



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 27, 2023**

Dear Fellow Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders (the “Annual Meeting”) of CoastalSouth Bancshares, Inc. (the “Company”), which will be held at 8:00 a.m. Eastern Time on April 27, 2023 at the Sea Pines Community Center, Suite 120, located at 71 Lighthouse Road, Hilton Head Island, South Carolina 29928, for the following purposes:

- (1) To elect eleven directors, each to serve for a one-year term ending at the Annual Meeting of Shareholders in 2024;
- (2) To approve the reincorporation of the Company from the Commonwealth of Virginia to the State of Georgia; and
- (3) To transact any other business that may properly come before the Annual Meeting or any adjournments thereof.

The enclosed Proxy Statement describes in more detail the matters which are to be considered at the Annual Meeting. We urge you to read these materials carefully. Any action may be taken on the foregoing proposal at the Annual Meeting on the date specified or on any date or dates to which, by original or later adjournments, the Annual Meeting may be adjourned.

The Board of Directors set the close of business on March 8, 2023 as the record date for determining the shareholders who are entitled to notice of and/or entitled to vote at the Annual Meeting.

The Board of Directors supports the proposal set forth in Items (1) and (2) above and urges you to vote **FOR** this proposal.

We hope that you will be able to attend the meeting. **Whether or not you plan to attend, please complete your proxy so that your shares will be represented at the Annual Meeting.** We encourage you to vote by internet or telephone by following the instructions which are provided on the enclosed Proxy Card. You may also vote by completing the enclosed proxy card and promptly returning it in the postage paid return envelope. You may revoke your proxy at any time before the proxy is exercised.

In an effort to streamline cost and enhance efficiency related to the Annual Meeting, rather than printing and mailing the 2022 Annual Financial Statements, they will be available electronically at the following web address: www.coastalstatesbank.com/investor-relations.

By Order of the Board of Directors,

A handwritten signature in black ink, appearing to read "James S. MacLeod", is written over a white background.

James S. MacLeod
Chairman

March 23, 2023

COASTALSOUTH BANCSHARES, INC.
5 Bow Circle
Hilton Head Island, South Carolina 29928
(843) 341-9900

PROXY STATEMENT FOR ANNUAL MEETING

INTRODUCTION

General

The Board of Directors is sending this Proxy Statement (this “Proxy Statement”) to our shareholders to solicit proxies from holders of our voting common stock, \$1.00 par value per share (our “Voting Common Stock”), for use at the Annual Meeting of the Shareholders (the “Annual Meeting”). Unless otherwise clearly specified, all references in this Proxy Statement to “CoastalSouth,” “we,” “us,” “our,” and the “Company” refer to CoastalSouth Bancshares, Inc.

Time and Place of Meeting

The Annual Meeting will be held on Thursday, April 27, 2023 at 8:00 a.m. Eastern Time at the Sea Pines Community Center, Suite 120, located at 71 Lighthouse Road, Hilton Head Island, South Carolina 29928.

Record Date and Mailing Date

The close of business on March 8, 2023 is the record date (the “Record Date”) for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. Only the holders of our outstanding Voting Common Stock as of the close of business on the Record Date will be entitled to notice of and to vote at the Annual Meeting. This Proxy Statement and the accompanying proxy card are being mailed to such shareholders on or around March 23, 2023.

Number of Shares Outstanding

As of the close of business on the Record Date, CoastalSouth had 50,000,000 shares of common stock authorized, of which 6,898,595 shares of Voting Common Stock were outstanding, held by 596 holders of record.

Summary of Proposals

The proposal to be considered at the meeting is summarized as follows:

Proposal One. To elect eleven directors each to serve a one-year term ending at the Annual Meeting of Shareholders in 2023 (the “Director Election Proposal”).

Proposal Two. To approve the reincorporation of the Company from the Commonwealth of Virginia to the State of Georgia (the “Reincorporation Proposal”).

VOTING AT THE ANNUAL MEETING

Requirements for Shareholder Approval

To hold a vote on any proposal, other than to adjourn the Annual Meeting for the lack of a quorum, a quorum must be present with respect to the proposal. A quorum will be present at the Annual Meeting if a majority of the outstanding shares of Voting Common Stock entitled to vote at the Annual Meeting is represented in person or by valid proxy. We will count abstentions and broker non-votes, which are described below, as present in determining whether a quorum exists.

Vote Required. The holders of shares of CoastalSouth's Voting Common Stock are entitled to one vote per share on all matters presented at the Annual Meeting for action by shareholders. With respect to the Director Election Proposal, for a director nominee to be elected, each director nominee must receive more affirmative votes for his seat on the Board of Directors than any other nominee for such seat. The Board of Directors is not aware of any competing nominees.

Abstentions. A shareholder who is present in person or by proxy at the Annual Meeting and who abstains from voting on any or all proposals will be included in the number of shareholders present at the Annual Meeting for purposes of determining the presence of a quorum. Abstentions do not count as votes for or against a given matter. An abstention will have no effect on the Director Election Proposal.

Broker Non-Votes. Brokers who hold shares for the accounts of their clients may vote those shares either as directed by their clients or in their own discretion if permitted by the exchange or other organization of which they are members. Proxies that contain a broker vote on one or more proposals but not on others are referred to as "broker non-votes" with respect to the proposal(s) not voted upon. Broker non-votes are included in determining the presence of a quorum. A broker non-vote does not count as a vote in favor or against a particular proposal for which the broker has no discretionary authority. Broker non-votes will have no effect on the Director Election Proposal.

Procedures for Voting by Proxy

If you properly execute and deliver and do not revoke your proxy, the persons appointed as proxies will vote your shares according to the instructions you have specified on the proxy card. **If you execute your proxy but do not provide your proxies with any voting instructions, then your shares will be voted "FOR" the Director Election Proposal and in accordance with the best judgment of the persons appointed as proxies as to all other matters properly brought before the Annual Meeting.** No proxy marked specifically "WITHHOLD" or "ABSTAIN" with respect to any Proposal will be voted in favor of any other Proposal unless the proxy is specifically marked "FOR" such other Proposal.

A shareholder who has given a proxy may revoke it at any time prior to its exercise at the Annual Meeting by:

- giving written notice of revocation to CoastalSouth;
- properly submitting to CoastalSouth a duly executed proxy bearing a later date; or
- attending the Annual Meeting and voting.

All written notices of revocation and other communications concerning proxies should be addressed to Stephen R. Stone, Chief Executive Officer of CoastalSouth Bancshares, Inc., at P.O. Box 4800, Hilton Head Island, South Carolina 29938.

Solicitation of Proxies

CoastalSouth will pay the cost of proxy solicitation, if necessary. Our directors, officers and employees may, without additional compensation, solicit proxies by personal interview, telephone, fax or otherwise. We will direct brokerage firms or other custodians, nominees or fiduciaries to forward our proxy solicitation materials to the beneficial owners of Voting Common Stock held of record by these institutions. We will reimburse these firms, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses that they incur in connection with this process.

PROPOSALS TO BE CONSIDERED

PROPOSAL ONE: THE DIRECTOR ELECTION PROPOSAL

Our current Board of Directors consists of eleven members. The Board of Directors unanimously recommends that the shareholders elect L. Scott Askins, Ernst W. Bruderer, Patrick W. Frawley, Mark Griffith, Boris M. Gutin, Michael B. High, Ping Lee, PhD, James S. MacLeod, James N. Richardson, Jr., Stephen R. Stone and Joseph V. Topper, Jr. as director nominees each to serve as a director for a one-year term expiring in 2024, in accordance with our Articles of Incorporation and our Bylaws.

Director Nominees
(For a One-Year Term Expiring 2024)

Highlights	Director Candidate
<p>Age: 53</p> <p>Director since 2021</p> <p>Committees: Credit & Risk; Nominating & Governance</p> <p>Director Qualification Highlights: Financial Services Management Mergers & Acquisitions Public Company Governance Regulatory Experience Risk Management Technology</p>	<p>L. Scott Askins <i>Former General Counsel, Chief Compliance Officer and Secretary of Kabbage, an American Express Company (2020-2022)</i></p> <p>Ms. Askins has over 20 years of C-Suite experience in early- and late-stage private and public companies, with an extensive background in scaling disruptive innovation companies and driving key operating strategies of organic and acquisitive growth. Her areas of experience include FinTech, mergers and acquisitions, corporate governance and regulatory compliance.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ General Counsel, Chief Compliance Officer and Secretary, Kabbage, Inc. (2016-2020) ▪ Executive Vice President – Legal, General Counsel and Secretary of Premiere Global Services, Inc. (2003-2016) ▪ Consultant, Strategic Development Group of Premiere Global Services, Inc. (2001-2003) ▪ Vice President, Assistant General Counsel and Assistant Secretary of WebMD Corporation (1998-2001) ▪ Attorney, Alston & Bird LLP (1996-1998) ▪ Attorney, Nelson Mullins Riley & Scarborough, L.L.P. (1995-1996) <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Former Member of the Board of Directors of Innovative Lending Platform Association (2016-2020) <p>Education</p> <ul style="list-style-type: none"> ▪ Graduate of Clemson University ▪ Juris Doctor, University of South Carolina School of Law ▪ Master of Laws in Taxation, New York University School of Law

Highlights	Director Candidate
<p>Age: 69</p> <p>Director since 2003</p> <p>Committees: Audit; Nominating & Governance</p> <p>Director Qualification Highlights: Financial Services Leadership of a large complex organization Management Risk management</p>	<p>Ernst W. Bruderer</p> <p>Mr. Bruderer is an experienced multinational entrepreneur who has an extensive background serving as CEO for various industries and working in different cultural environments. He is a founder of CoastalSouth Bancshares and Coastal States Bank.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Facilitator, CELA and MELA (Current) ▪ Vistage Chair for Vistage International (Between 2012 and 2021) ▪ Chairman/CEO for Burka Coffee Estates, Tanzania (Between 1988 and 2000) ▪ Executive Vice President for Jacobs-Suchard AG (Between 1980 and 1989) ▪ Corporate Secretary for Jacobs-Suchard AG (Between 1980 and 1989) ▪ Head of Trademarks & Patents for Jacobs-Suchard AG (Between 1980 and 1989) ▪ Member of the Legal and Finance Departments for Jacobs-Suchard AG (Between 1980 and 1989) <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Chairman of the Board of Directors of Lowcountry Motors (Current) ▪ Member of the Board of Directors of SYNCO Properties (Current) <p>Education</p> <ul style="list-style-type: none"> ▪ Graduate of the University of St. Gall, BA in Business and Economics ▪ Juris Doctor, University of Zurich ▪ Post-Graduate LLM Classes, Georgetown Law School
<p>Age: 71</p> <p>Director since 2017</p> <p>Committees: Compensation; Credit & Risk</p> <p>Director Qualification Highlights: Financial services CEO Leadership of a large complex organization Management Mergers & Acquisitions Regulatory experience Risk management</p>	<p>Patrick M. Frawley <i>Retired Chief Executive Officer of Community & Southern Bank</i></p> <p>Mr. Frawley’s commitment to the financial industry dates back to the early 1970s. He has served in a variety of key regulatory roles with the Comptroller of the Currency and has held numerous positions with multinational banks. As the CEO of two troubled community banks in the early 2000s, he earned a reputation as a turnaround specialist. Mr. Frawley was a founder of Community & Southern Bank.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Chief Executive Officer for Community & Southern Bank (2010-2016) ▪ Chief Executive Officer for Integrity Bank (2007-2008) ▪ Chief Executive Officer for The Community Bank (2001 – 2007) ▪ Various Executive Officer Roles, Citizens & Southern National Bank, C&S/Sovran, NationsBank, and Bank of America (1986 and 2001) ▪ Key Regulatory Roles, Comptroller of the Currency (1973 – 1986) <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Former Member of the Board of Directors of Community & Southern Holdings, Inc. and Community & Southern Bank ▪ Former Member of the Board of Directors of Integrity Bank ▪ Former Member of the Board of Directors of The Community Bank <p>Education</p> <ul style="list-style-type: none"> ▪ Graduate of Campbell University ▪ Graduate of Louisiana State University’s School of Banking

Highlights	Director Candidate
<p>Age: 66</p> <p>Director since 2012</p> <p>Committees: Audit; Credit & Risk</p> <p>Director Qualification Highlights: Financial & accounting Leadership of a large complex organization Management</p>	<p>Mark A. Griffith <i>Retired Managing Director of LNR Partners Europe Ltd.</i></p> <p>Mr. Griffith has extensive experience in real estate equity and debt investment. As Managing Director of LNR Partners Europe Ltd., he was responsible for operations and directing investment strategies across the U.K. and Western Europe. Mr. Griffith also served as Vice President of three U.S. commercial real estate companies specializing in retail shopping centers and office building ownership, development, and management.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Managing Director for LNR Partners Europe Ltd. (Between 2002 and 2009) ▪ Director of Real Estate for LNR Partners Europe Ltd. (Between 2002 and 2009) ▪ U.S. Eastern Region President for LNR Property Corporation (Between 1997 and 2002) ▪ Vice President for LNR Property Corporation (Between 1997 and 2009) ▪ Director of Commercial Real Estate for Lennar Corporation (Between 1990-1997) ▪ Vice President for three U.S. commercial real estate companies (1978-1990) <p>Education</p> <ul style="list-style-type: none"> ▪ Attended Ohio University
<p>Age: 48</p> <p>Director since 2017</p> <p>Committees: Audit; Credit & Risk</p> <p>Director Qualification Highlights: Financial & accounting Financial services Mergers & Acquisitions Public Company Governance</p>	<p>Boris M. Gutin <i>Co-Managing Partner of GCP Capital Partners</i></p> <p>Mr. Gutin has over 20 years of private equity investment experience. He focuses and leads the majority of GCP’s financial services and financial technology investments and has led all of GCP’s community bank investments.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Joined Greenhill Capital Partners, the predecessor fund to GCP Capital (2003), member of the Investment Committee ▪ Associate at American Securities Capital Partners (1999-2001) ▪ Analyst at Goldman Sachs (1996-1999) <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Member of the Board of Directors of MapleMark Bank (Current) ▪ Member of the Board of Directors of Mobilewalla (Current) ▪ Member of the Board of Directors of Alkeme Insurance (Current) ▪ Member of the Board of Directors of Transnetwork (Current) ▪ Member of the Board of Directors of Grasshopper Bank (Current) ▪ Former Member of the Board of Directors of Radius Bank ▪ Former Member of the Board of Directors of Geoforce ▪ Former Member of the Board of Directors of Transfast ▪ Former Member of the Board of Directors of Eastern Virginia Bank ▪ Former Member of the Board of Directors of Continental Bank ▪ Former Member of the Board of Directors of First Mariner Bank ▪ Former Member of the Board of Directors of Clearview Risk ▪ Former Member of the Board of Directors of Acrisure Insurance ▪ Former Member of the Board of Directors of Ironshore ▪ Former Member of the Board of Directors of Hercules Offshore <p>Education</p> <ul style="list-style-type: none"> ▪ Graduate of Johns Hopkins University ▪ Graduate of Harvard Business School

