

May 8, 2024

To our Shareholders:

CoastalSouth Bancshares, Inc. (the “Company”) is pleased to announce net income of \$2.4 million, or \$0.24 per diluted share, for the first quarter of 2024, compared to \$7.2 million net income, or \$0.75 per diluted share, for the fourth quarter of 2023, and \$6.8 million net income, or \$0.74 per diluted share for the comparable quarter last year. Adjusted net income and adjusted diluted earnings per share were \$5.1 million and \$0.49, respectively, for the first quarter of 2024 considering the repositioning of approximately \$42.6 million of available-for-sale (“AFS”) securities that resulted to an approximately \$2.7 million loss on sale, net of tax.

“We were pleased to complete a capital raise of \$12.2 million in January thanks to the support of our dedicated investor base,” said Steve Stone, President and Chief Executive Officer of the Company and its wholly owned subsidiary, Coastal States Bank (“CSB” or the “Bank”). “The additional capital helped poise the Company to reposition a portion of its securities portfolio with higher yielding assets, pay down corporate debt, and maintain capital levels. These strategic moves will help us increase profitability in future periods.”

Mr. Stone also stated, “As we progress through 2024, we are seeing our loan pipelines grow across our various lines of business. In addition, our annualized core deposit growth of 20.5% in the first quarter should help us keep pace with new loan originations from a funding perspective, while also paying down brokered deposits.”

Highlights for the First Quarter of 2024

- **Net income of \$2.4 million; adjusted net income of \$5.1 million**
- **Diluted earnings per share (“diluted EPS”) of \$0.24; Adjusted diluted EPS of \$0.49**
- **Quarterly ROAA of 0.48%; Adjusted quarterly ROAA of 1.00%**
- **Net interest margin was 3.21%, compared to 3.47% for the fourth quarter of 2024**
- **Total assets grew \$22.4 million, a 1.10% increase from December 31, 2023**
- **Total deposits, excluding brokered certificate of deposits, grew \$77.8 million, a 5.1% increase from December 31, 2023**

The Company recognized net income of \$2.4 million, or \$0.24 per share, for the quarter, and tangible book value per share increased from \$15.80 at December 31, 2023 to \$16.39 at March 31, 2024. Notwithstanding the loss on the sale of AFS securities mentioned above, the earnings during the quarter still reflect the Company's strong net interest income run-rate. The first quarter results included \$320

thousand gain on sale income from the sale of government guaranteed lending ("GGL") loans. The Company is expecting to sell more GGL loans as the year continues and premium levels become more attractive.

The Bank's core total deposits excluding brokered CDs, increased in the first quarter from \$1.526 billion at December 31, 2023 to \$1.604 billion at March 31, 2024. For the quarter ended March 31, 2024, the Bank estimates that approximately \$682.9 million, or 39.0% of total deposits, excluding accrued interest, were uninsured. Of the uninsured deposits, approximately 67.4% are business accounts and 32.6% are personal accounts.

During the first quarter, loans held-for-investment ("LHFI") decreased by \$14.9 million. This decrease was due to pay-offs of Cash Value Life Insurance (CVLI) Lines of Credit of \$13.2 million, reduction in Commercial construction loans of \$10.2 million, and decreases in Commercial and industrial loans of \$7.4 million, offset by increases in Residential mortgage loans of \$13.2 million. Overall, LHFI grew by \$70.9 million year over year as of March 31, 2024.

The Federal Reserve (the "Fed") maintained its benchmark interest rate in March and May while signaling that it does not expect it appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward a 2% target. Even though the Fed anticipated rate cuts during 2024, it has reiterated that inflation has eased over the last year but remains elevated as inflation reading has come in hotter than expected in recent months and remains highly attentive to inflationary risks. The Fed officials have categorized the path down to 2% target as "bumpy" as well as dialing back expectations for rate cuts anytime soon, reiterating that it will take "longer than expected" to achieve the confidence needed to get inflation down to the central bank's 2% target. In addition, the Fed indicated that it is unlikely that the next policy move will be a hike and will significantly curtail its quantitative tightening program.

Like many other institutions, the Company's AFS securities investment portfolio experienced a decline in fair value driven by rapid rising interest rates. With changes in interest rates throughout 2023 and continuing shifting views on the anticipated future actions of the Fed, the rate of fair value decline has slowed, but there is still volatility with market values given the economic environment which impacts the Company's tangible book value from quarter to quarter. The Company does not hold any securities in Held-to-Maturity status. The Company's investment portfolio at the end of the first quarter of 2024 held approximately 51.0% in floating rate securities and the overall yield will benefit from this mix as rates remains high. In February 2024, the Company sold AFS securities with an amortized cost basis of \$42.6 million, resulting in a pre-tax loss of approximately \$3.5 million. The proceeds from the sale were strategically redeployed into higher earning investments that had a duration approximating the duration associated with securities that were sold. The Company's capital ratios remained strong following this transaction, especially considering the January 2024 capital raise.

The Company's credit metrics remained strong during the first quarter of 2024 with a Non-Performing Assets ("NPA") ratio of 0.19% compared to 0.21% at the end of fourth quarter of 2023. Nonaccrual loans decreased by \$489 thousand primarily driven by a loan payoff and principal reductions. The Company's net charge-offs to total LHF ratio remains very low at 0.00% for the first quarter of 2024.

On January 26, 2024, the Company completed a private placement of common stock for gross proceeds of \$12.2 million resulting in an issuance of 701,442 shares of voting common stock. The Company used the net proceeds from the private placement for general corporate purposes, including the aforementioned securities portfolio repositioning, repayment of a portion of its revolving line of credit, continued growth, and maintenance of bank level regulatory capital ratios.

