

November 8, 2024

To our Shareholders:

CoastalSouth Bancshares, Inc. (the “Company”) is pleased to announce net income of \$7.9 million, or \$0.75 per diluted share, for the third quarter of 2024, compared to \$5.9 million net income, or \$0.56 per diluted share, for the second quarter of 2024, and \$4.8 million net income, or \$0.49 per diluted share for the comparable quarter last year.

For the nine months ended September 30, 2024, net income was \$16.2 million, or \$1.55 per diluted share, compared to net income of \$17.3 million, or \$1.83 per diluted share for the nine months ended September 30, 2023. The nine months ended September 30, 2024 was impacted by loss on the sale of available-for-sale (“AFS”) securities during the first quarter of 2024 of approximately \$2.7 million, net of tax, due to AFS portfolio strategic repositioning. When adjusting for the impact of the sale of securities in 1Q24, earnings per share for the nine months ended September 30, 2024 were \$1.81 per diluted share.

“Despite an increasingly competitive environment for both loans and deposits, the Company has continued to demonstrate strong financial performance with a quarterly annualized ROAA of 1.47%,” said Steve Stone, President and Chief Executive Officer of the Company and its wholly owned subsidiary, Coastal States Bank (“CSB” or the “Bank”). “We continue to maintain a strong balance sheet and our sustained earnings have bolstered our capital levels. A diligent focus on profitable growth has allowed us to modestly expand over the last quarter and maintain earnings momentum. Additionally, we were excited to open our newest branch location in Beaufort, SC during September 2024, which is our first expansion into the northern Beaufort County market.”

Highlights for the Third Quarter of 2024

- **Net income of \$7.9 million, or \$0.75 diluted earnings per share (“diluted EPS”)**
- **Quarterly annualized ROAA of 1.47%, compared to 1.15% for the second quarter of 2024**
- **Net interest margin was 3.32%, compared to 3.43% for the second quarter of 2024**
- **Efficiency ratio was 54.35%, compared to 58.24% for the second quarter of 2024**
- **Total average assets grew \$65.0 million, an annualized 4.2% increase from June 30, 2024**
- **Total average loans held-for-investment grew \$15.4 million, an annualized 1.4% increase from June 30, 2024**
- **Total average deposits, excluding brokered certificate of deposits, grew \$38.1 million, an annualized 3.2% increase from June 30, 2024**

The Company recognized net income of \$7.9 million, or \$0.75 per share, for the quarter, and tangible book value per share increased from \$17.07 at June 30, 2024 to \$18.35 at September 30, 2024. The earnings during the quarter reflects the Company's strong net interest income run-rate. The third quarter results also included \$1.3 million gain on sale income from the sale of government guaranteed lending ("GGL") loans as the loan pipeline gained traction.

The Bank's total deposits excluding brokered CDs, otherwise referred to as core deposits, decreased during the third quarter from \$1.651 billion at June 30, 2024 to \$1.629 billion at September 30, 2024. For the quarter ended September 30, 2024, the Bank estimates that approximately \$677.1 million, or 37.5% of total deposits, excluding accrued interest, were uninsured. Of the uninsured deposits, approximately 65.6% were business accounts and 34.4% were personal accounts.

During the third quarter, loans held-for-investment ("LHFI") decreased by \$32.2 million. This decrease was principally in commercial loans of \$27.6 million in various categories and retail loans of \$4.5 million. This decrease was due to a combination of loan payoffs and the sale of GGL and marine loans to generate non-interest income. Overall, LHFI grew by \$7.1 million, or 0.5% year-over-year as of September 30, 2024.

In September 2024 the Federal Open Market Committee ("FOMC" or the "Committee") lowered the target range for the federal funds rate by 50 basis points to 4.75% – 5.00% in light of the progress on inflation and the balance of risks. The FOMC lowered the target range for Federal Funds by an additional 25 basis points on November 7, 2024. At its most recent meeting, the FOMC stated that it “will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities.” The Committee reiterated that it is strongly committed to supporting maximum employment and returning inflation to its 2% objective. The Committee added that it will continue to monitor the implications of incoming information for the economic outlook and would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments. Recent Consumer Price Index ("CPI") released in October shows that inflation, although moderating, has remained above the Federal Reserve's 2% target on an annual basis.

Like many other institutions, the Company's AFS securities investment portfolio previously experienced a decline in fair value driven by rapid rising interest rates. With the FOMC starting to cut rates and given improved economic environment, the rate of fair value decline has slowed, and these declines in fair values have recently started to reverse, but there is still volatility with market values 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 third quarter of 2024 held approximately 49.0% in floating rate securities.

The Company's ratio of nonaccrual loans to total assets decreased to 0.39% as of the third quarter of 2024 compared to 0.41% at the end of second quarter of 2024. A 2 basis points increase in the Non-Performing Assets ("NPA") ratio occurred during the third quarter of 2024, increasing from 0.42% at the end of second quarter of 2024 to 0.44% due to the foreclosure of one commercial property. The Company's net charge-offs to total LHFI ratio remains very low at 0.02% for the third quarter of 2024.