Highlights	Director Candidate
<p>Age: 74</p> <p>Director since 2017</p> <p>Committees: Audit; Compensation</p> <p>Director Qualification Highlights: Financial & accounting Financial services Management Mergers & Acquisitions Regulatory experience Risk management Technology</p>	<p>Michael B. High <i>Partner of Patriot Financial Partners L.P.</i></p> <p>Mr. High has more than 46 years of banking experience with significant experience in the areas of finance, asset/liability management, mergers and acquisitions, investor relations, operations, risk management, facilities, and human resources. He is a Certified Public Accountant in the State of Pennsylvania (inactive).</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Executive Vice President and Chief Operating Officer for Harleysville National Corporation (2005-2008) ▪ Chief Financial Officer for Harleysville National Corporation (2004) ▪ Chief Operating Officer and Chief Financial Officer for Progress Financial Corporation (1998-2004) ▪ Senior Vice President of Finance for CoreStates Financial Corp. (Beginning in 1996) ▪ Senior Vice President of Finance for Meridian Bancorp (Until 1996) ▪ Executive Vice President and Chief Financial Officer for Meritor Savings Bank ▪ Began his career with PricewaterhouseCoopers (formerly Coopers & Lybrand) <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Former Member of the Board of Directors of Howard Bancorp Inc. ▪ Former Member of the Board of Directors of Elderlife Financial Services ▪ Former Member of the Board of Directors of DR Bank ▪ Former Director of the Pennsylvania Economy League ▪ Former Finance Director of the Valley Forge Council of Boy Scouts <p>Education</p> <ul style="list-style-type: none"> ▪ Graduate of Pennsylvania State University
<p>Age: 62</p> <p>Director since 2021</p> <p>Committees: None</p> <p>Director Qualification Highlights: Financial Services Management Technology</p>	<p>Ping Lee, PhD <i>Executive Director of Shenzhen Research Institute of Big Data at Chinese University of Hong Kong (Shenzhen)</i></p> <p>Dr. Lee had a distinguished career in the oil and gas industry and information technology industry during which he served in a number of regional and global executive positions in multinational companies. Along with information technology, he has experience in the areas of financial services, human resources, and asset management.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Senior Vice President, NextDecade Corporation, November 2017 – August 2021 ▪ Chief Legal Representative, Royal Dutch Shell (China), February 2016 – August 2016 ▪ President and Asset Manager, BG Group (China), April 2011 – February 2016 ▪ Area President, Schlumberger Limited, January 2007 – January 2011 ▪ Global Director of Human Resources, Schlumberger Wireline, June 2005 – January 2007 ▪ President, Atos Origin North Asia, February 2004 – May 2005 ▪ Asia-Pacific Regional Manager Director, SchlumbergerSema Financial Services, July 2001– February 2004 <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Member of the Board of Directors of Cornerstone Bank (Former) ▪ Independent Director of Kingstone Energy Ltd. <p>Education</p> <ul style="list-style-type: none"> ▪ MS, Computer Science, Cornell University ▪ PhD, Mathematics, Cornell University

Highlights	Director Candidate
<p>Age: 75</p> <p>Director since 2003</p> <p>Committees: N/A</p> <p>Director Qualification Highlights: Financial services Leadership of a large complex organization Management Mergers & Acquisitions Public Company Governance</p>	<p>James S. MacLeod <i>Chairman of CoastalSouth Bancshares, Inc. and Coastal States Bank; Partner of Nexus Capital</i></p> <p>Mr. MacLeod has a 48-year career in mortgage finance and is a founder of Coastal States Bank, where he has served in various positions since 2003. Prior to his affiliation with Coastal States Bank, Mr. MacLeod held various positions with Mortgage Guaranty Insurance Corp. He currently serves as a trustee or director for a number of organizations.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Chief Executive Officer of CoastalSouth Bancshares, Inc. ▪ President and Chief Operating Officer of Coastal States Bank ▪ Executive Vice President of Mortgage Guaranty Insurance Corporation <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Past Chairman of the Board of The University of Tampa ▪ Chairman of the Board of Directors of the Medical University of South Carolina Foundation (Current) ▪ Member of the Board of Directors of Coastal States Mortgage, Inc. (Current) ▪ Director of Affordit, Inc. (Current) ▪ Non-Executive Chairman of the Board of Directors of Sykes Enterprises, Inc. (Former) <p>Education</p> <ul style="list-style-type: none"> ▪ Bachelor of Science in Economics, The University of Tampa ▪ Master of City Planning, Georgia Institute of Technology ▪ Master of Science in Real Estate and Urban Affairs, Georgia State University

Highlights	Director Candidate
<p>Age: 78</p> <p>Director since 2004</p> <p>Committees: Compensation; Nominating & Governance</p> <p>Director Qualification Highlights: Leadership of a large complex organization Management</p>	<p>James N. Richardson, Jr. <i>Owner and General Manager of Coligny Plaza LP; Chief Operating Officer of Windmill Harbour Company; Broker-in-Charge, Manager and Owner of Windmill Harbour Real Estate and The Richardson Group</i></p> <p>Mr. Richardson has extensive experience as a business owner in the Low Country region, particularly in the area of real estate sales and investments. He has served on numerous boards for businesses as well as cultural organizations, and he continues to volunteer in numerous charity positions both locally and statewide.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Real Estate Development and Management ▪ Founder of the South Carolina Yacht Club ▪ Long Range Vision Task Force for Town of Hilton Head Island ▪ Member, Young President’s Organization and Chief Executive’s Organization <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Former Chairman of the Board of Directors of the Sea Pines Architectural Review Board ▪ Former Member of the Board of Directors of the Hilton Head Island Association of Realtors ▪ Former Member of the Board of Directors of the Association of Sea Pines Plantation Property Owners ▪ Former Member of the Board of Directors of Sea Pines Community Services Associates, Inc. ▪ Former Member of the Board of Directors of the Medical University of South Carolina Foundation ▪ Former Member of the Board of Directors of Spoleto Festival USA ▪ Commissioner of South Island Public Service District (2007-Present) ▪ Former Chairman of Young President’s Organization Gold for Southern Seven States ▪ Past President of the Hilton Head Multiple List Service <p>Education Graduate of Mars Hill College</p>

Highlights	Director Candidate
<p>Age: 47</p> <p>Director since 2017</p> <p>Committees: N/A</p> <p>Director Qualification Highlights: Financial services Management Mergers & Acquisitions Regulatory experience Risk management</p>	<p>Stephen R. Stone <i>President and Chief Executive Officer of CoastalSouth Bancshares, Inc. and Coastal States Bank</i></p> <p>Mr. Stone is an experienced leader in the community banking industry. He has significant experience in financial services, mergers & acquisitions, strategic planning, and banking operations. As President and CEO, he is knowledgeable about all aspects of the Company’s business activities. Mr. Stone lead the recapitalization of the Company in 2017 and has overseen the Company’s growth to over \$1.6 billion in assets over the past five years.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Chief Strategy Officer and General Counsel of Community & Southern Bank (2012-2016) ▪ Chief Administrative Officer and General Counsel of Community & Southern Bank (2011-2012) ▪ General Counsel of Community & Southern Bank (2009-2012) ▪ Attorney, Alston & Bird LLP (2003-2009) <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Member of the Board of Directors of Coastal States Mortgage, Inc. (Current) ▪ Member, Board of Directors of The Buckhead Coalition (2020-Present) ▪ Former Member of the Board of Directors of CSB Investments, Inc. (2010-2016) <p>Education</p> <ul style="list-style-type: none"> ▪ Graduate of the University of Virginia ▪ Juris Doctor, Washington College of Law – American University
<p>Age: 67</p> <p>Director since 2017</p> <p>Committees: Compensation; Nominating & Governance</p> <p>Director Qualification Highlights: Financial services Leadership of a large complex organization Management</p>	<p>Joseph V. Topper, Jr. <i>Chief Executive Officer of Dunne Manning Inc. and Affiliates; President of Dunne Manning Holdings LLC and Affiliates</i></p> <p>Mr. Topper has 33 years of management experience in the wholesale and retail fuel distribution business. In 1987, he purchased his family’s retail fuel business and five years later founded Lehigh Gas Corporation, the predecessor to CrossAmerica Partners LP and Dunne Manning Inc., where he has been the Chief Executive Officer since 1992.</p> <p>Career Highlights</p> <ul style="list-style-type: none"> ▪ Chief Executive Officer and Founder of Dunne Manning Inc. (formerly known as Lehigh Gas Corp.) and Affiliates (1992-Present) ▪ President and Chief Executive Officer of the General Partner of CrossAmerica Partners LP (formerly Lehigh Gas Partners LP) (2012-2015) ▪ Co-Founder of City Center Investment Corporation <p>Other Directorships</p> <ul style="list-style-type: none"> ▪ Chairman of the Board of CrossAmerica Partners LP (2019-Present) ▪ Member of the Board of Trustees for Villanova University (2010-2020; Chairman 2017-2020) ▪ Member of the Board of Directors for United Way of the Greater Lehigh Valley (Current) ▪ Chairman of the Board of the General Partner of CrossAmerica Partners LP (2012-2014) ▪ Past President of the Board of Directors for Lehigh Valley PBS and the Lehigh Valley PBS Foundation ▪ Former Member of the Board of Directors for Good Shepherd Rehabilitation Hospital ▪ Former Member of the Managing Board of Directors for Team Capital Bank <p>Education</p> <ul style="list-style-type: none"> ▪ Graduate of Villanova University ▪ Master of Business Administration, Lehigh University

Director independence, recruitment and nomination

CoastalSouth seeks director candidates who uphold the highest standards, are committed to the Company's values and are strong independent stewards of the long-term interests of shareholders. The Company's Nominating and Corporate Governance Committee (the "NCGC") considers Board composition on an ongoing basis, with a focus on establishing a Board of Directors with the skills and experience required to effectively oversee the Company's present and future operations and strategy. The NCGC and the Board seek a diverse group of directors with experience in banking and other aspects of business that are relevant to the Company's businesses and operations.

The NCGC also oversees the director nomination process. In considering whether to nominate a director for election, the NCGC considers, among other things:

- Whether the director possesses personal and professional integrity, sound judgment, forthrightness and has sufficient time and energy to devote to the affairs of the Company;
- Whether the director possesses a willingness to challenge and stimulate management and the ability to work as part of a team in an environment of trust;
- The extent of the director's business and financial acumen and experience, especially in the financial services and products areas;
- Whether the director assists in achieving a mix of Board members that represents a diversity of background and experience, including with respect to age, gender, race, place of residence and specialized experience;
- Whether the director would be considered a "financial expert" or "financially literate" as defined in applicable law;
- Whether the director, by virtue of particular technical expertise, experience or specialized skill relevant to the Company's current or future business, will add specific value as a Board member, including business contacts, reputation, visibility, community involvement, regulatory experience, and independence;
- Whether the director is free from conflicts of interest with the Company; and
- Any factors related to the ability and willingness of a new director to serve, or an existing director to continue his/her service.

Each of our director nominees has been recommended for election by the NCGC and approved for re-nomination by our Board.

Personal and professional attributes and skills of the nominees

In furtherance of the foregoing, the Board considers a wide range of attributes when selecting and recruiting candidates. Our nominees have executive experience and skills that are aligned with our business and strategy as follows:

Financial and Accounting – Knowledge of or experience in accounting, financial reporting or auditing processes and standards is important to effectively oversee the Company's financial condition and the accurate reporting thereof.

Financial Services – Experience in the financial services industry, in particular, community banking, including consumer and commercial banking, and other related products and services, allows Board members to evaluate the Company's business model, strategies and the industry in which we compete.

Leadership of a Large, Complex Organization – Executive experience managing business operations and strategic planning allows Board members to effectively oversee the Company’s operations.

Management – Experience as a senior executive officer allows the Board to effectively oversee the Company’s efforts to recruit, retain and develop key employees and build a cohesive and effective strategy.

Mergers and Acquisitions – Mergers and Acquisitions are an important part of the Company’s strategic focus, and experience in negotiating, executing, and integrating deals allows the Board to effectively oversee this element of the Company’s business strategy.

Public Company Governance – Knowledge of public company governance matters and best practices assists the Board in considering and adopting applicable corporate governance strategies and preparing for the possibility that the Company may be a public company at some point in the future.

Regulatory – Experience with regulated businesses, regulatory requirements and relationships with banking regulators is important because the Company operates in a heavily regulated industry.

Risk Management – Skills and experience in assessment and management of business and financial risk factors allow the Board to effectively oversee risk management and understand the most significant risks facing the Company.

Technology– Experience with or oversight of innovative technology, cybersecurity, information systems/data management, fintech or privacy is important in overseeing the security of the Company’s operations, assets and systems as well as the Company’s ongoing investment in and development of innovative technology.

Board Meetings

The Board conducts its business as a group and through a well-developed committee structure in adherence to strong corporate governance principles. The Board has established practices and processes to actively manage its information flow, set meeting agendas and make sound, well-informed decisions.

Board members have direct access to management and regularly receive information from and engage with management during and outside of formal Board meetings. The full Board met seven times in 2022. Each director attended 75% or more of the total meetings of the Board and the committees on which he or she served in 2022 during his or her time as a Board member.