The following table present the Company's quarterly trends of the consolidated financial highlights (unaudited) for the periods presented:

CoastalSouth Bancshares, Inc. and Subsidiary Consolidated Financial Highlights - Unaudited (dollars in thousands except per share data)							
	Quarterly Trends					1Q24 change vs	
	1Q24	4Q23	3Q23	2Q23	1Q23	4Q23	1Q23
Selected Balance Sheet Data							
Total assets	\$ 2,050,951	\$ 2,028,599	\$ 1,998,195	\$ 1,963,496	\$ 2,022,876	\$ 22,352	\$ 28,075
Total gross loans (LHFS + LHFI)	1,514,571	1,500,550	1,476,102	1,434,279	1,388,646	14,021	125,925
Total deposits	1,749,484	1,750,657	1,789,195	1,758,784	1,732,512	(1,173)	16,972
Total deposits excluding brokered CDs	1,603,504	1,525,689	1,589,201	1,530,581	1,479,082	77,815	124,422
Earnings Highlights							
Net income	\$ 2,429	\$ 7,157	\$ 4,774	\$ 5,787	\$ 6,760	\$ (4,728)	\$ (4,331)
Diluted earnings per share (EPS)	\$ 0.24	\$ 0.75	\$ 0.49	\$ 0.60	\$ 0.74	\$ (0.51)	\$ (0.50)
Net interest income	\$ 15,385	\$ 16,564	\$ 15,805	\$ 16,373	\$ 15,552	\$ (1,179)	\$ (167)
Performance Ratios							
Net interest margin	3.21%	3.47%	3.36%	3.47%	3.56%	-0.26%	-0.35%
Net interest spread	2.42%	2.68%	2.62%	2.80%	2.96%	-0.26%	-0.54%
Cost of total deposits	2.91%	2.69%	2.51%	2.23%	1.63%	0.22%	1.28%
Cost of total funding	3.07%	2.79%	2.61%	2.34%	1.83%	0.28%	1.24%
Efficiency ratio	76.55%	57.90%	58.39%	52.26%	49.94%	18.65%	26.61%
Loan-to-deposit ratio	86.57%	85.71%	82.50%	81.55%	80.15%	0.86%	6.42%
Return on (annualized):							
Average assets (ROAA) ¹	0.48%	1.42%	0.97%	1.17%	1.47%	-0.94%	-0.99%
Average tangible assets (ROTA) ¹	0.48%	1.43%	0.97%	1.17%	1.48%	-0.94%	-1.00%
Average tangible common equity (ROTCE) ¹	6.04%	20.31%	13.92%	17.60%	23.83%	-14.27%	-17.79%
Tangible common equity to tangible assets ⁽¹⁾	8.21%	7.45%	6.80%	6.83%	6.33%	0.76%	1.87%
Tangible book value per share ²	\$ 16.39	\$ 15.80	\$ 14.23	\$ 14.05	\$ 13.43	\$ 0.59	\$ 2.96
Other Operating Measures²:							
Pre-tax pre-provision net revenue (PPNR)	\$ 3,140	\$ 8,470	\$ 7,095	\$ 8,418	\$ 9,055	\$ (5,330)	\$ (5,915)
PPNR ROAA	0.62%	1.68%	1.44%	1.70%	1.97%	-1.06%	-1.35%
Adjusted net income	\$ 5,052	\$ 7,157	\$ 4,774	\$ 5,787	\$ 6,760	\$ (2,105)	\$ (1,708)
Adjusted diluted EPS	\$ 0.49	\$ 0.75	\$ 0.49	\$ 0.60	\$ 0.74	\$ (0.26)	\$ (0.25)
Adjusted ROTA	1.00%	1.43%	0.97%	1.17%	1.48%	-0.42%	-0.48%
Adjusted ROTCE	12.57%	20.31%	13.92%	17.60%	23.83%	-7.74%	-11.26%
Adjusted efficiency ratio	60.82%	57.90%	58.39%	52.26%	49.94%	2.92%	10.88%

⁽¹⁾ The Company defines tangible assets as total assets less intangible assets (excluding commercial mortgage servicing assets), and tangible common equity as total shareholders' equity less intangible assets (excluding commercial mortgage servicing assets).

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

Financial Results

Income Statement

Net income was \$2.4 million for the first quarter of 2024, compared to net income of \$7.2 million and \$6.8 million for the fourth and first quarters, respectively, of 2023. Compared to the fourth quarter of 2023, the decrease in net income was principally attributable to the aforementioned AFS securities loss on sale of \$3.5 million and a bank-owned life insurance ("BOLI") restructure cash value enhancement during the last quarter of \$1.8 million; partially offset by a net favorable effect on other categories, primarily lower income tax expense. Compared to the first quarter of 2023, the decrease in net income was principally attributable to lower taxable income, primarily in Other noninterest income which is discussed in detail in a subsequent section.

Interest income was \$29.4 million during the first quarter of 2024, compared to \$29.3 million and \$23.3 million for the fourth and first quarters, respectively, of 2023. The modest increase during the first quarter of 2024 compared to the fourth quarter of 2023 was principally in interest and dividends on investment securities and interest on federal funds sold; offset by a decline in interest income on LHFI. The increase during the first quarter of 2024 compared to the first quarter of 2023 was principally attributable to growth of the loan portfolio as well as higher yields, coupled with better yields for all other interest-earning assets categories.

The following table depicts the components of interest income for the quarterly periods presented:

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

	Quarterly Trends					1Q24 change vs	
	1Q24	4Q23	3Q23	2Q23	1Q23	4Q23	1Q23
Interest on cash and due from banks	\$ 141	\$ 113	\$ 100	\$ 67	\$ 16	\$ 28	\$ 125
Interest on federal funds sold	994	833	1,028	1,603	619	161	375
Interest and dividends on investment securities	3,661	3,128	2,874	2,602	2,699	533	962
Interest and fees on LHFS	1,540	1,548	1,380	1,334	825	(8)	715
Interest and fees on LHFI	23,052	23,724	22,113	21,319	19,092	(672)	3,960
Interest income	\$ 29,388	\$ 29,346	\$ 27,495	\$ 26,925	\$ 23,251	\$ 42	\$ 6,137

Interest expense was \$14.0 million during the first quarter of 2024, compared to \$12.8 million and \$7.7 million for the fourth and first quarters, respectively, of 2023. Compared to the fourth quarter of 2023, the increase in interest expense was principally due to a 22 basis points increase in cost of interest-bearing deposits. Compared to the same quarter last year, the increase in interest expense is principally due to an increase in higher deposit costs of 140 basis points, coupled with an increase in average balance of interest-bearing deposits. Higher funding costs have been driven by the migration toward time deposits away from noninterest-bearing deposits, which helped mitigate deposit outflows industry-

wide as the monetary policy tightening has had a meaningful effect on deposit mix, cost and flows in the banking industry.

Net interest income was \$15.4 million during the first quarter of 2024, compared to \$16.6 million and \$15.6 million for the fourth and first quarters, respectively, of 2023. Compared to the fourth quarter of 2023, the decrease in net interest income was attributable to higher costs in interest-bearing liabilities, primarily interest-bearing deposits as discussed above. Compared to the first quarter of 2023, the modest decrease in net interest income was attributable to higher costs in interest-bearing deposits as discussed above.