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					3Q24 change vs	
	3Q24	2Q24	1Q24	4Q23	3Q23	2Q24	3Q23
Selected Balance Sheet Data							
Total assets	\$ 2,129,346	\$ 2,115,547	\$ 2,050,951	\$ 2,028,599	\$ 1,998,195	\$ 13,799	\$ 131,151
Total gross loans (LHFS + LHFI)	1,603,851	1,596,962	1,514,571	1,500,550	1,476,102	6,889	127,749
Total deposits	1,807,315	1,805,590	1,749,484	1,750,657	1,789,195	1,725	18,120
Total deposits excluding brokered CDs	1,628,706	1,650,611	1,603,504	1,525,689	1,589,201	(21,905)	39,505
Earnings Highlights							
Net income	\$ 7,884	\$ 5,887	\$ 2,429	\$ 7,157	\$ 4,774	\$ 1,997	\$ 3,110
Diluted earnings per share (EPS)	\$ 0.75	\$ 0.56	\$ 0.24	\$ 0.75	\$ 0.49	\$ 0.19	\$ 0.26
Net interest income	\$ 16,966	\$ 16,700	\$ 15,385	\$ 16,564	\$ 15,805	\$ 266	\$ 1,161
Performance Ratios							
Net interest margin	3.32%	3.43%	3.21%	3.47%	3.36%	-0.11%	-0.04%
Net interest spread	2.48%	2.58%	2.42%	2.68%	2.62%	-0.10%	-0.14%
Cost of total deposits	3.11%	2.99%	2.91%	2.69%	2.51%	0.12%	0.60%
Cost of total funding	3.24%	3.13%	3.07%	2.79%	2.61%	0.11%	0.63%
Efficiency ratio	54.35%	58.24%	76.55%	57.90%	58.39%	-3.89%	-4.04%
Loan-to-deposit ratio	88.74%	88.45%	86.57%	85.71%	82.50%	0.30%	6.24%
Return on (annualized):							
Average assets (ROAA) ¹	1.47%	1.15%	0.48%	1.42%	0.97%	0.33%	0.50%
Average tangible assets (ROTA) ¹	1.48%	1.15%	0.48%	1.43%	0.97%	0.33%	0.50%
Average tangible common equity (ROTCE) ¹	17.40%	13.94%	6.04%	20.31%	13.92%	3.47%	3.48%
Tangible common equity to tangible assets ⁽¹⁾	8.86%	8.29%	8.21%	7.45%	6.80%	0.57%	2.06%
Tangible book value per share ²	\$ 18.35	\$ 17.07	\$ 16.39	\$ 15.80	\$ 14.23	\$ 1.28	\$ 4.12
Other Operating Measures²:							
Pre-tax pre-provision net revenue (PPNR)	\$ 9,097	\$ 7,637	\$ 3,140	\$ 8,470	\$ 7,095	\$ 1,460	\$ 2,002
PPNR ROAA	1.70%	1.49%	0.62%	1.68%	1.44%	0.21%	0.26%
Adjusted net income	\$ 7,884	\$ 5,887	\$ 5,052	\$ 7,157	\$ 4,774	\$ 1,997	\$ 3,110
Adjusted diluted EPS	\$ 0.75	\$ 0.56	\$ 0.50	\$ 0.73	\$ 0.50	\$ 0.19	\$ 0.25
Adjusted ROAA	1.47%	1.15%	1.00%	1.42%	0.97%	0.33%	0.50%
Adjusted ROTA	1.48%	1.15%	1.00%	1.43%	0.97%	0.33%	0.50%
Adjusted ROTCE	1.47%	1.15%	1.00%	1.42%	0.97%	0.33%	0.50%
Adjusted efficiency ratio	54.35%	58.24%	60.82%	57.90%	58.39%	-3.89%	-4.04%

⁽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 \$7.9 million for the third quarter of 2024, compared to net income of \$5.9 million and \$4.8 million for the second and third quarters of 2024 and 2023, respectively. Compared to the second quarter of 2024, the increase in net income was principally attributable to the recovery for credit losses and higher noninterest income during the third quarter. Compared to the third quarter of 2023, net income was higher primarily due the recovery for credit losses, and a generally increasing trend in other categories.

Interest income was \$32.6 million during the third quarter of 2024, compared to \$31.2 million and \$27.5 million for the second and third quarters of 2024 and 2023, respectively. The increase during the third quarter of 2024 compared to the second quarter of 2024 was principally due to an increase in total average earning assets across multiple categories. The increase during the third quarter of 2024 compared to the third 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					3Q24 change vs		
	3Q24	2Q24	1Q24	4Q23	3Q23	2Q24	3Q23	
Interest on cash and due from banks	\$ 131	\$ 140	\$ 141	\$ 113	\$ 100	\$ (9)	\$ 31	
Interest on federal funds sold	1,045	842	994	833	1,028	203	17	
Interest and dividends on investment securities	4,171	4,220	3,661	3,128	2,874	(49)	1,297	
Interest and fees on LHFS	2,993	2,335	1,540	1,548	1,380	658	1,613	
Interest and fees on LHFI	24,214	23,633	23,052	23,724	22,113	581	2,101	
Interest income	\$ 32,554	\$ 31,170	\$ 29,388	\$ 29,346	\$ 27,495	\$ 1,384	\$ 5,059	

Interest expense was \$15.6 million during the third quarter of 2024, compared to \$14.5 million and \$11.7 million for the second and third quarters of 2024 and 2023, respectively. Compared to the second quarter of 2024, the increase in interest expense was principally attributable to a 9 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 by 66 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 and higher yielding transaction and money market accounts away from noninterest-bearing deposits, which helped mitigate deposit outflows industry-wide as the monetary policy tightening had a meaningful effect on deposit mix, cost and flows in the banking industry. Competitive pressures have continued to drive costs on interest-bearing transaction and money market accounts higher.

