

SEACOAST BANKING CORP OF FLORIDA
Form DEF 14A
April 09, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

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SEACOAST BANKING CORPORATION OF FLORIDA

(Name of Registrant as Specified in its Charter)

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April 10, 2013

TO THE SHAREHOLDERS OF
SEACOAST BANKING CORPORATION OF FLORIDA:

You are cordially invited to attend the 2013 Annual Meeting of Shareholders of Seacoast Banking Corporation of Florida, which will be held at the Wolf Technology Center, 2400 S.E. Salerno Road, Stuart, Florida, on Thursday, May 23, 2013, at 3:00 P.M., Local Time.

Details regarding the business to be conducted at the meeting are described in the Notice of Internet Availability of Proxy Materials (“Notice”) you received in the mail and in this proxy statement. We have also made available a copy of our 2012 Annual Report which we encourage you to read. The Annual Report includes our audited financial statements and provides information about our business.

We have elected to provide access to our proxy materials over the internet under the Securities and Exchange Commission’s “Notice and Access” rules. We are continually focused on improving the ways people connect with information, and believe that providing our proxy materials over the internet increases the ability of our shareholders to connect with the information they need, while reducing the environmental impact of our annual meeting. You may also request to receive a printed or emailed set of proxy materials. If you want more information, please see the “Questions and Answers” section of this proxy statement.

Your vote is important. Whether or not you plan to attend the meeting, we hope you will vote as soon as possible. You may vote over the internet, as well as by telephone. You also may vote your shares by requesting a paper proxy card and completing, signing and returning it by mail. Please review the instructions on each of your voting options described in this proxy statement, as well as in the Notice you received in the mail. By voting prior to the meeting, you will help ensure that we have a quorum and that your preferences will be expressed on the matters that are being considered. If you are able to attend the meeting, you may vote your shares in person, even if you have previously voted by another means.

Thank you for your ongoing support. We look forward to your participation in our annual meeting.

Sincerely,

Dennis S. Hudson, III
Chairman & Chief Executive Officer

815 Colorado Avenue
Stuart, Florida 34994

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 23, 2013

Notice is hereby given that the 2013 Annual Meeting of Shareholders of Seacoast Banking Corporation of Florida (“Seacoast” or the “Company”) will be held at the Wolf Technology Center, 2400 S.E. Salerno Road, Stuart, Florida, on Thursday, May 23, 2013, at 3:00 P.M., Local Time (collectively, with any adjournments or postponements, the “Annual Meeting”), for the following purposes:

1. *Election of Directors.* To re-elect four Class II directors (“Proposal 1”);

2. *Approval and Adoption of the Seacoast 2013 Incentive Plan.* To consider and act upon a proposal to approve and adopt the Seacoast 2013 Incentive Plan, reserving for issuance 6,500,000 shares of Common Stock for such purpose (“Proposal 2”);

3. *Ratification of Appointment of Independent Auditor.* To ratify the appointment of KPMG LLP as independent auditors for Seacoast for the fiscal year ending December 31, 2013 (“Proposal 3”);

4. *Reverse Stock Split Extension.* To approve an extension of the time frame from May 23, 2013 to May 22, 2014 in which our Board of Directors is permitted to (i) effect a reverse stock split of our Common Stock at one of two reverse split ratios, 1-for-5 or 1-for-10, as determined by the Board of Directors in its sole discretion, and (ii) reduce the number of authorized shares of our Common Stock by the reverse stock split ratio determined by the Board of Directors (“Proposal 4”);

5. *Advisory (Non-binding) Vote on Compensation of Named Executive Officers.* To allow shareholders to endorse or not endorse the compensation of the Company’s named executive officers as disclosed in this Proxy Statement (“Proposal 5”);

Advisory (Non-binding) Vote on Frequency of Holding Future Advisory Votes on Executive Compensation. To allow 6. shareholders to vote on whether future votes on executive compensation such as the one in Proposal 5 should occur every year, every two years, or every three years (“Proposal 6”); and

7. *Other Business.* To transact such other business as may properly come before the Annual Meeting.

The Proxy Statement explains these proposals in greater detail. We urge you to read these materials carefully.

Only shareholders of record and beneficial owners of the Company’s Common Stock as of the close of business on March 21, 2013 are entitled to notice of, and to vote at, the Annual Meeting or any adjournments thereof. All shareholders, whether or not they expect to attend the Annual Meeting in person, are requested to vote by internet or telephone, or by requesting a paper proxy card and completing, signing and returning it by mail.

By Order of the Board of Directors

Dennis S. Hudson, III
Chairman & Chief Executive Officer
April 10, 2013

YOUR VOTE IS VERY IMPORTANT.

Whether or not you plan to attend the meeting, please take the time to vote by following the telephone or internet voting procedures described on the notice mailed to you, or by requesting a paper proxy card and returning it promptly. If you attend the meeting, you may vote in person if you wish, even if you have previously voted, by revoking your proxy vote at any time prior to its exercise.

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PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS
OF SEACOAST BANKING CORPORATION OF FLORIDA
MAY 23, 2013

The Board of Directors of Seacoast Banking Corporation of Florida, a Florida corporation (“Seacoast” or the “Company”) is soliciting proxies to be voted at the Annual Meeting of Shareholders to be held on Thursday, May 23, 2013, at 3:00 P.M. Local Time (collectively, with any adjournments or postponements, the “Annual Meeting”) at the Wolf Technology Center, 2400 S.E. Salerno Road, Stuart, Florida for the purposes set forth in the attached Notice of Meeting. On or about April 10, 2013, the notice of meeting, this proxy statement, Seacoast’s 2012 annual report to Shareholders (“Annual Report”) including financial statements for the fiscal year ended December 31, 2012, and a proxy card or voting instruction card (collectively, the “proxy materials”) are first being made available for review online and paper copies sent to each shareholder who has requested such materials.

**QUESTIONS AND ANSWERS ABOUT THE PROXY SOLICITATION MATERIALS
AND THE PROXY SOLICITATION**

Proxy Materials

Q: Why am I receiving these proxy materials?

A: Our Board of Directors has made these materials available to you on the internet or, at your request, has delivered printed proxy materials to you, because on March 21, 2013, the record date set for the Annual Meeting (the “Record Date”), you owned shares of Seacoast’s common stock, \$0.10 par value (“Common Stock”). Only holders of record of our Common Stock at the close of business on the Record Date are entitled to notice of and to vote at the Annual Meeting. Each holder of Common Stock is entitled to one vote for each share of Common Stock owned as of the Record Date. As of the Record Date, there were 94,857,215 shares of Common Stock issued and outstanding.

As a shareholder, you are invited to attend the Annual Meeting and are requested to vote on the proposals summarized below under “What matters will be voted on at the Annual Meeting” and described in greater detail elsewhere in this proxy statement. Seacoast’s Board of Directors knows of no other business that will be presented for consideration at the Annual Meeting other than the matters described in this proxy statement.

Q: What is included in the proxy materials?

A: The proxy materials include:

- The notice of meeting and our proxy statement for the 2013 Annual Meeting;

Our 2012 Annual Report, which includes our financial statements for the fiscal year ended December 31, 2012; and

- A proxy card or a voting instruction card for the Annual Meeting.

Q: What information is contained in this proxy statement?

A: This proxy statement describes the matters that will be presented for consideration by shareholders at the Annual Meeting, the voting process, the compensation of our directors and certain of our executive officers, corporate governance, and certain other required information. It also gives you background information concerning the proposals to assist you in making an informed decision. Please read it carefully.

Q: Why did I receive a “Notice of the Internet Availability of Proxy Materials”, but no proxy materials?

A: This year, we are pleased to furnish our proxy materials to certain shareholders via the internet under the “Notice and Access” method permitted by the Securities and Exchange Commission (“SEC”). Therefore, unless you request hard copies, you will not receive printed copies of the proxy materials. Instead, the Notice of Internet Availability of Proxy Materials (the “Notice”), which was mailed to most of our shareholders on or about April 10, 2013, instructs you as to how to access and review all of the proxy materials on the internet. The Notice also contains instructions on how to submit your proxy on the internet or by phone, or if you prefer, to obtain a paper or email copy of the proxy materials.

This process provides a convenient and timely method for shareholders to obtain the materials and vote, reduces the printing and mailing expenses paid by the Company, and reduces the environmental impact of producing the materials.

Q: How can I access the proxy materials over the internet?

The Notice, proxy card or voting instruction card will contain instructions on how to:

- View our proxy materials for the Annual Meeting on the internet and vote your shares; and
- Instruct us to send our future proxy materials to you electronically by email.

Our proxy materials are also available on our Investor Relations website at:

<http://www.snl.com/IRWebLinkX/GenPage.aspx?IID=100425&GKP=1073748093>

Choosing to receive your future proxy materials by email will save us the cost of printing and mailing documents to you, and will conserve natural resources. If you choose to receive future proxy materials by email, you will receive an email next year with instructions containing a link to those materials and a link to the proxy voting site. Your election to receive proxy materials by email will remain in effect until you terminate it.

Q: Will the Company use the Notice and Access method to furnish proxy materials to its shareholders in the future?

A: The Company may choose to continue to use the Notice and Access method to furnish proxy materials to its shareholders in the future. By reducing the amount of materials that the Company is required to print and mail, this method provides an opportunity for cost savings as well as conservation of natural resources. The Company will evaluate the cost savings, as well as the possible impact on shareholder participation, as it considers how to furnish proxy materials to our shareholders in the future.

Q: What if I prefer to receive paper or email copies of the materials?

A: If you prefer to receive paper or email copies of the materials, you can still do so. You may request a paper copy of the materials by (i) calling 1-800-579-1639; (ii) sending an e-mail to sendmaterial@proxyvote.com; or (iii) logging onto www.ProxyVote.com. There is no charge to receive the materials by mail or email. If requesting material by e-mail, please send a blank e-mail with the 12 digit control number (located on the Notice) in the subject line.

