Earnings Presentation

SECOND QUARTER 2020 RESULTS

Seacoast
BANKING CORPORATION
OF FLORIDA

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Cautionary Notice Regarding Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning, and protections, of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements about future financial and operating results, cost savings, enhanced revenues, economic and seasonal conditions in our markets, and improvements to reported earnings that may be realized from cost controls, tax law changes, new initiatives and for integration of banks that we have acquired, or expect to acquire, including FBPB and Fourth Street, as well as statements with respect to Seacoast's objectives, strategic plans, including Vision 2020, expectations and intentions and other statements that are not historical facts, any of which may be impacted by the COVID-19 pandemic and related effects on the U.S. economy. Actual results may differ from those set forth in the forward-looking statements.

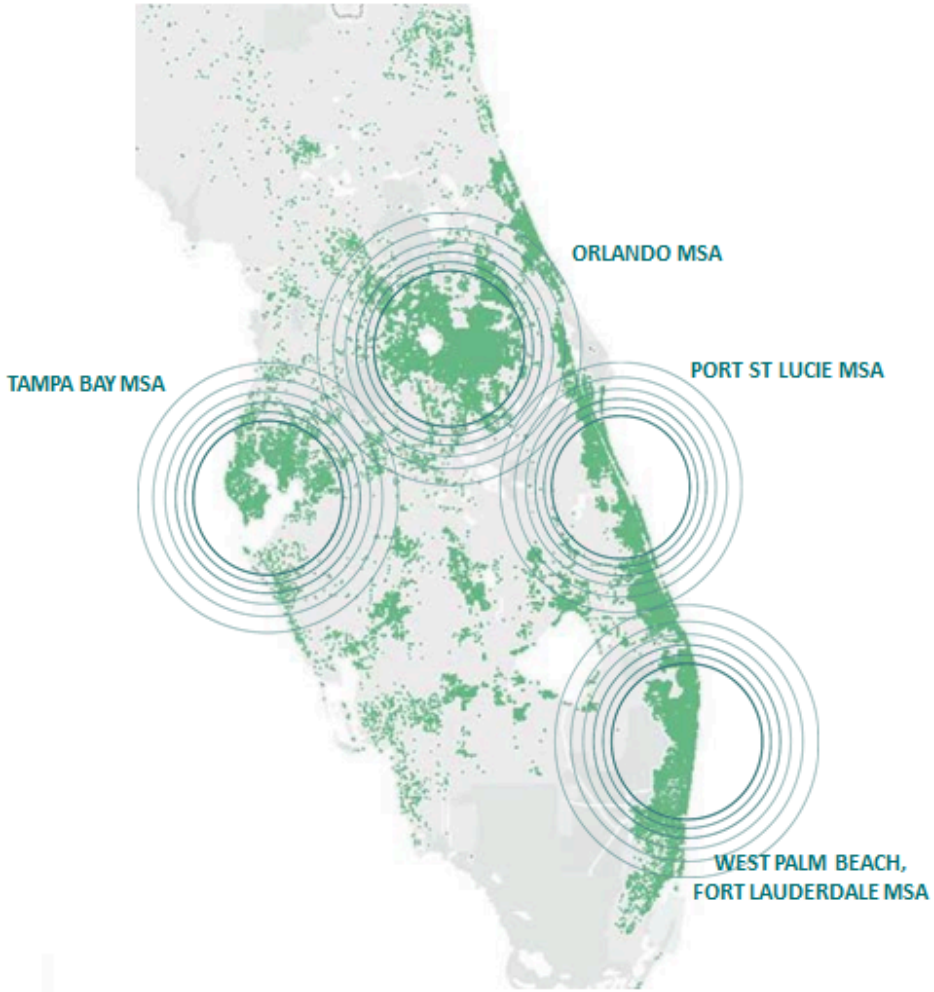
Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates and intentions about future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and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

All statements other than statements of historical fact could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may", "will", "anticipate", "assume", "should", "support", "indicate", "would", "believe", "contemplate", "expect", "estimate", "continue", "further", "plan", "point to", "project", "could", "intend", "target" or other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation: the effects of future economic and market conditions, including seasonality and the adverse impact of COVID-19 (economic and otherwise); governmental monetary and fiscal policies, including interest rate policies of the Board of Governors of the Federal Reserve, as well as legislative, tax and regulatory changes; changes in accounting policies, rules and practices, including the impact of the adoption of CECL; the risks of changes in interest rates on the level and composition of deposits, loan demand, liquidity and the values of loan collateral, securities, and interest sensitive assets and liabilities; interest rate risks, sensitivities and the shape of the yield curve; uncertainty related to the impact of LIBOR calculations on securities and loans; changes in borrower credit risks and payment behaviors; changes in the availability and cost of credit and capital in the financial markets; changes in the prices, values and sales volumes of residential and commercial real estate; our ability to comply with any regulatory requirements; the effects of problems encountered by other financial institutions that adversely affect us or the banking industry; our concentration in commercial real estate loans; the failure of assumptions and estimates, as well as differences in, and changes to, economic, market and credit conditions; the impact on the valuation of our investments due to market volatility or counterparty payment risk; statutory and regulatory dividend restrictions; increases in regulatory capital requirements for banking organizations generally; the risks of mergers, acquisitions and divestitures, including our ability to continue to identify acquisition targets and successfully acquire desirable financial institutions; changes in technology or products that may be more difficult, costly, or less effective than anticipated; our ability to identify and address increased cybersecurity risks; inability of our risk management framework to manage risks associated with our business; dependence on key suppliers or vendors to obtain equipment or services for our business on acceptable terms; reduction in or the termination of our ability to use the mobile-based platform that is critical to our business growth strategy; the effects of war or other conflicts, acts of terrorism, natural disasters, health emergencies, epidemics or pandemics, or other catastrophic events that may affect general economic conditions; unexpected outcomes of and the costs associated with, existing or new litigation involving us; our ability to maintain adequate internal controls over financial reporting; potential claims, damages, penalties, fines and reputational damage resulting from pending or future litigation, regulatory proceedings and enforcement actions; the risks that our deferred tax assets could be reduced if estimates of future taxable income from our operations and tax planning strategies are less than currently estimated and sales of our capital stock could trigger a reduction in the amount of net operating loss carryforwards that we may be able to utilize for income tax purposes; the effects of competition from other commercial banks, thrifts, mortgage banking firms, consumer finance companies, credit unions, securities brokerage firms, insurance companies, money market and other mutual funds and other financial institutions operating in our market areas and elsewhere, including institutions operating regionally, nationally and internationally, together with such competitors offering banking products and services by mail, telephone, computer and the Internet; and the failure of assumptions underlying the establishment of reserves for possible loan losses.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our annual report on Form 10-K for the year ended December 31, 2019, and quarterly report on Form 10-Q for the quarter ended March 31, 2020 under "Special Cautionary Notice Regarding Forward-Looking Statements" and "Risk Factors", and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC's Internet website at www.sec.gov.

Valuable Florida Franchise, Well Positioned with Strong Capital, Liquidity and Disciplined Credit Culture

Seacoast Customer Map



- **$8.1 billion in assets as of June 30, 2020, operating in the nation's third-most populous state**
- **Strong and growing presence in four of Florida's most attractive MSAs**
  - #1 Florida-based bank in the Orlando MSA
  - Growing share in West Palm Beach
  - #2 share in Port St Lucie MSA
  - Growing presence in Tampa MSA
- **Market Cap: $1.1 billion as of June 30, 2020**
- **Highly disciplined credit portfolio**
- **Prudent liquidity position**
- **Strong capital position**
- **Steady increase in shareholder value with tangible book value per share increasing 11% year-over-year**
- **Active board with a diverse range of experience and expertise**

Valuable Florida Franchise with Disciplined Growth Strategy, Benefiting from Fortress Balance Sheet with Robust Capital Generation, Prudent Liquidity Position, and Strict Credit Underwriting

COVID-19 Response

Associates

- Substantially all non-retail associates working remotely
- Staggering shifts and locations, including for leadership
- Restricted travel for all associates
- All COVID-related medical treatment is free to associates
- No visitors in operations centers

Operations and Service Levels

- Branches are open for appointments and drive-thru
- Heightened cleaning and protection protocols
- Expanded call center staffing to support heightened call volumes and distributed teams across three locations.
- Customers are utilizing mobile and digital solutions, video chat, and interactive voice response tools
- All ATMs fully accessible

Relief Programs

- Seacoast is an SBA Preferred Lender, actively supporting access for our customers to the Paycheck Protection Program ("PPP") utilizing our fully digital origination platform. $591 million in total PPP loans were processed under the program through June 30, 2020.
- Offering loan payment deferrals of three to six months upon request, with approximately 2,500 loans totaling $1.1 billion with deferred payments at June 30, 2020

Seacoast's Integrated Delivery Model Has Enabled The Bank To Effectively Serve Customers Throughout The Pandemic

As a result, we've seen strong momentum in usage of digital tools and other non-branch delivery channels

59.7%	% of consumer deposits completed outside of the branch. Up 14% over prior year
44.3%	% of business deposits completed outside of the branch. Up 14% over prior year
14.1%	% increase in business mobile logins vs prior year

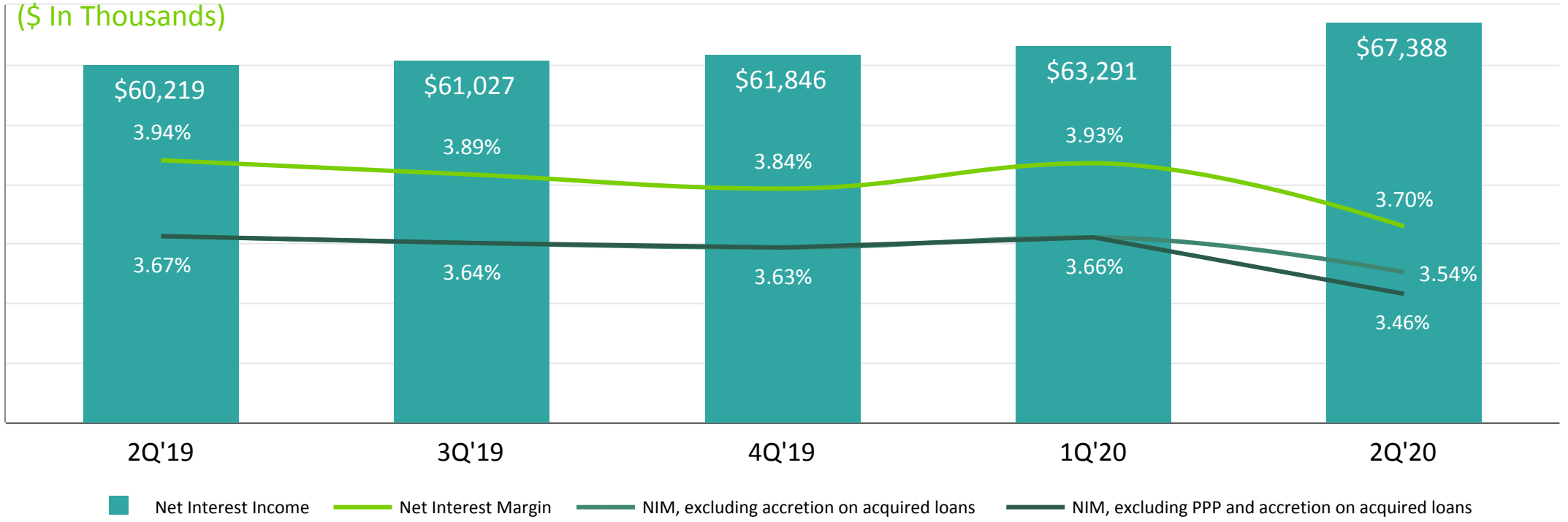


37k+	Customer outreach calls triggered by Seacoast's proprietary Connections platform
6k+	Number of branch appointments set via digital appointment tool on Seacoast's website
9k+	Number of interactions with chat bot on Seacoast's website, effectively helping to defer call volume

12.5%	% increase in consumer mobile logins vs prior year

All metrics as of 2Q'20

Consistent Growth in NII, NIM Impacted by Lower Rates and Liquidity

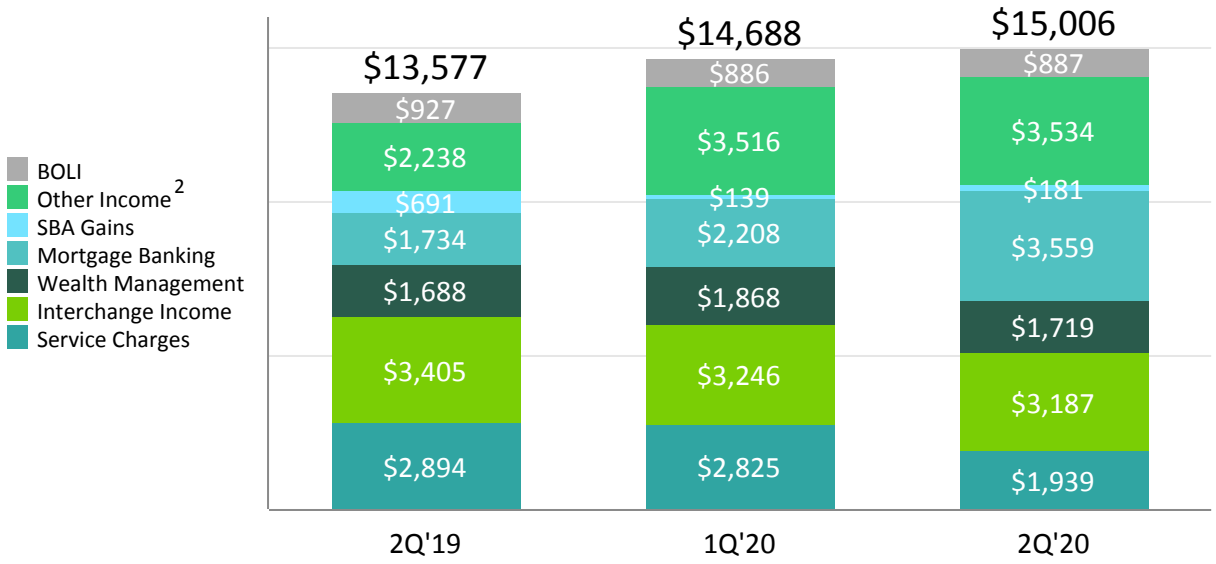


- Net interest income[1] totaled $67.4 million, up $4.1 million or 6% from the prior quarter and up $7.2 million or 12% from the second quarter of 2019. Net interest margin[1] decreased 23 basis points to 3.70% quarter-over-quarter. The decline is attributed to increased levels of liquidity and lower accretion as a result of lower prepayments.
- The effect of accretion on acquired loans on net interest margin was 16 basis points in the current quarter compared to 27 basis points in the prior quarter. The effect of interest and fees earned on PPP loans was 8 basis points in the second quarter of 2020.

