included in net income, net of tax benefit of $85 thousand in 2021, tax expense of $314 thousand in 2020 and tax expense of $95 thousand in 2019	278	(782)	(936)
Available-for-sale securities, net of tax	$ (27,013)	$ 16,030	$ 17,525
Unrealized losses on derivatives designated as cash flow hedges, net of reclassifications to income, net of tax expense of $120 thousand in 2021 and tax expense of $42 thousand in 2020	$ (351)	$ (125)	$ —
Total other comprehensive income (loss)	$ (27,364)	$ 15,905	$ 17,525
Comprehensive Income	$ 97,039	$ 93,669	$ 116,264

See notes to consolidated financial statements.

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31,	
(In thousands, except share data)	**2021**	**2020**
Assets		
Cash and due from banks	$ 238,750	$ 86,630
Interest bearing deposits with other banks	498,979	317,458
Total cash and cash equivalents	737,729	404,088
Time deposits with other banks	—	750
Debt securities:		
Securities available-for-sale (at fair value)	1,644,319	1,398,157
Securities held-to-maturity (fair value $627.4 million in 2021 and $192.2 million in 2020)	638,640	184,484
Total debt securities	2,282,959	1,582,641
Loans held for sale (at fair value)	31,791	68,890
Loans	5,925,029	5,735,349
Less: Allowance for credit losses	(83,315)	(92,733)
Loans, net of allowance for credit losses	5,841,714	5,642,616
Bank premises and equipment, net	72,404	75,117
Other real estate owned	13,618	12,750
Goodwill	252,154	221,176
Other intangible assets, net	14,845	16,745
Bank owned life insurance	205,041	131,776
Net deferred tax assets	27,321	23,629
Other assets	201,857	162,214
Total Assets	$ 9,681,433	$ 8,342,392
Liabilities		
Deposits		
Noninterest demand	$ 3,075,534	$ 2,289,787
Interest-bearing demand	1,890,212	1,566,069
Savings	895,019	689,179
Money market	1,651,881	1,556,370
Other time deposits	404,601	425,878
Brokered time certificates	—	233,815
Time certificates of more than $250,000	150,342	171,463
Total Deposits	8,067,589	6,932,561
Securities sold under agreements to repurchase, maturing within 30 days	121,565	119,609
Subordinated debt	71,646	71,365
Other liabilities	109,897	88,455
Total Liabilities	8,370,697	7,211,990

(In thousands, except share data)	December 31, 2021		2020
Commitments and Contingencies (See “Note 9 - Borrowings” and “Note 15 - Contingent Liabilities and Commitments with Off-Balance Sheet Risk”)			
Shareholders' Equity			
Common stock, par value $0.10 per share authorized 120,000,000 shares, issued 58,909,369 and outstanding 58,504,250 shares in 2021 and authorized 120,000,000 shares, issued 55,584,979 and outstanding 55,243,226 shares in 2020		5,850	5,524
Additional paid-in capital		963,851	856,092
Retained earnings		358,598	256,701
Less: Treasury stock (405,119 shares in 2021 and 341,753 shares in 2020), at cost		(10,569)	(8,285)
		1,317,730	1,110,032
Accumulated other comprehensive (loss) income, net		(6,994)	20,370
Total Shareholders' Equity		1,310,736	1,130,402
Total Liabilities & Shareholders' Equity	$	9,681,433	$ 8,342,392

See notes to consolidated financial statements.

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Year Ended December 31,		
(In thousands)	**2021**	**2020**	**2019**
Cash Flows From Operating Activities			
Net Income	$ 124,403	$ 77,764	$ 98,739
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	5,482	6,020	6,421
Amortization of premiums and discounts on securities, net	6,220	5,019	2,548
Amortization of operating lease right-of-use assets	4,576	4,362	4,117
Other amortization and accretion, net	(13,908)	(8,667)	(2,005)
Stock based compensation	8,685	7,304	7,243
Origination of loans designated for sale	(490,426)	(511,706)	(329,177)
Sale of loans designated for sale	543,410	477,178	333,591
Provision for credit losses	(9,421)	38,179	10,999
Deferred income taxes	3,836	(4,926)	6,791
Losses (gains) on sale of securities	363	(1,096)	(1,031)
Gains on sale of loans	(15,276)	(13,930)	(9,794)
(Gains) losses on sale and write-downs of other real estate owned	(635)	1,139	(432)
Losses on disposition of fixed assets	817	791	511
Bank owned life insurance death benefits	—	—	(956)
Changes in operating assets and liabilities, net of effects from acquired companies:			
Net increase in other assets	(42,437)	(35,555)	(5,614)
Net increase (decrease) in other liabilities	28,883	18,776	(4,206)
Net Cash Provided by Operating Activities	154,572	60,652	117,745
Cash Flows From Investing Activities			
Maturities and repayments of available-for-sale debt securities	546,339	304,064	101,674
Maturities and repayments of held-to-maturity debt securities	132,916	75,861	42,495
Proceeds from sale of available-for-sale debt securities	84,972	96,732	202,724
Purchases of available-for-sale debt securities	(1,145,193)	(830,300)	(309,461)
Purchases of held-to-maturity debt securities	(377,159)	—	—
Maturities of time deposits with other banks	750	2,992	4,501
Net new loans and principal repayments	566,348	(79,100)	(109,614)
Purchases of loans held for investment	(259,267)	—	(270,791)
Proceeds from the sale of other real estate owned	5,598	8,521	6,509
Additions to other real estate owned	(2,513)	(2,557)	—
Proceeds from sale of FHLB and Federal Reserve Bank Stock	3,945	39,185	74,120
Purchase of FHLB and Federal Reserve Bank Stock	(3,020)	(28,278)	(75,193)
Redemption of bank owned life insurance	—	—	14,218
Net cash from bank acquisitions	98,100	71,965	—
Purchase of bank owned life insurance	(60,000)	—	—
Additions to bank premises and equipment	(4,327)	(1,587)	(2,523)
Net Cash Used in Investing Activities	(412,511)	(342,502)	(321,341)

(In thousands)	For the Year Ended December 31, 2021	2020	2019
Cash Flows From Financing Activities			
Net increase in deposits	640,108	844,405	407,513
Net increase (decrease) in repurchase agreements	1,956	33,488	(128,202)
Net decrease in FHLB borrowings with original maturities of three months or less	—	(235,000)	(67,000)
Repayments of FHLB borrowings with original maturities of more than three months	(33,000)	(115,000)	(63,000)
Proceeds from FHLB borrowings with original maturities of more than three months	—	35,000	65,000
Stock based employee benefit plans	5,022	(1,486)	(2,135)
Dividends paid	(22,506)	—	—
Net Cash Provided by Financing Activities	591,580	561,407	212,176
Net increase in cash and cash equivalents	333,641	279,557	8,580
Cash and Cash Equivalents at Beginning of Year	404,088	124,531	115,951
Cash and Cash Equivalents at End of Year	$ 737,729	$ 404,088	$ 124,531
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	$ 9,977	$ 23,548	$ 46,130
Cash paid during the period for taxes	30,887	27,712	16,000
Recognition of operating lease right-of-use assets, other than through bank acquisition	12,459	2,095	30,301
Recognition of operating lease liabilities, other than through bank acquisition	12,459	2,095	34,627
Supplemental disclosure of non-cash investing activities:			
Transfer of debt securities from available-for-sale to held-to-maturity	$ 210,805	$ —	$ —
Transfer of debt securities from held-to-maturity to available-for-sale	—	—	52,796
Unsettled sales of debt securities available-for-sale	17,147	—	—
Transfer from loans to other real estate owned	—	5,624	5,665
Transfer from bank premises to other real estate owned	3,318	1,289	—
Transfer from loans held for investment to loans held for sale	—	—	801

See notes to consolidated financial statements.

SEACOAST BANKING CORPORATION OF FLORIDA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars and shares in thousands)	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2018	51,361	$ 5,136	$ 778,501	$ 97,074	$ (3,384)	$ (13,060)	$ 864,267
Comprehensive income	—	—	—	98,739	—	17,525	116,264
Stock based compensation expense	30	—	7,244	—	—	—	7,244
Common stock issued for stock based employee benefit plans	94	12	(32)	—	(2,648)	—	(2,668)
Common stock issued for stock options	29	3	425	—	—	—	428
Other	—	—	104	—	—	—	104
Balance at December 31, 2019	51,514	$ 5,151	$ 786,242	$ 195,813	$ (6,032)	$ 4,465	$ 985,639
Comprehensive income	—	—	—	77,764	—	15,905	93,669
Stock based compensation expense	39	—	7,304	—	—	—	7,304
Common stock issued for stock based employee benefit plans	465	51	(50)	—	(2,253)	—	(2,252)
Common stock issued for stock options	62	6	760	—	—	—	766
Cumulative change in accounting principle upon adoption of new accounting pronouncement	—	—	—	(16,876)	—	—	(16,876)
Issuance of common stock, pursuant to acquisitions	3,163	316	61,836	—	—	—	62,152
Balance at December 31, 2020	55,243	$ 5,524	$ 856,092	$ 256,701	$ (8,285)	$ 20,370	$ 1,130,402
Comprehensive income	—	—	—	124,403	—	(27,364)	97,039
Stock based compensation expense	23	—	8,685	—	—	—	8,685
Common stock issued for stock based employee benefit plans	167	19	(49)	—	(2,284)	—	(2,314)
Common stock issued for stock options	384	38	7,298	—	—	—	7,336
Issuance of common stock, pursuant to acquisition	2,687	269	86,218	—	—	—	86,487
Conversion of options, pursuant to acquisition	—	—	5,607	—	—	—	5,607
Dividends on common stock ($0.39 per share)	—	—	—	(22,506)	—	—	(22,506)
Balance at December 31, 2021	58,504	$ 5,850	$ 963,851	$ 358,598	$ (10,569)	$ (6,994)	$ 1,310,736

See notes to consolidated financial statements.

Seacoast Banking Corporation of Florida and Subsidiaries

Note 1 - Significant Accounting Policies

General: Seacoast Banking Corporation of Florida ("Seacoast" or the "Company") is a single segment financial holding company with one operating subsidiary bank, Seacoast National Bank ("Seacoast Bank"). The Company provides integrated financial services including commercial and consumer banking, wealth management, mortgage services to customers at more than 50 full-service branches across Florida, and through advanced mobile and online banking solutions.

The consolidated financial statements include the accounts of Seacoast and all its majority-owned subsidiaries but exclude trusts created for the issuance of trust preferred securities. In consolidation, all significant intercompany accounts and transactions are eliminated.

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America, and they conform to general practices within the applicable industries. Certain prior period amounts have been reclassified to conform to the current period presentation.

Use of Estimates: The preparation of consolidated financial statements requires management to make judgments in the application of certain accounting policies that involve significant estimates and assumptions. The Company has established policies and control procedures that are intended to ensure valuation methods are well controlled and applied consistently from period to period. These estimates and assumptions, which may materially affect the reported amounts of certain assets, liabilities, revenues and expenses, are based on information available as of the date of the financial statements, and changes in this information over time and the use of revised estimates and assumptions could materially affect amounts reported in subsequent financial statements. Specific areas, among others, requiring the application of management's estimates include determination of the allowance for credit losses, acquisition accounting and purchased loans, intangible assets and impairment testing, other fair value measurements, and contingent liabilities.

Cash and Cash Equivalents: Cash and cash equivalents include cash and due from banks and interest-bearing bank balances. Cash equivalents have original maturities of three months or less, and accordingly, the carrying amount of these instruments is deemed to be a reasonable estimate of fair value.

Time Deposits with Other Banks: Time deposits with other banks consist of certificates of deposit with original maturities greater than three months and are carried at cost.

Securities Purchased and Sold Agreements: Securities purchased under resale agreements and securities sold under repurchase agreements are generally accounted for as collateralized financing transactions and are recorded at the amount at which the securities were acquired or sold plus accrued interest. It is the Company's policy to take possession of securities purchased under resale agreements, which are primarily U.S. government and government agency securities. The fair value of securities purchased and sold is monitored and collateral is obtained from or returned to the counterparty when appropriate.

Securities: Debt securities are classified at date of purchase as available-for-sale or held-to-maturity. Debt securities that may be sold as part of the Company's asset/liability management or in response to, or in anticipation of, changes in interest rates and resulting prepayment risk, or for other factors are stated at fair value with unrealized gains or losses reflected as a component of shareholders' equity net of tax or included in noninterest income as appropriate. Debt securities that the Company has the ability and intent to hold to maturity are carried at amortized cost. Equity securities are stated at fair value with unrealized gains or losses included in noninterest income as securities gains or losses.

The estimated fair value of a security is determined based on market quotations when available or, if not available, by using quoted market prices for similar securities, pricing models or discounted cash flow analyses, using observable market data where available.

Realized gains and losses are included in noninterest income as investment securities gains (losses). Interest and dividends on securities, including amortization of premiums and accretion of discounts on debt securities, is recognized in interest income on an accrual basis using the interest method. The Company anticipates prepayments of principal in the calculation of the effective yield for collateralized mortgage obligations and mortgage backed securities by obtaining estimates of prepayments from independent third parties. The adjusted cost of each specific security sold is used to compute realized gains or losses on the sale of securities on a trade date basis.

Credit losses on securities: For securities classified as held-to-maturity, management must estimate expected credit losses over the remaining expected life and recognize this estimate as an allowance for credit losses. Debt securities that are available-for-sale are analyzed quarterly for credit losses. The analysis is performed on an individual security basis for all securities where fair value has declined below amortized cost. Fair value is based upon pricing obtained from third party pricing services. However, on occasion pricing provided by the pricing services may not be consistent with other observed prices in the market for similar securities. Using observable market factors, including interest rate and yield curves, volatilities, prepayment speeds, loss severities and default rates, the Company may at times validate the observed prices using a discounted cash flow model and using the observed prices for similar securities to determine the fair value of its securities.

Both quantitative and qualitative assessments are utilized to determine if a security has a credit loss. Quantitative assessments are based on a discounted cash flow method. Qualitative assessments consider a range of factors including: percent decline in fair value, rating downgrades, subordination, duration, amortized loan-to-value, and the ability of the issuers to pay all amounts due in accordance with the contractual terms.

Loans Held for Sale: The Company has elected to account for residential mortgage loans originated as held for sale at fair value. Changes in fair value are measured and recorded in Mortgage Banking Fees in noninterest income each period. The Company designates other loans as held for sale when it has the intent to sell them. Such loans are transferred to held for sale at the lower of cost or estimated fair value less cost to sell. At the time of transfer, write-downs on the loans are recorded as charge-offs, establishing a new cost basis upon transfer.

Loans Held for Investment: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are considered held for investment. Loans originated by Seacoast and held for investment are recognized at the principal amount outstanding, net of unearned income and amounts charged off. Unearned income includes discounts, premiums and deferred loan origination fees reduced by loan origination costs. Unearned income on loans is amortized to interest income over the life of the related loan using the effective interest rate method. Interest income is recognized on an accrual basis.

As a part of business acquisitions, the Company acquires loans that are recorded at fair value on the acquisition date. Accordingly, the associated allowance for credit losses related to these loans is not carried over at the acquisition date. Any losses after acquisition are recognized through the allowance for credit losses. Loans that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination are classified as purchased credit deteriorated ("PCD"). Acquired loans that do not meet the definition of PCD are classified by the Company as acquired Non-PCD. An allowance for expected credit losses on PCD loans is recorded at the date of acquisition through an adjustment to the loans' amortized cost basis. In contrast, expected credit losses on loans not considered PCD are recognized through the provision for credit losses in net income at the date of acquisition.

The accrual of interest is generally discontinued on loans, except consumer loans, that become 90 days past due as to principal or interest unless collection of both principal and interest is assured by way of collateralization, guarantees or other security. When interest accruals are discontinued, unpaid interest is reversed against interest income. Consumer loans that become 120 days past due are generally charged off. When borrowers demonstrate over an extended period the ability to repay a loan in accordance with the contractual terms of a loan classified as nonaccrual, the loan is returned to accrual status. Interest income on nonaccrual loans is either recorded using the cash basis method of accounting or recognized after the principal has been reduced to zero, depending on the type of loan.

In response to the COVID-19 pandemic beginning in early 2020 and effective through 2021, rules defined in the Coronavirus Aid, Relief and Economic Security ("CARES") Act and a joint statement issued by federal regulators in consultation with FASB provided financial institutions with the option not to apply troubled debt restructure ("TDR") accounting to eligible loan modifications provided to borrowers affected by the economic impact of the COVID-19 pandemic. Outside of this guidance, a loan for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulty, is considered to be a TDR. The allowance for credit losses on a TDR is measured using the same method as all other loans held for investment, except when the value of a concession cannot be measured using a method other than the discounted cash flow method. When the value of a concession is measured using the discounted cash flow method, the allowance for credit losses is determined by discounting the expected future cash flows at the original interest rate of the loan.

It is the Company's practice to ensure that the charge-off policy meets or exceeds regulatory minimums. Losses on unsecured consumer loans are recognized at 90 days past due, compared to the regulatory loss criteria of 120 days. In compliance with Federal Financial Institution Examination Council guidelines, secured consumer loans, including residential real estate, are typically charged-off or charged down between 120 and 180 days past due, depending on the collateral type. Commercial loans and real estate loans are typically placed on nonaccrual status when principal or interest is past due for 90 days or more, unless the loan is both secured by collateral having realizable value sufficient to discharge the debt in-full and the loan is in process of collection. Secured loans may be charged-down to the estimated value of the collateral with previously accrued unpaid interest reversed against interest income. Subsequent charge-offs may be required as a result of changes in the market value of collateral or other repayment prospects. Initial charge-off amounts are based on valuation estimates derived from appraisals, broker price opinions, or other market information. Generally, new appraisals are not received until the foreclosure process is completed; however, collateral values are evaluated periodically based on market information and incremental charge-offs are recorded if it is determined that collateral values have declined from their initial estimates.

Allowance for credit losses on loans: On January 1, 2020, the Company adopted Accounting Standards Codification No. 326, *Financial Instruments - Credit Losses* (ASC 326), which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. The Company adopted ASC Topic 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance sheet credit exposures. Results for the reporting period beginning January 1, 2020 are presented under ASC Topic 326, while prior amounts continue to be reported in accordance with previously applicable GAAP.

ASC Topic 326 introduced new definitions and criteria for categorizing purchased loans. Loans that, as of the date of acquisition, have experienced a more-than-insignificant deterioration in credit quality since origination are classified as purchased credit ("PCD"). Acquired loans which do not meet the definition of PCD are classified by the Company as acquired Non-PCD.

The Company estimates the allowance for credit losses on loans using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. Historical credit losses provide the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, loan to value ratios, borrower credit characteristics, loan seasoning or term as well as for changes in environmental conditions, such as changes in unemployment rates, property values, occupancy rates, and other macroeconomic metrics.

The allowance for credit losses is measured on a collective basis when similar risk characteristics exist. For loans analyzed on a collective basis, the Company has developed an allowance model based on an analysis of the probability of default (“PD”) and loss given default (“LGD”) to determine an expected loss by loan segment. PDs and LGDs are developed by analyzing the average historical loss migration of loans to default. The Company excludes accrued interest on loans from its determination of allowance.

The allowance estimation process also applies an economic forecast scenario over a three year forecast period. The forecast may utilize one scenario or a composite of scenarios based on management's judgment and expectations around the current and future macroeconomic outlook. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term of a loan excludes expected extensions, renewals, and modification unless either of the following applies: management has a reasonable expectation at the reporting date that a troubled debt restructuring will be executed with an individual borrower or the extension or renewal options are included in the original or modified contract at the reporting date and not unconditionally cancellable by the Company. For portfolio segments with a weighted average life longer than three years, the Company reverts to longer term historical loss experience, adjusted for prepayments, to estimate losses over the remaining life of the loans within each segment.

Adjustments may be made to baseline reserves for some of the loan pools based on an assessment of internal and external influences on credit quality not fully reflected in the quantitative components of the allowance model. These influences may include elements such as changes in concentration, macroeconomic conditions, recent observable asset quality trends, staff turnover, regional market conditions, employment levels and loan growth. Based upon management's assessments of these factors, the Company may apply qualitative adjustments to the allowance.

Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not also included in the collective evaluation. When management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Derivative Instruments and Hedging Activities: The Company enters into derivative contracts, including swaps and floors, to meet the needs of customers who request such services and to manage the Company's exposure to interest rate fluctuations. Derivative contracts are carried at fair value and recorded in the consolidated balance sheet within other assets or other liabilities. The gain or loss resulting from changes in the fair value of interest rate swaps designated and qualifying as cash flow hedging instruments is initially reported as a component of other comprehensive income and subsequently reclassified into earnings through interest income in the same period in which the hedged transaction affects earnings.

The Company discontinues hedge accounting prospectively when it is determined that the derivative contract is no longer effective in offsetting changes in the cash flows of the hedged item, the derivative expires or is terminated, management determines that the designation of the derivative as a hedging instrument is no longer appropriate or, for a cash flow hedge, the occurrence of the forecasted transaction is no longer probable. When hedge accounting on a cash flow hedge is discontinued, any subsequent changes in fair value of the derivative are recognized in earnings. The cumulative unrealized gain or loss related to a discontinuing cash flow hedge continues to be reported in Accumulated Other Comprehensive Income ("AOCI") and is subsequently reclassified into earnings in the same period in which the hedged transactions affects earnings, unless it is probable that the forecasted transaction will not occur by the end of the originally specified time period, in which case the cumulative unrealized gain or loss in AOCI is reclassified into earnings immediately.

Cash flows resulting from derivative financial instruments that are accounted for as hedges are classified in the cash flow statement in the same category as the cash flows from the hedged items.

See additional disclosures related to derivative instruments and hedging activities in "Note 6 – Derivatives".

Loan Commitments and Letters of Credit: Loan commitments and letters of credit are an off-balance sheet item and represent commitments to make loans or lines of credit available to borrowers. The face amount of these commitments represents an exposure to loss, before considering customer collateral or ability to repay. Such commitments are recognized as loans when funded. The Company estimates a reserve for potential losses on unfunded commitments, which is reported separately from the allowance for credit losses within Other Liabilities. The reserve is based upon the same quantitative and qualitative factors applied to the collectively evaluated loan portfolio.

Fees received for providing loan commitments and letters of credit that may result in loans are typically deferred and amortized to interest income over the life of the related loan, beginning with the initial borrowing. Fees on commitments and letters of credit are amortized to noninterest income as banking fees and commissions on a straight-line basis over the commitment period when funding is not expected.

Fair Value Measurements: The Company measures or monitors the fair value of many of its assets and liabilities. Certain assets are measured on a recurring basis, including available-for-sale securities and loans held for sale. These assets are carried at fair value on the Company's balance sheets. Additionally, fair value is measured on a non-recurring basis to evaluate assets or liabilities for impairment or for disclosure purposes. Examples include collateral-dependent loans, other real estate owned, loan servicing rights, goodwill, and long-lived assets.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, the Company uses various valuation techniques and assumptions when estimating fair value.

The Company applies the following fair value hierarchy:

Level 1 – Assets or liabilities for which the identical item is traded on an active exchange, such as publicly-traded instruments or futures contracts.

Level 2 – Assets and liabilities valued based on observable market data for similar instruments.

Level 3 – Assets and liabilities for which significant valuation assumptions are not readily observable in the market; instruments valued based on the best available data, some of which is internally-developed, and considers risk premiums that a market participant would require.

When determining the fair value measurements for assets and liabilities required or permitted to be recorded at and/or marked to fair value, the Company considers the principal market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability. When possible, the Company looks to active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Company looks to market observable data for similar assets and liabilities. Nevertheless, certain assets and liabilities are not actively traded in observable markets and the Company must use alternative valuation techniques to derive a fair value measurement.

Bank Premises and Equipment: Bank premises and equipment are stated at cost, less accumulated depreciation and amortization. Premises and equipment include certain costs associated with the acquisition of leasehold improvements. Depreciation and amortization are recognized principally by the straight-line method, over the estimated useful lives as follows: buildings - 25-40 years, leasehold improvements 5-25 years, furniture and equipment - 3-12 years. Leasehold improvements typically amortize over the shorter of lease terms or estimated useful life. Premises and equipment and other long-term assets are reviewed for impairment when events indicate their carrying amount may not be recoverable from future undiscounted cash flows. If impaired, the assets are written down to fair value with a corresponding impact to noninterest expense.

Other Real Estate Owned: Other real estate owned ("OREO") consists primarily of real estate acquired in lieu of unpaid loan balances. These assets are carried at an amount equal to the loan balance prior to foreclosure plus costs incurred for improvements to the property, but no more than the estimated fair value of the property less estimated selling costs. Any valuation adjustments required at the date of transfer are charged to the allowance for credit losses. Subsequently, unrealized losses and realized gains and losses are included in other noninterest expense. Operating results from OREO are recorded in other noninterest expense.

OREO may also include bank premises no longer utilized in the course of the Company's business (closed branches) that are initially recorded at the lower of carrying value or fair value, less costs to sell. If the fair value of the premises is less than amortized book value, a write down is recorded through noninterest expense. Costs to maintain the property are expensed.

Intangible Assets. The Company's intangible assets consist of goodwill, core deposit intangibles (CDIs) and mortgage servicing rights. Goodwill results from business combinations and represents the difference between the purchase price and the fair value of net assets acquired. Goodwill may be adjusted for up to one year from the acquisition date in the event new information is obtained which, if known at the date of acquisitions would have impacted the fair value of the acquired assets and liabilities. Goodwill is considered to have an indefinite useful life and is not amortized, but rather tested for impairment annually in the fourth quarter, or more often if circumstances arise that may indicate risk of impairment. If impaired, goodwill is written down with a corresponding impact to noninterest expense.

The Company recognizes CDIs that result from either whole bank acquisitions or branch acquisitions. They are initially measured at fair value and then amortized over periods ranging from six to eight years on a straight line basis. The Company evaluates CDIs for impairment annually, or more often if circumstances arise that may indicate risk of impairment. If impaired, the CDI is written down with a corresponding impact to noninterest expense.

Bank Owned Life Insurance (BOLI): The Company, through its subsidiary bank, has purchased or acquired through bank acquisitions, life insurance policies on certain key executives. BOLI is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Other Investments: Included in Other Assets are investments in funds generating affordable housing tax credits, and investments in Small Business Investment Companies ("SBICs"), which are privately owned and operated companies licensed by the U.S. Small Business Administration ("SBA") to invest in small businesses. Investments generating tax credits are accounted for using the "proportional amortization" method. Under this method, the investor amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits allocated to the investor. SBIC investments are held at cost less impairment, if any. Income from SBIC investments will vary amongst periods and is recognized in earnings. Seacoast Bank is a member of the Federal Home Loan Bank ("FHLB") and Federal Reserve Bank ("FRB") systems. Members are required to own a certain amount of FHLB and FRB stock based on the level of borrowings and other factors, and may invest in additional amounts. Both cash and stock dividends are recognized in earnings.

