

SEACOAST BANKING CORP OF FLORIDA

Form 10-K/A

September 27, 2005

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

**FORM 10-K/A
Amendment No. 1**

**FOR THE ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

**Part I ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
OF 1934**

For the fiscal year ended December 31, 2004

**Part II TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 0-13660

SEACOAST BANKING CORPORATION OF FLORIDA

(Exact Name of Registrant as Specified in Its Charter)

Florida

59-2260678

(State or Other Jurisdiction of
Incorporation or Organization)

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

815 Colorado Avenue, Stuart, FL

34994

(Address of Principal Executive Offices)

(Zip Code)

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

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

Title of Each Class

Name of Each Exchange on Which Registered

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, Par Value \$.10
(Title of Class)

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

YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2).

YES NO

The aggregate market value of Seacoast Banking Corporation of Florida Common Stock, par value \$0.10 per share, held by non-affiliates, computed by reference to the price at which the stock was last sold on June 30, 2004, as reported on the Nasdaq National Market, was \$225,401,667.

The number of shares outstanding of Seacoast Banking Corporation of Florida Common Stock, par value \$0.01 per share, as of March 11, 2005, was 15,428,594.

Table of Contents**DOCUMENTS INCORPORATED BY REFERENCE**

1. Certain portions of the registrant's 2005 Proxy Statement for the Annual Meeting of Shareholders to be held May 12, 2005 (the 2005 Proxy Statement) are incorporated by reference into Part III, Items 10 through 14 of this report. Other than those portions of the 2005 Proxy Statement specifically incorporated by reference herein pursuant to Items 10 through 14, no other portions of the 2005 Proxy Statement shall be deemed so incorporated.
2. Certain portions of the registrant's 2004 Annual Report to Shareholders (the 2004 Annual Report) are incorporated by reference in Part II, Items 6 through 8 of this report. Other than those portions of the 2004 Annual Report specifically incorporated by reference herein pursuant to Items 6 through 8, no other portions of the 2004 Annual Report shall be deemed so incorporated.

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**SPECIAL CAUTIONARY NOTICE
REGARDING FORWARD-LOOKING STATEMENTS**

Certain of the statements made herein under the caption Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere including information incorporated herein by reference to other documents, are forward-looking statements within the meaning of, and subject to the protections of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance or achievements of Seacoast Banking Corporation of Florida (Seacoast or the Company) to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as may, will, anticipate, assume, should, indicate, would, believe, contemplate, expect, estimate, continue, plan, point to, project, could, and similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation:

the effects of future economic or business conditions;

governmental monetary and fiscal policies, as well as legislative and regulatory changes, including changes in banking, securities and tax laws and regulations;

the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values of loan collateral, securities, and interest sensitive assets and liabilities;

credit risks of borrowers;

the effects of competition from a wide variety of local, regional, national and other providers of financial, investment, and insurance services;

the failure of assumptions underlying the establishment of reserves for possible loan losses and other estimates;

the risks of mergers, acquisitions and divestitures (including the acquisition of Century National Bank), including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and the possible failure to achieve expected gains, revenue growth and/or expense savings from such transactions;

changes in accounting policies, rules and practices;

changes in technology or products that may be more difficult, or costly, or less effective, than anticipated;

the effects of war or other conflict, acts of terrorism or other catastrophic events that may affect general economic conditions; and

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other factors and risks described in any of our subsequent reports that we make with the Securities and Exchange Commission (the Commission) under the Exchange Act.

All written or oral forward-looking statements that are made by or are attributable to us are expressly qualified in their entirety by this cautionary notice. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date of this report, or after the respective dates on which such statements otherwise are made.

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Part I

Item 1. Business

General

Seacoast is a bank holding company registered under the Bank Holding Company Act of 1956, as amended (BHC Act). Seacoast was incorporated under the laws of the State of Florida on January 24, 1983, by the management of its principal subsidiary, First National Bank and Trust Company of the Treasure Coast (the Bank), for the purpose of becoming a holding company for the Bank. On December 30, 1983, Seacoast acquired the Bank in exchange for Seacoast common stock.

The Bank commenced operations in 1933 under the name Citizens Bank of Stuart pursuant to a charter originally granted by the State of Florida in 1926. The Bank converted to a national bank on August 29, 1958.

Through the Bank and its broker-dealer subsidiary, Seacoast offers a full array of deposit accounts and retail banking services, engages in consumer and commercial lending and provides a wide variety of trust and asset management services, as well as securities and annuity products. Seacoast's primary service area is the Treasure Coast, which, as defined by Seacoast, consists of the counties of Martin, St. Lucie and Indian River on Florida's southeastern coast. In mid-2002, the Bank entered Palm Beach County, the next county immediately south of the Treasure Coast. The Bank operates banking offices in the following cities: five in Stuart, two in Palm City, two in Jensen Beach, one on Hutchinson Island, one in Hobe Sound, five in Vero Beach, two in Sebastian, five in Port St. Lucie, two in Ft. Pierce, and four in northern Palm Beach County. The Bank opened a loan production office in Brevard County in June 2004, and will open an additional office in northern Palm Beach County in February 2005. The Bank intends to further expand its presence into Palm Beach County in 2006 with an additional office and acquired a sixth office in Vero Beach in January 2005. See Item 2. Properties.

Most of our banking offices have one or more Automated Teller Machines (ATMs) that provide customers with 24-hour access to their deposit accounts. Seacoast is a member of the Star System, the largest electronic funds transfer organization in the United States, which permits banking customers access to their accounts at over 240,000 participating ATM locations throughout the United States.

Customers can also use the Bank's MoneyPhone system to access information on their loan or deposit account balances, to transfer funds between linked accounts, to make loan payments, and to verify deposits or checks that may have cleared. This service is accessible by phone 24 hours a day, seven days a week.

In addition, customers may access information via the Bank's Customer Service Center (CSC). From 7 A.M. to 7 P.M., Monday through Friday, and on Saturdays from 9 A.M. to 4 P.M., servicing personnel in the CSC are available to open accounts, take applications for certain

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types of loans, resolve account problems and offer information on other bank products and services to existing and potential customers.

The Company also offers Internet banking. The Internet service allows customers to access transactional information on their deposit accounts, review loan and deposit balances, transfer funds between linked accounts and make loan payments from a deposit account, 24 hours a day.