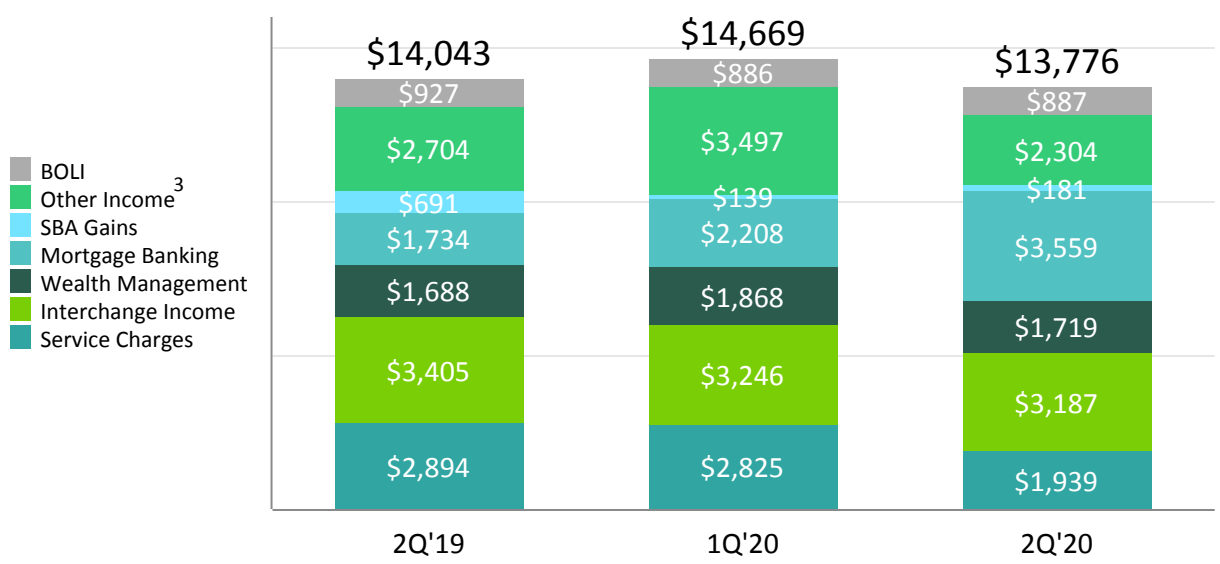
[1]*Calculated on a fully taxable equivalent basis using amortized cost*

Continued Strong Performance in Noninterest Income

Noninterest Income ($ in thousands)



Adjusted Noninterest Income[1] ($ in thousands)



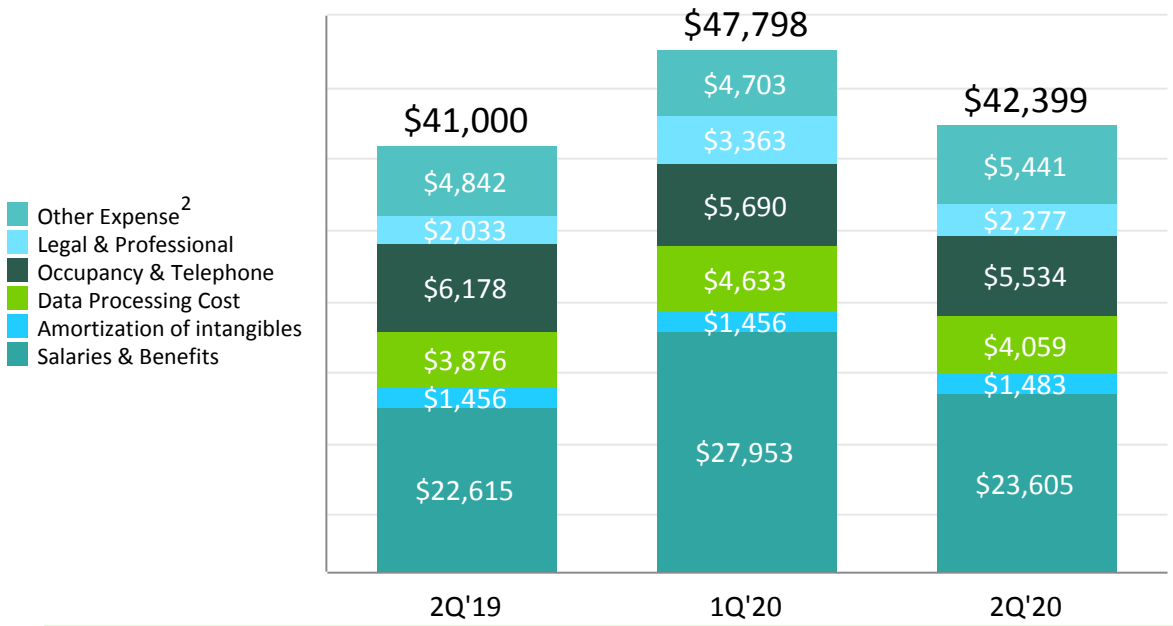
Noninterest income increased $0.3 million sequentially to $15.0 million, and adjusted noninterest income[1] decreased $0.9 million to $13.8 million sequentially. Results for the second quarter of 2020 included $1.2 million in realized gain on sales of securities. Other changes include:

- Mortgage banking fees increased $1.4 million, or 61%, in the second quarter of 2020 to a record $3.6 million, reflecting continued strong demand in the residential refinance market and strength in the Florida housing market.
- Seacoast's wealth management division reported a record-breaking quarter of new production in assets under management totaling $125.0 million. A majority of the new assets under management came late in the quarter, which should benefit revenue in future periods.
- With higher customer deposit balances related to the effects of the COVID-19 pandemic, service charges on deposits decreased $0.9 million compared to the first quarter of 2020.
- A decrease of $1.2 million in other income reflects the recognition of $0.9 million in revenue from SBIC investments in the first quarter of 2020. The remaining decline is primarily related to fees waived to assist customers in the COVID-19 pandemic.

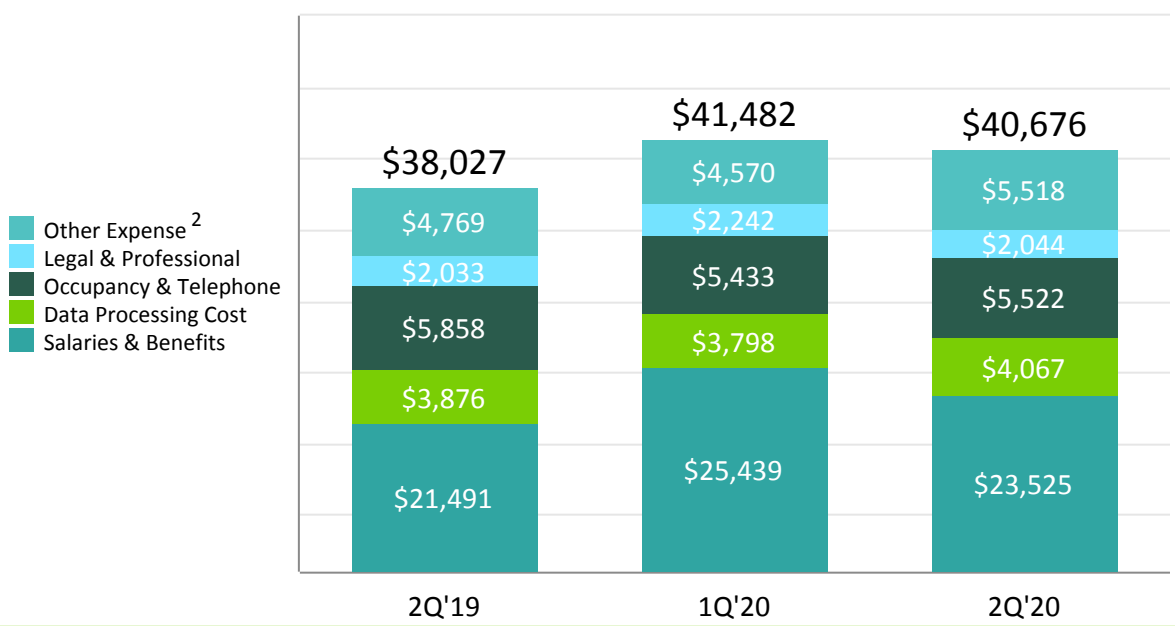
[1]Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures" for more information and a reconciliation to GAAP
[2]Other Income includes marine finance fees, swap related income and other fees related to customer activity as well as securities gains of $1.2 million in 2Q'20 and $19 thousand in 1Q'20 and securities losses of $0.5 million in 2Q'19.
[3]Other Income on an adjusted basis includes marine finance fees, swap related income and other fees related to customer activity.

Continued Focus on Disciplined Expense Control

Noninterest Expense ($ in thousands)



Adjusted Noninterest Expense[1] ($ in thousands)



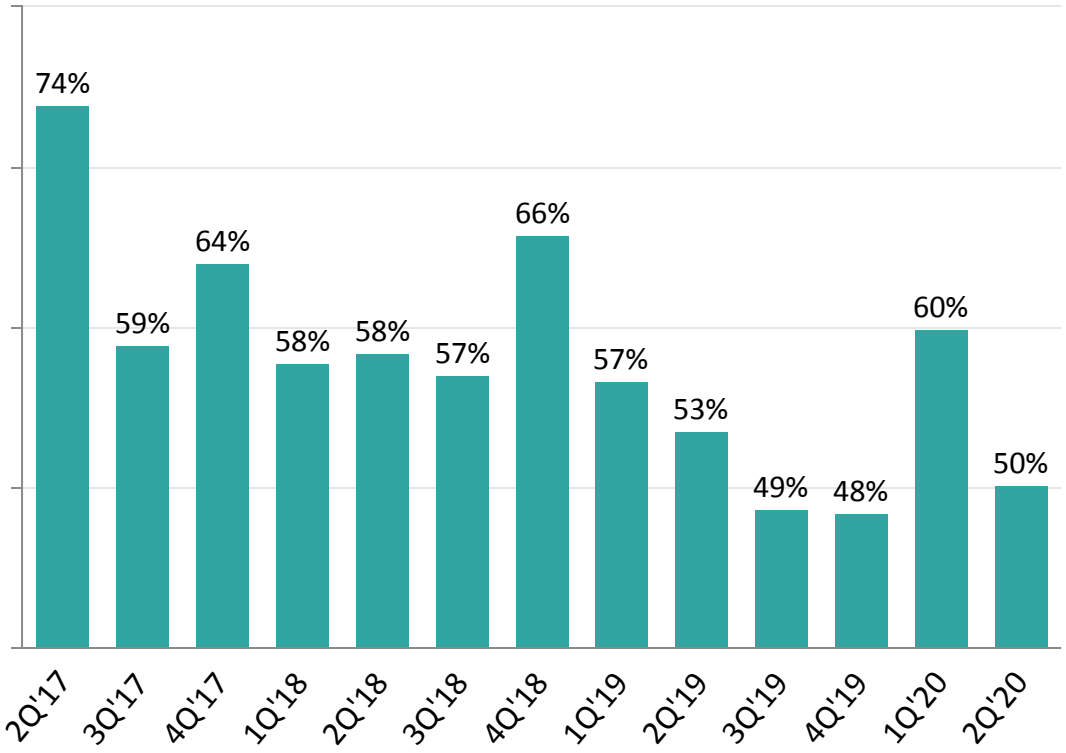
Noninterest expense decreased $5.4 million and adjusted noninterest expense[1] decreased $0.8 million sequentially. Results for the second quarter include $0.2 million of merger-related costs compared to $4.9 million in the first quarter of 2020. Merger-related costs are excluded on an adjusted basis. Changes quarter-over-quarter on an adjusted basis include:

- Salaries and benefits combined decreased by $1.9 million. Higher loan production driven by the PPP program resulted in higher deferrals of related salary costs in accordance with ASC 310-20, lowering costs by $2.9 million. An additional $0.9 million decrease resulted from the seasonal impact on the first quarter of higher payroll taxes and 401(k) contributions and lower health insurance costs. Offsetting increases in the second quarter resulted from the addition of staff from the First Bank of the Palm Beaches acquisition and temporary staffing in the customer support center to accommodate increased call volumes associated with the COVID-19 pandemic operating environment.
- Data processing costs increased by $0.3 million, the result of higher lending-related costs to support the administration of the PPP program.
- Other expenses increased by $0.9 million and include $0.3 million for the return of FDIC assessment expense in the second quarter after applying all available credits, $0.2 million build to the reserve for unfunded commitments, and increases related to the administration of PPP and other expenses.