Leases: Arrangements are analyzed at inception to determine the existence of a lease. Right-of-use assets (ROUAs) represent the right to use the underlying asset and lease liabilities represent the obligation to make lease payments for the lease term. Operating lease ROUAs and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the appropriate term and information available at commencement date in determining the present value of lease payments. The lease term may include options to extend the lease when it is reasonably certain that the option will be exercised. ROUAs and operating lease liabilities are reported in Other Assets and Other Liabilities, respectively, in the Consolidated Balance Sheet. Lease expense for lease payments is recognized on a straight-line basis over the lease term and is classified as Occupancy or Furniture and Equipment expense based on the subject asset.

Revenue Recognition: Revenue recognized reflects the consideration to which the Company expects to be entitled in exchange for the services provided and is recognized when the promised services (performance obligations) are transferred to a customer, requiring the application of the following five-steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Relevant activity includes:

- Service Charges on Deposits: Seacoast Bank offers a variety of deposit-related services to its customers through several delivery channels including branch offices, ATMs, telephone, mobile, and internet banking. Transaction-based fees are recognized when services, each of which represents a performance obligation, are satisfied. Service fees may be assessed monthly, quarterly, or annually; however, the account agreements to which these fees relate can be canceled at any time by Seacoast and/or the customer. Therefore, the contract term is considered a single day (a day-to-day contract).
- Wealth Management Income: The Company earns trust fees from fiduciary services provided to trust customers, which include custody of assets, recordkeeping, collection and distribution of funds. Fees are earned over time and accrued monthly as the Company provides services, and are generally assessed based on the market value of the trust assets under management at a particular date or over a particular period. The Company also earns commissions and fees from investment brokerage services provided to its customers through an arrangement with a third-party service provider. Commissions received from the third-party service provider are recorded monthly and are based upon customer activity. Fees are earned over time and accrued monthly as services are provided. The Company acts as an agent in this arrangement and therefore presents the brokerage commissions and fees net of related costs.
- Interchange Income: Fees earned on card transactions depend upon the volume of activity, as well as the fees permitted by the payment network. Such fees are recognized by the Company upon fulfilling its performance obligation to approve the card transaction.

Treasury Stock: The Company's repurchase of shares of its common stock are recorded at cost as treasury stock and result in a reduction of shareholders' equity. Activity in treasury stock represents shares traded to offset employee payroll taxes on vested shares. Shares held in treasury are used for employee share purchases through the Company's stock purchase plan.

Stock-Based Compensation: The stock option plans are accounted for under ASC Topic 718 - *Compensation* - *Stock Compensation* and the fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with market assumptions. This amount is amortized on a straight-line basis over the vesting period, generally 5 years. For restricted stock awards, which generally vest based on continued service with the Company, the deferred compensation is measured as the fair value of the shares on the date of grant, and the deferred compensation is amortized as salaries and employee benefits in accordance with the applicable vesting schedule, generally straight-line over three years. Some shares vest based upon the Company achieving certain performance goals and salary amortization expense is based on an estimate of the most likely results on a straight line basis. The Company accounts for forfeitures as they occur.

Income Taxes: The Company uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their related tax bases and are measured using the enacted tax rates and laws that are in effect. A valuation allowance is recognized for a deferred tax asset if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized. The effect on deferred tax assets and liabilities of a change in rates is recognized as income or expense in the period in which the change occurs.

Note 2 - Earnings Per Share

Basic earnings per share are computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during each period. Diluted earnings per share are based on the weighted-average number of common shares outstanding during each period, plus common share equivalents calculated for stock options and performance restricted stock outstanding using the treasury stock method.

In 2021 no options to purchase shares of the Company's common stock were antidilutive. In 2020 and 2019, options to purchase 508,000, and 491,000 shares, respectively, were antidilutive and accordingly were excluded in determining diluted earnings per share.

(In thousands, except per share data)	For the Year Ended December 31, 2021	2020	2019
Basic earnings per share			
Net Income	$ 124,403	$ 77,764	$ 98,739
Total weighted average common stock outstanding	56,586	53,502	51,449
Net income per share	$ 2.20	$ 1.45	$ 1.92
Diluted earnings per share			
Net Income	$ 124,403	$ 77,764	$ 98,739
Total weighted average common stock outstanding	56,586	53,502	51,449
Add: Dilutive effect of employee restricted stock and stock options (See “Note 10 - Employee Benefits and Stock Compensation”)	502	428	580
Total weighted average diluted stock outstanding	57,088	53,930	52,029
Net income per share	$ 2.18	$ 1.44	$ 1.90

Net income has not been allocated to unvested restricted stock awards that are participating securities because the amounts that would be allocated are not material to net income per share of common stock. Unvested restricted stock awards that are participating securities represent less than one percent of all of the outstanding shares of common stock for each of the periods presented.

Note 3 - Securities

The amortized cost, gross unrealized gains and losses and fair value of available-for-sale and held-to-maturity securities at December 31, 2021 and December 31, 2020 are summarized as follows:

	December 31, 2021			
(In thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Available-for-Sale Debt Securities				
U.S. Treasury securities and obligations of U.S. government agencies	$ 6,466	$ 316	$ (3)	$ 6,779
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	1,234,721	8,308	(20,309)	1,222,720
Private mortgage-backed securities and collateralized mortgage obligations	88,096	1,091	(420)	88,767
Collateralized loan obligations	292,751	63	(124)	292,690
Obligations of state and political subdivisions	31,624	1,740	(1)	33,363
Totals	$ 1,653,658	$ 11,518	$ (20,857)	$ 1,644,319
Held-to-Maturity Debt Securities				
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	$ 638,640	$ 3,828	$ (15,070)	$ 627,398
Totals	$ 638,640	$ 3,828	$ (15,070)	$ 627,398

	December 31, 2020			
(In thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Available-for-Sale Debt Securities				
U.S. Treasury securities and obligations of U.S. government agencies	$ 8,250	$ 528	$ (1)	$ 8,777
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	1,038,437	23,457	(1,240)	1,060,654
Private mortgage-backed securities and collateralized mortgage obligations	89,284	2,131	(210)	91,205
Collateralized loan obligations	202,563	279	(647)	202,195
Obligations of state and political subdivisions	33,005	2,321	—	35,326
Totals	$ 1,371,539	$ 28,716	$ (2,098)	$ 1,398,157
Held-to-Maturity Debt Securities				
Mortgage-backed securities of U.S. government-sponsored entities	$ 184,484	$ 7,818	$ (123)	$ 192,179
Totals	$ 184,484	$ 7,818	$ (123)	$ 192,179

Debt securities with a fair value of $102.1 million were sold during 2021, with gross gains of $0.3 million and gross losses of $0.6 million. During 2020, debt securities with a fair value of $96.7 million were sold with gross gains of $2.4 million and gross losses of $1.3 million. Debt securities with a fair value of $202.7 million were sold during 2019, with gross gains of $2.9 million and gross losses of $1.8 million. Also included in “Securities gains (losses) net” is a decrease of $0.2 million in 2021 and increases of $0.1 million and $0.2 million in 2020 and 2019, respectively, in the value of an investment in shares of a mutual fund that invests in CRA-qualified debt securities.

During the first quarter of 2021, the Company reclassified debt securities with an amortized cost of $210.8 million from available-for-sale to held-to-maturity, as it has the ability and intent to hold these securities to maturity. These securities had net unrealized gains of $0.8 million at the date of transfer, which will continue to be reported in accumulated other comprehensive income, and will be amortized over the remaining life of the securities as an adjustment of yield. The effect on interest income of the amortization of net unrealized gains is offset by the amortization of the premium on the securities transferred.

At December 31, 2021, debt securities with a fair value of $421.4 million were pledged primarily as collateral for public deposits and secured borrowings.

The amortized cost and fair value of securities at December 31, 2021, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because prepayments of the underlying collateral for these securities may occur, due to the right to call or repay obligations with or without call or prepayment penalties. Securities not due at a single maturity date are shown separately.

	Held-to-Maturity		Available-for-Sale	
(In thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Due in less than one year	$ —	$ —	$ 2,174	$ 2,210
Due after one year through five years	—	—	14,017	14,841
Due after five years through ten years	—	—	7,041	7,341
Due after ten years	—	—	14,858	15,750
	—	—	38,090	40,142
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	638,640	627,398	1,234,721	1,222,720
Private mortgage-backed securities and collateralized mortgage obligations	—	—	88,096	88,767
Collateralized loan obligations	—	—	292,751	292,690
Totals	$ 638,640	$ 627,398	$ 1,653,658	$ 1,644,319

The estimated fair value of a security is determined based on market quotations when available or, if not available, by using quoted market prices for similar securities, pricing models or discounted cash flows analyses, using observable market data where available. The tables below indicate the fair value of available-for-sale debt securities with unrealized losses for which no allowance for credit losses has been recorded.

	December 31, 2021					
	Less than 12 months		12 months or longer		Total	
(In thousands)	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
U.S. Treasury securities and obligations of U.S. government agencies	$ 97	$ (1)	$ 245	$ (2)	$ 342	$ (3)
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	955,881	(19,575)	11,953	(734)	967,834	(20,309)
Private mortgage-backed securities and collateralized mortgage obligations	33,640	(173)	9,628	(247)	43,268	(420)
Collateralized loan obligations	123,202	(81)	9,461	(43)	132,663	(124)
Obligations of state and political subdivisions	499	(1)	—	—	499	(1)
Totals	$ 1,113,319	$ (19,831)	$ 31,287	$ (1,026)	$ 1,144,606	$ (20,857)

(In thousands)	December 31, 2020					
	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury securities and obligations of U.S. government agencies	$ —	$ —	$ 256	$ (1)	$ 256	$ (1)
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	203,405	(1,218)	569	(22)	203,974	(1,240)
Private mortgage-backed securities and collateralized mortgage obligations	23,997	(210)	—	—	23,997	(210)
Collateralized loan obligations	104,697	(102)	72,513	(545)	177,210	(647)
Totals	$ 332,099	$ (1,530)	$ 73,338	$ (568)	$ 405,437	$ (2,098)

At December 31, 2021, the Company had unrealized losses of $20.3 million on mortgage-backed securities and collateralized mortgage obligations issued by government-sponsored entities having a fair value of $967.8 million. These securities are either explicitly or implicitly guaranteed by the U.S. Government and have a long history of no credit losses. The implied government guarantee of principal and interest payments and the high credit rating of the portfolio provide sufficient basis for the current expectation that there is no risk of loss if default were to occur. Based on the assessment of all relevant factors, the Company believes that the unrealized loss positions on these debt securities are a function of changes in investment spreads and interest rate movements and not changes in credit quality, and expects to recover the entire amortized cost basis of these securities. Therefore, at December 31, 2021, no allowance for credit losses has been recorded.

At December 31, 2021, the Company had $0.4 million of unrealized losses on private label residential and commercial mortgage-backed securities and collateralized mortgage obligations having a fair value of $43.3 million. The collateral underlying these mortgage investments is primarily residential commercial real estate. The securities have average credit support of 23%. Based on the assessment of all relevant factors, the Company believes that the unrealized loss positions on these debt securities are a function of changes in investment spreads and interest rate movements and not changes in credit quality, and expects to recover the entire amortized cost basis of these securities. Therefore, at December 31, 2021, no allowance for credit losses has been recorded.

At December 31, 2021, the Company had $0.1 million of unrealized losses in uncapped 3-month LIBOR floating rate collateralized loan obligations ("CLOs") having a fair value of $132.7 million. CLOs are special purpose vehicles and those in which the Company has invested acquire nearly all first-lien, broadly syndicated corporate loans across a diversified band of industries while providing support to senior tranche investors. As of December 31, 2021, all positions held by the Company are in AAA and AA tranches, with average credit support of 37% and 25% respectively. The Company evaluates the securities for potential credit losses by modeling expected loan-level defaults, recoveries, and prepayments for each CLO security. Based on the assessment of all relevant factors, the Company believes that the unrealized loss positions on these debt securities are a function of changes in investment spreads and interest rate movement and not changes in credit quality, and expects to recover the entire amortized cost basis of these securities. Therefore, at December 31, 2021, no allowance for credit losses has been recorded.

All HTM debt securities are issued by government-sponsored entities, which are either explicitly or implicitly guaranteed by the U.S. government and have a long history of no credit losses. While the potential for default on these securities may be something greater than zero, the long history with no credit losses, the implied government guarantee of principal and interest payments and the high credit rating of the HTM portfolio provide sufficient basis for the current expectation that there is no risk of loss if default were to occur. As a result, as of December 31, 2021, no allowance for credit losses has been recorded.

Included in Other Assets at December 31, 2021 is $34.4 million of Federal Home Loan Bank and Federal Reserve Bank stock stated at par value. The Company has not identified events or changes in circumstances which may have a significant adverse effect on the fair value of these cost method investment securities. Accrued interest receivable on AFS and HTM debt securities of $3.4 million and $1.0 million, respectively, at December 31, 2021, and $3.2 million and $0.4 million, respectively, at December 31, 2020, is included in Other Assets. Also included in Other Assets is an investment in a CRA-qualified mutual fund carried at fair value of $9.3 million and $6.5 million at December 31, 2021 and December 31, 2020, respectively.

The Company holds 11,330 shares of Visa Class B stock which, following resolution of Visa litigation, will be converted to Visa Class A shares. Under the current conversion ratio that became effective December 29, 2021, the Company would receive 1.6181 shares of Class A stock for each share of Class B stock for a total of 18,333 shares of Visa Class A stock. The ownership of Visa stock is related to prior ownership in Visa's network, while Visa operated as a cooperative. This ownership is recorded in the Company's financial records at zero basis.

Note 4 - Loans

Loans held for investment are categorized into the following segments:

- Construction and land development: Loans are extended to both commercial and consumer customers which are collateralized by and for the purpose of funding land development and construction projects, including 1-4 family residential construction, multi-family property, non-farm residential property, and various commercial purpose properties where the primary source of repayment is from proceeds of the sale, refinancing or permanent financing of the property.
- Commercial real estate - owner-occupied: Loans are extended to commercial customers for the purpose of acquiring real estate to be occupied by the borrower's business. These loans are collateralized by the subject property and the repayment of these loans is largely dependent on the performance of the company occupying the property.
- Commercial real estate - non owner-occupied: Loans are extended to commercial customers for the purpose of acquiring commercial property where occupancy by the borrower is not their primary intent. These loans are viewed primarily as cash flow loans, collateralized by the subject property, and the repayment of these loans is largely dependent on rental income from the successful operation of the property.
- Residential real estate: Loans are extended to consumer customers and collateralized primarily by 1-4 family residential properties and include fixed and variable rate mortgages, home equity mortgages, and home equity lines of credit. Loans are primarily written based on conventional loan agency guidelines, including loans that exceed agency value limitations. Sources of repayment may be from the occupant of the residential property or from cash flows on rental income from the successful operation of the property.
- Commercial and financial: Loans are extended to commercial customers. The purpose of the loans can be working capital, physical asset expansion, asset acquisition or other business purposes. Loans may be collateralized by assets owned by the borrower or the borrower's business. Commercial loans are based primarily on the historical and projected cash flow of the borrower's business and secondarily on the capacity of credit enhancements, guarantees and underlying collateral provided by the borrower.
- Consumer: Loans are extended to consumer customers. The segment includes both installment loans and lines of credit which may be collateralized or non-collateralized.
- Paycheck Protection Program ("PPP"): Loans originated under a temporary program established by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), and extended by the Economic Aid Act. Under the terms of the program, balances may be forgiven if the borrower uses the funds in a manner consistent with the program guidelines, and repayment is guaranteed by the U.S. government.

The following tables present net loan balances by segment as of:

	December 31, 2021			
(In thousands)	**Portfolio Loans**	**Acquired Non-PCD Loans**	**PCD Loans**	**Total**
Construction and land development	$ 199,341	$ 31,438	$ 45	$ 230,824
Commercial real estate - owner occupied	983,517	186,812	27,445	1,197,774
Commercial real estate - non-owner occupied	1,278,180	382,554	75,705	1,736,439
Residential real estate	1,261,306	156,957	7,091	1,425,354
Commercial and financial	968,318	84,395	16,643	1,069,356
Consumer	169,507	4,658	10	174,175
Paycheck Protection Program	69,503	21,604	—	91,107
Totals	$ 4,929,672	$ 868,418	$ 126,939	$ 5,925,029

	December 31, 2020			
(In thousands)	**Portfolio Loans**	**Acquired Non-PCD Loans**	**PCD Loans**	**Total**
Construction and land development	$ 216,420	$ 26,250	$ 2,438	$ 245,108
Commercial real estate - owner occupied	854,769	247,090	39,451	1,141,310
Commercial real estate - non-owner occupied	1,043,459	323,273	29,122	1,395,854
Residential real estate	1,155,914	176,105	10,609	1,342,628
Commercial and financial	743,846	94,627	16,280	854,753
Consumer	181,797	6,660	278	188,735
Paycheck Protection Program	515,532	51,429	—	566,961
Totals	$ 4,711,737	$ 925,434	$ 98,178	$ 5,735,349

The amortized cost basis of loans at December 31, 2021 included net deferred costs of $31.0 million on non-PPP portfolio loans and net deferred fees of $2.4 million on PPP loans. At December 31, 2020, the amortized cost basis included net deferred costs of $22.6 million on non-PPP portfolio loans and net deferred fees of $9.5 million on PPP loans. At December 31, 2021, the remaining fair value adjustments on acquired loans were $23.1 million, or 2.3% of the outstanding acquired loan balances, compared to $30.2 million, or 2.9% of the acquired loan balances at December 31, 2020. These amounts are accreted into interest income over the remaining lives of the related loans on a level yield basis.

Accrued interest receivable is included within Other Assets and was $14.7 million and $25.8 million at December 31, 2021 and December 31, 2020, respectively.

Loans to directors and executive officers totaled $0.6 million and $1.1 million at December 31, 2021 and 2020, respectively. Two new loans were originated to directors or officers in 2021.

The following table presents the status of net loan balances as of December 31, 2021 and December 31, 2020. Loans on short-term payment deferral at the reporting date are reported as current.

	December 31, 2021					
(In thousands)	**Current**	**Accruing 30-59 Days Past Due**	**Accruing 60-89 Days Past Due**	**Accruing Greater Than 90 Days**	**Nonaccrual**	**Total**
Portfolio Loans						
Construction and land development	$ 199,087	$ —	$ —	$ —	$ 254	$ 199,341
Commercial real estate - owner occupied	982,804	—	—	—	713	983,517
Commercial real estate - non-owner occupied	1,276,582	—	—	—	1,598	1,278,180
Residential real estate	1,248,160	3,457	143	—	9,546	1,261,306
Commercial and financial	963,828	851	41	—	3,598	968,318
Consumer	168,791	565	23	15	113	169,507
Paycheck Protection Program[1]	69,434	—	—	69	—	69,503
Total Portfolio Loans	4,908,686	4,873	207	84	15,822	4,929,672
Acquired Non-PCD Loans						
Construction and land development	31,438	—	—	—	—	31,438
Commercial real estate - owner occupied	186,652	—	160	—	—	186,812
Commercial real estate - non-owner occupied	381,510	—	—	—	1,044	382,554
Residential real estate	154,981	182	—	—	1,794	156,957
Commercial and financial	84,180	—	40	—	175	84,395
Consumer	4,082	135	—	—	441	4,658
Paycheck Protection Program[1]	21,567	—	—	37	—	21,604
Total Acquired Non-PCD Loans	864,410	317	200	37	3,454	868,418
PCD Loans						
Construction and land development	40	—	—	—	5	45
Commercial real estate - owner occupied	24,192	—	—	—	3,253	27,445
Commercial real estate - non-owner occupied	72,442	—	—	—	3,263	75,705
Residential real estate	5,386	—	—	—	1,705	7,091
Commercial and financial	13,547	—	—	—	3,096	16,643
Consumer	10	—	—	—	—	10
Total PCD Loans	115,617	—	—	—	11,322	126,939
Total Loans	$ 5,888,713	$ 5,190	$ 407	$ 121	$ 30,598	$ 5,925,029

[1]*Paycheck Protection Program loans are not reflected as past due when forgiveness applications are being processed by the SBA. Repayment of principal and interest is fully guaranteed by the U.S. government.*

(In thousands)	December 31, 2020 Current	Accruing 30-59 Days Past Due	Accruing 60-89 Days Past Due	Accruing Greater Than 90 Days	Nonaccrual	Total
Portfolio Loans						
Construction and land development	$ 216,262	$ —	$ —	$ —	$ 158	$ 216,420
Commercial real estate - owner occupied	851,222	1,076	—	—	2,471	854,769
Commercial real estate - non-owner occupied	1,041,306	—	—	—	2,153	1,043,459
Residential real estate	1,142,893	3,002	1,427	61	8,531	1,155,914
Commercial and financial	737,362	135	1,967	—	4,382	743,846
Consumer	180,879	203	138	2	575	181,797
Paycheck Protection Program	515,532	—	—	—	—	515,532
Total Portfolio Loans	4,685,456	4,416	3,532	63	18,270	4,711,737
Acquired Non-PCD Loans						
Construction and land development	26,250	—	—	—	—	26,250
Commercial real estate - owner occupied	244,486	—	—	—	2,604	247,090
Commercial real estate - non-owner occupied	322,264	—	—	—	1,009	323,273
Residential real estate	171,507	1,605	104	—	2,889	176,105
Commercial and financial	93,223	216	—	—	1,188	94,627
Consumer	6,640	20	—	—	—	6,660
Paycheck Protection Program	51,429	—	—	—	—	51,429
Total Acquired Non-PCD Loans	915,799	1,841	104	—	7,690	925,434
PCD Loans						
Construction and land development	2,429	—	—	—	9	2,438
Commercial real estate - owner occupied	36,345	—	—	—	3,106	39,451
Commercial real estate - non-owner occupied	24,200	—	—	—	4,922	29,122
Residential real estate	9,537	—	—	—	1,072	10,609
Commercial and financial	15,121	125	—	—	1,034	16,280
Consumer	271	—	—	—	7	278
Total PCD Loans	87,903	125	—	—	10,150	98,178
Total Loans	$ 5,689,158	$ 6,382	$ 3,636	$ 63	$ 36,110	$ 5,735,349

All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest subsequently received on such loans is accounted for under the cost-recovery method, whereby interest income is not recognized until the loan balance is reduced to zero. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, and future payments are reasonably assured. The Company recognized $1.2 million, $0.9 million, and $1.3 million in interest income on nonaccrual loans during the years ended December 31, 2021, 2020, and 2019, respectively. The following tables present net balances of loans on nonaccrual status and the related allowance for credit losses, if any, as of:

(In thousands)	December 31, 2021 Nonaccrual Loans With No Related Allowance	Nonaccrual Loans With an Allowance	Total Nonaccrual Loans	Allowance for Credit Losses
Construction and land development	$ 37	$ 222	$ 259	$ 92
Commercial real estate - owner-occupied	2,976	990	3,966	419
Commercial real estate - non-owner occupied	4,490	1,415	5,905	27
Residential real estate	12,358	687	13,045	357
Commercial and financial	2,676	4,193	6,869	2,384
Consumer	29	525	554	525
Totals	$ 22,566	$ 8,032	$ 30,598	$ 3,804

(In thousands)	December 31, 2020 Nonaccrual Loans With No Related Allowance	Nonaccrual Loans With an Allowance	Total Nonaccrual Loans	Allowance for Credit Losses
Construction and land development	$ 148	$ 19	$ 167	$ 8
Commercial real estate - owner-occupied	7,893	288	8,181	287
Commercial real estate - non-owner occupied	5,666	2,418	8,084	1,640
Residential real estate	9,520	2,972	12,492	1,587
Commercial and financial	3,175	3,429	6,604	2,235
Consumer	222	360	582	75
Totals	$ 26,624	$ 9,486	$ 36,110	$ 5,832

Collateral-Dependent Loans

Loans are considered collateral-dependent when the repayment, based on the Company's assessment as of the reporting date, is expected to be provided substantially through the operation or sale of the underlying collateral and there are no other available and reliable sources of repayment. The following table presents collateral-dependent loans as of:

(In thousands)	December 31, 2021	December 31, 2020
Construction and land development	$ 271	$ 189
Commercial real estate - owner-occupied	4,706	11,992
Commercial real estate - non-owner occupied	4,923	7,285
Residential real estate	16,334	16,652
Commercial and financial	8,741	11,198
Consumer	741	586
Totals	$ 35,716	$ 47,902

Loans by Risk Rating

The Company utilizes an internal asset classification system as a means of identifying problem and potential problem loans. The following classifications are used to categorize loans under the internal classification system:

- Pass: Loans that are not problem loans or potential problem loans are considered to be pass-rated.
- Special Mention: Loans that do not currently expose the Company to sufficient risk to warrant classification in the Substandard or Doubtful categories, but possess weaknesses that deserve management’s close attention are deemed to be Special Mention.
- Substandard: Loans with the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

- Substandard Impaired: Loans typically placed on nonaccrual and considered to be collateral-dependent or accruing TDRs.
- Doubtful: Loans that have all the weaknesses inherent in those classified Substandard with the added characteristic that the weakness present makes collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Some portion of the principal balance of loans classified as doubtful are likely to be charged off.