In February 2000, the Bank opened an office of Seacoast Marine Finance Division, a division of the Bank, in Ft. Lauderdale, Florida. Seacoast Marine Finance Division is staffed with experienced marine lending professionals with a marketing emphasis on marine loans of \$200,000 and greater. In November 2002, the Seacoast Marine Finance Division added offices and key personnel in California to serve the western markets. All loans that are originated by the Seacoast Marine Finance Division outside of the Bank's primary service area are generally sold.

Seacoast has six indirect subsidiaries:

FNB Brokerage Services, Inc. (FNB Brokerage), which provides brokerage and annuity services;

FNB Insurance Services, Inc. (FNB Insurance), which provides insurance agency services;

South Branch Building, Inc., which is a general partner in a partnership that constructed a branch facility of the Bank;

Big O RV Resort, Inc., which was formed to own and operate certain properties acquired through foreclosure, but which currently is inactive;

FNB Property Holdings, Inc., a Delaware holding company whose primary asset is an investment in FNB RE Services, Inc.; and

FNB RE Services, Inc., a real estate investment trust.

With the exception of FNB Property Holdings, Inc. and FNB RE Services, Inc., the operations of each of these indirect subsidiaries contribute less than 10% of the consolidated assets and revenues of Seacoast.

As a bank holding company, Seacoast is a legal entity separate and distinct from its subsidiaries. Seacoast coordinates the financial resources of the consolidated enterprise and maintains financial, operational and administrative systems that allow centralized evaluation of subsidiary operations and coordination of selected policies and activities. Seacoast's operating revenues and net income are derived primarily from its subsidiaries through dividends, fees for services performed and interest on advances and loans. See Supervision and Regulation.

As of December 31, 2004, Seacoast had total consolidated assets of approximately \$1,615 million, total deposits of approximately \$1,372 million, total consolidated liabilities, including deposits, of approximately \$1,508 million and consolidated shareholders' equity of approximately \$108 million. Seacoast's operations are discussed in more detail under Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations section incorporated by reference from the 2004 Annual Report.

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Seacoast's principal offices are located at 815 Colorado Avenue, Stuart, Florida 34994, and the telephone number at that address is (772) 287-4000. Seacoast and the Bank maintain Internet websites at www.seacoastbanking.net and www.fnbt.net, respectively. Seacoast makes available, free of charge, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after Seacoast electronically files such material with or furnishes it to the Commission. Seacoast is not incorporating the information on its or the Bank's website into this report, and none of these websites nor the information appearing on these websites is included or incorporated in, or is a part of, this report.

Employees

As of December 31, 2004, Seacoast and its subsidiaries employed 375 full-time equivalent employees. Seacoast considers its employee relations to be good, and it has no collective bargaining agreements with any employees.

Expansion of Business

Seacoast has expanded its products and services to meet the changing needs of the various segments of its market, and it presently expects to continue this strategy. Prior to 1991, Seacoast had expanded geographically primarily through the addition of branches, including the acquisition of a thrift branch in St. Lucie County. Seacoast also from time to time has acquired banks, bank branches and deposits, and has opened new branches and facilities.

On November 30, 2004, Seacoast signed a definitive Agreement and Plan of Merger (the Merger Agreement), to acquire Century National Bank, a national bank headquartered in Orlando, Florida (Century), (the Merger). Seacoast has elected to effect the acquisition of Century through First National Bank & Trust Company (Interim), a newly-formed interim national bank and wholly-owned subsidiary of Seacoast.

Pursuant to the Merger Agreement, at the effective time of the Merger, Century will be merged with and into Interim. Seacoast expects to thereafter merge Interim into the Bank, consistent with product and systems conversions and other considerations. Seacoast intends to operate only one bank subsidiary going forward.

If the Merger is completed, each share of Century common stock issued and outstanding held by Century shareholders immediately prior to the effective time of the Merger, other than shares with respect to which dissenters rights are properly exercised, will be automatically converted, at the effective time, into the right to receive shares of Seacoast common stock, cash (without interest) or a combination of cash and Seacoast common stock, based on the Century shareholders' election and subject to proration and other adjustments.

Under the Merger Agreement, Seacoast is not required to pay more than \$15,693,342 in cash to holders of Century common stock and holders of options to purchase shares of Century

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common stock. In addition, Seacoast is not required to issue more than 1,506,160 shares of its common stock to holders of Century common stock in exchange for their shares. As a result of these limitations, and because Century shareholders have the option to elect to receive cash, Seacoast common stock, or a combination thereof, in exchange for their shares of Century common stock, the actual amount of cash and Seacoast common stock to be received by each Century shareholder will be subject to proration and will depend upon the market price of Seacoast's common stock prior to the effective time of the Merger and the elections made by other Century shareholders.

The transactions contemplated by the Merger Agreement are subject to certain conditions set forth in the Merger Agreement, including the approval of the shareholders of Century and the receipt of all necessary regulatory approvals. All necessary regulatory approvals have been received, except for the expiration of a Department of Justice waiting period.

Century is a national banking association headquartered in Orlando, Florida. Century currently provides banking services through three banking locations located in Orlando, Maitland/Winter Park and Longwood, Florida. As of December 31, 2004, Century had total consolidated assets of approximately \$310 million, deposits of approximately \$290 million and shareholders' equity of approximately \$19.6 million.

Florida law permits statewide branching, and Seacoast has expanded, and anticipates future expansion in its markets, by opening additional offices and facilities. New banking facilities were opened in November 1994 in St. Lucie West, a new community west of Port St. Lucie, and in May 1996 in a Wal-Mart superstore in Sebastian, which is located in northern Indian River County. In May, June and July 1997, and in March 1998, four additional branch offices were opened in Indian River County. In July 2000, a new branch on US 1 in northern Martin County near the St. Lucie County line was opened; and at the same time a branch in St. Lucie County approximately one-half mile from the new branch was closed. In June 2001, a branch in a conveniently located Wal-Mart Superstore was acquired in Ft. Pierce. An additional Wal-Mart branch was opened in Port St. Lucie, Florida in October 2002. In January 2003, two branches were acquired on US 1 in northern Palm Beach County. A branch in northern St. Lucie County was closed in early 2003. In December 2004, two additional branches were opened in northern Palm Beach County, one in Jupiter and the other in Juno Beach, the latter replacing a nearby branch closed simultaneously. The Seacoast Marine Finance Division operates loan production offices, or LPOs, in Ft. Lauderdale, Florida and in Newport Beach and Alameda, California. The Bank also has an LPO in Melbourne, Florida. See Item 2. Properties .

