

March 9, 2023

To our Shareholders:

CoastalSouth Bancshares, Inc. (the “Company”) is pleased to announce net income of \$5.5 million, or \$0.61 per diluted share, for the fourth quarter of 2022, compared to \$5.3 million net income, or \$0.60 per diluted share, for the third quarter of 2022. Net Income for the year ended December 31, 2022 was \$18.2 million, or \$2.05 per diluted share, as compared to \$12.3 million net income, or \$1.48 per diluted share, for the year ended December 31, 2021.

“We are very pleased with the strong financial performance achieved throughout 2022,” said Steve Stone, President and Chief Executive Officer of the Company and its wholly owned subsidiary, Coastal States Bank (“CSB” or the “Bank”). “These results were possible through high-quality loan origination, deploying excess liquidity that existed at the beginning of 2022, and active management of deposit costs during a year where the market experienced unprecedented increases in interest rates. As we move into 2023, we will continue to focus on building deep relationships with our customers and acquiring new relationships to grow our core deposit base.”

Highlights for the Fourth Quarter of 2022

- **Net income of \$5.5 million, and \$0.61 diluted earnings per share (“Diluted EPS”)**
- **Total assets grew \$112.6 million, a 6.5% increase from September 30, 2022**
- **Core loans held for investment grew \$127.1 million, a 11.8% increase from September 30, 2022**
- **Total deposits grew \$8.5 million, a 0.6% increase from September 30, 2022**
- **Efficiency ratio was 54.62% compared to 51.85% and 77.45% in the third and fourth quarters of 2022 and 2021, respectively**
- **Net interest margin was 3.90% compared to 3.72% and 3.03% in the third and fourth quarters of 2022 and 2021, respectively**

During the fourth quarter, core loans held for investment (“LHFI”) grew by \$127.1 million. While each of the Bank’s community banking regions and specialty lines of businesses contributed to the growth, CSB’s Savannah market led the way with \$42.2 million of net new loans originations during the fourth quarter, closely followed by the Marine line of business with \$39.1 million of net new loan originations during the period. Overall, core LHFI grew by \$360.5 million during the year ended December 31, 2022. The Company’s deposits increased by \$8.5 million during the fourth quarter to \$1.55 billion from approximately \$1.54 billion in the third quarter of 2022.

As a result of continued inflationary pressure, the Federal Reserve increased the federal funds interest rate target by an additional 125 basis points during the fourth quarter of 2022, following the 300 basis point increase during the first three quarters of 2022. The rate setting Federal Open Market Committee ("FOMC") members have indicated that rate increases are likely to continue through 2023 to ease the broader underlying components of the inflation rate. Like many other institutions during this same time period, the Company's available-for-sale ("AFS") investment portfolio experienced a decline in fair value driven by these rising interest rates, which reduced tangible book value. The Company's investment portfolio as structured at the end of the fourth quarter of 2022 has approximately 42% invested in floating rate securities and the overall yield will benefit from this mix as rates increase.

The Company recognized net income of \$5.5 million, or \$0.61 per share, for the quarter, tangible book value per share increased from \$11.79 at September 30, 2022 to \$12.64 at December 31, 2022. Tangible book value per share increased to \$12.64 during the fourth quarter from \$11.79, with the increase due to a combination of current period earnings, reversal of unrealized losses in the company's AFS portfolio, and changes in the fair value of derivatives. Unrealized losses are expected to decrease as securities approach maturity, which will increase tangible book value over the remaining life of investment portfolio. However, additional interest rate increases or changes to the expectations about the FOMC's actions around rate increases could cause additional unrealized losses to be generated. The Company reviews its AFS securities portfolio quarterly for other-than-temporary impairment, and none was recognized during the fourth quarter. Management believes that these decreases in value are driven by the market interest rate movements and are not indicative of credit or other performance issues within the securities portfolio.

The Company's credit metrics remained strong during the fourth quarter notwithstanding an increase in Non-Performing Assets ("NPA") ratio to 0.45% compared to 0.31% at the end of the third quarter of 2022. Nonaccrual loans increased by approximately \$3.2 million primarily due to a single loan that was placed into nonaccrual. This loan is well-secured and no loan loss reserves have been considered to be necessary at this time. This was coupled with an increase of \$427 thousand in loans that were 90 days past due and still accruing; however, these past due loans primarily consist of Paycheck Protection Program loans that are 100% guaranteed by the United States government. This increase was partially offset by a decrease in Troubled Debt Restructurings ("TDRs") to \$194 thousand from \$390 thousand at the end of the third quarter of 2022. The Company's net charge-offs (recoveries) to total LHF ratio were (0.01%) for the fourth quarter of 2022.

**CoastalSouth Bancshares, Inc. and Subsidiary
Consolidated Financial Highlights - Unaudited
(dollars in thousands except per share data)**

	Quarterly Trends					4Q22 change vs	
	4Q22	3Q22	2Q22	1Q22	4Q21	3Q22	4Q21
Selected Balance Sheet Data							
Total assets	\$ 1,835,478	\$ 1,722,915	\$ 1,713,183	\$ 1,669,622	\$ 1,611,657	\$ 112,563	\$ 223,821
Total gross loans (LHFS + LHFI)	1,343,103	1,231,779	1,171,467	1,052,917	1,019,569	111,324	323,534
Total deposits	1,548,646	1,540,143	1,506,808	1,489,263	1,424,117	8,503	124,529
Earnings Highlights							
Net income	\$ 5,504	\$ 5,260	\$ 3,681	\$ 3,745	\$ 2,723	\$ 244	\$ 2,781
Diluted earnings per share (EPS)	\$ 0.61	\$ 0.60	\$ 0.42	\$ 0.42	\$ 0.31	\$ 0.01	\$ 0.30
Net interest income	\$ 16,295	\$ 15,181	\$ 13,661	\$ 11,824	\$ 11,739	\$ 1,114	\$ 4,556
Performance Ratios							
Net interest margin	3.90%	3.72%	3.45%	3.09%	3.03%	0.18%	0.87%
Net interest spread	3.47%	3.46%	3.30%	2.94%	2.87%	0.01%	0.60%
Cost of total deposits	0.91%	0.52%	0.28%	0.25%	0.26%	0.39%	0.65%
Cost of total funding	1.10%	0.64%	0.37%	0.34%	0.34%	0.46%	0.76%
Efficiency ratio	54.62%	51.85%	58.01%	55.52%	77.45%	2.77%	-22.83%
Loan-to-deposit ratio	86.73%	79.98%	77.74%	70.70%	71.59%	6.75%	15.13%
Return on (annualized):							
Average assets (ROAA) ²	1.24%	1.22%	0.89%	0.93%	0.68%	0.02%	0.56%
Average tangible assets (ROTA) ²	1.24%	1.22%	0.89%	0.94%	0.68%	0.02%	0.57%
Average tangible common equity (ROTCE) ²	20.05%	19.02%	13.44%	12.83%	9.10%	1.03%	10.95%
Tangible common equity to tangible assets ⁽²⁾	6.19%	6.10%	6.11%	6.60%	7.42%	0.08%	-1.23%
Tangible book value per share ²	\$ 12.64	\$ 11.79	\$ 12.12	\$ 12.77	\$ 13.84	\$ 0.85	\$ (1.20)
Other Operating Measures¹:							
Pre-tax pre-provision net revenue (PPNR)	\$ 7,923	\$ 8,021	\$ 6,639	\$ 6,327	\$ 3,482	\$ (98)	\$ 4,441
PPNR ROAA	1.78%	1.85%	1.60%	1.58%	0.86%	-0.07%	0.92%
Net interest margin excluding PPP income	3.86%	3.67%	3.39%	3.00%	2.86%	0.20%	1.00%
Adjusted net income	\$ 5,504	\$ 5,260	\$ 3,693	\$ 3,838	\$ 2,795	\$ 244	\$ 2,709
Adjusted diluted EPS	\$ 0.61	\$ 0.60	\$ 0.42	\$ 0.43	\$ 0.32	\$ 0.01	\$ 0.29
Adjusted ROTA	1.24%	1.22%	0.89%	0.96%	0.70%	0.02%	0.55%
Adjusted ROTCE	20.05%	19.02%	13.49%	13.14%	9.34%	1.03%	10.71%
Adjusted efficiency ratio	54.62%	51.85%	57.91%	54.65%	74.07%	2.77%	-19.45%
Adjusted noninterest expense to avg. assets	2.15%	2.00%	2.20%	1.94%	2.53%	0.15%	-0.39%