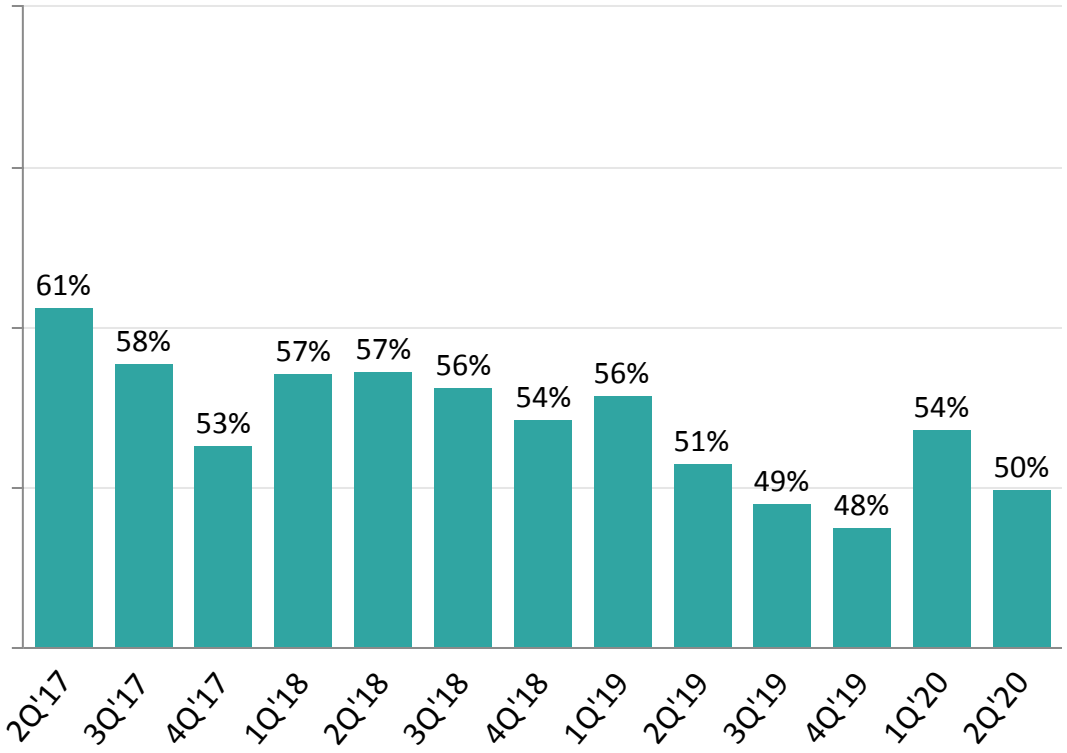
[1]Non-GAAP measure, see "Explanation of Certain Unaudited Non-GAAP Financial Measures" for more information and a reconciliation to GAAP
[2]Other Expense includes marketing expenses and other expenses associated with ongoing business operations.

Efficiency Ratio Trend

GAAP - Efficiency



Adjusted - Efficiency[1]

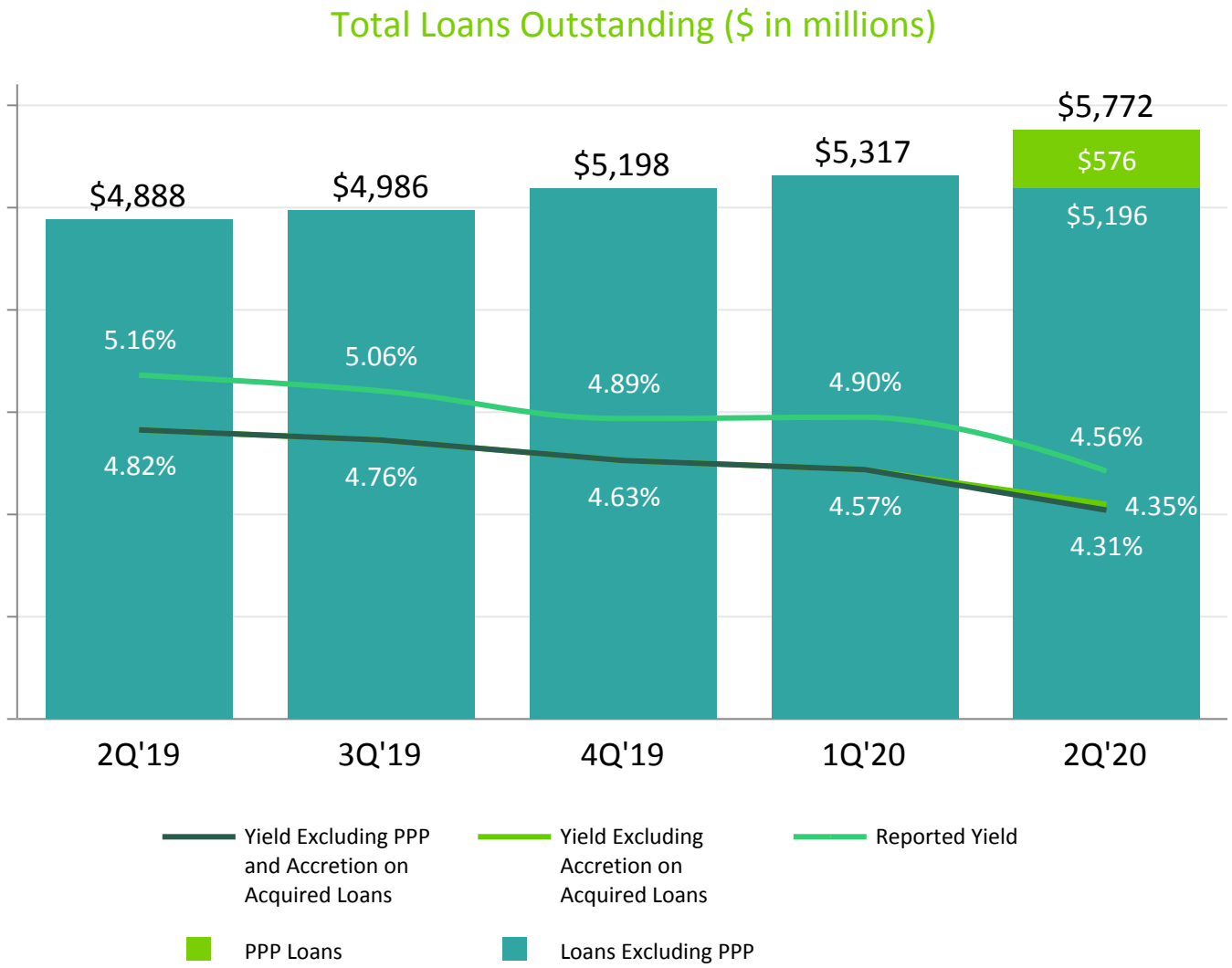


- The efficiency ratio was 50.1% compared to 59.8% in the prior quarter and 53.5% in the second quarter of 2019.
- The adjusted efficiency ratio[1] was 49.8% compared to 53.6% in the prior quarter and 51.4% in the second quarter of 2019, with the first quarter impacted by typical seasonality.

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

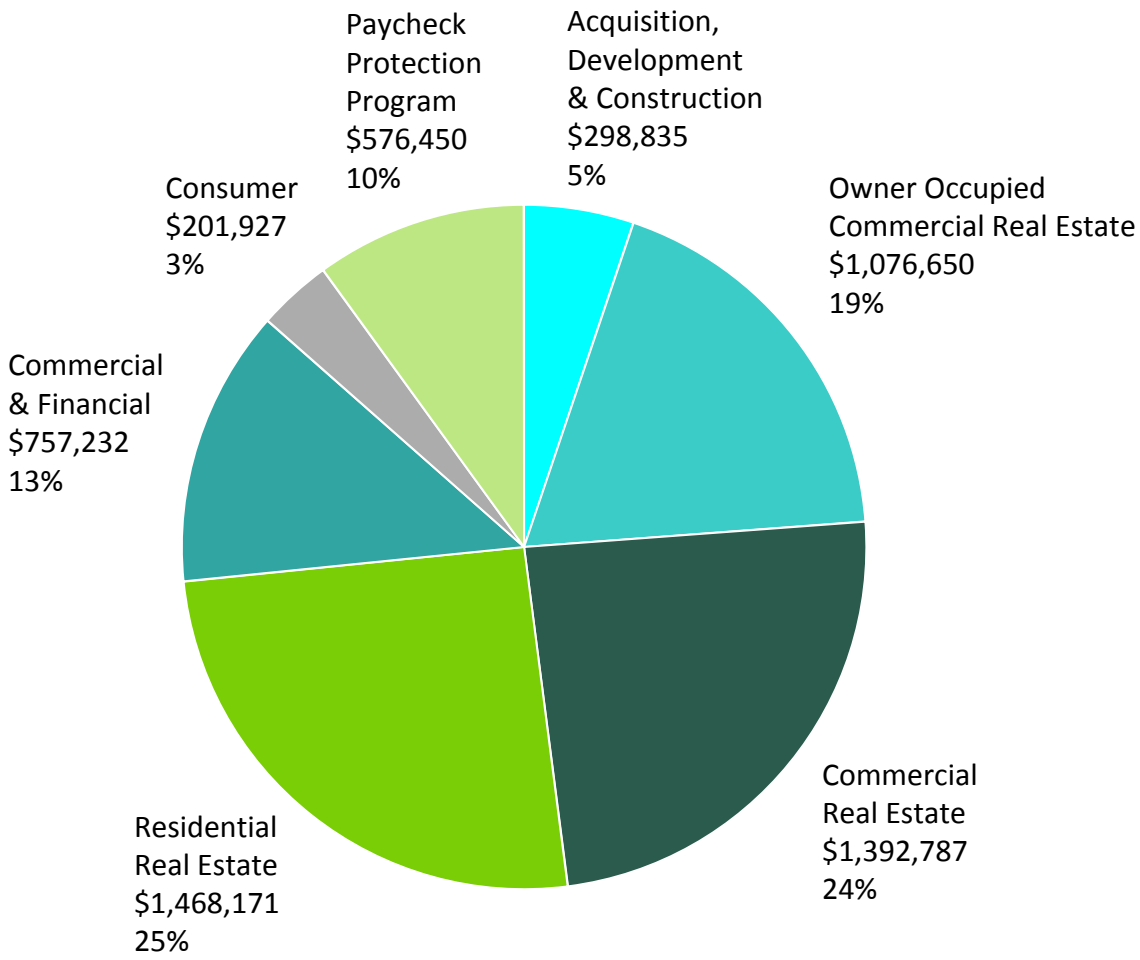
Loan Growth Increased as a Result of PPP Production

- As of June 30, Seacoast has approved over 5,000 loans under the Paycheck Protection Program ("PPP") totaling $576 million.
- Loans outstanding totaled $5.8 billion, an increase of $884 million, or 18%, year-over-year.
- Excluding PPP, loans outstanding decreased by $121 million, or 2% quarter-over-quarter.
- New loan originations of $902 million, compared to $323 million in the prior quarter, contributed to net loan growth in the quarter of 34% on an annualized basis. Excluding PPP originations, new loan originations were $311 million, a decrease of $13 million from the prior quarter.
- Exiting the second quarter of 2020, pipelines were $117 million in commercial, $31 million in consumer, and $108 million in residential mortgages.