The following tables present the risk rating of loans by year of origination as of:

	December 31, 2021							
(In thousands)	**2021**	**2020**	**2019**	**2018**	**2017**	**Prior**	**Revolving**	**Total**
Construction and Land Development								
Risk Ratings:								
Pass	$ 94,318	$ 23,860	$ 38,058	$ 25,507	$ 3,995	$ 15,466	$ 29,349	$ 230,553
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Substandard Impaired	—	—	—	222	—	49	—	271
Doubtful	—	—	—	—	—	—	—	—
Total	94,318	23,860	38,058	25,729	3,995	15,515	29,349	230,824
Commercial real estate - owner occupied								
Risk Ratings:								
Pass	205,404	154,432	179,786	132,353	125,763	363,986	10,005	1,171,729
Special Mention	—	6,527	5,370	649	218	3,250	—	16,014
Substandard	—	—	—	—	3,290	1,610	—	4,900
Substandard Impaired	—	—	2,742	310	596	1,483	—	5,131
Doubtful	—	—	—	—	—	—	—	—
Total	205,404	160,959	187,898	133,312	129,867	370,329	10,005	1,197,774
Commercial real estate - non-owner occupied								
Risk Ratings:								
Pass	395,308	207,824	298,021	186,339	110,990	460,435	6,477	1,665,394
Special Mention	—	—	844	—	289	13,850	—	14,983
Substandard	—	4,776	3,009	23,206	1,900	17,266	—	50,157
Substandard Impaired	—	1,044	1,849	—	326	2,686	—	5,905
Doubtful	—	—	—	—	—	—	—	—
Total	395,308	213,644	303,723	209,545	113,505	494,237	6,477	1,736,439
Residential real estate								
Risk Ratings:								
Pass	394,547	114,364	90,566	119,836	118,556	213,950	354,439	1,406,258
Special Mention	—	—	—	70	—	1,243	532	1,845
Substandard	—	340	—	—	58	422	86	906
Substandard Impaired	—	149	724	39	4,415	8,507	2,511	16,345
Doubtful	—	—	—	—	—	—	—	—
Total	394,547	114,853	91,290	119,945	123,029	224,122	357,568	1,425,354
Commercial and financial								
Risk Ratings:								
Pass	340,826	180,677	97,072	68,232	39,331	56,053	246,568	1,028,759
Special Mention	530	15,587	—	237	251	84	876	17,565
Substandard	—	371	2,605	3,594	1,436	3,217	339	11,562
Substandard Impaired	—	196	4,561	3,694	1,371	1,520	128	11,470
Doubtful	—	—	—	—	—	—	—	—
Total	341,356	196,831	104,238	75,757	42,389	60,874	247,911	1,069,356

	December 31, 2021							
(In thousands)	**2021**	**2020**	**2019**	**2018**	**2017**	**Prior**	**Revolving**	**Total**
Consumer								
Risk Ratings:								
Pass	45,063	31,342	26,194	17,300	9,979	16,019	25,418	171,315
Special Mention	—	24	431	37	167	3	1,199	1,861
Substandard	—	—	18	—	17	—	223	258
Substandard Impaired	—	—	92	23	74	118	434	741
Doubtful	—	—	—	—	—	—	—	—
Total	45,063	31,366	26,735	17,360	10,237	16,140	27,274	174,175
Paycheck Protection Program								
Risk Ratings:								
Pass	87,036	4,071	—	—	—	—	—	91,107
Total	87,036	4,071	—	—	—	—	—	91,107
Consolidated								
Risk Ratings:								
Pass	1,562,502	716,570	729,697	549,567	408,614	1,125,909	672,256	5,765,115
Special Mention	530	22,138	6,645	993	925	18,430	2,607	52,268
Substandard	—	5,487	5,632	26,800	6,701	22,515	648	67,783
Substandard Impaired	—	1,389	9,968	4,288	6,782	14,363	3,073	39,863
Doubtful	—	—	—	—	—	—	—	—
Total	$ 1,563,032	$ 745,584	$ 751,942	$ 581,648	$ 423,022	$ 1,181,217	$ 678,584	$ 5,925,029

	December 31, 2020							
(In thousands)	**2020**	**2019**	**2018**	**2017**	**2016**	**Prior**	**Revolving**	**Total**
Construction and Land Development								
Risk Ratings:								
Pass	$ 62,107	$ 52,384	$ 46,067	$ 15,873	$ 7,335	$ 17,873	$ 35,324	$ 236,963
Special Mention	206	245	5,918	—	—	1,449	—	7,818
Substandard	—	—	—	—	—	51	—	51
Substandard Impaired	—	—	—	37	—	239	—	276
Doubtful	—	—	—	—	—	—	—	—
Total	62,313	52,629	51,985	15,910	7,335	19,612	35,324	245,108
Commercial real estate - owner occupied								
Risk Ratings:								
Pass	155,953	198,559	156,276	138,341	148,389	287,772	14,255	1,099,545
Special Mention	5,773	1,858	3,305	—	4,471	4,050	2	19,459
Substandard	—		—	4,709	1,955	5,508	—	12,172
Substandard Impaired	—	3,151	747	1,362	—	4,874	—	10,134
Doubtful	—	—	—	—	—	—	—	—
Total	161,726	203,568	160,328	144,412	154,815	302,204	14,257	1,141,310
Commercial real estate - non-owner occupied								
Risk Ratings:								
Pass	159,299	313,287	201,112	123,357	175,623	356,943	8,596	1,338,217
Special Mention	—	431	9,487	7,580	10,240	114	—	27,852

Substandard	—	—	9,709	—	8,311	3,682	—	21,702
Substandard Impaired	—	2,418	—	—	125	5,540	—	8,083
Doubtful	—	—	—	—	—	—	—	—
Total	159,299	316,136	220,308	130,937	194,299	366,279	8,596	1,395,854
Residential real estate								
Risk Ratings:								
Pass	96,819	144,329	204,077	205,046	160,612	159,742	350,502	1,321,127
Special Mention	—	—	33	720	—	966	479	2,198
Substandard	350	—	—	896	—	1,452	100	2,798
Substandard Impaired	109	726	1,520	1,762	715	9,671	2,002	16,505
Doubtful	—	—	—	—	—	—	—	—
Total	97,278	145,055	205,630	208,424	161,327	171,831	353,083	1,342,628
Commercial and financial								
Risk Ratings:								
Pass	214,774	146,511	103,769	60,782	39,692	53,758	204,304	823,590
Special Mention	71	946	965	5,612	67	635	209	8,505
Substandard	154	41	3,016	1,609	553	3,239	764	9,376
Substandard Impaired	317	4,595	3,199	2,292	2,074	704	81	13,262
Doubtful[1]	—	—	—	—	—	—	20	20
Total	215,316	152,093	110,949	70,295	42,386	58,336	205,378	854,753
Consumer								
Risk Ratings:								
Pass	46,476	43,143	30,433	18,937	21,880	9,488	15,089	185,446
Special Mention	58	27	14	41	42	21	1,854	2,057
Substandard	—	—	—	42	4	151	228	425
Substandard Impaired	7	50	193	24	329	183	21	807
Doubtful	—	—	—	—	—	—	—	—
Total	46,541	43,220	30,640	19,044	22,255	9,843	17,192	188,735
Paycheck Protection Program								
Risk Ratings:								
Pass	566,961	—	—	—	—	—	—	566,961
Total	566,961	—	—	—	—	—	—	566,961
Consolidated								
Risk Ratings:								
Pass	1,302,389	898,213	741,734	562,336	553,531	885,576	628,070	5,571,849
Special Mention	6,108	3,507	19,722	13,953	14,820	7,235	2,544	67,889
Substandard	504	41	12,725	7,256	10,823	14,083	1,092	46,524
Substandard Impaired	433	10,940	5,659	5,477	3,243	21,211	2,104	49,067
Doubtful[1]	—	—	—	—	—	—	20	20
Total	$ 1,309,434	$ 912,701	$ 779,840	$ 589,022	$ 582,417	$ 928,105	$ 633,830	$ 5,735,349

[1]*Loans classified as doubtful were fully reserved as of December 31, 2020.*

Loans Modified in Connection with COVID-19 Pandemic

The CARES Act, which was signed into law on March 27, 2020 and amended by the Consolidated Appropriations Act on December 27, 2020, encouraged financial institutions to practice prudent efforts to work with borrowers financially impacted by the COVID-19 pandemic by providing an option to exclude from TDR consideration certain loan modifications that might otherwise be categorized as TDRs under ASC 310-40. This option was available for modifications that were deemed to be COVID-related, where the borrower was not more than 30 days past due on December 31, 2019, and the modification was executed between March 1, 2020 and the earlier of (i) January 1, 2022 or (ii) 60 days after the end of the COVID-19 national emergency. Federal banking regulators issued similar guidance that also allowed lenders to conclude that short-term modifications for borrowers affected by the pandemic should not be considered TDRs if the borrower was current at the time of modification. Seacoast provided financially impacted borrowers with loan accommodations, primarily consisting of payment deferrals of up to six months. At its peak on June 30, 2020, loans on deferral represented $1.1 billion, or 21% of total non-PPP loans. In the second half of 2020, the large majority of these borrowers successfully resumed making contractual payments, and the level of loans with accommodations decreased to $74.1 million, or 1% of total non-PPP loans at December 31, 2020, and to $1.2 million, or 0.02% of total non-PPP loans as of December 31, 2021.

Troubled Debt Restructured Loans

The Company's TDR concessions granted to certain borrowers generally do not include forgiveness of principal balances, but may include interest rate reductions, an extension of the amortization period and/or converting the loan to interest only for a limited period of time. Loan modifications are not reported in calendar years after modification if the loans were modified at an interest rate equal to the yields of new loan originations with comparable risk and the loans are performing based on the terms of the restructuring agreements.

The following table presents loans that were modified in a troubled debt restructuring during the years ended:

(In thousands)	**Number of Contracts**	**Pre-Modification Outstanding Recorded Investment**	**Post-Modification Outstanding Recorded Investment**
At December 31, 2021:			
Construction and land development	—	$ —	$ —
Commercial real estate - owner-occupied	—	—	—
Commercial real estate - non owner-occupied	—	—	—
Residential real estate	5	261	261
Commercial and financial	3	457	457
Consumer	4	84	84
Totals	12	$ 802	$ 802
At December 31, 2020:			
Construction and land development	—	$ —	$ —
Commercial real estate - owner-occupied	—	—	—
Commercial real estate - non owner-occupied			
Residential real estate	2	150	150
Commercial and financial	4	437	437
Consumer	4	112	112
Totals	10	$ 699	$ 699
At December 31, 2019:			
Construction and land development	—	$ —	$ —
Commercial real estate	2	2,166	2,166
Commercial real estate - non owner-occupied	—	—	—
Residential real estate	3	1,193	1,193
Commercial and financial	3	1,326	1,326
Consumer	1	19	19
Totals	9	$ 4,704	$ 4,704

The TDRs described above resulted in a specific allowance for credit losses of $0.2 million as of December 31, 2021, and $0.2 million in specific allowance for credit losses as of December 31, 2020. During the year ended December 31, 2021 there were three defaults totaling $0.2 million on loans that had been modified in TDRs within the preceding twelve months. During the year ended December 31, 2020, there were no defaults on loans that had been modified in TDRs within the preceding twelve months. The Company considers a loan to have defaulted when it becomes 90 days or more delinquent under the modified terms, has been transferred to nonaccrual status, is charged off or has been transferred to other real estate owned. For loans measured based on the present value of expected future cash flows, $16 thousand, $0.1 million, and $0.1 million for the years ended December 31, 2021, 2020, and 2019, respectively, was included in interest income and represents the change in present value attributable to the passage of time.

Note 5 - Allowance for Credit Losses

Activity in the allowance for credit losses is summarized as follows:

	For the Year Ended December 31, 2021						
(In thousands)	Beginning Balance	Initial Allowance on PCD Loans Acquired During the Period	Provision for Loan Losses	Charge-Offs	Recoveries	TDR Allowance Adjustments	Ending Balance
Construction and land development	$ 4,920	$ —	$ (2,300)	$ —	$ 133	$ (2)	$ 2,751
Commercial real estate - owner occupied	9,868	—	(1,289)	—	—	—	8,579
Commercial real estate - non-owner occupied	38,266	1,327	(1,664)	(1,327)	15	—	36,617
Residential real estate	17,500	—	(5,822)	(57)	1,196	(6)	12,811
Commercial and financial	18,690	1,719	2,292	(3,987)	1,030	—	19,744
Consumer	3,489	—	(638)	(727)	697	(8)	2,813
Paycheck Protection Program	—	—	—	—	—	—	—
Total	$ 92,733	$ 3,046	$ (9,421)	$ (6,098)	$ 3,071	$ (16)	$ 83,315

	For the Year Ended December 31, 2020							
(In thousands)	Beginning Balance	Impact of Adoption of ASC 326	Initial Allowance on PCD Loans Acquired During the Period	Provision for Credit Losses[1]	Charge-Offs	Recoveries	TDR Allowance Adjustments	Ending Balance
Construction and land development	$ 1,842	$ 1,479	$ 87	$ 1,399	$ —	$ 114	$ (1)	$ 4,920
Commercial real estate - owner occupied	5,361	80	1,161	3,632	(310)	18	(74)	9,868
Commercial real estate - non-owner occupied	7,863	9,341	2,236	18,966	(177)	37	—	38,266
Residential real estate	7,667	5,787	124	3,840	(240)	350	(28)	17,500
Commercial and financial	9,716	3,677	2,643	8,329	(7,091)	1,416	—	18,690
Consumer	2,705	862	28	1,613	(2,024)	316	(11)	3,489
Paycheck Protection Program	—	—	—	—	—	—	—	—
Total	$ 35,154	$ 21,226	$ 6,279	$ 37,779	$ (9,842)	$ 2,251	$ (114)	$ 92,733

[1]*In addition, the Company recorded a $0.4 million provision to establish a valuation allowance on accrued interest receivable.*

	For the Year Ended December 31, 2019					
(In thousands)	Beginning Balance	Provision for Loan Losses	Charge-Offs	Recoveries	TDR Allowance Adjustments	Ending Balance
Construction and land development	$ 2,233	$ (421)	$ —	$ 31	$ (1)	$ 1,842
Commercial real estate	11,112	1,677	(248)	744	(61)	13,224
Residential real estate	7,775	(231)	(152)	338	(63)	7,667
Commercial and financial	8,585	7,969	(7,550)	712	—	9,716
Consumer	2,718	2,005	(2,609)	595	(4)	2,705
Total	$ 32,423	$ 10,999	$ (10,559)	$ 2,420	$ (129)	$ 35,154

Management establishes the allowance using relevant available information from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts to project losses over a three-year forecast period. Forecast data is sourced primarily from Moody's Analytics, a firm widely recognized for its research, analysis, and economic forecasts. For portfolio segments with a weighted average life longer than three years, the Company reverts to longer-term historical loss experience to estimate losses over the remaining life of the loans within each segment.

Historical credit losses provide the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, delinquency level, loan to value ratios, borrower credit characteristics, loan seasoning or term as well as for changes in current and forecasted environmental conditions, such as changes in unemployment rates, property values, occupancy rates, and other macroeconomic metrics.

As of December 31, 2021, the Company utilized Moody's most recent "U.S. Macroeconomic Outlook Baseline" scenario and considered the uncertainty associated with the assumptions in the Baseline scenario, including the potential for recurring COVID-19 infections, including from variants, actions contemplated by the Federal Reserve to address inflation through changes in monetary policy, and the resulting potential impact on the progress of the economic recovery. Outcomes in any or all of these factors could differ from the Baseline scenario, and the Company incorporated qualitative considerations reflecting the risk of uncertain economic conditions, and for additional dimensions of risk not captured in the quantitative model.

In the Construction and Land Development segment, the decrease in reserves during the year reflects lower loan balances and improved economic variables relating to residential real estate and consumer confidence. In this segment, the primary source of repayment is typically from proceeds of the sale, refinancing, or permanent financing of the underlying property; therefore, industry and collateral type and estimated collateral values are among the relevant factors in assessing expected losses.

In the Commercial Real Estate - Owner-Occupied segment, increases in the allowance resulting from loan growth were offset by the impact of improved economic variables primarily relating to unemployment. Risk characteristics include but are not limited to, collateral type, note structure, and loan seasoning.

In the Commercial Real Estate - Non Owner-Occupied segment, the decrease in reserves reflects improved economic forecast variables including lower unemployment, partially offset by higher loan balances. Repayment is often dependent upon rental income from the successful operation of the underlying property. Loan performance may be adversely affected by general economic conditions or conditions specific to the real estate market, including property types. Collateral type, note structure, and loan seasoning are among the risk characteristics analyzed for this segment.

The Residential Real Estate segment includes first mortgages secured by residential property, and home equity lines of credit. The decrease in reserves reflects the impact of improved economic forecast variables including lower unemployment partially offset by higher loan balances. Risk characteristics considered for this segment include, but are not limited to, borrower FICO score, lien position, loan to value ratios, and loan seasoning.

In the Commercial and Financial segment, borrowers are primarily small to medium sized professional firms and other businesses, and loans are generally supported by projected cash flows of the business, collateralized by business assets, and/or guaranteed by the business owners. The increase in reserves is attributed to higher loan balances partially offset by improved economic variables primarily relating to unemployment. Industry, collateral type, estimated collateral values and loan seasoning are among the relevant factors in assessing expected losses.

Consumer loans include installment and revolving lines, loans for automobiles, boats, and other personal or family purposes. Risk characteristics considered for this segment include, but are not limited to, collateral type, loan to value ratios, loan seasoning and FICO score. The decline in the reserve during the year reflects improved economic forecast variables and lower loan balances.

Balances outstanding under the Paycheck Protection Program are guaranteed by the U.S. government and have not been assigned a reserve.

The allowance for credit losses is comprised of specific allowances for loans individually evaluated and general allowances for loans grouped into loan pools based on similar characteristics, which are collectively evaluated. The Company's loan portfolio and related allowance at December 31, 2021 and 2020 is shown in the following tables.

	December 31, 2021					
	Individually Evaluated		Collectively Evaluated		Total	
(In thousands)	Recorded Investment	Associated Allowance	Recorded Investment	Associated Allowance	Recorded Investment	Associated Allowance
Construction and land development	$ 271	$ 92	$ 230,553	$ 2,659	$ 230,824	$ 2,751
Commercial real estate - owner occupied	5,131	419	1,192,643	8,160	1,197,774	8,579
Commercial real estate - non-owner occupied	5,905	27	1,730,534	36,590	1,736,439	36,617
Residential real estate	16,345	646	1,409,009	12,165	1,425,354	12,811
Commercial and financial	11,470	2,885	1,057,886	16,859	1,069,356	19,744
Consumer	741	685	173,434	2,128	174,175	2,813
Paycheck Protection Program	—	—	91,107	—	91,107	—
Total	$ 39,863	$ 4,754	$ 5,885,166	$ 78,561	$ 5,925,029	$ 83,315

	December 31, 2020					
	Individually Evaluated		Collectively Evaluated		Total	
(In thousands)	Recorded Investment	Associated Allowance	Recorded Investment	Associated Allowance	Recorded Investment	Associated Allowance
Construction and land development	$ 276	$ 13	$ 244,832	$ 4,907	$ 245,108	$ 4,920
Commercial real estate - owner occupied	10,243	402	1,131,067	9,466	1,141,310	9,868
Commercial real estate - non-owner occupied	8,083	1,640	1,387,771	36,626	1,395,854	38,266
Residential real estate	16,506	2,064	1,326,122	15,436	1,342,628	17,500
Commercial and financial	13,281	3,498	841,472	15,192	854,753	18,690
Consumer	807	91	187,928	3,398	188,735	3,489
Paycheck Protection Program	—	—	566,961	—	566,961	—
Total	$ 49,196	$ 7,708	$ 5,686,153	$ 85,025	$ 5,735,349	$ 92,733

Note 6 – Derivatives

Back-to-Back Swaps

The Company offers interest rate swaps when requested by customers to allow them to hedge the risk of rising interest rates on their variable rate loans. Upon entering into these swaps, the Company enters into offsetting positions with counterparties in order to minimize the interest rate risk. These back-to-back swaps qualify as freestanding financial derivatives with the fair values reported in Other Assets and Other Liabilities. The Company is party to master netting arrangements with its financial institution counterparties; however, the Company does not offset assets and liabilities under the arrangements for financial statement presentation purposes. Gains and losses on these back-to-back swaps, which offset, are recorded through noninterest income. No net gains or losses have been recognized to date on these instruments. As of December 31, 2021, the interest rate swaps had an aggregate notional value of $175.4 million, with a fair value of $8.0 million recorded in Other Assets and Other Liabilities. As of December 31, 2020, the interest rate swaps had an aggregate notional value of $182.4 million with a fair value of $13.3 million. The weighted average maturity was 6.7 years at December 31, 2021 and 7.5 years at December 31, 2020.

Interest Rate Floors Designated as Cash Flow Hedges

The Company has entered into interest rate floor contracts to mitigate exposure to the variability of future cash flows due to changes in interest rates on certain segments of its variable-rate loans. During 2020, the Company entered into two interest rate floor contracts, each with a notional amount of $150.0 million, maturing in October 2023 and November 2023. The Company considers these derivatives to be highly effective at achieving offsetting changes in cash flows attributable to changes in interest rates and has designated them as cash flow hedges. Therefore, changes in the fair value of these derivative instruments are recognized in other comprehensive income. Amortization of the premium paid on cash flow hedges is recognized in earnings over the term of the hedge in the same caption as the hedged item. As of December 31, 2021 and 2020, the interest rate floors had a fair value of $0.3 million and $1.0 million, respectively, and are recorded in Other Assets in the consolidated balance sheet. For the years ended December 31, 2021 and 2020, the Company recognized losses through other comprehensive income of $0.7 million and $0.2 million, respectively, and reclassified $0.2 million and $18 thousand, respectively, out of accumulated other comprehensive income and into interest income. Over the next 12 months the Company expects to reclassify $0.4 million from accumulated other comprehensive income into interest income related to these agreements.

(In thousands)	Notional Amount	Fair Value	Balance Sheet Category
December 31, 2021			
Back-to-back swaps	$ 175,392	$ 8,022	Other Assets and Other Liabilities
Interest rate floors	300,000	290	Other Assets
December 31, 2020			
Back-to-back swaps	$ 182,379	$ 13,339	Other Assets and Other Liabilities
Interest rate floors	300,000	1,004	Other Assets

Note 7 - Bank Premises and Equipment

Bank premises and equipment consisted of the following:

(In thousands)	**Cost**	**Accumulated Depreciation & Amortization**	**Net Carrying Value**
December 31, 2021			
Premises (including land of $23,359)	$ 95,810	$ (30,913)	$ 64,897
Furniture and equipment	34,044	(26,537)	7,507
Total	$ 129,854	$ (57,450)	$ 72,404
December 31, 2020			
Premises (including land of $22,586)	$ 95,852	$ (28,999)	$ 66,853
Furniture and equipment	38,375	(30,111)	8,264
Total	$ 134,227	$ (59,110)	$ 75,117

Note 8 - Goodwill and Acquired Intangible Assets

The following table presents changes in the carrying amount of goodwill:

	For the Year Ended December 31,		
(In thousands)	**2021**	**2020**	**2019**
Beginning of year	$ 221,176	$ 205,286	$ 204,753
Changes from business combinations	30,978	15,890	533
Total	$ 252,154	$ 221,176	$ 205,286

The Company performs an analysis for goodwill impairment on an annual basis in the fourth quarter. Based on the analysis performed, the Company has concluded goodwill was not impaired during the periods presented.

Acquired intangible assets consist of core deposit intangibles ("CDI"), which are intangible assets arising from the purchase of deposits separately or from bank acquisitions. The change in balance for CDI is as follows:

	For the Year Ended December 31,		
(In thousands)	2021	2020	2019
Beginning of year	$ 14,577	$ 18,305	$ 24,807
Acquired CDI, including measurement period adjustments	3,454	2,129	(676)
Amortization expense	(5,033)	(5,857)	(5,826)
End of year	$ 12,998	$ 14,577	$ 18,305
(In months)			
Remaining average amortization period for CDI	39	44	47

The gross carrying amount and accumulated amortization of the Company's CDI subject to amortization as of:

	December 31, 2021		December 31, 2020	
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Core deposit intangible	$ 41,596	$ (28,598)	$ 38,144	$ (23,567)

The annual amortization expense for the Company's CDI determined using the straight line method for each of the five years subsequent to December 31, 2021 is $4.8 million, $4.1 million, $1.5 million, $1.1 million and $0.9 million, respectively.

The carrying value of servicing rights retained from the sale of the guaranteed portion of Small Business Administration ("SBA") loans totaled $1.8 million and $2.2 million at December 31, 2021 and December 31, 2020, respectively.

Note 9 - Borrowings

A significant portion of the Company's short-term borrowings were comprised of securities sold under agreements to repurchase with overnight maturities:

	For the Year Ended December 31,		
(In thousands)	2021	2020	2019
Maximum amount outstanding at any month end	$ 124,101	$ 119,609	$ 193,388
Weighted average interest rate at end of year	0.12 %	0.16 %	1.17 %
Average amount outstanding	$ 113,881	$ 84,514	$ 106,142
Weighted average interest rate during the year	0.12 %	0.33 %	1.35 %

Securities sold under agreements to repurchase are accounted for as secured borrowings. For securities sold under agreements to repurchase, the Company would be obligated to provide additional collateral in the event of a significant decline in fair value of collateral pledged. Company securities pledged were as follows by collateral type and maturity as of:

	December 31,		
(In thousands)	2021	2020	2019
Fair value of pledged securities - overnight and continuous:			
Mortgage-backed securities and collateralized mortgage obligations of U.S. government-sponsored entities	$ 134,577	$ 137,268	$ 94,354

The Company has available secured lines of credit of $1.6 billion, none of which was outstanding at December 31, 2021.

The following table summarizes the Company's junior subordinated debentures and related trust preferred and common equity securities as of December 31, 2021:

(In thousands)

Description	Issuance Date	Acquisition Date[1]	Maturity Date	Junior Subordinated Debt	Trust Preferred Securities	Common Equity Securities	Contractual Interest Rate	Interest Rate at December 31, 2021
SBCF Capital Trust I	3/31/2005	n/a	3/31/2035	$ 20,619	$ 20,000	$ 619	3 month LIBOR +175bps	1.97%
SBCF Statutory Trust II	12/16/2005	n/a	12/16/2035	20,619	20,000	619	3 month LIBOR +133bps	1.53%
SBCF Statutory Trust III	6/29/2007	n/a	6/15/2037	12,372	12,000	372	3 month LIBOR +135bps	1.55%
BANKshares, Inc. Statutory Trust I	12/19/2002	10/1/2014	12/26/2032	5,155	5,000	155	3 month LIBOR +325bps	3.47%
BANKshares, Inc. Statutory Trust II	3/17/2004	10/1/2014	3/17/2034	4,124	4,000	124	3 month LIBOR +279bps	3.01%
BANKshares, Inc. Capital Trust I	12/15/2005	10/1/2014	12/15/2035	5,155	5,000	155	3 month LIBOR +139bps	1.55%
Grand Bank Capital Trust I	10/29/2004	7/17/2015	10/29/2034	7,217	7,000	217	3 month LIBOR +198bps	2.11%
				$ 75,261	$ 73,000	$ 2,261		

[1]Acquired junior subordinated debentures were recorded at their acquisition date fair values, which collectively was $5.6 million lower than face value; this amount is being amortized into interest expense over the remaining term to maturity.