⁽¹⁾ Non-GAAP measure, see "GAAP to Non-GAAP Reconciliation" schedule.

⁽²⁾ The Company defines tangible assets as total assets less intangible assets (excluding commercial mortgage servicing assets), and tangible common equity as total shareholders' equity less intangible assets (excluding commercial mortgage servicing assets)

Financial Results

Income Statement

Net income was \$5.5 million for the fourth quarter of 2022 compared to a net income of \$5.3 million in the third quarter of 2022, and up from a \$2.7 million net income in the fourth quarter of 2021. Compared to the third quarter of 2022, the increase in net income was primarily attributable to an overall increase in net interest income. Compared to the fourth quarter of 2021, the increase in net income was primarily attributable to an overall increase in net interest income, offset by higher provision for credit losses, noninterest expense, and income tax expense due to growth, coupled with a decline in noninterest income.

Interest income was \$20.7 million during the fourth quarter of 2022, compared to \$17.7 million during the third quarter of 2022, and \$13.0 million in the fourth quarter of 2021. The increase during the fourth quarter of 2022 compared to the third quarter of 2022 was primarily in interest income on LHFI due to a combination of loan growth and increased interest rates on floating rate loans. Additionally, the rising interest rate environment and tightening housing inventory has slowed the pace of activity in the Mortgage Banker Finance division, resulting in overall lower LHFS volume, but with a higher yield per unit. The increase during the fourth quarter of 2022 compared to the fourth quarter of 2021 is due to growth in the loan portfolio coupled with the expansion of the investment portfolio throughout 2021 and into 2022 as well as the acquisition of Cornerstone Bank in October 2021.

The components of interest income are presented below:

CoastalSouth Bancshares, Inc. and Subsidiary
Components of Interest Income
(dollars in thousands)

	Quarterly Trends					4Q22 change vs	
	4Q22	3Q22	2Q22	1Q22	4Q21	3Q22	4Q21
Interest on cash and due from banks	\$ 16	\$ 13	\$ 6	\$ 5	\$ 19	\$ 3	\$ (3)
Interest on federal funds sold and resell agreements	312	321	261	197	286	(9)	26
Interest and dividends on investment securities	2,818	2,455	2,174	1,640	1,181	363	1,637
Interest and fees on LHFS	749	837	1,166	1,027	1,172	(88)	(423)
Interest and fees on LHFI excluding PPP loans	16,813	13,956	11,038	9,583	9,264	2,857	7,549
Interest and fees on PPP loans	35	107	433	621	1,054	(72)	(1,019)
Interest income	\$ 20,743	\$ 17,689	\$ 15,078	\$ 13,073	\$ 12,976	\$ 3,054	\$ 7,767

Interest expense was \$4.4 million during the fourth quarter of 2022 compared to \$2.5 million during the third quarter of 2022, and \$1.2 million during the fourth quarter of 2021. Compared to the third quarter of 2022, the increase in interest expense is due to a combination of an increase in average balance as well as a 54 basis points increase in costs of interest-bearing deposits. Compared to the same quarter last year, the increase in interest expense is due to an increase in average balance of interest-bearing deposits due to deposits growth, and the Company's revolving commercial line of credit, which was

added during the fourth quarter of 2021 to provide the ability to downstream additional capital to the Bank, as needed, coupled with an increase in Federal Home Loan Bank ("FHLB") advances. The Company has repriced certain interest-bearing deposits interest rates in light of the rising interest rate environment and has created some acquisition specials to attract new customers.

Net interest margin for the fourth quarter of 2022 was 3.90%, compared to 3.72% for the third quarter of 2022 and 3.03% for the fourth quarter of 2021. Compared to the third quarter of 2022, net interest margin increased by 18 basis points, which is related to increased total earning assets balances, primarily and LHFI, coupled with a rising interest rate environment. Compared to the same quarter last year, net interest margin increased by 87 basis points and is attributable to investment securities and LHFI growth as well as rising interest rates on floating rate instruments, offset with increases in deposit costs.

The cost of funds for the fourth quarter of 2022 was 110 basis points compared to 64 basis points during the third quarter of 2022, and 34 basis points during the fourth quarter of 2021. The cost of funds increase from the third quarter of 2022 is primarily due the current rising interest rate environment as deposits rates are adjusted to align with the current market prices to retain current customers and attract new customers. The cost of funds increase compared to the fourth quarter of 2021 is primarily driven by the growth of interest-bearing deposits as well as the current rising interest rate environment.

The cost of deposits was 91 basis points in the fourth quarter of 2022 compared to 52 and 26 basis points in the third and fourth quarters of 2022 and 2021, respectively. Compared to the third quarter of 2022, the increase is attributable to the current interest rate rising environment. Compared to the fourth quarter of 2021, the increase is attributable to the growth of interest-bearing deposits coupled with the current rising interest rate environment.

Provision for credit losses was \$719 thousand during the fourth quarter of 2022, compared to \$1.3 million and \$399 thousand during the third and fourth quarters of 2022 and 2021, respectively. Compared to the third quarter of 2022, the decrease is primarily related to an allowance provision release related to a purchased credit-impaired ("PCI") loan, coupled with a decrease in general reserve allowance provision requirements. Compared to the fourth quarter of 2021, the increase is primarily attributable to the growth of LHFI. Net charge-offs (recoveries) were (\$18) thousand during the fourth quarter of 2022, compared to \$248 thousand in the third quarter of 2022.