Net interest margin for the first quarter of 2024 was 3.21%, compared to 3.47% and 3.56% for the fourth and first quarters, respectively, of 2023. Compared to the fourth quarter of 2023, net interest margin compressed by 26 basis points principally driven by a higher interest-bearing deposits cost. Compared to the same quarter last year, net interest margin compressed by 35 basis points principally attributable to yield on interest-bearing liabilities growing at a much higher rate compared to total earning assets yields growth despite significant growth of total earning assets.

The cost of funds for the first quarter of 2024 was 307 basis points, compared to 279 and 183 basis points during the fourth and first quarters, respectively, of 2023. The cost of funds increase from the fourth quarter of 2023 was primarily due to higher interest-bearing deposits costs per discussed above as deposits rates are adjusted to align with the current competitive market prices. The cost of funds increase compared to the first quarter of 2023 was primarily driven by the growth of interest-bearing deposits and higher interest rates throughout 2023 and into 2024.

The cost of deposits was 291 basis points in the first quarter of 2024, compared to 269 and 163 basis points in the fourth and first quarters, respectively, of 2023. Compared to the fourth quarter of 2023, the increase was attributable to an overall increase in interest-bearing deposit costs. Compared to the first quarter of 2023, the increase is attributable to the growth of interest-bearing deposits coupled with higher interest rates throughout 2023 and into 2024.

Provision (recovery) for credit losses was \$163 thousand during the first quarter of 2024, compared to (\$434) thousand and \$210 thousand for the fourth and first quarters, respectively, of 2023. During the quarter, the provision for credit losses was comprised of \$300 thousand of provision for loan credit losses; offset by \$137 thousand in recapture of the allowance for credit losses ("ACL") for unfunded commitments. LHF growth was relatively flat from quarter to quarter which did not require significant additional provision. There was no allowance for credit losses associated with AFS securities during the period. Compared to the fourth quarter of 2023, the increase was primarily attributable to the recapture of ACL for unfunded commitments and ACL related to AFS securities of (\$575) thousand and (\$33) thousand, respectively, during the prior quarter. Compared to the first quarter of 2023, the decrease

was immaterial. Net (recoveries) charge-offs were (\$9) thousand during the first quarter of 2024, compared to \$61 thousand in the fourth quarter of 2023.

Noninterest income (loss) was (\$2.0) million during the first quarter of 2024, compared to \$3.6 million and \$2.5 million for the fourth and first quarters, respectively, of 2023. Compared to the fourth quarter of 2023, the decrease was principally attributable to securities loss of \$3.5 million during the current quarter and \$1.8 million BOLI income during the previous quarter, as noted previously. Compared to the first quarter of 2023, the decrease in noninterest income of \$4.5 million was principally due to comparatively greater losses on sale of AFS securities of \$2.9 million in the first quarter of 2024, coupled with a gain on hedge termination of \$992 thousand associated with the sale of securities in the first quarter of 2023, and \$610 thousand lower gain on GGL sales in the first quarter of 2024.

Noninterest expense was \$10.3 million during the first quarter of 2024, compared to \$11.6 million and \$9.0 million for the fourth and first quarters, respectively, of 2023. Compared to the fourth quarter of 2023, the decrease of \$1.4 million was primarily in salaries and employees benefits of \$864 thousand, other professional fees of \$282 thousand, and net of other noninterest expense categories of \$250 thousand. Compared to the first quarter of 2023, the increase was principally in Other noninterest expense of \$883 thousand due to a large SBA contingency reserve release during the first quarter of 2023, coupled with a modest net increase in other categories.

The following table depicts the components of *Other noninterest expense* for the quarterly periods presented:

CoastalSouth Bancshares, Inc. and Subsidiary
Components of Other Noninterest Expense
(dollars in thousands)

	Quarterly Trends					1Q24 change vs	
	1Q24	4Q23	3Q23	2Q23	1Q23	4Q23	1Q23
General and administrative	\$ 230	\$ 217	\$ 226	\$ 217	\$ 222	\$ 13	\$ 8
Marketing and business development	179	187	182	201	170	(8)	9
Other loan expense	110	153	164	3	177	(43)	(67)
Charitable contributions	24	324	8	9	9	(300)	15
Deposit related expenses	80	272	137	195	127	(192)	(47)
SBA contingency reserve	(7)	(217)	(9)	(725)	(892)	210	885
Other noninterest expense	669	678	574	544	589	(9)	80
Other noninterest expense	\$ 1,285	\$ 1,614	\$ 1,282	\$ 444	\$ 402	\$ (329)	\$ 883

Income tax expense was \$548 thousand during the first quarter of 2024, compared to \$1.7 million and \$2.1 million for the fourth and first quarters, respectively, of 2023. Compared to the fourth quarter of 2023, the decrease was primarily attributable to a decrease in taxable income. Compared to the first quarter of 2023, income tax expense was primarily attributable to a decrease in taxable income as well. Effective tax rate was 18.4% for the first quarter of 2024 compared to and 19.6% and 23.6% for the

fourth and first quarters, respectively, of 2023. The decrease in effective tax rate from the fourth quarter of 2023 was due to the acquisition of tax credits and lower taxable income.

Balance Sheet

Total assets as of March 31, 2024 were \$2.051 billion, grew from \$2.029 billion at December 31, 2023, and up from \$2.023 billion at March 31, 2023. The increase of \$22.4 million as compared to the prior quarter was primarily attributable to growth in loans held-for-sale ("LHFS") of \$28.9 million and federal funds sold \$24.0 million; offset by a net decrease in other categories, primarily in investment securities and LHFI during the quarter.

Cash and cash equivalents at March 31, 2024 was \$73.7 million, up from \$48.6 million at December 31, 2023, and down from \$188.9 million at March 31, 2023. Cash and cash equivalents increased as the federal funds sold increased during the quarter.

Investment securities at March 31, 2024 were \$341.5 million, compared to \$363.4 million at December 31, 2023, and \$356.1 million at March 31, 2023. Compared to December 31, 2023 and March 31, 2023, investment securities decreased \$21.9 million and \$14.5 million, respectively.

Total gross loans held-for-investment at March 31, 2024 were \$1.404 billion, down from \$1.418 billion at December 31, 2023, and up from \$1.333 billion at March 31, 2023. LHFI modestly decreased during the quarter as core LHFI and acquired LHFI decreased by \$11.8 million and \$3.0 million, respectively. Compared to March 31, 2023, core LHFI increased by \$87.9 million; offset by a decrease in acquired LHFI of \$17.0 million. Total LHFS at March 31, 2024 were \$111.0 million, compared to \$82.1 million at December 31, 2023, and \$56.0 million at March 31, 2023. The general increase or decrease for the LHFS balances compared to other periods was due to changes in demand for mortgage loans during the quarter.