Interest on the trust preferred securities is calculated on the basis of 3-month LIBOR plus spread and is re-set quarterly. The trust preferred securities may be redeemed without penalty, upon approval of the Federal Reserve or upon occurrence of certain events affecting their tax or regulatory capital treatment. The proceeds of the offering of trust preferred securities and common equity securities were used by SBCF Capital Trust I and SBCF Statutory Trust II to purchase the $41.2 million junior subordinated deferrable interest notes issued by the Company, and by SBCF Statutory Trust III to purchase the $12.4 million junior subordinated deferrable interest notes issued by the Company, all of which have terms substantially similar to the trust preferred securities.

The Company has the right to defer payments of interest on the notes at any time or from time to time at the Company's election. Interest can be deferred for a period not longer than five years. If the Company elects to defer interest, it may not, with certain exceptions, declare or pay any dividends or distributions on its capital stock or purchase or acquire any of its capital stock. As of December 31, 2021, 2020 and 2019, all interest payments on trust preferred securities were current.

Distributions on the trust preferred securities are payable quarterly. The Company has entered into agreements to guarantee the payments of distributions on the trust preferred securities and payments of redemption of the trust preferred securities. Under these agreements, the Company also agrees, on a subordinated basis, to pay expenses and liabilities of the Trusts other than those arising under the trust preferred securities. The obligations of the Company under the junior subordinated notes, the trust agreement establishing the Trusts, the guarantees and agreements as to expenses and liabilities, in aggregate, constitute a full and conditional guarantee by the Company of the Trusts' obligations under the trust preferred securities.

Note 10 - Employee Benefits and Stock Compensation

The Company's defined contribution plan covers substantially all employees after one year of service and includes a matching benefit for employees who can elect to defer a portion of their compensation. In addition, amounts of compensation contributed by employees are matched on a percentage basis under the plan. The Company's contributions to this plan charged to operations were $3.1 million in 2021, $2.8 million in 2020, and $2.4 million in 2019.

The Company, through its Compensation and Governance Committee of the board of directors (the "Compensation Committee"), offers equity compensation to employees and non-employee directors of Seacoast and Seacoast Bank in the form of various share-based awards, including stock options, restricted stock awards ("RSAs"), or restricted stock units ("RSUs"). The awards may vest over time, have certain performance based criteria, or both.

Stock options are granted with an exercise price at least equal to the market price of the Company's stock at the date of grant. The fair value of options granted is estimated on the date of grant using the Black-Scholes option-pricing model. Compensation cost is amortized on a straight-line basis over the vesting period. Vesting is determined by the Compensation Committee at the time of grant, generally over five years. The options have a maximum term of ten years.

The fair value of RSAs and RSUs are estimated based on the price of the Company's common stock on the date of grant. Compensation cost is measured straight-line for RSAs and ratably for RSUs over the vesting period of the awards and reversed for awards that are forfeited due to unfulfilled service or performance criteria. To the extent the Company has treasury shares available, stock options exercised or stock grants awarded may be issued from treasury shares. If treasury shares are insufficient, the Company can issue new shares.

Vesting of share-based awards is immediately accelerated on death or disability of the recipient. The Compensation Committee may, at its discretion, accelerate vesting upon retirement or upon the event of a change-in-control.

Awards are currently granted under the Seacoast 2021 Incentive Plan ("2021 Plan"), which shareholders approved on May 26, 2021 with 1,750,000 authorized shares for issuance, plus shares of underlying awards outstanding under the 2013 Incentive Plan (the "Prior Plan") that thereafter terminate or expire unexercised or are cancelled, forfeited or lapse for any reason under the Prior Plan. The 2021 Plan was modified in August 2021 to authorize 356,497 shares for issuance related to options granted in the acquisition of Legacy Bank of Florida ("Legacy Bank"). The 2021 Plan expires on May 26, 2031. The 2021 Plan replaced the Prior Plan. Upon adoption of the 2021 Plan, no further awards were granted under the Prior Plan, which remains in effect only so long as awards granted thereunder remain outstanding.

In 2021, as part of the Legacy Bank acquisition, 356,497 options were granted to replace outstanding Legacy Bank options. These options had a weighted average exercise price of $16.70 and were fully vested upon acquisition. In accordance with ASC Topic 805, *Business Combinations*, the value of the replacement awards associated with pre-combination service, $4.7 million, was considered purchase consideration, and the value of the replacement awards associated with post-combination service, $0.9 million, was recognized as compensation expense in 2021.

The impact of share-based compensation on the Company's financial results is presented below:

	For the Year Ended December 31,		
(In thousands)	**2021**	**2020**	**2019**
Share-based compensation expense[1]	$ 8,685	$ 7,304	$ 7,244
Income tax benefit	(2,067)	(1,737)	(1,723)

[1]*Excludes $0.9 million in 2021 associated with replacement options granted in the acquisition of Legacy Bank.*

The total unrecognized compensation cost and the weighted-average period over which unrecognized compensation cost is expected to be recognized related to non-vested share-based compensation arrangements at December 31, 2021 is presented below:

(In thousands)	**Unrecognized Compensation Cost**	**Weighted-Average Period Remaining (Years)**
Restricted stock awards	$ 7,645	1.71
Restricted stock units	3,282	2.07
Stock options	—	—
Total	$ 10,927	1.82

Restricted Stock Awards

RSAs are granted to various employees and vest over time, generally three years. Compensation cost of RSAs is based on the market value of the Company's common stock at the date of grant and is recognized over the required service period on a straight-line basis. The Company's accounting policy is to recognize forfeitures as they occur.

A summary of the status of the Company's non-vested RSAs as of December 31, 2021, and changes during the year then ended, is presented below:

	Restricted Award Shares		Weighted-Average Grant-Date Fair Value
Non-vested at January 1, 2021	425,154	$	20.03
Granted	218,695		35.08
Forfeited/Canceled	(39,729)		21.72
Vested	(205,416)		23.03
Non-vested at December 31, 2021	398,704	$	26.68

Information regarding restricted stock awards during each of the following years is presented below:

	For the Year Ended December 31,					
		2021		2020		2019
Shares granted		218,695		379,869		157,861
Weighted-average grant date fair value	$	35.08	$	18.36	$	26.86
Fair value of awards vested[1]	$	4,731	$	3,745	$	4,128

[1]*Based on grant date fair value, in thousands*

Restricted Stock Units

RSUs allow the grantee to earn 0%-225% of the target award based on the Company's achievement of performance goals relating to average annual earnings per share growth and average annual return on average tangible equity relative to a group of peer companies, each measured over a three year period beginning with the year of grant.

A summary of the status of the Company’s non-vested RSUs as of December 31, 2021, and changes during the year then ended, is presented below:

	Restricted Award Shares		Weighted-Average Grant-Date Fair Value
Non-vested at January 1, 2021	309,597	$	23.54
Granted	103,073		35.24
Forfeited/Canceled	(52,827)		25.83
Vested	(74,622)		25.95
Non-vested at December 31, 2021	285,221	$	26.71

Information regarding restricted stock units during each of the following years is presented below:

	For the Year Ended December 31,					
		2021		2020		2019
Shares granted		103,073		171,287		75,002
Weighted-average grant date fair value	$	35.24	$	17.29	$	30.02
Fair value of awards vested[1]	$	1,936	$	2,962	$	2,864

[1]*Based on grant date fair value, in thousands*

Stock Options

The fair value of options granted is estimated on the date of grant using the Black-Scholes options-pricing model. In 2021, as part of the acquisition of Legacy Bank, the Company granted to each holder of Legacy Bank options, an option to purchase shares of Seacoast common stock on the same terms and conditions as the Legacy Bank option, with the number of shares and exercise price reflective of the conversion ratio specified in the merger agreement. The Company issued no stock options in 2020.

	For the Year Ended December 31,		
	2021	2020	2019
Risk-free interest rates	0.12 %	n/a	2.53 %
Expected dividend yield	1.65 %	n/a	— %
Expected volatility	36.87 %	n/a	34.50 %
Expected lives (years)	1.0	n/a	5.0

A summary of the Company's stock options as of December 31, 2021, and changes during the year then ended, is presented below:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (000s)
Outstanding at January 1, 2021	839,884	$ 22.94		
Granted	356,497	16.70		
Exercised	(384,035)	19.10		
Forfeited	(2,166)	18.65		
Outstanding at December 31, 2021	810,180	$ 22.02	4.45	$ 10,829
Exercisable at December 31, 2021	810,180	$ 22.02	4.45	$ 10,829

The following table presents information related to stock options during each of the following years:

	For the Year Ended December 31,		
	2021	2020	2019
Options granted	356,497	n/a	3,438
Weighted-average grant date fair value	$ 16.70	n/a	$ 28.42
Intrinsic value of stock options exercised, in thousands	5,808	830	277

The following table presents information related to stock options as of December 31, 2021:

Range of Exercise Prices	Options Outstanding	Remaining Contractual Life (Years)	Options Exercisable	Weighted Average Exercise Price
$5.88 to $14.82	300,299	2.2	300,299	$ 12.12
$15.80 to $28.69	331,814	5.5	331,814	26.09
$31.15 to $31.15	178,067	6.3	178,067	31.15
Total	810,180	4.5	810,180	$ 22.02

Employee Stock Purchase Plan

The Employee Stock Purchase Plan ("ESPP"), as amended, was approved by shareholders on April 25, 1989, and additional shares were authorized for issuance by shareholders in 2009, 2013, and 2021. Under the ESPP, the Company is authorized to issue up to 800,000 common shares of the Company's common stock to eligible employees of the Company. These shares may be purchased by employees at a price equal to 95% of the fair market value of the shares on the purchase date. Employee contributions to the ESPP are made through payroll deductions.

	2021	2020	2019
ESPP shares purchased	14,834	19,713	16,320
Weighted-average employee purchase price	$ 32.43	$ 20.68	$ 25.39

Note 11 - Lease Commitments

The Company is the lessee in various noncancellable operating leases for land, buildings, and equipment. Certain leases contain provisions for variable lease payments that are linked to the consumer price index. Lease cost consists of:

	For the Year Ended December 31,		
(In thousands)	**2021**	**2020**	**2019**
Operating lease cost	$ 5,872	$ 5,738	$ 5,570
Variable lease cost	996	1,325	1,211
Short-term lease cost	564	497	715
Sublease income	(601)	(684)	(618)
Total lease cost	$ 6,831	$ 6,876	$ 6,878

The following table provides supplemental information related to leases:

	As of and For the Year Ended December 31,	
(In thousands, except for weighted average data)	**2021**	**2020**
Operating lease right-of-use assets	$ 35,256	$ 25,538
Operating lease liabilities	38,330	28,959
Cash paid during the year for amounts included in the measurement of operating lease liabilities	11,117	6,035
Right-of-use assets recorded during the year in exchange for new or renewed operating lease obligations	12,459	2,095
Right-of-use assets obtained during the year through bank acquisition	2,606	2,343
Weighted average remaining lease term for operating leases	8.3 years	8.5 years
Weighted average discount rate for operating leases	4.25 %	4.62 %

The Company's lease agreements often include one or more options to renew at the Company's discretion. If, at lease inception, the Company considers the exercising of a renewal option to be reasonably certain, the Company includes the extended term in the calculation of the lease liability. Maturities of lease liabilities as of December 31, 2021 are as follows:

	(In thousands)
2022	$ 6,597
2023	6,166
2024	6,032
2025	5,561
2026	4,869
Thereafter	15,505
Total undiscounted cash flows	44,730
Less: Net present value adjustment	(6,400)
Total	$ 38,330

Note 12 - Income Taxes

The provision for income taxes is as follows:

	For the Year Ended December 31,		
(In thousands)	**2021**	**2020**	**2019**
Current			
Federal	$ 23,661	$ 21,688	$ 20,954
State	3,882	4,471	1,932
Deferred			
Federal	6,800	(2,697)	2,808
State	(8)	(644)	4,179
	$ 34,335	$ 22,818	$ 29,873

The difference between the total expected tax expense (computed by applying the U.S. Federal tax rate of 21% to pretax income) and the reported income tax provision relating to income before income taxes is as follows:

	For the Year Ended December 31,		
(In thousands)	**2021**	**2020**	**2019**
Tax rate applied to income before income taxes	$ 33,335	$ 21,122	$ 27,008
Increase (decrease) resulting from the effects of:			
Tax law change	—	(375)	—
Nondeductible acquisition costs	419	199	125
Tax exempt interest on loans, obligations of states and political subdivisions and bank owned life insurance	(1,276)	(1,110)	(1,282)
State income taxes	(813)	(804)	(1,283)
Tax credit investments	(213)	(72)	(72)
Stock compensation	(1,239)	(111)	(698)
Executive compensation disallowance	253	—	—
Other	(5)	142	(36)
Federal tax provision	30,461	18,991	23,762
State tax provision	3,874	3,827	6,111
Total income tax provision	$ 34,335	$ 22,818	$ 29,873

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following is a summary of the significant components of the Company's deferred tax assets and liabilities as of:

	December 31,	
(In thousands)	**2021**	**2020**
Allowance for credit losses	$ 22,686	$ 24,158
Other real estate owned	52	422
Accrued stock compensation	2,323	1,973
Federal tax loss carryforward	2,138	2,857
State tax loss carryforward	1,226	1,333
Lease liabilities	9,399	7,101
Net unrealized securities losses	2,287	—
Deferred compensation	3,276	2,565
Accrued interest and fee income	—	995
Other	477	38
Gross deferred tax assets	43,864	41,442
Less: Valuation allowance	—	—
Deferred tax assets net of valuation allowance	43,864	41,442
Core deposit base intangible	(3,134)	(3,234)
Accrued interest and fee income	(1,660)	—
Net unrealized securities gains	—	(5,890)
Premises and equipment	(776)	(534)
Right of use assets	(8,645)	(6,262)
Other	(2,328)	(1,893)
Gross deferred tax liabilities	(16,543)	(17,813)
Net deferred tax assets	$ 27,321	$ 23,629

Included in the table above is the effect of temporary differences associated with the Company's investments in debt securities accounted for under ASC Topic 320, for which no deferred tax expense or benefit was recognized. These items are recorded as Accumulated Other Comprehensive Income in the shareholders' equity section of the consolidated balance sheet. In 2021, unrealized losses of $9.3 million resulted in a deferred tax asset of $2.3 million. In 2020, unrealized gains of $26.3 million resulted in a deferred tax liability of $5.9 million.

At December 31, 2021, the Company's net deferred tax assets ("DTAs") of $27.3 million consisted of $20.8 million of net U.S. federal DTAs and $6.5 million of net state DTAs. At December 31, 2020, the Company's net DTAs of $23.6 million consisted of $18.0 million of U.S. federal DTAs and $5.6 million of net state DTAs.

Management assesses the necessity of a valuation allowance recorded against DTAs at each reporting period. The determination of whether a valuation allowance for net DTAs is appropriate is subject to considerable judgment and requires an evaluation of all positive and negative evidence. Based on an assessment of all of the evidence, including favorable trending in asset quality and certainty regarding the amount of future taxable income that the Company forecasts, management concluded that it was more likely than not that its net DTAs will be realized based upon future taxable income. Management's confidence in the realization of projected future taxable income is based upon analysis of the Company's risk profile and its trending financial performance, including credit quality. The Company believes it can reasonably predict future results of operations that result in taxable income at sufficient levels over the future period of time that the Company has available to realize its net DTA.

A valuation allowance could be required in future periods based on the assessment of positive and negative evidence. Management's conclusion at December 31, 2021 that it is more likely than not that the net DTAs of $27.3 million will be realized is based upon estimates of future taxable income that are supported by internal projections which consider historical performance, various internal estimates and assumptions, as well as certain external data, all of which management believes to be reasonable although inherently subject to judgment. If actual results differ significantly from the current estimates of future taxable income, even if caused by adverse macro-economic conditions, a valuation allowance may need to be recorded for some or all of the Company's DTAs. The establishment of a DTA valuation allowance could have a material adverse effect on the Company's financial condition and results of operations.

Management expects to realize the $27.3 million in net DTAs well in advance of the statutory carryforward period. At December 31, 2021, approximately $2.1 million of DTAs related to federal net operating losses which will expire in annual installments beginning in 2029 through 2032. Additionally, $1.2 million of the DTAs related to state net operating losses which will expire in annual installments beginning in 2029 through 2034. Remaining DTAs are not related to net operating losses or credits and therefore, have no expiration date.

The Company recognizes interest and penalties, as appropriate, as part of the provisioning for income taxes. No interest or penalties were accrued at December 31, 2021.

In accordance with ASC Topic 718, *Compensation – Stock Compensation,* the Company recognized $0.9 million, $0.1 million and $0.8 million in 2021, 2020, and 2019, respectively, of discrete tax benefits related to share-based compensation.

In accordance with ASC Topic 323, *Investments-Equity Method and Joint Ventures,* amortization of the Company's low-income housing credit investments of $1.6 million, $0.9 million and $0.9 million was reflected as income tax expense for the years ended December 31, 2021, 2020, and 2019, respectively. The amounts of affordable housing tax credits, amortization and tax benefits recorded as income tax expense for the year ended December 31, 2021 were $1.2 million, $1.6 million, and $0.7 million, respectively. The amounts of affordable housing tax credits, amortization and tax benefits recorded as income tax expense for the year ended December 31, 2020 were $0.8 million, $0.9 million and $0.2 million, respectively, and for the year ended December 31, 2019 were $0.8 million, $0.9 million and $0.2 million, respectively. The carrying value of the affordable housing credit investments was $30.1 million and $16.4 million at December 31, 2021 and 2020, respectively, of which $23.2 million and $9.9 million, respectively, was unfunded.

The Company has no unrecognized income tax benefits or provisions due to uncertain income tax positions. No federal or state income tax return examinations are currently in process. The Company does not expect to record or realize any material unrecognized tax benefits during 2022. The following are the major tax jurisdictions in which the Company operates and the earliest tax year, exclusive of the impact of the net operating loss carryforwards, subject to examination:

Jurisdiction	**Tax Year**
United States of America	2018
Florida	2018

In September 2019, the State of Florida announced a reduction in the corporate income tax rate from 5.5% to 4.458% for the years 2019, 2020 and 2021. This change resulted in additional income tax expense of $1.1 million upon the write down in 2019 of deferred tax assets affected by the change. During 2021, the State of Florida announced a temporary further reduction in the corporate income tax rate from 4.458% to 3.535%, retroactive to the beginning of 2021. The tax rate increased to 5.5% effective January 1, 2022, resulting in a tax benefit of $0.8 million which was recognized in 2021 upon the adjustment of the value of deferred tax assets affected by the change.

As a result of the adoption of ASC 326 - Credit Losses on January 1, 2020, the tax impact relating to the incremental allowance for expected credit losses on loans held at amortized cost was reflected as a credit to retained earnings to reflect the tax impact of increased credit reserves. Accordingly, $5.5 million of such impact was reflected as an income tax credit and deferred tax asset on the Company's Consolidated Statements of Financial Condition.

On March 27, 2020, the CARES Act was enacted, and Section 2303(b) of this act provided the Company with an opportunity to carry back net operating losses arising from 2018, 2019 and 2020 to the prior five tax years. Such NOLs were previously valued at the current federal corporate income tax rate of 21%. However, the provisions of the CARES Act provide for NOL carryback claims to be calculated based on a rate of 35%, which was the federal corporate tax rate in effect for many of the carryback years. Consequently, for the year ended December 31, 2020, the Company filed amended tax returns and recorded the resulting benefit reflecting taxes recoverable at the 35% tax rate. This resulted in the recognition in 2020 of an additional $0.4 million income tax benefit on the Company's Consolidated Statements of Income.

Note 13 - Shareholders' Equity

Required Regulatory Capital

The Company is subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet the minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by the regulators, which could have a direct material impact on the financial statements. These requirements involve quantitative measures of assets, liabilities and certain off-balance sheet items calculated pursuant to regulatory guidance. The Company's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios of total, Tier 1 capital and common equity Tier 1 capital to risk-weighted assets and of Tier 1 capital to average assets, all as defined in the regulations.

At December 31, 2021 and 2020, the Company and Seacoast Bank, its wholly-owned banking subsidiary, were both considered "well capitalized" based on the applicable U.S. regulatory capital ratio requirements as reflected in the table below:

			Minimum to meet "Well Capitalized" Requirements			Minimum for Capital Adequacy Purpose[1]		
(Dollars in thousands)	Amount	Ratio	Amount		Ratio	Amount		Ratio
Seacoast Banking Corporation of Florida								
(Consolidated)								
At December 31, 2021:								
Total Risk-Based Capital Ratio (to risk-weighted assets)	$ 1,200,885	18.21 %	n/a		n/a	$ 527,630	≥	8.00 %
Tier 1 Capital Ratio (to risk-weighted assets)	1,147,306	17.40	n/a		n/a	395,723	≥	6.00
Common Equity Tier 1 Capital Ratio (to risk-weighted assets)	1,075,656	16.31	n/a		n/a	296,792	≥	4.50
Leverage Ratio (to adjusted average assets)	1,147,306	11.68	n/a		n/a	392,763	≥	4.00
At December 31, 2020:								
Total Risk-Based Capital Ratio (to risk-weighted assets)	$ 1,029,455	18.51 %	n/a		n/a	$ 444,839	≥	8.00 %
Tier 1 Capital Ratio (to risk-weighted assets)	970,594	17.46	n/a		n/a	333,629	≥	6.00
Common Equity Tier 1 Capital Ratio (to risk-weighted assets)	899,225	16.17	n/a		n/a	250,222	≥	4.50
Leverage Ratio (to adjusted average assets)	970,594	11.92	n/a		n/a	325,690	≥	4.00
Seacoast National Bank								
(A Wholly Owned Bank Subsidiary)								
At December 31, 2021:								
Total Risk-Based Capital Ratio (to risk-weighted assets)	$ 1,099,439	16.68 %	$ 658,819	≥	10.00 %	$ 527,055	≥	8.00 %
Tier 1 Capital Ratio (to risk-weighted assets)	1,045,860	15.86	527,055	≥	8.00	395,291	≥	6.00
Common Equity Tier 1 Capital Ratio (to risk-weighted assets)	1,045,856	15.86	428,232	≥	6.50	296,468	≥	4.50
Leverage Ratio (to adjusted average assets)	1,045,860	10.65	490,798	≥	5.00	392,638	≥	4.00
At December 31, 2020:								
Total Risk-Based Capital Ratio (to risk-weighted assets)	$ 956,592	17.21 %	$ 555,772	≥	10.00 %	$ 444,617	≥	8.00 %
Tier 1 Capital Ratio (to risk-weighted assets)	897,731	16.15	444,617	≥	8.00	333,463	≥	6.00
Common Equity Tier 1 Capital Ratio (to risk-weighted assets)	897,727	16.15	361,252	≥	6.50	250,097	≥	4.50
Leverage Ratio (to adjusted average assets)	897,731	11.03	406,904	≥	5.00	325,523	≥	4.00

[1]*Excludes the Basel III capital conservation buffer of 2.5%, which if not exceeded may constrain dividends, equity repurchases and compensation.*

n/a - not applicable

Common Stock

The Company has reserved 800,000 common shares for issuance in connection with an employee stock purchase plan and 1,750,000 common shares for issuance in connection with an employee stock-based incentive plan.

Holders of common stock are entitled to one vote per share on all matters presented to shareholders as provided in the Company's Articles of Incorporation.

The Company's Board of Directors has authorized the Company to repurchase up to $100 million of its shares of outstanding common stock. The amount and timing of repurchases, if any, will be based on a variety of factors, including share acquisition price, regulatory limitations, market conditions and other factors. The Company has made no repurchases under the program.

Note 14 - Seacoast Banking Corporation of Florida (Parent Company Only) Financial Information

Balance Sheets

	December 31,	
(In thousands)	**2021**	**2020**
Assets		
Cash	$ 57	$ 70
Securities purchased under agreement to resell with subsidiary bank, maturing within 30 days	98,398	70,074
Investment in subsidiaries	1,286,478	1,134,536
Other assets	1,140	659
	$ 1,386,073	$ 1,205,339
Liabilities and Shareholders' Equity		
Subordinated debt	$ 71,646	$ 71,365
Other liabilities	3,795	3,676
Shareholders' equity	1,310,632	1,130,298
	$ 1,386,073	$ 1,205,339

Statements of Income

	Year Ended December 31,		
(In thousands)	**2021**	**2020**	**2019**
Income			
Interest/other	$ 167	$ 270	$ 679
Dividends from subsidiary Bank	47,684	20,230	18,084
Total income	47,851	20,500	18,763
Interest expense	1,683	2,236	3,368
Other expenses	765	838	651
Total expenses	2,448	3,074	4,019
Income before income taxes and equity in undistributed income of subsidiaries	45,403	17,426	14,744
Income tax benefit	(481)	(589)	(702)
Income before equity in undistributed income of subsidiaries	45,884	18,015	15,446
Equity in undistributed income of subsidiaries	78,519	59,749	83,293
Net income	$ 124,403	$ 77,764	$ 98,739

Statements of Cash Flows

(In thousands)	Year Ended December 31, 2021	2020	2019
Cash flows from operating activities			
Adjustments to reconcile net income to net cash provided by operating activities:			
Net Income	$ 124,403	$ 77,764	$ 98,739
Equity in undistributed income of subsidiaries	(78,519)	(59,749)	(83,293)
Net (increase) decrease in other assets	(489)	1,772	(738)
Net increase (decrease) in other liabilities	400	256	265
Net cash provided by operating activities	45,795	20,043	14,973
Cash flows from investing activities			
Net cash paid for bank acquisition	—	(1,462)	—
Net (advances)/repayments with subsidiary	(28,324)	(17,095)	(12,861)
Net cash used in investment activities	(28,324)	(18,557)	(12,861)
Cash flows from financing activities			
Dividends paid	(22,506)	—	—
Stock based employment benefit plans	5,022	(1,486)	(2,239)
Net cash used in financing activities	(17,484)	(1,486)	(2,239)
Net change in cash	(13)	—	(127)
Cash at beginning of year	70	70	197
Cash at end of year	$ 57	$ 70	$ 70
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	$ 1,441	$ 1,992	$ 3,186

Note 15 - Contingent Liabilities and Commitments with Off-Balance Sheet Risk

The Company and its subsidiaries, because of the nature of their business, are at all times subject to numerous legal actions, threatened or filed. Management presently believes that none of the legal proceedings to which it is a party are likely to have a materially adverse effect on the Company’s consolidated financial condition, or operating results or cash flows.

The Company's subsidiary bank is party to financial instruments with off balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit, and limited partner equity commitments.

The subsidiary bank’s exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contract or notional amount of those instruments. The subsidiary bank uses the same credit policies in making commitments and standby letters of credit as they do for on balance sheet instruments.