Committees of the Board

A significant portion of our Board’s oversight responsibilities is carried out through its four standing committees: Audit Committee, Credit and Risk Committee, NCGC, and Compensation Committee. Allocating responsibilities among committees increases the amount of attention that can be devoted to the Board’s oversight of the business and affairs of the Company.

Committees meet regularly in conjunction with scheduled Board meetings and hold additional meetings as needed. Each committee receives reports from senior management and reports their actions to, and discusses their recommendations with, the full Board. Each standing committee operates pursuant to a written charter, which is reviewed annually as part of the Board’s and each respective committee’s self-assessment.

The following chart summarizes the current Board committee memberships of our Directors:

DIRECTOR	Audit	Credit and Risk	Nominating and Corporate Governance	Compensation
L. Scott Askins	-	X	X	-
Ernst W. Bruderer	X	-	Chair	-
Patrick M. Frawley	-	Chair	-	X
Mark A. Griffith	Chair	X	-	-
Boris M. Gutin	X	X	-	-
Michael B. High	X	-	-	X
Ping Lee, PhD	-	-	-	-
James N. Richardson, Jr.	-	-	X	X
Joseph V. Topper, Jr.	-	-	X	Chair
James S. MacLeod	-	-	-	-
Stephen R. Stone	-	-	-	-

Vote Required to Elect Directors

To be elected, each of the above directors requires the plurality vote cast by the shares entitled to vote in the election once quorum is present. Accordingly, assuming a quorum is present, each of the above directors must receive more votes in favor of his election than any other nominee. The Board of Directors is not aware of any nominees other than the individuals listed above. Proxies received which contain no instructions to the contrary will be voted "FOR" the election of such Director.

Recommendation of the Board of Directors

The Board of Directors unanimously recommends that you vote **FOR** the election of the director nominees set forth in the Director Election Proposal.

PROPOSAL TWO: THE REINCORPORATION PROPOSAL

The Board has unanimously approved and recommends that the shareholders approve the reincorporation of the Company from the Commonwealth of Virginia to the State of Georgia (the “Reincorporation”). The Company would effect the Reincorporation pursuant to a plan of domestication in substantially the form attached hereto as Appendix I (the “Plan of Domestication”). As part of the Reincorporation, the name of the entity following the completion of the Reincorporation will be “CoastalSouth Bancshares, Inc.” (the “Resulting Corporation”). Additionally, the authorized capital of the Resulting Corporation will be 50,000,000 shares of voting common stock, 10,000,000 shares of non-voting common stock, and 10,000,000 shares of preferred stock, with the right of the Board to issue such additional shares or classes of shares, each with such rights and preferences as the Board determines.

In order to effect the Reincorporation, the Company will file (i) Articles of Domestication with the Commonwealth of Virginia and (ii) a Certificate of Conversion and Articles of Incorporation, in substantially the form attached hereto as Appendix II (the “Georgia Articles of Incorporation”), with the State of Georgia. At the effective time of the Reincorporation (the “Effective Time”), the Georgia Articles of Incorporation and the Second Amended and Restated Bylaws, in substantially the form attached hereto as Appendix III (the “Georgia Bylaws”), will govern the Resulting Corporation. All descriptions of the Georgia Articles of Incorporation and Georgia Bylaws are qualified by and subject to the more complete information set forth in those documents.

Upon the Effective Time:

- 1) The affairs of the Company will cease to be governed by Virginia corporation laws and will become subject to Georgia corporation laws.
- 2) The legal existence of the Company as a separate Virginia corporation will cease and the Resulting Corporation will continue with all of the rights, titles and interest of the Company, the Resulting Corporation will continue with the same officers and directors of the Company, the rights of creditors of the Company will continue to exist as creditors of the Resulting Corporation, and the shareholders of the Company will be the shareholders of the Resulting Corporation.
- 3) Each outstanding share of stock of the Company will automatically be converted into one share of equivalent stock of the Resulting Corporation.
- 4) Each outstanding option and warrant to purchase our stock will automatically be converted into an option or warrant, as the case may be, to purchase an identical number of equivalent shares of the Resulting Corporation at the same exercise price per share and upon the same terms and subject to the same conditions set forth in the applicable plan, related award agreement, option agreement or warrant agreement, as applicable.

The terms of the Reincorporation are described in further detail in the Plan of Domestication and all descriptions of the Reincorporation are qualified by, and subject to, the more complete information set forth therein.

Reasons for the Reincorporation

The Company was incorporated in Virginia in 2003, and our headquarters have been located in Hilton Head Island, South Carolina since our date of incorporation. As a result of our acquisition activity during recent years, the geographic footprint of our operations has become even more concentrated in the southeastern United States—in particular, in Georgia and South Carolina. The Company lacks a legal nexus with Virginia, and from time to time it has been burdensome and costly to coordinate filings with the Virginia State Corporation Commission. Consequently, the Board of Directors believes that reincorporating in Georgia will better align the legal structure of our business and operations in a manner that is more consistent with our physical presence.

Similar to the Virginia Stock Corporation Act (the “VSCA”), the Georgia Business Corporation Code (“GBCC”) is largely modeled on the Model Business Corporation Act which is promulgated by the Corporate Laws Committee of the Business Law Section of the American Bar Association. Accordingly, the relative clarity and predictability of many areas of Georgia corporate law should allow the board of directors to make corporate decisions and take corporate actions with assurance as to the validity and consequences of those decisions and actions.

No Change in Business, Jobs, Physical Location, Etc.

The Reincorporation Proposal will effect a change in the legal domicile of the Company and other changes of a legal nature, some of which are described below under the heading “Comparison of Shareholder Rights Before and After the Reincorporation.” The Reincorporation will not result in any change in headquarters, business, jobs, management, location of any of our offices or facilities, number of employees, assets, liabilities or net worth (other than as a result of the costs incident to the Reincorporation). Our management team, including all directors and officers, will remain the same in connection with the reincorporation and will have identical positions with the Resulting Corporation. To the extent the Reincorporation will require the consent or waiver of a third party, the Company will use commercially reasonable efforts to obtain such consent or waiver before completing the Reincorporation. If a material consent cannot be obtained, the Company will not proceed with the Reincorporation. The Reincorporation will not otherwise affect any of the Company’s material contracts with any third parties, and the Company’s rights and obligations under such material contractual arrangements will continue as rights and obligations of the Resulting Corporation as a Georgia corporation. Because the Company’s corporate headquarters, management, and employees are located in Hilton Head Island, South Carolina, the Company’s status as a Georgia corporation physically located in South Carolina will require the Company to comply with reporting and tax obligations in Georgia.

Comparison of Shareholder Rights Before and After the Reincorporation

The Reincorporation will affect some changes in the rights of the Company’s shareholders. This is a result of differences between the VSCA and the GBCC, as well as differences between the charter documents of the Company and Resulting Corporation. Summarized below are some of the most important similarities and differences in the rights of the Company’s shareholders before and after the Reincorporation. The summary below is not intended to be relied upon as an exhaustive list of the differences or a complete description of the differences resulting from the Reincorporation. Furthermore, this summary is qualified in its entirety by reference to the GBCC, the VSCA, and the Company’s proposed Georgia Articles of Incorporation and Georgia Bylaws.

Provision	Virginia	Georgia
<i>Size of Board of Directors; Election of Directors</i>	<p>Under the VSCA, the board of directors must consist of one or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or bylaws. The number of directors may be increased or decreased from time to time by amendment of, or in the manner provided in, the articles of incorporation or bylaws.</p> <p>The articles of incorporation or bylaws may establish a variable range for the size of the board of directors by fixing a minimum and maximum number of directors. If a variable range is established, the</p>	<p>The GBCC provides that the board of directors must consist of one or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or bylaws.</p> <p>The number of directors may be increased or decreased from time to time by amendment to, or in the manner provided in, the articles of incorporation or the bylaws.</p> <p>The Georgia Bylaws fix the number of directors on our board of directors at no less than five (5) nor more than fifteen (15).</p>

Provision	Virginia	Georgia
	<p>number of directors may be fixed or changed from time to time, within the minimum and maximum, by the shareholders or by the board of directors.</p> <p>The Virginia Bylaws fix the number of directors on our board of directors at no less than five (5) nor more than fifteen (15).</p> <p>The specific number of directors within that range shall be determined by the shareholders representing the majority of the shares of stock outstanding and issued then entitled to vote for such directors. The range or the specific number, if a fixed number of directors is subsequently established, may be increased or decreased at any time by amendment of the Virginia Bylaws; <u>provided, however</u>, our board of directors may not by an amendment of the Virginia Bylaws increase or decrease the authorized number or maximum authorized number of directors by more than forty percent (40%) of the number of directors last authorized to be elected by the shareholders.</p>	<p>The specific number of directors within that range shall be determined by resolution of the board of directors. This range or the specific number, if a fixed number of directors is subsequently established, may be increased or decreased at any time by amendment of the Georgia Bylaws; <u>provided, however</u>, no reduction in the number of directors shall have the effect of shortening the term of any incumbent director. Except as provided in the Georgia Articles, the directors shall be elected at each annual meeting of shareholders, or at a special meeting of shareholders called for purposes that include the election of directors, by a plurality of the votes cast by the shares entitled to vote and present at the meeting.</p>
<i>Removal of Directors</i>	<p>Under the Virginia Articles, the shareholders may remove one (1) or more directors with “cause.”</p> <p>A director may be removed only if the number of votes cast to remove him or her constitutes a majority of the votes entitled to be cast at an election of directors of the voting group or voting groups by which such director was elected.</p>	<p>Under the Georgia Bylaws, a director on our board of directors may be removed, with or without cause, by the shareholders only at a shareholder’s meeting for which notice of the removal action has been given. Any or all of the directors, or a class of directors, may be removed at any time, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of the director or directors, at any meeting of shareholders called for that purpose.</p>
<i>Filling Vacancies on the Board of Directors</i>	<p>The Virginia Bylaws provide that any vacancy on our board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders or the board of</p>	<p>Pursuant to the Georgia Bylaws, any vacancy on our board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders or the board of directors; <u>provided</u>, that if the vacant</p>

Provision	Virginia	Georgia
	<p>directors; <u>provided, however</u>, if the vacant office was held by a director elected by a voting group of shareholders, only the holders of that voting group are entitled to vote to fill the vacancy if it is filled by the shareholders.</p> <p>If the directors remaining in office constitute fewer than a quorum of the board of directors, they may fill the vacancy by the affirmative vote by a majority of the directors remaining in office. A vacancy that will occur at a specific later date, whether by reason of a resignation effective at a later date or otherwise, may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.</p>	<p>office was held by a director elected by a particular voting group of shareholders, only the holders of shares of that voting group or the remaining directors elected by that voting group shall be entitled to fill the vacancy.</p> <p>If the directors remaining in office constitute fewer than a quorum of the board of directors, the vacancy may be filled by the affirmative vote of a majority of the directors then remaining in office. A vacancy that will occur at a specific later date, whether by reason of a resignation effective at a later date or otherwise, may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.</p>
<i>Director Action by Written Consent</i>	<p>The Virginia Bylaws provide that any action required or permitted to be taken at a meeting of our board of directors or any committee thereof may be taken without a meeting if such action shall be evidenced by one (1) or more written consents stating the action taken, signed by all members of the board of directors or committee, as the case may be, and included in the minutes or filed with the records of the Company.</p>	<p>The Georgia Bylaws provide that any action required or permitted to be taken at a meeting of our board of directors or any committee thereof maybe taken without a meeting if such action shall be evidenced by one (1) or more written consents stating the action taken, signed by all members of the board of directors or committee, as the case may be, and included in the minutes or filed with the records of the Resulting Corporation.</p>
<i>Shareholder Action by Written Consent</i>	<p>Pursuant to the Virginia Bylaws, any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting and without action by our board of directors if all of the shareholders entitled to vote with respect to the subject matter of such action sign one or more written consents describing the action taken and deliver the same to the Secretary of the Company for inclusion in the minutes or filing with the corporate records.</p>	<p>Under the Georgia Bylaws, any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting and without action by our board of directors if all of the shareholders entitled to vote with respect to the subject matter of such action or, if permitted by the Georgia Articles, by shareholders who would be entitled to vote at a meeting having voting power to cast the requisite number of votes that would be necessary to authorize or take the action at a meeting at which all shareholders entitled to vote were present and voted.</p>
<i>Special Meetings of Shareholders</i>	<p>A special meeting of the shareholders of the Company shall</p>	<p>A special meeting of the shareholders of the Resulting Corporation may be called</p>

Provision	Virginia	Georgia
	<p>be held on the call of the Chairman of our board of directors, the President, or the board of directors. In addition, the holders of at least twenty percent (20%) of all votes entitled to be cast on any issue proposed to be considered at the special meeting may call a meeting of shareholders by signing, dating, and delivering to the Secretary of the Company one or more written demands for the meeting and describing the purpose for which such meeting is to be held, provided that the Company has thirty-five (35) or fewer shareholders of record as of the record date for such a meeting as provided in the Virginia Bylaws.</p>	<p>by the Board, the Chairman of the board of directors, the Chief Executive Officer, or the holders of shares not representing less than twenty-five percent (25%) of the votes entitled to be cast on each issue proposed to be considered at the special meeting.</p> <p>The business that may be transacted at any special meeting of shareholders shall be limited to that proposed in the notice of the special meeting given in accordance with the Georgia Bylaws (including related or incidental matters that may be necessary or appropriate to effectuate the proposed business).</p>
<p><i>Limitation or Elimination of Directors' Personal Liability</i></p>	<p>The VSCA provides that, subject to certain exceptions, a corporation may indemnify an individual made a party to a proceeding because he or she is or was a director against liability incurred in the proceeding if the director conducted him or herself in good faith and believed (i) in the case of conduct in his or her official capacity with the corporation, that his or her conduct was in its best interests; and (ii) in all other cases, that his or her conduct was at least not opposed to its best interests. In the case of any criminal proceeding, the director must have had no reasonable cause to believe his or her conduct was unlawful.</p> <p>The VSCA further provides that unless limited by its articles of incorporation, a corporation shall indemnify a director who entirely prevails in the defense of any proceeding to which he or she was a party because he or she is or was a director of the corporation against reasonable expenses incurred by him or her in connection with the proceeding.</p> <p>The VSCA gives corporations the right to provide for authorization of</p>	<p>The GBCC provides that a corporation may indemnify an individual who is a party to a proceeding because he or she is or was a director against liability incurred in the proceeding if (i) such individual conducted himself or herself in good faith; and (ii) such individual reasonably believed (A) in the case of conduct in his or her official capacity, that such conduct was in the best interests of the corporation; (B) in all other cases, that such conduct was at least not opposed to the best interests of the corporation; and (C) in the case of any criminal proceeding, that the individual had no reasonable cause to believe such conduct was unlawful.</p> <p>The GBCC also provides for court-ordered indemnification in appropriate circumstances.</p> <p>The Georgia Articles provide that no director shall have any personal liability to the Resulting Corporation or to its shareholders for monetary damages for breach of duty of care or other duty as a director, by reason of any act or omission occurring subsequent to the date when this provision becomes effective, and all liability of directors to the Corporation or to its shareholders is eliminated to the fullest extent permitted under the GBCC.</p>

