



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ see attachment

Horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ see attachment

Horizontal lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ none

Horizontal lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 7-20-15

Print your name ▶ Stephen A Faulk Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Seacoast Banking Corporation of Florida

Report of Organizational Actions Affecting Basis of Securities

**Form 8937 Part I, Box 9:**

The securities subject to reporting include all shares of Seacoast Banking Corporation of Florida (“SBCF”) common stock issued in exchange for the outstanding stock (common and Preferred A shares) of Grand Bankshares, Inc. (“Grand”) as a result of the merger of Grand with and into SBCF on July 17, 2015. Grand shareholders owning Preferred B shares received solely cash in the exchange.

**Form 8937 Part II, Box 14:**

On July 17, 2015, SBCF completed its acquisition of Grand through the merger of Grand with and into SBCF (the “Merger”).

As a result of the Merger, Grand shareholders (excluding Preferred B shareholders) exchanged their Grand shares for 0.3114 of a share of SBCF common stock. Preferred B shareholders received \$1,000 of cash per outstanding share.

**Form 8937 Part II, Box 15 & 16**

SBCF believes that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code (the “Code”). The effect of the Merger on a Grand shareholder’s basis in SBCF stock received depends on whether the shareholder received all cash, all stock or a combination thereof.

Grand Preferred B Shareholders Who Received Only Cash. A Grand shareholder that only owns Preferred B shares who received solely cash in exchange for all of his or her shares of Grand Preferred B stock as a result of the Merger will be treated as having received full payment for his or her Grand Preferred B stock. Consequently, since the shareholder did not receive any SBCF stock, there will be no new tax basis to compute. Gain or loss can be recognized for the difference between the cash received and the tax basis in the Preferred B shares exchanged.

Grand Common and Preferred A Shareholders Who Received SBCF Common Stock. The tax basis of the shares of SBCF common stock received by a Grand common and Preferred A shareholder, who does not own any Preferred B shares, who receives SBCF common stock in exchange for his or her Grand stock will be the same as the basis of the shares of Grand stock surrendered in the Merger.

Grand Common/Preferred A Shareholders and Preferred B Shareholders Who Received SBCF Common Stock and Cash. The tax basis of the shares of SBCF common stock received by a Grand shareholder that owns both Preferred B shares and Preferred A and/or common shares who receives SBCF common stock and cash in exchange for his or her Grand stock will be the same as the basis of the shares of Grand stock surrendered in the Merger increased by the

amount of any disallowed loss as follows. For these Grand shareholders that own both Preferred B and Preferred A/common shares, gain (but not loss) will be recognized for the difference between the amount of cash received and the tax basis in the Preferred B shares. However, any loss recognized to the extent the cash received is less than the Preferred B tax basis is deferred and added to the basis of the SBCF common stock received in the transaction.

**Form 8937 Part II Box 17:**

SBCF believes that the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code. Consequently, the federal income tax consequences to the Grand shareholders are determined under Code Sections 354, 356, 358 and 1221.

**Form 8937 Part II Box 18:**

A loss can only be recognized by a Grand shareholder if that shareholder received only cash in exchange for its Grand Preferred B shares. Should such Preferred B shareholder recognizing a loss also own common and/or Preferred A shares, the loss on the Preferred B shares cannot be recognized. Loss can also be recognized in respect of cash received in lieu of a fractional share interest in SBCF common stock.