Unfunded commitments for the Company as of:

(In thousands)	December 31, 2021	2020
Contract or Notional Amount		
Financial instruments whose contract amounts represent credit risk:		
Commitments to extend credit	$ 1,980,338	$ 1,548,482
Standby letters of credit and financial guarantees written:		
Secured	12,091	11,167
Unsecured	1,189	1,197
Unfunded limited partner equity commitment	36,393	21,390

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments include home equity lines, commercial and consumer lines of credit and construction loans. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The subsidiary bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, equipment, and commercial and residential real estate.

Standby letters of credit are conditional commitments issued by the subsidiary bank to guarantee the performance of a customer to a third party. These instruments have fixed termination dates and most end without being drawn; therefore, they do not represent a significant liquidity risk. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The subsidiary bank holds collateral supporting these commitments for which collateral is deemed necessary. Collateral held for secured standby letters of credit at December 31, 2021 and 2020 totaled $13.3 million and $12.4 million, respectively.

Unfunded limited partner equity commitments at December 31, 2021 totaled $36.4 million that the Company has committed to small business investment companies under the SBIC Act to be used to provide capital to small businesses and entities that provide low income housing tax credits.

Note 16 - Fair Value

Under ASC Topic 820, fair value measurements for items measured at fair value on a recurring and nonrecurring basis at December 31, 2021 and December 31, 2020 included:

(In thousands)	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Unobservable Inputs Level 3
At December 31, 2021				
Financial Assets				
Available-for-sale debt securities[1]	$ 1,644,319	$ 197	$ 1,644,122	$ —
Derivative financial instruments[2]	8,312	—	8,312	—
Loans held for sale[2]	31,791	—	31,791	—
Loans[3]	8,443	—	1,558	6,885
Other real estate owned[4]	13,618	—	—	13,618
Equity securities[5]	9,316	9,316	—	—
Financial Liabilities				
Derivative financial instruments[2]	$ 8,022	$ —	$ 8,022	$ —
At December 31, 2020				
Financial Assets				
Available-for-sale debt securities[1]	$ 1,398,157	$ 101	$ 1,398,056	$ —
Derivative financial instruments[2]	14,343	—	14,343	—
Loans held for sale[2]	68,890	—	68,890	—
Loans[3]	8,806	—	1,900	6,906
Other real estate owned[4]	12,750	—	72	12,678
Equity securities[5]	6,530	6,530	—	—
Financial Liabilities				
Derivative financial instruments[2]	13,339	—	13,339	—

[1]*See "Note 3 - Securities" for further detail of fair value of individual investment categories.*

[2]*Recurring fair value basis determined using observable market data.*

[3]*See "Note 4 - Loans". Nonrecurring fair value adjustments to collateral-dependent loans reflect full or partial write-downs that are based on current appraised values of the collateral in accordance with ASC Topic 310.*

[4]*Fair value is measured on a nonrecurring basis in accordance with ASC Topic 360.*

[5]*An investment in shares of a mutual fund that invests primarily in CRA-qualified debt securities, reported at fair value in Other Assets. Recurring fair value basis is determined using market quotations.*

Available-for-sale debt securities: Level 1 securities consist of U.S. Treasury securities. Other securities are reported at fair value utilizing Level 2 inputs. The estimated fair value of a security is determined based on market quotations when available or, if not available, by using quoted market prices for similar securities, pricing models or discounted cash flow analyses, using observable market data where available.

The Company reviews the prices supplied by independent pricing services, as well as their underlying pricing methodologies, for reasonableness and to ensure such prices are aligned with traditional pricing matrices. The fair value of collateralized loan obligations is determined from broker quotes. From time to time, the Company will validate, on a sample basis, prices supplied by the independent pricing service by comparison to prices obtained from other brokers and third-party sources or derived using internal models.

Derivative financial instruments: The Company offers interest rate swaps to certain loan customers to allow them to hedge the risk of rising interest rates on their variable rate loans. The Company originates a variable rate loan and enters into a variable-to-fixed interest rate swap with the customer. The Company also enters into an offsetting swap with a correspondent bank. These back-to-back agreements are intended to offset each other and allow the Company to originate a variable rate loan, while providing a contract for fixed interest payments for the customer. The fair value of these derivatives is based on a discounted cash flow approach. Due to the observable nature of the inputs used in deriving the fair value of these derivative contracts, the valuation of interest rate swaps is classified as Level 2. Other derivatives consist of interest rate floors designated as cash flow hedges. The fair values of these instruments are based upon the estimated amount the Company would receive or pay to terminate the instruments, taking into account current interest rates and, when appropriate, the current credit worthiness of the counterparties. Interest rate floors designated as cash flow hedges are classified within Level 2.

Loans held for sale: Fair values are based upon estimated values to be received from independent third party purchasers. These loans are intended for sale and the Company believes the fair value is the best indicator of the resolution of these loans. Fair market value changes occur due to changes in interest rates, the borrower's credit, the secondary loan market and the market for a borrower's debt. Interest income is recorded based on contractual terms of the loan in accordance with Company policy on loans held for investment. None of the loans are 90 days or more past due or on nonaccrual as of December 31, 2021 and 2020.

The aggregate fair value and contractual balance of loans held for sale as of December 31, 2021 and 2020 is as follows:

	December 31,	
(In thousands)	**2021**	**2020**
Aggregate fair value	$ 31,791	$ 68,890
Contractual balance	30,963	66,415
Excess	828	2,475

Loans: Loans carried at fair value consist of collateral-dependent real estate loans. Fair value is based on recent real estate appraisals less estimated costs of sale. For these loans evaluations may use either a single valuation approach or a combination of approaches, such as comparative sales, cost and/or income approach. A significant unobservable input in the income approach is the estimated capitalization rate for a given piece of collateral. At December 31, 2021, capitalization rates utilized to determine fair value of the underlying collateral averaged approximately 7.1%. Adjustments to comparable sales may be made by an appraiser to reflect local market conditions or other economic factors and may result in changes in the fair value of an asset over time. As such, the fair value of these loans is considered level 3 in the fair value hierarchy. Collateral-dependent loans measured at fair value totaled $13.1 million with a specific reserve of $4.7 million at December 31, 2021, compared to $16.5 million with a specific reserve of $7.7 million at December 31, 2020.

Other real estate owned: When appraisals are used to determine fair value and the appraisals are based on a market approach, the fair value of other real estate owned ("OREO") is classified as level 2. When the fair value of OREO is based on appraisals which require significant adjustments to market-based valuation inputs or apply an income approach based on unobservable cash flows, the fair value of OREO is classified as Level 3.

Transfers between levels of the fair value hierarchy are recognized on the actual date of the event or circumstances that caused the transfer, which generally coincides with the Company's monthly and/or quarter valuation process. There were no such transfers during the twelve months ended December 31, 2021 and 2020.

The carrying amount and fair value of the Company's other significant financial instruments that were not disclosed previously in the balance sheet and for which carrying amount is not fair value as of December 31, 2021 and December 31, 2020 is as follows:

(In thousands)	**Carrying Amount**	**Quoted Prices in Active Markets for Identical Assets Level 1**	**Significant Other Observable Inputs Level 2**	**Significant Other Unobservable Inputs Level 3**
At December 31, 2021				
Financial Assets				
Held-to-maturity debt securities[1]	$ 638,640	$ —	$ 627,398	$ —
Loans, net	5,833,271	—	—	5,907,447
Financial Liabilities				
Deposits	8,067,589	—	—	8,067,995
Subordinated debt	71,646	—	69,348	—
At December 31, 2020				
Financial Assets				
Held-to-maturity debt securities[1]	$ 184,484	$ —	$ 192,179	$ —
Time deposits with other banks	750	—	762	—
Loans, net	5,633,810	—	—	5,686,019
Financial Liabilities				
Deposits	6,932,561	—	—	6,936,097
Subordinated debt	71,365	—	58,227	—

[1]*See "Note 3 - Securities" for further detail of recurring fair value basis of individual investment categories.*

The short maturity of Seacoast's assets and liabilities results in having a significant number of financial instruments whose fair value equals or closely approximates carrying value. Such financial instruments are reported in the following balance sheet captions: cash and due from banks, interest bearing deposits with other banks, FHLB borrowings and securities sold under agreement to repurchase.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value at December 31, 2021 and December 31, 2020:

Loans: Fair values are estimated for portfolios of loans with similar financial characteristics. Loans are segregated by type such as commercial, mortgage, etc. Each loan category is further segmented into fixed and adjustable rate interest terms and by performing and nonperforming categories. The fair value of loans is calculated by discounting scheduled cash flows through the estimated life including prepayment considerations, using estimated market discount rates that reflect the risks inherent in the loan. The fair value approach considers market-driven variables including credit related factors and reflects an "exit price" as defined in ASC Topic 820.

Deposit Liabilities: The fair value of demand deposits, savings accounts and money market deposits is the amount payable at the reporting date. The fair value of fixed maturity certificates of deposit is estimated using the rates currently offered for funding of similar remaining maturities.

Note 17 - Business Combinations

<u>*Acquisition of Legacy Bank of Florida*</u>

On August 6, 2021, the Company completed its acquisition of Legacy Bank of Florida ("Legacy Bank"). Prior to the acquisition, Legacy Bank operated five branches in Broward and Palm Beach counties.

As a result of this acquisition, the Company expects to expand its customer base and leverage operating cost through economies of scale, and positively affect the Company's operating results.

The Company acquired 100% of the outstanding common stock of Legacy Bank. Under the terms of the definitive agreement, each share of Legacy Bank common stock was converted into the right to receive 0.1703 share of Seacoast common stock.

(In thousands, except per share data)		**August 6, 2021**
Number of Legacy Bank common shares outstanding	$	15,778
Per share exchange ratio		0.1703
Number of shares of common stock issued		2,687
Multiplied by common stock price per share on August 6, 2021	$	32.19
Value of common stock issued		86,487
Cash paid for fractional shares		7
Fair value of options converted		4,736
Total purchase price	$	91,230

The acquisition of Legacy Bank was accounted for under the acquisition method in accordance with ASC Topic 805, *Business Combinations*. The Company recognized goodwill of $31.0 million for this acquisition that is nondeductible for tax purposes. Determining fair values of assets and liabilities, especially the loan portfolio, core deposit intangibles, and deferred taxes, is a complicated process involving significant judgment regarding methods and assumptions used to calculate estimated fair values. The fair values initially assigned to assets acquired and liabilities assumed are preliminary and could change for up to one year after the closing date of the acquisition as new information and circumstances relative to closing date fair values becomes known.

As part of the Legacy Bank acquisition, 356,497 options were granted to replace outstanding Legacy Bank options. These options had a weighted average exercise price of $16.70 and were fully vested upon acquisition. In accordance with ASC Topic 805, *Business Combinations*, the value of the replacement awards associated with pre-combination service, $4.7 million, was considered purchase consideration, and the value of the replacement awards associated with post-combination service, $0.9 million, was recognized as compensation expense in 2021.

(In thousands)		**Initially Measured August 6, 2021**
Assets:		
Cash	$	98,107
Investment securities		992
Loans		477,215
Bank premises and equipment		2,577
Core deposit intangibles		3,454
Goodwill		30,978
Other assets		15,532
Total assets	$	628,855
Liabilities:		
Deposits		494,921
Other liabilities		42,705
Total liabilities	$	537,626

The table below presents information with respect to the fair value and unpaid principal balance of acquired loans at the acquisition date.

	August 6, 2021	
(In thousands)	**Book Balance**	**Fair Value**
Loans:		
Construction and land development	$ 37,558	$ 36,651
Commercial real estate - owner-occupied	35,765	35,363
Commercial real estate - non owner-occupied	241,322	237,091
Residential real estate	71,118	70,541
Commercial and financial	61,274	58,324
Consumer	647	647
PPP loans	38,598	38,598
Total acquired loans	$ 486,282	$ 477,215

The table below presents the carrying amount of loans for which, at the date of acquisition, there was evidence of more than insignificant deterioration of credit quality since origination:

(In thousands)	**August 6, 2021**
Book balance of loans at acquisition	$ 66,371
Allowance for credit losses at acquisition	(3,046)
Non-credit related discount	(736)
Total PCD loans acquired	$ 62,589

The acquisition of Legacy Bank resulted in the addition of $11.2 million in allowance for credit losses, including the $3.0 million identified in the table above for PCD loans, and $8.2 million for non-PCD loans recorded through the provision for credit losses at the date of acquisition.

The Company believes the deposits assumed in the acquisition have an intangible value. In determining the valuation amount, deposits were analyzed based on factors such as type of deposit, deposit retention, interest rates and age of deposit relationships.

Acquisition of Fourth Street Banking Company

On August 21, 2020, the Company completed its acquisition of Fourth Street Banking Company ("Fourth Street"). Simultaneously, upon completion of the merger of Fourth Street and the Company, Fourth Street's wholly owned subsidiary bank, Freedom Bank, was merged with and into Seacoast Bank. Prior to the acquisition, Freedom Bank operated two branches in St. Petersburg, Florida.

As a result of this acquisition, the Company expects to enhance its presence in St. Petersburg, expand its customer base and leverage operating cost through economies of scale, and positively affect the Company's operating results.

The Company acquired 100% of the outstanding common stock of Fourth Street. Under the terms of the definitive agreement, each share of Fourth Street common stock was converted into the right to receive 0.1275 share of Seacoast common stock.

(In thousands, except per share data)	**August 21, 2020**
Number of Fourth Street common shares outstanding	11,220
Shares issued upon conversion of convertible debt	5,405
Per share exchange ratio	0.1275
Number of shares of common stock issued	2,120
Multiplied by common stock price per share on August 21, 2020	$ 19.40
Value of common stock issued	41,121
Cash paid for Fourth Street vested stock options	596
Total purchase price	$ 41,717

The acquisition of Fourth Street was accounted for under the acquisition method in accordance with ASC Topic 805, *Business Combinations*. The Company recognized goodwill of $9.0 million for this acquisition that is nondeductible for tax purposes.

Determining fair values of assets and liabilities, especially the loan portfolio, core deposit intangibles, and deferred taxes, is a complicated process involving significant judgment regarding methods and assumptions used to calculate estimated fair values.

(In thousands)		Initially Measured August 21, 2020
Assets:		
Cash	$	38,082
Investment securities		3,498
Loans		303,434
Bank premises and equipment		9,480
Core deposit intangibles		1,310
Goodwill		9,030
Other assets		7,088
Total assets	$	371,922
Liabilities:		
Deposits	$	329,662
Other liabilities		543
Total liabilities	$	330,205

The table below presents information with respect to the fair value and unpaid principal balance of acquired loans at the acquisition date.

	August 21, 2020			
(In thousands)		Book Balance		Fair Value
Construction and land development	$	9,197	$	8,851
Commercial real estate - owner-occupied		77,936		75,215
Commercial real estate - non owner-occupied		76,014		71,171
Residential real estate		23,548		23,227
Commercial and financial		72,745		68,096
Consumer		2,748		2,694
PPP loans		55,005		54,180
Total acquired loans	$	317,193	$	303,434

The table below presents the carrying amount of loans for which, at the date of acquisition, there was evidence of more than insignificant deterioration of credit quality since origination:

(In thousands)		August 21, 2020
Book balance of loans at acquisition	$	59,455
Allowance for credit losses at acquisition		(5,763)
Non-credit related discount		(4,319)
Total PCD loans acquired	$	49,373

The acquisition of Fourth Street resulted in the addition of $10.4 million in allowance for credit losses, including the $5.8 million identified in the table above for PCD loans, and $4.6 million for non-PCD loans recorded through the provision for credit losses at the date of acquisition.

The Company believes the deposits assumed in the acquisition have an intangible value. In determining the valuation amount, deposits were analyzed based on factors such as type of deposit, deposit retention, interest rates and age of deposit relationships.

Acquisition of First Bank of the Palm Beaches

On March 13, 2020, the Company completed its acquisition of First Bank of the Palm Beaches ("FBPB"). FBPB was merged with and into Seacoast Bank. FBPB operated two branches in the Palm Beach market.

As a result of this acquisition, the Company expects to enhance its presence in the Palm Beach market, expand its customer base and leverage operating cost through economies of scale, and positively affect the Company's operating results.

The Company acquired 100% of the outstanding common stock of FBPB. Under the terms of the definitive agreement, each share of FBPB common stock was converted into the right to receive 0.2000 share of Seacoast common stock.

(In thousands, except per share data)		March 13, 2020
Number of FBPB common shares outstanding		5,213
Per share exchange ratio		0.2000
Number of shares of common stock issued		1,043
Multiplied by common stock price per share on March 13, 2020	$	20.17
Value of common stock issued		21,031
Cash paid for FBPB vested stock options		866
Total purchase price	$	21,897

The acquisition of FBPB was accounted for under the acquisition method in accordance with ASC Topic 805, *Business Combinations*. The Company recognized goodwill of $6.9 million for this acquisition that is nondeductible for tax purposes. Determining fair values of assets and liabilities, especially the loan portfolio, core deposit intangibles, and deferred taxes, is a complicated process involving significant judgment regarding methods and assumptions used to calculate estimated fair values.

(In thousands)		Initially Measured March 13, 2020		Measurement Period Adjustments		As Adjusted March 13, 2020
Assets:						
Cash	$	34,749	$	—	$	34,749
Investment securities		447		—		447
Loans		146,839		(62)		146,777
Bank premises and equipment		6,086		—		6,086
Core deposit intangibles		819		—		819
Goodwill		6,799		62		6,861
Other assets		1,285		20		1,305
Total assets	$	197,024	$	20	$	197,044
Liabilities:						
Deposits	$	173,741	$	—	$	173,741
Other liabilities		1,386		20		1,406
Total liabilities	$	175,127	$	20	$	175,147

The table below presents information with respect to the fair value and unpaid principal balance of acquired loans at the acquisition date.

(In thousands)	March 13, 2020 Book Balance	March 13, 2020 Fair Value
Construction and land development	$ 9,493	$ 9,012
Commercial real estate - owner-occupied	46,221	45,171
Commercial real estate - non owner-occupied	36,268	35,079
Residential real estate	47,569	47,043
Commercial and financial	9,659	9,388
Consumer	1,132	1,084
Total acquired loans	$ 150,342	$ 146,777

The table below presents the carrying amount of loans for which, at the date of acquisition, there was evidence of more than insignificant deterioration of credit quality since origination:

(In thousands)	March 13, 2020
Book balance of loans at acquisition	$ 43,682
Allowance for credit losses at acquisition	(516)
Non-credit related discount	(128)
Total PCD loans acquired	$ 43,038

The acquisition of FBPB resulted in the addition of $2.3 million in allowance for credit losses, including the $0.5 million identified in the table above for PCD loans, and $1.8 million for non-PCD loans recorded through the provision for credit losses at the date of acquisition.

The Company believes the deposits assumed in the acquisition have an intangible value. In determining the valuation amount, deposits were analyzed based on factors such as type of deposit, deposit retention, interest rates and age of deposit relationships.

Acquisition Costs

Acquisition costs included in the Company's income statement for the years ended December 31, 2021, 2020 and 2019 were $7.9 million, $9.1 million, and $1.0 million, respectively.

Pro-Forma Information

Pro-forma data as of 2021 and 2020 present information as if the acquisition of Legacy Bank occurred at the beginning of 2020:

(In thousands, except per share data)	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2020
Net interest income	$ 288,971	$ 281,244
Net income available to common shareholders	140,851	71,124
EPS - basic	$ 2.41	$ 1.27
EPS - diluted	$ 2.39	$ 1.26

2022 Acquisitions

Acquisition of Florida Business Bank

On January 3, 2022, the Company completed its acquisition of Business Bank of Florida, Corp, ("BBFC"). Simultaneously, upon completion of the merger of BBFC and the Company, BBFC's wholly owned subsidiary bank, Florida Business Bank, was merged with and into Seacoast Bank. Prior to the acquisition, Florida Business Bank operated one branch in Melbourne, Florida.

The Company acquired 100% of the outstanding common stock of BBFC. Under the terms of the definitive agreement, each share of BBFC common stock was converted into the right to receive 0.7997 share of Seacoast common stock.

(In thousands, except per share data)		January 3, 2022
Number of BBFC common shares outstanding		1,112
Per share exchange ratio		0.7997
Number of shares of common stock issued		889
Multiplied by common stock price per share on January 3, 2022	$	35.39
Value of common stock issued		31,480
Fair value of options converted		497
Total purchase price	$	31,977

Acquisition of Sabal Palm Bancorp, Inc.

On January 3, 2022, the Company completed its acquisition of Sabal Palm Bancorp, Inc. ("Sabal Palm"). Simultaneously, upon completion of the merger of Sabal Palm and the Company, Sabal Palm's wholly owned subsidiary bank, Sabal Palm Bank, was merged with and into Seacoast Bank. Prior to the acquisition, Sabal Palm Bank operated three branches in the Sarasota area.

The Company acquired 100% of the outstanding common stock of Sabal Palm. Under the terms of the definitive agreement, each share of Sabal Palm common stock was converted into the right to receive 0.2203 share of Seacoast common stock.

(In thousands, except per share data)		January 3, 2022
Number of Sabal Palm common shares outstanding		7,536
Per share exchange ratio		0.2203
Number of shares of common stock issued		1,660
Multiplied by common stock price per share on January 3, 2022	$	35.39
Value of common stock issued		58,762
Fair value of options converted		3,336
Total purchase price	$	62,098

The acquisitions of BBFC and Sabal Palm will be accounted for under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations. The Company's assessment of the fair value of assets acquired and liabilities assumed as of the acquisition date is incomplete at the time of this filing; therefore, certain disclosures have been omitted. The Company expects to recognize goodwill in each of these transactions, which is expected to be nondeductible for tax purposes.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures*

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating disclosure controls and procedures, as defined in SEC Rule 13a-15 under the Exchange Act, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

In connection with the preparation of this Annual Report on Form 10-K, as of the end of the period covered by this report, an evaluation was performed, with the participation of the CEO and CFO, of the effectiveness of the Company's disclosure controls and procedures, as required by Rule 13a-15 of the Exchange Act. Based upon that evaluation, the CEO and CFO concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Our internal control system was designed to provide reasonable assurance to management and the board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

Management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2021. This assessment was based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control—Integrated Framework 2013*. Based on this assessment, management believes that, as of December 31, 2021, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm, Crowe LLP, has issued an audit report on our internal control over financial reporting which is included herein.

(c) Change in Internal Control Over Financial Reporting

During the three months ended December 31, 2021, there were no changes in the internal control over financial reporting that occurred or that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Item 9B. Other Information.

None.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning our directors and executive officers is set forth under the headings "Proposal 1 - Election of Directors," "Corporate Governance," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Certain Transactions and Business Relationships" in the 2022 Proxy Statement, incorporated herein by reference.

Item 11. Executive Compensation

Information regarding the compensation paid by us to our directors and executive officers is set forth under the headings "Executive Compensation", "Compensation Discussion & Analysis", "Compensation and Governance Committee Report" and "2021 Director Compensation" in the 2022 Proxy Statement which are incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information about the Company's common stock that may be issued under all of its existing compensation plans as of December 31, 2021**.**

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities represented in column (a))
Equity compensation plans approved by shareholders	810,180	$ 22.02	2,532,399
Equity compensation plans not approved by shareholders	—	—	—
Totals	810,180	$ 22.02	2,532,399

[1]Includes 83,182 shares available to be issued upon exercise of the remaining unexercised substitute options of the 356,497 options granted in connection with the acquisition of Legacy Bank of Florida

Additional information regarding the ownership of the Company's common stock is set forth under the headings “Proposal 1 - Election of Directors” and “Director, Executive Officers and Certain Beneficial Stock Ownership” in the 2022 Proxy Statement, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships and transactions between the Company and its officers, directors and significant shareholders is set forth under the heading “Certain Transactions and Business Relationships” and “Corporate Governance” in the 2022 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information concerning the Company's principal accounting fees and services is set forth under the heading “Relationship with Independent Registered Public Accounting Firm; Audit and Non- Audit Fees” in the 2022 Proxy Statement, and is incorporated herein by reference.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) The Consolidated Financial Statements and the report of the Independent Registered Public Accounting Firm (PCAOB ID: 173) thereon listed in Item 8 are set forth commencing on page 72.

(a)(2) List of financial statement schedules

All schedules normally required by Form 10-K are omitted, since either they are not applicable or the required information is shown in the financial statements or the notes thereto.

(a)(3) Listing of exhibits

PLEASE NOTE: It is inappropriate for readers to assume the accuracy of, or rely upon any covenants, representations or warranties that may be contained in agreements or other documents filed as Exhibits to, or incorporated by reference in, this report. Any such covenants, representations or warranties may have been qualified or superseded by disclosures contained in separate schedules or exhibits not filed with or incorporated by reference in this report, may reflect the parties’ negotiated risk allocation in the particular transaction, may be qualified by materiality standards that differ from those applicable for securities law purposes, may not be true as of the date of this report or any other date, and may be subject to waivers by any or all of the parties. Where exhibits and schedules to agreements filed or incorporated by reference as Exhibits hereto are not included in these Exhibits, such exhibits and schedules to agreements are not included or incorporated by reference herein.

The following Exhibits are attached hereto or incorporated by reference herein (unless indicated otherwise, all documents referenced below were filed pursuant to the Exchange Act by Seacoast Banking Corporation of Florida, Commission File No. 0-13660):

Exhibit 2.1 Agreement and Plan of Merger
Dated November 19, 2019 by and among the Company, Seacoast Bank and First Bank of the Palm Beaches incorporated herein by reference from Exhibit 2.1 to the Company's Form 8-K, filed November 22, 2019.

Exhibit 2.2 Agreement and Plan of Merger
Dated January 23, 2020 by and among the Company, Seacoast Bank, Fourth Street Banking Company and Freedom Bank incorporated herein by reference from Exhibit 2.1 to the Company's Form 8-K, filed January 29, 2020.

Exhibit 2.3 Amended and Restated Agreement and Plan of Merger
Dated June 14, 2021 by and among the Company, Seacoast Bank, and Legacy Bank of Florida incorporated herein by reference from Appendix A to the Company's Form S-4/A, filed June 14, 2021.

Exhibit 2.4 Agreement and Plan of Merger
Dated August 23, 2021 by and among the Company, Seacoast Bank, Business Bank of Florida, Corp. and Florida Business Bank incorporated herein by reference from Exhibit 2.1 to the Company's Form 8-K, filed August 27, 2021.

Exhibit 2.5 Agreement and Plan of Merger
Dated August 23, 2021 by and among the Company, Seacoast Bank, Sabal Palm Bancorp, Inc. and Sabal Palm Bank incorporated herein by reference from Exhibit 2.2 to the Company's Form 8-K, filed August 27, 2021.

