

CenterState
BANKS, INC.

2009 Annual Report

OFFICERS

E. S. "Ernie" Pinner
Chairman, President &
Chief Executive Officer

John C. Corbett
Executive Vice President

James J. Antal
Senior Vice President &
Chief Financial Officer

Rodney A. Anthony
Senior Vice President &
Chief Operations Officer

Stephen D. Young
Treasurer

INDEPENDENT AUDITORS

Crowe Horwath LLP
Fort Lauderdale, Florida

STOCK LISTING

Symbol - CSFL
Cusip #15201P 10 9

SHAREHOLDER SERVICES

Continental Stock Transfer &
Trust Company
17 Battery Place, NY, NY 10004
212-509-4000

CORPORATE OFFICES

42745 U.S. Highway 27
Davenport, FL 33837
863-419-7750

CORPORATE WEBSITE

www.centerstatebanks.com

MARKET MAKER (Broker)

Chris Cerniglia
Stifel Nicolaus & Co., Inc.
7111 Fairway Dr., Suite 301
Palm Beach Garden, FL 33418
866-780-7926

Troy Carlson
Keefe, Bruyette & Woods
787 7th Avenue, 4th Floor
New York, NY 10019
800-221-3246

Raymond McIntyre
Morgan Keegan & Co., Inc.
Two Buckhead Plaza
3050 Peachtree Rd., NW, Ste. 704
Atlanta, GA 30305
404-240-6861

Michael Acampora
Raymond James & Assoc., Inc.
1301 Riverplace Blvd., Ste. 1900
Jacksonville, FL 32207
800-363-9652

C O R P O R A T E P R O F I L E

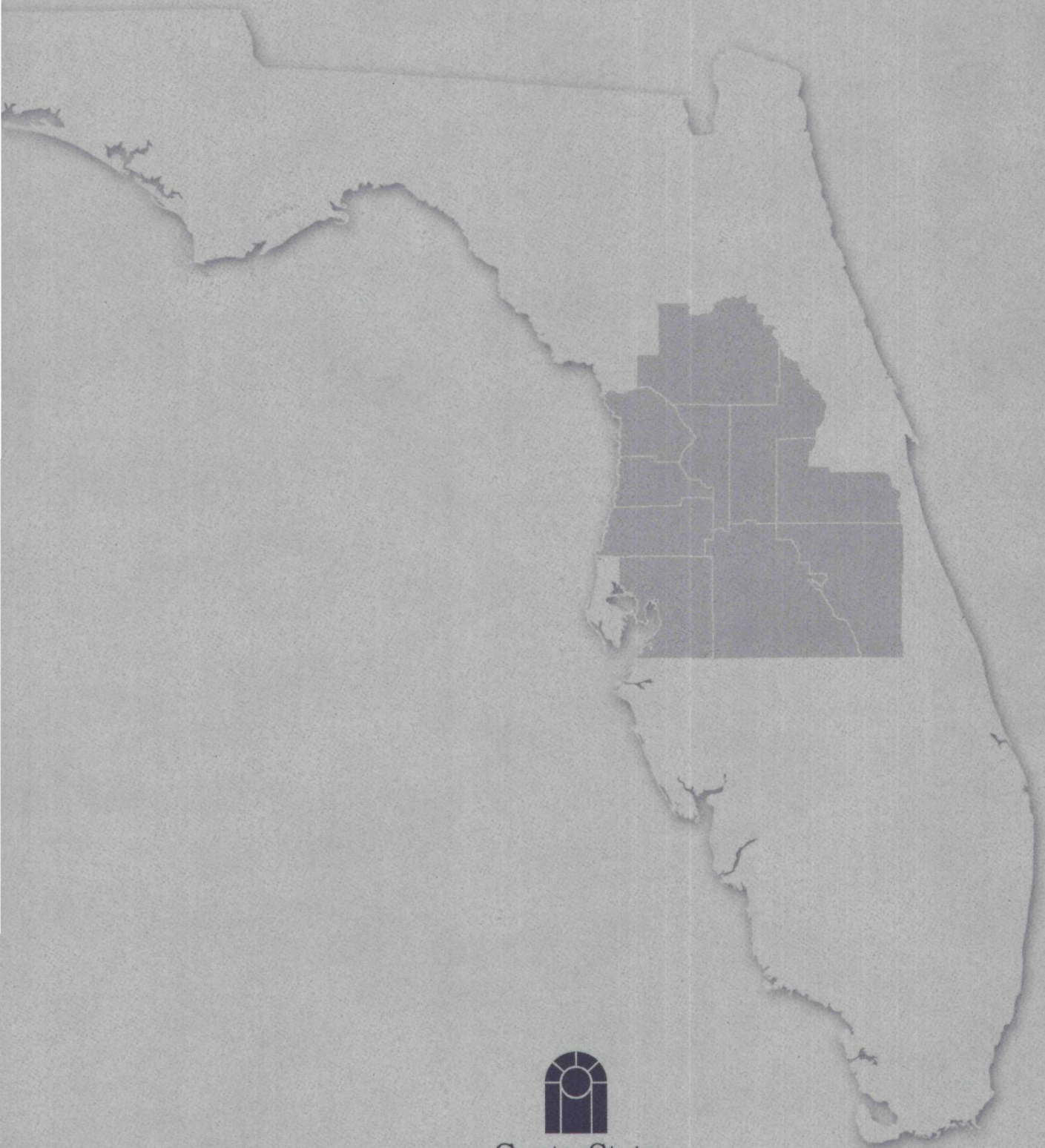
CenterState Banks, Inc. (the "Company") headquartered in Davenport, Florida, between Orlando and Tampa, is a multi-bank holding company that was formed in June 2000 as part of a merger of three independent commercial banks. Currently the Company operates through its four subsidiary banks with 38 branch banking locations in ten counties throughout central Florida. Through its subsidiary banks, the Company provides a range of consumer and commercial banking services to individuals, businesses and industries. The Company operates under a decentralized organizational structure. Each of its subsidiary banks is managed by its own bank president, who has the primary responsibility for the profitability and growth of the individual business unit. Each bank has its own charter, management team and board of directors, although most of the Company's board directors are also board members of one or more of its subsidiary banks, and the Company's Chairman is either the chairman or at least a board member of all the subsidiary banks.