Net interest income was \$17.0 million during the third quarter of 2024, compared to \$16.7 million and \$15.8 million for the second and third quarters of 2024 and 2023, respectively. Compared to the second quarter of 2024, the increase in net interest income was attributable to better yields on loans held-for-sale ("LHFS") and an overall increase in total average earning assets. Compared to the third quarter of 2023, the increase in net interest income was attributable to better yields on interest-earning assets.

Net interest margin for the third quarter of 2024 was 3.32%, compared to 3.43% and 3.36% for the second and third quarters of 2024 and 2023, respectively. Compared to the second quarter of 2024, net interest margin compressed by 11 basis points principally driven by 9 basis points increase in interest-bearing deposits cost. Compared to the same quarter last year, net interest margin compressed by 4 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 third quarter of 2024 was 324 basis points, compared to 313 and 261 basis points during the second and third quarters of 2024 and 2023, respectively. The cost of funds increase from the second quarter of 2024 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 third 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 311 basis points in the third quarter of 2024, compared to 299 and 251 basis points in the second and third quarters of 2024 and 2023, respectively. Compared to the second quarter of 2024, the increase was attributable to an overall increase in interest-bearing deposit costs. Compared to the third 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 for (recovery of) credit losses was (\$1.0) million during the third quarter of 2024, compared to \$173 thousand and \$847 thousand for the second and third quarters of 2024 and 2023, respectively. During the quarter, recovery of credit losses was comprised of (\$302) thousand recovery of loan credit losses on LHFI and (\$721) thousand in recapture of the allowance for credit losses ("ACL") for unfunded commitments. There was no allowance for credit losses associated with AFS securities during the quarter. Compared to the second quarter of 2024, the decrease was primarily attributable to the recovery of credit losses during the current quarter. Compared to the third quarter of 2023, the decrease was due to recovery of credit losses during the current quarter and previously disclosed higher allowance for loan credit losses due to growth in the third quarter of 2023. Net charge-offs were \$86 thousand during the third quarter of 2024, compared to \$96 thousand in the second quarter of 2024.

Noninterest income (loss) was \$3.0 million during the third quarter of 2024, compared to \$1.6 million and \$1.2 million for the second and third quarters of 2024 and 2023, respectively. Compared to the second quarter of 2024, the increase was principally attributable to gain on sale of GGL loans. Compared to the third quarter of 2024, the increase in noninterest income of \$1.7 million was principally due to attributable to gain on sale of GGL loans of \$1.3 million, coupled with increases in bank-owned life insurance ("BOLI") income and other noninterest income categories.

Noninterest expense was \$10.8 million during the third quarter of 2024, compared to \$10.7 million and \$10.0 million for the second and third quarters of 2024 and 2023, respectively. Compared to the second quarter of 2024, the \$178 thousand increase was primarily in across all categories, offset by a decrease in Other professional fees. Compared to the third quarter of 2023, the increase was principally in salaries and employees benefits of \$1.0 million; offset by a net decline in other categories, primarily in Other professional fees.

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

	Quarterly Trends					3Q24 change vs	
	3Q24	2Q24	1Q24	4Q23	3Q23	2Q24	3Q23
General and administrative	\$ 254	\$ 240	\$ 230	\$ 217	\$ 226	\$ 14	\$ 28
Marketing and business development	243	197	179	187	182	46	61
Other loan expense	169	122	110	153	164	47	5
Charitable contributions	6	26	24	324	8	(20)	(2)
Deposit related expenses	116	81	80	272	137	35	(21)
Contingency reserve	(4)	(20)	(7)	(217)	(9)	16	5
Other noninterest expense	644	632	669	678	574	12	70
Other noninterest expense	\$ 1,428	\$ 1,278	\$ 1,285	\$ 1,614	\$ 1,282	\$ 150	\$ 146

Income tax expense was \$2.2 million during the third quarter of 2024, compared to \$1.6 million and \$1.5 million for the second and third quarters of 2024 and 2023, respectively. Compared to the second quarter of 2024, the increase was primarily attributable to an increase in taxable income. Compared to the third quarter of 2023, income tax expense increase was primarily attributable to a higher taxable income as well. Effective tax rate was 22.1% for the third quarter of 2024 compared to 21.1% and 23.6% for the second and third quarters of 2024 and 2023, respectively.