Exhibit 2.6 Amendment to Agreement and Plan of Merger
Dated November 12, 2021 by and among the Company, Seacoast Bank, Sabal Palm Bancorp, Inc. and Sabal Palm Bank incorporated herein by reference from Exhibit 2.1 to the Company's Form 8-K filed November 18, 2021.

Exhibit 3.1.1 Amended and Restated Articles of Incorporation
Incorporated herein by reference from Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed May 10, 2006.

Exhibit 3.1.2 Articles of Amendment to the Amended and Restated Articles of Incorporation
Incorporated herein by reference from Exhibit 3.1 to the Company's Form 8-K, filed December 23, 2008.

Exhibit 3.1.3 Articles of Amendment to the Amended and Restated Articles of Incorporation
Incorporated herein by reference from Exhibit 3.4 to the Company's Form S-1, filed June 22, 2009.

Exhibit 3.1.4 Articles of Amendment to the Amended and Restated Articles of Incorporation
Incorporated herein by reference from Exhibit 3.1 to the Company's Form 8-K, filed July 20, 2009.

Exhibit 3.1.5 Articles of Amendment to the Amended and Restated Articles of Incorporation
Incorporated herein by reference from Exhibit 3.1 to the Company's Form 8-K, filed December 3, 2009.

Exhibit 3.1.6 Articles of Amendment to the Amended and Restated Articles of Incorporation
Incorporated herein by reference from Exhibit 3.1 to the Company's Form 8-K/A, filed July 14, 2010.

Exhibit 3.1.7 Articles of Amendment to the Amended and Restated Articles of Incorporation
Incorporated herein by reference from Exhibit 3.1 to the Company's Form 8-K, filed June 25, 2010.

Exhibit 3.1.8 Articles of Amendment to the Amended and Restated Articles of Incorporation
Incorporated herein by reference from Exhibit 3.1 to the Company's Form 8-K, filed June 1, 2011.

Exhibit 3.1.9 Articles of Amendment to the Amended and Restated Articles of Incorporation

Incorporated herein by reference from Exhibit 3.1 to the Company's Form 8-K, filed December 13, 2013.

Exhibit 3.1.10 Articles of Amendment to the Amended and Restated Articles of Incorporation
Incorporated herein by reference from Exhibit 3.1 to the Company's Form 8-K, filed May 30, 2018.

Exhibit 3.2 Amended and Restated By-laws of the Company
Incorporated herein by reference from Exhibit 3.1 to the Company's Form 8-K, filed October 26, 2020.

Exhibit 4.1 Description of Securities
Incorporated herein by reference from Exhibit 4.1 to the Company's Form 10-K, filed on February 26, 2021.

Exhibit 4.2 Specimen Common Stock Certificate
Incorporated herein by reference from Exhibit 4.1 to the Company's Form 10-K, filed on March 17, 2014.

Exhibit 4.3 Junior Subordinated Indenture
Dated as of March 31, 2005, between the Company and Wilmington Trust Company, as Trustee (including the form of the Floating Rate Junior Subordinated Note, which appears in Section 2.1 thereof), incorporated herein by reference from Exhibit 10.1 to the Company's Form 8-K filed April 5, 2005.

Exhibit 4.4 Guarantee Agreement
Dated as of March 31, 2005 between the Company, as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, incorporated herein by reference from Exhibit 10.2 to the Company's Form 8-K filed April 5, 2005.

Exhibit 4.5 Amended and Restated Trust Agreement
Dated as of March 31, 2005, among the Company, as Depositor, Wilmington Trust Company, as Property Trustee, Wilmington Trust Company, as Delaware Trustee and the Administrative Trustees named therein, as Administrative Trustees (including exhibits containing the related forms of the SBCF Capital Trust I Common Securities Certificate and the Preferred Securities Certificate), incorporated herein by reference from Exhibit 10.3 to the Company's Form 8-K filed April 5, 2005.

Exhibit 4.6 Indenture
Dated as of December 16, 2005, between the Company and U.S. Bank National Association, as Trustee (including the form of the Junior Subordinated Debt Security, which appears as Exhibit A to the Indenture), incorporated herein by reference from Exhibit 10.1 to the Company's Form 8-K filed December 21, 2005.

Exhibit 4.7 Guarantee Agreement
Dated as of December 16, 2005, between the Company, as Guarantor, and U.S. Bank National Association, as Guarantee Trustee, incorporated herein by reference from Exhibit 10.2 to the Company's Form 8-K filed December 21, 2005.

Exhibit 4.8 Amended and Restated Declaration of Trust
Dated as of December 16, 2005, among the Company, as Sponsor, Dennis S. Hudson, III and William R. Hahl, as Administrators, and U.S. Bank National Association, as Institutional Trustee (including exhibits containing the related forms of the SBCF Statutory Trust II Common Securities Certificate and the Capital Securities Certificate), incorporated herein by reference from Exhibit 10.3 to the Company's Form 8-K filed December 21, 2005.

Exhibit 4.9 Indenture
Dated June 29, 2007, between the Company and LaSalle Bank, as Trustee (including the form of the Junior Subordinated Debt Security, which appears as Exhibit A to the Indenture), incorporated herein by reference from Exhibit 10.1 to the Company's Form 8-K filed July 3, 2007.

Exhibit 4.10 Guarantee Agreement
Dated June 29, 2007, between the Company, as Guarantor, and LaSalle Bank, as Guarantee Trustee, incorporated herein by reference from Exhibit 10.2 to the Company's Form 8-K filed July 3, 2007.

Exhibit 4.11 Amended and Restated Declaration of Trust
Dated June 29, 2007, among the Company, as Sponsor, Dennis S. Hudson, III and William R. Hahl, as Administrators, and LaSalle Bank, as Institutional Trustee (including exhibits containing the related forms of the SBCF Statutory Trust

III Common Securities Certificate and the Capital Securities Certificate), incorporated herein by reference from Exhibit 10.3 to the Company's Form 8-K filed July 3, 2007.

Exhibit 10.1 Executive Deferred Compensation Plan*

Exhibit 10.2 Amended and Restated Directors Deferred Compensation Plan*

Exhibit 10.3 2013 Incentive Plan
Incorporated herein by reference from Appendix A to the Company's Proxy Statement on Form DEF 14A, filed April 9, 2013.

Exhibit 10.4 Seacoast Banking Corporation of Florida 2021 Incentive Plan
Incorporated herein by reference to Appendix B to the Company's Definitive Proxy Statement on DEF 14A, filed with the Commission on April 9, 2021.

Exhibit 10.5 Form of Change of Control Agreement with Charles Shaffer*
Incorporated herein by reference from Exhibit 10.1 to the Company's Form 8-K, filed November 3, 2014.

Exhibit 10.6 Employment Agreement*
Dated December 18, 2014 between Dennis S. Hudson, III and the Company, incorporated herein by reference from Exhibit 10.1 to the Company's Form 8-K, filed December 19, 2014.

Exhibit 10.7 Amendment to Employment Agreement with Dennis S. Hudson, III
Incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K, filed June 27, 2017.

Exhibit 10.8 Amendment to Employment with Dennis S. Hudson, III
Incorporated herein by reference from Exhibit 10.1 to the Company's Form 8-K, filed June 19, 2020.

Exhibit 10.9 Employment Agreement with Charles Shaffer*
Dated December 31, 2020 by and between the Company and Charles Shaffer, incorporated herein by reference from Exhibit 10.1 to the Company's Form 8-K, filed January 4, 2021.

Exhibit 10.10 Supplemental Executive Retirement Agreement*
Dated December 10, 2021, by and between Seacoast National Bank and Charles M. Shaffer, incorporated herein by reference from Exhibit 10.1 to the Company's Form 8-K, filed December 15, 2021.

Exhibit 10.11 Change in Control Agreement*
Dated January 20, 2021, by and between Tracey Dexter and Seacoast Banking Corporation of Florida incorporated herein by reference from Exhibit 10.1 to the Company's Form 8-K filed January 22, 2021.

Exhibit 10.12 Employment Agreement
Dated April 19, 2021, by and between Juliette P. Kleffel, Seacoast National Bank and Seacoast Banking Corporation of Florida incorporated herein by reference from Exhibit 10.1 to the Company's 8-K filed April 20, 2021.

Exhibit 21 Subsidiaries of Registrant

Exhibit 23.1 Consent of Independent Registered Public Accounting Firm

Exhibit 31.1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31.2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32.1** Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 111 the Emergency Economic Stability Act, as amended

Exhibit 32.2** Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 111 the Emergency Economic Stability Act, as amended

Exhibit 101 The following materials from Seacoast Banking Corporation of Florida’s Annual Report on Form 10-K for the year ended December 31, 2021 formatted in Inline XBRL: (i) the Consolidated Statements of Income, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Shareholders' Equity and (vi) the Notes to the Consolidated Financial Statements, tagged as blocks of text and including detailed tags.

Exhibit 104 The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in Inline XBRL.

* Management contract or compensatory plan or arrangement.

** The certifications attached as Exhibits 32.1 and 32.2 accompany this Annual Report on Form 10-K and are “furnished” to the Securities and Exchange Commission pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed “filed” by the Company for purposes of Section 18 of the Exchange Act.

(b) Exhibits

The response to this portion of Item 15 is submitted under item (a)(3) above.

(c) Financial Statement Schedules

None.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEACOAST BANKING CORPORATION OF FLORIDA
(Registrant)

By: /s/ Charles M. Shaffer
Charles M. Shaffer
Chairman and Chief Executive Officer

Date: February 25, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

	Date
/s/ Charles M. Shaffer Charles M. Shaffer, Chairman and Chief Executive Officer (principal executive officer)	February 25, 2022
/s/ Tracey L. Dexter Tracey L. Dexter, Executive Vice President and Chief Financial Officer (principal financial and accounting officer)	February 25, 2022
/s/ Dennis J. Arczynski Dennis J. Arczynski, Director	February 25, 2022
/s/ Jacqueline L. Bradley Jacqueline L. Bradley, Director	February 25, 2022
/s/ H. Gilbert Culbreth, Jr. H. Gilbert Culbreth, Jr, Director	February 25, 2022
/s/ Julie H. Daum Julie H. Daum, Director	February 25, 2022
/s/ Christopher E. Fogal Christopher E. Fogal, Director	February 25, 2022
/s/ Maryann Goebel Maryann Goebel, Director	February 25, 2022

	Date
/s/ Dennis S. Hudson, III Dennis S. Hudson, III, Director	February 25, 2022
/s/ Robert J. Lipstein Robert J. Lipstein, Director	February 25, 2022
/s/ Alvaro J. Monserrat Alvaro J. Monserrat, Director	February 25, 2022
/s/ Thomas E. Rossin Thomas E. Rossin, Director	February 25, 2022

EXHIBIT 10.1

SEACOAST NATIONAL BANK
EXECUTIVE DEFERRED COMPENSATION PLAN
(Amended & Restated Effective January 1, 2022)

ARTICLE ONE
Purpose and Adoption of Plan

1.1 **"Introduction"** Seacoast National Bank (the "Company"), formerly known as the First National Bank of Treasure Coast, and its affiliates established the Seacoast National Bank Executive Deferred Compensation Plan (the "Plan"), formerly known as the First National Bank of Treasure Coast Deferred Compensation Plan, on November 1, 2000. The Company subsequently amended and restated the Plan effective January 1, 2005 to reflect certain amendments and to comply with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder. Thereafter, the Company amended and restated the Plan again effective January 1, 2020 and once and again effective January 1, 2022.

1.2 **"Purpose of Plan"** The Plan is designed to permit a select group of management or highly compensated Employees who contribute materially to the continued growth, development, and future business success of the Company to elect to defer a portion of their compensation until their termination of employment with the Company, and to receive matching and other Company contributions which they are restricted from receiving because of legal limitations under the Company's tax-qualified savings plan.

ARTICLE TWO
Definitions

For purposes of the Plan, the following terms shall have the following meanings unless a different meaning is plainly required by the context. The words in the masculine gender shall include the feminine and neuter genders and words in the singular shall include the plural and words in the plural shall include the singular.

"Account" means an account established and maintained by the Plan Committee for bookkeeping purposes to reflect the interest of a Participant in the Plan. The Account may consist of one or more sub-accounts, as appropriate, which may include the following as well as any other sub-accounts the Plan Committee deems appropriate:

- Directed Investment Account (including deferrals of Cash Compensation and Company Contributions);
- Stock Unit Account;
- Grandfathered Benefit Account (i.e. contributions and investment gains or losses that were earned and vested on or before December 31, 2004);
- Non-Grandfathered Benefit Account (i.e. contributions and investment gains or losses earned and vested after December 31, 2004);
- Pre-2022 Benefit Account;
- Post-2022 Benefit Account;

The Account and all sub-accounts shall be bookkeeping entries only and shall be utilized solely as devices for the measurement and determination of the amounts to be paid to a Participant or Beneficiary under the Plan.

"Base Pay" shall mean, with respect to each Participant, his or her regular base pay for the calendar year, without reduction for 401(k), Section 125, or other pay reductions, and without regard to qualified plan limits under Code Section 401(a)(17). Base Pay shall not include Stock Compensation.

"Beneficiary" shall mean any person, estate, trust, or organization entitled to receive any payment under the Plan upon the death of a Participant. The Participant shall designate his or her beneficiary on a form provided by the Plan Committee.

"Board" shall mean the Board of Directors of Seacoast National Bank.

"<u>Cash Compensation</u>" shall include a Participant's Base Pay and Other Compensation.

<u>Change in Control</u>" means any of the events specified in subsections (a), (b), or (c) below, subject to the rules described in subsection (d) below:

(a) *Change in the Ownership of the Company* shall mean means a situation where any one person, or more than one person acting as a group (as described in applicable regulations), acquires ownership of stock of the Company that, together with stock held by such person or group constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company. However, if any one person, or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Control. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this subsection. This subsection applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock of the Company remains outstanding after the transaction.

(b) *Change in the Effective Control of the Company* means that a majority of members of the Board of the Company is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board before the date of the appointment or election.

(c) *Change in the Ownership of a Substantial Portion of the Company's Assets* means any one person or more than one person acting as a group, that is not affiliated with the Company, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 80 percent of the consolidated total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. There is no Change in Control under this subsection (c) when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer, as provided in Treasury Regulations. For purposes of this subsection (c) and except as otherwise provided in Treasury Regulations, a person's status is determined immediately after the transfer of the assets. For example, a transfer to a company in which the Company has no ownership interest before the transaction, but that is a majority-owned subsidiary of the Company after the transaction, is not treated as a Change in Control.

(d) *Compliance with Section 409A*. The definition of "Change in Control" as described herein is intended to satisfy all requirements under Treasury Regulations Section 1.409A-3(i)(5), and shall be construed accordingly. In no event will any payment of "nonqualified deferred compensation" (as such term is defined for purposes of Code Section 409A) be triggered hereunder upon a Change in Control unless the Change in Control event satisfies all applicable requirements of such regulation.

"<u>Code</u>" shall mean the Internal Revenue Code of 1986, as amended.

"<u>Common Stock</u>" shall the common stock of mean Seacoast Banking Corporation of Florida, the parent company of the Company.

"<u>Company</u>" shall mean Seacoast National Bank with principal offices in Stuart, Florida, and any affiliate of Seacoast National Bank.

"<u>Deferral Election</u>" shall mean the Participant's election under the Plan to defer a portion of his or her Cash Compensation or Stock Compensation pursuant to Article Four.

"<u>Deferred Stock Unit</u>" shall mean a unit of Common Stock, with one unit equating to a single share of Common Stock. Thus, the value of one unit shall be the market value of a single share of Common Stock. The use of units is merely a bookkeeping convenience, and the units are not actual shares of Common Stock. The Company will not reserve or otherwise set aside any Common Stock for or to any Stock Unit Account. Distributions from the Stock Unit Account are required to be in shares of Common Stock and shall be issued from the Incentive Plan.

"<u>Disability</u>" shall mean that the Plan Committee determines that the Participant (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or (ii) the

Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company. Notwithstanding the foregoing, in no event shall a Disability be deemed to occur unless it would satisfy the requirements for "disability" under Section 409A of the Code.

"Effective Date" shall mean January 1, 2022, the effective date of this restatement. The original effective date was October 1, 2000.

"Employee" shall mean any person who is actively employed by the Company.

"Entry Date" shall mean the first day of the calendar month next following or coinciding with the date on which an Employee is designated by the Plan Committee as eligible for the Plan.

"ERISA" shall mean Public Law 93-406, popularly known as the Employee Retirement Income Security Act of 1974, as amended.

"Incentive Plan" shall mean the applicable long-term incentive or stock plan(s) of the Company or its parent, and any successor thereto.

"Investment Election" shall mean the Participant's election to have his or her Account invested pursuant to Section 7.1.

"Matching Contribution Percentage" shall mean, for each Plan Year, the matching contribution rate which is available to participants under the Qualified Plan.

"Other Compensation" shall mean, with respect to each Participant, any cash incentives or commissions paid by the Company, without reduction for 401(k), Section 125, or other pay reductions, and without regard to qualified plan limits under Code Section 401(a)(17). Other Compensation shall not include Stock Compensation.

"Participant" shall mean an Employee of the Company who meets all conditions of eligibility under Article Three and participates in the Plan in accordance with sections of Article Four.

"Plan" shall mean the Seacoast National Bank Executive Deferred Compensation Plan, formerly known as the FNBTC Executive Deferred Compensation Plan, as amended from time to time.

"Plan Committee" shall mean the Committee appointed to administer the Plan, as provided in Article Ten. Unless otherwise designated by the Board, the Plan Committee shall be the Company's Retirement Savings Plan Committee.

"Plan Compensation" shall mean the Participant's Cash Compensation in excess of the IRS compensation limit under Section 401(a)(17) of the Code.

"Plan Year" shall mean the twelve (12) month period commencing January 1st and ending on the last day of December next following.

"Qualified Plan" means the Retirement Savings Plan for Employees of Seacoast National Bank, or its successor, as amended from time to time.

"Separation from Service" shall have the meaning as set forth in Section 409A(a)(2)(i) of the Code and the regulations promulgated thereunder.

"Stock Compensation" shall mean stock units granted under the Incentive Plan and the total of a Participant's annual compensation that would be payable to the Participant in shares of Common Stock. Stock Compensation shall not include Cash Compensation. For clarification, Stock Compensation specifically excludes other equity-based awards, such as stock options, that an Eligible Director may receive under the Incentive Plan. To the extent any award of Stock Compensation deferred under this Plan is subject to vesting conditions, such award shall not be credited to the Participant's Stock Compensation account until the award becomes vested.

"Valuation Date" shall mean each business day that the NASDAQ Stock Exchange is open during the Plan Year.

"**Vesting Service**" for a Participant shall mean the period or periods of service credited for purposes of determining his or her vested interest in his or her sub-account attributable to the elective contributions under Article 6.

ARTICLE THREE
Eligibility

The Plan Committee shall determine which individuals or groups of employees are eligible to participate in the Plan. Participation shall be limited to persons who are members of the executive management of the Company, or who otherwise constitute members of a select group of management or highly compensated Employees of the Company, as determined by the Plan Committee.

ARTICLE FOUR
Deferral of Compensation by Participant

4.1 **"Compensation Which May Be Deferred"** A Participant may elect to defer from his or her Cash Compensation and/or Stock Compensation otherwise payable to him or her during a given calendar year any whole percentage or specified dollar amount of his or her Cash Compensation and/or any whole percentage or number of shares of his or her Stock Compensation. Such election shall occur in a year prior to the year in which the services related to the Compensation are performed. Notwithstanding the foregoing, to the extent that compensation is "performance-based compensation" as defined under Section 409A(a)(4)(B)(iii) of the Code and the regulations promulgated thereunder, the Plan Committee may permit an election to defer such Cash Compensation or Stock Compensation at least six months prior to the end of the applicable performance period to the extent permitted under Section 409A of the Code and the regulations promulgated thereunder. Any amounts deferred pursuant to this section of the Plan shall be credited to his or her Account under the Plan. A Participant shall make separate elections to defer Base Pay and Other Compensation and Stock Compensation.

4.2 **"Establishment of Account"** An Account shall be established for each Participant by the Plan Committee as of the Entry Date for such Participant. The Participant's Account shall be credited at least quarterly with the Cash Compensation he or she has deferred under the Plan, and at appropriate intervals determined by the Plan Committee for Stock Compensation. The Stock Unit Account will generally be credited at the time the Stock Compensation is deferred; ; provided that to the extent any award of Stock Compensation deferred under this Plan is subject to vesting conditions, such award shall not be credited to the Participant's Stock Compensation account until the award becomes vested.

4.3 **"The Form of the Deferral Election"** A Deferral Election shall be made in writing on a form prescribed by the Plan Committee or through electronic or other means as approved by the Plan Committee. The Deferral Election shall state the percentage or amount to be deferred.

4.4 **"Making and Modifications of Deferral Elections"**

(a) The initial Deferral Election of a new Participant shall be made by written notice signed by the Participant or through electronic or other means as approved by the Plan Committee and delivered to the Plan Committee (or its designee) in a form acceptable to the Plan Committee, not later than thirty (30) days after the Employee's Entry Date. Such election shall apply only to the extent the Cash Compensation or Stock Compensation is related to services performed after such election is made.

(b) Any Deferral Election for a subsequent Plan Year shall be made by written notice signed by the Participant or through electronic or other means as approved by the Plan Committee and delivered to the Plan Committee (or its designee) not later than the last day of the current Plan Year and shall be effective on the first day of the next Plan Year subject to the timing requirements set forth in Section 4.1. A Deferral Election (including the form of payment election and a distribution event election) with respect to the deferral of future Cash Compensation or Stock Compensation shall continue for each future Plan Year, unless and until the Participant submits a new election form on a timely basis as provided herein. As of the first day of any Plan Year (or, if a separate election is permitted with respect to performance-based compensation, as of the first day of the seventh month in the performance period), a deferral election with respect to that Plan Year (or performance period) may not be modified or revoked.

(c) At the time of the initial Deferral Election, the Participant shall elect the form of payment to be received pursuant to Section 8.1. A Participant may elect a separate deferral election for each year beginning on or after January 1, 2022, including a new form of payment (as described in Article Eight). For amounts deferred before January 1, 2022, the initial Deferral Election with respect to the form of payments and the time for the commencement of payments shall govern the distribution of an account, except as provided in Section 8.5.

4.5 **"Procedures for Stock Compensation Deferrals"** If a Participant elects to defer Stock Compensation for a Plan Year, the deferral shall result in the percentage or number of whole shares elected being withheld from each payment of Stock Compensation otherwise payable to the Participant during the Plan Year. Such contributions shall result in a number of Deferred Stock Units being credited to the Participant's Stock Unit Account equal to the number of whole shares of Common Stock that would otherwise be payable to the Participant. Participants may not defer fractional shares; in the event a deferral would result in a fractional share, the Participant's election shall be interpreted to be a direction to round down to the nearest whole share.

ARTICLE FIVE
Company Contributions

After the conclusion of the Plan Year, the Plan Committee shall determine the amount of any Company Contributions to be credited to a Participant. Unless otherwise determined by the Plan Committee, Company Contributions shall generally be allocated as follows:

(a) Matching Contribution. The amount of the Matching Contribution shall equal the product of the Matching Contribution Percentage times the amount of Plan Compensation deferred under Article 4. Matching Contributions shall not be made with regard to deferrals of Stock Compensation. The total Company Matching Contribution contributed under the Plan for any Plan Year shall be the additional matching contributions that would be allocated to the Participant's account under the Qualified Plan for the corresponding calendar year based upon pretax and Roth deferrals attributable to the Participant's compensation (as defined in such plan) if the limits under Sections 402(g) and 401(a)(17) of the Code did not apply.

(b) 'Retirement Contributions" The amount of the Retirement Contribution shall be calculated using the same formula as is used for the Retirement Contributions under the Qualified Plan but ignoring any compensation limits under the Qualified Plan and based solely on Plan Compensation. No Retirement Contributions will be made based on Stock Compensation.

ARTICLE SIX
Vesting

A Participant shall be immediately vested in his or her sub-account attributable to his or her elective contributions (including deferrals of Cash Compensation and Stock Compensation) under Article Four, provided however that to the extent that an award of Stock Compensation deferred under this Plan is subject to vesting conditions, the Stock Compensation related to such award shall not be credited to the Participant's Stock Unit Account unless and until the award becomes vested. A Participant shall vest in his or her sub-account attributable to Company contributions under Article Five at the rate of twenty-five percent (25%) for each year of Vesting Service accrued by the Participant under the Qualified Plan, with full vesting after such Participant has accrued four (4) years of such Vesting Service. In addition, if a Participant would become immediately vested in his or her Company contributions under the Qualified Plan for any reason (such as death, disability, or retirement on or after age 55), then such Participant shall also become immediately vested in his or her entire Account under this Plan.

ARTICLE SEVEN
Investments

7.1 **"In General"** The Participant's Directed Investment Account shall be credited or reduced with its allocable share of deemed investment gains and losses. Credits or reductions for investment gains or losses shall generally occur each business day, unless otherwise specified by the Plan Committee. A Participant may direct how his or her Directed Investment Account (including subaccounts) are deemed to be invested, but only among such deemed investment vehicles as are made available by the Plan Committee from time to time. The Plan Committee may, but is not required to, determine that one investment option for the Directed Investment Account may be shares or units of Common Stock, provided however that any such investment option shall be accounted for separately from the Stock Unit Account. The Investment Elections shall be made in accordance with procedures established by the Plan Committee. The Investment Election made in accordance with this Article Seven shall continue unless the Participant changes the Investment Election in accordance with the procedures established by the Plan Committee. Investment Elections and changes thereto directed by the Participant must be made in accordance with procedures set forth by the Plan Committee and shall generally be permitted each business day, unless otherwise specified by the Plan Committee. Investment Elections and changes thereto shall be effective prospectively only.

7.2 **"Gains Invested in Same Option"** Dividends, interest and other distributions credited with respect to any deemed investment shall be deemed to be invested in the same investment option.

7.3 **"Participant Reports on Account Values"** At the end of each Plan Year (or on a more frequent basis as determined by the Plan Committee), a report shall be issued to each Participant who has an Account stating the value of such Account.

7.4 **"Special Rules Regarding Stock Unit Account"**

(a) A Participant's Stock Unit Account may only be invested in Deferred Stock Units, and Participants may not submit Investment Elections regarding their Stock Unit Accounts.

(b) The Stock Unit Account shall not be credited or reduced for earnings generally.