Allowance for credit losses ("ACL") at March 31, 2024 was \$19.6 million, compared to \$19.4 million and \$14.0 million at December 31, 2023 and March 31, 2023, respectively. At March 31, 2024, the ACL was comprised of \$15.8 million in allowance for loan credit losses and \$3.8 million in allowance for unfunded commitments credit losses, which is included in other liabilities on the balance sheet. There was no allowance for AFS securities credit losses as of March 31, 2024. The modest increase during the first quarter of 2024 compared to the fourth quarter of 2024 was primarily in provision for loan credit losses. Compared to the first quarter of 2023, the increase was principally attributable to the increase in provision for loan credit losses due to growth in the LHFI portfolio; partially offset by recapture of unfunded commitments credit losses. Total allowance for loan credit losses to total LHFI was 1.12% at March 31, 2024, compared to 1.09% and 1.05% at December 31, 2023 and March 31, 2023, respectively.

The following table presents the components of the ACL as of the dates indicated:

<i>Dollars in thousands</i>	<u>1Q24</u>	<u>4Q23</u>	<u>3Q23</u>	<u>2Q23</u>	<u>1Q23</u>
Components of the Allowance for Credit Losses Under CECL					
Loans held-for-investment (LHFI)	\$ 15,774	\$ 15,465	\$ 15,352	\$ 15,008	\$ 14,029
Off-balance sheet credit exposures	3,779	3,916	4,491	4,091	4,211
LHFI and off-balance sheet credit exposures	\$ 19,553	\$ 19,381	\$ 19,843	\$ 19,099	\$ 18,240
Other (other assets and securities)	-	-	33	43	-
Total allowance for credit losses (ACL)	<u>\$ 19,553</u>	<u>\$ 19,381</u>	<u>\$ 19,876</u>	<u>\$ 19,142</u>	<u>\$ 18,240</u>

Nonaccrual loans decreased by \$489 thousand to \$3.8 million at March 31, 2024 from \$4.3 million at December 31, 2023 primarily due to a loan payoff and principal reductions as previously discussed. There were no reportable loans to borrowers with financial difficulty as of March 31, 2024. Total nonperforming loans to gross LHFI outstanding was 0.28% at March 31, 2024, compared to 0.31% and 0.88% at December 31, 2023, and March 31, 2023, respectively.

Nonperforming assets to total assets was 0.19% as of March 31, 2024, a decrease by 2 basis points from 0.21% at December 31, 2023, and decreased by 39 basis points compared to 0.58% at March 31, 2023. There was no real estate owned ("OREO") outstanding at the end first quarter of 2024 and the fourth quarter of 2024.

Total deposits at March 31, 2024 were \$1.749 billion, a modest decrease from \$1.751 billion at December 31, 2023, and an increase from \$1.733 billion at March 31, 2023. The modest decrease from December 31, 2023 was attributable to decreases in certificate of deposits balances, offset by increases in savings and money market accounts, and interest-bearing demand deposit accounts. Noninterest-bearing deposits accounted for 18.4% of total deposits, compared to 18.6% of total deposits at December 31, 2023, and 21.7% at March 31, 2023. The 2023 industry disruption contributed to the decrease in noninterest-bearing deposits but has not been meaningful to the overall balance sheet or deposit composition. Noninterest-bearing deposits has declined as the customers continued to move their deposits into interest-earning accounts. The Company maintains a diverse and stable funding base that includes a mix of both consumer and business operational related deposits.

Subordinated debt, net of debt issuance costs, was approximately \$14.7 million at March 31, 2024 and December 31, 2023, compared to approximately \$14.6 million at March 31, 2023.

Federal Home Loan Bank ("FHLB") advances were nil at March 31, 2024, compared to \$50.0 million and \$95.0 million at December 31, 2023 and March 31, 2023, respectively.

Bank Term Funding Program ("BTFP") advances via the Federal Reserve Bank was \$70.0 million as of March 31, 2024. The Company enrolled in BTFP program when it became available in March 2023 and there were no outstanding balances on previously reported periods. During the first quarter of 2024, the BTFP was available at interest rates more favorable than alternative forms of borrowings or brokered CD's. The Company paid down more costly types of funding by utilizing BTFP borrowings before the program ended. These borrowings mature in January 2025.

Revolving commercial line of credit ("LOC") net of debt issuance costs, was approximately \$12.0 million at March 31, 2024, compared to approximately \$24.0 million and \$18.0 million at December 31, 2023 and March 31, 2023, respectively. The LOC was opened to provide the Company with the ability to downstream additional capital to the Bank and had total capacity of \$24.0 million as of March 31, 2024.

Accumulated other comprehensive loss was \$17.3 million at March 31, 2024, compared to \$19.5 million and \$23.7 million at December 31, 2023 and March 31, 2023, respectively. This has been negatively affected by unrealized losses on the Company's AFS securities attributed to higher interest rate environment as discussed above.

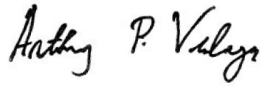
Shareholders' equity was \$173.2 million as of March 31, 2024, compared to \$156.0 million as of December 31, 2023. The increase was principally attributable to an increase in capital surplus of \$11.8 million primarily related to previously announced capital raise offering, coupled with increases in the period earnings of \$2.4 million, changes in accumulated other comprehensive loss of \$2.2 million, and voting common stock of \$705 thousand.

Tangible book value per share at March 31, 2024 was \$16.39, compared to \$15.80 at December 31, 2023. Tangible book value increased primarily to the factors discussed above in regard to an increase of shareholders' equity. CSB is currently well capitalized with a leverage ratio of 9.97%, a common equity tier 1 capital ratio of 11.51%, and a total risk-based capital ratio of 12.43%.

Detailed Results

Supplementary unaudited financial statements are included for the first quarter of 2024 in the following pages. As always, I encourage you to contact me with any questions or comments.

Sincerely,



Anthony P. Valduga
CFO / COO

FORWARD-LOOKING STATEMENTS

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

Explanation of Certain Unaudited Non-GAAP Financial Measures

This presentation contains financial information determined by methods other than Generally Accepted Accounting Principles (“GAAP”). Management uses these non-GAAP financial measures in its analysis of the Company’s performance and believes these presentations provide useful supplemental information, and a clearer understanding of the Company’s performance. The Company believes the non-GAAP measures enhance investors’ understanding of the Company’s business and performance and if not provided would be requested by the investor community. These measures are also useful in understanding performance trends and facilitate comparisons with the performance of other financial institutions. The limitations associated with operating measures are the risk that persons might disagree as to the appropriateness of items comprising these measures and that different companies might define or calculate these measures differently. The Company provides reconciliations between GAAP and these non-GAAP measures. These disclosures should not be considered an alternative to GAAP.