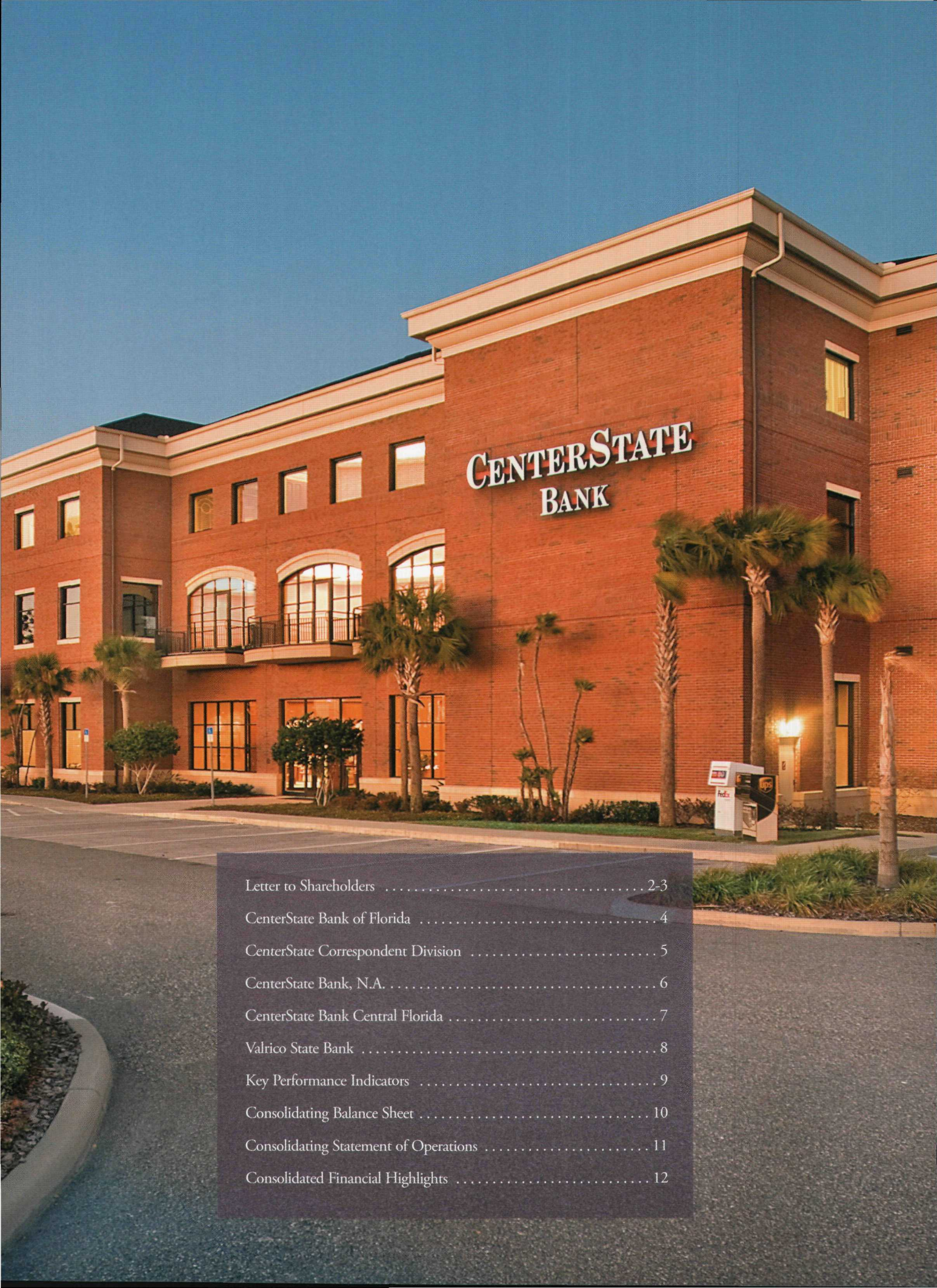
In addition to providing traditional deposit and lending products and services to its commercial and retail customers through its 38 locations in central Florida, the Company also operates a correspondent banking and bond sales division. The division is integrated with and part of the lead subsidiary bank located in Winter Haven, Florida, although the majority of the bond salesmen, traders and operations personnel are physically housed in leased facilities located in Birmingham, Alabama, Atlanta, Georgia and Winston Salem, North Carolina. The customer base includes small to medium size financial institutions primarily located in Florida, Alabama, Georgia, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.

A N N U A L M E E T I N G

*The 2010 Annual Meeting of the Shareholders will be held on
Monday, May 10, 2010 at 10:00 a.m. at the Omni Orlando Resort at ChampionsGate
1500 Masters Boulevard, ChampionsGate, Florida 33896.*

4053925





CENTERSTATE BANK

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Dear Fellow CenterState Shareholder,

The banking environment is changing and Florida banking is one of five states greatly affected. I came to work as a teenager, wanting to learn and practice the banking trade when banking was stoic, stable and boring. Now, forty-five years later, our Company is in the fray of these challenging and exciting times. CenterState has the unique opportunity in these historical times not only to be a survivor, but a consolidator of banks creating solid stockholder value enhancement.

The year 2009 was historical for banks and, unfortunately for CenterState, it is the first time in our history we failed to generate a profit. Our annual net loss of \$6.2 million was driven, as you would expect, by the disastrous Florida real estate

market. The real estate issues have affected most banks in Florida with approximately 75% of Florida banks losing money for the year. I take no comfort in this fact but it does help in the overall perspective. The credit cost to CenterState in 2009 approached thirty million dollars which was the underlying reason for our net loss.