The Company must provide paper copies via first class mail to any shareholder who, after receiving the Notice, nevertheless requests paper copies. Even if you do not request paper copies now, you will still have the right to request delivery of a free set of proxy materials upon receipt of any notice in the future. Because first class postage is significantly more expensive than bulk mail rates and because each such request must be processed on an individual basis, the cost of responding to a single request for paper copies is likely to be significantly greater than the per shareholder cost the Company previously incurred in delivering proxy materials in bulk. Therefore, requests for paper copies could undermine or eliminate expected cost savings associated with our decision to use the Notice and Access method of furnishing proxy materials.

By developing a database of shareholders who would prefer to continue receiving paper copies of proxy materials, the Company will be able to use the full set delivery option for these shareholders, using bulk mail to deliver the paper copies, while using the Notice and Access option for other shareholders. We believe this will significantly reduce the number of requests for paper copies that the Company will need to process on an individual basis going forward and will position the Company to better capture cost savings should we continue to use the Notice and Access method in the future. We appreciate your assistance in helping us develop this database.

Voting Information

Q: What matters will be voted on at the Annual Meeting?

A: You are being asked to vote on six proposals summarized as follows:

Proposal 1. To re-elect four Class II directors;

Proposal 2. To consider and act upon a proposal to approve and adopt the Seacoast 2013 Incentive Plan, reserving for issuance 6,500,000 shares of Common Stock for such purpose;

Proposal 3. To ratify the appointment of KPMG LLP as independent auditors for Seacoast for the fiscal year ending December 31, 2013;

Proposal 4. To approve an extension of the time frame from May 23, 2013 to May 22, 2014 in which our Board of Directors is permitted to (i) effect a reverse stock split of our Common Stock at one of two reverse split ratios, 1-for-5 or 1-for-10, as determined by the Board of Directors in its sole discretion, and (ii) reduce the number of authorized shares of our Common Stock by the reverse stock split ratio determined by the Board of Directors;

Proposal 5. To allow shareholders to endorse or not endorse, on a non-binding basis, the compensation of the Company's named executive officers as disclosed in this Proxy Statement; and

Proposal 6. To allow shareholders to vote, on a non-binding basis, on whether future votes on executive compensation such as the one in Proposal 5 should occur every year, every two years, or every three years.

These matters are more fully described in this proxy statement.

Q: How do I vote (shareholder of record)?

A: You are a shareholder of record if your shares of Common Stock are held in your name on the Record Date. If you are a beneficial owner of Common Stock held by a broker, bank or other nominee (which is commonly referred to as “street name”), please see the instructions in the following question.

Instructions for voting are found on the Notice and proxy card. After reviewing these instructions, please submit your proxy via telephone or through the Internet, or by completing and returning a written proxy card. By submitting your proxy, you authorize the individuals named in it to represent you and vote your shares at the Annual Meeting in accordance with your instructions. Your vote is important, and your shares can only be voted if you are present in person or represented by proxy at the Annual Meeting. **To ensure your representation at the Annual Meeting, we recommend you vote by proxy even if you plan to attend the Annual Meeting. Please vote promptly using one of the proxy delivery or voting methods indicated on the Notice or proxy card.** You can vote in person at the Annual Meeting even if you previously provided a proxy by revoking the proxy vote at any time prior to its exercise.

If you vote by proxy, but do not provide voting instructions, your shares will be voted as recommended by our Board of Directors as indicated below under “What is the recommendation of the Board of Directors with regard to each proposal?” If any other matters are properly presented at the Annual Meeting for action, the persons named and acting as proxy will have the discretion to vote for you on these matters in accordance with their best judgment. We do not currently expect that any other matters will be properly presented for action at the Annual Meeting.

Q: What if my shares are held in street name?

A: If you are a beneficial owner and a broker, bank or other nominee is the record holder (which is commonly referred to as “street name”), then you received the Notice or proxy materials from the record holder. You have the right to direct your broker or nominee how to vote your shares, and such broker or other nominee is required to vote the shares in accordance with your instructions. Your broker or nominee should have given you instructions for you to provide direction on how to vote your shares. It will then be the record holder’s responsibility to vote your shares for you in the manner you direct.

Under the rules of various securities exchanges, brokers and other record holders may generally vote on discretionary or routine matters, but cannot vote on non-routine or non-discretionary matters, such as the election of directors, unless they have received voting instructions from the person for whom they are holding shares. Proposals 1, 2, 4, 5 and 6 are considered non-routine matters, and cannot be voted on by your broker without your instructions. We therefore encourage you to provide directions to your broker as to how you want your shares voted on all matters to be brought before the Annual Meeting. You should do this by carefully following the instructions your broker gives you.

If your shares are held in street name, you are invited to attend the Annual Meeting; however, you may not vote your shares of Common Stock held in street name in person at the Annual Meeting unless you request and obtain a power of attorney or other authority from your broker or other nominee who holds your shares and bring it to the Annual Meeting. Even if you plan to attend the Annual Meeting, we ask that you vote in advance of the Annual Meeting in case your plans change.

Q: How will my shares of stock held in Seacoast’s Retirement Savings Plan or Employee Stock Purchase Plan be voted?

A: If you are a participant in Seacoast’s Retirement Savings Plan or Employee Stock Purchase Plan, your voting instructions must be received by May 17, 2013 (the “cut-off date”) to be counted. When your voting instructions are received by the cut-off date, your shares in these plans will be voted as directed by you. For the shares in your account in Seacoast’s Retirement Savings Plan, if you do not submit your voting instructions by following the instructions on the Notice or proxy card, then the trustee of the Retirement Savings Plan will vote, or not vote, in its sole discretion, the shares of Common Stock in your account. For shares held in your account in the Employee Stock Purchase Plan, your shares will not be voted if you do not give voting instructions as to such shares by proxy.

Q: How will my shares of Common Stock held in Seacoast’s Dividend Reinvestment and Stock Purchase Plan be voted?

A: If you are a participant in Seacoast's Dividend Reinvestment and Stock Purchase Plan, follow the instructions on the Notice or proxy card to provide voting instructions to the Trustee. Shares held in your plan account will be combined and voted at the Annual Meeting in the same manner in which you voted those shares registered in your own name either by proxy or in person.

Q: What does it mean if I receive more than one proxy card or Notice?

A: It means that you have multiple holdings reflected in our stock transfer records and/or in accounts with brokers or other nominees. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children. Please follow the instructions on each Notice or proxy card to ensure that all of your shares are voted.

Q: What if I change my mind after I have voted?

A: If you hold your shares in your own name, you may revoke your proxy and change your vote at any time before the polls close at the Annual Meeting. You may do this by:

· timely submitting another proxy via the telephone or internet;

· delivering to Seacoast a written notice bearing a date later than the date of the proxy card, stating that you revoke the proxy, with such written notice to be sent to: 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995, Attention: Corporate Secretary;

· signing and delivering to Seacoast a proxy card relating to the same shares and bearing a later date; or

· attending the Annual Meeting and voting in person by written ballot, although attendance at the Annual Meeting will not, by itself, revoke a proxy.

Also, please note that if you have voted through your broker, bank or other nominee and you wish to change your vote, you must follow the instructions received from such entity to change your vote.

Q: How many shares must be present to hold the Annual Meeting?

A: To hold a vote on any proposal, a quorum must be present in person or by proxy at the Annual Meeting. A quorum is a majority of the total votes entitled to be cast by the holders of the outstanding shares of Common Stock as of the Record Date.

Shares are counted as present at the Annual Meeting if the shareholder either:

· is present and votes in person at the Annual Meeting;

· has voted by proxy via the telephone or Internet; or

has properly submitted a signed proxy card or other form of written proxy.

In determining whether a quorum exists at the Annual Meeting for purposes of all matters to be voted on, all votes “for” or “against,” as well as all abstentions and broker non-votes, will be counted. A “broker non-vote” occurs when a nominee does not have discretionary voting power with respect to that proposal and has not received instructions from the beneficial owner.

On March 21, 2013, the record date, there were 94,857,215 shares of Common Stock issued, outstanding and entitled to be voted, which were held by approximately 1,666 holders of record. Therefore, at least 47,428,608 shares need to be present at the Annual Meeting or represented by proxy in order for a quorum to exist.

Directors and executive officers of the Company beneficially hold approximately 21,405,140 shares of Common Stock, or 22.6 percent of all the votes entitled to be cast at the Annual Meeting.

Q: What if a quorum is not present at the Annual Meeting?

A: If a quorum is not present at the scheduled time of the Annual Meeting, a majority of the shareholders present or represented by proxy may adjourn the Annual Meeting until a quorum is present. The time and place of the adjourned Annual Meeting will be announced at the time of the adjournment, if any, and no other notice will be given. An adjournment will have no effect on the business that may be conducted at the Annual Meeting. If the Annual Meeting is adjourned more than 120 days after the date fixed for the original Annual Meeting, the Board of Directors must fix a new Record Date to determine the shareholders entitled to vote at the adjourned Annual Meeting.

Q: What is the recommendation of the Board of Directors with regard to each proposal?

A: The Board of Directors of Seacoast believes the proposals described herein are in the best interests of the Company and its shareholders and, accordingly, unanimously recommends that shareholders vote as follows:

Proposal	Management Recommendation
1 Election of Directors	FOR ALL
2 2013 Incentive Plan	FOR
3 Ratification of Auditor	FOR
4 Reverse Stock Split Extension	FOR
5 Advisory Vote on Executive Compensation	FOR
6 Frequency of Future Advisory Vote on Executive Compensation	1 Year

Q: What options do I have in voting on each proposal?

A: Except with respect to Proposal 1 for the election of directors and Proposal 6 for the frequency of holding future advisory votes on executive compensation, you may vote “for,” “against,” or “abstain” on each proposal properly brought before the Annual Meeting. In the election of directors, you may vote “for” or “withhold authority” to vote for each nominee. With respect to the frequency of future advisory votes on executive compensation, you may vote for every “1 year,” “2 years,” or “3 years,” or “abstain.”

Q: What are the voting requirements with regard to each proposal?