Seacoast regularly evaluates possible mergers, acquisitions and other expansion opportunities.

Seasonality: Cycles

Seacoast does not consider its commercial banking operations to be seasonal in nature.

Due to hurricanes in fall 2004, Seacoast's deposits have increased as insurers disbursed insurance proceeds and hurricane related damage began to be repaired.

Competition

Seacoast and its subsidiaries operate in the highly competitive markets of Martin, St. Lucie, Indian River and Palm Beach Counties, all of which are located in southeastern Florida. Following its acquisition of Century, Seacoast will also operate in the highly competitive Orlando MSA. The Bank not only competes with other banks in its markets, but it also competes with various other types of financial institutions for deposits, certain commercial, fiduciary and

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investment services and various types of loans and certain other financial services. The Bank also competes for interest-bearing funds with a number of other financial intermediaries and investment alternatives, including mutual funds, brokerage and insurance firms, governmental and corporate bonds, and other securities.

Seacoast and its subsidiaries compete not only with financial institutions based in the State of Florida, but also with a number of large out-of-state and foreign banks, bank holding companies and other financial institutions that have an established market presence in the State of Florida, or that offer products by mail, telephone or over the Internet. Many of Seacoast's competitors are engaged in local, regional, national and international operations and have greater assets, personnel and other resources than Seacoast. Some of these competitors are subject to less regulation and/or more favorable tax treatment than Seacoast. Many of these institutions have greater resources, broader geographic markets and higher lending limits than Seacoast and may offer various services that Seacoast does not offer. In addition, these institutions may be able to better afford and make broader use of media advertising, support services, and electronic technology than Seacoast. To offset these competitive disadvantages, Seacoast depends on its reputation as an independent super community bank headquartered locally, its personal service, its greater community involvement and its ability to make credit and other business decisions quickly and locally.

Supervision and Regulation

Bank holding companies and banks are extensively regulated under federal and state law. This discussion is qualified in its entirety by reference to the particular statutory and regulatory provisions referred to below and is not intended to be an exhaustive description of the statutes or regulations applicable to the Company's and the Bank's business. Supervision, regulation, and examination of the Company and the Bank and their respective subsidiaries by the bank regulatory agencies are intended primarily for the protection of bank depositors rather than holders of Company capital stock. Any change in applicable law or regulation may have a material effect on the Company's business.

Seacoast is required to comply with various corporate governance and financial reporting requirements under the Sarbanes-Oxley Act of 2002, as well as new rules and regulations adopted by the SEC, the Public Company Accounting Oversight Board and Nasdaq. In particular, Seacoast is required to include management and independent auditor reports on internal controls as part of its annual report on Form 10-K pursuant to Section 404 of the Sarbanes-Oxley Act. Seacoast has evaluated its controls, including compliance with the SEC rules on internal controls, and has and expects to continue to spend significant amounts of time and money on compliance with these rules. Seacoast's failure to comply with these internal control rules may materially adversely affect its reputation, ability to obtain the necessary certifications to financial statements, and the values of its securities. The assessments of financial reporting controls as of December 31, 2004 included elsewhere in this report identify one material weakness related to the documentation of an interest rate swap as a hedge.

Bank Holding Company Regulation

The Company, as a bank holding company, is subject to supervision and regulation by the Board of Governors of the Federal Reserve System (Federal Reserve) under the BHC Act. Bank holding companies are generally limited to the business of banking, managing or controlling banks, and other activities that the Federal Reserve determines to be so closely related to banking, or managing or controlling banks, as to be a proper incident thereto. The Company is required to file with the Federal Reserve periodic reports and such other information as the Federal Reserve may request. The Federal Reserve examines the Company, and may examine the Company's non-bank Subsidiaries.

The BHC Act requires prior Federal Reserve approval for, among other things, the acquisition by a bank holding company of direct or indirect ownership or control of more than 5% of the voting shares or substantially all the assets of any bank, or for a merger or consolidation of a bank holding company with another bank holding

company. With certain exceptions, the BHC Act prohibits a bank holding company from acquiring direct or indirect

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ownership or control of voting shares of any company which is not a bank or bank holding company, and from engaging directly or indirectly in any activity other than banking or managing or controlling banks or performing services for its authorized subsidiaries. A bank holding company, may, however, engage in or acquire an interest in a company that engages in activities which the Federal Reserve has determined by regulation or order to be so closely related to banking or managing or controlling banks as to be a proper incident thereto.

In November 1999, the Gramm-Leach-Bliley Act (GLB) was enacted, which substantially revises the statutory restrictions separating banking activities from certain other financial activities. Under GLB, bank holding companies that are well-capitalized and well-managed , as defined in Federal Reserve Regulation Y, which have and maintain satisfactory Community Reinvestment Act (CRA) ratings, and meet certain other conditions, can elect to become financial holding companies . Financial holding companies and their subsidiaries are permitted to acquire or engage in previously impermissible activities such as insurance underwriting, securities underwriting, travel agency activities, broad insurance agency activities, merchant bank, and other activities that the Federal Reserve determines to be financial in nature or complementary thereto. In addition, under the merchant banking authority added by the GLB and Federal Reserve regulation, financial holding companies are authorized to invest in companies that engage in activities that are not financial in nature, as long as the financial holding company makes its investment with the intention of limiting the term of its investment and does not manage the company on a day-to-day basis, and the invested company does not cross-market with any of the financial holding company s controlled depository institutions. Financial holding companies continue to be subject to the overall oversight and supervision of the Federal Reserve, but GLB applies the concept of functional regulation to the activities conducted by subsidiaries. For example, insurance activities would be subject to supervision and regulation by state insurance authorities. While the Company has not become a financial holding company, it may elect to do so in the future in order to exercise the broader activity powers provided by GLB. The GLB Act also includes consumer privacy provisions, and the federal bank regulatory agencies have adopted extensive privacy rules implementing the GLB Act.

GLB requires banks and their affiliated companies to adopt and disclose privacy policies regarding the sharing of personal information they obtain from their customers with third parties. GLB also permits bank subsidiaries to engage in financial activities through subsidiaries similar to those permitted to financial holding companies.