Seacoast's Lending Strategy Has Resulted in a Diverse Loan Portfolio

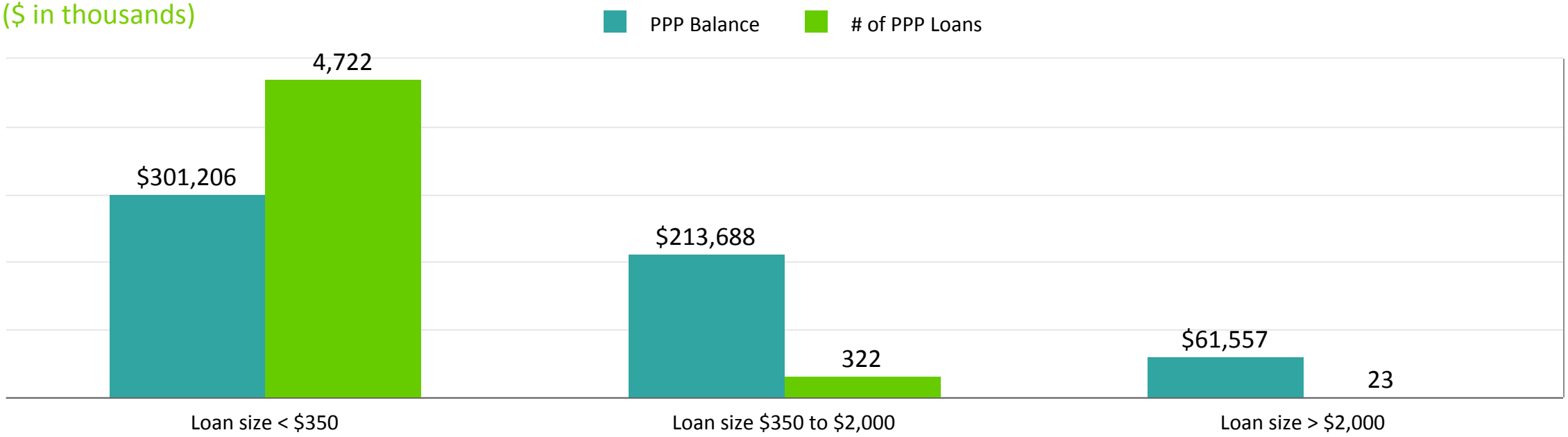
At June 30, 2020 ($ in thousands)



- Construction and land development and commercial real estate loans, as defined in regulatory guidance, represent 32% and 176%, respectively, of total consolidated risk based capital.
- Portfolio diversification in terms of asset mix, industry, and loan type, has been a critical element of the Company's lending strategy. Exposure across industries and collateral types is broadly distributed.
- The Company does not have any purchased loan syndications, shared national credits, or mezzanine finance.
- Since the outbreak of COVID-19, the Company has not experienced any material increase in consumer or commercial line utilization.
- Excluding PPP loans, Seacoast's average commercial loan size is $384 thousand.

Paycheck Protection Program

($ in thousands)

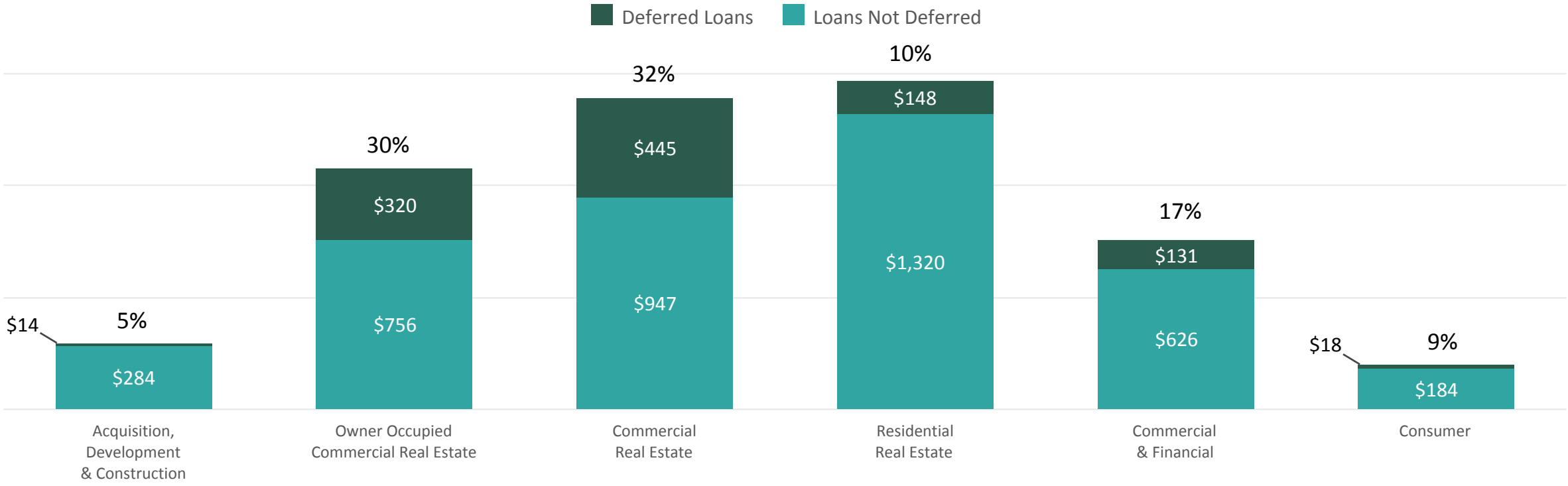


- $576.5 million outstanding at June 30, 2020, net of deferred fees.
- Average loan size of $116,000.
- Median loan size of $43,000.
- Repayment is guaranteed by the U.S. government; no allowance for credit losses has been established.

- Average SBA fee of 3.84%.
- $5.1 million in interest and fees recognized in the second quarter of 2020, resulting in a yield of 4.81%.
- $13 million in remaining deferred fees will be recognized in future periods with the timing dependent upon expectations of the timing of SBA forgiveness.

Deferred Loans

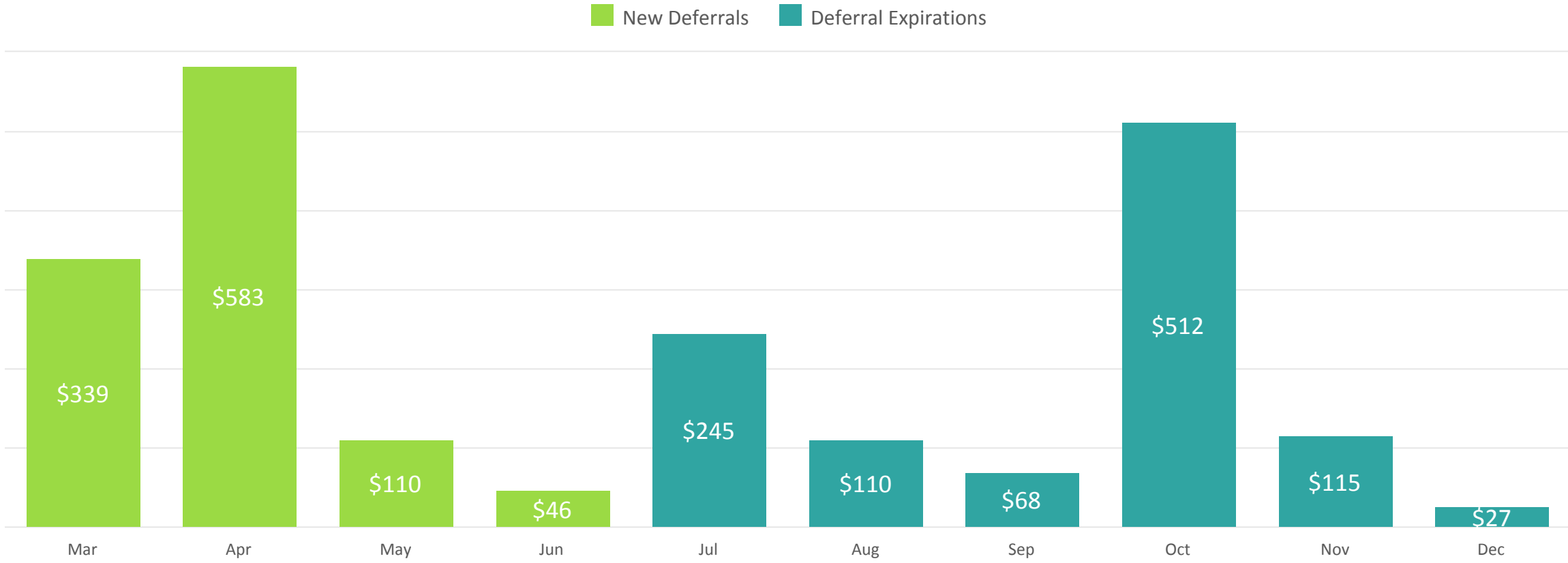
At June 30, 2020 ($ in millions)



- At June 30, 2020, approximately 2,500 loans totaling $1.1 billion, or 21% of total loans excluding PPP, were on payment deferral.
- 11% of deferred loans (by count) also obtained PPP funding.

Deferred Loans

At June 30, 2020 ($ in millions)



Payments are scheduled to resume on 39% of deferred loans in the third quarter of 2020 and 61% of deferred loans in the fourth quarter of 2020.

OOCRE, CRE and AD&C Loans are Widely Distributed Across Asset Type and Industry

($ in thousands)	OOCRE & Commercial Real Estate	Acquisition, Development & Construction	Total	% of Total Loans	Deferred Loans	% of Category Deferred
Office Building	$ 708,635	$ 10,153	$ 718,788	12%	$ 196,419	27%
Retail	445,664	18,744	464,408	8%	177,528	38%
Industrial & Warehouse	346,642	21,512	368,154	6%	74,995	20%
Other Commercial Property	234,827	—	234,827	4%	67,364	29%
Apartment Building / Condominium	199,038	26,887	225,925	4%	26,186	12%
Health Care	193,230	20,967	214,197	4%	55,823	26%
Hotel / Motel	121,955	—	121,955	2%	107,530	88%
Vacant Lot	—	74,304	74,304	1%	9,522	13%
1-4 Family Residence - Individual Borrowers	—	73,197	73,197	1%	959	1%
Convenience Store	55,775	—	55,775	1%	13,377	24%
1-4 Family Residence - Spec Home	2,258	47,152	49,410	1%	—	—%
Restaurant	42,990	1,173	44,163	1%	27,109	61%
Church	26,816	—	26,816	—%	5,274	20%
School / Education	20,450	1,750	22,200	—%	9,350	42%
Agriculture	22,027	—	22,027	—%	171	1%
Manufacturing Building	18,658	—	18,658	—%	1,556	8%
Recreational Property	14,217	—	14,217	—%	6,028	42%
Other	16,256	2,996	19,252	—%	1,015	5%
Total	$ 2,469,438	$ 298,835	$ 2,768,273	48%	$ 780,206	28%

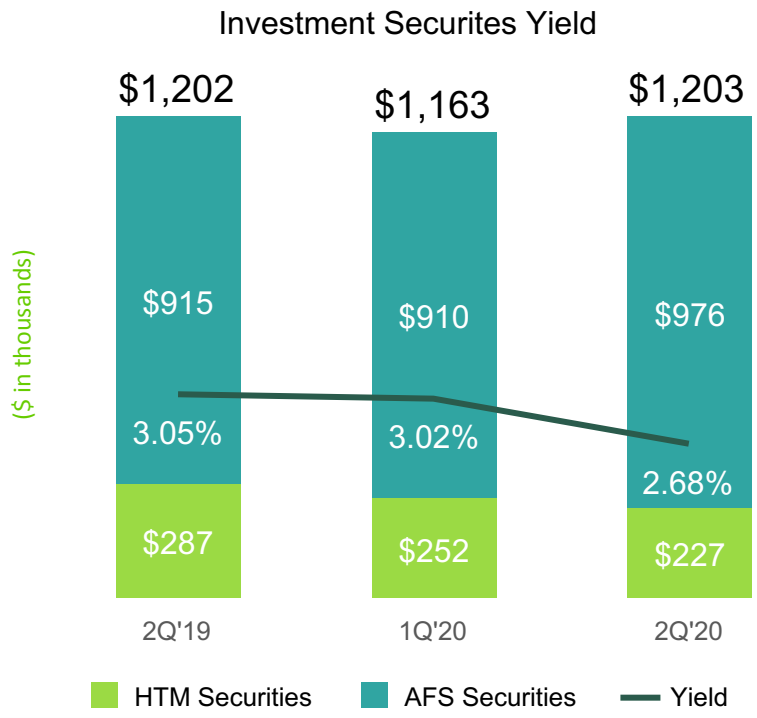
The Commercial & Financial Portfolio Exhibits Significant Industry Diversification

($ in thousands)	Commercial & Financial	% of Total Loans	Deferred Loans	% of Category Deferred
Management of Companies[1]	$ 163,322	3%	$ 36,254	22%
Professional, Scientific, Technical & Other Services	87,487	2%	10,466	12%
Construction	83,293	1%	5,456	7%
Real Estate Rental & Leasing	77,464	1%	12,954	17%
Heathcare & Social Assistance	52,107	1%	12,532	24%
Finance & Insurance	50,445	1%	1,145	2%
Manufacturing	41,050	1%	3,767	9%
Wholesale Trade	35,258	1%	19,915	56%
Transportation & Warehousing	34,453	1%	7,647	22%
Retail Trade	26,670	—%	5,060	19%
Education	17,647	—%	468	3%
Administrative & Support	13,523	—%	1,852	14%
Accommodation & Food Services	14,497	—%	8,502	59%
Public Administration	13,068	—%	—	—%
Agriculture	12,221	—%	53	—%
Other Industries	34,727	1%	4,806	14%
Total	$ 757,232	13%	$ 130,877	17%

[1] *Primarily corporate aircraft and marine vessels associated with high net worth individuals*

Investment Securities Performance and Composition

Portfolio yield declined 34 basis points to 2.68% from 3.02% in the prior quarter. 1Q'20 yield included 22 basis points of Agency CMBS make-whole prepayments, which declined to 11 basis points in 2Q'20, while the remainder of the yield decline can be attributed to faster prepays, rate resets, and lower yielding portfolio additions in the second quarter. The net unrealized gain increased from $15.1 million to $31.5 million, largely due to CLO appreciation from March levels. $1.2 million in gains on the sale of securities in the second quarter of 2020 included the repositioning of CLOs, with "A" rated securities sold and replaced with "AAA" rated securities.