Balance Sheet

Total assets as of September 30, 2024 were \$2.129 billion, grew from \$2.116 billion at June 30, 2024, and up from \$1.998 billion at September 30, 2023. The increase of \$13.8 million as compared to the prior quarter was primarily attributable to growth in LHFS of \$39.1 million and investment securities of \$15.2 million; offset by a decrease in LHFI of \$32.2 million and a net decrease in other categories, primarily in Other assets.

Cash and cash equivalents at September 30, 2024 was \$61.3 million, down from \$63.4 million at June 30, 2024, and down from \$81.5 million at September 30, 2023. Cash and cash equivalents decreased is normal fluctuations as the federal funds sold was deployed to higher interest-earning assets during the quarter.

Investment securities at September 30, 2024 were \$361.9 million, compared to \$346.7 million at June 30, 2024, and \$345.7 million at September 30, 2023. Compared to June 30, 2024 and September 30, 2023, investment securities increased \$15.2 million and \$16.2 million, respectively.

Total gross loans held-for-investment at September 30, 2024 were \$1.410 billion, down from \$1.442 billion at June 30, 2024, and up from \$1.403 billion at September 30, 2023. LHFI decreased during the quarter as core LHFI decreased by \$28.5 million coupled with a decrease of \$3.7 million in acquired LHFI. Compared to September 30, 2023, core LHFI increased by \$19.0 million; offset by a decrease in acquired LHFI of \$12.0 million. Total LHFS at September 30, 2024 were \$193.9 million, compared to \$154.9 million at June 30, 2024, and \$73.3 million at September 30, 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 September 30, 2024 was approximately \$18.5 million, similar to June 30, 2024 ACL, compared to \$19.4 million at September 30, 2023. At September 30, 2024, the ACL was comprised of \$15.6 million in allowance for loan credit losses and \$2.9 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 September 30, 2024. Compared to the third quarter of 2023, the decrease was principally attributable to the reversal of a large specific reserve on one commercial relationship where the Company was able to improve its collateral position. Total allowance for loan credit losses to total LHFI was 1.11% at September 30, 2024, similar to 1.11% at June 30, 2024, and compared to 1.09% at September 30, 2023.

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

<i>Dollars in thousands</i>	3Q24	2Q24	1Q24	4Q23	3Q23
Components of the Allowance for Credit Losses Under CECL					
Loans held-for-investment (LHFI)	\$ 15,615	\$ 16,002	\$ 15,774	\$ 15,465	\$ 15,352
Off-balance sheet credit exposures	2,906	3,628	3,779	3,916	4,491
LHFI and off-balance sheet credit exposures	\$ 18,521	\$ 19,630	\$ 19,553	\$ 19,381	\$ 19,843
Other (other assets and securities)	-	-	-	-	33
Total allowance for credit losses (ACL)	\$ 18,521	\$ 19,630	\$ 19,553	\$ 19,381	\$ 19,876

Nonaccrual loans decreased by \$332 thousand to \$8.4 million at September 30, 2024 from \$8.7 million at June 30, 2024 primarily due to principal reductions, payoffs and return to accrual status during the quarter. Total nonperforming loans to gross LHFI outstanding was 0.60% at September 30, 2024, compared to 0.61% and 0.52% at June 30, 2024, and September 30, 2023, respectively.

Nonperforming assets to total assets was 0.44% as of September 30, 2024, an increase of 2 basis points from 0.42% at June 30, 2024, and increased by 6 basis points compared to 0.38% at September 30, 2023. The increase in nonperforming assets was due to the foreclosure of one commercial property. Other real estate owned ("OREO") outstanding at September 30, 2024 was \$864 thousand. There was no OREO outstanding at the end of the second quarter of 2024.

Total deposits at September 30, 2024 were \$1.807 billion, an increase from \$1.806 billion at June 30, 2024, and from \$1.789 billion at September 30, 2023. The modes increase from June 30, 2024 was attributable to increases in certificate of deposits accounts; offset by a decrease in noninterest-bearing deposit accounts. Noninterest-bearing deposits accounted for 17.3% of total deposits, compared to 19.1% of total deposits at June 30, 2024, and 18.9% at September 30, 2023. The 2023 industry disruption contributed to the decline 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 but has generally stabilized. 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 September 30, 2024, June 30, 2024, and September 30, 2023.

Bank Term Funding Program ("BTFP") advances via the Federal Reserve Bank was \$70.0 million as of September 30, 2024 and June 30, 2024. The Company enrolled in BTFP program when it became available in March 2023. 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 which were due in January 2025 were fully paid off in October 2024.

Revolving commercial line of credit (“LOC”) net of debt issuance costs was approximately \$12.0 million at September 30, 2024 and June 30, 2024, compared to \$18.0 million at September 30, 2023. The LOC provides the Company with the ability to downstream additional capital to the Bank and had total borrowing capacity of \$24.0 million, with \$12.0 million available for drawdown as needed, as of September 30, 2024.

Accumulated other comprehensive loss was \$11.7 million at September 30, 2024, compared to \$16.6 million and \$27.2 million at June 30, 2024 and September 30, 2023, respectively. The decrease between the third and second quarter of 2024 was primarily due to movement in long-term interest rates. The decrease from the third quarter of 2023 is due to the securities sale in the first quarter of 2024 coupled with movements in long-term interest rates.