A: Under our by-laws, all elections of directors are decided by plurality vote. However, notwithstanding the plurality standard, in an uncontested election for directors, which is the case for the election under Proposal 1, our Corporate Governance Guidelines provide that if any director nominee receives a greater number of votes “withheld” from his or her election than votes “for” such election, then the director will promptly tender his or her resignation to the Board following certification of the shareholder vote, with such resignation to be effective upon acceptance by the Board of Directors. The Compensation and Governance Committee would then review and make a recommendation to the Board of Directors as to whether the Board should accept the resignation, and the Board would ultimately decide whether to accept the resignation. The Company will disclose its decision-making process regarding the resignation in a Form 8-K furnished to the SEC. In contested elections, the required vote would be a plurality of votes cast and the resignation policy would not apply. Full details of this policy are set forth in our Corporate Governance Guidelines, available on our website at www.seacoastbanking.net.

Proposals 2, 3, 4 and 5 require approval by the affirmative vote of a majority of votes cast at the Annual Meeting.

For Proposal 6, the option of every “1 year,” “2 years,” or “3 years” that receives the highest number of votes cast at the Annual Meeting will be the frequency for the advisory vote on executive compensation that has been selected by shareholders.

Our Board of Directors unanimously recommends that you vote “FOR” Proposals 1, 2, 3, 4 and 5, and “1 year” for Proposal 6.

Unless otherwise required by the Company’s Amended and Restated Articles of Incorporation, as amended (“Articles of Incorporation”), our Bylaws, the Florida Business Corporation Act, or by applicable law, any other proposal that is properly brought before the Annual Meeting will require approval by the affirmative vote of a majority of all votes cast at the Annual Meeting.

Please remember that Proposals 1, 2, 4, 5 and 6 are each considered non-routine matters. As a result, if your shares are held by a broker or other fiduciary, your shares cannot be voted on these matters unless you have provided voting instructions to your broker or other nominee.

Abstentions and broker non-votes, if any, will not be counted for purposes of determining whether any of the proposals have received sufficient votes for approval, but will count for purposes of determining whether or not a quorum is present. So long as a quorum is present, abstentions and broker non-votes will have no effect on any of the matters presented for a vote at the Annual Meeting.

Q: What is “householding” and how does it affect me?

A: The SEC permits delivery of one copy of the proxy materials to shareholders who have the same address and last name under a procedure referred to as “householding”. We do not utilize householding for our shareholders of record. However, if you hold your shares through a broker, bank or other nominee, you may receive only one copy of the Notice and, as applicable, any additional proxy materials that are delivered.

If you receive a single set of proxy materials as a result of householding, and you would like to have separate copies of proxy materials mailed to you in the future, please contact your broker, bank or other nominee. However, if you want to receive a paper proxy or Notice or other proxy materials for purposes of this year’s Annual Meeting, follow the instructions included in the Notice that was sent to you, or as indicated above under “What if I prefer to receive paper or email copies of the materials?”

Q: Who will pay the expenses of the proxy solicitation?

A: The Company will bear the cost of preparing, printing and mailing the proxy materials and soliciting proxies for the Annual Meeting. In addition to the solicitation of shareholders of record by mail, telephone, electronic mail, facsimile or personal contact, Seacoast will be contacting brokers, dealers, banks, or voting trustees or their nominees who can be identified as record holders of Common Stock; such holders, after inquiry by Seacoast, will provide information concerning quantities of proxy materials needed to supply such information to beneficial owners, and Seacoast will reimburse them for the reasonable expense of mailing proxy materials. Seacoast may retain other unaffiliated third parties to solicit proxies and pay the reasonable expenses and charges of such third parties for their services.

Q: Where do I find the voting results of the Annual Meeting?

A: If available, we will announce voting results at the Annual Meeting. The voting results will also be disclosed on a Form 8-K that we will file with SEC within four business days after the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on May 23, 2013.

The Notice of Annual Meeting, the 2012 Proxy Statement and the Annual Report to Shareholders for the year ended December 31, 2012 are available at:

www.proxyvote.com

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PROPOSAL 1

ELECTION OF DIRECTORS

General

As of the date of this proxy statement, Seacoast’s Board of Directors consists of twelve members divided into three classes, serving staggered three year terms as provided in our Articles of Incorporation.

The Annual Meeting is being held to, among other things, re-elect four Class II directors of Seacoast, each of whom has been nominated by the Compensation and Governance Committee of the Board of Directors. All of the nominees are presently directors of Seacoast and also serve as members of the Board of Directors of Seacoast’s principal banking subsidiary, Seacoast National Bank (the “Bank”). The members of the Boards of Directors of the Bank and the Company are the same except for Dennis J. Arczynski, who is currently a director of the Bank only. If re-elected, each of the Class II directors will serve a three year term expiring at the 2016 Annual Meeting and until their successors have been elected and qualified.

Currently, the Board of Directors is classified as follows:

Class	Term	Names of Directors
Class I	Term Expires at the 2015 Annual Meeting	H. Gilbert Culbreth, Jr. Christopher E. Fogal Robert B. Goldstein Dale M. Hudson John H. Crane
Class II	Term Expires at the 2013 Annual Meeting	Roger O. Goldman Dennis S. Hudson, Jr. Thomas E. Rossin
Class III	Term Expires at the 2014 Annual Meeting	Stephen E. Bohner T. Michael Crook Dennis S. Hudson, III Edwin E. Walpole, III

Manner for Voting Proxies

All shares represented by valid proxies, and not revoked before they are exercised, will be voted in the manner specified therein. If a valid proxy is submitted but no vote is specified, the proxy will be voted **FOR** the election of each of the four nominees for election as directors. Please note that banks and brokers that do not receive voting instructions from their clients are not able to vote their client's shares in the election of directors. Although all nominees are expected to serve if elected, if any nominee is unable to serve, then the persons designated as proxies will vote for the remaining nominees and for such replacements, if any, as may be nominated by Seacoast's Compensation and Governance Committee. Proxies cannot be voted for a greater number of persons than the number of nominees specified herein (four persons). Cumulative voting is not permitted.

The affirmative vote of the holders of shares of Common Stock representing a plurality of the votes cast at the Annual Meeting at which a quorum is present is required for the election of the directors listed below. However, to provide shareholders with a meaningful role in uncontested director elections, which is the case for the election of the director nominees listed below, our Corporate Governance Guidelines provide that if any director nominee receives a greater number of votes "withheld" for his or her election than votes "for" such election, then the director will promptly tender his or her resignation to the Board following certification of the shareholder vote, with such resignation to be effective upon acceptance by the Board of Directors. The Compensation and Governance Committee would then review and make a recommendation to the Board of Directors as to whether the Board should accept the resignation, and the Board would ultimately decide whether to accept the resignation. The Company will disclose its decision-making process regarding the resignation in a Form 8-K furnished to the SEC. In contested elections, the required vote would be a plurality of votes cast and the resignation policy would not apply. Further details of this policy and the corresponding procedures are set forth in our Corporate Governance Guidelines, available on our website at www.seacoastbanking.net.

The nominees have been nominated by Seacoast's Compensation and Governance Committee, and the Board of Directors unanimously recommends a vote "FOR" the election of all four nominees listed below.

Nominees to be Elected at the Annual Meeting

John H. Crane, age 83, has been a director of Seacoast since 1983.

Mr. Crane is retired, but co-founded and served as vice president of C&W Fish Company, Inc., a fish processing plant located in the Stuart, Florida area, from 1982 through 2000. He also co-founded Krauss & Crane, Inc., an electrical and air conditioning contracting firm located in Stuart, Florida in 1957, overseeing all phases of the business' operations as its president and chairman until his retirement in 1998. Mr. Crane served as Chairman of the Bank's Directors Loan Committee for 15 years until February 2007. He is well-respected in Martin County, Florida, having served on the board of Martin Memorial Hospital for six years, chairing the committee to raise money for the first ambulances in the county, and sponsoring and managing youth baseball teams for 16 years.

In making the determination that Mr. Crane should be a nominee for director of Seacoast, the Compensation and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

his business experience, management skills and sound business judgment developed as a co-founder of the two companies discussed above;

· his stature in the local community acquired from his years of professional and community involvement; and

his experience with the Company, including his tenure as director that spans a full range of banking and economic cycles affecting the Company.

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Roger O. Goldman, age 67, has been the Board's Lead Independent Director since November 2012 and a director of Seacoast since February 2012.

Mr. Goldman has been a director of American Express Bank FSB, a federally chartered savings bank located in Salt Lake City, Utah ("AEBFSB") since 2005, and is chairman of their audit committee. Mr. Goldman is also President and managing partner of Berkshire Opportunity Fund, which he founded in 2008 to provide financing and mentoring for small businesses in the Northeast. From 2009 to 2010, Mr. Goldman served as temporary volunteer CEO for Berkshire to create a powerful economic development engine for the Berkshires by integrating the work of four primary economic development agencies and raising larger and more sustainable funding. From 1997 to 2000, Mr. Goldman was president and CEO of Global Sourcing Services, LLC, a start-up venture specializing in outsourced marketing services and account acquisition and customer retention programs, which he grew to a substantial size before it was sold.

Mr. Goldman's extensive banking experience includes management positions at Citicorp from 1969 to 1983; service as president and CEO of Redwood Bank, a community bank in San Francisco, California, from 1983 to 1986; EVP and senior operating officer of Coreast Savings Bank from 1989 to 1991; and EVP in charge of the community banking group of NatWest Bancorp (with \$31 billion in assets) from 1991 to 1996 where he was responsible for managing all consumer and small business activities. In addition, he previously served on the boards of several public and private corporations, including Minyanville (a new media company), Cyota (an Internet security company), and American Express Centurion Bank, where he also served as a member of the audit committee. He is currently Chairman of the Lighthouse International, a charitable foundation for the visually impaired which is headquartered in New York, and is the former Chairman of the Juvenile Diabetes Research Foundation. Mr. Goldman received his Bachelor's degree from New York University in Marketing and his Juris Doctorate from the Washington College of Law at American University. He is an emeritus member of the New Jersey bar and former member of the Washington D.C. bar.