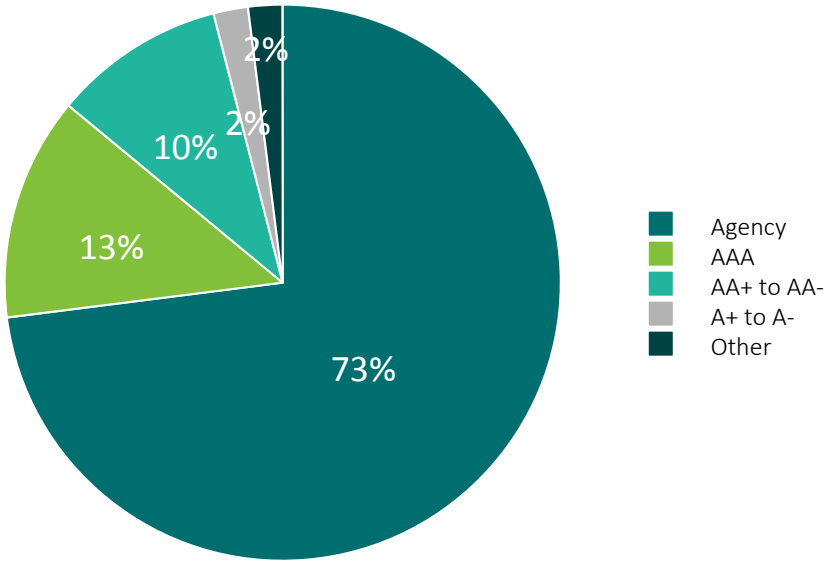
Unrealized Gain (Loss) in Securities as of June 30, 2020

(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Loss	Fair Value
Available for Sale				
Government backed	$ 8,981	$ 418	$ (1)	$ 9,398
Agency mortgage backed	636,528	24,747	(90)	661,185
Private label MBS and CMOs	75,756	1,645	(550)	76,851
Municipal	27,819	1,958	(3)	29,774
CLO	204,258	3	(5,444)	198,817
Total Available for Sale	$ 953,342	$ 28,771	$ (6,088)	$ 976,025
Held to Maturity				
Agency mortgage backed	$ 227,092	$ 8,860	$ (6)	$ 235,946
Total Held to Maturity	$ 227,092	$ 8,860	$ (6)	$ 235,946
Total Securities	$ 1,180,434	$ 37,631	$ (6,094)	$ 1,211,971

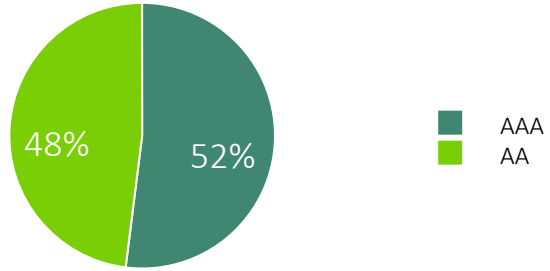
Investment Securities Performance and Composition

Our portfolio remains primarily backed by U.S. government agencies. Non-guaranteed mortgage bonds are absent any hotels, shopping, or industrial exposure and is 100% comprised of housing collateral. The CLO portfolio includes only AAA and AA bonds.

Investment Securities Ratings



CLO Portfolio



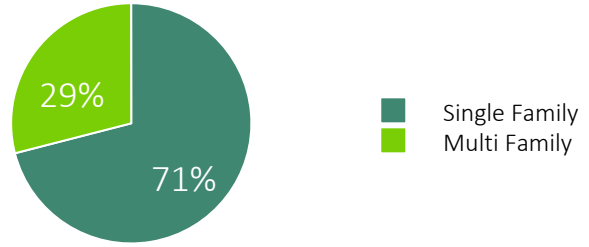
CLO Rating	% of Portfolio[1]	Credit Support[2]	Loan Level Market OC[3]
AAA	9%	36%	143%
AA	8%	26%	126%
Portfolio	17%	31%	135%

[1]*Percentages based on face value*

[2]*Source Data (Bloomberg)*

[3]*Loan Level Market Over-Collateralization calculated using market value of portfolio loans plus cash divided by liabilities*

Non-Agency Mortgage Portfolio



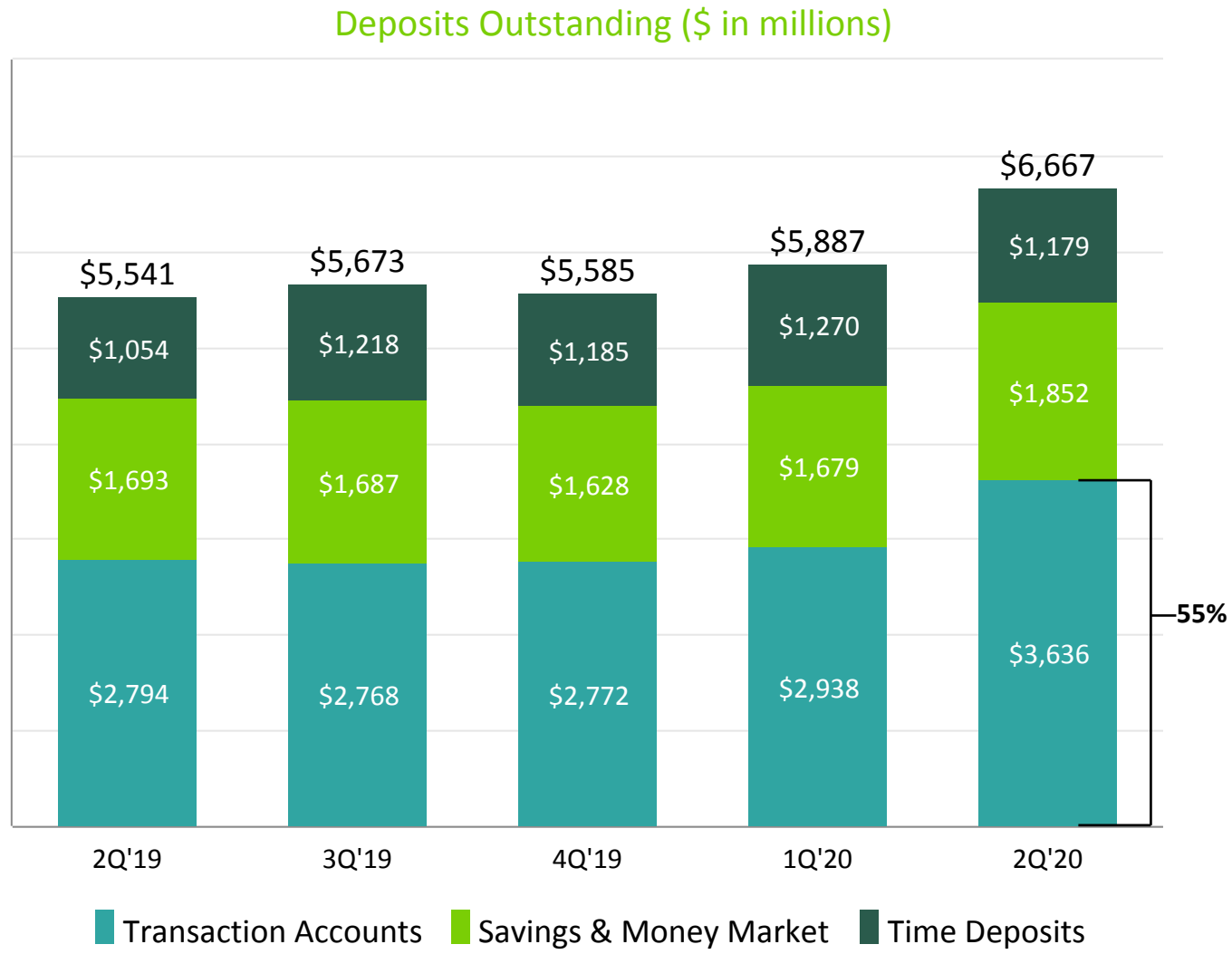
($ in thousands)

Collateral Type	% of Portfolio	Credit Support[1]	Unrealized Gain/(Loss)
Single Family	5%	27%	$ (14)
Multi Family	2%	11%	1,109
Portfolio	7%	22%	$ 1,095

[1]*Percentages based on face value*

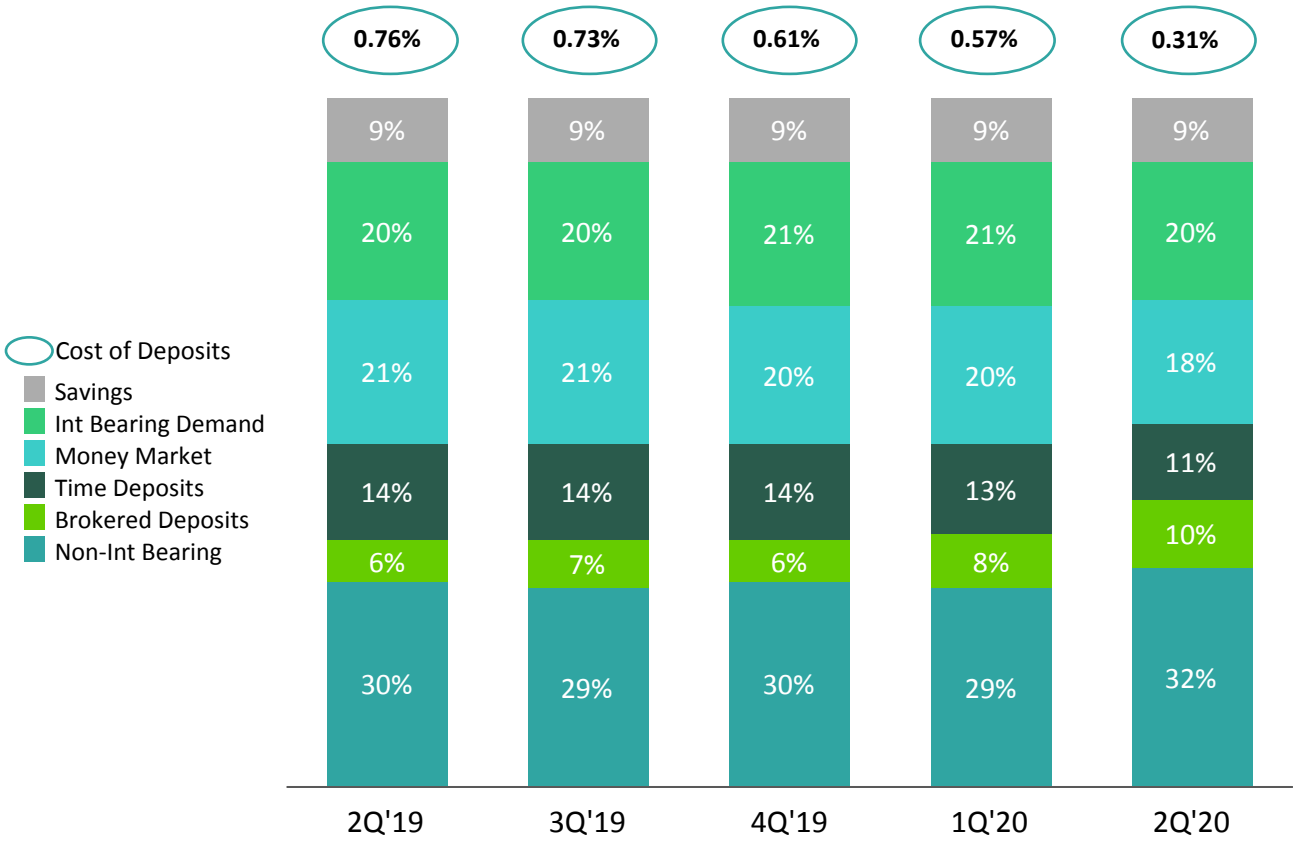
Strong Deposit Franchise Supported by Attractive Markets

- Total deposits increased $779 million, or 13%, quarter-over-quarter and increased $1.1 billion, or 20%, compared to the second quarter of 2019.
- Overall cost of deposits decreased to 31 basis points from 57 basis points in the prior quarter, reflecting the impact of rate cuts by the Federal Reserve during the first quarter of 2020.
- Transaction accounts increased 30% year-over-year, reflecting continued strong growth in core customer balances, and represent 55% of overall deposit funding.
- Second quarter balances include a decrease of $25 million in brokered deposits.