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

	1Q24		4Q23		3Q23		2Q23		1Q23		1Q24 change vs			
											4Q23	1Q23		
Assets														
Cash and due from banks	\$	20,747	\$	19,601	\$	14,140	\$	18,124	\$	12,232	\$	1,146	\$	8,515
Federal funds sold		52,998		28,952		67,347		71,596		176,707		24,046		(123,709)
Investment securities ⁽¹⁾		341,532		363,404		345,740		350,145		356,058		(21,872)		(14,526)
Loans held for sale (LHFS)		111,020		82,125		73,251		81,692		55,957		28,895		55,063
Loans held for investment (LHFI)		1,403,551		1,418,425		1,402,851		1,352,587		1,332,689		(14,874)		70,862
Allowance for credit losses - loans		(15,774)		(15,465)		(15,352)		(15,008)		(14,029)		(309)		(1,745)
Loans held for investment, net		1,387,777		1,402,960		1,387,499		1,337,579		1,318,660		(15,183)		69,117
Bank-owned life insurance		45,184		44,887		30,353		30,152		29,961		297		15,223
Premises, furniture and equipment, net		17,550		17,711		18,029		18,325		18,500		(161)		(950)
Deferred tax asset		18,890		21,242		22,487		21,284		21,301		(2,352)		(2,411)
Goodwill & intangible assets ⁽²⁾		6,409		6,463		6,576		6,804		6,996		(54)		(587)
Other real estate owned		-		-		243		243		-		-		-
Other assets		48,844		41,254		32,530		27,552		26,504		7,590		22,340
Total assets	\$	2,050,951	\$	2,028,599	\$	1,998,195	\$	1,963,496	\$	2,022,876	\$	22,352	\$	28,075
Liabilities and stockholders' equity														
Liabilities														
Deposits														
Noninterest bearing DDA	\$	321,369	\$	325,400	\$	338,517	\$	353,856	\$	375,992	\$	(4,031)	\$	(54,623)
Interest bearing DDA		188,256		174,380		196,154		173,792		159,832		13,876		28,424
Savings and money market		644,178		608,079		648,243		611,374		595,313		36,099		48,865
Certificates of deposit		595,681		642,798		606,281		619,762		601,375		(47,117)		(5,694)
Total deposits		1,749,484		1,750,657		1,789,195		1,758,784		1,732,512		(1,173)		16,972
Federal Home Loan Bank advances		-		50,000		-		-		95,000		(50,000)		(95,000)
Subordinated debt, net		14,694		14,682		14,670		14,658		14,646		12		48
Revolving commercial line of credit, net		11,992		23,990		18,000		18,000		18,000		(11,998)		(6,008)
Federal Reserve Bank BTFP advances		70,000		-		-		-		-		70,000		70,000
Other liabilities		31,553		33,227		35,466		32,812		29,414		(1,674)		2,139
Total liabilities		1,877,723		1,872,556		1,857,331		1,824,254		1,889,572		5,167		(11,849)
Stockholders' equity														
Voting common stock		8,073		7,368		7,350		7,350		7,345		705		728
Nonvoting common stock		2,172		2,172		2,172		2,172		2,172		-		-
Capital surplus		157,779		145,944		145,658		145,358		145,074		11,835		12,705
Accumulated income		22,519		20,090		12,933		8,159		2,372		2,429		20,147
Accumulated other comprehensive loss		(17,315)		(19,531)		(27,249)		(23,797)		(23,659)		2,216		6,344
Total stockholders' equity		173,228		156,043		140,864		139,242		133,304		17,185		39,924
Total liabilities and stockholders' equity	\$	2,050,951	\$	2,028,599	\$	1,998,195	\$	1,963,496	\$	2,022,876	\$	22,352	\$	28,075
Capital ratios ⁽³⁾														
Leverage ratio		9.97%		9.94%		9.51%		9.08%		9.34%		0.03%		0.63%
CET1 risk-based capital ratio		11.51		11.52		11.03		10.99		10.71		-0.01		0.80
Tier 1 risk-based capital ratio		11.51		11.52		11.03		10.99		10.71		-0.01		0.80
Total risk-based capital ratio		12.43		12.36		11.92		11.85		11.50		0.06		0.92

⁽¹⁾ Net ACL of \$0, \$0, \$33, \$43, and \$0 for 1Q24, 4Q23, 3Q23, 2Q23, and 1Q23, respectively.

⁽²⁾ Includes commercial mortgage servicing assets of \$1,121, \$1,125, \$1,184, \$1,357, and \$1,491 for 1Q24, 4Q23, 3Q23, 2Q23, and 1Q23, respectively.

⁽³⁾ Ratios are for Coastal States Bank, a wholly-owned subsidiary of CoastalSouth Bancshares, Inc.