(c) In the event dividends or other distributions are paid with respect to the Common Stock, the Plan Committee will credit each Participant's Directed Investment Account with an amount equal to the dollar amount or fair market value that the Participant would have received had he or she been the owner on the record date for the payment of such dividends or distributions of a number of shares of Common Stock equal to the number of Deferred Stock Units then credited to the Participant's Stock Unit Account, and such amount will be deemed invested in and among the Investment Funds pursuant to the Participant's Investment Election.

(d) In the event of (i) a corporate event or transaction involving the Company that results in a change in the Common Stock, or an exchange of Common Stock for cash, securities other than Common Stock, or other property (including, without limitation, any merger, reorganization, recapitalization, combination or exchange of shares), or (ii) any transaction between the Company and the holders of Common Stock that causes the per-share value of the Common Stock to change (including, without limitation, any conversion of shares, share dividend, share split, spin-off, rights offering, or large non-ordinary cash dividend), the Board shall make such equitable adjustments to the Deferred Stock Units as it deems necessary, in its sole discretion, to prevent dilution or enlargement of rights immediately resulting from such transaction. Notwithstanding the preceding sentence and in any event, any adjustment shall comply with the requirements of Section 409A of the Code.

ARTICLE EIGHT
Distribution of Accounts

8.1 **"Distribution Events and Forms of Payment"**

(a) Distribution Events

Amounts deferred before January 1, 2022 are distributed upon a Participant's Separation from Service. For amounts deferred January 1, 2022 or later, a Participant may elect, as part of the Participant's deferral election, to have the amounts paid on any of the following:

(1) The Participant's Separation from Service;
(2) A specific date;
(3) A Change in Control;
(4) The Participant's death;
(5) The Participant's Disability;
(6) At the earlier to occur of (1), (2), (3), (4) or (5); or
(7) At the later to occur of (1), (2), (3), (4) or (5).

If a Participant fails to specify a distribution event, the distribution event that applied to the distribution date of the Participant's Deferral Election from the prior Plan Year shall be deemed to apply, or if no such election exists, the Participant shall be deemed to have elected payment upon the Participant's Separation from Service.

(b) Forms of Payment

As soon as administratively feasible, but in no event later than sixty (60) days, following the distribution event applicable to the Participant's Account, the Participant shall receive the balance of his or her Account, in cash in one of the following forms:

(1) a lump sum;

(2) monthly installments over a period not to exceed 5 years; or

(3) a combination of an initial lump sum of a specified dollar amount and the remainder in monthly installments over a period not to exceed 5 years;

as specified on the Participant's initial Deferral Election, unless the Participant has amended the distribution date or form pursuant to Section 8.5 hereof. Such initial Deferral Election, which includes the Participant's form of distribution election, must occur within thirty (30) days from the Participant's Entry Date.

For deferrals of amounts on or after January 1, 2022, the same options are available, as indicated in (1)-(7) above, except that installments shall be permissible over a period of up to 11 years, and the installment frequency may be annual, monthly, or quarterly.

Notwithstanding the Participant's election, a lump sum distribution will be paid in lieu of installments if the total value of his or her Account balance is $25,000 or less. If a Participant who was eligible for the Plan fails to specify a form of payment for his or her Account, his or her Account shall be distributed in a lump sum.

Notwithstanding anything herein to the contrary, with respect to amounts credited to a Participant's Non-Grandfathered Benefit Account, a Participant shall not receive a payment under the Plan before the first day of the seventh month (but no later than sixty (60) days from such day) following the date of the Participant's Separation from Service.

In the event payment is made in installments, the Participant's Account shall continue to be adjusted for earnings as provided in Article Seven, and the amount of the payment to be made shall be equal to (i) times (ii), where (i) equals the value of the Participant's Account as of the most recent Valuation Date, and (ii) equals a fraction, the numerator of which is one, and the denominator of which is the number of then-remaining installments to be paid under the Participant's election (including the current installment).

8.2 "Distribution upon Participant's Death or Disability" Regardless of the distribution event elected under Section 8.1 (except to the extent a Participant elected to receive payment in installments following a death or Disability distribution event under Section 8.1), upon the death or Disability of a Participant prior to the complete distribution of his or her Accounts, the balance of his or her Accounts shall be paid in a lump sum to the Participant (in case of Disability) or to the Beneficiary (in case of death) within sixty (60) days following the date of the Participant's death or Disability. In the event a beneficiary designation is not on file or the Beneficiary is deceased or cannot be located, payment will be made to the estate of the Participant. In the event of the death or Disability of a Participant subsequent to the commencement of installment payments but prior to the completion of the payments, the installment payments shall continue and shall be paid to the Participant or Beneficiary as if the Participant had not died or experienced a Disability; provided, however, if the Beneficiary is a trust or estate, the remaining benefits shall be paid in a lump sum (except to the extent a Participant elected to receive payment in installments following a death or Disability distribution event under Section 8.1).

8.3 "Change of Beneficiary Permitted" To the extent permitted by law, the beneficiary designation may be changed by the Participant at any time without the consent of the prior Beneficiary.

8.4 "Unforeseeable Emergency Withdrawal" Upon written request by a Participant, the Plan Committee or its delegate, in its sole discretion, may distribute to the Participant prior to his or her elected distribution event such amount of the Participant's Directed Investment Account balance which the Plan Committee (or its delegate) determines is necessary to provide for an unforeseeable emergency suffered by the Participant. For this purpose, "unforeseeable emergency" shall have the meaning set forth in Section 409A(a)(2)(A)(vi) of the Code and the regulations promulgated thereunder. A Participant in the Plan who is a member of the Plan Committee shall be excluded from any determinations regarding such Participant's own unforeseeable emergency. A distribution under this section shall occur not later than sixty (60) days from the date a determination of unforeseeable emergency is made. Additionally, unforeseeable emergency withdrawals shall not be permitted from the Stock Unit Account.

8.5 "Amending the Election to Change Distribution Event and/or Form of Distribution"

(a) With respect to amounts credited to a Participant's Grandfathered Benefit Accounts, a Participant may amend his or her election as to the form of payment, provided that such change is made at least one year prior to the Participant's termination of employment.

(b) With respect to a Participant's Non-Grandfathered Benefit Account, a Participant may amend his or her election as to the form of payment and/or distribution event provided all of the following are true:

(1) The amended distribution election is submitted in writing (including electronically) on a form approved by the Plan Committee no later than 12 months before the Participant's benefit would otherwise have commenced payment;

(2) In the case of a distribution election relating to a payment other than on account of death, Disability or unforeseeable emergency, the Participant's payment is delayed by at least 5 years after the Participant's benefit would otherwise have commenced; and

(3) The amended election does not become effective for 12 months after the date it is received by the Plan Committee.

An amended election may apply to one or more of the Participant's separate elections under his or her Non-Grandfathered Accounts from prior years. The Plan Committee may impose administrative restrictions on the number and terms of permissible modifications under this Section 8.5(b).

(c) Notwithstanding the foregoing, during the 2007 calendar year, a Participant was permitted to elect to change the form of distribution with respect to amounts credited to his or her or her Non-Grandfathered Benefit Account so long as the change applied only to amounts that would not otherwise be payable in 2007 and the change did not cause an amount to be paid in 2007 that would not otherwise be payable in 2007.

8.6 **"Method of Distribution"** Other than the portion of the Participant's Account that is contained in the Stock Unit Account, the Participant's benefit shall be distributed solely in the form of cash. The benefit payable from the Participant's Stock Unit Account shall be distributed solely in the form of shares of Common Stock issuable pursuant to the terms of the Company's Incentive Plan under which the Stock Compensation was originally granted, or any successor equity compensation plan.

ARTICLE NINE
Nature of Employer Obligation and Participant Interest

9.1 **"In General"** A Participant, his or her Beneficiary, and any other person or persons having or claiming a right to payments under the Plan shall rely solely on the unsecured promise of the Company set forth herein, and nothing in this Plan shall be construed to give a Participant, Beneficiary, or any other person or persons any right, title, interest, or claim in or to any specified assets, fund, reserve, account, or property of any kind whatsoever owned by the Company or in which it may have any right, title, or interest now or in the future, but a Participant shall have the right to enforce his or her claim against the Company in the same manner as any unsecured creditor.

9.2 **"Benefits Payable from General Assets of Company"** Except to the extent that amounts hereunder are paid (in the sole discretion of the Company) from a so-called "rabbi" trust established by the Company as a funding vehicle for the Plan, all amounts paid under the Plan shall be paid in cash from the general assets of the Company. Benefits shall be reflected on the accounting records of the Company but shall not be construed to create or require the creation of a trust, custodial, or escrow account. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust or fiduciary relationship of any kind between the Company and an Employee, Beneficiary of an Employee, or any other person. Neither the Employee, Beneficiary of an Employee, nor any other person shall acquire any interest greater than that of an unsecured creditor.

9.3 **"Other Benefit Programs"** Any benefits payable under the Plan shall be independent of, and in addition to, any other benefits or compensation of any sort, payable to or on behalf of the Participant under or pursuant to any other employee benefit program sponsored by the Company for its employees generally.

ARTICLE TEN
Administration of the Plan

10.1 **"In General"** The Plan Committee shall be responsible for the general administration of the Plan. The members of the Plan Committee shall be appointed by and may be removed by the Board, in each case by written notice delivered to the Plan Committee member. The Plan Committee may establish its own procedures for meetings, structure, and the administration of the Plan and may delegate some or all of its duties to any person or persons.

10.2 **"No Special Compensation for Committee"** No member of the Plan Committee shall receive any compensation from the Plan for his or her service.

10.3 "**Powers of the Committee"** The Plan Committee shall administer the Plan in accordance with its terms as interpreted by the Plan Committee and shall have all powers necessary to carry out the provisions of the Plan as interpreted by the Plan Committee. It shall interpret the Plan and shall determine all questions arising in the administration, interpretation, and application of the Plan. It shall determine the eligibility for benefits, the amount of any benefit due, and the manner in which any benefit is to be paid by the Plan. It will construe the Plan, supplying any omissions, reconciling any differences, and determining factual issues relating to the Plan. Any such determination by it shall be conclusive and binding on all persons. It may adopt such regulations as it deems desirable for the conduct of its affairs. It may appoint such accountants, counsel, actuaries, specialists, and other persons as it deems necessary or desirable in connection with the administration of this Plan and shall be the agent for the service of process with respect to matters involving the Plan.

10.4 **"Expenses of Committee Reimbursed"** The Plan Committee shall be reimbursed by the Company for all reasonable expenses incurred by it in the fulfillment of its duties. Such expenses shall include any expenses incident to its functioning, including, but not limited to, fees of accountants, counsel, actuaries, and other specialists, and other costs of administering the Plan.

10.5 **"Appointment of Agents"** The Plan Committee is responsible for the daily administration of the Plan. It may appoint other persons or entities to perform any of its fiduciary or other functions. The Plan Committee and any such appointee may employ advisors and other persons necessary or convenient to help it carry out its duties, including their respective fiduciary duties. The Plan Committee shall review the work and performance of each such appointee, and shall have the right to remove any such appointee from his or her position at any time, with or without notice. Any person, group of persons, or entity may serve in more than one fiduciary capacity.

10.6 **"Plan Accounting"** The Plan Committee shall maintain accurate and detailed records and accounts of Participants and of their rights under the Plan and of all receipts, disbursements, transfers, and other transactions concerning the Plan. Such accounts, books, and records relating thereto shall be open at all reasonable times to inspection and audit by the Board and by persons designated thereby.

10.7 **"Plan Intended to Comply with Law"** The Plan Committee shall take all steps reasonably necessary to ensure that the Plan complies materially with applicable law. These steps shall include such items as the preparation and filing of all documents and forms required by any governmental agency; maintaining of adequate Participants' records; withholding of applicable taxes and filing of all required tax forms and returns; recording and transmission of all notices required to be given to Participants and their Beneficiaries; the receipt and dissemination, if required, of all reports and information received from the Company; and doing such other acts necessary for the administration of the Plan. The Plan Committee shall keep a record of all of its proceedings and acts and shall keep all such books of account, records, and other data as may be necessary for proper administration of the Plan. The Plan Committee shall notify the Company upon its request of any action taken by it, and when required, shall notify any other interested person or persons.

10.8 **"Claims and Appeals Procedures; Consistent Application of Procedures Required"** Upon application for benefits made by a Participant or Beneficiary, the Plan Committee shall determine, no later than ninety (90) days after receipt of the claim, whether or not the benefits applied for shall be denied either in whole or in part and shall so notify the applicant in writing. If benefits applied for are denied either in whole or in part, the following provisions shall govern:

(a) Notice of Denial. The Plan Committee, upon its denial of a claim for benefits under the Plan, shall provide the applicant with the aforesaid written notice of such denial setting forth:

(i) the specific reason for the denial;

(ii) specific reference to pertinent Plan provisions upon which the denial is based;

(iii) a description of any additional material or information necessary for the claimant to perfect the claim; and

(iv) an explanation of the claimant's right with respect to the claims review procedure as provided in subsection (b) of this section.

(b) Claims Review. Every claimant with respect to whom a claim is denied shall, upon written notice of such denial, have the right in the period which expires sixty (60) days after receipt by the claimant of the aforesaid written notice of denial to:

(i) request a review of the denial of benefits by written notice delivered to the Plan Committee;

(ii) review pertinent documents; and

(iii) submit issues and comments in writing.

(c) Decision on Review. The Plan Committee, upon receipt of a request for review submitted by the claimant in accordance with subsection (b), shall conduct a review of its decision, and provide the claimant with written notice of the decision reached by the Plan Committee setting forth the specific reasons for the decision and specific references to the provisions of the Plan upon which the decision on review is based. Such notice shall be delivered to the claimant not later than sixty (60) days following the receipt of the claimant's request, or, in the event that the Plan Committee shall determine that a hearing is needed, no later than one hundred twenty (120) days following the receipt of such request.

The Plan Committee may establish procedures hereunder which shall be binding on all Participants and beneficiaries.

(d) Time and Forum for Filing Claims. All claims for benefits must be submitted to within the "applicable limitations period." The "applicable limitations period" shall be one year, beginning on (i) in the case of any lump sum payment, the date on which the payment was made or scheduled to be made, (ii) in the case of an installment payment, the date of the first in the series of payments (or the date on which such payments were scheduled to commence), or (iii) for all other claims (including complaints regarding plan administration), the date on which the action complained or aggrieved of occurred. No person may submit a dispute or claim to a court with regard this Plan prior to full exhaustion of the procedures set forth in this section. Any dispute or claim filed in a court must (i) be filed no later than one year after the date the Plan Committee renders its final decision upon appeal and (ii) filed in Federal District Court for the Southern District of Florida, located in Miami, Florida.

10.9 **"Modification of Eligibility Rules"** Notwithstanding anything to the contrary in the Plan, the Plan Committee shall be authorized to modify the eligibility requirements and rescind the eligibility of any Participant if necessary to ensure that the Plan is maintained primarily for the purpose of providing additional benefits to a select group of management or highly compensated employees under ERISA.

ARTICLE ELEVEN
Miscellaneous Provisions

11.1 **"No Assignment"** Neither the Participant, his or her beneficiary, nor his or her legal representative shall have any rights to commute, sell, assign, transfer or otherwise convey, or hypothecate or pledge the right to receive any payments hereunder, which payments and the rights thereto are expressly declared to be nonassignable and nontransferable. Any attempt to assign or transfer the right to payments of this Plan shall be void and have no effect. For clarification, the Plan shall give no effect to any assignment through a domestic relations order, regardless of whether such order would qualify as a Qualified Domestic Relations Order under the Code or ERISA.

11.2 **"All Benefits Before Payment Subject to Company's Creditors"** The assets from which Participant's benefits shall be paid shall at all times be subject to the claims of the creditors of the Company before payment to a Participant, and a Participant shall have no right, claim, or interest in any assets as to which such Participant's account is deemed to be invested or credited under the Plan.

11.3 **"<u>Plan Amendment or Termination</u>"** The Plan may be amended, modified, or terminated by the Plan Committee in its sole discretion at any time and from time to time. Such termination includes the right to pay to Participants upon Plan termination the full value of their Accounts in a lump sum, regardless of the prior elections made by the Participants. However, no such amendment, modification, or termination shall reduce the value of benefits credited under the Plan prior to such amendment, modification, or termination.

11.4 **"<u>Benefits Under This Plan Are Additional to Other Benefits or Pay</u>"** It is expressly understood and agreed that the payments made in accordance with the Plan are in addition to any other benefits or compensation to which a Participant may be entitled or for which he or she may be eligible, whether funded or unfunded, by reason of his or her employment by the Company.

11.5 **"<u>Responsibility for Taxes</u>"**

(a) The Company may deduct from each payment under the Plan the amount of any tax (including, without limitation, federal, state, or local income taxes, Social Security taxes, or Medicare taxes) required by any governmental authority to be withheld and paid over by the Company to such governmental authority for the account of the person entitled to such distribution.

(b) Notwithstanding anything else in this Plan, and regardless of any action the Company takes with respect to any or taxes, the ultimate liability for all taxes due by a Participant is and remains the Participant's responsibility.

(c) Without limiting the foregoing, neither the Company nor the Plan Committee nor any other person (i) makes any representations or undertakings regarding the treatment of any taxes; or (ii) commits to structure the terms of the payment under the Plan to optimize, reduce, or eliminate the Participant's liability for taxes. Without limiting the foregoing, the Company and the Plan Committee expressly make no guarantee with regard to any tax treatment of any benefit or payment under this Plan, and the Participant shall be solely and exclusively responsible for any taxes, penalties, and interest owing with regard to participation under this Plan. Without limiting the foregoing, neither the Company nor the Plan Committee nor any other person shall have any liability to any Participant should any provision of the Plan fail to satisfy the requirements of Code Section 409A.

11.6 **"<u>Distributions Not Compensation for Purposes of Any Other Plan</u>"** Distributions from a Participant's Account shall not be considered wages, salaries or compensation under any other employee benefit plan.

11.7 **"<u>No Promise of Employment</u>"** No provision of this Plan shall be construed to affect in any manner the existing rights of the Company to suspend, terminate, alter, or modify, whether or not for cause, the employment relationship of the Participant and the Company.

11.8 **"<u>Applicable Law</u>"** To the extent state law is not preempted by ERISA, this Plan, and all its rights under it, shall be governed and construed in accordance with the laws of the State of Florida.

11.9 **"<u>Binding Effects on Assigns and Successors</u>"** This Plan shall be binding upon the Company, its assigns, and any successor which shall succeed to substantially all of its assets and business through sale of assets, merger, consolidation, or acquisition.

11.10 **"<u>Titles Do Not Prevail</u>"** The titles to the Sections of this Plan are included only for ease of use, are not terms of the Plan, and shall not prevail over the actual provisions of the Plan.

11.11 **"<u>Electronic Administration</u>"** Notwithstanding anything to the contrary in the Plan, the Plan Committee may announce from time to time that Participant enrollments, Participant elections, and any other aspect of plan administration may be made by telephonic or other electronic means rather than in paper form.

IN WITNESS WHEREOF, the Plan has been executed on the ___ day of _________, 2021, but effective as of January 1, 2022.

SEACOAST NATIONAL BANK

By:__

Its:__

ATTEST:

____

EXHIBIT 10.2

SEACOAST NATIONAL BANK
DIRECTORS' DEFERRED COMPENSATION PLAN
(Amended & Restated Effective January 1, 2022)

ARTICLE ONE
Purpose and Adoption of Plan

1.1 **"Introduction"** Seacoast National Bank (the "Company"), formerly known as the First National Bank of Treasure Coast, and its affiliates established the Seacoast National Bank Directors' Deferred Compensation Plan (the "Plan"), formerly known as the FNBTC Directors' Deferred Compensation Plan, on July 1, 2004. The Company subsequently amended and restated the Plan effective January 1, 2005 to reflect certain amendments and to comply with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder. The Company further amended and restated the Plan effective January 1, 2014 to allow Eligible Directors to defer equity-based awards granted to them under the Incentive Plan, and again effective December 15, 2015 to allow Eligible Directors to make separate payment elections with respect to deferrals for each Plan Year. The Company now desires to amend and restate the Plan again January 1, 2022 to adopt other changes as reflected herein.

1.2 **"Purpose of Plan"** The Plan is designed to permit each Eligible Director to have the opportunity annually to elect to defer a portion of his or her compensation for serving as a Director.

ARTICLE TWO
Definitions

For purposes of the Plan, the following terms shall have the following meanings unless a different meaning is plainly required by the context. The words in the masculine gender shall include the feminine and neuter genders and words in the singular shall include the plural and words in the plural shall include the singular.

"Account" means an account established and maintained by the Plan Committee for bookkeeping purposes to reflect the interest of a Participant in the Plan. The Account may consist of one or more sub-accounts, as appropriate, which may include the following as well as any other sub-accounts the Plan Committee deems appropriate:

- Directed Investment Account (including deferrals of Cash Compensation and Company Contributions);
- Stock Unit Account;
- Pre-2022 Benefit Account;
- Post-2022 Benefit Account;

The Account and all sub-accounts shall be bookkeeping entries only and shall be utilized solely as devices for the measurement and determination of the amounts to be paid to a Participant or Beneficiary under the Plan.

"Cash Compensation" shall mean an amount equal to the sum of the Participant's cash compensation, including retainer, meeting fees and any other compensation otherwise payable in cash.

"Beneficiary" shall mean any person, estate, trust, or organization entitled to receive any payment under the Plan upon the death of a Participant. The Participant shall designate his or her beneficiary on a form provided by the Plan Committee.

"Board" shall mean the Board of Directors of Seacoast National Bank.

"Change in Control" means any of the events specified in subsections (a), (b), or (c) below, subject to the rules described in subsection (d) below:

(a) *Change in the Ownership of the Company* shall mean means a situation where any one person, or more than one person acting as a group (as described in applicable regulations), acquires ownership of stock of the Company that, together with stock held by such person or group constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company. However, if any one person, or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Control. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this subsection. This subsection applies only when there is a transfer of stock of the Company (or issuance of stock of the Company) and stock of the Company remains outstanding after the transaction.

(b) *Change in the Effective Control of the Company* means that a majority of members of the Board of the Company is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board before the date of the appointment or election.

(c) *Change in the Ownership of a Substantial Portion of the Company's Assets* means any one person or more than one person acting as a group, that is not affiliated with the Company, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 80 percent of the consolidated total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. There is no Change in Control under this subsection (c) when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer, as provided in Treasury Regulations. For purposes of this subsection (c) and except as otherwise provided in Treasury Regulations, a person's status is determined immediately after the transfer of the assets. For example, a transfer to a company in which the Company has no ownership interest before the transaction, but that is a majority-owned subsidiary of the Company after the transaction, is not treated as a Change in Control.

(d) *Compliance with Section 409A*. The definition of "Change in Control" as described herein is intended to satisfy all requirements under Treasury Regulations Section 1.409A-3(i)(5), and shall be construed accordingly. In no event will any payment of "nonqualified deferred compensation" (as such term is defined for purposes of Code Section 409A) be triggered hereunder upon a Change in Control unless the Change in Control event satisfies all applicable requirements of such regulation.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Common Stock" shall the common stock of the mean Seacoast Banking Corporation of Florida, the parent company of the Company.

"Company" shall mean Seacoast National Bank with principal offices in Stuart, Florida, and any affiliate of Seacoast National Bank.

"Deferral Election" shall mean the Participant's election under the Plan to defer a portion of his or her Cash Compensation and/or Stock Compensation pursuant to Article Four.

"Deferred Stock Unit" shall mean a unit of Common Stock, with one unit equating to a single share of Common Stock. Thus, the value of one unit shall be the market value of a single share of Common Stock. The use of units is merely a bookkeeping convenience, and the units are not actual shares of Common Stock. The Company will not reserve or otherwise set aside any Common Stock for or to any Stock Unit Account. Distributions from the Stock Unit Account are required to be in shares of Common Stock and shall be issued from the Incentive Plan.

"Disability" shall mean that the Plan Committee determines that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. Notwithstanding the foregoing, in no event shall a Disability be deemed to occur unless it would satisfy the requirements for "disability" under Section 409A of the Code.

"Effective Date" shall mean January 1, 2022, the effective date of this restatement. The original effective date was July 1, 2004.

“Eligible Director” shall mean a member of the Board or the board of directors of its parent, Seacoast Banking Corporation of Florida, who is not an employee of the Company or Seacoast Banking Corporation of Florida, or any subsidiary of either of the foregoing.

“Entry Date” shall mean the first day of the calendar month next following or coinciding with the date on which an individual becomes an Eligible Director.

“ERISA” shall mean Public Law 93-406, popularly known as the Employee Retirement Income Security Act of 1974, as amended.

“Incentive Plan” shall mean the applicable long-term incentive or stock plan(s) of the Company or its parent, and any successor thereto.

“Investment Election” shall mean the Participant’s election to have his or her Account invested pursuant to Section 7.1.

“Participant” shall mean an Eligible Director of the Company who meets all conditions of eligibility under Article Three and participates in the Plan in accordance with sections of Article Four.

“Plan” shall mean the Seacoast National Bank Directors’ Deferred Compensation Plan, formerly known as the FNBTC Directors’ Deferred Compensation Plan, as amended from time to time.

“Plan Committee” shall mean the Committee appointed to administer the Plan, as provided in Article Ten. Unless otherwise designated by the Board, the Plan Committee shall be the Company’s Retirement Savings Plan Committee.

“Plan Year” shall mean the twelve (12) month period commencing January 1st and ending on the last day of December next following.

“Separation from Service” shall have the meaning as set forth in Section 409A(a)(2)(i) of the Code and the regulations promulgated thereunder.

“Stock Compensation” shall mean stock units granted under the Incentive Plan and the total of a Participant’s annual compensation that would be payable to the Participant in shares of Common Stock. Stock Compensation shall not include Cash Compensation. For clarification, Stock Compensation specifically excludes other equity-based awards, such as stock options, that an Eligible Director may receive under the Incentive Plan. To the extent any award of Stock Compensation deferred under this Plan is subject to vesting conditions, such award shall not be credited to the Participant’s Stock Compensation account until the award becomes vested.

“Valuation Date” shall mean each business day that the NASDAQ Stock Exchange is open during the Plan Year.

ARTICLE THREE
Eligibility

“Participation” Participation shall be limited to persons who are Eligible Directors. An Eligible Director shall become a Participant upon electing a deferral.