Our non-performing assets as a percentage of our total assets (the NPA ratio) of 3.05% is the highest we have ever experienced. Yet, when compared to our peers of Florida based publicly-traded banks which averaged 11.92%, we are approximately four times better. This comparison is enlightening, but be assured we will aggressively manage for this ratio to be below 1%.

The issues of loss, non-performing assets, sagging Florida real estate markets, and unemployment are enough bad news. Let me direct your attention to some positive points which should greatly benefit us in 2010.

Capital continues to claim its historical title, "Capital is King!" Our tier one leverage ratio of 11.36% is the second highest in our peer group, whose average is 6.41%. As 2009 began, our senior management team could see our vision would require more offensive capital in the near future. We went to market in July and were able to successfully raise \$86 million of new capital. Our stock price at year end is 15% higher than it was the week preceding the capital raise. The capital raise was very successful in pushing our stock price back over \$10.00 per share within five

months and it most certainly identified us as not only a survivor, but a consolidator of banks over the next few years.

The additional capital allowed us to comfortably repay the TARP funds and satisfy the outstanding warrants related to these funds. We were the first bank in Florida to be awarded TARP funds and we were the first in Florida to repay the TARP funds. The funds allowed us to be very active in supporting the residential real estate mortgage market at a time when most financial institutions were frozen out of the market. The TARP funds also allowed us to be extremely flexible in helping our customers who were struggling with their house payments. In addition, the funds augmented our liquidity and we were able to help the FDIC via purchasing a closed bank.

Early in the first quarter, we worked with the FDIC and acquired the Ocala National Bank which was being closed by the regulators. The \$200 million asset bank with four strategically located offices was awarded to us in January of 2009. This proved to be an excellent acquisition. We purchased the deposits and the branches, but not the loans. As a well established 23-year-old community bank, it fit well with our footprint vision and has been profitable for several months running.

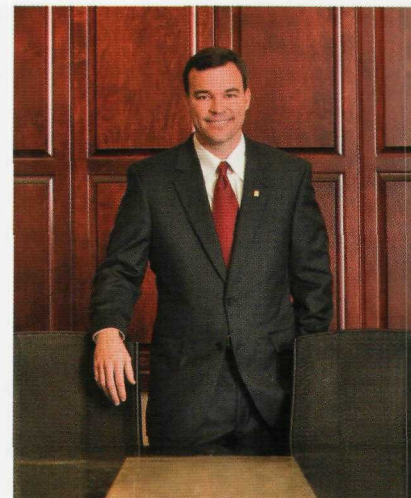
Our correspondent bank operation began in November of 2008, with the management lift-out of the previous Alabama National Bank in Birmingham, and has been profitable and very successful. More importantly, the professional team of bankers who partnered with us has been a refreshing talent pool who is helping to carry our bank to the next level. It was such a good experience, we approached some of the bankers at the Silverton correspondent bank in Atlanta, Georgia, when the institution was in the process of being dismantled. As fate would have it, and along with our tenacity, we found a large portion of the entire Silverton capital markets group was interested in joining with CenterState.

We were able to accomplish a major Silverton management lift-out. The Atlanta bankers have also been a rare and fortunate find for CenterState. We have created a new correspondent banking division by combining the Atlanta and Birmingham operations into one of the best correspondent bank operations in the Southeast. I believe in time, it will be one of the best in the U.S. The department has been very profitable and has over four hundred community banks as customers. Recognizing only the Birmingham shop was with us for the entire year and Atlanta less than six months, the division still created after-tax profits of \$6.1 million or 34 cents a share. A real success story!



*"CenterState...
a consolidator
of banks
creating solid
stockholder value
enhancement."*

E. S. "Ernie" Pinner
Chairman, President and CEO



It has been evident to us for several months the historical real estate debacle would create havoc for Florida banks. As we gained feedback from our correspondent bankers who are constantly in the field throughout the Southeast and visited with many investors for the capital raise, it became clear to us that many banks in Florida could fail. While we hope the best for all banks, we felt it would be prudent to establish ourselves as a consolidator of banks. We wanted to be ready if the FDIC called on us to be involved in acquiring failed institutions. The next couple of years, in our opinion, will be historical and bring about a generational opportunity. We have been training, establishing departments, and preparing to actively acquire failed banks in our market footprint during 2010 and 2011. Our capital position is presently adequate for us to be aggressive with acquisitions; however, if the "right" large deal should become available, we could require additional capital.

In early 2009, we filed a shelf registration for a potential \$150 million capital infusion. This shelf was a great help with the capital raise in July. We have since re-loaded the shelf registration for up to \$200 million should we need it for the "special right" deal. In further preparation, we asked our shareholders to increase our authorized shares. We started the Company over ten years ago with twenty million shares authorized. Since then, we have raised capital twice in the market, had a successful rights offering and split the stock two for one. We needed more authorized shares and you graciously allowed us to increase the authorized shares to 100 million. We have not increased issued and outstanding shares but only increased the authority for shares to be issued sometime in the future. We presently have approximately 25 million shares outstanding.

As we stay focused, highly capitalized, and continue to augment our energetic and knowledgeable talent pool, we should create historical growth and profits from FDIC assisted transactions. I believe in the next couple of years we can catapult the Company forward to the equivalent growth of seven to ten years.

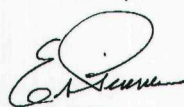
CenterState has successfully moved forward this year. The total footings are up by 31%, deposits are up by 31% with total cost of funds down to a very favorable rate of 1.38%. Our loans are up 7.5% when many say banks are not lending. Not true at CenterState. Actually, when one delves into all our numbers, we generated over \$274 million in new loans for 2009. We are now strategically located in ten Central Florida counties with six of those ranked among Florida's fastest growing counties. We have 38 branch offices in Florida and correspondent offices in Georgia, Alabama, and North Carolina.