In making the determination that Mr. Goldman should be a nominee for director of Seacoast, the Compensation and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

his diversity of leadership experience in the financial services industry, particularly with respect to his retail banking and consumer and small business lending background;

his marketing and risk management expertise;

his legal background and knowledge of corporate governance matters;

his knowledge of and associations in the Palm Beach County market; and

his considerable insights and perspectives garnered from years of service on public, private and not-for-profit boards.

¹ On October 1, 2012, AEBFSB entered into a consent order with each of the Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau regarding certain compliance related matters that AEBFSB should resolve. AEBFSB also paid certain civil money penalties, established a segregated fund to provide remediation to certain customers and agreed to make certain enhancements to its compliance and vendor oversight programs.

Dennis S. Hudson, Jr., age 85, has been a director of Seacoast since 1983.

Mr. Hudson retired in June 1998 after a 48-year career with the Company and Bank. He served as Chairman of the Board of Seacoast from 1990 to June 1998. Prior thereto, he served as Chief Executive Officer of Seacoast from 1983 until 1992, President of Seacoast from 1983 until 1990 and Chairman of the Bank from 1969 until 1992. Mr. Hudson also served on the board of the Miami Branch of the Federal Reserve Bank of Atlanta from 1983 to 1985. Active in the community and with charitable organizations, he has served as chairman of the American Red Cross of Martin County, president of the Stuart Rotary, and as a director of Hospice of Martin County.

In making the determination that Mr. Hudson should be a nominee for director of Seacoast, the Compensation and Governance Committee considered these qualifications, as well as:

his significant experience in the financial services industry and the organization, including his prior service as Chief Executive Officer of the Company, which provides a unique understanding of our operations;

- his tenure as director that spans a full range of banking and economic cycles affecting the Company; and

his stature in the local community, including the leadership positions with the community organizations discussed above.

Thomas E. Rossin, age 79, is a member of the Company's Compensation and Governance Committee, served as the Board's Lead Independent Director from December 2006 to October 2012, formerly chaired the Salary and Benefits Committee from June 2006 to December 2009, and has been a director of Seacoast since 2004.

Mr. Rossin has been a practicing attorney in West Palm Beach, Florida, since 1993, currently with the firm of St. John, Rossin, Burr & Lemme, PLLC. He served as a Florida State Senator from 1994 to 2002, the last two years as minority leader, and was a candidate for Florida Lt. Governor in 2002. He founded Flagler National Bank in 1974, serving as president, chief executive officer and director and growing it to the largest independent bank in Palm Beach County with over \$1 billion in assets. Forming The Flagler Bank Corporation, the holding company for Flagler National Bank, in 1983 and serving as president, chief executive officer and director, he took it public in 1984 and facilitated the acquisition of three financial institutions, until both Flagler National Bank and the holding company were sold in 1993 to SunTrust Bank.

Prior thereto, Mr. Rossin was vice chairman and director of First Bancshares of Florida, Inc. after consolidating four banks under one charter, including First National Bank in Riviera Beach at which he served as president and chief

executive officer. He has served as past president of the Community Bankers Association of Florida and Palm Beach County Bankers Association, and is a member of the Palm Beach County Bar Association, American Bar Association and the Florida Bar Association.

In making the determination that Mr. Rossin should be a nominee for director of Seacoast, the Compensation and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

- his legal background and, in particular, his knowledge of legal issues related to financial institutions and underlying corporate governance matters;

his public service which, combined with his legal background, provides the Board of Directors with knowledge in the areas of government relations and regulatory matters that impact the Company;

his significant experience in the financial services industry; and

his experience with the Company.

Directors Whose Terms Extend Beyond the Annual Meeting

Stephen E. Bohner, age 60, is a member of the Company's Compensation and Governance Committee, serves as chairman of the Bank's Compliance Committee and Directors Loan Committee, and has been a director of Seacoast since 2003.

Mr. Bohner has been president and owner of Premier Realty Group, a real estate company located in Sewalls Point, Florida, specializing in the sale of luxury homes, since 1987. In addition to his 35 years in real estate, Mr. Bohner is actively involved in several professional and community organizations, having served as president of the Greater Martin County Association of Realtors and The Pine School. He was awarded the Realtor Association's Distinguished Service Award in 2001, and has served on numerous professional standards' panels in arbitration hearings and chaired the Realtors Association's grievance committee. Mr. Bohner is a graduate of Vanderbilt University with dual degrees in Business and Economics.

In making the determination that Mr. Bohner should remain a director of Seacoast, the Compensation and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

his business leadership and expertise in real estate, which provides the Board of Directors with valuable insight related to local real estate markets in which the Bank's customers are located and helps the Board make critical judgments regarding the Bank's lending activities since such judgments rely upon the proper valuation of real estate;

his business leadership and entrepreneurial and management skills developed over the past 35 years;

his stature in the local community garnered from his years of professional and community involvement; and

his experience with the Company.

T. Michael Crook, age 65, is a member of the Company's Audit Committee and has been a director of Seacoast since 2003.

Mr. Crook has been a principal with the public accounting firm of Proctor, Crook, Crowder & Fogal, P.A., located in Stuart, Florida, since 1976 and a CPA since 1975. He was a member of Barnett Bank's Martin County board of directors for 11 years from 1986 to 1997. Mr. Crook is also active in the community, currently serving as a member of the board of the Martin County Community Foundation, and previously serving as director and president of the Economic Council and Stuart Kiwanis Club, former director of the Arts Foundation of Martin County and Stuart/Martin County Chamber of Commerce, and past chairman of the Indian River Community College Accounting Advisory Committee.

Mr. Crook's professional affiliations include the American Institute of Certified Public Accountants, the Management Advisory Services Division of the American Institute of Certified Public Accountants, and the local legislative contact for the Florida Institute of Certified Public Accountants.

In making the determination that Mr. Crook should remain a director of Seacoast, the Compensation and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

his business experience and sound business judgment;

his accounting expertise as a CPA for more than 37 years, and his ability to provide guidance to the Board of Directors regarding accounting and financial matters;

his stature in the local community, including through service on the boards of the community organizations discussed above; and

his experience with the Company.

H. Gilbert Culbreth, Jr., age 67, is Co-Chairman of the Company's Compensation and Governance Committee, previously chaired the Company's Salary and Benefits Committee from January 2010 to December 2012, is a member of the Audit Committee and has been a director of Seacoast since 2008.

Mr. Culbreth has been chief executive officer and owner of Gilbert Chevrolet Company, Inc., a car dealership located in Okeechobee, Florida, for the past 39 years. He was previously a member of Big Lake Financial Corporation's ("Big Lake") board of directors for 10 years prior to the acquisition of Big Lake by Seacoast in April 2006, and has served on the Bank's board of directors since the acquisition. In addition, Mr. Culbreth is president of several other family businesses, including, Culbreth Realty, Inc. (a real estate brokerage company), Parrott Investments, Inc. (a holding company for two other businesses), and Gilbert Aviation Inc. (an aircraft sales and service company). He is a former director of the Florida Council on Economic Education, the Okeechobee County Board of Realtors, the Okeechobee Economic Council, and the United Way of Okeechobee and is a member of the Masonic Lodge.

In making the determination that Mr. Culbreth should remain a director of Seacoast, the Compensation and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

his diversity of business experience for 39 years in the Okeechobee, Florida market, which is valuable in understanding the customer segments in this market;

- his entrepreneurial and management skills;

- his stature in and knowledge of the local community; and

- his experience with the Company.

Christopher E. Fogal, age 61, is Chairman of the Company's Audit Committee, is a member of the Company's Compensation and Governance Committee and has been a director of Seacoast since 1997.

Mr. Fogal is a certified public accountant and principal with the public accounting firm of Proctor, Crook, Crowder & Fogal, P.A. ("Proctor Crook"). He was the managing partner of Fogal & Associates from 1979 until the firm merged with Proctor Crook in 2009. Mr. Fogal served on the board of directors of Port St. Lucie National Bank until it was acquired by Seacoast in 1996. He has also served as past chairman of the Treasure Coast Private Industry Council and past president of the St. Lucie County Chamber of Commerce, and is active in a number of professional organizations including the American Institute of Certified Public Accountants and the Florida Institute of Certified Public Accountants.

In making the determination that Mr. Fogal should remain a director of Seacoast, the Compensation and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

his accounting expertise as a CPA, which provides the Board of Directors with guidance related to internal controls and financial and accounting matters;

his business, management and decision-making skills, including his experience as managing partner of an accounting firm for 30 years;

his stature in the local community; and

his experience with the Company.

Robert B. Goldstein, age 72, is Co-Chairman of the Company's Compensation and Governance Committee, previously served as Chairman of the Company's Nominating and Governance Committee from July 2010 to December 2012, and has been a director of Seacoast since 2010.

Mr. Goldstein is a founding principal of CapGen Capital Advisors LLC ("CapGen LLC"), New York, New York, an investment program fund formed in 2007 that invests in banks and financial institutions. He is also a member of CapGen LLC's investment committee. As of March 21, 2013, an affiliate of CapGen LLC was the beneficial owner of 15,715,862 shares of the Company's common stock, representing 16.6 percent of outstanding shares.

Mr. Goldstein is also currently a director of FNB Corporation (since 2003), a member of their executive committee and chairman of their compensation committee; a director of Hampton Roads Bankshares (since 2010) and a member of their compensation, governance/nominating, and risk oversight committees; and a director of Palmetto Bancshares,

Inc. and its banking subsidiary, Palmetto Bank (since 2010) and member of their credit, regulatory, and governance/nominating committees. Mr. Goldstein is also chairman of the board of directors of THE BANKshares, Inc., a member of the audit, ALCO, compensation and executive committees of THE BANKshares, Inc., and a director of its banking subsidiary, BankFIRST, since 2007. Mr. Goldstein's other senior executive and director experience includes service as director and chairman of the executive committee of Great Lakes Bancorp from 2005 to 2006; chairman of the board and CEO of Bay View Capital Corporation, a \$6 billion bank holding company, from 2001 to 2006; director of Cobalt Holdings, LLC (an accredited credit rating agency and asset management company) from 2003 to 2010, as well as numerous other executive and/or director positions with financial institutions over a career that has spanned 49 years. Mr. Goldstein is nationally recognized for his expert investing and operational experience in turning around and implementing growth strategies for banks under the most challenging circumstances.