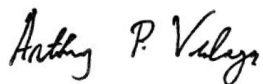
Shareholders' equity was \$193.3 million as of September 30, 2024, compared to \$180.2 million as of June 30, 2024. The increase was principally attributable to the period earnings of \$7.9 million, coupled with a reduction in accumulated other comprehensive loss of \$4.9 million, and an increase in capital surplus of \$338 thousand.

Tangible book value per share at September 30, 2024 was \$18.35, compared to \$17.07 at June 30, 2024. Tangible book value increased primarily due to the factors discussed above in regard to an increase of shareholders' equity. CSB is currently well capitalized with a leverage ratio of 10.26%, a common equity tier 1 capital ratio of 11.72%, and a total risk-based capital ratio of 12.55%.

Detailed Results

Supplementary unaudited financial statements are included for the third 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)

	3Q24		2Q24		1Q24		4Q23		3Q23		3Q24 change vs			
											2Q24	3Q23		
Assets														
Cash and due from banks	\$	17,722	\$	21,385	\$	20,747	\$	19,601	\$	14,140	\$	(3,663)	\$	3,582
Federal funds sold		43,602		42,057		52,998		28,952		67,347		1,545		(23,745)
Investment securities ⁽¹⁾		361,935		346,687		341,532		363,404		345,740		15,248		16,195
Loans held for sale (LHFS)		193,938		154,885		111,020		82,125		73,251		39,053		120,687
Loans held for investment (LHFI)		1,409,913		1,442,077		1,403,551		1,418,425		1,402,851		(32,164)		7,062
Allowance for credit losses - loans		(15,615)		(16,002)		(15,774)		(15,465)		(15,352)		387		(263)
Loans held for investment, net		1,394,298		1,426,075		1,387,777		1,402,960		1,387,499		(31,777)		6,799
Bank-owned life insurance		46,044		45,607		45,184		44,887		30,353		437		15,691
Premises, furniture and equipment, net		17,882		17,533		17,550		17,711		18,029		349		(147)
Deferred tax asset		16,772		18,641		18,890		21,242		22,487		(1,869)		(5,715)
Goodwill & intangible assets ⁽²⁾		6,451		6,276		6,409		6,463		6,576		175		(125)
Other real estate owned		864		-		-		-		243		864		621
Other assets		29,838		36,401		48,844		41,254		32,530		(6,563)		(2,692)
Total assets	\$	2,129,346	\$	2,115,547	\$	2,050,951	\$	2,028,599	\$	1,998,195	\$	13,799	\$	131,151
Liabilities and stockholders' equity														
Liabilities														
Deposits														
Noninterest bearing DDA	\$	312,290	\$	344,860	\$	321,369	\$	325,400	\$	338,517	\$	(32,570)	\$	(26,227)
Interest bearing DDA		183,707		179,557		188,256		174,380		196,154		4,150		(12,447)
Savings and money market		654,192		658,542		644,178		608,079		648,243		(4,350)		5,949
Certificates of deposit		657,126		622,631		595,681		642,798		606,281		34,495		50,845
Total deposits		1,807,315		1,805,590		1,749,484		1,750,657		1,789,195		1,725		18,120
Federal Home Loan Bank advances		-		-		-		50,000		-		-		-
Subordinated debt, net		14,718		14,706		14,694		14,682		14,670		12		48
Revolving commercial line of credit, net		11,994		11,993		11,992		23,990		18,000		1		(6,006)
Federal Reserve Bank BTFP advances		70,000		70,000		70,000		-		-		-		70,000
Other liabilities		32,016		33,090		31,553		33,227		35,466		(1,074)		(3,450)
Total liabilities		1,936,043		1,935,379		1,877,723		1,872,556		1,857,331		664		78,712
Stockholders' equity														
Voting common stock		8,078		8,078		8,073		7,368		7,350		-		728
Nonvoting common stock		2,172		2,172		2,172		2,172		2,172		-		-
Capital surplus		158,463		158,125		157,779		145,944		145,658		338		12,805
Accumulated income		36,290		28,406		22,519		20,090		12,933		7,884		23,357
Accumulated other comprehensive loss		(11,700)		(16,613)		(17,315)		(19,531)		(27,249)		4,913		15,549
Total stockholders' equity		193,303		180,168		173,228		156,043		140,864		13,135		52,439
Total liabilities and stockholders' equity	\$	2,129,346	\$	2,115,547	\$	2,050,951	\$	2,028,599	\$	1,998,195	\$	13,799	\$	131,151
Capital ratios ⁽³⁾														
Leverage ratio		10.26%		10.14%		9.97%		9.94%		9.51%		0.12%		0.76%
CET1 risk-based capital ratio		11.72		11.27		11.51		11.52		11.03		0.45		0.69
Tier 1 risk-based capital ratio		11.72		11.27		11.51		11.52		11.03		0.45		0.69
Total risk-based capital ratio		12.55		12.16		12.43		12.36		11.92		0.39		0.63