Noninterest income was \$1.2 million during the fourth quarter of 2022, compared to \$1.5 million and \$3.7 million during the third and fourth quarters of 2022 and 2021, respectively. Compared to the third quarter of 2022, the decrease is primarily in interchange and card fee income. Compared to the fourth quarter of 2021, the decrease in noninterest income of \$2.5 million was primarily driven by a \$1.6 million bargain purchase gain in the fourth quarter of 2022, coupled with a decrease in gain on sale of government guaranteed loans of \$468 thousand, and a decrease of mortgage banking related income of

\$403 thousand. As interest rates have risen, the market premium on government guaranteed loans has fallen. As a result, the Bank is holding more of its guaranteed loan balances in its portfolio, thus reducing gain on sale income in the future but increasing interest income. Additionally, as mortgage rates and housing prices have risen, demand for mortgage loans has slowed.

Noninterest expense was \$9.5 million during the fourth quarter of 2022, compared to \$8.6 million and \$12.0 million during the third and fourth quarters of 2022 and 2021, respectively. Compared to the third quarter of 2022, the increase of \$899 thousand is across multiple categories, including \$368 thousand of other noninterest expense, \$200 thousand of salaries and employee benefits, \$153 thousand of occupancy and equipment, and \$151 thousand of loss on other real estate owned ("OREO"). Compared to the fourth quarter of 2021, the decrease of \$2.4 million is primarily in salaries and employee benefits of \$933 thousand, and other professional fees of \$878 thousand, coupled with changes in various other categories.

Income tax expense was \$1.7 million in the fourth quarter of 2022, compared to \$1.5 million and \$360 thousand in the third and fourth quarters of 2022 and 2021, respectively. Compared to the third quarter of 2022, the increase is attributable to an increase in taxable income. Compared to the fourth quarter of 2021, the increase in income tax expense is primarily attributable to higher earnings due to growth, coupled with increased net interest income due to rising interest rates.

Balance Sheet

Total assets as of December 31, 2022 were \$1.835 billion, grew from \$1.723 billion at September 30, 2022, and \$1.612 billion at December 31, 2021. The increase of \$112.6 million as compared to the prior quarter was attributable to continued deployment of liquid funds into LHFI.

Cash and cash equivalents at December 31, 2022 was \$29.0 million, compared to \$32.2 million at September 30, 2022, and down from \$224.4 million at December 31, 2021. The decrease in cash and cash equivalents as compared to the prior quarter is primarily attributable to a decrease in federal funds sold and resell agreements as the Company continues to deploy liquidity into higher interest-earning assets in the LHFI.

Investment securities at December 31, 2022 were \$371.5 million, compared to \$372.4 million at September 30, 2022, and up from \$294.8 million at December 31, 2021. Compared to September 30, 2022, investment securities remained mostly flat. Compared to December 31, 2021, the increase in investment securities portfolio is due to securities purchases.

Total gross loans held for investment at December 31, 2022 were \$1.299 billion, compared to \$1.179 billion at September 30, 2022, and up from \$938.1 million at December 31, 2021. Loans held for

investment grew during the quarter as core LHFI increased by \$127.1 million, offset by forgiveness and paydowns of Paycheck Protection Program ("PPP") loans of \$657 thousand, and a decrease in acquired LHFI by \$6.6 million. Compared to December 31, 2021, core LHFI increased by \$437.0 million, offset by lower PPP balances due to forgiveness and paydowns of \$44.5 million and a decrease in acquired LHFI by \$32.0 million. Total loans held for sale at December 31, 2022 were \$44.5 million, compared to \$53.0 million at September 30, 2022 and a \$81.5 million at December 31, 2021. The decreased LHFS balances are due to changes in demand for mortgage loans in light of rising interest rates.

Allowance for loan losses ("ALL") at December 31, 2022 was \$12.4 million, compared to \$11.6 million at September 30, 2022, and \$8.1 million at December 31, 2021. The increase in the fourth quarter of 2022 compared to the third quarter of 2022 and fourth quarter of 2021, was primarily due to growth in the loan portfolio. Total ALL to total LHFI excluding PPP was 0.95% at December 31, 2022 as compared to 0.99% and 0.92% at September 30, 2022, and December 31, 2021, respectively. A discount on acquired loans is also recorded through accounting for business combinations, and was \$3.9 million at December 31, 2022.

Nonaccrual loans increased by \$3.2 million to approximately \$5.5 million at December 31, 2022 from \$2.3 million at September 30, 2022 due to the downgrade of one commercial real estate loan. Troubled debt restructures ("TDRs") were \$194 thousand compared to \$390 thousand at September 30, 2022 and decreased by \$200 thousand compared to December 31, 2021. Total nonperforming loans to gross LHFI outstanding was 0.64% at December 31, 2022, compared to 0.41% and 0.42% at September 30, 2022, and December 31, 2021, respectively.

Nonperforming assets to total assets increased by 14 basis points to 0.45% at December 31, 2022, compared to 0.31% at September 30, 2022, and increased by 16 basis points compared to 0.29% at December 31, 2021. There was no other real estate owned ("OREO") outstanding at the end of fourth quarter of 2022 compared to \$571 thousand in the third quarter of 2022. Compared to the fourth quarter of 2021, the decrease of \$640 thousand. The decreases in both periods are due to liquidation of OREO properties.

Total deposits at December 31, 2022 were \$1.549 billion, an increase from \$1.540 billion at September 30, 2022, and from \$1.424 billion at December 31, 2021. The increase in total deposits from September 30, 2022 is attributable to continued new customer acquisition across the franchise. Noninterest-bearing deposits accounted for 27.4% of total deposits, compared to 27.6% of total deposits at September 30, 2022, and 30.4% at December 31, 2021. As the Company wins new loan customers and targets new deposit relationships with competitive rates on interest bearing accounts, our bankers are focused on ensuring that we win the entire relationship, including operating accounts, so that we can preserve our attractive mix of deposits.

Subordinated debt, net of debt issuance costs, remained at approximately \$14.6 million at December 31, 2022, September 30, 2022, and December 31, 2021.

Federal Home Loan Bank ("FHLB") advances were \$108.0 million at December 31, 2022, compared to \$25.0 million and \$20.0 million at September 30, 2022 and December 31, 2021, respectively. The increase from September 30, 2022 is due to new advances during the fourth quarter of 2022.

Revolving commercial line of credit ("LOC") was \$18.0 million at December 31, 2022 compared to \$10.0 million at September 30, 2022 and December 31, 2021. The LOC was opened to provide the Company with the ability to downstream additional capital to the Bank and had total capacity of \$18.0 million as of December 31, 2022.

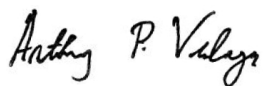
Accumulated other comprehensive (loss) income was (\$26.7) million at December 31, 2022, compared to (\$28.4) million and \$2.8 million at September 30, 2022 and December 31, 2021, respectively. This has been negatively affected by increased unrealized losses on the Company's available-for-sale ("AFS") securities attributed to the rising interest rate environment as discussed above.