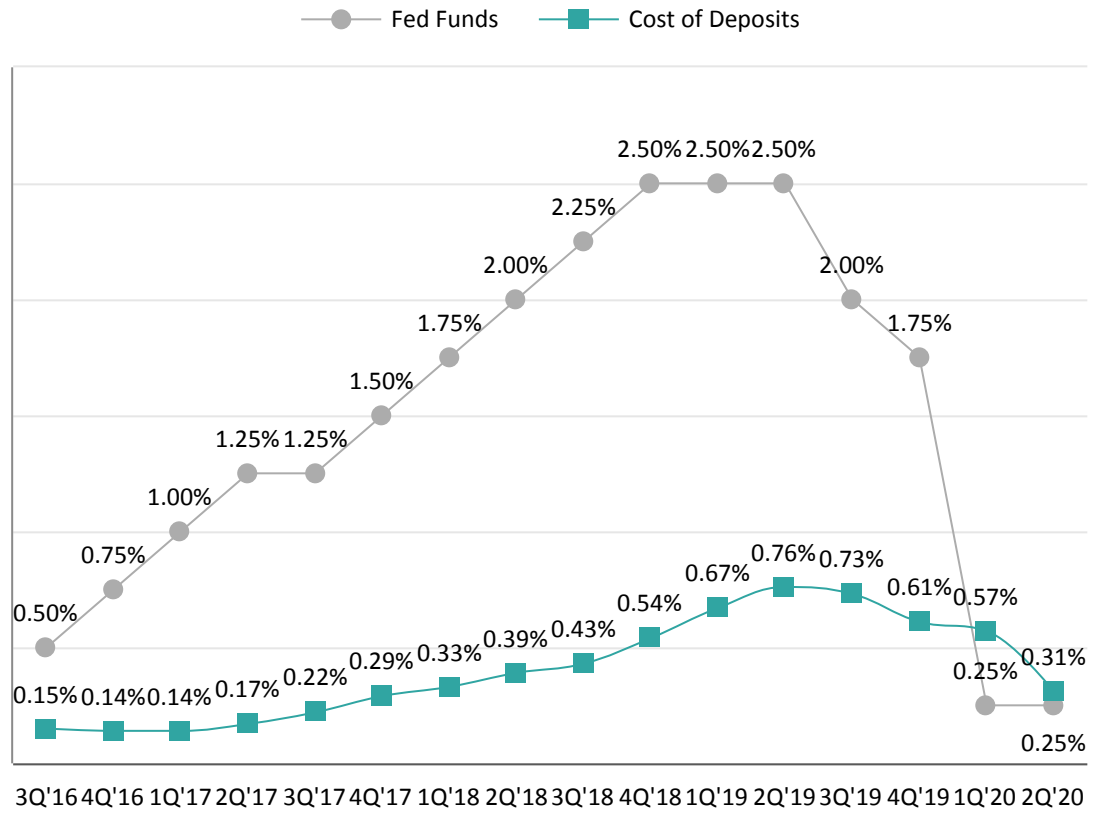


Cost of Deposits

Deposit Mix and Cost of Deposits



Trended Cost of Deposits

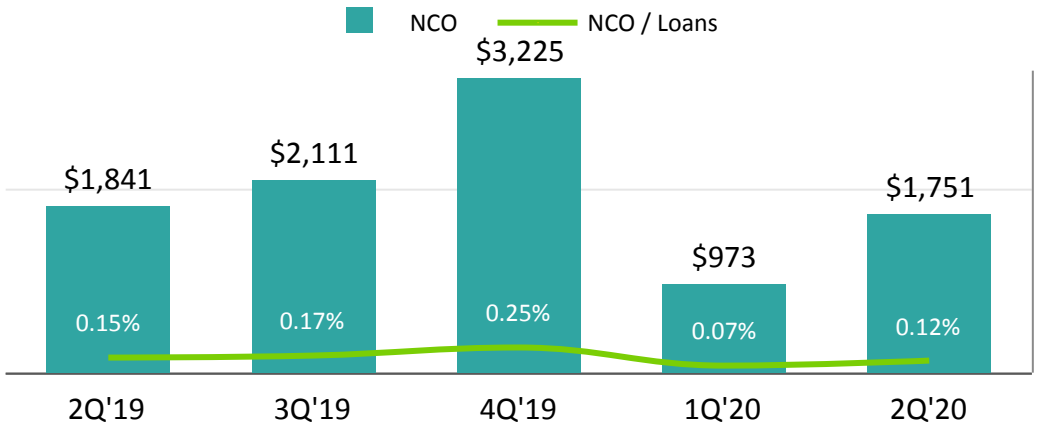


Our focus on organic growth and relationship-based funding, in combination with our innovative analytics platform, supports a well-diversified low-cost deposit portfolio.

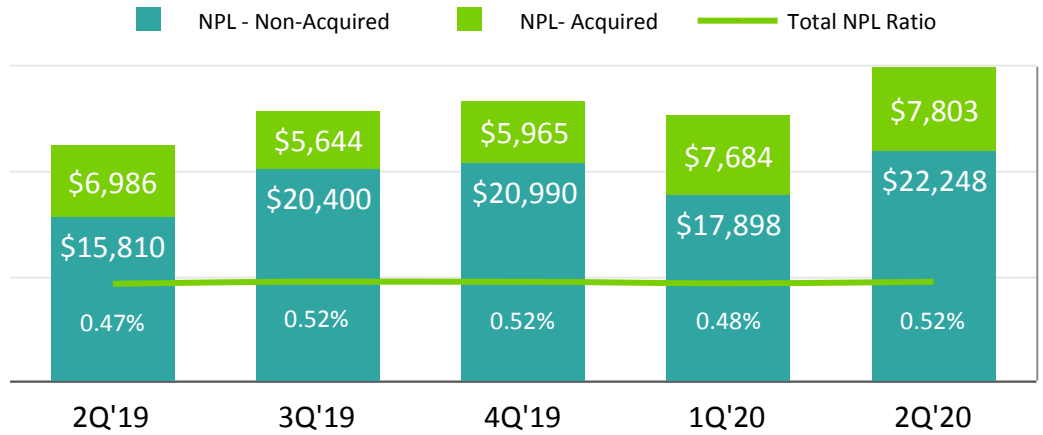
Continued Strong Asset Quality Trends Through Second Quarter

($ in thousands)

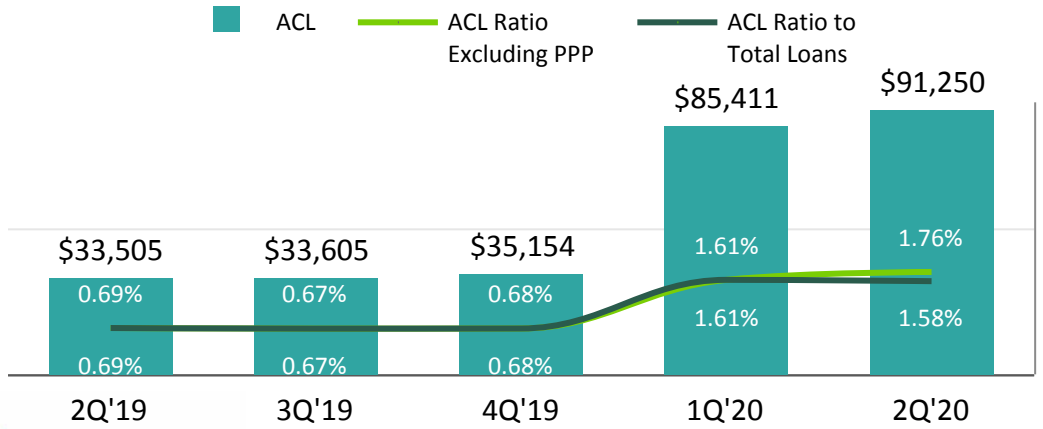
Net Charge-Offs



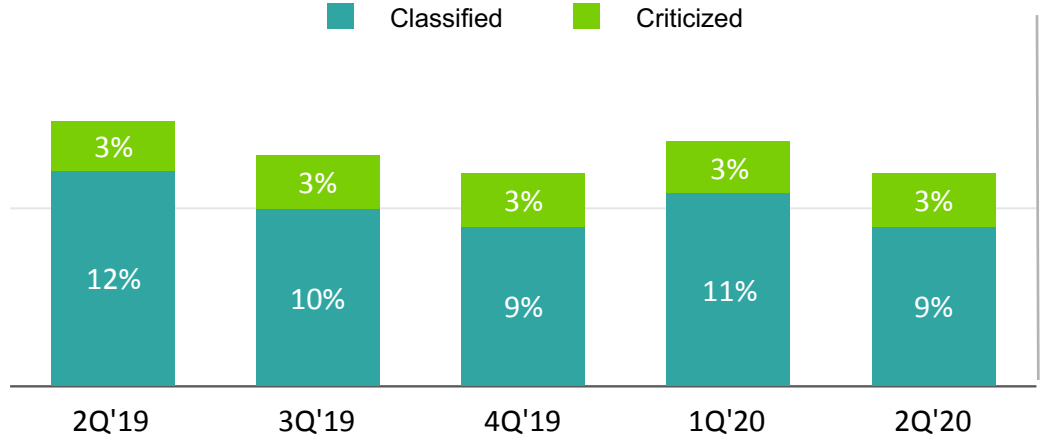
Nonperforming Loans



Allowance for Credit Losses[1]



Classified and Criticized Assets[2]



[1] *Adoption of CECL on January 1, 2020 resulted in an increase of $21.2 million, from 0.80% to 1.08%*
[2] *As a percentage of total risk-based capital*

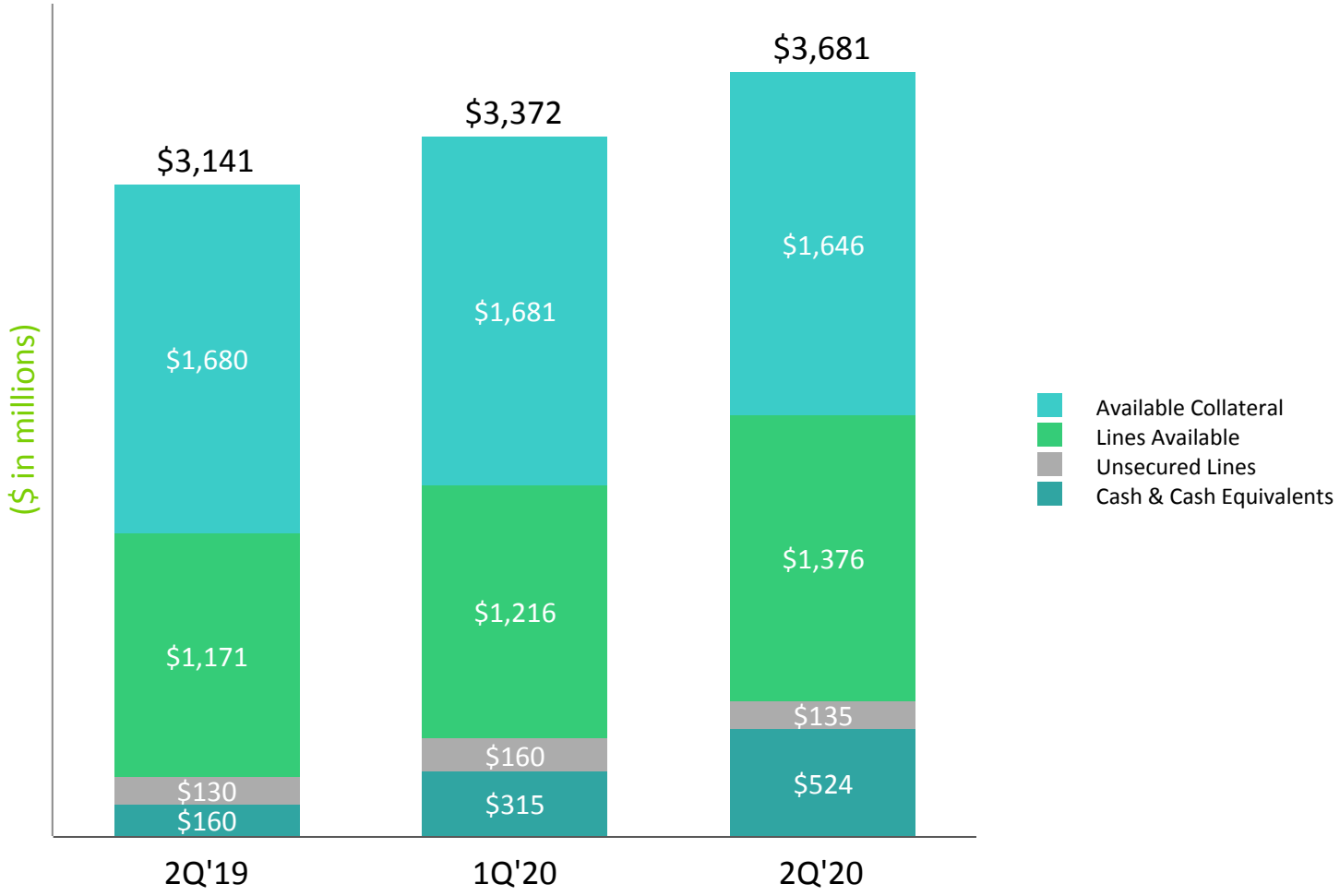
Conservative Liquidity Position

Total liquidity resources of $3.7 billion at June 30, 2020:

- Cash and cash equivalents of $524 million
- Unsecured lines of credit of $135 million
- Lines of credit under lendable collateral value of $1.4 billion
- $882 million debt securities and $764 million loans available as collateral for potential borrowings
- Availability under PPP Liquidity Funding Program up to all PPP loans outstanding.