Hopefully, you are sensing the great potential CenterState has been developing. Yes, a loss this year but focus deeper into the potential, the energy and synergy being created and note the net-interest income, the fuel for a bank's engine. Consider our pre-tax, pre-provision (PTPP) earnings. PTPP is our pre-tax earnings excluding credit cost. Our PTPP in the fourth quarter of last year was \$2.9 million; in the fourth quarter of 2009, it jumped to \$6.4 million. Our non-interest income raced from \$10 million in 2008 to \$30 million in 2009. Once the credit cycle subsides, we should have historical profits.

The recession is over, academically speaking, but Florida is not out of the woods. The credit cycle is not over and it will most likely take all of this year to process the aftermath of the recession and the real estate jungle. We will stay focused, credit conscious, core deposit seekers, and work closely with the FDIC in their assisted deals. Your whole team of CenterState bankers is excited, glad to be on board and believes our future is bright.

As always, thank you for your business, and as shareholders, we thank you for your confidence.

I remain
Yours truly,



E. S. Pinner
Chairman, President and CEO

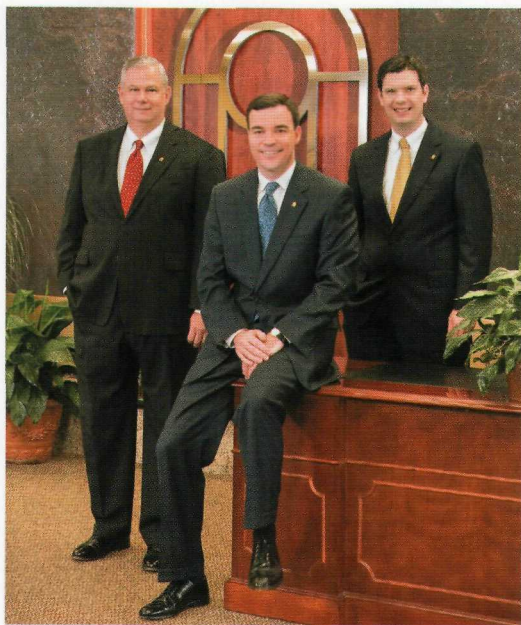
*Quality
Shines
Through*



CSFL EXECUTIVE MANAGEMENT TEAM

Left to right: John C. Corbett (EVP, CenterState Banks, Inc. and President & CEO, CenterState Bank of Florida, N.A.), James J. Antal (SVP & Chief Financial Officer, CenterState Banks, Inc.), Jerry Ball (President & CEO, Valrico State Bank), Thomas E. White (President & CEO, CenterState Bank Central Florida), E. S. "Ernie" Pinner (Chairman, President & CEO, CenterState Banks, Inc.), Timothy A. Pierson (President & CEO, CenterState Bank, N.A.), Rodney A. Anthony (SVP & Chief Operating Officer, CenterState Banks, Inc.), and Stephen D. Young (Treasurer, CenterState Banks, Inc. and EVP & Chief Financial Officer, CenterState Bank of Florida, N.A.)

Assets: \$879,283,000



EXECUTIVE MANAGEMENT

Left to right: Robert E. Dodd (Chief Credit Officer), John C. Corbett (President & CEO), and Stephen D. Young (Chief Financial Officer).

CenterState Bank of Florida

The year 2009 was a period of tremendous achievement for CenterState Bank of Florida. The bank posted a record profit of \$4.7 million and a record growth in assets of over 100%. The year began with the acquisition of Ocala National Bank from the FDIC in January which allowed us to add four branches in Marion County and a team of quality individuals led by George Durhan as market executive. The core deposits in the Ocala bank grew 13% in its first year and added incremental profits right from the start. We are actively working with the banking regulators and expect that CenterState will participate in additional FDIC-assisted bank acquisitions during 2010.

Predicated on the immediate and unexpected level of success of our newly formed correspondent banking division in Birmingham, Alabama, we decided to approach a team of Capital Markets professionals from the Silverton bank in Georgia and North Carolina. Following the bank's seizure by the FDIC in July, the entire Fixed-Income team

joined CenterState Bank as well as the bulk of the operations and business development team.

Our management team is grounded on the premise that the greatest opportunities usually present themselves in a time of crisis. With a non-performing asset ratio of less than 1% at year end, we believe that CenterState is positioned as a winner through this credit cycle downturn. Our management team has the desire, energy and intention to continue to expand our business and take advantage of the generational opportunities as they present themselves. To that end, we have the unique opportunity to partner with a team of highly respected, veteran bankers in the Vero Beach area. We are well on our way to opening a banking office in Indian River County and will continue to expand in the Treasure Coast and other markets in Florida as we have the chance to attract top-notch bankers to the CenterState culture of decentralized management and empowerment within the local market.

As you can imagine, we are excited and invigorated about the future. We are also cognizant that growth cannot occur without loyal shareholders like you that join with us in a common vision for the future. As always, thank you for your trust.



AREA EXECUTIVES

Left to right: Paul W. Gerrard, Jr. (Ridge Area Executive), Dale E. Dreyer (Lakeland Area Executive), J. Brett Barnhardt (Winter Haven Area Executive), and George T. Durhan (Marion County Area Executive).



1101 First Street South Winter Haven, FL 33880 (863) 291-3900



Left to right: Chris Wright (Business Development), Jared Ellis (Capital Markets), Stacey Dunn (Business Development), Erik Bagwell (Business Development), Patty Gorman (Capital Markets), Brett Rawls (Business Development), Todd Patrick (Capital Markets), Kellie Endres (Operations), Joe Collins (Capital Markets), Brad Jones (Division Manager), Casey Christopher (Business Development), Greg Rains (Capital Markets), Jim Bigger (Capital Markets), Shawn Gillis (Business Development), and Jim Gatherum (Business Development).

