

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 ATTACHED STATEMENT.

18 Can any resulting loss be recognized? ▶ SEE ATTACHED STATEMENT.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED STATEMENT.

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 ▶ James J. Antal Date ▶ June 27, 2014

Print your name ▶ JAMES J. Antal Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	CHARLES A. LAETSCH	<u>Charles A. Laetsch</u>	06/27/2014		P00027983
	Firm's name ▶ CROWE HORWATH LLP	Firm's EIN ▶ 35-0921680		Phone no. 954-202-8600	
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Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities
CenterState Banks, Inc.
FEIN: 59-3606741

For purposes of this attachment, CenterState refers to the issuer, CenterState Banks, Inc. First Southern refers to First Southern Bancorp, Inc. (FEIN: 65-0637642).

Part II, Line 14

The organizational action was a reorganization for U.S. federal tax purposes in which First Southern merged with and into CenterState, with CenterState surviving the merger and continuing under the name "CenterState Banks, Inc." The effective time of the merger was June 1, 2014 ("Merger Effective Time"). Shareholders of First Southern common stock who held their shares of First Southern common stock of record (directly or through their broker or nominee) as of the Merger Effective Time received a per share combination of cash and CenterState common stock (or cash in lieu of a fractional share).

Part II, Line 15

Each First Southern common shareholder of record as of the Merger Effective Time became entitled to receive from CenterState 0.30 shares of CenterState common stock for each of their former shares of First Southern common stock subject to surrender of the old First Southern shares; plus a cash payment of \$3.00 per share; plus potentially a cash payment in lieu of the issuance of any fractional share of CenterState common stock.

The basis of CenterState shares received in the merger will be generally determined in accordance with IRC Section 358(a), as follows:

- The basis of First Southern shares exchanged
- Reduced by the cash received in the merger
- Increased by any gain recognized in the exchange, computed on a per share basis

The following information is necessary to compute gain to be recognized in the exchange on a per share basis as to each share of First Southern common stock that was held by a holder of record as of the Merger Effective Time:

- Cash consideration received per First Southern common share: \$3.00 per share
- Fair market value of CenterState shares received per First Southern common share: $\$10.58 \times 0.30$ shares = \$3.17 per share
- Total consideration received per First Southern common share: $\$3.00 + \$3.17 = \$6.17$ per share

To determine the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of the old basis, the following scenarios should be used to determine the per share gain to be recognized by a holder of record of a share of First Southern common stock as of the Merger Effective Time. First Southern shareholders should note that cash payments in lieu of fractional shares are expressly not considered in the scenarios described.

- If the adjusted basis in an individual share of First Southern stock is greater than or equal to \$6.17, recognized gain should be \$0.
- If the adjusted basis in an individual share of First Southern stock is greater than \$3.17 but less than \$6.17, recognized gain should equal the excess of \$6.17 over the First Southern stock basis.
- If the adjusted basis in an individual share of First Southern stock is less than or equal to \$3.17, recognized gain should equal \$3.00.

Part II, Line 16

The CenterState market value per share was equal to the volume weighted average price per share of the CenterState Common Stock (based on "regular way" trading on the NASDAQ Stock Market only) over the twenty (20) consecutive trading days ended on the trading day that was the fifth business day preceding the Closing Date.

The basis of CenterState shares received, once computed as per above, must be allocated to the individual CenterState shares received in accordance with Treasury Regulation §1.358-2(a). See also Proposed Treasury Regulation §1.358-2(b). Since fewer shares of CenterState common stock were received than shares of First Southern common stock surrendered, the basis of the First Southern shares surrendered must be allocated to the shares of CenterState stock received in a manner that reflects, to the greatest extent possible, that a share of First Southern stock received is received in respect of First Southern shares of stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate basis in this manner, the basis of the First Southern shares surrendered must be allocated to the shares of CenterState stock received in a manner that minimizes the disparity in the holding periods of the surrendered shares whose basis is allocated to any particular CenterState share received. This could result in a single share of CenterState stock having a split basis and a split holding period. See Example (14) of Treasury Regulation §1.358-2(c) for an illustration of this principle.

Part II, Line 17

Tax treatment of the merger is based on the following Internal Revenue Code (IRC) sections and subsections as more fully discussed below: 302(b), 318, 354, 356, 358(a), 368(a), and 1221. See also Treasury Regulation §1.358-2(a) and (c) and Proposed Treasury Regulation §1.358-2(b).

Part II, Line 18

Based upon the merger agreement and the facts and circumstances known by CenterState, it is believed that no loss will be recognized for federal income tax purposes in this transaction by First Southern shareholders.

Part II, Line 19

The reportable tax year of the adjustment to the basis of the securities as a result of the organizational action is the tax year including June 1, 2014.