Provision	Virginia	Georgia
	<p>indemnification or advances or reimbursement of expenses in its articles of incorporation or bylaws. A director may also apply to a court for an order directing the corporation to make advances or reimbursement for expenses or to provide indemnification.</p> <p>Under the Virginia Articles, any person who is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer of the Company, or is or was so serving with respect to another corporation, partnership, joint venture, trust or other enterprise at the request of the Company, shall be indemnified by the Company against liability, costs and expenses (including, but not limited to, reasonable attorneys' fees) to the full extent permitted by applicable law.</p>	
<p><i>Exceptions to the Limitation or Elimination of Directors' Personal Liability</i></p>	<p>The VSCA provides that directors and officers are not generally liable for their actions in their capacities as officers and directors except for (i) willful misconduct, (ii) knowing violation of criminal or securities laws, including any claim of unlawful insider trading or manipulation of the market for any security and (iii) unlawful distributions.</p>	<p>Consistent with the GBCC, the Georgia Articles provide that the elimination of personal liability of directors does not apply to: (a) any appropriation of any business opportunity of the Corporation in violation of a director's duties; (b) acts or omissions which involve intentional misconduct or a knowing violation of law; (c) liabilities of a director imposed by Section 14-2-832 of the GBCC; or (d) any transaction from which the director derived an improper personal benefit.</p>
<p><i>Indemnification of Officers, Employees and Agents</i></p>	<p>Under the Virginia Articles, the Company may, but shall not be required to, indemnify any and all other officers, employees or agents of the Company to the same extent as directors and executive officers.</p>	<p>The Georgia Articles authorize the Corporation, to the fullest extent permitted by the GBCC, to provide indemnification of (and advancement of expenses to) directors, officers, employees and agents of the Resulting Corporation (and any other persons to which applicable law permits the Resulting Corporation to provide indemnification) through bylaw provisions, agreements with such</p>

Provision	Virginia	Georgia
		<p>persons, or otherwise in excess of the indemnification and advancement otherwise provided by such applicable law.</p> <p>The Resulting Corporation may, but shall not be required to, indemnify any and all officers, employees or agents of the Resulting Corporation to the same extent as directors.</p>
<i>Transactions with Interested Shareholders</i>	<p>The VSCA prohibits “affiliated transactions” with a shareholder who acquires beneficial ownership of more than 10% of a corporation’s outstanding voting shares (such person, an “interested shareholder”) for a period of three years after the person becomes an interested shareholder unless (i) the transaction is approved by a majority vote of disinterested directors and by two-thirds of the disinterested shareholders or (ii) it meets certain exceptions.</p> <p>These exceptions include, among others, that the affiliated transaction is with an interested shareholder whose acquisition of voting shares making such person an interested shareholder was approved by a majority of the disinterested directors prior to date on which an interested shareholder became an interested shareholder.</p>	<p>The GBCC prohibits business combinations with any interested shareholder for a period of five years following the time that such shareholder became an interested shareholder, unless (i) prior to such time the Resulting Corporation’s board of directors approved either the business combination or the transaction which resulted in the shareholder becoming an interested shareholder; (ii) in the transaction which resulted in the shareholder becoming an interested shareholder, the interested shareholder became the beneficial owner of at least 90% of the voting stock of the Resulting Corporation outstanding at the time the transaction commenced; or (iii) subsequent to becoming an interested shareholder, such shareholder acquired additional shares resulting in the interested shareholder being the beneficial owner of at least 90% of the outstanding voting stock of the Resulting Corporation.</p> <p>These restrictions do not apply if a shareholder (i) becomes an interested shareholder inadvertently; (ii) as soon as practicable divests sufficient shares so that the shareholder ceases to be an interested shareholder; and (iii) would not, at any time within the five-year period immediately prior to a business combination between the Resulting Corporation and such shareholder, have been an interested shareholder but for the inadvertent acquisition.</p>
<i>Limitation of Voting Rights</i>	The VSCA has a control share acquisition provision which limits the voting rights of shareholders who	The GBCC has no provision similar to the Virginia control share acquisition provision.

Provision	Virginia	Georgia
	hold 20%, 33.33%, 50% or more of a corporation's voting stock, subject to certain exceptions.	
<i>Preemptive Rights</i>	<p>Unless limited or denied in the articles of incorporation and subject to certain exceptions, the VSCA provides that the shareholders of a corporation have a preemptive right, granted on uniform terms and conditions prescribed by the board of directors to provide a fair and reasonable opportunity to exercise the right, to acquire proportional amounts of the corporation's unissued shares upon the decision of the board of directors to issue them.</p> <p>The Virginia Articles provide that shareholders of the Company shall not be entitled to preemptive rights with respect to any issuance of securities by the Company.</p>	<p>Under Georgia law, shareholders are not entitled to preemptive rights unless the corporation elects in its articles of incorporation to provide that right.</p> <p>The Georgia Articles expressly provide that shareholders of the Corporation shall not be entitled to preemptive rights with respect to any issuance of securities by the Resulting Corporation.</p>
<i>Distributions</i>	<p>The VSCA permits the board of directors to authorize, and the corporation to make, distributions to its shareholders so long as, , after giving effect to such distribution (i) the corporation would not be able to pay its debts as they become due in the usual course of business; or (ii) the corporation's total assets would be less than the sum of its total liabilities plus (unless the articles of incorporation permit otherwise) the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.</p>	<p>Georgia law permits a board of directors to authorize, and a corporation to make, a distribution to its shareholders so long as (i) the distribution does not render the corporation unable to pay its debts as they become due in the usual course of business and (ii) the distribution does not cause the corporation's total assets to be less than the sum of its total liabilities plus, unless the articles of incorporation provide otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights of those shareholders with superior rights or distribution.</p> <p>The Georgia Bylaws permit the Board, from time to time in its discretion, to authorize or declare distributions or share dividends in accordance with the GBCC.</p>

Federal Income Tax Consequences of the Reincorporation

The proposed Reincorporation is expected to qualify as a reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the “Code”). Assuming the Reincorporation qualifies as a tax-free reorganization, we believe that for federal income tax purposes no gain or loss will be recognized by the Company, Resulting Corporation or the shareholders of the Company who receive stock of the Resulting Corporation (“Resulting Corporation Stock”) for their stock of the Company (“Company Stock”) in connection with the Reincorporation. The aggregate tax basis of Resulting Corporation Stock received by a shareholder of the Company as a result of the Reincorporation will be the same as the aggregate tax basis of the Company Stock converted into the Resulting Corporation Stock held by that shareholder as a capital asset at the time of the Reincorporation. Each shareholder’s holding period of the Resulting Corporation Stock received in the Reincorporation will include the holding period of the Company Stock converted into the Resulting Corporation Stock, provided the shares are held by such shareholder as a capital asset at the time of the Reincorporation.

This proxy statement only discusses U.S. federal income tax consequences and has done so only for general information. It does not address all of the U.S. federal income tax consequences that may be relevant to particular shareholders based upon individual circumstances or to shareholders who are subject to special rules, such as financial institutions, tax-exempt organizations, insurance companies, dealers in securities, shareholders who hold their stock through a partnership or as part of a straddle or other derivative arrangement, foreign holders or holders who acquired their shares as compensation, whether through employee stock options or otherwise. This proxy statement does not address the tax consequences under state, local or foreign laws. State, local or foreign income tax consequences to shareholders may vary from the federal income tax consequences described above, and shareholders are urged to consult their own tax advisors as to the consequences to them of the Reincorporation under all applicable tax laws.

This discussion is based on the Code, applicable Treasury Regulations, judicial authority and administrative rulings and practice, all in effect as of the date of this proxy statement, all of which are subject to differing interpretations and change, possibly with retroactive effect. The Company has neither requested nor received a tax opinion from legal counsel or rulings from the Internal Revenue Service regarding the consequences of the Reincorporation. There can be no assurance that future legislation, regulations, administrative rulings or court decisions would not alter the consequences discussed above. You should consult your own tax advisor to determine the particular tax consequences to you of the Reincorporation, including the applicability and effect of U.S. federal, state, local, foreign and other tax laws.

Vote Required for Approval

To be approved, the Reincorporation Proposal requires votes in favor of the proposal from more than two-thirds of the shares entitled to vote on the matter. Proxies received which contain no instructions to the contrary will be voted “FOR” the approval of the Reincorporation Proposal.

Effect of Not Obtaining the Required Vote for Approval

If the Reincorporation Proposal fails to obtain the requisite vote for approval, the Reincorporation will not be consummated, and the Company will continue to be incorporated in the Commonwealth of Virginia.

Amendments, Termination, and Abandonment of the Plan of Domestication

The Plan of Domestication may be amended or modified by the Board prior to effecting the Reincorporation, provided that the Board determines such amendment would be in the best interests of the Company and our shareholders, and provided further that, if shareholder approval has been obtained, the amendment does not alter or change any of the terms and conditions of the Plan of Domestication in a manner that adversely affects our shareholders.

The Reincorporation may be delayed by the Board, or the Plan of Domestication may be terminated and abandoned by action of the Board, at any time prior to the effective time of the Reincorporation, whether before or after approval by our shareholders, if the Board determines for any reason that such delay or termination would be in the best interests of the Company and our shareholders.

Interests of Officers and Directors in this Proposal

None of our officers or directors have any substantial interest, either direct or indirect, in the Reincorporation Proposal.

Recommendation of the Board of Directors

The Board unanimously recommends that you vote **FOR** the approval of the Reincorporation as set forth in the Reincorporation Proposal.

OTHER INFORMATION

Security Ownership of Certain Beneficial Owners and Management

The following table shows how much of our Voting Common Stock is owned by the directors and executive officers as of the Record Date.

Name of Beneficial Owner	Number of Shares of Voting Common Stock Beneficially Owned	Percentage of Shares of Voting Common Stock Owned
<i>Directors and Executive Officers</i> ⁽¹⁾		
L. Scott Askins	1,400	*
Ernst. W. Bruderer	35,048	*
Patrick M. Frawley, Vice Chairman ⁽²⁾	77,834	1.13%
Mark A. Griffith ⁽³⁾	79,529	1.15%
Boris Gutin ⁽⁴⁾	7,284	*
Michael B. High ⁽⁵⁾	100	*
Ping Lee, PhD	24,896	*
James S. MacLeod, Chairman ⁽⁶⁾	216,872	3.12%
James N. Richardson, Jr. ⁽⁷⁾	97,891	1.42%
Stephen R. Stone, Chief Executive Officer ⁽⁸⁾	212,183	3.03%
Joseph V. Topper, Jr. ⁽⁹⁾	309,826	4.49%
Cameron B. Turner, Chief Credit Officer ⁽¹⁰⁾	41,425	*
Anthony P. Valduga, Chief Financial Officer ⁽¹¹⁾	192,840	2.76%
All directors and Reg O Executive officers ⁽¹²⁾	1,297,128	18.02%

* Less than 1%.

(1) The address of each director and executive officer is: 5 Bow Circle, Hilton Head Island, South Carolina 29928.

(2) Includes 15,000 vested and unexercised options.

(3) Shares beneficially owned include 16,750 shares held by Patricia Ann Griffith as trustee of the Patricia Ann Griffith Revocable Trust, 35,865 shares held by Patricia Ann Griffith as trustee of the Griffith Family Trust, and 26,914 shares held by Mark Allan Griffith as trustee of the Mark Allan Griffith Revocable Trust.

(4) Boris M. Gutin currently serves as the representative of GCP CoastalSouth LLC and GCP Capital Partners LLC (collectively, "GCP") on our Board of Directors. Mr. Gutin owns 7,284 shares, but does not beneficially own shares held by GCP. GCP is the holder of record of 657,489 shares of Voting Common Stock. GCP's voting and dispositive power is held by its general partner, GCP Managing Partner IV GP, and GCP's Investment Committee.

(5) Michael B. High currently serves as the representative of the Patriot Financial Partners II Coastal SPV, LLC ("Patriot Fund II") and Patriot Financial Manager L.P. ("Patriot Financial Manager") on our Board of Directors. Mr. High owns 100 shares, but does not have voting or investment power over any shares held by the Patriot Funds II and Patriot Financial Manager or their affiliates and disclaims any beneficial ownership of such shares. Patriot Fund II is the holder of record of 657,561 shares of Voting Common Stock

and Patriot Financial Manager is the holder of record of 4,600 shares of Voting Common Stock. Patriot Fund II's voting and dispositive power is held by Patriot Financial Partners II GP, L.P. ("Patriot II GP"), which is the general partner of Patriot Fund II and by Patriot Financial Partners II GP, LLC ("Patriot II LLC"), which is the general partner of Patriot II GP, and by W. Kirk Wycoff, Ira M. Lubert, and James J. Lynch who serve as the general partners of the funds and Patriot II GP and as the members of Patriot II LLC. Patriot Financial Manager's voting and dispositive power is held by Patriot Financial Manager GP LLC ("Manager GP") and by W. Kirk Wycoff, Ira M. Lubert and James J. Lynch who serve as members of Manager GP. Mr. Wycoff, Mr. Lubert, and Mr. Lynch each disclaim beneficial ownership of such shares of Voting Common Stock, except to the extent of their respective pecuniary interest in the funds.