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

⁽²⁾ Includes commercial mortgage servicing assets of \$1,258, \$1,037, \$1,121, \$1,125, and \$1,184 for 3Q24, 2Q24, 1Q24, 4Q23, and 3Q23, 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)

	3Q24	2Q24	1Q24	4Q23	3Q23	3Q24 change vs	
						2Q24	3Q23
Interest income							
Interest on cash and due from banks	\$ 131	\$ 140	\$ 141	\$ 113	\$ 100	\$ (9)	\$ 31
Interest on federal funds sold	1,045	842	994	833	1,028	203	17
Interest and dividends on investment securities	4,171	4,220	3,661	3,128	2,874	(49)	1,297
Interest and fees on LHFS	2,993	2,335	1,540	1,548	1,380	658	1,613
Interest and fees on LHFI	24,214	23,633	23,052	23,724	22,113	581	2,101
Total interest income	32,554	31,170	29,388	29,346	27,495	1,384	5,059
Interest expense							
Deposits	14,230	13,122	12,593	11,995	11,065	1,108	3,165
Other borrowings	1,358	1,348	1,410	787	625	10	733
Total interest expense	15,588	14,470	14,003	12,782	11,690	1,118	3,898
Net interest income	16,966	16,700	15,385	16,564	15,805	266	1,161
(Recovery) provision for credit losses	(1,023)	173	163	(434)	847	(1,196)	(1,870)
Net interest income after provision for credit losses	17,989	16,527	15,222	16,998	14,958	1,462	3,031
Noninterest income							
Mortgage banking related income	276	299	238	220	224	(23)	52
Interchange and card fee income	216	226	216	234	256	(10)	(40)
Service charges on deposit accounts	208	198	211	215	190	10	18
Bank-owned life insurance	437	491	296	2,099	201	(54)	236
Gain on sale of government guaranteed loans	1,311	35	320	412	-	1,276	1,311
Losses on sale of available-for-sale securities	-	-	(3,465)	-	-	-	-
Other noninterest income	513	340	190	373	376	173	137
Total noninterest (loss) income	2,961	1,589	(1,994)	3,553	1,247	1,372	1,714
Noninterest expense							
Salaries and employee benefits	6,727	6,654	6,047	6,911	5,722	73	1,005
Occupancy and equipment	754	736	743	692	737	18	17
Data processing	548	534	526	458	542	14	6
Other professional fees	358	501	691	973	695	(143)	(337)
Software and other technology expense	671	631	666	636	593	40	78
Regulatory assessment	344	318	293	363	386	26	(42)
Other noninterest expense	1,428	1,278	1,285	1,614	1,282	150	146
Total noninterest expense	10,830	10,652	10,251	11,647	9,957	178	873
Net income before taxes	10,120	7,464	2,977	8,904	6,248	2,656	3,872
Income tax expense	2,236	1,577	548	1,747	1,474	659	762
Net income	\$ 7,884	\$ 5,887	\$ 2,429	\$ 7,157	\$ 4,774	\$ 1,997	\$ 3,110
Earnings per share - basic	\$ 0.77	\$ 0.58	\$ 0.24	\$ 0.75	\$ 0.50	\$ 0.19	\$ 0.27
Earnings per share - diluted	\$ 0.75	\$ 0.56	\$ 0.24	\$ 0.75	\$ 0.49	\$ 0.19	\$ 0.26
Tangible book value	\$ 188,110	\$ 174,929	\$ 167,940	\$ 150,705	\$ 135,472	\$ 13,181	\$ 52,638
Tangible book value per share	\$ 18.35	\$ 17.07	\$ 16.39	\$ 15.80	\$ 14.23	\$ 1.29	\$ 4.12
Shares outstanding	10,250,446	10,250,446	10,245,496	9,539,929	9,522,329	-	728,117
Weighted average shares - basic	10,250,446	10,247,201	10,043,951	9,522,712	9,522,329	3,246	728,117
Weighted average shares - diluted	10,544,087	10,445,144	10,222,681	9,642,500	9,607,565	98,944	936,522

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

	Nine Months Ended September 30,		Change
	2024	2023	
Interest income			
Interest on cash and due from banks	\$ 412	\$ 183	\$ 229
Interest on federal funds sold	2,881	3,250	(369)
Interest and dividends on investment securities	12,052	8,175	3,877
Interest and fees on LHFS	6,868	3,537	3,331
Interest and fees on LHFI	70,899	62,526	8,373
Total interest income	93,112	77,671	15,441
Interest expense			
Deposits	39,945	27,305	12,640
Other borrowings	4,116	2,636	1,480
Total interest expense	44,061	29,941	14,120
Net interest income	49,051	47,730	1,321
(Recovery) provision for credit losses	(687)	1,977	(2,664)
Net interest income after provision for credit losses	49,738	45,753	3,985
Noninterest income			
Mortgage banking related income	813	692	121
Interchange and card fee income	658	811	(153)
Service charges on deposit accounts	617	540	77
Bank-owned life insurance	1,224	581	643
Gain on sale of government guaranteed loans	1,666	948	718
Gain on hedge termination	-	992	(992)
Securities loss, net	(3,465)	(517)	(2,948)
Other noninterest income	1,043	994	49
Total noninterest income	2,556	5,041	(2,485)
Noninterest expense			
Salaries and employee benefits	19,428	17,662	1,766
Occupancy and equipment	2,233	2,229	4
Data processing	1,608	1,622	(14)
Other professional fees	1,550	1,748	(198)
Software and other technology expense	1,968	1,698	270
Regulatory assessment	955	1,116	(161)
Other noninterest expense	3,991	2,128	1,863
Total noninterest expense	31,733	28,203	3,530
Net income before taxes	20,561	22,591	(2,030)
Income tax expense	4,361	5,270	(909)
Net income	\$ 16,200	\$ 17,321	\$ (1,121)
Earnings per share - basic	\$ 1.59	\$ 1.86	\$ (0.26)
Earnings per share - diluted	\$ 1.55	\$ 1.83	\$ (0.28)
Shares outstanding	10,250,446	9,522,329	728,117
Weighted average shares - basic	10,180,788	9,336,665	844,123
Weighted average shares - diluted	10,420,646	9,457,098	963,548