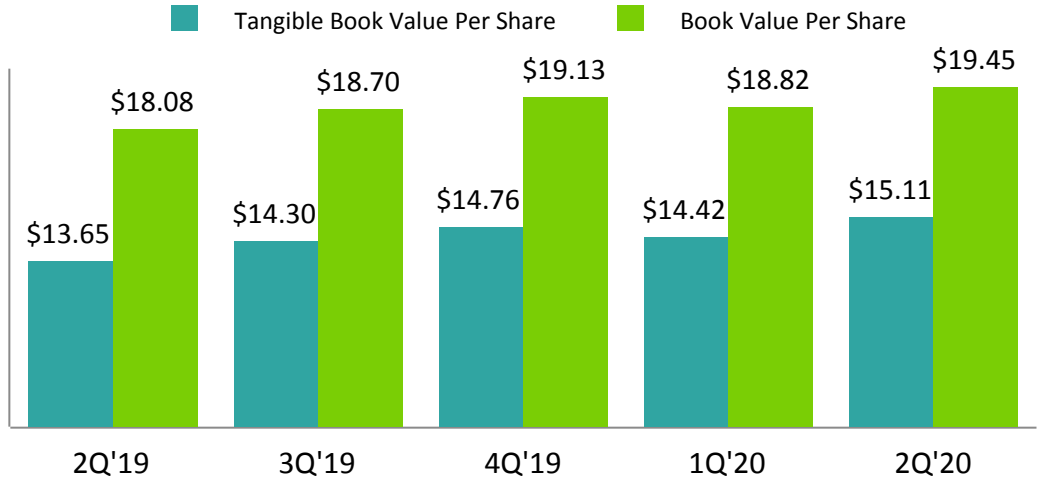
Outstanding at June 30, 2020:

- $572 million Brokered CDs with an average rate of 1.05%, $339 million of which mature in 2020
- $135 million FHLB advances with an average rate of 0.67%, $80 million of which mature in 2020

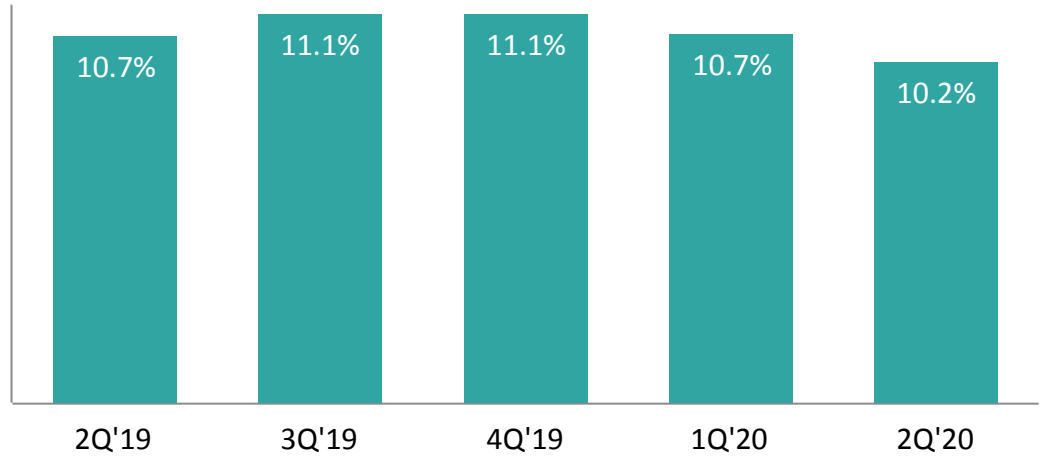


Strong Capital

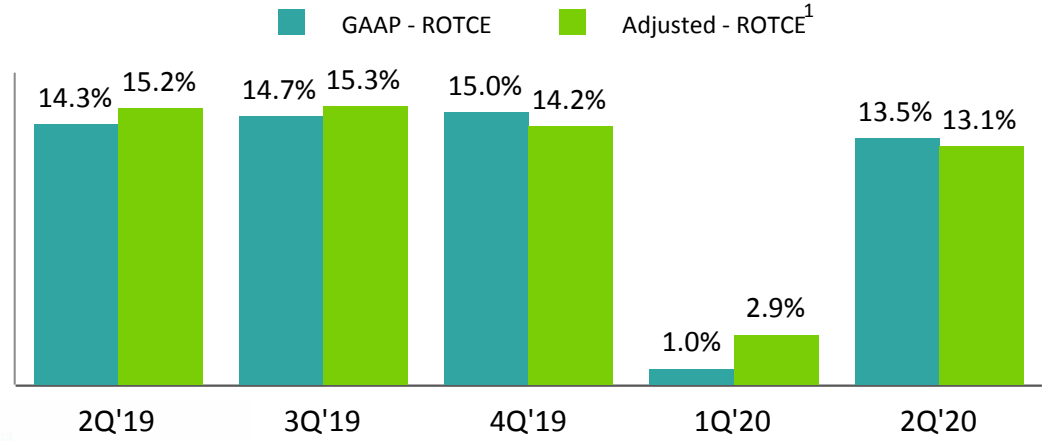
Tangible Book Value / Book Value Per Share



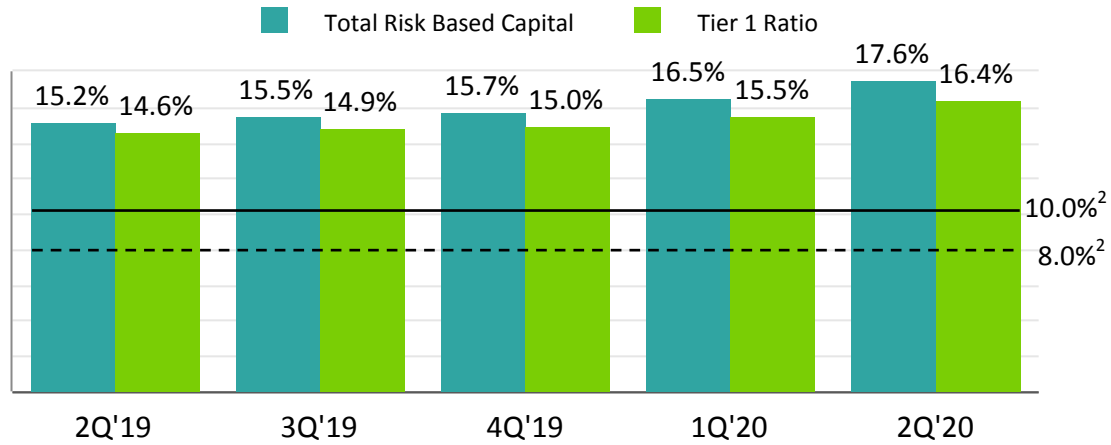
Tangible Common Equity / Tangible Assets



Return on Tangible Common Equity



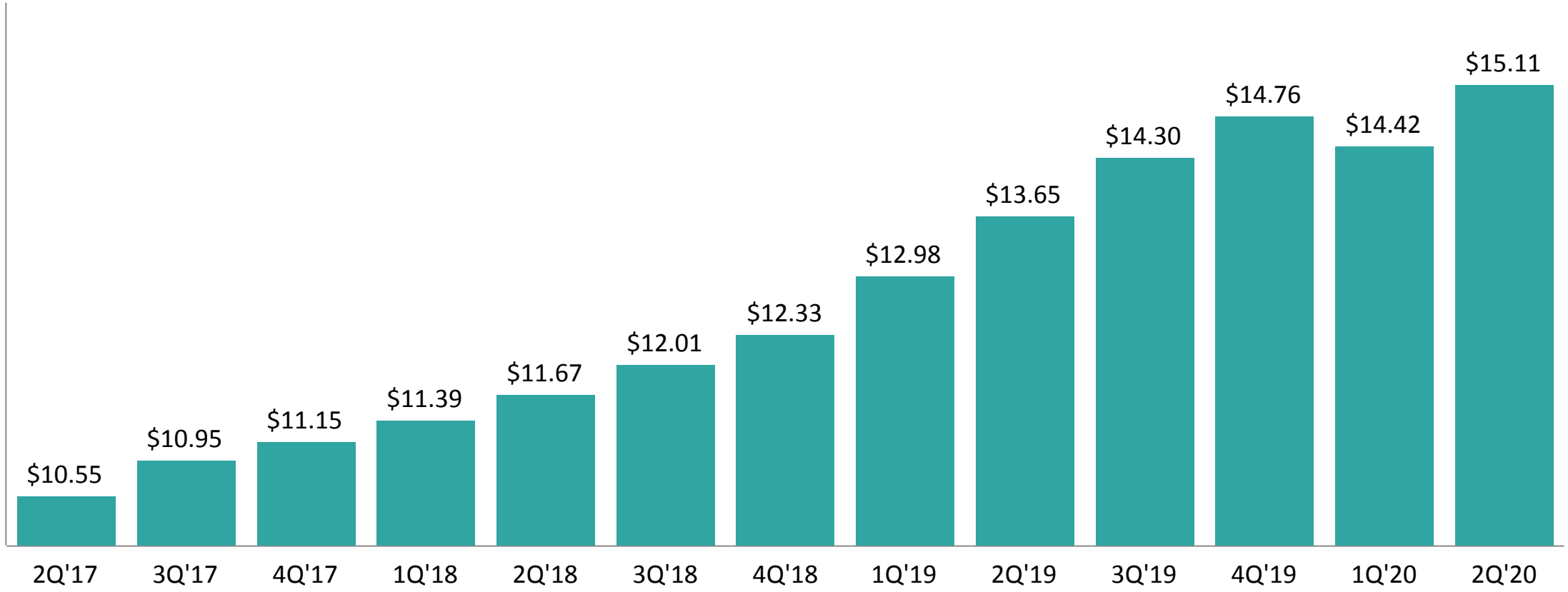
Total Risk Based and Tier 1 Capital



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

[2]FDICIA defines well capitalized as 10.0% for total risk based capital and 8.0% for Tier 1 ratio at a total Bank level

Steady Increase in Shareholder Value



- Compounded annual growth rate of 12% in tangible book value per share in the last three years.
- The decline in tangible book value per share during the first quarter of 2020 was primarily attributed to the Day-1 impact of the adoption of CECL. Tangible book value per share was also modestly impacted by the acquisition of FBPB.