- (6) Shares beneficially owned include 161,872 shares held by Srome LLC owned 100% by James S. MacLeod, and 55,000 vested and unexercised options held by James S. MacLeod.
- (7) Shares beneficially owned include 14,800 shares held by National Financial Services LLC as custodian for James N. Richardson, Jr. IRA, and 83,091 shares held by James N. Richardson, Jr.
- (8) Includes 105,500 vested and unexercised options.
- (9) Shares beneficially owned include 305,226 shares held by Dunne Manning Investments, LP ("DMI"). DMI's voting and dispositive power is held by Dunne Manning GP, LLC. Joseph V. Topper, Jr. currently serves as the representative of DMI on our Board of Directors. Shares beneficially owned also include 4,600 shares held by Joseph V. Topper, Jr.
- (10) Shares beneficially owned include 5,000 shares held by Cameron B. Turner, 7,925 shares held by ETrade Financial Corporation as custodian for Cameron B. Turner and 28,500 vested and unexercised options.
- (11) Includes 96,000 vested and unexercised options.
- (12) Including the shares owned by GCP, Patriot Fund II, and Patriot Financial Manager, a total of 2,616,778 shares or 36.35% of the common voting shares are beneficially owned by Directors, Reg O Executives and entities that certain Directors of the Company represent.

OTHER MATTERS

The Board of Directors of CoastalSouth Bancshares, Inc. knows of no other matters that may be brought before the Annual Meeting. If, however, any matters other than those described in the Notice of Annual Meeting of the Shareholders should properly come before the Meeting, votes will be cast pursuant to the proxies in accordance with the best judgment of the proxy holders.

IF YOU CANNOT ATTEND THE MEETING, YOU ARE REQUESTED TO COMPLETE YOUR PROXY SO THAT YOUR SHARES WILL BE REPRESENTED AT THE ANNUAL MEETING. YOU MAY VOTE YOUR SHARES BY INTERNET OR TELEPHONE BY FOLLOWING THE INSTRUCTIONS PROVIDED ON THE ENCLOSED PROXY CARD. YOU MAY ALSO VOTE BY COMPLETING THE ENCLOSED PROXY CARD AND PROMPTLY RETURNING IT IN THE ENCLOSED POSTAGE-PAID ENVELOPE. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE THE PROXY IS EXERCISED.

APPENDIX I
PLAN OF DOMESTICATION
FOR DOMESTICATING
COASTALSOUTH BANCSHARES, INC.
a Virginia corporation
TO
COASTALSOUTH BANCSHARES, INC.
a Georgia corporation

This PLAN OF DOMESTICATION (together with all the exhibits attached hereto, the “Plan”), sets forth the terms, conditions and procedures governing the domestication of CoastalSouth Bancshares, Inc., a Virginia corporation (the “Domesticating Corporation”), into CoastalSouth Bancshares, Inc., a Georgia corporation (the “Domesticated Corporation”), in accordance with the provisions of the Code of Virginia, as amended, and the Georgia Business Corporation Code, as amended.

WHEREAS, the Domesticating Corporation is a corporation organized and existing under the laws of the Commonwealth of Virginia; and

WHEREAS, the Domesticating Corporation desires to domesticate into the Domesticated Corporation (the “Domestication”), to be effective upon the filing of (i) Articles of Domestication with the State Corporation Commission of Virginia and (ii) a Certificate of Conversion and Articles of Incorporation with the Georgia Secretary of State.

NOW, THEREFORE, BE IT RESOLVED, that the Corporation hereby adopts the Plan as follows:

1. The Domesticating Corporation is a corporation organized under the laws of the Commonwealth of Virginia, with its principal executive office located at 5 Bow Circle, Hilton Head Island, SC 29228. The name of the Domesticating Corporation is CoastalSouth Bancshares, Inc.
2. The Domesticated Corporation shall be a corporation organized under the laws of the State of Georgia, with its principal executive office located at 5 Bow Circle, Hilton Head Island, SC 29228. The name of the Domesticated Corporation shall be CoastalSouth Bancshares, Inc.
3. Pursuant to the Domestication, (i) each share of common stock of the Domesticating Corporation that is issued and outstanding immediately prior to the Domestication shall convert into one validly issued, fully paid and nonassessable share of common stock, par value \$1.00 per share, of the Domesticated Corporation, and shall have the same rights and preferences as immediately prior to the Domestication, and (ii) each share of non-voting common stock of the Domesticating Corporation that is issued and outstanding immediately prior to the Domestication shall convert into one validly issued, fully paid and nonassessable share of common stock, par value \$1.00 per share, of the Domesticated Corporation, and shall have the same rights and preferences as immediately prior to the Domestication. Each outstanding option and warrant to purchase stock of the Domesticating Corporation will automatically be converted into an option or warrant, as the case may be, to purchase an identical number of equivalent shares of the Domesticated Corporation at the same exercise price per share and upon the same terms and subject to the same conditions set

forth in the applicable plan, related award agreement, option agreement or warrant agreement, as applicable.

4. The Certificate of Conversion (the “Certificate of Conversion”) and the Articles of Incorporation (the “Articles of Incorporation”) of the Domesticated Corporation are attached hereto as Exhibit A and Exhibit B, respectively.
5. The Bylaws of the Domesticated Corporation are attached hereto as Exhibit C.
6. The Domestication shall become effective upon the filing of (i) Articles of Domestication with the Virginia State Corporation Commission and (ii) the Certificate of Conversion and Articles of Incorporation with the Georgia Secretary of State.

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EXHIBIT A

Certificate of Conversion

CERTIFICATE OF CONVERSION

OF

COASTALSOUTH BANCSHARES, INC.

I.

The name of the corporation is **COASTALSOUTH BANCSHARES, INC.** (the "Corporation"), and the Corporation is a Virginia corporation.

II.

The Corporation hereby elects to become a Georgia corporation pursuant to the Georgia Business Corporation Code, as amended (the "Code").

III.

The conversion of the Corporation shall be effective upon filing this Certificate of Conversion (the "Effective Time").

IV.

The Corporation's election to become a Georgia corporation has been approved in accordance with the provisions of Section 14-2-1109.2(a) of the Code.

V.

Filed with this Certificate of Conversion are Articles of Incorporation of CoastalSouth Bancshares, Inc., the corporation formed pursuant hereto (the "Resulting Corporation"), which are in the form required by Section 14-2-202 of the Code, which set forth a name for the Resulting Corporation that satisfies the requirements of Section 14-2-401 of the Code, and which shall be the Articles of Incorporation of the Resulting Corporation unless and until modified in accordance with the Code.

VI.

At the Effective Time, each of the issued and outstanding shares of the Corporation immediately prior to the Effective Time shall be automatically converted into a number of validly issued, fully paid and nonassessable shares of the Resulting Corporation without any further action on the part of the Corporation or the shareholders of the Corporation. All of the issued and outstanding shares, which immediately prior to the Effective Time represented shares of the Corporation, shall be terminated. Certificates representing such shares shall thereafter be deemed cancelled, and upon surrender to the Resulting Corporation any officer of the Resulting Corporation is hereby authorized and directed to mark such certificates "Cancelled Pursuant to Conversion of Entity [_____]."

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Conversion to be effective as of the Effective Time.

COASTALSOUTH BANCSHARES, INC.

By: _____
Name:
Title:

EXHIBIT B

Articles of Incorporation

[See Appendix II to the Proxy Statement]

EXHIBIT C

Georgia Bylaws

[See Appendix III to the Proxy Statement]

APPENDIX II
ARTICLES OF INCORPORATION
OF
COASTALSOUTH BANCSHARES, INC.

ARTICLE I

The name of the Corporation is CoastalSouth Bancshares, Inc. (the "Corporation")

ARTICLE II

The Corporation is organized pursuant to the Georgia Business Corporation Code (the "Code"). The purpose of the Corporation is to engage in any form or type of business for any lawful purpose or purposes not specifically prohibited to corporations for profit under the Code and to have all the rights, power, privileges and immunities which are now or hereafter may be allowed to corporations under the Code.

ARTICLE III

The Corporation shall have perpetual duration.

ARTICLE IV

The initial principal office of the Corporation shall be located at 5 Bow Circle, Hilton Head Island, South Carolina 29928.

ARTICLE V

(a) The total number of shares that the Corporation is authorized to issue is as follows:

<u>Class</u>	<u>No. of Shares</u>	<u>Par Value</u>
Common Stock	50,000,000	\$1.00
Non-Voting Common Stock	10,000,000	\$1.00
Preferred Stock	10,000,000	\$1.00

(b) The Board of Directors of the Corporation is authorized, subject to limitations prescribed by law and the provisions of this Article, to provide for the issuance of the shares of Preferred Stock in series, and to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and relative rights of the shares of each such series and the qualifications, or restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

- (i) The number of shares constituting that series and the distinctive designation of that series;
- (ii) The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payments of dividends on shares of that series;
- (iii) Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;
- (iv) Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provisions for adjustment of the conversion rate in such events as the Board of Directors shall determine;
- (v) Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption rates;
- (vi) Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;
- (vii) The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding-up of the corporation, and the relative rights of priority, if any, of payment of shares of that series; and
- (viii) Any other relative rights, preferences, and limitations of that series.

(c) Subject to the provisions of applicable law, the holders of shares of Common Stock are entitled to receive, when and as declared by the Board of Directors of the Corporation, out of the assets of the Corporation legally available therefor, dividends or other distributions, whether payable in cash, property or securities of the Corporation. The holders of shares of Common Stock are entitled to receive, in proportion to the number of shares of Common Stock held, the Corporation's net assets upon liquidation or dissolution.

(d) The Non-Voting Common Stock of the Corporation shall have the rights and designations set forth in Article X of these Articles of Incorporation.

ARTICLE VI

The mailing address of the initial registered office of the Corporation shall be 2 Sun Court, Suite 400, Peachtree Corners, GA 30092, located in the County of Gwinnett, and its initial registered agent at such address is Corporation Service Company.

ARTICLE VII

The name and address of the Incorporator is as follows:

<u>Name</u>	<u>Address</u>
Stephen R. Stone	5 Bow Circle Hilton Head Island, South Carolina 29928

ARTICLE VIII

No director shall have any personal liability to the Corporation or to its shareholders for monetary damages for breach of duty of care or other duty as a director, by reason of any act or omission occurring subsequent to the date when this provision becomes effective, and all liability of directors to the Corporation or to its shareholders is hereby eliminated to the fullest extent permitted under Section 14-2-202(b)(4) of the Code. The elimination of personal liability of directors shall not apply to: (a) any appropriation of any business opportunity of the Corporation in violation of the director's duties; (b) acts or omissions which involve intentional misconduct or a knowing violation of law; (c) liabilities of a director imposed by Section 14-2-832 of the Code; or (d) any transaction from which the director derived an improper personal benefit. If applicable law is amended after the effective date of this Article VIII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Corporation shall be eliminated or limited to the fullest extent permitted by applicable law as so amended. Any repeal or modification of this Article VIII shall only be prospective and shall not affect the rights or protections or increase the liability of any officer or director under this Article VIII in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

ARTICLE IX

To the fullest extent permitted by the Code, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers, employees and agents of the Corporation (and any other persons to which applicable law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such persons, or otherwise in excess of the indemnification and advancement otherwise provided by such applicable law. The Corporation may, but shall not be required to, indemnify any and all officers, employees or agents of the Corporation to the same extent as directors.

ARTICLE X

A statement of the powers, designations, preferences, rights, qualifications, limitations and restrictions in respect of the shares of Non-Voting Common Stock is as follows:

1. Definitions. The following definitions shall apply for purposes of this Article X:

- a. “Affiliate” has the meaning set forth in 12 C.F.R. Section 225.2(a) or any successor provision.
- b. “Articles of Incorporation” means the Articles of Incorporation of the Corporation, as amended and in effect from time and time.
- c. “Board of Directors” means the board of directors of the Corporation.
- d. A “business day” means any day other than a Saturday or a Sunday or a day on which banks in South Carolina are authorized or required by law, executive order or regulation to close.
- e. “Certificate” means a certificate representing one (1) or more shares of Non-Voting Common Stock.
- f. “Common Stock” means the voting common stock of the Corporation, par value \$1.00 per share.
- g. “Conversion” has the meaning set forth in Section X.5.
- h. “Conversion Date” means the date that a share of Non-Voting Common Stock is converted into Common Stock in accordance with Section X.5.
- i. “Corporation” means CoastalSouth Bancshares, Inc., a Georgia corporation.
- j. “Dividends” has the meaning set forth in Section X.3.
- k. “Exchange Agent” means Computershare solely in its capacity as transfer and exchange agent for the Corporation, or any successor transfer and exchange agent for the Corporation.
- l. “Liquidation Distribution” has the meaning set forth in Section X.4.
- m. “Mandatory Conversion Date” means, with respect to shares of Series D Preferred Stock of any and all holders thereof, the effective date of these Articles of Amendment to the Articles of Incorporation.