The Company is a legal entity separate and distinct from the Bank and its other subsidiaries. Various legal limitations restrict the Bank from lending or otherwise supplying funds to the Company or its non-bank subsidiaries. The Company and the Bank are subject to Section 23A of the Federal Reserve Act and Federal Reserve Regulation W thereunder. Section 23A defines covered transactions , which include extensions of credit, and limits a bank s covered transactions with any affiliate to 10% of such bank s capital and surplus. All covered and exempt transactions between a bank and its affiliates must be on terms and conditions consistent with safe and sound banking practices, and banks and their subsidiaries are prohibited from purchasing low-quality assets from the bank s affiliates. Finally, Section 23A requires that all of a bank s extensions of credit to its affiliates be appropriately secured by acceptable collateral, generally United States government or agency securities. The Company and the Bank also are subject to Section 23B of the Federal Reserve Act, which generally limits covered and other transactions among affiliates to be on terms, including credit standards, that are substantially the same or at least as favorable to the bank or its subsidiary as those prevailing at the time for similar transactions with unaffiliated companies.

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The BHC Act permits acquisitions of banks by bank holding companies, such that Seacoast and any other bank holding company located in Florida may now acquire a bank located in any other state, and any bank holding company located outside Florida may lawfully acquire any bank based in another state, subject to certain deposit-percentage, age of bank charter requirements, and other restrictions. Federal law also permits national and state-chartered banks to branch interstate through acquisitions of banks in other states. Florida's Interstate Branching Act (the Florida Branching Act) permits interstate branching. Under the Florida Branching Act, with the prior approval of the Florida Department of Banking and Finance, a Florida bank may establish, maintain and operate one or more branches in a state other than the State of Florida pursuant to a merger transaction in which the Florida bank is the resulting bank. In addition, the Florida Branching Act provides that one or more Florida banks may enter into a merger transaction with one or more out-of-state banks, and an out-of-state bank resulting from such transaction may maintain and operate the branches of the Florida bank that participated in such merger. An out-of-state bank, however, is not permitted to acquire a Florida bank in a merger transaction, unless the Florida bank has been in existence and continuously operated for more than three years.

Federal Reserve policy requires a bank holding company to act as a source of financial strength and to take measures to preserve and protect bank subsidiaries in situations where additional investments in a troubled bank may not otherwise be warranted. In addition, under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), where a bank holding company has more than one bank or thrift subsidiary, each of the bank holding company's subsidiary depository institutions are responsible for any losses to the Federal Deposit Insurance Corporation (FDIC) as a result of an affiliated depository institution's failure. As a result, a bank holding company may be required to loan money to its subsidiaries in the form of capital notes or other instruments that qualify as capital under regulatory rules. However, any loans from the holding company to such subsidiary banks likely will be unsecured and subordinated to such bank's depositors and perhaps to other creditors of the bank.

Bank and Bank Subsidiary Regulation

The Bank is subject to supervision, regulation, and examination by the Office of the Comptroller of the Currency (the OCC) which monitors all areas of the operations of the Bank, including reserves, loans, mortgages, issuances of securities, payment of dividends, establishment of branches, capital adequacy, and compliance with laws. The Bank is a member of the FDIC and, as such, its deposits are insured by the FDIC to the maximum extent provided by law. See FDIC Insurance Assessments .

Under Florida law, the Bank may establish and operate branches throughout the State of Florida, subject to the maintenance of adequate capital and the receipt of OCC approval.

The OCC has adopted a series of revisions to its regulations, including expanding the powers exercisable by operations subsidiaries of the Bank. These changes also modernize and streamline corporate governance, investment and fiduciary powers. The OCC also recently has strengthened its ability to preempt state laws purporting to regulate the activities of national banks.

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The OCC has adopted the Federal Financial Institutions Examination Council's (FFIEC) rating system and assigns each financial institution a confidential composite rating based on an evaluation and rating of six essential components of an institution's financial condition and operations including Capital Adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity to market risk, as well as the quality of risk management practices. For most institutions, the FFIEC has indicated that market risk primarily reflects exposures to changes in interest rates. When regulators evaluate this component, consideration is expected to be given to: management's ability to identify, measure, monitor, and control market risk; the institution's size; the nature and complexity of its activities and its risk profile, and the adequacy of its capital and earnings in relation to its level of market risk exposure. Market risk is rated based upon, but not limited to, an assessment of the sensitivity of the financial institution's earnings or the economic value of its capital to adverse changes in interest rates, foreign exchange rates, commodity prices, or equity prices; management's ability to identify, measure, monitor, and control exposure to market risk; and the nature and complexity of interest rate risk exposure arising from nontrading positions.

FNB Brokerage, a Bank subsidiary, is registered as a securities broker-dealer under the Exchange Act and is regulated by the Securities and Exchange Commission (Commission or SEC). As a member of the National Association of Securities Dealers, Inc. (NASD), it also is subject to examination and supervision of its operations, personnel and accounts by NASD Regulation, Inc. FNB Brokerage is a separate and distinct entity from the Bank, and must maintain adequate capital under the SEC's net capital rule. The net capital rule limits FNB Brokerage's ability to reduce capital by payment of dividends or other distributions to the Bank. FNB Brokerage is also authorized by the State of Florida to act as a securities dealer and investment advisor.

FNB Insurance, a Bank insurance agency subsidiary, is authorized by the State of Florida to market insurance products as an agent. FNB Insurance is a separate and distinct entity from the Bank and is subject to supervision and regulation by state insurance authorities.

The Internal Revenue Code of 1986 (Code), as amended, provides requirements that must be met with respect to the Bank's indirect subsidiary, FNB RE Services, Inc., which has elected to be taxed as a real estate investment trust under the Code.

Community Reinvestment Act

The Company and the Bank are subject to the provisions of the Community Reinvestment Act of 1977, as amended (the CRA) and the federal banking agencies' regulations thereof. Under the CRA, all banks and thrifts have a continuing and affirmative obligation, consistent with their safe and sound operation to help meet the credit needs for their

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entire communities, including low and moderate income neighborhoods. The CRA requires a depository institution's primary federal regulator, in connection with its examination of the institution's record of assessing and meeting the credit needs of the communities served by that institution, including low- and moderate-income neighborhoods. The regulatory agency's assessment of the institution's record is made available to the public. Further, such assessment is required of any institution which has applied to: (i) charter a national bank; (ii) obtain deposit insurance coverage for a newly-chartered institution; (iii) establish a new branch office that accepts deposits; (iv) relocate an office; (v) merge or consolidate with, or acquire the assets or assume the liabilities of, a federally regulated financial institution, or (vi) expand other activities, including engaging in financial services activities authorized by GLB. A less than satisfactory CRA rating will slow, if not preclude, expansion of banking activities and prevent a company from becoming a financial holding company.