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

	1Q24	4Q23	3Q23	2Q23	1Q23	1Q24 change vs	
						4Q23	1Q23
Interest income							
Interest on cash and due from banks	\$ 141	\$ 113	\$ 100	\$ 67	\$ 16	\$ 28	\$ 125
Interest on federal funds sold	994	833	1,028	1,603	619	161	375
Interest and dividends on investment securities	3,661	3,128	2,874	2,602	2,699	533	962
Interest and fees on LHFS	1,540	1,548	1,380	1,334	825	(8)	715
Interest and fees on LHFI	23,052	23,724	22,113	21,319	19,092	(672)	3,960
Total interest income	29,388	29,346	27,495	26,925	23,251	42	6,137
Interest expense							
Deposits	12,593	11,995	11,065	9,815	6,425	598	6,168
Other borrowings	1,410	787	625	737	1,274	623	136
Total interest expense	14,003	12,782	11,690	10,552	7,699	1,221	6,304
Net interest income	15,385	16,564	15,805	16,373	15,552	(1,179)	(167)
Provision (recovery) for credit losses	163	(434)	847	920	210	597	(47)
Net interest income after provision for credit losses	15,222	16,998	14,958	15,453	15,342	(1,776)	(120)
Noninterest income							
Mortgage banking related income	238	220	224	236	232	18	6
Interchange and card fee income	216	234	256	267	288	(18)	(72)
Service charges on deposit accounts	211	215	190	182	168	(4)	43
Bank-owned life insurance	296	2,099	201	191	189	(1,803)	107
Gain on sale of government guaranteed loans	320	412	-	18	930	(92)	(610)
Gain on hedge termination	-	-	-	-	992	-	(992)
Losses on sale of available-for-sale securities	(3,465)	-	-	-	(517)	(3,465)	(2,948)
Other noninterest income	190	373	376	365	253	(183)	(63)
Total noninterest (loss) income	(1,994)	3,553	1,247	1,259	2,535	(5,547)	(4,529)
Noninterest expense							
Salaries and employee benefits	6,047	6,911	5,722	5,953	5,987	(864)	60
Occupancy and equipment	743	692	737	744	748	51	(5)
Data processing	526	458	542	549	531	68	(5)
Other professional fees	691	973	695	492	561	(282)	130
Software and other technology expense	666	636	593	582	523	30	143
Regulatory assessment	293	363	386	450	280	(70)	13
Other noninterest expense	1,285	1,614	1,282	444	402	(329)	883
Total noninterest expense	10,251	11,647	9,957	9,214	9,032	(1,396)	1,219
Net income before taxes	2,977	8,904	6,248	7,498	8,845	(5,927)	(5,868)
Income tax expense	548	1,747	1,474	1,711	2,085	(1,199)	(1,537)
Net income	\$ 2,429	\$ 7,157	\$ 4,774	\$ 5,787	\$ 6,760	\$ (4,728)	\$ (4,331)
Earnings per share - basic	\$ 0.24	\$ 0.75	\$ 0.50	\$ 0.61	\$ 0.75	\$ (0.51)	\$ (0.51)
Earnings per share - diluted	\$ 0.24	\$ 0.75	\$ 0.49	\$ 0.60	\$ 0.74	\$ (0.51)	\$ (0.50)
Tangible book value	\$ 167,940	\$ 150,705	\$ 135,472	\$ 133,795	\$ 127,799	\$ 17,235	\$ 40,141
Tangible book value per share	\$ 16.39	\$ 15.80	\$ 14.23	\$ 14.05	\$ 13.43	\$ 0.59	\$ 2.96
Shares outstanding	10,245,496	9,539,929	9,522,329	9,522,329	9,517,329	705,567	728,167
Weighted average shares - basic	10,043,951	9,522,712	9,522,329	9,519,069	8,962,444	521,239	1,081,507
Weighted average shares - diluted	10,222,681	9,642,500	9,607,565	9,624,037	9,120,777	580,181	1,101,904

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

	Quarterly trend					1Q24 change vs	
	1Q24	4Q23	3Q23	2Q23	1Q23	4Q23	1Q23
Average balances							
Cash and cash equivalents	\$ 21,135	\$ 18,170	\$ 20,945	\$ 17,551	\$ 14,727	\$ 2,965	\$ 6,408
Federal funds sold	69,554	57,141	64,816	119,318	51,965	12,413	17,589
Investment securities	354,537	347,037	349,477	351,901	360,114	7,500	(5,577)
Loans held for sale	71,239	62,895	61,043	60,970	35,875	8,344	35,364
Loans held for investment	1,408,451	1,409,576	1,371,079	1,343,441	1,307,880	(1,125)	100,571
Total earning assets	1,924,916	1,894,819	1,867,360	1,893,181	1,770,561	30,097	154,355
Total nonearning assets	109,947	101,977	88,753	87,908	90,175	7,970	19,772
Total assets	<u>\$ 2,034,863</u>	<u>\$ 1,996,796</u>	<u>\$ 1,956,113</u>	<u>\$ 1,981,089</u>	<u>\$ 1,860,736</u>	<u>\$ 38,067</u>	<u>\$ 174,127</u>
Interest-bearing deposits	\$ 1,417,157	\$ 1,420,524	\$ 1,407,355	\$ 1,411,267	\$ 1,203,070	\$ (3,367)	\$ 214,087
Other borrowings	98,415	43,857	32,665	47,377	113,399	54,558	(14,984)
Total interest bearing liabilities	1,515,572	1,464,381	1,440,020	1,458,644	1,316,469	51,191	199,103
Noninterest-bearing deposits	321,419	350,821	339,707	352,903	391,829	(29,402)	(70,410)
Other liabilities	30,856	36,425	34,911	32,218	31,859	(5,569)	(1,003)
Stockholders' equity	167,016	145,169	141,475	137,324	120,579	21,847	46,437
Total liabilities and stockholders' equity	<u>\$ 2,034,863</u>	<u>\$ 1,996,796</u>	<u>\$ 1,956,113</u>	<u>\$ 1,981,089</u>	<u>\$ 1,860,736</u>	<u>\$ 38,067</u>	<u>\$ 174,127</u>
Interest margins							
Cash and due from banks	2.68%	2.47%	1.89%	1.53%	0.44%	0.21%	2.24%
Federal funds sold and resell agreements	5.75%	5.78%	6.29%	5.39%	4.83%	-0.03%	0.92%
Investment securities	4.15%	3.58%	3.26%	2.97%	3.04%	0.57%	1.11%
LHFS	8.69%	9.76%	8.96%	8.79%	9.33%	-1.07%	-0.64%
LHFI	6.58%	6.68%	6.40%	6.37%	5.92%	-0.10%	0.66%
Total earning assets	<u>6.14%</u>	<u>6.14%</u>	<u>5.84%</u>	<u>5.70%</u>	<u>5.33%</u>	<u>0.00%</u>	<u>0.81%</u>
Interest-bearing deposits	3.57%	3.35%	3.12%	2.79%	2.17%	0.22%	1.40%
Other borrowings	5.76%	7.12%	7.59%	6.24%	4.56%	-1.36%	1.20%
Total interest-bearing liabilities	<u>3.72%</u>	<u>3.46%</u>	<u>3.22%</u>	<u>2.90%</u>	<u>2.37%</u>	<u>0.26%</u>	<u>1.35%</u>
Cost of total deposits ⁽¹⁾	2.91%	2.69%	2.51%	2.23%	1.63%	0.22%	1.28%
Cost of total funding ⁽¹⁾	3.07%	2.79%	2.61%	2.34%	1.83%	0.28%	1.24%
Net interest spread	2.42%	2.68%	2.62%	2.80%	2.96%	-0.26%	-0.54%
Net interest margin	3.21%	3.47%	3.36%	3.47%	3.56%	-0.26%	-0.35%
Yield on total loans	6.68%	6.81%	6.51%	6.47%	6.01%	-0.13%	0.67%
Efficiency ratio	76.55%	57.90%	58.39%	52.26%	49.94%	18.65%	26.61%

⁽¹⁾ Includes noninterest-bearing deposits.