Tangible book value per share at December 31, 2022 was \$12.64 compared to \$11.79 at September 30, 2022. Tangible book value increased due to current period earnings, a reversal of unrealized losses on AFS securities as discussed above, and changes in the fair value of derivatives. CSB is currently well capitalized with a leverage ratio of 8.97%, a common equity tier 1 capital ratio of 9.99%, and a total risk-based capital ratio of 10.77%.

Detailed Results

Supplementary unaudited financial statements are included for the fourth quarter of 2022 in the following pages. As always, I encourage you to contact me with any questions or comments.

Sincerely,



Anthony P. Valduga
CFO / COO

FORWARD-LOOKING STATEMENTS

Certain statements made in this report which are not statements of historical fact are forward-looking statements within the meaning of, and subject to the protections of, the federal securities laws. Forward looking statements include, among others, statements with respect to our beliefs, plans, objectives, goals, targets, expectations, anticipations, assumptions, estimates, intentions and future performance and involve known and unknown risks, many of which are beyond our control and which may our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements made in this report. You can identify forward-looking statements through our use of words such as “believes,” “anticipates,” “expects,” “may,” “will,” “assumes,” “should,” “predicts,” “could,” “should,” “would,” “intends,” “targets,” “estimates,” “projects,” “plans,” “potential” and other similar words and expressions. Forward-looking statements are based on our current beliefs and expectations and are subject to significant risks and uncertainties. Accordingly, we caution you not to place undue reliance on such statements. We undertake no obligation to update or revise any of our forward-looking statements for events or circumstances that arise after the statement is made, except as otherwise may be required by law.

Explanation of Certain Unaudited Non-GAAP Financial Measures

This presentation contains financial information determined by methods other than Generally Accepted Accounting Principles (“GAAP”). 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.

CoastalSouth Bancshares, Inc. and Subsidiary
Consolidated Balance Sheet - Unaudited
(dollars in thousands)

	4Q22		3Q22		2Q22		1Q22		4Q21		4Q22 change vs			
											3Q22	4Q21		
Assets														
Cash and due from banks	\$	19,325	\$	15,366	\$	17,690	\$	8,831	\$	15,348	\$	3,959	\$	3,977
Federal funds sold and resell agreements		9,639		16,867		68,009		160,650		209,011		(7,228)		(199,372)
Investment securities		371,517		372,383		373,706		368,766		294,754		(866)		76,763
Loans held for sale (LHFS)		44,500		53,049		69,533		63,685		81,453		(8,549)		(36,953)
Loans held for investment (LHFI)		1,298,603		1,178,730		1,101,934		989,232		938,116		119,873		360,487
Allowance for loan losses		(12,362)		(11,625)		(10,599)		(8,946)		(8,148)		(737)		(4,214)
Loans held for investment, net		1,286,241		1,167,105		1,091,335		980,286		929,968		119,136		356,273
Bank-owned life insurance		29,772		29,587		29,402		29,213		29,039		185		733
Premises, furniture and equipment, net		18,690		18,056		17,517		17,514		17,650		634		1,040
Deferred tax asset		21,800		21,223		19,355		17,012		14,498		577		7,302
Goodwill & intangible assets ⁽¹⁾		6,867		7,173		7,389		7,455		7,564		(306)		(697)
Other real estate owned		-		571		573		573		640		(571)		(640)
Other assets		27,127		21,535		18,674		15,637		11,732		5,592		15,395
Total assets	\$	1,835,478	\$	1,722,915	\$	1,713,183	\$	1,669,622	\$	1,611,657	\$	112,563	\$	223,821
Liabilities and stockholders' equity														
Liabilities														
Deposits														
Noninterest bearing DDA	\$	424,490	\$	424,848	\$	435,145	\$	417,306	\$	432,631	\$	(358)	\$	(8,141)
Interest bearing DDA		163,123		181,302		181,818		217,308		178,614		(18,179)		(15,491)
Savings and money market		576,615		653,631		657,726		678,217		629,974		(77,016)		(53,359)
Certificates of deposit		384,418		280,362		232,119		176,432		182,898		104,056		201,520
Total deposits		1,548,646		1,540,143		1,506,808		1,489,263		1,424,117		8,503		124,529
Federal Home Loan Bank advances		108,044		25,000		50,000		20,000		20,000		83,044		88,044
Subordinated debt, net		14,634		14,622		14,610		14,599		14,587		12		47
Revolving commercial line of credit		18,000		10,000		10,000		10,000		10,000		8,000		8,000
SBA contingency reserve		2,626		2,852		3,029		4,229		5,323		(226)		(2,697)
Other liabilities		24,731		19,832		18,709		15,876		12,696		4,899		12,035
Total liabilities		1,716,681		1,612,449		1,603,156		1,553,967		1,486,723		104,232		229,958
Stockholders' equity														
Voting common stock		6,894		6,828		6,619		6,615		6,614		66		280
Nonvoting common stock		2,065		2,065		1,991		1,991		1,991		-		74
Capital surplus		136,599		135,592		132,263		132,017		131,792		1,007		4,807
Accumulated deficit		(86)		(5,590)		(10,850)		(14,531)		(18,276)		5,504		18,190
Accumulated other comprehensive (loss) income		(26,675)		(28,429)		(19,996)		(10,437)		2,813		1,754		(29,488)
Total stockholders' equity		118,797		110,466		110,027		115,655		124,934		8,331		(6,137)
Total liabilities and stockholders' equity	\$	1,835,478	\$	1,722,915	\$	1,713,183	\$	1,669,622	\$	1,611,657	\$	112,563	\$	223,821
Capital ratios ⁽²⁾														
Leverage ratio		8.97%		8.50%		8.46%		8.43%		8.25%		0.47%		0.72%
CET1 risk-based capital ratio		9.99		9.80		9.95		10.81		10.94		0.19		-0.95
Tier 1 risk-based capital ratio		9.99		9.80		9.95		10.81		10.94		0.19		-0.95
Total risk-based capital ratio		10.77		10.58		10.70		11.52		11.63		0.19		-0.86

⁽¹⁾ Includes commercial mortgage servicing assets of \$1,302, \$1,546, \$1,698, \$1,697, and \$1,736 for 4Q22, 3Q22, 2Q22, 1Q22, and 4Q21, respectively.

⁽²⁾ Ratios are for Coastal States Bank, a wholly-owned subsidiary of CoastalSouth Bancshares, Inc.