Following GLB, CRA agreements with private parties must be disclosed and annual CRA reports must be made to a bank's primary federal regulator. A bank holding company will not be permitted to become or remain a financial holding company and no new activities authorized under GLB may be commenced by a holding company or by a bank financial subsidiary if any of its bank subsidiaries received less than a satisfactory CRA rating in its latest CRA examination. The OCC and other federal bank regulators proposed in February 2004, revisions to their CRA regulations that would, among other things, require that evidence of discriminatory, illegal or abusive lending practices be considered in the CRA evaluation.

The Bank is also subject to, among other things, the provisions of the Equal Credit Opportunity Act (the ECOA) and the Fair Housing Act (the FHA), both of which prohibit discrimination based on race or color, religion, national origin, sex, and familial status in any aspect of a consumer or commercial credit or residential real estate transaction. In 1994, the Department of Housing and Urban Development, the Department of Justice (the DOJ), and the federal banking agencies issued an Interagency Policy Statement on Discrimination in Lending in order to provide guidance to financial institutions in determining whether discrimination exists, how the agencies will respond to lending discrimination, and what steps lenders might take to prevent discriminatory lending practices. The DOJ has also increased its efforts to prosecute what it regards as violations of the ECOA and FHA.

Payments of Dividends

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

In addition, the Company and the Bank are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The appropriate federal regulatory authority is

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authorized to determine under certain circumstances relating to the financial condition of a national or state member bank or a bank holding company that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. The OCC and the Federal Reserve have indicated that paying dividends that deplete a national or state member bank's capital base to an inadequate level would be an unsound and unsafe banking practice. The OCC and the Federal Reserve have each indicated that depository institutions and their holding companies should generally pay dividends only out of current operating earnings.

The approval of the Comptroller of the Currency is required if the total of all dividends declared by a national bank in any calendar year exceeds the bank's profits, as defined, for that year combined with its retained net profits for the preceding two calendar years. Under this restriction the Company's subsidiary bank can distribute as dividends to the Company in 2004, without prior approval of the Comptroller of the Currency, approximately \$13,800,000.

Capital

The Federal Reserve and the OCC have risk-based capital guidelines for bank holding companies and national banks, respectively. These guidelines require a minimum ratio of capital to risk-weighted assets (including certain off-balance-sheet activities, such as standby letters of credit) of 8%. At least half of the total capital must consist of common equity, retained earnings and a limited amount of qualifying preferred stock, less goodwill and certain core deposit intangibles (Tier 1 capital). The remainder may consist of non-qualifying preferred stock, qualifying subordinated, perpetual, and/or mandatory convertible debt, term subordinated debt and intermediate term preferred stock and up to 45% of pretax unrealized holding gains on available for sale equity securities with readily determinable market values that are prudently valued, and a limited amount of any loan loss allowance (Tier 2 capital and, together with Tier 1 capital, Total Capital). The Federal Reserve recently reaffirmed that voting common Tier 1 equity should be the predominant form of capital.

In addition, the Federal Reserve and the OCC have established minimum leverage ratio guidelines for bank holding companies and national banks, which provide for a minimum leverage ratio of Tier 1 capital to adjusted average quarterly assets (leverage ratio) equal to 3%, plus an additional cushion of 1.0% to 2.0%, if the institution has less than the highest regulatory rating. The guidelines also provide that institutions experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. Higher capital may be required in individual cases depending upon a bank holding company's risk profile. All bank holding companies and banks are expected to hold capital commensurate with the level and nature of their risks, including the volume and severity of their problem loans. Lastly, the Federal Reserve's guidelines indicate that the Federal Reserve will continue to consider a tangible Tier 1 leverage ratio (deducting all intangibles) in evaluating proposals for expansion or new activity. The Federal Reserve and OCC have not advised the Company or the Bank of any specific minimum leverage ratio or tangible Tier 1 leverage ratio applicable to them.

The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), among other things, requires the federal banking agencies to take prompt corrective action regarding depository institutions that do not meet minimum capital requirements. FDICIA establishes five capital tiers: well capitalized , adequately capitalized , undercapitalized , significantly undercapitalized , and critically undercapitalized . A depository institution's capital tier will depend upon how its capital levels compare to various relevant capital measures and certain other factors, as established by regulation.

All of the federal banking agencies have adopted regulations establishing relevant capital measures and relevant capital levels. The relevant capital measures are the Total Capital ratio,

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Tier 1 capital ratio, and the leverage ratio. Under the regulations, a national bank will be (i) well capitalized if it has a Total Capital ratio of 10% or greater, a Tier 1 capital ratio of 6% or greater, and a leverage ratio of at least 5%, and is not subject to any written agreement, order, capital directive, or prompt corrective action directive by a federal bank regulatory agency to meet and maintain a specific capital level for any capital measure, (ii) adequately capitalized if it has a Total Capital ratio of 8% or greater, a Tier 1 capital ratio of 4% or greater, and a leverage ratio of 4% or greater (3% in certain circumstances), (iii) undercapitalized if it has a Total Capital ratio of less than 8%, a Tier 1 capital ratio of less than 4% (3% in certain circumstances), (iv) significantly undercapitalized if it has a total capital ratio of less than 6% or a Tier I capital ratio of less than 3%, or a leverage ratio of less than 3%, or (v) critically undercapitalized if its tangible equity is equal to or less than 2% of average quarterly tangible assets.

As of December 31, 2004, the consolidated capital ratios of the Company and the Bank were as follows:

	Regulatory Minimum	Company	Bank
Tier 1 capital ratio	4.0%	10.4%	9.8%
Total capital ratio	8.0%	11.0%	10.4%
Leverage ratio	3.0-5.0%	7.1%	6.7%

FDICIA

FDICIA directs that each federal banking regulatory agency prescribe standards for depository institutions and depository institution holding companies relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth compensation, a maximum ratio of classified assets to capital, minimum earnings sufficient to absorb losses, a minimum ratio of market value to book value for publicly traded shares, and such other standards as the federal regulatory agencies deem appropriate.

FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized depository institutions are subject to growth limitations and are required to submit a capital restoration plan for approval. For a capital restoration plan to be acceptable, the depository institution's parent holding company must guarantee that the institution will comply with such capital restoration plan. The aggregate liability of the parent holding company is limited to the lesser of 5% of the depository institution's total assets at the time it became undercapitalized and the amount necessary to bring the institution into compliance with applicable capital standards. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized. If the controlling holding company fails to fulfill its obligations under FDICIA and files (or has filed against it) a petition under the federal Bankruptcy Code, the claim would be entitled to a priority in such bankruptcy proceeding over third party creditors of the bank holding company. Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to

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become adequately capitalized, requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions are subject to the appointment of a receiver or conservator. Because the Company and the Bank exceed applicable capital requirements, the respective managements of the Company and the Bank do not believe that the provisions of FDICIA have had any material effect on the Company and the Bank or their respective operations.

FDICIA also contains a variety of other provisions that may affect the operations of the Company and the Bank, including reporting requirements, regulatory standards for real estate lending, truth in savings provisions, the requirement that a depository institution give 90 days prior notice to customers and regulatory authorities before closing any branch, and a prohibition on the acceptance or renewal of brokered deposits by depository institutions that are not well capitalized or are adequately capitalized and have not received a waiver from the FDIC. The Bank is well capitalized, and brokered deposits are not restricted.

Enforcement Policies and Actions

The Federal Reserve and the OCC monitor compliance with laws and regulations. Violations of laws and regulations, or other unsafe and unsound practices, may result in these agencies imposing fines or penalties, cease and desist orders, or taking other enforcement actions. Under certain circumstances, these agencies may enforce these remedies directly against officers, directors, employees and others participating in the affairs of a bank or bank holding company.

Fiscal and Monetary Policy

Banking is a business that depends on interest rate differentials. In general, the difference between the interest paid by a bank on its deposits and its other borrowings, and the interest received by a bank on its loans and securities holdings, constitutes the major portion of a bank's earnings. Thus, the earnings and growth of Seacoast and the Bank are subject to the influence of economic conditions generally, both domestic and foreign, and also to the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve. The Federal Reserve regulates the supply of money through various means, including open market dealings in United States government securities, the discount rate at which banks may borrow from the Federal Reserve, and the reserve requirements on deposits. The nature and timing of any changes in such policies and their effect on Seacoast and its subsidiaries cannot be predicted.

FDIC Insurance Assessments

The Bank is subject to FDIC deposit insurance assessments. The Bank's deposits are primarily insured by the FDIC's Bank Insurance Fund (BIF). The Bank is also a member of the Savings Association Insurance Fund (SAIF) to the extent that the Bank holds deposits acquired in 1991 from the Resolution Trust Corporation (RTC) or from SAIF-insured institutions. The FDIC assesses deposits under a risk-based premium schedule. Each financial institution is assigned to one of three capital groups, well capitalized, adequately capitalized or undercapitalized, and further assigned to one of three subgroups within a capital group, on the basis of supervisory evaluations by the institution's primary federal and, if applicable, state regulators and other information

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relevant to the institution's financial condition and the risk posed to the applicable insurance fund. The actual assessment rate applicable to a particular institution, therefore, depends in part upon the risk assessment classification so assigned to the institution by the FDIC. During the three years ended December 31, 2004, the Bank paid \$0 in BIF and SAIF deposit insurance premiums, and paid approximately \$171,000, \$163,000 and \$173,000 in FICO assessments during 2004, 2003 and 2002, respectively.

The FDIC's Board of Directors has continued the 2004 BIF and SAIF assessment schedule of zero to 27 basis points per annum for the first semiannual period of 2005. The Deposit Insurance Funds Act of 1996 (the Funds Act) authorized FICO to levy assessments on BIF-assessable deposits. Since 1999, the FICO assessment rate has been equal for BIF and SAIF-assessable deposits. The FICO assessments are set quarterly and ranged from 1.68 basis points for BIF and SAIF in the first quarter of 2003 to 1.52 basis points in the last quarter of 2003 and from 1.54 basis points in the first quarter of 2004 to 1.46 basis points in the last quarter of 2004. The FICO assessment rate for the first quarter of 2005 is 1.44 basis points.

Legislative and Regulatory Changes

The International Money Laundering Abatement and Anti-Terrorism Funding Act of 2001 imposes new know your customer requirements that obligate financial institutions to take actions to verify the identity of the account holders in connection with opening an account at any U.S. financial institution. Banking regulators are required to consider a financial institution's compliance with this Act's money laundering provisions in making decisions regarding approval of acquisitions and mergers, and the regulatory authorities may impose sanctions for violations of this Act.

Legislative and regulatory proposals regarding changes in banking, and the regulation of banks, thrifts and other financial institutions and bank and bank holding company powers are being considered by the executive branch of the Federal government, Congress and various state governments, including Florida. The FDIC has proposed a restructuring of the federal deposit insurance system, including provisions to better measure and price deposit insurance, to merge BIF and SAIF and to increase deposit insurance coverage. Other proposals pending in Congress would, among other things, allow banks to pay interest on checking accounts, allow the Federal Reserve to pay interest on reserves, and would permit interstate branching on a *de novo* basis. Certain of these proposals, if adopted, could significantly change the regulation or operations of banks and the financial services industry. It cannot be predicted whether any of these proposals will be adopted, and, if adopted, how these proposals will affect the Company and the Bank.

Statistical Information

Certain statistical and financial information (as required by Guide 3) is included in response to Item 7 of this Annual Report on Form 10-K. Certain statistical information is also included in response to Item 6 and Item 8 of this Annual Report on Form 10-K.

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Item 2. Properties

Seacoast and the Bank's main office occupies approximately 62,000 square feet of a 68,000 square foot building in Stuart, Florida. The building, together with an adjacent 10-lane drive-in banking facility and an additional 27,000 square foot office building, are situated on approximately eight acres of land in the center of Stuart zoned for commercial use. The building and land are owned by the Bank, which leases out portions of the building not utilized by Seacoast and the Bank to unaffiliated third parties.

Adjacent to the main office, the Bank leases approximately 21,400 square feet of office space to house operational departments, consisting primarily of information systems and retail support. The Bank owns its equipment, which is used for servicing bank deposits and loan accounts as well as on-line banking services, providing tellers and other customer service personnel with access to customers' records.

In February 2000, the Bank leased storefront space in Ft. Lauderdale, Florida for a lending office for its Seacoast Marine Finance Division. The office occupies 1,913 square feet of space, with furniture and equipment all owned by the Bank. In November 2002, additional office space was acquired for the Seacoast Marine Finance Division in Alameda, California (430 square feet of leased space), and Newport Beach, California (1,200 square feet of leased space). The furniture and equipment at each location is owned by the Bank. The Bank plans on relocating the Ft. Lauderdale location of its Seacoast Marine Finance Division after its lease expires in early 2005.