Mr. Goldstein's appointment to the Board of Directors is pursuant to the Stock Purchase Agreement (the "Stock Purchase Agreement"), dated October 23, 2009, between Seacoast and CapGen Capital Group III LP ("CapGen LP"), an affiliate of CapGen LLC. CapGen LP purchased 6,000,000 shares of our Common Stock on December 17, 2009 for \$13.5 million pursuant to the Stock Purchase Agreement. Under the Stock Purchase Agreement, CapGen LP is entitled to appoint one director to our Board of Directors as long as CapGen LP or an affiliate retains ownership of the shares purchased under the agreement.

Although Mr. Goldstein's directorships on outside boards exceed the number specified in the Company's Corporate Governance Guidelines, the Compensation and Governance Committee currently believes that the number of directorships is acceptable since Mr. Goldstein's full-time job is to represent and provide expertise to boards of the banks in which CapGen LLC and its affiliates invest, and his directorships on these boards were approved by the Federal Reserve.

In making the determination that Mr. Goldstein should remain a director of Seacoast, the Compensation and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

his significant experience in the financial services industry;

his leadership and service on other public company boards, which provides insight regarding general public company operations, policies, internal controls and corporate governance, which is useful and applicable to Seacoast; and

his knowledge and perspective on the interests of the institutional investor community.

Dale M. Hudson, age 78, has been a director of Seacoast since 1983.

Mr. Hudson served as Vice Chairman of Seacoast from July 2005 until his retirement on December 31, 2010, having previously served as Chairman from June 1998 to July 2005. He served as Chief Executive Officer of Seacoast from 1992 to June 1998, as President of Seacoast from 1990 to June 1998, and as Chairman of the Board of the Bank from September 1992 to June 1998. He also served on the board of directors of the Florida Bankers Association for five years. In addition to his 55 years in banking, Mr. Hudson is extremely active in the community and charitable organizations. He has served on the Martin Memorial Hospital Foundation and Community Boards, as well as on the boards of the American Cancer Society, Honorary Advisory Board of the Florida Oceanographic Society, Indian River Community College, Treasure Coast Blood Bank Advisory Board and The Pine School for 15 years, including two years as chairman.

Mr. Hudson has also devoted 18 years of service as chairman of Mary's Kitchen, a local soup kitchen for the homeless. He has received numerous awards and honorary titles, including the first Martin County Citizen of the Year Award by the March of Dimes in 1995 and the National Philanthropy Award with his wife in 2006.

In making the determination that Mr. Hudson should remain a director of Seacoast, the Compensation and Governance Committee considered these qualifications, as well as:

his significant experience in the financial services industry and the organization, including his prior service as Chairman and Chief Executive Officer of the Company, which provides a unique understanding of our operations;

- his tenure as director that spans a full range of banking and economic cycles affecting the Company; and

his stature in the local community, including through the leadership positions with the community organizations and philanthropic work discussed above.

Dennis S. Hudson, III, age 57, serves as Chairman and has been a director of Seacoast since 1984.

Mr. Hudson was named Chairman of Seacoast in July 2005, and has served as Chief Executive Officer of the Company since June 1998. Mr. Hudson has also served as Chairman and Chief Executive Officer of the Bank since 1992. He served as President of Seacoast from June 1998 to July 2005, after serving in various positions with the Company and the Bank since 1978. Mr. Hudson also serves on the board of directors and the audit committee of Chesapeake Utilities Corporation (ticker: CPK), a public gas and electric utilities company headquartered in Dover, Delaware, which merged with Florida Public Utilities Company (“FPU”) in 2009. Prior to that time, he served as a member of the board of directors of FPU. He was also a member of the board of directors of the Miami Branch of the Federal Reserve Bank of Atlanta from 2005 through 2010.

Mr. Hudson is actively involved in the community, having served on the boards of the Martin County YMCA Foundation, Council on Aging, The Pine School, the Job Training Center, American Heart Association, Martin County United Way, the Historical Society of Martin County and as chairman of the board of the Economic Council of Martin County, on which he still serves. He has been recognized for his achievements with several awards including the Florida Senate Medallion of Excellence Award presented by Florida Senator Ken Pruitt in 2001. Mr. Hudson is a graduate of Florida State University with dual degrees in Finance and Accounting, and a Masters degree in Business Administration.

In making the determination that Mr. Hudson should remain a director of Seacoast, the Compensation and Governance Committee considered these qualifications, as well as:

his significant experience in the financial services industry and the organization, including his service as Chairman and Chief Executive Officer of the Company, which provides a unique understanding of our operations;

his knowledge and relationships with the institutional investor community, including the Company’s past and present institutional investors;

his service on other public company boards, which provides insight regarding general public company operations, policies, internal controls and corporate governance, which is useful and applicable to Seacoast; and

his stature in the local community, including through service on the boards of the non-profit organizations discussed above.

Edwin E. Walpole, age 77, is a member of the Company's Compensation and Governance Committee and has been a director of Seacoast since 2006.

Mr. Walpole has been the president, owner and director of Walpole Inc., a trucking transportation company in Okeechobee, Florida which covers the Southeastern United States, since 1960. He served as chairman, president and chief executive officer of Big Lake from 1985 until Big Lake was acquired by Seacoast in April 2006. Mr. Walpole is also the president of Seminole Land Company, Trading Post & Farmers Market, and Fort Drum Corporation, and vice president and director of Walpole Leasing Corporation. He is a member and past president of the Okeechobee Economic Council and of the Florida Trucking Association, a member of the American Trucking Association, and formerly served on the board of trustees of Murray State University where he earned a Bachelor of Science degree in Agriculture.

In making the determination that Mr. Walpole should remain a director of Seacoast, the Compensation and Governance Committee considered these qualifications and his qualification as an independent director, as well as:

his business leadership, entrepreneurial and management skills, developed through his leadership of Big Lake for more than 20 years and as the president and owner of Walpole Inc. for more than 50 years;

his stature in the local community, including through service in the leadership positions set forth above; and

his experience with the Company.

Non-Director Executive Officers

Maria G. Frias, age 51, has served as Executive Vice President and Chief Risk Officer of Seacoast since April 2012. Ms. Frias served as the Bank's Senior Vice President and Chief Auditor from July 2003 to April 2012 and as Compliance Officer from April 1996 to April 2012. She held various positions in the Company's Internal Audit Department since October 1990. Ms. Frias holds a B.S. in Finance and a Masters degree in Business Administration from the City University of New York. She maintains a number of professional designations, including: Certification in Risk Management Assurance, Certified Risk Professional, Certified Internal Auditor, Certified Bank Auditor, Certified Financial Services Auditor, Certified Regulatory Compliance Manager and FINRA Series 7. Ms. Frias is actively involved with the South Florida Compliance Association, National Association of Chartered Bank Auditors and the Palm Beach Chapter of the Institute of Internal Auditors, where she is the President-Elect and has served on the Board of Governors since October 2000.

William R. Hahl, age 64, has served as Executive Vice President and Chief Financial Officer of Seacoast and the Bank since July 1990. Previously, he worked for Ernst and Young for 13 years, before leaving to start his own consulting firm. Mr. Hahl is a graduate of Kent State University, a CPA and member of the American Institute of Certified Public Accountants, Florida Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants.

H. Russell Holland, III, age 48, has served as Chief Lending Officer of Seacoast and the Bank since February 2011, and as Executive Vice President of commercial lending since July 2006. He served as Chief Banking Officer of Seacoast and the Bank from February 2008 to February 2011. Before joining the Company, Mr. Holland served as senior vice president and senior lender for Fifth Third Bank from February 2006 to July 2006. From February 2005 to February 2006, he was president of Old Palm Realty Partners, a financial services company located in Stuart, Florida. From December 2001 to February 2005, he served as executive vice president and chief lending officer of Union Bank of Florida, increasing assets from \$350 million to over \$1.0 billion during his tenure. Prior thereto, he served for seven years in various positions with Barnett Bank, which was acquired by Bank of America, his last position being division president of Barnett Realty Partners, the bank's real estate capital markets group. Mr. Holland holds a B.S. degree in Accountancy from Wake Forest University.

David D. Houdeshell, age 52, has served as Executive Vice President and Chief Credit Officer of Seacoast and the Bank since June 2010. Before joining the Company, Mr. Houdeshell served from April 2007 to May 2010 as executive vice president and credit administrative executive for The South Financial Group in Greenville, South Carolina, a \$12 billion commercial bank holding company. In this role, he had oversight and direction of credit administration, policy and procedure development, credit monitoring, loan review, credit processes and technology initiatives. From October 2005 to March 2007, Mr. Houdeshell was senior vice president and director of credit portfolio risk management at The South Financial Group. Prior thereto, he was chief credit officer of Bombardier Capital, a \$13 billion financial services entity of a global transportation manufacturer, for five years. Mr. Houdeshell holds a B.S. in Finance from Florida State University and a Masters degree in Business Administration from Stonier Graduate School of Banking, University of Delaware.

CORPORATE GOVERNANCE

Corporate Governance Framework

- Board Independence
 - 75% of our current directors are independent.
- Board Composition
 - Our CEO is the only member of management who serves as a director.
 - Directors regularly review Board performance; assess gaps in skills and experience; and look for new directors to provide a fresh prospective and to ensure sufficient succession planning while maintaining continuity.
 - We have two board committees—Audit; and Compensation and Governance.
- Board Committees
 - The committees consist entirely of independent, non-management directors.
 - Chairs of the committees shape the agenda and information presented to their committees.
 - Our independent directors elect an independent lead director.
- Independent Lead Director
 - Our independent lead director chairs regularly scheduled executive sessions, without management present, at which directors can discuss management performance, succession planning, board information needs, board effectiveness or any other matter.
 - Our Board maintains the ultimate oversight responsibility for risk management.
 - We have an integrated enterprise risk management process to assist the Board which involves the Board, management and other personnel.
 - The Audit Committee oversees the Company’s financial risk management process.
- Board Oversight of Risk
 - The Compensation and Governance Committee oversees risks and exposures related to the Company’s corporate governance, director succession planning, and compensation practices to ensure they do not encourage imprudent or excessive risk-taking.
 - The Compensation and Governance Committee assists the Board with its leadership assessment and succession planning with respect to the position of CEO.
 - Our Board directly oversees and advises management on development and execution of the Company’s strategy.
 - We have a plurality vote standard for the election of directors, with a director resignation policy for uncontested elections.
- Accountability
 - Each common share is entitled to one vote.
 - All shareholders are able to raise concerns to our Board, a board committee or non-management directors.
 - A personal holding of five times their annual retainer is recommended for each director.