ARTICLE FOUR
Deferral of Compensation by Participant

4.1 **“Compensation Which May Be Deferred”** A Participant may elect to defer from his or her Cash Compensation and/or Stock Compensation otherwise payable to him or her during a given calendar year any whole percentage or specified dollar amount of his or her Cash Compensation and/or any whole percentage or number of shares of his or her Stock Compensation. Such election shall occur in a year prior to the year in which the services related to the Compensation are performed. Any amounts deferred pursuant to this section of the Plan shall be credited to his or her Account under the Plan. A Participant shall make separate elections to defer Cash Compensation and Stock Compensation. No deferral shall me made of any Cash or Stock Compensation after termination of the Participant’s service on the Board or the board of directors of its parent, Seacoast Banking Corporation of Florida, as the case may be.

4.2 **“Establishment of Account”** An Account shall be established for each Participant by the Plan Committee as of the Entry Date for such Participant. The Participant’s Account shall be credited at least quarterly with the Cash Compensation he or she has deferred under the Plan, and at appropriate intervals determined by the Plan Committee for Stock Compensation. The Stock Unit Account will generally be credited at the time the Stock Compensation is deferred; provided that to the extent any award of Stock Compensation deferred under this Plan is subject to vesting conditions, such award shall not be credited to the Participant’s Stock Compensation account until the award becomes vested.

4.3 **“The Form of the Deferral Election”** A Deferral Election shall be made in writing on a form prescribed by the Plan Committee or through electronic or other means as approved by the Plan Committee. The Deferral Election shall state the percentage or amount to be deferred.

4.4 **“Making and Modifications of Deferral Elections”**

(a) The initial Deferral Election of a new Participant shall be made by written notice signed by the Participant or through electronic or other means as approved by the Plan Committee and delivered to the Plan Committee (or its designee) in a form acceptable to the Plan Committee, not later than thirty (30) days after the Eligible Director’s Entry Date. Such election shall apply only to the extent the Cash Compensation or Stock Compensation is related to services performed after such election is made.

(b) Any Deferral Election for a subsequent Plan Year shall be made by written notice signed by the Participant or through electronic or other means as approved by the Plan Committee and delivered to the Plan Committee (or its designee) not later than the last day of the current Plan Year and shall be effective on the first day of the next Plan Year subject to the timing requirements set forth in Section 4.1. A Deferral Election (including the form of payment election and a distribution event election) with respect to the deferral of future Cash Compensation or Stock Compensation shall continue for each future Plan Year, unless and until the Participant submits a new election form on a timely basis as provided herein. As of the first day of any Plan Year, a deferral election with respect to that Plan Year may not be modified or revoked.

(c) At the time of the initial Deferral Election, the Participant shall elect the form of payment to be received pursuant to Section 8.1. A Participant may elect a separate deferral election for each year beginning on or after January 1, 2022, including a new form of payment (as described in Article Eight). For amounts deferred before January 1, 2022, the initial Deferral Election with respect to the form of payments and the time for the commencement of payments shall govern the distribution of an account, except as provided in Section 8.5.

4.5 **“Procedures for Stock Compensation Deferrals”** If a Participant elects to defer Stock Compensation for a Plan Year, the deferral shall result in the percentage or number of whole shares elected being withheld from each payment of Stock Compensation otherwise payable to the Participant during the Plan Year. Such contributions shall result in a number of Deferred Stock Units being credited to the Participant’s Stock Unit Account equal to the number of whole shares of Common Stock that would otherwise be payable to the Participant. Participants may not defer fractional shares; in the event a deferral would result in a fractional share, the Participant’s election shall be interpreted to be a direction to round down to the nearest whole share.

ARTICLE FIVE
No Company Contributions

The Company shall not make Company contributions (e.g. matching, discretionary, or nonelective contributions) to the Plan.

ARTICLE SIX
“Vesting”

A Participant shall be 100% vested in his or her entire Account under this Plan, provided however that to the extent that an award of Stock Compensation deferred under this Plan is subject to vesting conditions, the Stock Compensation related to such award shall not be credited to the Participant’s Stock Unit Account unless and until the award becomes vested.

ARTICLE SEVEN
Investments

7.1 **“In General”** The Participant’s Directed Investment Account shall be credited or reduced with its allocable share of deemed investment gains and losses. Credits or reductions for investment gains or losses shall generally occur each business day, unless otherwise specified by the Plan Committee. A Participant may direct how his or her Directed Investment Account (including subaccounts) are deemed to be invested, but only among such deemed investment vehicles as are made available by the Plan Committee from time to time. The Plan Committee may, but is not required to, determine that one investment option for the Directed Investment Account may be shares or units of Common Stock, provided however that any such investment option shall be accounted for separately from the Stock Unit Account. The Investment Elections shall be made in accordance with procedures established by the Plan Committee. The Investment Election made in accordance with this Article Seven shall continue unless the Participant changes the Investment Election in accordance with the procedures established by the Plan Committee. Investment Elections and changes thereto directed by the Participant must be made in accordance with procedures set forth by the Plan Committee and shall generally be permitted each business day, unless otherwise specified by the Plan Committee. Investment Elections and changes thereto shall be effective prospectively only.

7.2 **"Gains Invested in Same Option"** Dividends, interest and other distributions credited with respect to any deemed investment shall be deemed to be invested in the same investment option.

7.3 **"Participant Reports on Account Values"** At the end of each Plan Year (or on a more frequent basis as determined by the Plan Committee), a report shall be issued to each Participant who has an Account stating the value of such Account.

7.4 **"Special Rules Regarding Stock Unit Account"**

(a) A Participant's Stock Unit Account may only be invested in Deferred Stock Units, and Participants may not submit Investment Elections regarding their Stock Unit Accounts.

(b) The Stock Unit Account shall not be credited or reduced for earnings generally.

(c) In the event dividends or other distributions are paid with respect to the Common Stock, the Plan Committee will credit each Participant's Directed Investment Account with an amount equal to the dollar amount or fair market value that the Participant would have received had he or she been the owner on the record date for the payment of such dividends or distributions of a number of shares of Common Stock equal to the number of Deferred Stock Units then credited to the Participant's Stock Unit Account, and such amount will be deemed invested in and among the Investment Funds pursuant to the Participant's Investment Election.

(d) In the event of (i) a corporate event or transaction involving the Company that results in a change in the Common Stock, or an exchange of Common Stock for cash, securities other than Common Stock, or other property (including, without limitation, any merger, reorganization, recapitalization, combination or exchange of shares), or (ii) any transaction between the Company and the holders of Common Stock that causes the per-share value of the Common Stock to change (including, without limitation, any conversion of shares, share dividend, share split, spin-off, rights offering, or large non-ordinary cash dividend), the Board shall make such equitable adjustments to the Deferred Stock Units as it deems necessary, in its sole discretion, to prevent dilution or enlargement of rights immediately resulting from such transaction. Notwithstanding the preceding sentence and in any event, any adjustment shall comply with the requirements of Section 409A of the Code.

ARTICLE EIGHT
Distribution of Accounts

8.1 **"Distribution Events and Forms of Payment"**

(a) Distribution Events

Amounts deferred before January 1, 2022 are distributed upon a Participant's Separation from Service. For amounts deferred January 1, 2022 or later, a Participant may elect, as part of the Participant's deferral election, to have the amounts paid on any of the following:

(1) The Participant's Separation from Service;
(2) A specific date;
(3) A Change in Control;
(4) The Participant's death;
(5) The Participant's Disability;
(6) The earlier to occur of (1), (2), (3), (4) or (5); or
(7) The later to occur of (1), (2), (3), (4) or (5).

If a Participant fails to specify a distribution event, the distribution event that applied to the distribution date of the Participant's Deferral Election from the prior Plan Year shall be deemed to apply, or if no such election exists, the Participant shall be deemed to have elected payment upon the Participant's Separation from Service.

(b) Forms of Payment

As soon as administratively feasible, but in no event later than sixty (60) days, following the distribution event applicable to the Participant's Account, the Participant shall receive the balance of his or her Account, in cash in one of the following forms:

(1) a lump sum;

(2) monthly installments over a period not to exceed 5 years; or

(3) a combination of an initial lump sum of a specified dollar amount and the remainder in monthly installments over a period not to exceed 5 years;

as specified on the Participant's initial Deferral Election, unless the Participant has amended the distribution date or form pursuant to Section 8.5 hereof. Such initial Deferral Election, which includes the Participant's form of distribution election, must occur within thirty (30) days from the Participant's Entry Date.

For deferrals of amounts on or after January 1, 2022, the same options are available, as indicated in (1)-(7) above, except that installments shall be permissible over a period of up to 11 years, and the installment frequency may be annual, monthly, or quarterly.

Notwithstanding the Participant's election, a lump sum distribution will be paid in lieu of installments if the total value of his or her Account balance is $25,000 or less. If a Participant who was eligible for the Plan fails to specify a form of payment for his or her Account, his or her Account shall be distributed in a lump sum.

Notwithstanding anything herein to the contrary, a Participant shall not receive a payment under the Plan before the first day of the seventh month (but no later than sixty (60) days from such day) following the date of the Participant's Separation from Service.

In the event payment is made in installments, the Participant's Account shall continue to be adjusted for earnings as provided in Article Seven, and the amount of the payment to be made shall be equal to (i) times (ii), where (i) equals the value of the Participant's Account as of the most recent Valuation Date, and (ii) equals a fraction, the numerator of which is one, and the denominator of which is the then-remaining number of installments to be paid under the Participant's election (including the current installment).

8.2 **"Distribution upon Participant's Death or Disability"** Regardless of the distribution event elected under Section 8.1 (except to the extent a Participant elected to receive payment in installments following a death or Disability distribution event under Section 8.1), upon the death or Disability of a Participant prior to the complete distribution of his or her Accounts, the balance of his or her Accounts shall be paid in a lump sum to the Participant (in case of Disability) or to the Beneficiary (in case of death) within sixty (60) days following the date of the Participant's death or Disability. In the event a beneficiary designation is not on file or the Beneficiary is deceased or cannot be located, payment will be made to the estate of the Participant. In the event of the death or Disability of a Participant subsequent to the commencement of installment payments but prior to the completion of the payments, the installment payments shall continue and shall be paid to the Participant or Beneficiary as if the Participant had not died or experienced a Disability; provided, however, if the Beneficiary is a trust or estate, the remaining benefits shall be paid in a lump sum (except to the extent a Participant elected to receive payment in installments following a death or Disability distribution event under Section 8.1).

8.3 **"Change of Beneficiary Permitted"** To the extent permitted by law, the beneficiary designation may be changed by the Participant at any time without the consent of the prior Beneficiary.

8.4 **"Unforeseeable Emergency Withdrawal"** Upon written request by a Participant, the Plan Committee or its delegate, in its sole discretion, may distribute to the Participant prior to his or her elected distribution event such amount of the Participant's Directed Investment Account balance which the Plan Committee (or its delegate) determines is necessary to provide for an unforeseeable emergency suffered by the Participant. For this purpose, "unforeseeable emergency" shall have the meaning set forth in Section 409A(a)(2)(A)(vi) of the Code and the regulations promulgated thereunder. A Participant in the Plan who is a member of the Plan Committee shall be excluded from any determinations regarding such Participant's own unforeseeable emergency. A distribution under this section shall occur not later than sixty (60) days from the date a determination of unforeseeable emergency is made. Additionally, unforeseeable emergency withdrawals shall not be permitted from the Stock Unit Account.

8.5 **"Amending the Election to Change Distribution Event and/or Form of Distribution"**

A Participant may amend his or her election as to the form of payment and/or distribution event provided all of the following are true:

(1) The amended distribution election is submitted in writing (including electronically) on a form approved by the Plan Committee no later than 12 months before the Participant's benefit would otherwise have commenced payment;

(2) In the case of a distribution election relating to a payment other than on account of death, Disability or unforeseeable emergency, the Participant's payment is delayed by at least 5 years after the Participant's benefit would otherwise have commenced; and

(3) The amended election does not become effective for 12 months after the date it is received by the Plan Committee.

An amended election may apply to one or more of the Participant's separate elections under his or her Accounts subject to Code Section 409A from prior years. The Plan Committee may impose administrative restrictions on the number and terms of permissible modifications under this Section 8.5(b).

8.6 **"Method of Distribution"** Other than the portion of the Participant's Account that is contained in the Stock Unit Account, the Participant's benefit shall be distributed solely in the form of cash. The benefit payable from the Participant's Stock Unit Account shall be distributed solely in the form of shares of Common Stock issuable pursuant to the terms of the Incentive Plan under which the Stock Compensation was originally granted, or any successor equity compensation plan.

ARTICLE NINE
Nature of Company Obligation and Participant Interest

9.1 **"In General"** A Participant, his or her Beneficiary, and any other person or persons having or claiming a right to payments under the Plan shall rely solely on the unsecured promise of the Company set forth herein, and nothing in this Plan shall be construed to give a Participant, Beneficiary, or any other person or persons any right, title, interest, or claim in or to any specified assets, fund, reserve, account, or property of any kind whatsoever owned by the Company or in which it may have any right, title, or interest now or in the future, but a Participant shall have the right to enforce his or her claim against the Company in the same manner as any unsecured creditor.

9.2 **"Benefits Payable from General Assets of Company"** Except to the extent that amounts hereunder are paid (in the sole discretion of the Company) from a so-called "rabbi" trust established by the Company as a funding vehicle for the Plan, all amounts paid under the Plan shall be paid in cash from the general assets of the Company. Benefits shall be reflected on the accounting records of the Company but shall not be construed to create or require the creation of a trust, custodial, or escrow account. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust or fiduciary relationship of any kind between the Company and an Participant, Beneficiary of a Participant, or any other person. Neither the Participant, Beneficiary of a Participant, nor any other person shall acquire any interest greater than that of an unsecured creditor.

ARTICLE TEN
Administration of the Plan

10.1 **"In General"** The Plan Committee shall be responsible for the general administration of the Plan. The members of the Plan Committee shall be appointed by and may be removed by the Board, in each case by written notice delivered to the Plan Committee member. The Plan Committee may establish its own procedures for meetings, structure, and the administration of the Plan and may delegate some or all of its duties to any person or persons.

10.2 **"No Special Compensation for Committee"** No member of the Plan Committee shall receive any compensation from the Plan for his or her service.

10.3 "**Powers of the Committee"** The Plan Committee shall administer the Plan in accordance with its terms as interpreted by the Plan Committee and shall have all powers necessary to carry out the provisions of the Plan as interpreted by the Plan Committee. It shall interpret the Plan and shall determine all questions arising in the administration, interpretation, and application of the Plan. It shall determine the eligibility for benefits, the amount of any benefit due, and the manner in which any benefit is to be paid by the Plan. It will construe the Plan, supplying any omissions, reconciling any differences, and determining factual issues relating to the Plan. Any such determination by it shall be conclusive and binding on all persons. It may adopt such regulations as it deems desirable for the conduct of its affairs. It may appoint such accountants, counsel, actuaries, specialists, and other persons as it deems necessary or desirable in connection with the administration of this Plan and shall be the agent for the service of process with respect to matters involving the Plan.

10.4 **"Expenses of Committee Reimbursed"** The Plan Committee shall be reimbursed by the Company for all reasonable expenses incurred by it in the fulfillment of its duties. Such expenses shall include any expenses incident to its functioning, including, but not limited to, fees of accountants, counsel, actuaries, and other specialists, and other costs of administering the Plan.

10.5 **"Appointment of Agents"** The Plan Committee is responsible for the daily administration of the Plan. It may appoint other persons or entities to perform any of its fiduciary or other functions. The Plan Committee and any such appointee may employ advisors and other persons necessary or convenient to help it carry out its duties, including their respective fiduciary duties. The Plan Committee shall review the work and performance of each such appointee, and shall have the right to remove any such appointee from his or her position at any time, with or without notice. Any person, group of persons, or entity may serve in more than one fiduciary capacity.

10.6 **"Plan Accounting"** The Plan Committee shall maintain accurate and detailed records and accounts of Participants and of their rights under the Plan and of all receipts, disbursements, transfers, and other transactions concerning the Plan. Such accounts, books, and records relating thereto shall be open at all reasonable times to inspection and audit by the Board and by persons designated thereby.

10.7 **"Plan Intended to Comply with Law"** The Plan Committee shall take all steps reasonably necessary to ensure that the Plan complies materially with applicable law. These steps shall include such items as the preparation and filing of all documents and forms required by any governmental agency; maintaining of adequate Participants' records; withholding of applicable taxes and filing of all required tax forms and returns; recording and transmission of all notices required to be given to Participants and their Beneficiaries; the receipt and dissemination, if required, of all reports and information received from the Company; and doing such other acts necessary for the administration of the Plan. The Plan Committee shall keep a record of all of its proceedings and acts and shall keep all such books of account, records, and other data as may be necessary for proper administration of the Plan. The Plan Committee shall notify the Company upon its request of any action taken by it, and when required, shall notify any other interested person or persons.

10.8 **"Claims and Appeals Procedures; Consistent Application of Procedures Required"** Upon application for benefits made by a Participant or Beneficiary, the Plan Committee shall determine, no later than ninety (90) days after receipt of the claim, whether or not the benefits applied for shall be denied either in whole or in part and shall so notify the applicant in writing. If benefits applied for are denied either in whole or in part, the following provisions shall govern:

(a) Notice of Denial. The Plan Committee, upon its denial of a claim for benefits under the Plan, shall provide the applicant with the aforesaid written notice of such denial setting forth:

(i) the specific reason for the denial;

(ii) specific reference to pertinent Plan provisions upon which the denial is based;

(iii) a description of any additional material or information necessary for the claimant to perfect the claim; and

(iv) an explanation of the claimant's right with respect to the claims review procedure as provided in subsection (b) of this section.

(b) Claims Review. Every claimant with respect to whom a claim is denied shall, upon written notice of such denial, have the right in the period which expires sixty (60) days after receipt by the claimant of the aforesaid written notice of denial to:

(i) request a review of the denial of benefits by written notice delivered to the Plan Committee;

(ii) review pertinent documents; and

(iii) submit issues and comments in writing.

(c) Decision on Review. The Plan Committee, upon receipt of a request for review submitted by the claimant in accordance with subsection (b), shall conduct a review of its decision, and provide the claimant with written notice of the decision reached by the Plan Committee setting forth the specific reasons for the decision and specific references to the provisions of the Plan upon which the decision on review is based. Such notice shall be delivered to the claimant not later than sixty (60) days following the receipt of the claimant's request, or, in the event that the Plan Committee shall determine that a hearing is needed, no later than one hundred twenty (120) days following the receipt of such request.

The Plan Committee may establish procedures hereunder which shall be binding on all Participants and beneficiaries.

(d) Time and Forum for Filing Claims. All claims for benefits must be submitted to within the "applicable limitations period." The "applicable limitations period" shall be one year, beginning on (i) in the case of any lump sum payment, the date on which the payment was made or scheduled to be made, (ii) in the case of an installment payment, the date of the first in the series of payments (or the date on which such payments were scheduled to commence), or (iii) for all other claims (including complaints regarding plan administration), the date on which the action complained or aggrieved of occurred. No person may submit a dispute or claim to a court with regard this Plan prior to full exhaustion of the procedures set forth in this section. Any dispute or claim filed in a court must (i) be filed no later than one year after the date the Plan Committee renders its final decision upon appeal and (ii) filed in Federal District Court for the Southern District of Florida, located in Miami, Florida.

10.9 **"Modification of Eligibility Rules"** The Plan is not intended to benefit employees or be subject to ERISA. Notwithstanding anything to the contrary in the Plan, the Plan Committee shall be authorized to modify the eligibility requirements and rescind the eligibility of any Participant if necessary to ensure that the Plan is either exempt from ERISA as a non-employee director plan or is maintained primarily for the purpose of providing additional benefits to a select group of management or highly compensated employees under ERISA.

ARTICLE ELEVEN
Miscellaneous Provisions

11.1 **"No Assignment"** Neither the Participant, his or her beneficiary, nor his or her legal representative shall have any rights to commute, sell, assign, transfer or otherwise convey, or hypothecate or pledge the right to receive any payments hereunder, which payments and the rights thereto are expressly declared to be nonassignable and nontransferable. Any attempt to assign or transfer the right to payments of this Plan shall be void and have no effect. For clarification, the Plan shall give no effect to any assignment through a domestic relations order, regardless of whether such order would qualify as a Qualified Domestic Relations Order under the Code or ERISA.

11.2 **"All Benefits Before Payment Subject to Company's Creditors"** The assets from which Participant's benefits shall be paid shall at all times be subject to the claims of the creditors of the Company before payment to a Participant, and a Participant shall have no right, claim, or interest in any assets as to which such Participant's account is deemed to be invested or credited under the Plan.

11.3 **"Plan Amendment or Termination"** The Plan may be amended, modified, or terminated by the Plan Committee in its sole discretion at any time and from time to time. Such termination includes the right to pay to Participants upon Plan termination the full value of their Accounts in a lump sum, regardless of the prior elections made by the Participants. However, no such amendment, modification, or termination shall reduce the value of benefits credited under the Plan prior to such amendment, modification, or termination.

11.4 **"Benefits Under This Plan Are Additional to Other Benefits or Pay"** It is expressly understood and agreed that the payments made in accordance with the Plan are in addition to any other benefits or compensation to which a Participant may be entitled or for which he or she may be eligible, whether funded or unfunded, by reason of his or her service as a director of the Company.

11.5 **"Responsibility for Taxes"**

(a) The Company may deduct from each payment under the Plan the amount of any tax (including, without limitation, federal, state, or local income taxes, Social Security taxes, or Medicare taxes) required by any governmental authority to be withheld and paid over by the Company to such governmental authority for the account of the person entitled to such distribution.

(b) Notwithstanding anything else in this Plan, and regardless of any action the Company takes with respect to any or taxes, the ultimate liability for all taxes due by a Participant is and remains the Participant's responsibility.

(c) Without limiting the foregoing, neither the Company nor the Plan Committee nor any other person (i) makes any representations or undertakings regarding the treatment of any taxes; or (ii) commits to structure the terms of the payment under the Plan to optimize, reduce, or eliminate the Participant's liability for taxes. Without limiting the foregoing, the Company and the Plan Committee expressly make no guarantee with regard to any tax treatment of any benefit or payment under this Plan, and the Participant shall be solely and exclusively responsible for any taxes, penalties, and interest owing with regard to participation under this Plan. Without limiting the foregoing, neither the Company nor the Plan Committee nor any other person shall have any liability to any Participant should any provision of the Plan fail to satisfy the requirements of Code Section 409A.

11.6 **"Distributions Not Compensation for Purposes of Any Other Plan"** Distributions from a Participant's Account shall not be considered wages, salaries or compensation under any employee benefit plan.

11.7 **"No Right to Continued Service"** No provision of this Plan shall be construed to or shall give any person or Participant any right to remain a member of the Board or the board of directors of its parent, Seacoast Banking Corporation of Florida, as the case may be.

11.8 **"Applicable Law"** To the extent state law is not preempted by ERISA, this Plan, and all its rights under it, shall be governed and construed in accordance with the laws of the State of Florida.

11.9 **"Binding Effects on Assigns and Successors"** This Plan shall be binding upon the Company, its assigns, and any successor which shall succeed to substantially all of its assets and business through sale of assets, merger, consolidation, or acquisition.

11.10 **"Titles Do Not Prevail"** The titles to the Sections of this Plan are included only for ease of use, are not terms of the Plan, and shall not prevail over the actual provisions of the Plan.

11.11 **"Electronic Administration"** Notwithstanding anything to the contrary in the Plan, the Plan Committee may announce from time to time that Participant enrollments, Participant elections, and any other aspect of plan administration may be made by telephonic or other electronic means rather than in paper form.

IN WITNESS WHEREOF, the Plan has been executed on the ___ day of _________, 2021, but effective as of January 1, 2022.

SEACOAST NATIONAL BANK

By:__

Its:__

ATTEST:

____

EXHIBIT 21

LIST OF SUBSIDIARIES

The Company had the following subsidiaries as of the date of this report:

NAME		INCORPORATED
1.	Seacoast National Bank	United States
2.	South Branch Building, Inc.	Florida
3.	TC Property Venture, LLC	Florida
4.	SBCF Capital Trust I	Delaware
5.	SBCF Statutory Trust II	Connecticut
6.	SBCF Statutory Trust III	Delaware
7.	BankFIRST (FL) Statutory Trust I	Connecticut
8.	BankFIRST (FL) Statutory Trust II	Delaware
9.	The BANKshares Capital Trust I	Delaware
10.	Grand Bankshares Capital Trust I	Delaware
11.	Syracuse Holdings, Inc.	Delaware
12.	Seacoast Insurance Services, Inc.	Florida
13.	Seacoast Real Estate Investment Trust, Inc,	Florida
14.	TC Property Venture II, LLC	Florida
15.	SB Park Venture, LLC	Florida

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements on Form S-8 (Nos. 333-152931, 333-161014, 333-188290, 333-190507, 333-198682, 333-206589, 333-226679, 333-257522, 333-258597, and 333-262015) and Form S-3 (Nos. 333-249921 and 333-250075) of Seacoast Banking Corporation of Florida (the Company) of our report dated February 25, 2022, with respect to the consolidated balance sheets of the Company as of December 31, 2021 and 2020, and the related consolidated statements of income, comprehensive income, cash flows, and shareholders' equity for each of the years in the three-year period ended December 31, 2021, and the effectiveness of internal control over financial reporting as of December 31, 2021, which report appears in the December 31, 2021 annual report on Form 10-K of the Company.

/s/ Crowe LLP

Fort Lauderdale, Florida
February 25, 2022

EXHIBIT 31.1

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Charles M. Shaffer, certify that:

1. I have reviewed this annual report on Form 10-K of Seacoast Banking Corporation of Florida;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2022

/s/ Charles M. Shaffer

Charles M. Shaffer
Chairman and Chief Executive Officer

EXHIBIT 31.2

Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Tracey L. Dexter, certify that:

1. I have reviewed this annual report on Form 10-K of Seacoast Banking Corporation of Florida;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2022

/s/ Tracey L. Dexter
Tracey L. Dexter
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

STATEMENT OF CHIEF EXECUTIVE OFFICER OF
SEACOAST BANKING CORPORATION OF FLORIDA
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Seacoast Banking Corporation of Florida ("Company") for the period ended December 31, 2021 ("Report"), I, Charles M. Shaffer, Chairman and Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of The Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2022

/s/ Charles M. Shaffer
Charles M. Shaffer
Chairman and Chief Executive Officer

EXHIBIT 32.2

STATEMENT OF CHIEF FINANCIAL OFFICER OF
SEACOAST BANKING CORPORATION OF FLORIDA
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Seacoast Banking Corporation of Florida ("Company") for the period ended December 31, 2021 ("Report"), I, Tracey L. Dexter, Executive Vice President and Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of The Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2022	/s/ Tracey L. Dexter
	Tracey L. Dexter
	Executive Vice President and Chief Financial Officer