CoastalSouth Bancshares, Inc. and Subsidiary
Consolidated Statements of Operations - Quarterly - Unaudited
(dollars in thousands)

						4Q22 change vs	
	4Q22	3Q22	2Q22	1Q22	4Q21	3Q22	4Q21
Interest income							
Interest on cash and due from banks	\$ 16	\$ 13	\$ 6	\$ 5	\$ 19	\$ 3	\$ (3)
Interest on federal funds sold and resell agreements	312	321	261	197	286	(9)	26
Interest and dividends on investment securities	2,818	2,455	2,174	1,640	1,181	363	1,637
Interest and fees on LHFS	749	837	1,166	1,027	1,172	(88)	(423)
Interest and fees on LHFI	16,848	14,063	11,471	10,204	10,318	2,785	6,530
Total interest income	<u>20,743</u>	<u>17,689</u>	<u>15,078</u>	<u>13,073</u>	<u>12,976</u>	<u>3,054</u>	<u>7,767</u>
Interest expense							
Deposits	3,476	1,975	1,037	893	946	1,501	2,530
Other borrowings	972	533	380	356	291	439	681
Total interest expense	<u>4,448</u>	<u>2,508</u>	<u>1,417</u>	<u>1,249</u>	<u>1,237</u>	<u>1,940</u>	<u>3,211</u>
Net interest income	16,295	15,181	13,661	11,824	11,739	1,114	4,556
Provision for credit losses	719	1,274	1,667	1,418	399	(555)	320
Net interest income after provision for credit losses	<u>15,576</u>	<u>13,907</u>	<u>11,994</u>	<u>10,406</u>	<u>11,340</u>	<u>1,669</u>	<u>4,236</u>
Noninterest income							
Mortgage banking related income	306	317	454	577	709	(11)	(403)
Interchange and card fee income	251	545	293	288	248	(294)	3
Service charges on deposit accounts	227	197	178	181	209	30	18
Bank-owned life insurance	184	185	190	174	121	(1)	63
Gain on sale of government guaranteed loans	97	-	837	943	565	97	(468)
Bargain purchase gain	-	-	-	-	1,649	-	(1,649)
Other noninterest income	99	233	198	236	202	(134)	(103)
Total noninterest income	<u>1,164</u>	<u>1,477</u>	<u>2,150</u>	<u>2,399</u>	<u>3,703</u>	<u>(313)</u>	<u>(2,539)</u>
Noninterest expense							
Salaries and employee benefits	5,965	5,765	5,911	5,749	6,898	200	(933)
Occupancy and equipment	789	636	611	638	747	153	42
Data processing	525	575	482	515	592	(50)	(67)
Other professional fees	551	486	777	404	1,429	65	(878)
Software and other technology expense	513	475	418	499	686	38	(173)
Regulatory assessment	282	308	298	269	331	(26)	(49)
Loss (gain) on other real estate owned, net	103	(48)	(213)	(230)	325	151	(222)
Other noninterest expense	808	440	888	52	952	368	(144)
Total noninterest expense	<u>9,536</u>	<u>8,637</u>	<u>9,172</u>	<u>7,896</u>	<u>11,960</u>	<u>899</u>	<u>(2,424)</u>
Net income before taxes	7,204	6,747	4,972	4,909	3,083	457	4,121
Income tax expense	1,700	1,487	1,291	1,164	360	213	1,340
Net income	<u>\$ 5,504</u>	<u>\$ 5,260</u>	<u>\$ 3,681</u>	<u>\$ 3,745</u>	<u>\$ 2,723</u>	<u>\$ 244</u>	<u>\$ 2,781</u>
Earnings per share - basic	\$ 0.62	\$ 0.61	\$ 0.42	\$ 0.44	\$ 0.31	\$ 0.01	\$ 0.31
Earnings per share - diluted	\$ 0.61	\$ 0.60	\$ 0.42	\$ 0.42	\$ 0.31	\$ 0.01	\$ 0.30
Tangible book value	\$ 113,232	\$ 104,839	\$ 104,336	\$ 109,897	\$ 119,106	\$ 8,393	\$ (5,874)
Tangible book value per share	\$ 12.64	\$ 11.79	\$ 12.12	\$ 12.77	\$ 13.84	\$ 0.85	\$ (1.20)
Shares outstanding	8,959,374	8,893,237	8,609,385	8,605,985	8,604,735	66,137	354,639
Weighted average shares - basic	8,925,490	8,689,740	8,606,546	8,604,860	8,588,600	235,750	336,890
Weighted average shares - diluted	9,039,796	8,839,031	8,838,348	8,889,431	8,826,000	200,765	213,796



CoastalSouth Bancshares, Inc. and Subsidiary
Consolidated Statements of Operations - Year to Date - Unaudited
(dollars in thousands)

	Twelve Months Ended December 31,		Change
	2022	2021	
Interest income			
Interest on cash and due from banks	\$ 40	\$ 24	\$ 16
Interest on federal funds sold and resell agreements	1,091	1,141	(50)
Interest and dividends on investment securities	9,087	3,596	5,491
Interest and fees on LHFS	3,779	5,524	(1,745)
Interest and fees on LHFI	52,586	35,714	16,872
Total interest income	<u>66,583</u>	<u>45,999</u>	<u>20,584</u>
Interest expense			
Deposits	7,381	3,567	3,814
Other borrowings	2,241	1,187	1,054
Total interest expense	<u>9,622</u>	<u>4,754</u>	<u>4,868</u>
Net interest income	56,961	41,245	15,716
Provision for credit losses	5,078	1,326	3,752
Net interest income after provision for credit losses	<u>51,883</u>	<u>39,919</u>	<u>11,964</u>
Noninterest income			
Gain on sale of government guaranteed loans	1,877	2,920	(1,043)
Mortgage banking related income	1,654	3,015	(1,361)
Interchange and card fee income	1,377	1,002	375
Service charges on deposit accounts	783	643	140
Bank-owned life insurance	733	931	(198)
Bargain purchase gain	-	1,649	(1,649)
Other noninterest income	766	1,036	(270)
Total noninterest income	<u>7,190</u>	<u>11,196</u>	<u>(4,006)</u>
Noninterest expense			
Salaries and employee benefits	23,390	22,236	1,154
Occupancy and equipment	2,674	2,312	362
Other professional fees	2,218	2,939	(721)
Data processing	2,097	1,631	466
Software and other technology expense	1,905	2,085	(180)
Regulatory assessment	1,157	1,012	145
(Gain) loss on other real estate owned, net	(388)	382	(770)
Other noninterest expense	2,188	3,052	(864)
Total noninterest expense	<u>35,241</u>	<u>35,649</u>	<u>(408)</u>
Net income before taxes	23,832	15,466	8,366
Income tax expense	5,642	3,144	2,498
Net income	<u>\$ 18,190</u>	<u>\$ 12,322</u>	<u>\$ 5,868</u>
Earnings per share - basic	\$ 2.09	\$ 1.51	\$ 0.58
Earnings per share - diluted	\$ 2.05	\$ 1.48	\$ 0.57
Shares outstanding	8,959,374	8,604,735	354,639
Weighted average shares - basic	8,707,535	8,144,215	563,320
Weighted average shares - diluted	8,853,544	8,323,712	529,832

CoastalSouth Bancshares, Inc. and Subsidiary
Condensed Consolidated Average Balances and Yield Analysis
(dollars in thousands)