In June 2004, the Bank also opened a loan production office in Melbourne, Florida. Located in a three story waterfront office building, the office occupies 1,533 square feet of leased space on the third floor. All furniture and equipment utilized is owned.

As of December 31, 2004, the net carrying value of branch offices (excluding the main office) was approximately \$11.7 million. Seacoast's branch offices are described as follows:

Jensen Beach, opened in 1977, is a free-standing facility located in the commercial district of a residential community contiguous to Stuart. The 1,920 square foot bank building and land are owned by the Bank. Improvements include three drive-in teller lanes and one drive-up ATM as well as a parking lot and landscaping.

East Ocean Boulevard, opened at its original location in 1978, was a 2,400 square foot building leased by the Bank. The acquisition of American Bank provided an opportunity for the Bank to move to a new location in April 1995. It is still located on the main thoroughfare between downtown Stuart and Hutchinson Island's beachfront residential developments. The first three floors of a four-story office condominium were acquired in the acquisition. The 2,300 square foot branch area on the first floor has been remodeled and operates as a full service branch including five drive-in lanes and a drive-up ATM. The remaining 2,300 square feet on the ground floor was sold in June 1996, the third floor was sold in December 1995, and the second floor was sold in December 1998.

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Cove Road, opened in late 1983, is conveniently located close to housing developments in the residential areas south of Stuart known as Port Salerno and Hobe Sound. South Branch Building, Inc., a subsidiary of the Bank, is a general partner in a partnership that entered into a long-term land lease for approximately four acres of property on which it constructed a 7,500 square foot building. The Bank leases the building and utilizes 3,450 square feet of the available space. Remaining space is sublet by the Bank to other business tenants. The Bank has improved the premises with three drive-in lanes, bank equipment, and furniture and fixtures, all of which are owned by the Bank. A drive-up ATM was added in early 1997.

Hutchinson Island, opened on December 31, 1984, is in a shopping center located on a coastal barrier island, close to numerous oceanfront condominium developments. In 1993, the branch was expanded from 2,800 square feet to 4,000 square feet and is under a long-term lease to the Bank. The Bank has improved the premises with bank equipment, a walk-up ATM and three drive-in lanes, all owned by the Bank.

Rivergate, opened October 28, 1985, originally occupied 1,700 square feet of leased space in the Rivergate Shopping Center, Port St. Lucie, Florida. The Bank moved the branch to larger facilities in the shopping center in April 1999 under a long-term lease agreement. Furniture and bank equipment located in the prior facilities were moved to the new facility, which occupies approximately 3,400 square feet, with three drive-in lanes and a drive-up ATM.

Wedgewood Commons, opened in April 1988, is located on an out-parcel under long term lease in the Wedgewood Commons Shopping Center, south of Stuart on U.S. Highway 1. The property consists of a 2,800 square foot building that houses four drive-in lanes, a walk-up ATM and various bank equipment, all of which are owned by the Bank and are located on the leased property.

Bayshore, opened on September 27, 1990, occupies 3,520 square feet of a 50,000 square foot shopping center located in Port St. Lucie. The Bank has leased the premises under a long-term lease agreement and has made improvements to the premises, including the addition of three drive-in lanes and a walk-up ATM, all of which are owned by the Bank.

Hobe Sound, acquired from the RTC on December 23, 1991, is a two-story facility containing 8,000 square feet and is centrally located in Hobe Sound. Of 2,800 square feet on the second floor, 1,225 square feet is utilized by local community organizations. Improvements include two drive-in teller lanes, a drive-up ATM, and equipment and furniture, all of which are owned by the Bank.

Fort Pierce, acquired from the RTC on December 23, 1991, is a 2,895 square foot facility in the heart of Fort Pierce that has three drive-in lanes and a drive-up ATM. Equipment and furniture are all owned by the Bank.

Martin Downs, purchased from the RTC in February 1992, is a 3,960 square foot bank building located at a high traffic intersection in Palm City, an emerging commercial and

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residential community west of Stuart. Improvements include three drive-in teller lanes, a drive-up ATM, equipment and furniture.

Tiffany, purchased from the RTC in May 1992, is a two-story facility containing 8,250 square feet and is located on a corner of U.S. Highway 1 in Port St. Lucie offering excellent exposure in one of the fastest growing residential areas in the region. The Bank uses the second story space to house brokerage and mortgage solicitation personnel, a training facility and conference area. Three drive-in teller lanes, a walk-up ATM, equipment and furniture are utilized and owned by the Bank.

Vero Beach, purchased from the RTC in February 1993, is a 3,300 square foot bank building located in Vero Beach on U.S. Highway 1 and represents the Bank's initial presence in the Indian River County market. The Bank holds a long-term land lease on the property. Improvements include three drive-in teller lanes, a walk-up ATM, equipment and furniture, all of which are owned by the Bank.

Beachland, opened in February 1993, consists of 4,150 square feet of leased space located in a three-story commercial building on Beachland Boulevard, the main beachfront thoroughfare in Vero Beach, Florida. This facility has 2 drive-in teller lanes, a drive-up ATM, and furniture and equipment, all owned by the Bank.

Sandhill Cove, opened in September 1993, is in an upscale life-care retirement community. The 135 square foot office is located within the community facilities on a 36-acre development in Palm City, Florida. This community contains approximately 168 private residences.

St. Lucie West, opened in November 1994, was originally located at 1320 S.W. St. Lucie Blvd, Port St. Lucie, Florida. The Bank moved the branch to the Renar Centre, located at 1100 SW St. Lucie West Blvd., Port St. Lucie, Florida, on June 1, 1997, where the Bank leases 4,320 square feet on the first floor and 1,200 square feet on the second floor. The facility includes three drive-in teller lanes, a drive-up ATM, and furniture and equipment.

Mariner Square, acquired from American Bank in April 1995, is a 3,600 square foot leased space located on the ground floor of a three-story office building located on U.S. Highway 1 between Hobe Sound and Port Salerno. Approximately 700 square feet of the space is sublet to a tenant. The space occupied by the Bank has been improved to be a full service branch with two drive-in lanes, one serving as a drive-up ATM lane as well as a drive-in teller lane, all owned by the Bank.

Sebastian, opened in May 1996, is located within a 174,000 square foot Wal-Mart Superstore on U.S. Highway 1 in northern Indian River County. The leased space occupied by the Bank totals 865 square feet. The facility has a walk-up ATM, owned by the Bank.