Director Stock
Ownership
Succession
Planning

- CEO and management succession planning is one of the Board's highest priorities. Our Board ensures that appropriate attention is given to identifying and developing talented leaders.
- Our Board promotes open and frank discussions with senior management and shareholders.

Open
Communication

- Our directors have access to all management and employees on a confidential basis.
- Our Board and its committees are authorized to hire outside consultants at their discretion and the Company's expense.

Board Independence

The Company's Common Stock is listed on the Nasdaq Global Select Market ("Nasdaq"). Nasdaq requires that a majority of the Company's directors be "independent," as defined by the Nasdaq's rules. Generally, a director does not qualify as an independent director if the director (or, in some cases, a member of the director's immediate family) has, or in the past three years had, certain relationships or affiliations with the Company, its external or internal auditors, or other companies that do business with the Company. The Board of Directors has determined that a majority of the Company's directors are independent directors under the Nasdaq rules. The Company's current independent directors are: Stephen E. Bohner, John H. Crane, T. Michael Crook, H. Gilbert Culbreth, Jr., Christopher E. Fogal, Roger O. Goldman, Robert B. Goldstein, Thomas E. Rossin, and Edwin E. Walpole, III.

Board Leadership Structure

Chairman and CEO Roles

The Chairman of the Board of Directors provides leadership to the Board of Directors and works with the Board of Directors to define its structure and activities in the fulfillment of its responsibilities. The Company believes that the members of the Board of Directors possess considerable experience and unique knowledge of the challenges and opportunities the Company faces, and therefore are in the best position to evaluate the needs of the Company and how to best organize the capabilities of the Company's directors and executives to meet those needs. As a result, the Company believes that the decision as to who should serve as Chairman and as Chief Executive Officer, and whether the offices should be combined or separate, is properly the responsibility of the Board of Directors, to be exercised from time to time in appropriate consideration of then-existing facts and circumstances.

The Company's current Chief Executive Officer, Dennis S. Hudson, III, also serves as the Chairman of the Board of Directors. He has held the post of Chief Executive Officer for the past 15 years, Chairman for the past eight years, President for the seven years prior to being named Chairman, and has also served as Chief Executive Officer of the Bank for the past 20 years. During this time, Mr. Hudson has led the Company through its growth from a local community bank to an institution with \$2.1 billion in assets and 34 offices in 11 counties. In light of Mr. Hudson's significant leadership tenure with the organization, his breadth of knowledge of the Company and his relationship with the institutional investor community, as well as the efficiencies, accountability, and unified leadership that this structure provides, the Board of Directors believes it is appropriate that he serve as both Chief Executive Officer and Chairman.

Independent Lead Director

To further strengthen our corporate governance environment, our independent directors select a lead director from the independent directors if the positions of Chairman and Chief Executive Officer are held by the same person or if the Chairman of the Board is not an independent director. The lead director: coordinates the activities of the independent directors; collaborates with and makes recommendations to the CEO in setting Board meeting agendas; reviews responses to director shareholder communications with the Board and if requested by a major shareholder or the CEO, is available for consultation or direct communication; prepares the agenda for executive sessions of the independent directors and chairs those sessions; and is primarily responsible for communications between the independent directors and the CEO. A more complete description of the lead director's role is contained in our Corporate Governance Guidelines and available on the Company's website at www.seacoastbanking.net. Roger O. Goldman was selected as Lead Director in November 2012, replacing Thomas E. Rossin who served in that role since December 2006.

Executive Sessions

In order to give a significant voice to our non-management directors, our Corporate Governance Guidelines provide for executive sessions of our independent directors. Our independent directors have established a policy to meet separately from the other directors in regularly scheduled executive sessions at least twice annually, and at such other times as may be deemed appropriate by the Company's independent directors. As specified in the Guidelines, our Lead Independent Director presides at all executive sessions of the independent directors and non-management directors, and sets the agenda for such executive sessions. Any independent director may call an executive session of independent directors at any time. The independent directors met in executive session three times in 2012. Interested parties, including the Company's shareholders, may communicate directly with non-management directors by sending written communications to Non-Management Directors, c/o Corporate Secretary, Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995.

Committee Structure & Other Matters

Oversight is also provided through the extensive work of the Board's committees – Audit; and Compensation and Governance – in key areas such as financial reporting, internal controls, compliance, corporate governance, succession planning and compensation programs. The committees consist entirely of independent, non-management directors.

In addition, at the end of each year, the Board and each of its committees review a schedule of agenda topics to be considered in the coming year. Each Board and committee member may raise subjects that are not on the agenda at any meeting and suggest items for inclusion in future agendas.

The Company believes that the foregoing structure, policies, and practices, when combined with the Company's other governance policies and procedures, provide appropriate opportunities for oversight, discussion, and evaluation of decisions and direction from the Board of Directors.

Director Nominating Process

The Compensation and Governance Committee serves as the nominating committee of the Company. The Committee annually reviews and makes recommendations to the full Board of Directors regarding the composition and size of the Board of Directors and its committees so that the Board of Directors consists of members with the proper expertise, skills, attributes and personal and professional backgrounds to ensure that the Board of Directors is comprised of a diverse group of members who, individually and collectively, best serve the needs of the Company.

The Company's Compensation and Governance Committee identifies potential nominees for director primarily based upon suggestions from current directors and the CEO. Once a candidate has been identified, the Compensation and Governance Committee confirms that the candidate meets the minimum qualifications for Director nominees, and gathers information about the candidate through interviews, questionnaires, background checks, or any other means that the Committee deems to be helpful in the evaluation process. Director candidates are interviewed by a Co-Chairman of the Compensation and Governance Committee and at least one other member of the committee. The Compensation and Governance Committee then evaluates the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the Board, and recommends nominees to the Board. The full Board formally nominates candidates for director to be included in the slate of directors presented for shareholder vote based upon the recommendations of the Compensation and Governance Committee following this process.

Given the evolving needs and challenges of the Company, the Compensation and Governance Committee believes that the Board of Directors as a whole should have diversity of experience, which may, at any one or more times, include differences with respect to personal, educational or professional experience, gender, ethnicity, national origin, geographic representation, community involvement and age. However, the Compensation and Governance Committee does not assign specific weights to any particular criteria. Its goal is to identify nominees that, considered as a group, will possess the talents and characteristics necessary for the Board of Directors to fulfill its responsibilities. In addition, each director must have the qualifications, if any, set forth in the Company's Bylaws, as well as the following qualifications:

the highest ethical character, an appropriate personal and professional reputation, and must share the values of the Company as reflected in its Code of Conduct;

the ability to exercise sound business judgment; and

substantial business or professional experience and be able to offer meaningful advice and guidance to the Company's management based on that experience.

The Compensation and Governance Committee also considers numerous other qualities, skills and characteristics when evaluating director nominees, such as:

an understanding of and experience in the financial services industry, as well as accounting, finance, legal or real estate expertise;

leadership experience with public companies or other major organizations, as well as civic and community relationships; and

qualifications as an independent director.

Any Company shareholder entitled to vote generally on the election of directors may recommend a candidate for nomination as a director. A shareholder may recommend a director nominee by submitting the name and qualifications of the candidate the shareholder wishes to recommend to the Company's Compensation and Governance Committee, c/o Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995. To be considered, recommendations with respect to an election of directors to be held at an annual meeting must be received not less than 60 days nor more than 90 days prior to the anniversary of the Company's last annual meeting of shareholders (or, if the date of the annual meeting is changed by more than 20 days from such anniversary date, within 10 days after the date that the Company mails or otherwise gives notice of the date of the annual meeting to shareholders), and recommendations with respect to an election of directors to be held at a special meeting called for that purpose must be received by the 10th day following the date on which notice of the special meeting was first mailed to shareholders. Recommendations meeting these requirements will be brought to the attention of the Company's Compensation and Governance Committee. Candidates for director recommended by shareholders are afforded the same consideration as candidates for director identified by Company directors, executive officers or search firms, if any, employed by the Company. In 2012, there were no shareholder nominee recommendations received, and no third party search firms were used to identify director candidates.

Shareholder Communications

The Company's Corporate Governance Guidelines provide for a process by which shareholders may communicate with the Board, a Board committee or the non-management directors as a group, or other individual directors. Shareholders who wish to communicate with the Board of Directors, a Board committee or any other directors or an individual director may do so by sending written communications addressed to the Board of Directors of Seacoast Banking Corporation of Florida, a Board committee or such group of directors or individual director, c/o Corporate Secretary, Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box, 9012, Stuart, Florida 34995. All communications will be compiled by the Company's Secretary and submitted to the Board of Directors, a committee of the Board of Directors or the appropriate group of directors or individual director, as appropriate, at the next regular meeting of the Board.

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines that are available on the Company's website at www.seacoastbanking.net, or without charge, upon written request to Seacoast Banking Corporation of Florida, c/o Corporate Secretary, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995.

Code of Conduct and Ethics

The Board of Directors has adopted a Code of Conduct applicable to all directors, officers and employees and a Code of Ethics for Financial Professionals applicable to the Company's chief executive officer and its chief financial officer, both of which are available on the Company's website at www.seacoastbanking.net, or without charge, upon written request to Seacoast Banking Corporation of Florida, c/o Corporate Secretary, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995. The Company will post on its website any amendment to or waiver from a provision of its Code of Conduct or Code of Ethics for Financial Professionals.