	Quarterly trend					4Q22 change vs	
	4Q22	3Q22	2Q22	1Q22	4Q21	3Q22	4Q21
Average balances							
Cash and cash equivalents	\$ 14,164	\$ 15,425	\$ 14,058	\$ 18,124	\$ 48,922	\$ (1,261)	\$ (34,758)
Federal funds sold and resell agreements	25,966	53,823	101,974	166,228	240,282	(27,857)	(214,316)
Investment securities	371,670	382,784	381,681	348,815	258,622	(11,114)	113,048
Loans held for sale	31,977	41,585	63,342	62,817	80,700	(9,608)	(48,723)
Loans held for investment	1,230,266	1,143,023	1,025,822	953,467	909,314	87,243	320,952
Total earning assets	1,674,043	1,636,640	1,586,877	1,549,451	1,537,840	37,403	136,203
Total nonearning assets	88,739	80,915	79,895	75,060	62,303	7,824	26,436
Total assets	<u>\$ 1,762,782</u>	<u>\$ 1,717,555</u>	<u>\$ 1,666,772</u>	<u>\$ 1,624,511</u>	<u>\$ 1,600,143</u>	<u>\$ 45,227</u>	<u>\$ 162,639</u>
Interest-bearing deposits	\$ 1,093,428	\$ 1,092,985	\$ 1,062,591	\$ 1,020,031	\$ 994,414	\$ 443	\$ 99,014
Other borrowings	96,312	55,377	42,625	44,592	36,626	40,935	59,686
Total interest bearing liabilities	1,189,740	1,148,362	1,105,216	1,064,623	1,031,040	41,378	158,700
Noninterest-bearing deposits	432,809	432,798	426,199	417,430	429,186	11	3,623
Other liabilities	25,718	21,025	19,816	18,244	16,387	4,693	9,331
Stockholders' equity	114,515	115,370	115,541	124,214	123,530	(855)	(9,015)
Total liabilities and stockholders' equity	<u>\$ 1,762,782</u>	<u>\$ 1,717,555</u>	<u>\$ 1,666,772</u>	<u>\$ 1,624,511</u>	<u>\$ 1,600,143</u>	<u>\$ 45,227</u>	<u>\$ 162,639</u>
Interest margins							
Cash and due from banks	0.45%	0.34%	0.17%	0.11%	0.15%	0.11%	0.30%
Federal funds sold and resell agreements	4.82%	2.39%	1.03%	0.48%	0.47%	2.43%	4.35%
Investment securities	3.04%	2.57%	2.28%	1.91%	1.81%	0.47%	1.23%
LHFS	9.39%	8.07%	7.38%	6.63%	5.76%	1.32%	3.63%
LHFI	5.49%	4.93%	4.49%	4.34%	4.50%	0.56%	0.99%
Total earning assets	<u>4.97%</u>	<u>4.34%</u>	<u>3.81%</u>	<u>3.42%</u>	<u>3.35%</u>	<u>0.63%</u>	<u>1.62%</u>
Interest-bearing deposits	1.28%	0.72%	0.39%	0.36%	0.38%	0.56%	0.90%
Other borrowings	4.05%	3.86%	3.58%	3.24%	3.15%	0.19%	0.90%
Total interest-bearing liabilities	<u>1.50%</u>	<u>0.88%</u>	<u>0.51%</u>	<u>0.48%</u>	<u>0.48%</u>	<u>0.62%</u>	<u>1.02%</u>
Cost of total deposits ⁽¹⁾	0.91%	0.52%	0.28%	0.25%	0.26%	0.39%	0.65%
Cost of total funding ⁽¹⁾	1.10%	0.64%	0.37%	0.34%	0.34%	0.46%	0.76%
Net interest spread	3.47%	3.46%	3.30%	2.94%	2.87%	0.01%	0.60%
Net interest margin	3.90%	3.72%	3.45%	3.09%	3.03%	0.18%	0.87%
Yield on total loans	5.59%	5.05%	4.65%	4.48%	4.60%	0.54%	0.99%
Yield on loans excluding PPP ⁽²⁾	5.54%	4.98%	4.58%	4.40%	4.43%	0.56%	1.11%
Yield on LHFI excluding PPP ⁽²⁾	5.44%	4.87%	4.40%	4.24%	4.30%	0.57%	1.14%
Net interest margin excluding PPP ⁽²⁾	3.86%	3.67%	3.39%	3.00%	2.86%	0.20%	1.00%
Efficiency ratio	54.62%	51.85%	58.01%	55.52%	77.45%	2.77%	-22.83%

⁽¹⁾ Includes noninterest-bearing deposits.

⁽²⁾ Non-GAAP measure, see "GAAP to Non-GAAP Reconciliation" schedule.

CoastalSouth Bancshares, Inc. and Subsidiary
Consolidated Average Balances, Interest Income and Expenses, and Yield Analysis (QTD)
(dollars in thousands)

	4Q22			3Q22			4Q21		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets									
Earning assets:									
Cash and due from banks	\$ 14,164	\$ 16	0.45%	\$ 15,425	\$ 13	0.33%	\$ 48,922	\$ 19	0.15%
Federal funds sold and resell agreements	25,966	312	4.77%	53,823	321	2.37%	240,282	286	0.47%
Investment securities	371,670	2,818	3.01%	382,784	2,455	2.54%	258,622	1,181	1.81%
Loans held for sale	31,977	749	9.29%	41,585	837	7.99%	80,700	1,172	5.76%
Loans held for investment	1,230,266	16,848	5.43%	1,143,023	14,063	4.88%	909,314	10,318	4.50%
Total earning assets	1,674,043	20,743	4.92%	1,636,640	17,689	4.29%	1,537,840	12,976	3.35%
Allowance for loan losses	(12,067)			(10,845)			(7,820)		
Bank-owned life insurance	29,668			29,467			19,937		
Premises, furniture and equipment, net	18,504			17,877			17,781		
Deferred tax asset	21,256			19,011			13,632		
Goodwill & intangible assets	7,090			7,313			6,567		
Other real estate owned	391			572			738		
Other assets	23,897			17,520			11,468		
Total assets	<u>\$ 1,762,782</u>			<u>\$ 1,717,555</u>			<u>\$ 1,600,143</u>		
Interest-bearing deposits	1,093,428	3,476	1.26%	1,092,985	1,975	0.72%	994,414	946	0.38%
Federal Reserve Bank advances	-	-	0.00%	-	-	0.00%	-	-	0.00%
Federal Home Loan Bank advances	71,249	552	3.07%	30,762	158	2.04%	20,000	38	0.75%
Revolving commercial line of credit	10,435	185	7.03%	10,000	140	5.55%	2,046	18	3.49%
Subordinated debt, net	14,628	235	6.37%	14,615	235	6.38%	14,580	235	6.39%
Total interest-bearing liabilities	1,189,740	4,448	1.48%	1,148,362	2,508	0.87%	1,031,040	1,237	0.48%
Noninterest-bearing deposits	432,809			432,798			429,186		
Other liabilities	25,718			21,025			16,387		
Stockholders' equity	114,515			115,370			123,530		
Total liabilities and stockholders' equity	<u>\$ 1,762,782</u>			<u>\$ 1,717,555</u>			<u>\$ 1,600,143</u>		