South Vero Square opened in May 1997 in a 3,150 square foot building owned by the Bank on South U.S. Highway 1 in Vero Beach. The facility includes three drive-in teller lanes, a drive-up ATM, and furniture and equipment, all owned by the Bank.

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Oak Point, opened in June 1997, occupies 12,000 square feet of leased space on the first and second floor of a 19,700 square foot 3-story building in Indian River County. The office is in close proximity to Indian River Memorial Hospital and the peripheral medical community adjacent to the hospital. The facility includes three drive-in teller lanes, a walk-up ATM, and furniture and equipment, all owned by the Bank. The Bank sublets 2,270 square feet of space on the second floor.

Route 60 Vero opened in July 1997. Similar to the Sebastian office, this facility is housed in a Wal-Mart Superstore in western Vero Beach in Indian River County. The branch occupies 750 square feet of leased space and includes a walk-up ATM.

Sebastian West opened in March 1998 in a 3,150 square foot building owned by the Bank. It is located at the intersection of Fellsmere Road and Roseland Road in Sebastian. The facility includes three drive-in teller lanes, a drive-up ATM, and furniture and equipment, all owned by the Bank.

Jensen West, opened in July 2000, is located on an out parcel under long-term lease on U.S. Highway 1 in northern Martin County. The facility consists of a 3,930 square foot building, with four drive-up lanes, a drive-up ATM and furniture and equipment, all of which are owned by the Bank and are located on the leased property. The opening of this office coincided with the closing of the Bank's U.S. Highway 1 and Port St. Lucie Boulevard office, one-half mile north of this location, which originally opened on June 1, 1997.

Ft. Pierce Wal-Mart, opened in June 2001, is another Wal-Mart Superstore location. The branch occupies 540 square feet of leased space and includes a walk-up ATM, a night depository, and furniture and equipment, all owned by the Bank.

Port St. Lucie Wal-Mart opened in October 2002 and occupies 695 square feet of leased space in a brand new Wal-Mart Superstore in a highly visible location on U.S. Highway 1. The branch includes a walk-up ATM, a night depository, and furniture and equipment, all owned by the Bank.

Jupiter, this office opened as a loan production office in August 2002 and converted to a full-service branch during 2003. Commercial and residential lending personnel as well as executive offices are maintained at this location. The office occupies 3,718 square feet of leased space on U.S. Highway 1 in Jupiter, Florida. No ATM or night depository exists for this location. The Bank owns all furniture and equipment at the branch.

Tequesta opened in January 2003. The Tequesta office is a 3,500 square foot building acquired and owned by the Bank located on U.S. Highway 1 on property subject to a long term ground lease. The Tequesta location has two drive-up lanes, a drive-up ATM, a night depository, and furniture and equipment, all owned by the Bank.

Jupiter Indiantown, opened in December 2004, is a free standing office located on Indiantown Road, a prime thoroughfare in Jupiter, Florida. The Bank owns the building

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and leases the land. The building is 2,881 square feet and includes three drive-up lanes, a drive-up ATM, a night depository, and furniture and equipment, all owned by the Bank.

Juno Beach is a location acquired during 2004. Previously utilized by another financial institution, the Bank's Jupiter Bluff's branch was relocated to this facility in at the end of December 2004, following renovation of the building. The building is 2,891 square feet, located on U.S. Highway 1 in Juno Beach, and includes three drive-up lanes, a drive-up ATM, a night depository, and furniture and equipment, all owned by the Bank.

For additional information regarding our properties, you should refer to Notes F and I of the Notes to Consolidated Financial Statements in Seacoast's 2004 Annual Report, certain portions of which are incorporated herein by reference pursuant to Part II, Item 8 of this report.

In January 2005, the Bank acquired from another financial institution an office on Route 60 in Vero Beach. The Bank owns the land and the 2,500 square foot building at this location. The office has three drive-up lanes, a drive-up ATM, a night depository, and furniture and equipment, all owned by the Bank.

A signature Palm Beach headquarters office is planned in 2006 for Palm Beach Gardens in northern Palm Beach County. Located across the street from the Gardens Mall on PGA Blvd., this office will occupy leased space in a high-rise office building containing approximately 67,500 square feet of rentable space. The Bank will occupy a total of 13,454 square feet: 5,600 square feet on the first floor and 7,854 square feet on the second floor. The office will have three drive-up lanes, a drive-up ATM and night depository.

Item 3. Legal Proceedings

The Company and its subsidiaries are subject, in the ordinary course, to litigation incident to the businesses in which they are engaged. Among these is an action against the Bank subsidiary with respect to a deposit account that allegedly was utilized by a former customer to improperly cash checks (the Check Claims). Plaintiffs seek compensatory damages of \$900,000 and have requested a jury trial. The Company's management has reviewed the Check Claims with its counsel, and while the ultimate outcome of the Check Claims cannot be predicted and no possible range of loss can be estimated, management presently believes that none of the legal proceedings to which it is a party, including the Check Claims, are likely to have a material adverse effect on the Company's consolidated financial position, operating results or cash flows, although no assurance can be given with respect to the ultimate outcome of any such claim or litigation.

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Item 4. Submission of Matters to a Vote of Security Holders

None.

Part II

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

In 2002, the Company's shareholders approved amendments to its Articles of Incorporation and eliminated the Company's Class B Common Stock, which was converted, in accordance with its terms on a one-for-one basis into Class A Common Stock. In addition, the Class A Common Stock liquidation preference was eliminated, and Class A Common Stock was renamed Common Stock. Holders of Common Stock are entitled to one vote per share on all matters presented to shareholders as provided in the Company's Amended and Restated Articles of Incorporation (the Articles).

The Common Stock is traded in the over-the-counter market and quoted on the Nasdaq National Market (Nasdaq Stock Market) under the symbol SBCF. As of March 11, 2005, there were approximately 15,428,594 shares of Common Stock outstanding, held by approximately 809 record holders.

The following table sets forth the high and low sale prices per share of Seacoast Common Stock on the Nasdaq Stock Market and the dividends paid per share of Seacoast Common Stock for the indicated periods. All prices and dividend amounts reflect the effect of the one additional share of Common Stock distributed for every ten shares held, effective August 15, 2003, for shareholders of record on August 1, 2003.

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	Sale Price Per Share of Seacoast Common Stock	Annual Dividends Declared Per Share of
&n		