CenterState Correspondent Division

During 2009, CenterState Bank of Florida continued to position itself as a premier correspondent services provider by enhancing the talent and scope of the Correspondent Division. In addition to the strong foundation established by the initial team in Birmingham, Alabama, the Division expanded with correspondent offices in Atlanta, Georgia and Winston-Salem, North Carolina. Additional Business Development offices opened in Charlotte, North Carolina; Denver, Colorado; Tampa, Florida; and West Palm Beach, Florida. The Correspondent Division is a full service unit with an extensive network of bank and other institutional relationships throughout the United States. With over sixty employees dedicated to correspondent services, we manage over 425 relationships in twenty-one states.

As our customers and their communities expand and grow, the Correspondent Division is committed to delivering innovative products and

services. Current offerings include balance sheet engineering through asset/liability management modeling and consulting, fixed income investments and portfolio strategies, customer education, federal funds purchased and sold, and international services. As we seek to become the premier provider of banking services for community banks in the southeast, the bank is now making a significant investment in developing a state-of-the-art cash management and clearing software system that will be available to our client banks in late 2010.

We employ experienced individuals who understand community banking, with a team oriented and consultative approach to our customer's needs. Our goal is to provide community banks with essential correspondent services as well as serve as their trusted correspondent banking partner for many years to come.

Assets: \$362,908,000



EXECUTIVE MANAGEMENT TEAM

Left to right: Joseph D. Cioppa (EVP & Chief Credit Officer), Synthia L. Bohannon (VP & Operations Officer), Timothy A. Pierson (President & CEO), and John L. Rust (SVP & Chief Financial Officer).

CenterState Bank, N.A.

CenterState Bank, N.A., headquartered in Zephyrhills, Florida, celebrated its 20th anniversary in 2009. For 20 years, we have built our bank with a conservative, prudent, long-term view. Even during these difficult times, we are still making loans and our bank continues to grow. During the year, the Bank's assets increased by \$15 million, or 4.3%. Deposits grew by \$40 million, a 14.3% increase when compared to the previous year. Much of the deposit growth is attributable to the

implementation of a high performance checking account program which was initiated in 2008. With eleven banking offices located in Citrus, Hernando, Lake, Pasco, and Sumter Counties, CenterState Bank now services more than 17,000 accounts. We are committed to our customers not only in good times but also during the downturns. Again, we thank each of you for the trust and confidence you have placed in our Bank and for allowing us to serve you.



6930 Gall Boulevard

Zephyrhills, FL 33542

(813) 783-8122

Assets: \$300,043,000



EXECUTIVE MANAGEMENT TEAM

Left to right: Charles A. Rogers (VP & Business Development Officer), Thomas E. White (President & CEO), Christa Murphy (SVP & Chief Financial Officer), D. Charles Anderson (SVP & Chief Operating Officer), and Mark W. Thompson (SVP & Chief Credit Officer).

CenterState Bank Central Florida

CenterState Bank Central Florida, chartered in September 1989, was built upon the foundation of providing outstanding customer service and superior products. This year the Bank celebrated its twenty year anniversary and still attributes its success to these fundamentals. CenterState is currently the largest community bank in Osceola County with assets exceeding \$300 million, an increase of \$22 million, or 7.9%, when compared to the previous year. With six offices conveniently located in Osceola and Orange Counties, each of which is staffed with friendly, professional, and experienced representatives, the Bank is able to

service the needs of all its customers. CenterState believes that to best serve its community, it is imperative for the Bank to be a part of the community. In 2009, CenterState funded over \$36 million in new loans during a year when many say banks are not lending. We, at CenterState, are proud to be able to help small businesses stay in business. During the year, the Bank also increased total deposits by \$26 million, or 11.4%. This is a testament to the unyielding confidence our community has in the stability of our Bank. Our officers and staff are committed to the local area and work to make a positive difference.

CENTERSTATE BANKS

Assets: \$200,569,000



EXECUTIVE MANAGEMENT TEAM

Left to right: Jerry L. Ball (President & CEO), Donald M. Weaver (EVP & Director of Lending), Susan L. Radford-Butler (SVP & Chief Operations Officer), Thomas K. Snider (AVP & Controller), and Beth A. Bravis (VP/Operations).

Valrico State Bank

Since the opening of its main Valrico office on June 23, 1989, Valrico State Bank has remained rooted in the vision of its founders, a small group of diverse business leaders who gathered to share their dream of a true community bank – a bank that would be operated by people with strong community ties, who knew their customers' names and the size of their dreams, and who cared about those they served. The dream took flight. Responding to demand for an exceptional level of personal service and local control, the Bank now has banking locations in Plant City, Brandon, Riverview and FishHawk. Valrico State Bank remains one of the only hometown financial institutions with multiple offices in eastern Hillsborough County, and one of the Tampa Bay region's few community banks with a consistent

five-star rating for being well-capitalized and safe. Our affiliation with CenterState Banks, a respected powerhouse of strength in Florida's financial community, has helped us to increase loan availability, expand services, and broaden opportunity for continued healthy growth. During 2009, the Bank's total assets increased by \$20 million. It funded over \$27 million in new loans and grew deposits by \$15 million. Today, the Bank's employees service approximately 11,000 accounts, and with quality, tailored banking products, help customers with dreams of every size to realize their goals. We remain steadfast to our commitment of true, personal service that is not a trend, but a tradition that spans generations and keeps us on course. It reflects the pride of our employees and our stockholders, and remains the cornerstone of our success.