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

	1Q24			4Q23			1Q23		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets									
Earning assets:									
Cash and due from banks	\$ 21,135	\$ 141	2.68%	\$ 18,170	\$ 113	2.47%	\$ 14,727	\$ 16	0.44%
Federal funds sold	69,554	994	5.75%	57,141	833	5.78%	51,965	619	4.83%
Investment securities	354,537	3,661	4.15%	347,037	3,128	3.58%	360,114	2,699	3.04%
Loans held for sale	71,239	1,540	8.69%	62,895	1,548	9.76%	35,875	825	9.33%
Loans held for investment	1,408,451	23,052	6.58%	1,409,576	23,724	6.68%	1,307,880	19,092	5.92%
Total earning assets	1,924,916	29,388	6.14%	1,894,819	29,346	6.14%	1,770,561	23,251	5.33%
Allowance for credit losses - loans	(15,652)			(15,345)			(14,245)		
Bank-owned life insurance	44,976			35,371			29,853		
Premises, furniture and equipment, net	17,661			17,910			18,635		
Deferred tax asset	21,149			22,340			22,574		
Goodwill & intangible assets	6,446			6,550			6,934		
Other real estate owned	-			8			-		
Other assets	35,367			35,143			26,424		
Total assets	<u>\$ 2,034,863</u>			<u>\$ 1,996,796</u>			<u>\$ 1,860,736</u>		
Interest-bearing deposits	1,417,157	12,593	3.57%	1,420,524	11,995	3.35%	1,203,070	6,424	2.17%
Federal Reserve Bank BTFP	63,077	769	4.90%	-	-	0.00%	1,333	15	4.56%
Federal Home Loan Bank advances	5,494	76	5.56%	10,925	154	5.59%	79,425	677	3.46%
Revolving commercial line of credit, net	15,156	330	8.76%	18,257	398	8.65%	18,000	347	7.82%
Subordinated debt, net	14,688	235	6.43%	14,676	235	6.35%	14,641	235	6.51%
Total interest-bearing liabilities	1,515,572	14,003	3.72%	1,464,382	12,782	3.46%	1,316,469	7,698	2.37%
Noninterest-bearing deposits	321,419			350,821			391,829		
Other liabilities	30,856			36,424			31,859		
Stockholders' equity	167,016			145,169			120,579		
Total liabilities and stockholders' equity	<u>\$ 2,034,863</u>			<u>\$ 1,996,796</u>			<u>\$ 1,860,736</u>		
Interest margins									
Cost of total deposits ⁽¹⁾		2.91%			2.69%			1.63%	
Cost of total funding ⁽¹⁾		3.07%			2.79%			1.83%	
Net interest spread		2.42%			2.68%			2.96%	
Net interest margin		3.21%			3.47%			3.56%	
Efficiency ratio		76.55%			57.90%			49.94%	

⁽¹⁾ Includes noninterest bearing deposits.

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

	1Q24	4Q23	3Q23	2Q23	1Q23	1Q24 change vs	
						4Q23	1Q23
Loans Held-for-Investment ("LHFI")							
Commercial Loans							
Acquisition, development and construction	\$ 114,247	\$ 124,406	\$ 112,648	\$ 92,520	\$ 98,037	(10,159)	16,210
Income producing CRE	263,810	264,043	256,951	250,017	233,706	(233)	30,104
Owner-occupied CRE	93,904	92,007	92,577	94,353	98,997	1,897	(13,270)
Senior housing	253,727	250,593	263,169	267,903	272,539	3,134	619
Commercial and industrial	132,445	139,795	126,782	104,103	113,288	(7,350)	19,157
Retail Loans							
Marine vessels	265,224	266,197	270,136	252,669	220,626	(973)	44,598
Residential mortgages	159,393	146,220	142,986	139,370	135,990	13,173	23,403
Cash value life insurance LOC	99,220	112,457	116,238	129,893	137,186	(13,237)	(37,966)
Other consumer	21,581	22,707	21,364	21,759	22,320	(1,126)	(739)
Total loans held-for-investment	\$ 1,403,551	\$ 1,418,425	\$ 1,402,851	\$ 1,352,587	\$ 1,332,689	\$ (14,874)	\$ 70,862
Core LHFI	1,328,532	1,340,364	1,322,135	1,269,425	1,240,625	(11,832)	87,907
Acquired LHFI ⁽¹⁾	75,019	78,061	80,716	83,162	92,064	(3,042)	(17,045)
Total loans held-for-investment	\$ 1,403,551	\$ 1,418,425	\$ 1,402,851	\$ 1,352,587	\$ 1,332,689	\$ (14,874)	\$ 70,862
Total loans held for sale	111,020	82,125	73,251	81,692	55,957	28,895	55,063
Total allowance for credit losses	15,774	15,465	15,352	15,008	14,029	309	1,745
Nonperforming Assets							
Nonaccrual loans	3,849	4,338	7,278	7,193	9,757	(489)	(5,908)
Past due loans 90 days and still accruing	34	-	18	-	1,968	34	(1,934)
Total nonperforming loans	3,883	4,338	7,296	7,193	11,725	(455)	(7,842)
Other real estate owned	-	-	243	243	-	-	-
Total nonperforming assets	\$ 3,883	\$ 4,338	\$ 7,539	\$ 7,436	\$ 11,725	\$ (489)	\$ (5,908)
Risk Ratings							
Pass	1,349,779	1,369,275	1,355,745	1,325,905	1,313,564	(19,496)	36,215
Special mention	25,930	26,184	31,927	16,024	6,423	(254)	19,507
Substandard	27,842	22,966	15,179	10,658	12,702	4,876	15,140
Total LHFI	\$ 1,403,551	\$ 1,418,425	\$ 1,402,851	\$ 1,352,587	\$ 1,332,689	\$ (14,874)	\$ 70,862
Credit Analysis							
QTD net (recoveries) charge-offs	\$ (9)	\$ 61	\$ 113	\$ 18	\$ 517	\$ (70)	\$ (526)
Net charge-offs (recoveries) to total LHFI	0.00%	0.02%	0.03%	0.01%	0.16%	-0.02%	-0.16%
Total allowance for credit losses to total LHFI	1.12%	1.09%	1.09%	1.11%	1.05%	0.03%	0.07%
Nonperforming loans to gross LHFI	0.28%	0.31%	0.52%	0.53%	0.88%	-0.03%	-0.60%
Nonperforming assets to total assets	0.19%	0.21%	0.38%	0.38%	0.58%	-0.02%	-0.39%

⁽¹⁾ Includes loans acquired through business combinations.