Board Meeting Attendance

The Board of Directors held six regular meetings, two special meetings, and one joint strategic planning meeting with the Bank board of directors during 2012. All of the directors attended 100 percent of the total number of meetings of the Board of Directors and committees on which they served. Nine of the Company's incumbent Directors attended the Company's 2012 annual shareholders' meeting. The Company encourages all of its directors to attend its annual shareholders' meetings and all meetings of the Board of Directors and committees on which the directors serve.

Risk Oversight

The Board of Directors maintains oversight responsibility for the management of the Company's risks. A fundamental part of risk management is not only anticipating and understanding the risks the Company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. The full Board of Directors reviews with management its process for managing enterprise risk. The Board believes that risk management is an integral part of the Company's annual strategic planning process which addresses, among other things, the risks and opportunities facing Seacoast. The types of risks that the Company faces include:

- macro-economic risks, such as inflation, reductions in economic growth, or recession;

- political or regulatory risks, such as restriction on access to markets;

- event risks, such as natural disasters; and

- business specific risks related to strategy, competition, financial reporting, operational execution, credit, investments, corporate governance, legal and regulatory compliance, and reputation.

While the Board of Directors maintains the ultimate oversight responsibility for risk management, the Company has adopted an enterprise risk management initiative to assist the Board. This process involves the Board of Directors, management and other personnel in an integrated effort to identify, assess, prioritize and manage the risks that affect our ability to execute on our corporate strategy and fulfill our long-term business objectives. This holistic process includes the development of plans to balance and manage these risks or mitigate their effects. As part of this process, the Board and its committees have been assigned responsibility for risk management oversight of specific areas. The Audit Committee is charged with overseeing the Company's financial risk management process each year, including ensuring that management has taken steps to monitor, control and report such risks and reviewing with management the most significant risks identified and management's plans for addressing and mitigating the potential effects of such risks. The Compensation and Governance Committee (formerly the Nominating and Governance Committee) oversees

risks and exposures related to the Company's programs and policies for corporate governance and director succession planning. The Compensation and Governance Committee (formerly the Salary and Benefits Committee) also has oversight responsibility related to executive compensation matters. During the period in which the Company was subject to the U.S. Department of the Treasury ("Treasury") Capital Purchase Program ("CPP") established under the Troubled Asset Relief Program ("TARP"), the Salary and Benefits Committee met semi-annually with senior risk officers of the Company to identify and limit any compensation arrangements of senior executive officers and employee compensation plans that could lead to unnecessary or excessive risk taking. In addition, the Compensation and Governance Committee assists the Board with its leadership assessment and succession planning with respect to the position of CEO, and monitors and advises on management's succession planning for other executive officers.

Succession Planning & Management Development

The Board maintains oversight responsibility for planning for succession with respect to the position of CEO and monitoring and advising on management's succession planning for other executive officers. The Board's goal is to have a long-term and continuing program for effective senior leadership development and succession. The Board also has short-term contingency plans in place for emergency and unexpected occurrences, such as the sudden departure, death, or disability of the CEO or other executive officers.

The Compensation and Governance Committee, working with the CEO, annually evaluates succession planning at the senior levels of management and reports the results of such evaluation to the Board, along with recommendations on management development and succession planning. The updated succession plan is reviewed and approved by the Board to ensure that competencies are in alignment with the strategic plan. The annual review of the CEO succession planning process includes a review of specific individuals identified as active CEO succession candidates, and each of those individuals is reviewed with respect to progress in his or her current job position and progress toward meeting his or her defined leadership development plan. The Company's CEO and senior management are similarly responsible for supporting "next generation" leadership development by: identifying core talent, skills and capabilities of future leaders within the Company; assessing the individuals against leadership capabilities; identifying talent and skill gaps and development needs; assisting with internal candidate development; and identifying significant external hire needs.

The Board and individual Board members may meet with, advise and assist CEO succession candidates and become familiar with other senior and future leaders in the Company. Directors are encouraged to become sufficiently familiar with the Company's executive officers to be able to provide perspective on the experience, capabilities and performance of potential CEO candidates. The Board urges senior management, as well as other members of management who have future leadership potential within the Company, to attend and present at Board meetings so that each can be given appropriate exposure to the Board. The Board may contact and meet with any employee of the Company at any time, and are encouraged to make site visits, to meet with management, and to attend Company, industry and other events.

Board Committees

In January 2013, the Salary and Benefits Committee and the Nominating and Governance Committee were combined to form the Compensation and Governance Committee. The Company's Board of Directors now has two standing permanent committees: the Audit Committee, and the Compensation and Governance Committee. These committees serve the same functions for the Company and the Bank. The Bank also has the following standing committees: the Compliance Committee, the Directors Loan Committee, the Enterprise Risk Management Committee and the Trust Committee. The composition of each Company committee is set forth in the below table.

Director Name	Compensation		
	Audit &		Governance
Stephen Bohner ⁽²⁾	X		
John H. Crane ⁽²⁾			
T. Michael Crook ⁽²⁾	X		
H. Gilbert Culbreth, Jr. ⁽²⁾	X	X	(1)
Christopher E. Fogal ⁽²⁾	X	(1) X	
Roger O. Goldman ⁽²⁾			
Robert B. Goldstein ⁽²⁾	X		(1)
Dale M. Hudson			

Dennis S. Hudson, Jr.	
Dennis S. Hudson, III	
Thomas E. Rossin ⁽²⁾	X
Edwin E. Walpole ⁽²⁾	X

(1) Committee Chairman

(2) Independent director

Audit Committee

The Audit Committee is currently composed of Messrs. Fogal (Chairman), Crook and Culbreth, all of whom the Board of Directors has determined are independent directors under Nasdaq and SEC rules. The Board of Directors has also determined that Mr. Fogal is an “audit committee financial expert” as defined by the SEC. The Audit Committee has the responsibilities set forth in the Audit Committee charter, as adopted by the full Board of Directors, including reviewing Seacoast’s and its subsidiaries’ financial statements and internal accounting controls, and reviewing reports of regulatory authorities and determining that all audits and examinations required by law are performed. The Audit Committee charter is available on the Company’s website at www.seacoastbanking.net or upon written request to c/o Corporate Secretary, Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995. The Audit Committee appoints the independent auditors, reviews their audit plan, and reviews with the independent auditors the results of the audit and management’s response thereto. The Audit Committee also reviews the adequacy of the internal audit budget and personnel, the internal audit plan and schedule, and results of audits performed by the internal audit staff. The Audit Committee is responsible for overseeing the audit function and appraising the effectiveness of internal and external audit efforts. The Audit Committee also reviews the procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and changes to the Company’s Code of Conduct, and approves related party transactions. The Audit Committee periodically reports its findings to the Board of Directors. This committee held six meetings in 2012. During one of the meetings, the Audit Committee met once in private session with our independent auditor, once in private session with the Chief Risk Officer and once alone in executive session without members of management present; and during two of the meetings, the Audit Committee met in private session with individual members of management.

Compensation and Governance Committee

In January 2013, the Salary and Benefits Committee and the Nominating and Governance Committee of the Company were combined to form the Compensation and Governance Committee. The two committees were combined as part of a comprehensive review of the Company’s and the Bank’s committee structure by the Company’s Board of Directors intended to reduce redundancy, create greater efficiencies, and clarify roles and responsibilities while preserving corporate governance and Board oversight. The Compensation and Governance Committee is currently composed of Messrs. Culbreth (Co-Chair) and Goldstein (Co-Chair), Bohner, Fogal, Rossin and Walpole, all of whom are independent directors. This committee has the authority set forth in its charter, and approved by the Board of Directors, including:

- determining the compensation of the Company’s and the Bank’s key executive officers;

- overseeing the preparation of a “compensation discussion and analysis” on executive compensation and an annual compensation committee report which is included herein under “Compensation Committee Report”;

- administering the provisions of the Company's incentive compensation plans and other employee benefits plans;
- identifying qualified individuals to serve as members of the board of directors of the Company and/or the Bank;

recommending to the boards of directors of the Company and the Bank the director nominees for the next annual meeting of shareholders;

taking a leadership role in shaping corporate governance policies and practices, including recommending to the Board of Directors the corporate governance guidelines applicable to Seacoast and monitoring Seacoast's compliance with these policies and guidelines; and

making recommendations to the Board concerning management development and succession planning activities at the senior levels of management, including an appropriate successor in the event of the unexpected death, incapacity or resignation of the CEO.

The Compensation and Governance Committee has the resources and authority to discharge its responsibilities, including authority to retain and terminate any compensation consulting firms, director search firms, independent legal counsel and other compensation advisers used to assist in carrying out its responsibilities, including sole authority to approve the fees and other retention terms for such consultants, lawyers, and advisers, with such fees to be borne by the Company. The committee may delegate to a subcommittee consisting of two or more members, to the extent permitted by applicable law, such of its duties and responsibilities as it deems appropriate and advisable. The committee periodically reports its activities to the Board of Directors.

The responsibilities and duties of the Compensation and Governance Committee are more fully set out in the committee's charter, available on the Company's website at www.seacoastbanking.net or upon written request to c/o Corporate Secretary, Seacoast Banking Corporation of Florida, 815 Colorado Avenue, P. O. Box 9012, Stuart, Florida 34995. In 2012, the Salary and Benefits Committee held seven meetings and the Nominating and Governance Committee held three meetings.

During the Company's participation in the CPP, the Salary and Benefits Committee met at least semi-annually with senior risk officers of the Company to (i) discuss and review the relationship between the Company's risk management policies and practices and the incentive compensation arrangements of the Company's senior executive officers, and to identify and take reasonable efforts to limit any features in such compensation arrangements that could lead the senior executive officers to take unnecessary or excessive risks that could threaten the value of the Company, and (ii) provide a certification with respect to this review. Notwithstanding our release from the CPP executive compensation requirements, the Committee and Board of Directors will continue to consider ways to limit risks that could result from our executive compensation programs. For additional information about the manner in which the Board of Directors oversees and monitors risks, see "Risk Oversight" above. For more information about the Company's participation in the U.S. Treasury's Capital Purchase Program, see "Compensation Discussion and Analysis - Effects of Participation in the Capital Purchase Program."

