

CoastalSouth Bancshares, Inc. Completes \$61.9 Million Securities Offering

NEWS PROVIDED BY

CoastalSouth Bancshares, Inc. →

Jul 28, 2017, 16:31 ET

HILTON HEAD ISLAND, S.C., July 28, 2017 /PRNewswire/ -- CoastalSouth Bancshares, Inc., ("CoastalSouth" or the "Company"), the holding company for CoastalStates Bank, is pleased to announce that it has concluded a concurrent offering of common stock and a newly issued series of convertible perpetual preferred stock ("Series D Preferred Stock") for gross proceeds of approximately \$61.9 million. The Series D Preferred Stock will convert to non-voting common stock following the authorization of a new class of non-voting common stock at the Company's shareholders meeting to be held on August 28, 2017. Patriot Financial Partners, funds managed by EJP Capital LLC, and GCP Capital Partners led the recapitalization of the Company.

The additional capital will enhance CoastalSouth's balance sheet and allow CoastalStates Bank to focus on expanding its franchise through new lines of business such as Small Business Administration (SBA) lending and Senior Housing, as well as through mergers and acquisitions. A portion of the new capital also will be used to redeem all of the Company's outstanding Series A & B Preferred Securities originally issued under the U.S. Treasury's Capital Purchase Program.

In connection with the transaction, the Board of Directors of CoastalSouth and CoastalStates Bank announced that Stephen R. Stone has been named the Chief Executive Officer and Anthony P. Valduga, has been named the Chief Financial Officer and Chief Operating Officer. James S. MacLeod will remain Executive Chairman of CoastalSouth and its subsidiaries and founder Randy K. Dolyniuk will become President of CoastalSouth and CoastalStates Bank.

"Since opening in 2004, we have focused on building a community bank by serving our community and customers with talented bankers," said Jim MacLeod, Executive Chairman.

"With the addition of Steve Stone and Tony Valduga to our management team, our increased capital level, and our dedicated Board of Directors, we are well positioned to become a leading financial institution in the Southeast."

"I am delighted to be a part of CoastalSouth and CoastalStates Bank," said Steve Stone, "Along with Tony and the other members of our banking team, we are going to build upon the legacy of outstanding customer service and local leadership that has made CoastalStates Bank the number one community bank in Hilton Head and Bluffton. Our strategy includes organic growth through our existing community bank, as well as new lines of business designed to further meet the needs of our customers and our communities. In addition, we plan to further expand our franchise through mergers with other community banks that share our values and are as committed as we are to serving our communities."

Sandler O'Neill & Partners, L.P. served as the lead placement agent for the private placement and Hovde Group served as co-placement agent. Alston & Bird LLP served as legal counsel to the Company.

About the Company

CoastalSouth Bancshares, Inc., a Virginia corporation with approximately \$504 million in total assets, is a bank holding company established in 2003 and is headquartered in Hilton Head Island, South Carolina. CoastalSouth provides a wide range of commercial, consumer, and mortgage banking services through its wholly owned subsidiary, CoastalStates Bank. CoastalStates Bank is the largest private community bank headquartered in Hilton Head Island and has the 4th largest deposit market share in Beaufort County, South Carolina.

For additional information regarding the Company and CoastalStates Bank visit www.coastalstatesbank.com.

Contact:

Stephen R. Stone

Chief Executive Officer

CoastalSouth Bancshares, Inc.

(843) 341-9937

SOURCE CoastalSouth Bancshares, Inc.