CoastalSouth Bancshares, Inc. and Subsidiary
Consolidated Average Balances, Interest Income and Expenses, and Yield Analysis (YTD)
(dollars in thousands)

	Twelve Months Ended December 31, 2022			Twelve Months Ended December 31, 2021		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Earning assets:						
Cash and due from banks	\$ 15,432	\$ 40	0.26%	\$ 18,551	\$ 24	0.13%
Federal funds sold and resell agreements	86,522	1,091	1.26%	174,391	1,141	0.65%
Investment securities	371,332	9,088	2.45%	176,010	3,596	2.04%
Loans held for sale	49,823	3,779	7.58%	99,778	5,524	5.54%
Loans held for investment	1,089,053	52,586	4.83%	790,210	35,714	4.52%
Total earning assets	1,612,162	66,584	4.13%	1,258,940	45,999	3.65%
Allowance for loan losses	(10,055)			(7,286)		
Bank-owned life insurance	29,379			19,212		
Premises, furniture and equipment, net	17,889			17,276		
Deferred tax asset	18,337			10,989		
Goodwill & intangible assets	7,340			6,372		
Other real estate owned	540			767		
Other assets	17,759			9,490		
Total assets	<u>\$ 1,693,351</u>			<u>\$ 1,315,760</u>		
Interest-bearing deposits	1,067,530	7,381	0.69%	809,167	3,567	0.44%
Federal Reserve Bank advances	-	-	0.00%	19,862	70	0.35%
Federal Home Loan Bank advances	35,137	788	2.24%	20,822	154	0.74%
Revolving commercial line of credit	10,110	513	5.07%	516	18	3.49%
Subordinated debt, net	14,610	940	6.43%	14,562	945	6.49%
Total interest-bearing liabilities	1,127,387	9,622	0.85%	864,929	4,754	0.55%
Noninterest bearing deposits	427,366			329,272		
Other liabilities	21,220			9,348		
Stockholders' equity	117,378			112,211		
Total liabilities and stockholders' equity	<u>\$ 1,693,351</u>			<u>\$ 1,315,760</u>		
Interest margins						
Cost of total deposits ⁽¹⁾		0.49%			0.31%	
Cost of total funding ⁽¹⁾		0.62%			0.40%	
Net interest spread		3.28%			3.10%	
Net interest margin		3.53%			3.28%	
Efficiency ratio		54.93%			67.98%	

⁽¹⁾ includes noninterest-bearing deposits.

CoastalSouth Bancshares, Inc. and Subsidiary
Loans and Credit Quality Analysis
(dollars in thousands)

	4Q22		3Q22		2Q22		1Q22		4Q21		4Q22 change vs			
											3Q22	4Q21		
Loans held for investment ("LHFI")														
Commercial loans														
Construction and land	\$	109,416	\$	96,938	\$	96,331	\$	82,185	\$	76,547	\$	12,478	\$	32,869
Commercial real estate		562,985		510,040		490,572		437,453		404,797		52,945		158,188
Commercial and industrial		227,809		209,172		197,535		183,262		167,360		18,637		60,449
Paycheck Protection Program		3,135		3,792		7,974		25,958		47,655		(657)		(44,520)
Consumer loans														
Residential real estate		121,310		119,304		115,775		105,739		101,198		2,006		20,112
Other consumer		250,590		212,739		162,343		121,352		104,664		37,851		145,926
Purchased Credit Impaired (PCI) loans		23,358		26,745		31,404		33,283		35,895		(3,387)		(12,537)
Total loans held for investment	\$	1,298,603	\$	1,178,730	\$	1,101,934	\$	989,232	\$	938,116	\$	119,873	\$	360,487
Core LHFI		1,200,315		1,073,204		984,195		846,689		763,357		127,111		436,958
Acquired LHFI ⁽¹⁾		95,153		101,734		109,765		116,585		127,104		(6,581)		(31,951)
Paycheck Protection Program		3,135		3,792		7,974		25,958		47,655		(657)		(44,520)
Total loans held for investment	\$	1,298,603	\$	1,178,730	\$	1,101,934	\$	989,232	\$	938,116	\$	119,873	\$	360,487
Total loans held for sale		44,500		53,049		69,533		63,685		81,453		(8,549)		(36,953)
Total allowance for loan losses		12,362		11,625		10,599		8,946		8,148		737		4,214
Nonperforming assets														
Nonaccrual loans		5,495		2,274		3,843		1,992		2,184		3,221		3,311
Past due loans 90 days and still accruing		2,584		2,157		34		1,229		1,389		427		1,195
Troubled debt restructurings		194		390		391		393		394		(196)		(200)
Total nonperforming loans		8,273		4,821		4,268		3,614		3,967		3,452		4,306
Other real estate owned		-		571		573		573		640		(571)		(640)
Total nonperforming assets	\$	8,273	\$	5,392	\$	4,841	\$	4,187	\$	4,607	\$	2,454	\$	2,471
Credit Analysis														
QTD net charge-offs (recoveries)	\$	(18)	\$	248	\$	14	\$	620	\$	(34)	\$	(266)	\$	16
Net charge-offs (recoveries) to total LHFI		-0.01%		0.08%		0.01%		0.25%		-0.01%		-0.09%		0.01%
Total allowance for loan losses to total LHFI		0.95%		0.99%		0.96%		0.90%		0.87%		-0.03%		0.08%
Total allowance for loan losses to total LHFI, excluding PPP loans ⁽²⁾		0.95%		0.99%		0.97%		0.93%		0.92%		-0.04%		0.04%
Nonperforming loans to gross LHFI		0.64%		0.41%		0.39%		0.37%		0.42%		0.23%		0.21%
Nonperforming assets to total assets		0.45%		0.31%		0.28%		0.25%		0.29%		0.14%		0.16%

⁽¹⁾ Includes loans acquired through business combinations.

⁽²⁾ Non-GAAP measure, see "GAAP to Non-GAAP Reconciliation" schedule.