- n. “Non-Voting Common Stock” has the meaning set forth in Section X.2.
 - o. “Permissible Transfer” means a transfer by the holder of Non-Voting Common Stock (i) to the Corporation; (ii) in a widely distributed public offering of Common Stock or Non-Voting Common Stock; (iii) that is part of an offering that is not a widely distributed public offering of Common Stock or Non-Voting Common Stock but is one in which no one transferee (or group of associated transferees) acquires the rights to receive two percent (2%) or more of any class of the Voting Securities of the Corporation then outstanding (including pursuant to a related series of transfers); (iv) that is part of a transfer of Common Stock or Non-Voting Common Stock to an underwriter for the purpose of conducting a widely distributed public offering; (v) to a transferee that controls more than fifty percent (50%) of the Voting Securities of the Corporation without giving effect to such transfer; or (vi) that is part of a transaction approved by the Board of Governors of the Federal Reserve System (the “Federal Reserve”).
 - p. “Person” means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, or any other form of entity not specifically listed herein.
 - q. “Series D Preferred Stock” means the series of shares of preferred stock of the Corporation designated as “Series D Convertible Perpetual Preferred Stock” which were automatically converted into shares of Non-Voting Common Stock on the Mandatory Conversion Date.
 - r. “Voting Security” has the meaning set forth in 12 C.F.R. Section 225.2(q) or any successor provision.
2. Designation; Number of Shares. The class of shares of capital stock hereby authorized shall be designated as “Non-Voting Common Stock”. The number of authorized shares of the Non-Voting Common Stock shall be 10,000,000 shares. The Non-Voting Common Stock shall have a par value of \$1.00 per share. Each share of Non-Voting Common Stock has the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption as described herein. Each share of Non-Voting Common Stock is identical in all respects to every other share of Non-Voting Common Stock.
3. Dividends. The Non-Voting Common Stock will rank *pail passu* with the Common Stock with respect to the payment of dividends or distributions, whether payable in cash, securities, options or

other property, and with respect to issuance, grant or sale of any rights to purchase stock, warrants, securities or other property (collectively, the “Dividends”). Accordingly, the holders of record of Non-Voting Common Stock will be entitled to receive as, when, and if declared by the Board of Directors, Dividends in the same per share amount as paid on the Common Stock, and no Dividends will be payable on the Common Stock or any other class or series of capital stock ranking with respect to Dividends *pail passu* with the Common Stock unless a Dividend identical to that paid on the Common Stock is payable, at the same time on the Non-Voting Common Stock in an amount per share of Non-Voting Common Stock equal to the product of (a) the per share Dividend declared and paid in respect of each share of Common Stock and (b) the number of shares of Common Stock into which such share of Non-Voting Common Stock is then convertible (without regard to any limitations on conversion of the Non-Voting Common Stock); provided, however, that if a stock Dividend is declared on Common Stock payable solely in Common Stock, the holders of Non-Voting Common Stock will be entitled to a stock Dividend payable solely in shares of Non-Voting Common Stock. Dividends that are payable on Non-Voting Common Stock will be payable to the holders of record of Non-Voting Common Stock as they appear on the stock register of the Corporation on the applicable record date, as determined by the Board of Directors, which record date will be the same as the record date for the equivalent Dividend of the Common Stock. In the event that the Board of Directors does not declare, or pay any Dividends with respect to shares of Common Stock, then the holders of Non-Voting Common Stock will have no right to receive any Dividends.

4. Liquidation.

- a. Rank. The Non-Voting Common Stock will, with respect to rights upon liquidation, winding up and dissolution, rank (i) subordinate and junior in right of payment to all other securities of the Corporation which, by their respective terms, are senior to the Non-Voting Common Stock or the Common Stock, and (ii) *pari passu* with the Common Stock. Not in limitation of anything contained herein, and for purposes of clarity, the Non-Voting Common Stock is subordinated to the general creditors and subordinated debt holders of the Company, and the depositors of the Company’s bank subsidiaries, in any receivership, insolvency, liquidation or similar proceeding.
- b. Liquidation Distributions. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Non-Voting Common Stock will be entitled to receive, for each share of Non-Voting Common Stock,

out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any Persons to whom the Non-Voting Common Stock is subordinate, a distribution (“Liquidation Distribution”) equal to (i) any authorized and declared, but unpaid, Dividends with respect to such share of Non-Voting Common Stock at the time of such liquidation, dissolution or winding up, and (ii) the amount the holder of such share of Non-Voting Common Stock would receive in respect of such share if such share had been converted into shares of Common Stock at the then applicable conversion rate at the time of such liquidation, dissolution or winding up (assuming the conversion of all shares of Non-Voting Common Stock at such time, without regard to any limitations on conversion of the Non-Voting Common Stock). All Liquidating Distributions to the holders of the Non-Voting Common Stock and Common Stock set forth in clause (ii) above will be made pro rata to the holders thereof.

- c. Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section X.4, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Non-Voting Common Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or property) of all or substantially all of the assets of the Corporation, will not constitute a liquidation, dissolution or winding up of the Corporation.
5. Conversion.
- a. General.
 - i. A holder of Non-Voting Common Stock shall be permitted to convert shares of Non-Voting Common Stock into shares of Common Stock at any time or from time to time, provided that upon such conversion the holder, together with all Affiliates of the holder, will not own or control in the aggregate more than nine point nine (9.9%) of the Common Stock (or of any class of Voting Securities issued by the Corporation), excluding for the purpose of this calculation any reduction in ownership resulting from transfers by such holder of Voting Securities of the Corporation (which, for the avoidance of doubt, does not include Non-Voting Common Stock). In any such, conversion, each share of Non-Voting Common

Stock will convert initially into one (1) share of Common Stock, subject to adjustment as provided in Section X.6 below.

- ii. Each share of Non-Voting Common Stock will automatically convert into one (1) share of Common Stock, without any further action on the part of any holder, subject to adjustment as provided in Section, X.6 below, on the date a holder of Non-Voting Common Stock transfers any shares of Non-Voting Common Stock to a non-affiliate of the holder in a Permissible Transfer.
 - iii. To effect any permitted conversion under Section X.5(a)(i) or Section X.5(a)(ii), the holder shall surrender the certificate or certificates evidencing such shares of Non-Voting Common Stock, duly endorsed, at the registered office of the Corporation, and provide written instructions to the Corporation as to the number of shares for which such conversion shall be effected, together with any appropriate documentation that may be reasonably required by the Corporation. Upon the surrender of such certificate(s), the Corporation will issue and deliver to such holder (in the case of a conversion under Section X.5(a)(i)) or such holder's transferee (in the case of a conversion under Section X.5(a)(ii)) a certificate or certificates for the number of shares of Common Stock into which the Non-Voting Common Stock has been converted and, in the event that such conversion is with respect to some, but not all, of the holder's shares of -Non-Voting Common Stock, the Corporation shall deliver to such holder a certificate or certificate(s) representing the number of shares of Non-Voting Common Stock that were not converted to Common Stock.
 - iv. All shares of Common Stock delivered upon conversion of the Non-Voting Common Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests, charges and other encumbrances.
- b. Reservation of Shares Issuable Upon Conversion. The Corporation will at all times reserve and keep available out of its authorized but unissued Common Stock solely for the purpose of effecting the conversion of the Non-Voting Common Stock such number of shares of Common Stock as will from' time. to time be sufficient to effect the conversion of all

outstanding Non-Voting Common Stock; and if at any time the number of shares of authorized but unissued Common Stock will not be sufficient to effect the conversion of all then outstanding Non-Voting common Stock, the Corporation will take such action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Common Stock to such number of shares as will be sufficient for such purpose.

- c. No Impairment. The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section X.5 and in the taking of all such actions as may be necessary or appropriate in order to protect the conversion rights of the holders of the Non-Voting Common Stock against impairment.

6. Adjustments.

- a. Combinations or Divisions of Common Stock. In the event that the Corporation at any time or from time to time will effect a division of the Common Stock into a greater number of shares (by stock split, reclassification or otherwise other than by payment of a Dividend in Common Stock or in any right to acquire the Common Stock), or in the event the outstanding Common Stock will be combined or consolidated, by reclassification, reverse stock split or otherwise, into a lesser number of shares of the Common Stock, then the dividend, liquidation, and conversion rights of each share of Non-Voting Common Stock in effect immediately prior to such event will, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.
- b. Reclassification, Exchange or Substitution. If the Common Stock is changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a division or combination of shares provided for in Section X.6(a) above), (1) the conversion ratio then in effect will, concurrently with the effectiveness of such transaction, be adjusted so that each share of the Non-Voting Common Stock will be convertible into, in lieu of the number of shares of Common Stock which the holders of the Non-Voting Common Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock

equal to the product of (i) the number of shares of such other class or classes of stock that a holder of a share of Common Stock would be entitled to receive in such transaction and (ii) the number of shares of Common Stock into which such share of Non-Voting Common Stock is then convertible (without regard to any limitations on conversion of the Non-Voting Common Stock) immediately before that transaction and (2) the Dividend and Liquidation Distribution rights then in effect will, concurrently with the effectiveness of such transaction, be adjusted so that each share of Non-Voting Common Stock will be entitled to a Dividend and Liquidation Distribution right, in lieu of with respect to the number of shares of Common Stock which the holders of the Non-Voting Common Stock would otherwise have been entitled to receive, with respect to a number of shares of such other class or classes of stock equal to the product of (i) the number of shares of such other class or classes of stock that a holder of a share of Common Stock would be entitled to receive in such transaction and (ii) the number of shares of Common Stock into which such share of Non-Voting Common Stock is then convertible (without regard to any limitations on conversion of the Non-Voting Common Stock) immediately before that transaction.

- c. Certificates as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section X.6, the Corporation at its expense will promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Non-Voting Common Stock a certificate executed by the Corporation's President (or other appropriate officer) setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation will, upon the written request at any time of any holder of Non-Voting Common Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, and (ii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the Non-Voting Common Stock.
7. Reorganization, Mergers, Consolidations or Sales of Assets. If at any time or from time to time there will be a capital reorganization of the Common Stock (other than a subdivision, combination, reclassification or exchange of shares otherwise provided for in Section X.6) or a merger or consolidation of the Corporation with or into another corporation, or the sale of all or substantially all the Corporation's properties and assets to any other Person, then, as a part of such reorganization, merger, consolidation or sale, provision will be made so that the holders of the Non-Voting Common Stock will thereafter be entitled to receive upon conversion of the Non-Voting

Common Stock, the number of shares of stock or other securities or property of the Corporation, or of the successor company resulting from such merger or consolidation or sale, to which a holder of that number of shares of Common Stock deliverable upon conversion of the Non-Voting Common Stock would have been entitled to receive on such capital reorganization, merger, consolidation or sale (without regard to any limitations on conversion of the Non-Voting Common Stock).

8. Redemption. Except to the extent a liquidation under Section X.4 may be deemed to be a redemption, the Non-Voting Common Stock will not be redeemable at the option of the Corporation or any holder of Non-Voting Common Stock at any time. Notwithstanding the foregoing, the Corporation will not be prohibited from repurchasing or otherwise acquiring shares of Non-Voting Common Stock in voluntary transactions with the holders thereof, subject to compliance with any applicable legal or regulatory requirements, including applicable regulatory capital requirements. Any shares of Non-Voting Common Stock repurchased or, otherwise acquired may be reissued as additional shares of Non-Voting Common Stock.
9. Voting Rights. The holders of Non-Voting Common Stock will not have any voting rights, except as may otherwise from time to time be required by law.
10. Protective Provisions. So long as any shares of Non-Voting Common Stock are issued and outstanding, the Corporation will not (including by means of merger, consolidation or otherwise), without obtaining the approval (by vote or written consent) of the holders of a majority of the issued and outstanding shares of Non-Voting Common Stock, (a) alter or change the rights, preferences, privileges or restrictions provided for the benefit of the holders of the Non-Voting Common Stock, (b) increase or decrease the authorized number of shares of Non-Voting Common Stock or (c) enter into any agreement, merger or business consolidation, or engage in any other transaction, or take any action that would have the effect of changing any preference or any relative or other right provided for the benefit of the holders of the Non-Voting Common Stock. In the event that the Corporation offers to repurchase shares of Common Stock, the Corporation shall offer to repurchase shares of Non-Voting Common Stock pro rata based upon the number of shares of Common Stock such holders would be entitled to receive if such shares were converted into shares of Common Stock immediately prior to such repurchase.
11. Notices. All notices required or permitted to be given by the Corporation with respect to the Non-Voting Common Stock shall be in writing, and if delivered by first class United States mail, postage

prepaid, to the holders of the Non-Voting Common Stock at their last addresses as they shall appear upon the books of the Corporation, shall be conclusively presumed to have been duly given, whether or not the holder actually receives such notice; provided, however, that failure to duly give such notice by mail, or any defect in such notice, to the holders of any stock designated for repurchase, shall not affect the validity of the proceedings for the repurchase of any other shares of Non-Voting Common Stock, or of any other matter required to be presented for the approval of the holders of the Non-Voting Common Stock.

12. Record Holders. To the fullest extent permitted by law, the Corporation will be entitled to recognize the record holder of any share of Non-Voting Common Stock as the true and lawful owner thereof for all purposes and will not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other Person, whether or not it will have express or other notice thereof.
13. Term. The Non-Voting Common Stock shall have perpetual term unless converted in accordance with Section X.5.
14. No Preemptive Rights. The holders of Non-Voting Common Stock are not entitled to any preemptive or preferential right to purchase or subscribe for any capital stock, obligations, warrants or other securities or rights of the Corporation, except for any such rights that may be granted by way of separate contract or agreement to one or more holders of Non-Voting Common Stock.
15. Replacement Certificates. In the event that any Certificate will have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Corporation, the posting by such Person of a bond in such amount as the Corporation may determine is necessary as indemnity against any claim that may be made against it with respect to such Certificate, the Corporation or the Exchange Agent, as applicable, will deliver in exchange for such lost, stolen or destroyed Certificate a replacement Certificate.
16. Other Rights. The shares of Non-Voting Common Stock have no preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or rights, other than as set forth herein or as provided by applicable law.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Incorporation as of _____, 2023.

Stephen R. Stone, Incorporator

APPENDIX III
SECOND AMENDED AND RESTATED BYLAWS
OF
COASTALSOUTH BANCSHARES, INC.