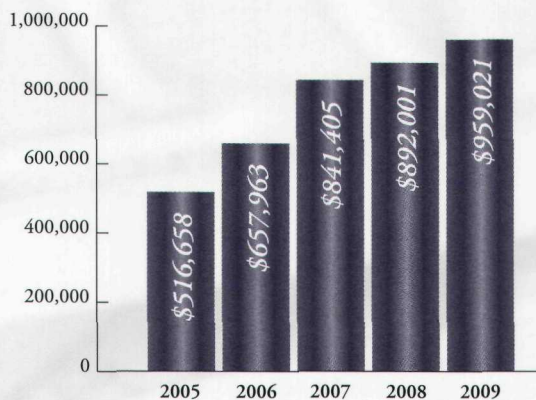
1815 State Road 60 East

Valrico, FL 33594

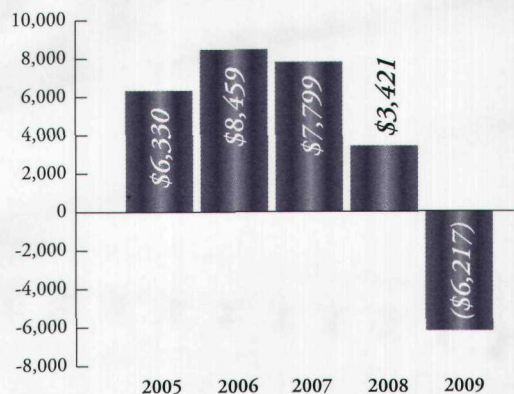
(813) 689-1231

TOTAL LOANS

(at December 31 in thousands of dollars)

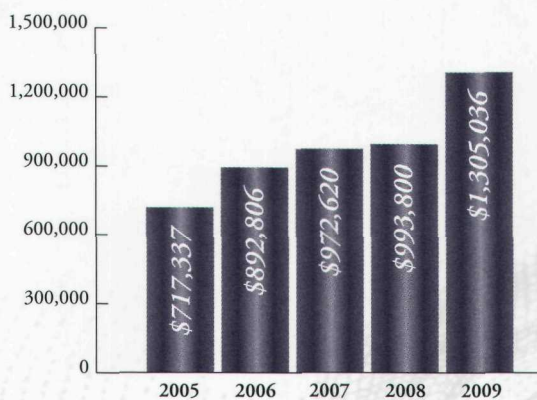


NET INCOME

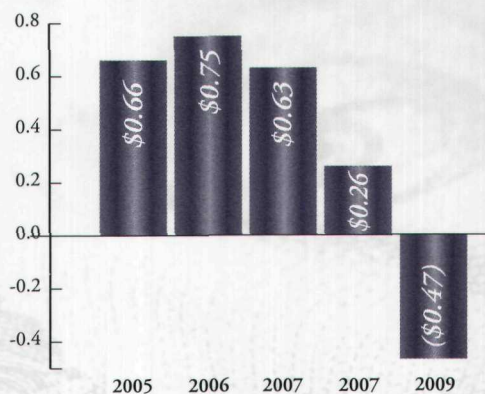


TOTAL DEPOSITS

(at December 31 in thousands of dollars)

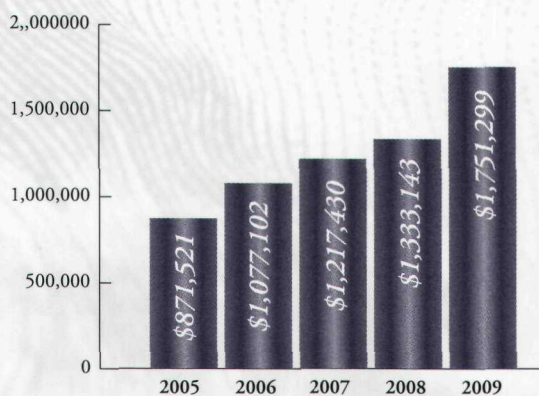


DILUTED EARNINGS PER SHARE

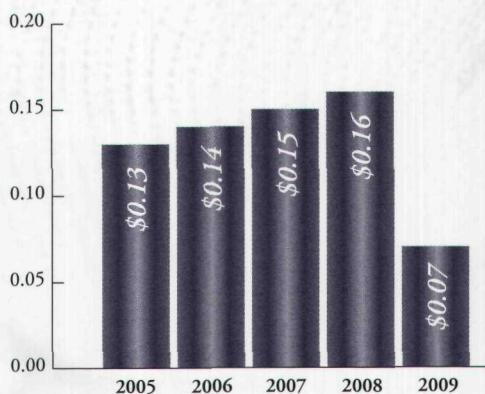


TOTAL ASSETS

(at December 31 in thousands of dollars)



DIVIDENDS DECLARED PER SHARE



CONSOLIDATING BALANCE SHEET

For the year ended December 31, 2009 (in thousands of dollars)

	CENTERSTATE CENTRAL FL	CENTERSTATE BANK, N.A.	CENTERSTATE BANK OF FL	VALICO STATE BANK	R4ALL	PARENT COMPANY	C.S. SHARED SERVICES	CONSOLIDATING ENTRIES	CONSOLIDATED
Assets									
Cash and due from banks	\$3,469	\$5,211	\$3,970	\$4,011	—	\$302	\$241	\$1,935	\$19,139
Federal funds sold and Federal Reserve Bank deposits	3,909	31,930	132,042	8,387	—	—	—	(3,000)	173,268
Investment securities, available for sale, at fair value	65,404	58,367	310,381	29,034	—	—	—	—	463,186
Loans	212,570	227,422	384,536	126,742	7,751	—	—	—	959,021
Less allowance for loan losses	(6,312)	(6,399)	(7,232)	(3,108)	(238)	—	—	—	(23,289)
Net Loans	206,258	221,023	377,304	123,634	7,513	—	—	—	935,732
Premises and equipment, net	8,927	20,251	22,172	9,353	—	591	1,074	—	62,368
Accrued interest receivable	1,317	1,257	3,102	702	—	—	—	—	6,378
Federal Home Loan Bank and Federal Reserve Bank stock	1,045	2,966	2,928	969	—	—	—	—	7,908
Investment in subsidiaries	1,066	1,066	1,066	1,066	—	204,270	—	(208,534)	—
Other real estate owned	1,285	2,628	3,698	854	1,731	—	—	—	10,196
Goodwill	—	5,188	9,397	18,255	—	—	—	—	32,840
Core deposit intangible	—	226	607	1,589	—	—	—	—	2,422
BOLI	3,298	4,349	4,933	3,085	—	—	—	—	15,665
Prepaid expenses and other assets	4,065	8,446	7,683	(370)	269	1,872	2,997	(2,765)	22,197
Inter-company receivables	—	—	—	—	—	37,300	—	(37,300)	—
TOTAL ASSETS	\$300,043	\$362,908	\$879,283	\$200,569	\$9,513	\$244,335	\$4,312	\$(249,664)	\$1,751,299