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

	Quarterly trend					3Q24 change vs	
	3Q24	2Q24	1Q24	4Q23	3Q23	2Q24	3Q23
Average balances							
Cash and cash equivalents	\$ 20,317	\$ 20,839	\$ 21,135	\$ 18,170	\$ 20,945	\$ (522)	\$ (628)
Federal funds sold	76,290	60,964	69,554	57,141	64,816	15,326	11,474
Investment securities	353,121	347,194	354,537	347,037	349,477	5,927	3,644
Loans held for sale	142,205	107,604	71,239	62,895	61,043	34,601	81,162
Loans held for investment	1,439,835	1,424,411	1,408,451	1,409,576	1,371,079	15,424	68,756
Total earning assets	2,031,768	1,961,012	1,924,916	1,894,819	1,867,360	70,756	164,408
Total nonearning assets	98,717	104,490	109,947	101,977	88,753	(5,773)	9,964
Total assets	<u>\$ 2,130,485</u>	<u>\$ 2,065,502</u>	<u>\$ 2,034,863</u>	<u>\$ 1,996,796</u>	<u>\$ 1,956,113</u>	<u>\$ 64,983</u>	<u>\$ 174,372</u>
Interest-bearing deposits	\$ 1,495,726	\$ 1,431,853	\$ 1,417,157	\$ 1,420,524	\$ 1,407,355	\$ 63,873	\$ 88,371
Other borrowings	96,706	96,692	98,415	43,857	32,665	14	64,041
Total interest bearing liabilities	1,592,432	1,528,545	1,515,572	1,464,381	1,440,020	63,887	152,412
Noninterest-bearing deposits	323,377	333,001	321,419	350,821	339,707	(9,624)	(16,330)
Other liabilities	29,242	28,825	30,856	36,425	34,911	417	(5,669)
Stockholders' equity	185,434	175,131	167,016	145,169	141,475	10,303	43,959
Total liabilities and stockholders' equity	<u>\$ 2,130,485</u>	<u>\$ 2,065,502</u>	<u>\$ 2,034,863</u>	<u>\$ 1,996,796</u>	<u>\$ 1,956,113</u>	<u>\$ 64,983</u>	<u>\$ 174,372</u>
Interest margins							
Cash and due from banks	2.57%	2.70%	2.68%	2.47%	1.89%	-0.13%	0.68%
Federal funds sold and resell agreements	5.45%	5.55%	5.75%	5.78%	6.29%	-0.10%	-0.84%
Investment securities	4.70%	4.89%	4.15%	3.58%	3.26%	-0.19%	1.44%
LHFS	8.37%	8.73%	8.69%	9.76%	8.96%	-0.36%	-0.59%
LHFI	6.69%	6.67%	6.58%	6.68%	6.40%	0.02%	0.29%
Total earning assets	<u>6.37%</u>	<u>6.39%</u>	<u>6.14%</u>	<u>6.14%</u>	<u>5.84%</u>	<u>-0.02%</u>	<u>0.53%</u>
Interest-bearing deposits	3.78%	3.69%	3.57%	3.35%	3.12%	0.09%	0.66%
Other borrowings	5.59%	5.61%	5.76%	7.12%	7.59%	-0.02%	-2.00%
Total interest-bearing liabilities	<u>3.89%</u>	<u>3.81%</u>	<u>3.72%</u>	<u>3.46%</u>	<u>3.22%</u>	<u>0.08%</u>	<u>0.67%</u>
Cost of total deposits ⁽¹⁾	3.11%	2.99%	2.91%	2.69%	2.51%	0.12%	0.60%
Cost of total funding ⁽¹⁾	3.24%	3.13%	3.07%	2.79%	2.61%	0.11%	0.63%
Net interest spread	2.48%	2.58%	2.42%	2.68%	2.62%	-0.10%	-0.14%
Net interest margin	3.32%	3.43%	3.21%	3.47%	3.36%	-0.11%	-0.04%
Yield on total loans	6.84%	6.82%	6.68%	6.81%	6.51%	0.02%	0.33%
Efficiency ratio	54.35%	58.24%	76.55%	57.90%	58.39%	-3.89%	-4.04%

⁽¹⁾ Includes noninterest-bearing deposits.