[•], 2023

TABLE OF CONTENTS

	Page
ARTICLE I SHAREHOLDERS' MEETINGS	1
Section 1. Annual Meeting	1
Section 2. Special Meetings.....	1
Section 3. Notice of Meeting	1
Section 4. Waiver of Notice.....	1
Section 5. Quorum and Voting	1
Section 6. Record Date	2
Section 7. Conduct of Meetings.....	2
Section 8. Action Without a Meeting	2
Section 9. Shareholder Proposals and Director Nominations	2
Section 10. Place of Shareholders' Meeting	5
 ARTICLE II BOARD OF DIRECTORS.....	 5
Section 1. Number, Election and Term.....	5
Section 2. Removal and Vacancies.....	5
Section 3. Qualification of Directors	5
Section 4. Meetings and Notices.....	5
Section 5. Quorum and Voting	6
Section 6. Conduct of Meetings.....	6
Section 7. Action Without a Meeting	6
 ARTICLE III COMMITTEES.....	 6
Section 1. Creation of Committees and Selection of Members	6
Section 2. Voting and Scope of Authority	7
 ARTICLE IV OFFICERS	 7
Section 1. Number, Election, and Term.....	7
Section 2. Duties of Chief Executive Officer	7
Section 3. Duties of Chief Financial Officer	7
Section 4. Duties of Vice President	7
Section 5. Duties of Secretary.....	8
Section 6. Duties of Treasurer	8
 ARTICLE V DISTRIBUTIONS AND DIVIDENDS	 8
 ARTICLE VI CERTIFICATES OF STOCK.....	 8
Section 1. Form.....	8
Section 2. Uncertificated Shares	8
Section 3. Rights of Corporation with Respect to Registered Owners	8
Section 4. Transfers	9
Section 5. Lost, Stolen or Destroyed Certificates	9
Section 6. Transfer Agent and Registrar.....	9
 ARTICLE VII SEAL	 9
 ARTICLE VIII VOTING OF OTHER STOCK HELD	 9
 ARTICLE IX CHECKS, NOTES AND DRAFTS	 10

TABLE OF CONTENTS
(continued)

	Page
ARTICLE X FISCAL YEAR	10
ARTICLE XI AMENDMENT OF BYLAWS.....	10

**SECOND AMENDED AND RESTATED BYLAWS
OF
COASTALSOUTH BANCSHARES, INC.**

ARTICLE I

SHAREHOLDERS' MEETINGS

Section 1. Annual Meeting. An annual meeting of the shareholders of the Corporation shall be held each calendar year, as determined by the Board of Directors (the "Board").

Section 2. Special Meetings. A special meeting of the shareholders of the Corporation may be called by the Board, the Chairman of the Board, the Chief Executive Officer, or the holders of shares not representing less than twenty-five percent (25%) of the votes entitled to be cast on each issue proposed to be considered at the special meeting. The business that may be transacted at any special meeting of shareholders shall be limited to that proposed in the notice of the special meeting given in accordance with Section I.3 (including related or incidental matters that may be necessary or appropriate to effectuate the proposed business).

Section 3. Notice of Meeting. All meetings of the shareholders shall be held at the times and places fixed by resolution of the Board. Written notice stating the date, time, and location of each meeting of the shareholders, and in case of a special meeting also stating the purpose or purposes for which the meeting is called, shall be given either personally, by mail, by electronic mail or by any other form of notice permitted by the Georgia Business Corporation Code, as amended (the "Code"), to each shareholder of record entitled to vote at such meeting. Such notice shall be given no less than ten (10) nor more than sixty (60) days before the date of such meeting. If an annual or special meeting is adjourned to a different date, time, or location, the Corporation shall give shareholders notice of the new date, time, or location of the adjourned meeting, unless a quorum of shareholders was present at the meeting and information regarding the adjournment was announced before the meeting was adjourned; provided, however, that if a new record date is or must be fixed in accordance with Section I.6, the Corporation must give notice of the adjourned meeting to all shareholders of record as of the new record date who are entitled to vote at the adjourned meeting.

Section 4. Waiver of Notice. A shareholder may waive any notice required by the Code, the Articles of Incorporation of the Corporation (the "Articles"), or these Bylaws, before or after the date and time of the matter to which the notice relates, by delivering to the Corporation a written waiver of notice signed by the shareholder entitled to the notice. In addition, a shareholder's attendance at a meeting shall be (a) a waiver of objection to lack of notice or defective notice of the meeting unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting, and (b) a waiver of objection to consideration of a particular matter at the meeting that is not within the purpose stated in the meeting notice, unless the shareholder objects to considering the matter when it is presented. Except as otherwise required by the Code, neither the purpose of, nor the business transacted at, the meeting need be specified in any waiver.

Section 5. Quorum and Voting. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists at the meeting with respect to that matter. A majority of the votes entitled to be cast on the matter by such voting group shall constitute a quorum of the voting group for action on that matter. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or shall be set for that adjourned meeting as provided in Section

I.3. If a meeting cannot be organized due to lack of a quorum, those shareholders present may adjourn the meeting to such time and place as they may determine. If a quorum exists, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Code, the Articles, or these Bylaws require a greater number of affirmative votes. Unless otherwise provided in the Articles, each shareholder shall be entitled to one (1) vote in person or by proxy for each share entitled to vote standing in his or her name on the books of the Corporation. Any shareholder directly or indirectly soliciting proxies from other shareholders must use a proxy card color other than white, which shall be reserved for exclusive use by the Board.

Section 6. Record Date. The Board may fix in advance the record date for one (1) or more voting groups in order to make a determination of shareholders for any proper purpose, including, but not limited to, (a) a determination of shareholders entitled to notice or to vote at any meeting of shareholders or, if necessary, any adjournment thereof or (b) entitled to receive payment of any distribution or dividend. The record date fixed under this Section I.6 may not be more than seventy (70) days before the date on which the particular action requiring the determination of shareholders is to be taken. A determination of shareholders entitled to notice of or to vote at any meeting of shareholders shall apply to any adjournment of the meeting, unless the Board shall fix a new record date for the reconvened meeting. The Board shall fix a new record date if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

Section 7. Conduct of Meetings. The [Chairman] shall preside over all meetings of the shareholders. If he or she is absent, the Chief Executive Officer shall preside at such meeting. If no such officer is present, a chairman shall be elected at the meeting. The Secretary of the Corporation shall act as Secretary of all the meetings if he or she is present. If he or she is absent, the chairman shall appoint a Secretary of the meeting. The chairman of the meeting may appoint one or more inspectors of election to determine the qualification of voters, the validity of proxies, and the results of ballots.

Section 8. Action Without a Meeting. Any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting and without action by the Board if all of the shareholders entitled to vote with respect to the subject matter of such action or, if permitted by the Articles, by shareholders who would be entitled to vote at a meeting having voting power to cast the requisite number of votes that would be necessary to authorize or take the action at a meeting at which all shareholders entitled to vote were present and voted. The action must be evidenced by one or more written consents describing the action taken, signed by shareholders entitled to take action without a meeting, and delivered to the Corporation for inclusion in the minutes or filing with the corporate records. Where required by Section 14-2-704 or other applicable provision of the Code, the Corporation shall provide shareholders with written notice of actions taken without a meeting.

If notice of proposed action is required by law to be given to non-voting shareholders and the action is to be taken by unanimous consent of the voting shareholders as provided in this Section I.8, the Corporation shall give its non-voting shareholders written notice of the proposed action at least ten (10) days before the action is taken. The notice shall contain or be accompanied by the same material that would have been required by law to be sent to non-voting shareholders in a notice of meeting at which the proposed action would have been submitted to the shareholders for action.

Section 9. Shareholder Proposals and Director Nominations.

(a) No proposal for a shareholder vote shall be submitted by a shareholder (a “Shareholder Proposal”) to the Corporation’s shareholders unless the shareholder submitting such proposal (the “Proponent”) shall have filed a written notice setting forth with particularity (i) the names and business addresses of the Proponent and all natural persons, corporations, partnerships, trusts or any other type of

legal entity or recognized ownership vehicle (collectively, a “Person”) acting in concert with the Proponent; (ii) the name and address of the Proponent and the Persons identified in clause (i), as they appear on the Corporation’s books (if they so appear); (iii) the class and number of shares of the Corporation beneficially owned by the Proponent and by each Person identified in clause (i); (iv) a description of the Shareholder Proposal containing all material information relating thereto; (v) for proposals sought to be included in the Corporation’s proxy statement, any other information required by Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”); and (vi) such other information as the Board reasonably determines is necessary or appropriate to enable the Board and shareholders of the Corporation to consider the Shareholder Proposal. The chairman at any meeting of the shareholders may determine that any Shareholder Proposal was not made in accordance with the procedures prescribed in these Bylaws or is otherwise not in accordance with law, and if it is so determined, such officer shall so declare at the meeting and the Shareholder Proposal shall be disregarded.

(b) Only Persons who are selected and recommended by the Board or the committee of the Board designated to make nominations, or who are nominated by shareholders in accordance with the procedures set forth in this Section I.9 shall be eligible for election, or qualified to serve, as Directors. Nominations of individuals for election to the Board at any annual meeting or any special meetings of shareholders at which Directors are to be elected may be made by any shareholder of the Corporation entitled to vote for the election of Directors at that meeting by compliance with the procedures set forth in this Section I.9. Nominations by shareholders pursuant to this Section I.9 shall be made by written notice (a “Nomination Notice”), which shall set forth (i) as to each individual nominated, (A) the name, date of birth, business address and residence address of such individual; (B) the business experience during the past five years of such nominee, including his or her principal occupations and employment during such period, the name and principal business of any corporation or other organization in which such occupations and employment were carried on, and such other information as to the nature of his or her responsibilities and level of professional competence as may be sufficient to permit assessment of such prior business experience; (C) whether the nominee is or has ever been at any time a director, officer or owner of five percent (5%) or more of any class of capital stock, partnership interests or other equity interest of any corporation, partnership or other entity with a class of securities registered pursuant to Section 12 of the Exchange Act; (D) any directorships held by such nominee in any corporation with a class of securities registered pursuant to Section 12 of the Exchange Act, or subject to the requirements of Section 15(d) of the Exchange Act or any corporation registered as an investment corporation under the Investment Corporation Act of 1940, as amended; (E) whether such nominee has ever been convicted in a criminal proceeding or has ever been subject to a judgment, order, finding or decree of any federal, state or other governmental entity, concerning any violation of federal, state or other law, or any proceeding in bankruptcy, which conviction, order, finding, decree or proceeding may be material to an evaluation of the ability or integrity of the nominee; (G) no later than five (5) business days prior to the date of the applicable meeting of shareholders or, if practicable, any adjournment, recess, rescheduling or postponement thereof (or if not practicable, on the first practicable date prior to the date to which such meeting has been adjourned, recessed, rescheduled or postponed), reasonable evidence that such shareholder has complied with the requirements of Rule 14a-19 of the Exchange Act, and (H) any other information required by law or regulation to be provided by a shareholder intending to nominate a person for election as a Director of the Corporation, as applicable; and (ii) as to the Person submitting the Nomination Notice and any Person acting in concert with such Person, (V) the name and business address of such Person, (W) the name and address of such Person as they appear on the Corporation’s books (if they so appear), (X) the class and number of shares of the Corporation that are beneficially owned by such Person, (Y) a description of any agreements, arrangements or understandings with respect to the nomination or proposal among such Person and/or such beneficial owner and any other Person acting in concert, including the nominee, and (Z) a description of any agreements, arrangements or understandings (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that have been entered into as of the date of the Nomination

Notice by, or on behalf of, the Person submitting the Nomination Notice, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such Person or such beneficial owner, with respect to securities of the Corporation. At the request of the Corporation, the nominee must submit a completed and signed questionnaire (which questionnaire shall be provided by the Secretary) and provide such other information as the Corporation may reasonably request. A written consent to being named in a proxy statement as a nominee, and to serve as a Director if elected, signed by the nominee, shall be filed with any Nomination Notice, together with evidence satisfactory to the Corporation that such nominee has no interests that would limit his or her ability to fulfill his or her duties of office. If the chairman at any meeting of the shareholders determines that a nomination was not made in accordance with the procedures prescribed by these Bylaws, such officer shall so declare to the meeting and the defective nomination shall be disregarded. Without limiting the foregoing, the information required by this paragraph shall be updated by the shareholder not later than ten (10) days after the record date for the meeting to disclose such information as of the record date.

(c) If a Shareholder Proposal or Nomination Notice pursuant to this Section I.9 is to be submitted at an annual meeting, it shall be delivered to or be mailed and received by the Secretary of the Corporation at the principal executive office of the Corporation [not less than one hundred twenty (120) days nor more than one hundred fifty (150) days] before the first anniversary of the date that the Corporation's proxy statement was released to Shareholders in connection with the previous year's annual meeting. However, if no annual meeting was held in the previous year or if the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, the notice shall be delivered to or be mailed and received by the Secretary at the principal executive office of the Corporation not later than the close of business on the tenth (10th) day following the earlier of (i) the day on which notice of the date of the forthcoming meeting was mailed or given to shareholders by or on behalf of the Corporation and (ii) the day on which public announcement of the date of the forthcoming meeting was made by or on behalf of the Corporation. If a Shareholder Proposal or Nomination Notice is to be submitted at a special meeting of the shareholders, it shall be delivered to or be mailed and received by the Secretary of the Corporation at the principal executive office of the Corporation no later than the close of business on the earlier of (i) the thirtieth (30th) day following the public announcement that a matter will be submitted to a vote of the shareholders at a special meeting, or (ii) the tenth (10th) day following the day on which notice of the special meeting was given. In addition, if a shareholder intends to solicit proxies from the shareholders of the Corporation for any meeting of the shareholders, such shareholder shall notify the Corporation of this intent.

(d) No person shall be eligible for election as a Director of the Corporation and no business shall be conducted at any meeting of the shareholders of the Corporation unless nominated or proposed, respectively, in compliance with the procedures set forth in this Section I.9. The chairman of a meeting of shareholders of the Corporation shall, if the facts warrant, determine that business has not been properly brought before the meeting in accordance with the provisions of this Section I.9, and if the chairman should so determine, the chairman shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. In addition, if the chairman determines that a nomination of a Director or Directors was not made in accordance with the procedures specified in this Section I.9, the chairman of the meeting shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

(e) In addition to the foregoing provisions of this Section I.9, a shareholder shall also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in these Bylaws; provided, however, that any references in these Bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit the requirements of these Bylaws applicable to nominations or proposals as to any other business to be

considered pursuant to these Bylaws regardless of the shareholder's intent to utilize Rule 14a-8 promulgated under the Exchange Act. Nothing in this Section I.9 shall be deemed to affect any rights (i) of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 promulgated under the Exchange Act or (ii) of the holders of any series of preferred stock of the Corporation if and to the extent provided under applicable law, the Articles of Incorporation, or these Bylaws.