Bank Committees

The Bank committees perform the duties customarily performed by similar committees at other financial institutions. In December 2008, the Bank's board of directors formed the Compliance Committee, which is responsible for monitoring and coordinating the Bank's adherence to the provisions of the formal agreement between the Bank and the Office of the Comptroller of the Currency entered into on December 16, 2008 (the "Formal Agreement"). The Formal Agreement provides for the development and implementation of written programs to reduce the Bank's credit risk,

monitor and reduce the level of criticized assets, and manage commercial real estate loan concentrations in light of current adverse market conditions.

Executive Officers

Executive officers are appointed annually at the organizational meeting of the respective Boards of Directors of Seacoast and the Bank following the annual meeting of Company shareholders, to serve until the next annual meeting and until successors are chosen and qualified.

Management Stock Ownership

As of the Record Date, March 21, 2013, based on available information, all directors, director nominees and executive officers of Seacoast as a group (17 persons) beneficially owned approximately 21,505,906 outstanding shares of Common Stock, constituting 22.7 percent of the total number of shares of Common Stock outstanding at that date. In addition, as of the Record Date, various subsidiaries of Seacoast, as fiduciaries, custodians, and agents, had sole or shared voting power over 794,903 outstanding shares, or 0.8 percent of the outstanding shares, of Seacoast Common Stock, including shares held as trustee or agent of various Seacoast employee benefit and stock purchase plans. See “Questions and Answers about the Proxy Solicitation Materials and the Proxy Solicitation” and “Security Ownership of Management and Certain Beneficial Holders.”

COMPENSATION DISCUSSION & ANALYSIS

Overview

The Company's executive compensation programs were influenced by several factors in 2012. At the beginning of the year, the local economy was beginning to heal, but uncertainty remained as to the pace of improvement, the interest rate environment, and to what extent these dynamics would impact the Company and our markets. During the first three months of the year, when Seacoast was a participant in the CPP, we were also restricted in the type of compensation we could provide to our named executive officers.

Despite economic uncertainty, 2012 was a building year for Seacoast. We reduced our remaining problem assets to a manageable level, accelerated our growth activities and initiatives, and cut our overall cost structure. We also saw steady growth in revenues throughout the year, and produced record results in our mortgage banking business. Most importantly, the Company launched a comprehensive plan to improve profitability in 2013 and beyond, which included expense reductions as well as material investments in new overhead, mostly associated with small business and commercial household growth. This focus on setting the stage for strong future earnings performance influenced executive compensation decisions in 2012, as no significant changes in compensation philosophy, objectives or components were made from 2011 to 2012. Instead, an emphasis was placed on creating incentive programs for 2013 that support strong earnings performance and growth going forward, without encouraging unnecessary risk-taking.

The following discussion and analysis describes the compensation of the Company's named executive officers during 2012, as well as our compensation objectives and policies, the material elements of our compensation program, and the material factors considered in setting executive compensation. Our named executive officers for 2012 are listed below:

- Dennis S. Hudson, III, Chairman and Chief Executive Officer of the Company and the Bank;
- William R. Hahl, Executive Vice President and Chief Financial Officer of the Company and the Bank;
- Maria G. Frias, Executive Vice President and Chief Risk Officer of the Company and the Bank;
- H. Russell Holland, III, Executive Vice President and Chief Lending Officer of the Company and the Bank;
- David Houdeshell, Executive Vice President and Chief Credit Officer of the Company and the Bank; and

O. Jean Strickland, former Senior Executive Vice President of the Company and President and Chief Operating Officer of the Bank, who served until her resignation effective on November 30, 2012.

The compensation of the named executive officers is presented in the tables and related information and discussed under “Executive Compensation” following this section.

Summary

The following is a brief overview of the information provided in this section.

General

· There were no material changes in our compensation philosophy, objectives or components from 2011 to 2012.

The objectives of our compensation program are to attract and retain talented executives, to align their interests with those of our shareholders, and to recognize their individual contributions to the achievement of the Company's and the Bank's performance objectives, while discouraging unnecessary or excessive risk.

· Our goal is to be competitive with our total direct compensation, using industry data to benchmark compensation.

· In 2012, compensation for our executives included:

- base salary;

- salary shares;

benefits that include the same group health and welfare benefit programs and tax-qualified retirement plans available to all of our employees, in addition to a non-qualified deferred compensation plan and supplemental executive life and disability coverage; and

- limited executive perquisites.

Messrs. Hudson, Hahl and Holland each have an employment and/or change in control agreement that provides severance pay if the executive's employment is terminated in certain circumstances.

2012 Compensation

In early 2012, the Compensation and Governance Committee (formerly the Salary and Benefits Committee), which we refer to in this section as the Committee, decided not to increase the base salary of CEO Dennis S. Hudson, III and not to make any short or long-term cash or equity awards to any of the Company's executive officers. The Committee's decision was based on the uncertain state of the financial markets and the Company's status as a CPP participant.

Salary shares, which are designed to align with shareholder interests, were granted to Mr. Holland in October 2011 and were awarded throughout 2012, much like cash-based salary, with the last grant made in December 2012. As required for CPP compliance, these salary shares were vested upon grant and were based on a predetermined value.

Effect of Participation in the Capital Purchase Program

In December 2008, in conjunction with the Company's participation in the CPP, each of the named executive officers, except Mr. Houdeshell who was hired in 2010 and Ms. Frias who was not an executive officer until after the Company's CPP participation ended, entered into a consent agreement addressing the restrictions and limitations required by the CPP. Mr. Houdeshell subsequently signed an acknowledgement of the CPP restrictions.

The economic stimulus bill entitled the American Recovery and Reinvestment Act of 2009 ("ARRA"), and the related regulations, which became effective in 2009, revised and expanded the restrictions and requirements on the executive compensation paid by participants in the CPP. While the Company's Series A Preferred Stock was owned by the U. S. Treasury, the Company was subject to the following restrictions:

Prohibition on severance. The Company could not make any severance payments to any of the five most highly compensated senior executive officers, other than payments for services performed or benefits accrued.

Prohibition on bonuses, retention awards, and other incentive compensation. The Company could not pay or accrue any bonus, retention award or incentive compensation to the five most highly compensated senior executive officers, other than certain awards of long-term restricted stock or bonuses payable under existing contracts.

Clawback. The Company was required to “claw back” any bonus or incentive compensation paid to a senior executive officer based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate.

Prohibition on compensation plans that encourage earnings manipulation. The Company could not implement any compensation plan that would encourage manipulation of reported earnings in order to enhance the compensation of any of its employees.

Avoidance of luxury expenses. The Company was required to maintain a written policy prohibiting, or requiring prior approval of, excessive and luxury expenditures.

Prohibition of tax gross-ups. The Company could not pay gross-ups or other reimbursements for the payment of taxes to any of its senior executive officers.

Compensation deduction limit. For any taxable year during which the Treasury retained its CPP investment in the Company, including 2012, the Company had contractual commitments to the Treasury not to deduct for tax purposes executive compensation in excess of \$500,000 per year for specified senior executive officers.

As a result of the U.S. Treasury’s sale of the Company’s Series A Preferred Stock to third parties on March 29, 2012, we are no longer subject to the above-described restrictions on executive compensation. However, these restrictions played an important role in our compensation policies, programs and arrangements during the years in which we were subject to the requirements of EESA, ARRA and Treasury’s related regulations, including 2012. Even though these specific restrictions are no longer applicable to us, the Committee and Board of Directors will continue to review the Company’s compensation arrangements to ensure that they do not encourage our executive officers to take unnecessary and excessive risks that threaten the value of our Company. Notwithstanding our release from the CPP executive compensation requirements, the Committee and Board of Directors will continue to consider ways to limit risks that could result from our executive compensation programs.

With our participation in the CPP, the components of compensation changed. Specifically, the relative portion of base salary to total direct compensation increased as a result of: i) the payment of additional salary in the form of stock, ii) the elimination of the annual cash incentive, iii) the exclusion of the use of stock options and stock appreciation rights, and iv) limits on the amount of restricted stock that could be granted. The impact of the CPP on our compensation program is summarized below:

Compensation Component	Prior to TARP CPP Participation	During TARP CPP Participation
Base Salary	· Cash only	· Cash

	<ul style="list-style-type: none">· Generally 50% to 75% of total compensation	<ul style="list-style-type: none">· Salary Shares
		<ul style="list-style-type: none">· 70-100% of total compensation
Short-Term Annual Incentive	<ul style="list-style-type: none">· Cash awards based on performance· Stock options	<ul style="list-style-type: none">· Not permitted· Limited to long-term restricted stock
Long-Term Incentive	<ul style="list-style-type: none">· Stock-settled stock appreciation rights· Restricted stock	<ul style="list-style-type: none">· Limited to one-third of total compensation

Compensation Philosophy and Objectives

The concentration of wealth on the southeast coast of Florida makes the area in which the Company operates one of the most attractive regions in Florida for banks to operate and therefore a highly competitive employment market. The Company competes for talent with large national and regional bank franchises who seek local executive and production personnel, and with small local bank franchises who seek executive level talent.

In order to operate in this highly competitive market, the Company has implemented a complex business model that requires bankers who can leverage the best strategies of both large and small banking institutions. Specifically, the Company's size allows it to compete for larger commercial relationships, supported by a complete product offering which includes trust, investment services, private banking and specialty financing, in addition to more common consumer and business banking services. However, to compete with smaller community banks in its markets, the Company also maintains a relationship banking focus on both consumer and commercial business customer needs. We believe this dual strategy requires an organizational culture driven by the value systems of its employees—where disciplines such as taking high levels of personal responsibility, creating effective relationships and providing superior customer service, ultimately drive profitability.

The Company strives to satisfy the demands of its business model by rewarding executive officers both for the successful implementation of Company corporate objectives and for individual performance. The Company considers a full range of compensation elements in order to compare favorably with its peers as it seeks to attract and retain key personnel.

In designing the compensation program for executive officers, the Committee seeks to achieve the following key objectives:

- *Attract and Retain Talented Executives.* The compensation program should provide each executive officer with a