Liabilities and Stockholders' Equity

Deposits:

Demand - non-interest bearing	\$29,627	\$26,690	\$151,759	\$26,155	—	—	\$ —	—	\$233,688
Demand - interest bearing	21,973	43,914	102,250	25,390	—	—	—	—	193,527
Savings accounts	9,259	44,575	80,694	14,387	—	—	—	—	148,915
Money market accounts	40,839	12,864	80,631	24,264	—	—	—	—	158,598
Time deposits	158,167	189,657	169,133	53,351	—	—	—	—	570,308
Total Deposits	259,865	317,700	584,467	143,547	—	—	—	(543)	1,305,036
Securities sold under agreements to repurchase	7,646	609	21,307	—	—	—	—	—	29,562
Federal funds purchased	—	—	144,939	—	—	—	—	—	144,939
Federal Home Loan Bank advances and other borrowed funds	3,000	3,000	6,000	12,000	—	—	—	(3,000)	21,000
Corporate debentures	—	—	—	—	—	12,500	—	—	12,500
Inter-company payables	1,500	750	33,800	1,250	—	—	—	(37,300)	—
Accrued interest payable	335	190	201	542	—	—	—	—	1,268
Accounts payable and accrued expenses	127	58	4,188	1,024	—	2,425	48	(286)	7,584
Total Liabilities	272,473	322,307	794,902	158,363	—	14,925	48	(41,129)	1,521,889
Stockholders' equity:									
Preferred stock, \$.01 par value; 5,000,000 shares authorized no shares issued and outstanding at December 31, 2009	—	—	—	—	—	—	—	—	—
Common stock, \$.01 par value; 100,000,000 shares authorized 25,773,229 shares issued and outstanding at December 31, 2009	2,556	2,436	2,498	1,640	—	258	—	(9,130)	258
Additional paid-in capital in excess of par	11,089	27,910	54,759	37,176	9,957	193,464	4,264	(145,155)	193,464
Accumulated other comprehensive income	866	689	5,029	481	—	7,065	—	(7,065)	7,065
Retained earnings	13,059	9,566	22,095	2,909	(444)	28,623	—	(47,185)	28,623
Total Stockholders' Equity	27,570	40,601	84,381	42,206	9,513	229,410	4,264	(208,535)	229,410
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$300,043	\$362,908	\$879,283	\$200,569	\$9,513	\$244,335	\$4,312	\$(249,664)	\$1,751,299

CONSOLIDATING STATEMENT OF OPERATIONS

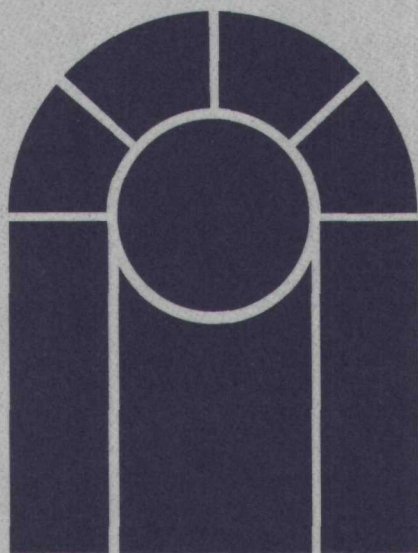
For the year ended December 31, 2009 (in thousands of dollars)

	CENTERSTATE CENTRAL FL	CENTERSTATE BANK, N.A.	CENTERSTATE BANK OF FL	VALRICO STATE BANK	R4ALL	PARENT COMPANY	C.S. SHARED SERVICES	CONSOLIDATING ENTRIES	CONSOLIDATED
<i>Interest Income</i>									
Loans	\$12,031	\$14,732	\$18,358	\$8,297	\$10	\$	\$	\$	\$53,428
Investment securities	2,702	2,446	13,556	1,204	—	—	—	—	19,908
Federal funds sold and other	27	80	527	9	—	—	—	(35)	608
Total Interest Income	14,760	17,258	32,441	9,510	10	—	—	(35)	73,944
<i>Interest Expense</i>									
Deposits	5,260	6,262	6,643	2,356	—	—	—	—	20,521
Securities sold under agreements to repurchase	15	2	83	—	—	—	—	—	100
Corporate debentures	—	—	—	—	—	473	—	—	473
Other borrowings	24	224	780	203	—	—	—	(35)	1,196
Total Interest Expense	5,299	6,488	7,506	2,559	0	473	—	(35)	22,290
NET INTEREST INCOME	9,461	10,770	24,935	6,951	10	(473)	—	—	51,654
Provision for loan losses	5,445	9,929	6,348	1,562	612	—	—	—	23,896
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,016	841	18,587	5,389	(602)	(473)	—	—	27,758
<i>Non-Interest Income</i>									
Service charges on deposit accounts	1,000	974	2,249	1,227	—	—	—	—	5,450
Income from correspondent banking and bond sales division	—	—	17,916	—	—	—	—	—	17,916
Other service charges and fees	734	1,076	4,435	551	—	(4,296)	2,712	1,474	6,686
Total Non-Interest Income	1,734	2,050	24,600	1,778	0	(4,296)	2,712	1,474	30,052
<i>Non-Interest Expense</i>									
Salaries, wages and employee benefits	3,287	5,044	22,197	3,122	—	1,933	1,354	(267)	36,670
Occupancy expenses	929	1,423	2,214	599	—	126	86	(2)	5,375
Depreciation of premises and equipment	410	762	1,008	234	—	50	423	(5)	2,882
Marketing expenses	302	457	731	409	—	11	—	—	1,910
Bank regulatory expenses	628	725	1,455	306	—	—	—	—	3,114
Legal, audit and other professional fees	498	646	989	106	—	112	6	(3)	2,354
Data processing expenses	590	736	2,702	382	—	2	424	(2,419)	2,417
Credit related expenses	749	1,972	1,824	8	—	—	—	—	4,553
Other operating expenses	984	3,643	3,006	1,061	110	342	419	(126)	9,439
Total Non-Interest Expense	8,377	15,408	36,126	6,227	110	2,576	2,712	(2,822)	68,714
(Loss) income before provision for income taxes	(2,627)	(12,517)	7,061	940	(712)	(7,345)	—	4,296	(10,904)
Provision for income taxes	(1,109)	(4,830)	2,359	289	(268)	(1,128)	—	—	(4,687)
NET (LOSS) INCOME	\$(1,518)	\$(7,687)	\$4,702	\$651	\$(444)	\$(6,217)	\$	\$4,296	\$(6,217)