Section 10. Place of Shareholders' Meeting. For any meeting of shareholders as described in Article I, the Board may, in its sole discretion, determine that any meeting of shareholders may be held solely or partially by means of remote communication in lieu of holding the meeting at a designated physical place, in any manner and to the fullest extent permitted by the laws of the State of Georgia. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number, Election and Term. The Board shall be elected at the annual meeting of the shareholders or at any special meeting held in lieu thereof. No individual shall be named or elected as a Director without his or her prior consent. The number of Directors shall be no less than five (5) nor more than fifteen (15). The specific number of Directors within that range shall be determined by resolution of the Board. This range or the specific number, if a fixed number of Directors is subsequently established, may be increased or decreased at any time by amendment of these Bylaws; provided, however, no reduction in the number of Directors shall have the effect of shortening the term of any incumbent Director. Except as provided in the Articles, the Directors shall be elected at each annual meeting of shareholders, or at a special meeting of shareholders called for purposes that include the election of directors, by a plurality of the votes cast by the shares entitled to vote and present at the meeting. Directors need not be shareholders or residents of the State of Georgia. Each Director, except in the case of his or her earlier death, resignation, retirement, disqualification, or removal, shall serve until the expiration of his or her respective term and thereafter until his or her successor shall have been elected and qualified.

Section 2. Removal and Vacancies. A Director may be removed, with or without cause, by the shareholders only at a shareholder's meeting for which notice of the removal action has been given. Any or all of the Directors, or a class of Directors, may be removed at any time, with or without cause, by a vote of the holders of a majority of the shares then entitled to vote at an election of Directors, at any meeting of shareholders called for that purpose. Any vacancy on the Board, including a vacancy resulting from an increase in the number of Directors, may be filled by the shareholders or the Board; provided, however, if the vacant office was held by a Director elected by a particular voting group of shareholders, only the holders of shares of that voting group or the remaining Directors elected by that voting group shall be entitled to fill the vacancy; provided further, if the Directors remaining in office constitute fewer than a quorum of the Board, the vacancy may be filled by the affirmative vote of a majority of the Directors then remaining in office. A vacancy that will occur at a specific later date, whether by reason of a resignation effective at a later date or otherwise, may be filled before the vacancy occurs, but the new Director may not take office until the vacancy occurs.

Section 3. Qualification of Directors. No Person elected to serve as a Director of the Corporation shall assume office and begin serving unless and until duly qualified to serve, as determined by reference to the Code, the Articles, and any further eligibility requirements established in these Bylaws.

Section 4. Meetings and Notices. The annual meeting of the Board shall be held, without notice, immediately following the annual meeting of the shareholders. Other meetings of the Board shall be held at times fixed by resolution of the Board, or upon the call of the Chief Executive Officer or a

majority of the members of the Board. Notice of any meeting not held at a time fixed herein or by resolution of the Board shall be given to each Director at his or her residence or business address by delivering such notice to him or her or by telephoning it to him or her at least twenty-four (24) hours before the meeting. Any such notice need not set forth the purpose of the meeting. Meetings may be held without notice if all the Directors are present or those not present waive notice before or after the meeting. A Director may waive any notice required by law, the Articles of Incorporation, or these Bylaws before or after the date and time stated in the notice, and such waiver shall be equivalent to the giving of such notice. Except as hereinafter provided, the waiver shall be in writing, signed by the Director entitled to the notice, and shall be filed with the minutes or corporate records. A Director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting or promptly upon his or her arrival objects to the holding of the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. The Board may permit any or all Directors to participate in a regular or special meeting of the Board by, or conduct the meeting through the use of, any means of communication by which all Directors participating may simultaneously hear each other during the meeting, provided that the Secretary of the meeting shall maintain complete and accurate minutes of all such meetings.

Section 5. Quorum and Voting. Except as otherwise provided in the Articles or these Bylaws, a quorum of the Board shall consist of a majority of the Directors elected and serving as of the time of the meeting in question. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present shall be the act of the Board. A Director who is present at a meeting of the Board or a Committee of the Board when corporate action is taken is deemed to have assented to the action taken unless (1) he or she objects at the beginning of the meeting or promptly upon his or her arrival to holding the meeting or transacting specified business at the meeting; or (2) he or she votes against, or abstains from, the action taken.

Section 6. Conduct of Meetings. The Board may appoint one of its members to serve as Chairman of the Board. The Chairman of the Board shall serve at the pleasure of the Board and shall preside over all meetings of the Board at which he or she is present. If the Chairman be absent at any meeting of the Board or if no Chairman has been appointed, a chairman of the meeting shall be appointed unless the Chief Executive Officer of the Corporation is also a member of the Board and is present, in which event he or she shall act as chairman of the meeting.

Section 7. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Board or any committee thereof maybe taken without a meeting if such action shall be evidenced by one (1) or more written consents stating the action taken, signed by all members of the Board or committee, as the case may be, and included in the minutes or filed with the records of the Corporation. Action taken under this Section II.7 shall be effective when the last Director signs the written consent, unless the consent specifies a different date and also reflects the date of execution by each Director, in which event the action taken shall be effective as of the date specified therein. A written consent under this Section II.7 shall have the same force and effect as a unanimous vote of the Board or members of the committee, as the case may be.

ARTICLE III

COMMITTEES

Section 1. Creation of Committees and Selection of Members. The Board may create one or more standing or ad hoc committee and may designate two (2) or more members of the Board to constitute each such committee. The members of each committee shall serve at the pleasure of the Board. The

creation of a committee and appointment of members to such committee shall be approved by a majority of all the Directors in office when the action is taken.

Section 2. Voting and Scope of Authority. The Board may from time to time assign to each committee such duties and responsibilities as the Board may deem advisable. To the extent permitted by resolution of the Board, each committee may exercise the authority of the Board, except that a committee may not (a) approve or recommend to the shareholders action that is required by law to be approved by shareholders; (b) fill vacancies on the Board or on any of its committees; (c) amend the Articles; (d) adopt, amend, or repeal these Bylaws; (e) approve a plan of merger not requiring shareholder approval; (f) authorize or approve a distribution, except according to a general formula or method prescribed by the Board; or (g) authorize or approve the issuance or sale, or contract for the sale, of shares, or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the Board may authorize a committee or a senior executive officer of the Corporation to do so within limits specifically prescribed by the Board. Section 4 through Section 6 of Article II of these Bylaws, which govern meetings, notice and waiver of notice, quorum and voting requirements, and action without meetings of the Board, shall apply to committees and their members.

ARTICLE IV

OFFICERS

Section 1. Number, Election, and Term. The officers of the Corporation shall consist of a Chief Executive Officer and a Secretary, and may include a President, a Treasurer, one or more Vice Presidents, a Chief Financial Officer and such other officers as it may deem proper, each of whom shall be elected or appointed by the Board. Any person may simultaneously hold more than one office. Each officer shall serve at the pleasure of the Board until his or her death, resignation, or removal, or until his or her replacement is elected or appointed in accordance with this Article IV.

Section 2. Duties of Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation, and when present, shall preside at all meetings of the shareholders. The Chief Executive Officer shall, in the absence or disability of the Chairman of the Board, perform the duties and exercise the powers of the Chairman of the Board, provided that he or she is a member of the Board. Except as specifically limited by resolution of the Board, the Chief Executive Officer shall have the power and authority to sign all certificates of stock, bonds, deeds, mortgages, extension agreements, leases, and contracts of the Corporation. The Chief Executive Officer shall further perform all of the duties commonly incident to his or her office, along with such other duties as the Board shall designate from time to time.

Section 3. Duties of Chief Financial Officer. The Chief Financial Officer, subject to an order of the Board, shall have the care and custody of the money, funds, valuable papers, and documents of the Corporation (other than his or her own bond, if any, which shall be in the custody of the Chief Executive Officer). The Chief Financial Officer shall have the power and authority to sign certificates of stock of the Corporation. The Chief Financial Officer shall further keep accurate books of account of the Corporation's transactions, which books shall be and remain the sole property of the Corporation and, together with all its property in his or her possession, shall be subject at all times to the inspection and control of the Chief Executive Officer and the Board. The Chief Financial Officer shall further have and exercise all of the powers and duties commonly incident to his or her office and shall have and exercise such other duties and powers as the Board shall from time to time designate.

Section 4. Duties of Vice President. Except as specifically limited by resolution of the Board, the Vice President (if there be one) shall, in the absence or disability of the Chief Executive Officer, perform

the duties and have the powers of the Chief Executive Officer and shall further have the power and authority to sign all certificates of stock, bonds, deeds, and contracts of the Corporation. The Vice President shall further perform all duties commonly incident to his or her office and shall perform such other duties and have such other powers as the Board shall designate from time to time. In the event that more than one Vice President shall be elected or appointed to office at any one time, the power and authority of each of the respective Vice Presidents shall be determined by resolution of the Board.

Section 5. Duties of Secretary. The Secretary shall keep accurate minutes of all meetings of the shareholders and the Board and shall be authorized to affix the seal of the Corporation to any and all documents and instruments duly executed on behalf of the Corporation by any of its officers. The Secretary shall have the power and authority to sign certificates of stock of the Corporation. In the absence of the Secretary at any meeting, an assistant secretary or a secretary pro tempore shall perform the duties of the Secretary at such meeting. The Secretary shall further perform all the duties commonly incident to the office of Secretary and shall perform such other duties and have such other powers as the Board shall designate from time to time.

Section 6. Duties of Treasurer. Unless otherwise provided by the Board, the Treasurer shall be responsible for the custody of all funds and securities belonging to the Corporation and for the receipt, deposit or disbursement of these funds and securities under the direction of the Board. The Treasurer shall cause full and true accounts of all receipts and disbursements to be maintained and shall cause reports of these receipts and disbursements to be made to the Board and the Chief Executive Officer upon request. The Treasurer or Assistant Treasurer shall perform any other duties and have any other authority as from time to time may be delegated by the Board of Directors or the Chief Executive Officer.

ARTICLE V

DISTRIBUTIONS AND DIVIDENDS

Unless the Articles provide otherwise, the Board, from time to time in its discretion, may authorize or declare distributions or share dividends in accordance with the Code.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Form. The interest of each shareholder of the Corporation shall be evidenced by a certificate or certificates representing shares of the Corporation, which shall be in such form as the Board may adopt in accordance with the Code, except to the extent the Board determines that such shares shall be issued in uncertificated form.

Section 2. Uncertificated Shares. The Corporation may, from time to time, evidence some or all of the issued shares of any or all classes or series by book entry or otherwise without certificates. The Corporation shall, within a reasonable time after the issuance or transfer of uncertificated shares, send to the registered owner of the shares a written notice containing the information required to be set forth or stated on certificates under the Code. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing shares of the same class and series shall be identical.

Section 3. Rights of Corporation with Respect to Registered Owners. All transfers of stock of the Corporation shall be made upon its books by surrender of the certificate for the shares transferred,

accompanied by an assignment in writing by the holder. Transfer may be accomplished either by the holder in person or by a duly authorized attorney-in-fact. Prior to due presentation for transfer of registration of its shares, the Corporation may treat the registered owner of the shares (or the beneficial owner of the shares to the extent of any rights granted by a nominee certificate on file with the Corporation pursuant to any procedure that may be established by the Corporation in accordance with the Code) as the Person exclusively entitled to vote the shares, to receive any dividend or other distribution with respect to the shares, and for all other purposes; and the Corporation shall not be bound to recognize any equitable or other claim to or interest in the shares on the part of any other Person, whether or not it has express or other notice of such a claim or interest, except as otherwise provided by law.

Section 4. Transfers. Transfers of shares of the Corporation shall be made upon the books of the Corporation or by the transfer agent designated to transfer the shares, only upon direction of the Person named in the certificate or, in the case of uncertificated shares, named as the holder thereof on the books of the Corporation, or by an attorney lawfully constituted in writing. Before a new certificate is issued, any old certificate shall be surrendered for cancellation or, in the case of a certificate alleged to have been lost, stolen, or destroyed, the provisions of Section VI.5 of these Bylaws shall have been complied with.

Section 5. Lost, Stolen or Destroyed Certificates. Any Person claiming a share certificate to be lost, stolen, or destroyed shall make an affidavit or affirmation of such claim in such a manner as the Corporation may require and shall, if the Corporation requires, give the Corporation a bond of indemnity in form and amount, and with one or more sureties satisfactory to the Corporation, as the Corporation may require, whereupon an appropriate new certificate may be issued in lieu of the one alleged to have been lost, stolen or destroyed.

Section 6. Transfer Agent and Registrar. The Board may appoint one or more transfer agents and registrars for its stock and may require stock certificates to be countersigned by any such transfer agent and registered by any such registrar. If certificates of stock of the Corporation are so countersigned by a transfer agent or registered by a registrar other than the Corporation or an employee of the Corporation, the signatures thereon of the officers of the Corporation and the seal of the Corporation thereon may be facsimiles, engraved or printed. If the Person who signed, either manually or in facsimile, a share certificate no longer holds office when the certificate is issued, the certificate shall nevertheless be valid.

ARTICLE VII

SEAL

The corporate seal will be in such form as the Board may from time to time determine. The Board may authorize the use of one or more facsimile forms of the corporate seal. The corporate seal need not be used unless its use is required by these Bylaws, the Articles, or applicable law.

ARTICLE VIII

VOTING OF OTHER STOCK HELD

Unless otherwise provided by the Board of the Corporation, the Chief Executive Officer may appoint agents or attorneys to vote any stock of any other corporation owned by this Corporation or may attend any meeting of the holders of stock of such other corporation and vote such shares in person.

ARTICLE IX

CHECKS, NOTES AND DRAFTS

Checks, notes, drafts and other orders for the payment of money shall be signed by the Chief Financial Officer of the Corporation, or such other Person or Persons as the Board may authorize from time to time. The signature of any such Person may be a facsimile when authorized by the Board.

ARTICLE X

FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year. The Board is authorized to fix the fiscal year of the Corporation and to change the fiscal year from time to time as it deems appropriate.

ARTICLE XI

AMENDMENT OF BYLAWS

Except as otherwise provided below or under the Code, the Board shall have the power to alter, amend, or repeal these Bylaws or adopt new Bylaws. The shareholders shall have the power to rescind, amend, alter or repeal any Bylaw and to enact Bylaws which, if expressly so provided, may not be amended, altered or repealed by the Board.