CoastalSouth Bancshares, Inc. and Subsidiary
GAAP to Non-GAAP Reconciliation - Unaudited
(dollars in thousands)

	Quarterly Trends				
	4Q22	3Q22	2Q22	1Q22	4Q21
Net Income	\$ 5,504	\$ 5,260	\$ 3,681	\$ 3,745	\$ 2,723
Total noninterest income	1,164	1,477	2,150	2,399	3,703
Adjustments to noninterest income *	-	-	-	-	(1,649)
Total noninterest expense	9,536	8,637	9,172	7,896	11,960
Adjustments to noninterest expense **	-	-	16	123	1,744
Income Taxes	1,700	1,487	1,291	1,164	360
Tax effect of adjustments	-	-	(4)	(30)	(23)
Adjusted net income	\$ 5,504	\$ 5,260	\$ 3,693	\$ 3,838	\$ 2,795
Net Income	5,504	5,260	3,681	3,745	2,723
Provision for allowance for loan losses	719	1,274	1,667	1,418	399
Provision for income taxes	1,700	1,487	1,291	1,164	360
Pre-tax pre-provision net revenue (PPNR)	\$ 7,923	\$ 8,021	\$ 6,639	\$ 6,327	\$ 3,482
Adjustments to noninterest income *	-	-	-	-	(1,649)
Adjustments to noninterest expense **	-	-	16	123	1,744
Adjusted Pre-Tax Pre-Provision Income	\$ 7,923	\$ 8,021	\$ 6,655	\$ 6,450	\$ 3,577
Return on average tangible assets (ROTA)	1.24%	1.22%	0.89%	0.94%	0.68%
Adjustments to net income	0.00%	0.00%	0.00%	0.02%	0.02%
Adjusted ROTA	1.24%	1.22%	0.89%	0.96%	0.70%
Return on Tangible Common Equity (ROTCE)	20.05%	19.02%	13.44%	12.83%	9.10%
Adjustments to net income	0.00%	0.00%	0.05%	0.32%	0.24%
Adjusted ROTCE	20.05%	19.02%	13.49%	13.14%	9.34%
Diluted EPS	\$ 0.61	\$ 0.60	\$ 0.42	\$ 0.42	\$ 0.31
Adjustments to net income	-	-	-	0.01	0.01
Adjusted diluted EPS	\$ 0.61	\$ 0.60	\$ 0.42	\$ 0.43	\$ 0.32
Efficiency ratio	54.62%	51.85%	58.01%	55.52%	77.45%
Adjustments to net income	0.00%	0.00%	-0.10%	-0.87%	-3.38%
Adjusted efficiency ratio	54.62%	51.85%	57.91%	54.65%	74.07%
Interest and fees on LHFS	\$ 749	\$ 837	\$ 1,166	\$ 1,027	\$ 1,172
Interest and fees on LHFI	16,848	14,063	11,471	10,204	10,318
Interest and fees on PPP loans	(35)	(107)	(433)	(621)	(1,054)
Loan interest income excluding PPP loans	\$ 17,562	\$ 14,793	\$ 12,204	\$ 10,610	\$ 10,436
Interest and fees on LHFI	16,848	14,063	11,471	10,204	10,318
Interest and fees on PPP loans	(35)	(107)	(433)	(621)	(1,054)
LHFI interest income excluding PPP loans	\$ 16,813	\$ 13,956	\$ 11,038	\$ 9,583	\$ 9,264
Net interest income	16,295	15,181	13,661	11,824	11,739
Interest and fees on PPP loans	(35)	(107)	(433)	(621)	(1,054)
Net interest income excluding PPP loans	\$ 16,260	\$ 15,074	\$ 13,228	\$ 11,203	\$ 10,685
Total earning assets	1,674,043	1,636,640	1,586,877	1,549,451	1,537,840
Average PPP loans	(3,677)	(5,376)	(20,146)	(37,288)	(55,194)
Adjusted earning assets	\$ 1,670,366	\$ 1,631,264	\$ 1,566,731	\$ 1,512,163	\$ 1,482,646
Average loans (LHFI + LHFS)	1,262,243	1,184,608	1,089,164	1,016,284	990,014
Average PPP Loans	(3,677)	(5,376)	(20,146)	(37,288)	(55,194)
Average loans excluding PPP	\$ 1,258,566	\$ 1,179,232	\$ 1,069,018	\$ 978,996	\$ 934,820
Average LHFI	1,230,266	1,143,023	1,025,822	953,467	909,314
Average PPP Loans	(3,677)	(5,376)	(20,146)	(37,288)	(55,194)
Average LHFI excluding PPP	\$ 1,226,589	\$ 1,137,647	\$ 1,005,676	\$ 916,179	\$ 854,120

(*) Consists of bargain purchase gain as a result of Cornerstone Bancshares, Inc. acquisition.

(**) Consists of merger and acquisition and due diligence costs.

CoastalSouth Bancshares, Inc. and Subsidiary
GAAP to Non-GAAP Reconciliation - Unaudited - Cont.
(dollars in thousands)

	Quarterly Trends				
	4Q22	3Q22	2Q22	1Q22	4Q21
Yield on total loans	5.59%	5.05%	4.65%	4.48%	4.60%
Impact of PPP loans	-0.05%	-0.07%	-0.07%	-0.08%	-0.17%
Yield on total loans excluding PPP loans	5.54%	4.98%	4.58%	4.40%	4.43%
Yield on LHFI	5.49%	4.93%	4.49%	4.34%	4.50%
Impact of PPP loans	-0.05%	-0.06%	-0.09%	-0.10%	-0.20%
Yield on LHFI excluding PPP loans	5.44%	4.87%	4.40%	4.24%	4.30%
Net interest margin	3.90%	3.72%	3.45%	3.09%	3.03%
Impact of PPP loans	-0.04%	-0.05%	-0.06%	-0.09%	-0.17%
Net interest margin excluding PPP loans	3.86%	3.67%	3.39%	3.00%	2.86%
Average assets	\$ 1,762,782	\$ 1,717,555	\$ 1,666,772	\$ 1,624,511	\$ 1,600,143
Average goodwill & intangible assets	(7,090)	(7,313)	(7,400)	(7,562)	(6,567)
Average commercial mortgage servicing rights	1,494	1,654	1,676	1,768	1,728
Average tangible assets	\$ 1,757,186	\$ 1,711,896	\$ 1,661,048	\$ 1,618,717	\$ 1,595,304
Average stockholders' equity	\$ 114,515	\$ 115,370	\$ 115,541	\$ 124,214	\$ 123,530
Average goodwill & intangible assets	(7,090)	(7,313)	(7,400)	(7,562)	(6,567)
Average commercial mortgage servicing rights	1,494	1,654	1,676	1,768	1,728
Average tangible common equity	\$ 108,919	\$ 109,711	\$ 109,817	\$ 118,420	\$ 118,691
Total assets	\$ 1,835,478	\$ 1,722,915	\$ 1,713,183	\$ 1,669,622	\$ 1,611,657
Goodwill & intangible assets	(6,867)	(7,173)	(7,389)	(7,455)	(7,564)
Commercial mortgage servicing rights	1,302	1,546	1,698	1,697	1,736
Tangible assets	\$ 1,829,913	\$ 1,717,288	\$ 1,707,492	\$ 1,663,864	\$ 1,605,829
Stockholders' equity	\$ 118,797	\$ 110,466	\$ 110,027	\$ 115,655	\$ 124,934
Goodwill & intangible assets	(6,867)	(7,173)	(7,389)	(7,455)	(7,564)
Commercial mortgage servicing rights	1,302	1,546	1,698	1,697	1,736
Tangible common equity	\$ 113,232	\$ 104,839	\$ 104,336	\$ 109,897	\$ 119,106