CONSOLIDATED FINANCIAL HIGHLIGHT

(Amounts in thousands except ratios and per-share data)

YEARS ENDED DECEMBER 31	2009	2008	% Change
EARNINGS			
Net interest income	\$51,654	\$40,285	28.2%
Provision for loan losses	23,896	6,520	266.5
Non-interest income	30,052	10,807	178.1
Non-interest expense	68,714	39,936	72.1
Income tax (benefit) expense	(4,687)	1,215	(485.8)
Net (loss) income	\$(6,217)	3,421	(281.7)%
AT DECEMBER 31			
Assets	\$1,751,299	\$1,333,143	31.4%
Earning assets	1,603,383	1,207,258	32.8
Loans	959,021	892,001	7.5
Allowance for loan losses	23,289	13,335	74.6
Deposits	1,305,036	993,800	31.3
Shareholders' equity	229,410	179,165	28.0
AVERAGES FOR DECEMBER 31			
Assets	\$1,771,034	\$1,238,005	43.1%
Earning assets	1,628,798	1,108,180	47.0
Loans	923,080	856,260	7.8
Deposits	1,254,169	975,352	28.6
PER COMMON SHARE			
Net (loss) income (diluted)	\$ (0.47)	\$ 0.26	(280.8)%
Book value	8.90	12.22	(27.2)
Tangible book value	7.53	9.64	(21.9)
Cash dividends declared	0.07	0.16	(56.3)
MARKET PRICE			
Close	\$10.09	\$16.99	(40.6)%
High	17.15	18.00	(4.7)
Low	6.21	9.70	(36.0)
SIGNIFICANT RATIOS			
Return on average assets	(0.35)%	0.28%	
Return on average equity	(3.00)	2.21	
Dividend payout	—	58.26	
Tangible common equity ratio	11.31	9.25	
Tier 1 leverage ratio	11.36	12.59	
Total risk-based capital ratio	19.25	17.43	
Allowance for loan loss ratio	2.43	1.49	
Net chargeoffs to average loans	1.51	0.47	
Non-performing loans to total loans	4.42	2.23	
Non-performing assets to total assets	3.05	1.86	
Net interest margin, tax equivalent basis	3.22	3.70	



"Quality Shines Through"

Board of Directors



E. S. "Ernie" Pinner
Chairman, President & CEO



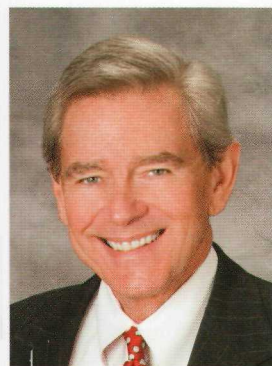
G. Robert Blanchard, Jr.
President
W.R.B. Enterprises, Inc.



James H. Bingham
President
Concire Centers, Inc.



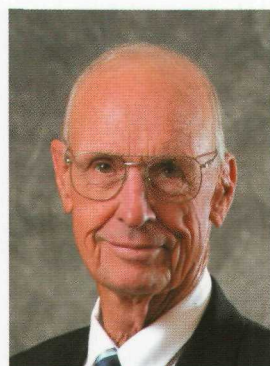
C. Dennis Carlton
President & Owner
Mid-State Realty Co., Inc.



Frank M. Foster, Jr.
Investor



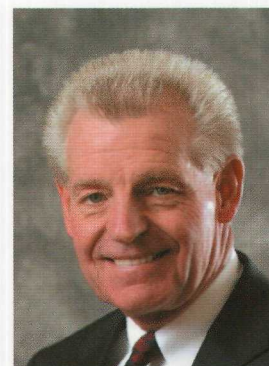
Gail Gregg-Strimenos
President & Chairman
Family Dynamics



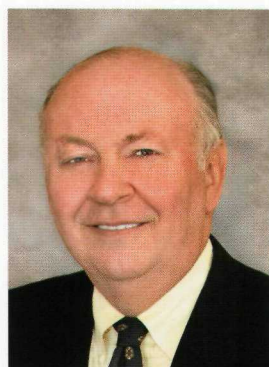
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Judge Farms



Samuel L. Lupfer, IV
Insurance Executive
Bouchard Insurance



Lawrence W. Maxwell
Chairman
Century Realty Funds, Inc.



Rulon D. Munns
Shareholder
Bogin Munns & Munns



G. Tierso Nunez, II
Owner
G.T. Nunez & Associates, P.A.



Thomas E. Oakley
President
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J. Thomas Rocker
Investor

CENTERSTATE BANKS, INC.

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