Contact Details: Seacoast Banking Corporation of Florida

Tracey L. Dexter

Executive Vice President
Chief Financial Officer
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INVESTOR RELATIONS

NASDAQ: SBCF

Seacoast BANKING CORPORATION OF FLORIDA

Appendix

Loan Production and Pipeline Trend

	Quarterly Trend					Six Months Ended	
(Amounts in thousands)	**2Q'20**	1Q'20	4Q'19	3Q'19	2Q'19	2Q'20	2Q'19
Commercial pipeline at period end	$ 117,042	$ 171,125	$ 277,788	$ 396,422	$ 300,207	$ 117,042	$ 300,207
Commercial loan originations[1]	106,857	183,330	304,343	325,406	238,057	290,187	424,060
Residential pipeline-saleable at period end	94,666	75,226	18,995	35,136	46,723	94,666	46,723
Residential loans-sold	122,459	62,865	61,821	80,758	61,391	185,324	93,949
Residential pipeline-portfolio at period end	13,199	11,779	19,107	43,378	3,756	13,199	3,756
Residential loans-retained[2]	23,539	25,776	163,260	22,365	51,755	49,315	101,400
Consumer pipeline at period end	30,647	29,123	23,311	29,635	26,911	30,647	26,911
Consumer originations	57,956	51,516	57,659	59,933	55,380	109,472	96,956
PPP originations	590,718	—	—	—	—	590,718	—
Total Pipelines at Period End	**$ 255,554**	**$ 287,253**	**$ 339,201**	**$ 504,571**	**$ 377,597**	**$ 255,554**	**$ 377,597**
Total Originations	**$ 901,529**	**$ 323,487**	**$ 587,083**	**$ 488,462**	**$ 406,583**	**$ 1,225,016**	**$ 716,365**

[1] *Includes commercial real estate loans purchased of $52 million in 3Q'19 and $20 million in 2Q'19*

[2] *Includes residential mortgages purchased of $99 million in 4Q'19, $6 million in 3Q'19 and $30 million in 2Q'19*

Loan Portfolio at June 30, 2020 (Excluding PPP)

($ in thousands)	Outstandings	Balances on Payment Deferral	% of Category	Allowance for Credit Losses	% of Category	Purchase Discount	% of Category
Acquisition, Development & Construction	$ 298,835	$ 14,488	5 %	$ 7,161	2.40 %	$ 639	0.21 %
Owner Occupied Commercial Real Estate	1,076,650	320,406	30	5,562	0.52	5,515	0.51
Commercial Real Estate	1,392,787	445,311	32	38,992	2.80	16,860	1.21
Residential Real Estate	1,468,171	148,035	10	20,453	1.39	3,400	0.23
Commercial & Financial	757,232	130,877	17	15,514	2.05	2,437	0.32
Consumer	201,927	17,926	9	3,568	1.77	147	0.07
Total	$ 5,195,602	$ 1,077,043	21 %	$ 91,250	1.76 %	$ 28,998	0.56 %

Explanation of Certain Unaudited Non-GAAP Financial Measures

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

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

GAAP to Non-GAAP Reconciliation

	Quarterly Trend					Six Months Ended	
(Amounts in thousands except per share data)	**2Q'20**	1Q'20	4Q'19	3Q'19	2Q'19	2Q'20	2Q'19
Net Income	**$ 25,080**	**$ 709**	**$ 27,176**	**$ 25,605**	**$ 23,253**	**$ 25,789**	**$ 45,958**
Total noninterest income	15,006	14,688	16,376	13,943	13,577	29,694	26,413
Securities (gains)/losses, net	(1,230)	(19)	(2,539)	847	466	(1,249)	475
BOLI benefits on death (included in other income)	—	—	—	(956)	—	—	—
Total Adjustments to Noninterest Income	(1,230)	(19)	(2,539)	(109)	466	(1,249)	475
Total Adjusted Noninterest Income	**13,776**	**14,669**	**13,837**	**13,834**	**14,043**	**28,445**	**26,888**
Total noninterest expense	42,399	47,798	38,057	38,583	41,000	90,197	84,099
Merger related charges	(240)	(4,553)	(634)	—	—	(4,793)	(335)
Amortization of intangibles	(1,483)	(1,456)	(1,456)	(1,456)	(1,456)	(2,939)	(2,914)
Business continuity expenses	—	(307)	—	(95)	—	(307)	—
Branch reductions and other expense initiatives	—	—	—	(121)	(1,517)	—	(1,725)
Total Adjustments to Noninterest Expense	(1,723)	(6,316)	(2,090)	(1,672)	(2,973)	(8,039)	(4,974)
Total Adjusted Noninterest Expense	**40,676**	**41,482**	**35,967**	**36,911**	**38,027**	**82,158**	**79,125**
Income Taxes	7,188	(155)	8,103	8,452	6,909	7,033	13,318
Tax effect of adjustments	121	1,544	(110)	572	874	1,665	1,384
Effect of change in corporate tax rate on deferred tax assets	—	—	—	(1,135)	—	—	—
Total Adjustments to Income Taxes	121	1,544	(110)	(563)	874	1,665	1,384
Adjusted Income Taxes	7,309	1,389	7,993	7,889	7,783	8,698	14,702
Adjusted Net Income	**$ 25,452**	**$ 5,462**	**$ 26,837**	**$ 27,731**	**$ 25,818**	**$ 30,914**	**$ 50,023**
Earnings per diluted share, as reported	$ 0.47	$ 0.01	$ 0.52	$ 0.49	$ 0.45	$ 0.49	$ 0.88
Adjusted Earnings per Diluted Share	**0.48**	**0.10**	**0.52**	**0.53**	**0.50**	**0.59**	**0.96**
Average shares outstanding	53,308	52,284	52,081	51,935	51,952	52,807	51,998

GAAP to Non-GAAP Reconciliation

	Quarterly Trend					Six Months Ended	
(Amounts in thousands except per share data)	**2Q'20**	1Q'20	4Q'19	3Q'19	2Q'19	2Q'20	2Q'19
Adjusted Noninterest Expense	$ 40,676	$ 41,482	$ 35,967	$ 36,911	$ 38,027	$ 82,158	$ 79,125
Foreclosed property expense and net gain/(loss) on sale	(245)	315	(3)	(262)	174	70	214
Net Adjusted Noninterest Expense	**$ 40,431**	**$ 41,797**	**$ 35,964**	**$ 36,649**	**$ 38,201**	**$ 82,228**	**$ 79,339**
Revenue	$ 82,278	$ 77,865	$ 78,136	$ 74,891	$ 73,713	$ 160,143	$ 147,323
Total Adjustments to Revenue	(1,230)	(19)	(2,539)	(109)	466	(1,249)	475
Impact of FTE adjustment	116	114	86	79	83	230	170
Adjusted Revenue on a Fully Taxable Equivalent Basis	**$ 81,163**	**$ 77,961**	**$ 75,684**	**$ 74,861**	**$ 74,262**	**$ 159,124**	**$ 147,968**
Adjusted Efficiency Ratio	**49.81 %**	**53.61 %**	**47.52 %**	**48.96 %**	**51.44 %**	**51.68 %**	**53.62 %**
Net Interest Income	$ 67,272	$ 63,177	$ 61,760	$ 60,948	$ 60,136	$ 130,449	$ 120,910
Impact of FTE adjustment	116	114	86	79	83	230	170
Net Interest Income including FTE adjustment	**$ 67,388**	**$ 63,291**	**$ 61,846**	**$ 61,027**	**$ 60,219**	**$ 130,679**	**$ 121,080**
Total noninterest income	15,006	14,688	16,376	13,943	13,577	29,694	26,413
Total noninterest expense	42,399	47,798	38,057	38,583	41,000	90,197	84,099
Pre-Tax Pre-Provision Earnings	**$ 39,995**	**$ 30,181**	**$ 40,165**	**$ 36,387**	**$ 32,796**	**$ 70,176**	**$ 63,394**
Total Adjustments to Noninterest Income	(1,230)	(19)	(2,539)	(109)	466	(1,249)	475
Total Adjustments to Noninterest Expense	(1,723)	(6,316)	(2,090)	(1,672)	(2,973)	(8,039)	(4,974)
Adjusted Pre-Tax Pre-Provision Earnings	**$ 40,488**	**$ 36,478**	**$ 39,716**	**$ 37,950**	**$ 36,235**	**$ 76,966**	**$ 68,843**
Average Assets	$ 7,913,002	$ 7,055,543	$ 6,996,214	$ 6,820,576	$ 6,734,994	$ 7,484,272	$ 6,752,886
Less average goodwill and intangible assets	(230,871)	(226,712)	(226,060)	(227,389)	(228,706)	(228,791)	(229,382)
Average Tangible Assets	**$ 7,682,131**	**$ 6,828,831**	**$ 6,770,154**	**$ 6,593,187**	**$ 6,506,288**	**$ 7,255,481**	**$ 6,523,504**
Return on Average Assets (ROA)	1.27 %	0.04 %	1.54 %	1.49 %	1.38 %	0.69 %	1.37 %
Impact of removing average intangible assets and related amortization	0.10	0.07	0.12	0.12	0.12	0.09	0.12
Return on Average Tangible Assets (ROTA)	1.37	0.11	1.66	1.61	1.50	0.78	1.49
Impact of other adjustments for Adjusted Net Income	(0.04)	0.21	(0.09)	0.06	0.09	0.08	0.06
Adjusted Return on Average Tangible Assets	**1.33**	**0.32**	**1.57**	**1.67**	**1.59**	**0.86**	**1.55**

GAAP to Non-GAAP Reconciliation

	Quarterly Trend					Six Months Ended	
(Amounts in thousands except per share data)	**2Q'20**	1Q'20	4Q'19	3Q'19	2Q'19	2Q'20	2Q'19
Average Shareholders' Equity	$ 1,013,095	$ 993,993	$ 976,200	$ 946,670	$ 911,479	$ 1,003,544	$ 895,610
Less average goodwill and intangible assets	(230,871)	(226,712)	(226,060)	(227,389)	(228,706)	(228,791)	(229,382)
Average Tangible Equity	**$ 782,224**	**$ 767,281**	**$ 750,140**	**$ 719,281**	**$ 682,773**	**$ 774,753**	**$ 666,228**
Return on Average Shareholders' Equity	9.96 %	0.29 %	11.04 %	10.73 %	10.23 %	5.17 %	10.35 %
Impact of removing average intangible assets and related amortization	3.51	0.66	3.91	4.00	4.07	2.10	4.22
Return on Average Tangible Common Equity (ROTCE)	13.47	0.95	14.95	14.73	14.30	7.27	14.57
Impact of other adjustments for Adjusted Net Income	(0.38)	1.91	(0.76)	0.57	0.87	0.75	0.57
Adjusted Return on Average Tangible Common Equity	**13.09**	**2.86**	**14.19**	**15.30**	**15.17**	**8.02**	**15.14**
Loan interest income excluding PPP and accretion on acquired loans	$ 56,873	$ 59,237	$ 59,515	$ 59,279	$ 58,169	$ 116,110	$ 116,566
Accretion on acquired loans	2,988	4,287	3,407	3,859	4,166	7,275	8,104
Interest and fees on PPP loans	5,068	—	—	—	—	5,068	—
Loan Interest Income[1]	**$ 64,929**	**$ 63,524**	**$ 62,922**	**$ 63,138**	**$ 62,335**	**$ 128,453**	**$ 124,670**
Yield on loans excluding PPP and accretion on acquired loans	4.31 %	4.57 %	4.63 %	4.76 %	4.82 %	4.44 %	4.86 %
Impact of accretion on acquired loans	0.21	0.33	0.26	0.30	0.34	0.27	0.33
Impact of PPP Loans	0.04	—	—	—	—	0.01	—
Yield on Loans[1]	**4.56**	**4.90**	**4.89**	**5.06**	**5.16**	**4.72**	**5.19**
Net interest income excluding PPP and accretion on acquired loans	$ 59,332	$ 59,004	$ 58,439	$ 57,168	$ 56,053	$ 118,336	$ 112,976
Accretion on acquired loans	2,988	4,287	3,407	3,859	4,166	7,275	8,104
Interest and fees on PPP loans	5,068	—	—	—	—	5,068	—
Net Interest Income[1]	**$ 67,388**	**$ 63,291**	**$ 61,846**	**$ 61,027**	**$ 60,219**	**$ 130,679**	**$ 121,080**

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

GAAP to Non-GAAP Reconciliation

	Quarterly Trend					Six Months Ended	
(Amounts in thousands except per share data)	**2Q'20**	1Q'20	4Q'19	3Q'19	2Q'19	2Q'20	2Q'19
Net interest margin excluding PPP and accretion on acquired loans	3.46 %	3.66 %	3.63 %	3.64 %	3.67 %	3.56 %	3.71 %
Impact of accretion on acquired loans	0.16	0.27	0.21	0.25	0.27	0.21	0.27
Impact of PPP loans	0.08	—	—	—	—	0.04	—
Net Interest Margin[1]	**3.70**	**3.93**	**3.84**	**3.89**	**3.94**	**3.81**	**3.98**
Security interest income excluding tax equivalent adjustment	$ 7,694	$ 8,818	$ 8,630	$ 8,933	$ 9,076	$ 16,512	$ 18,346
Tax equivalent adjustment on securities	31	30	32	33	36	61	75
Security Interest Income[1]	**$ 7,725**	**$ 8,848**	**$ 8,662**	**$ 8,966**	**$ 9,112**	**$ 16,573**	**$ 18,421**
Loan interest income excluding tax equivalent adjustment	$ 64,844	$ 63,440	$ 62,868	$ 63,092	$ 62,288	$ 128,284	$ 124,575
Tax equivalent adjustment on loans	85	84	54	46	47	169	95
Loan Interest Income[1]	**$ 64,929**	**$ 63,524**	**$ 62,922**	**$ 63,138**	**$ 62,335**	**$ 128,453**	**$ 124,670**
Net interest income excluding tax equivalent adjustments	$ 67,272	$ 63,177	$ 61,760	$ 60,948	$ 60,136	$ 130,449	$ 120,910
Tax equivalent adjustment on securities	31	30	32	33	36	61	75
Tax equivalent adjustment on loans	85	84	54	46	47	169	95
Net Interest Income[1]	**$ 67,388**	**$ 63,291**	**$ 61,846**	**$ 61,027**	**$ 60,219**	**$ 130,679**	**$ 121,080**

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

GAAP to Non-GAAP Reconciliation