The following table presents a breakdown for the ACL and allowance for loan credit losses (ALL) for the periods presented:

<i>Three months ended - dollars in thousands</i>	ACL				
	1Q24	4Q23	3Q23	2Q23	1Q23
Allowance for Credit Losses (ACL) - LHFI					
Beginning balance	\$ 15,465	\$ 15,352	\$ 15,008	\$ 14,029	\$ 12,362
Adoption of ASU 2016-03 ⁽¹⁾					1,666
Charge-offs:					
Commercial Loans					
Income producing CRE	-	-	-	(82)	-
Commercial and industrial	-	(62)	-	-	(281)
Retail Loans					
Residential mortgages	-	-	-	-	(194)
Marine vessels	-	-	-	(5)	-
Other consumer	-	(18)	(137)	-	(57)
Total charge-offs	-	(80)	(137)	(87)	(532)
Recoveries:					
Commercial Loans					
Income producing CRE	-	-	-	17	-
Commercial and industrial	5	4	5	6	5
Retail Loans					
Residential mortgages	3	3	16	9	10
Other consumer	1	12	3	37	-
Total recoveries	9	19	24	69	15
Total net (charge-offs) recoveries:	9	(61)	(113)	(18)	(517)
Provision for loan credit losses	300	174	457	997	518
Ending balance	<u>\$ 15,774</u>	<u>\$ 15,465</u>	<u>\$ 15,352</u>	<u>\$ 15,008</u>	<u>\$ 14,029</u>
Allowance for credit losses - Off-balance sheet credit exposures					
Beginning balance	\$ 3,916	\$ 4,491	\$ 4,091	\$ 4,211	\$ -
Adoption of ASU 2016-03 ⁽¹⁾	-	-	-	-	4,519
Provision for (recapture of) credit losses	(137)	(575)	400	(120)	(308)
Ending balance	<u>\$ 3,779</u>	<u>\$ 3,916</u>	<u>\$ 4,491</u>	<u>\$ 4,091</u>	<u>\$ 4,211</u>
Allowance for credit losses: LHFI and off-balance sheet credit exposures	<u>\$ 19,553</u>	<u>\$ 19,381</u>	<u>\$ 19,843</u>	<u>\$ 19,099</u>	<u>\$ 18,240</u>

⁽¹⁾ Impact of ASU 2016-03 CECL adoption.

⁽²⁾ Change in provision for unfunded commitments credit losses.

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

	Quarterly Trends				
	1Q24	4Q23	3Q23	2Q23	1Q23
Net Income	\$ 2,429	\$ 7,157	\$ 4,774	\$ 5,787	\$ 6,760
Total noninterest income (loss)	(1,994)	3,553	1,247	1,259	2,535
Adjustments to noninterest income (loss) ⁽¹⁾	3,465	-	-	-	-
Income Taxes	548	1,747	1,474	1,711	2,085
Tax effect of adjustments	(842)	-	-	-	-
Adjusted net income	\$ 5,052	\$ 7,157	\$ 4,774	\$ 5,787	\$ 6,760
Net Income	2,429	7,157	4,774	5,787	6,760
Provision for credit losses	163	(434)	847	920	210
Provision for income taxes	548	1,747	1,474	1,711	2,085
Pre-tax pre-provision net revenue (PPNR)	\$ 3,140	\$ 8,470	\$ 7,095	\$ 8,418	\$ 9,055
Adjustments to noninterest income (loss) ⁽¹⁾	3,465	-	-	-	-
Adjusted Pre-Tax Pre-Provision Income	\$ 6,605	\$ 8,470	\$ 7,095	\$ 8,418	\$ 9,055
Return on average tangible assets (ROTA)	0.48%	1.43%	0.97%	1.17%	1.48%
Adjustments to net income	0.52%	0.00%	0.00%	0.00%	0.00%
Adjusted ROTA	1.00%	1.43%	0.97%	1.17%	1.48%
Return on Tangible Common Equity (ROTCE)	6.04%	20.31%	13.92%	17.60%	23.83%
Adjustments to net income	6.53%	0.00%	0.00%	0.00%	0.00%
Adjusted ROTCE	12.57%	20.31%	13.92%	17.60%	23.83%
Diluted EPS	\$ 0.24	\$ 0.75	\$ 0.49	\$ 0.60	\$ 0.74
Adjustments to net income	0.25	-	-	-	-
Adjusted diluted EPS	\$ 0.49	\$ 0.75	\$ 0.49	\$ 0.60	\$ 0.74
Efficiency ratio	76.55%	57.90%	58.39%	52.26%	49.94%
Adjustments to net income	-15.73%	0.00%	0.00%	0.00%	0.00%
Adjusted efficiency ratio	60.82%	57.90%	58.39%	52.26%	49.94%
Average assets	\$ 2,034,863	\$ 1,996,796	\$ 1,956,113	\$ 1,981,089	\$ 1,860,736
Average goodwill & intangible assets	(6,446)	(6,550)	(6,709)	(6,899)	(6,934)
Average commercial mortgage servicing rights	1,134	1,185	1,289	1,424	1,401
Average tangible assets	\$ 2,029,551	\$ 1,991,431	\$ 1,950,693	\$ 1,975,614	\$ 1,855,203
Average stockholders' equity	\$ 167,016	\$ 145,169	\$ 141,475	\$ 137,324	\$ 120,579
Average goodwill & intangible assets	(6,446)	(6,550)	(6,709)	(6,899)	(6,934)
Average commercial mortgage servicing rights	1,134	1,185	1,289	1,424	1,401
Average tangible common equity	\$ 161,704	\$ 139,804	\$ 136,055	\$ 131,849	\$ 115,046
Total assets	\$ 2,050,951	\$ 2,028,599	\$ 1,998,195	\$ 1,963,496	\$ 2,022,876
Goodwill & intangible assets	(6,409)	(6,463)	(6,576)	(6,804)	(6,996)
Commercial mortgage servicing rights	1,121	1,125	1,184	1,357	1,491
Tangible assets	\$ 2,045,663	\$ 2,023,261	\$ 1,992,803	\$ 1,958,049	\$ 2,017,371
Stockholders' equity	\$ 173,228	\$ 156,043	\$ 140,864	\$ 139,242	\$ 133,304
Goodwill & intangible assets	(6,409)	(6,463)	(6,576)	(6,804)	(6,996)
Commercial mortgage servicing rights	1,121	1,125	1,184	1,357	1,491
Tangible common equity	\$ 167,940	\$ 150,705	\$ 135,472	\$ 133,795	\$ 127,799

⁽¹⁾ Consists of loss on sale of AFS securities due to non-routine portfolio restructuring.