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

	3Q24			2Q24			3Q23		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Assets									
Earning assets:									
Cash and due from banks	\$ 20,317	\$ 131	2.57%	\$ 20,839	\$ 140	2.70%	\$ 20,945	\$ 100	1.89%
Federal funds sold	76,290	1,045	5.45%	60,964	842	5.55%	64,816	1,028	6.29%
Investment securities	353,121	4,171	4.70%	347,194	4,220	4.89%	349,477	2,874	3.26%
Loans held for sale	142,205	2,993	8.37%	107,604	2,335	8.73%	61,043	1,380	8.97%
Loans held for investment	1,439,835	24,214	6.69%	1,424,411	23,633	6.67%	1,371,079	22,113	6.40%
Total earning assets	2,031,768	32,554	6.37%	1,961,012	31,170	6.39%	1,867,360	27,495	5.84%
Allowance for credit losses - loans	(15,992)			(16,163)			(15,391)		
Bank-owned life insurance	45,798			45,360			30,239		
Premises, furniture and equipment, net	17,751			17,634			18,261		
Deferred tax asset	18,255			19,321			21,546		
Goodwill & intangible assets	6,257			6,355			6,709		
Other real estate owned	220			-			243		
Other assets	26,428			31,983			27,146		
Total assets	<u>\$ 2,130,485</u>			<u>\$ 2,065,502</u>			<u>\$ 1,956,113</u>		
Interest-bearing deposits	1,495,726	14,230	3.78%	1,431,853	13,122	3.69%	1,407,355	11,065	3.12%
Federal Reserve Bank BTFP	70,000	864	4.91%	70,000	854	4.91%	-	-	0.00%
Revolving commercial line of credit, net	11,994	260	8.62%	11,992	259	8.69%	18,000	390	8.60%
Subordinated debt, net	14,712	235	6.35%	14,700	235	6.43%	14,665	235	6.36%
Total interest-bearing liabilities	1,592,432	15,589	3.89%	1,528,545	14,470	3.81%	1,440,020	11,690	3.22%
Noninterest-bearing deposits	323,377			333,001			339,707		
Other liabilities	29,242			28,825			34,911		
Stockholders' equity	185,434			175,131			141,475		
Total liabilities and stockholders' equity	<u>\$ 2,130,485</u>			<u>\$ 2,065,502</u>			<u>\$ 1,956,113</u>		
Interest margins									
Cost of total deposits ⁽¹⁾		3.11%			2.99%			2.51%	
Cost of total funding ⁽¹⁾		3.24%			3.13%			2.61%	
Net interest spread		2.48%			2.58%			2.62%	
Net interest margin		3.32%			3.43%			3.36%	
Efficiency ratio		54.35%			58.24%			58.39%	

⁽¹⁾ Includes noninterest bearing deposits.

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

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
Assets						
Earning assets:						
Cash and due from banks	\$ 20,762	\$ 412	2.65%	\$ 17,764	\$ 183	1.38%
Federal funds sold	68,963	2,881	5.58%	78,747	3,250	5.52%
Investment securities	351,623	12,052	4.58%	353,792	8,175	3.09%
Loans held for sale	107,145	6,868	8.56%	52,722	3,537	8.97%
Loans held for investment	1,424,289	70,899	6.65%	1,341,031	62,526	6.23%
Total earning assets	1,972,782	93,112	6.30%	1,844,056	77,671	5.63%
Allowance for credit losses - loans	(15,936)			(14,614)		
Bank-owned life insurance	45,380			30,043		
Premises, furniture and equipment, net	17,682			18,450		
Deferred tax asset	19,570			21,786		
Goodwill & intangible assets	6,352			6,847		
Other real estate owned	74			105		
Other assets	31,241			26,322		
Total assets	<u>\$ 2,077,145</u>			<u>\$ 1,932,995</u>		
Interest-bearing deposits	1,448,419	39,945	3.68%	1,341,312	27,305	2.72%
Federal Reserve Bank BTFP	67,701	2,485	4.90%	440	15	4.56%
Federal Home Loan Bank advances	1,825	77	5.64%	31,093	805	3.46%
Revolving commercial line of credit, net	13,043	849	8.69%	18,000	1,111	8.25%
Subordinated debt, net	14,700	705	6.41%	14,652	705	6.43%
Total interest-bearing liabilities	1,545,688	44,061	3.81%	1,405,497	29,941	2.85%
Noninterest bearing deposits	325,923			361,289		
Other liabilities	29,639			33,006		
Stockholders' equity	175,895			133,203		
Total liabilities and stockholders' equity	<u>\$ 2,077,145</u>			<u>\$ 1,932,995</u>		
Interest margins						
Cost of total deposits ⁽¹⁾		3.01%			2.14%	
Cost of total funding ⁽¹⁾		3.14%			2.27%	
Net interest spread		2.49%			2.78%	
Net interest margin		3.32%			3.46%	
Efficiency ratio		61.49%			53.44%	

⁽¹⁾ Includes noninterest bearing deposits.

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

	3Q24	2Q24	1Q24	4Q23	3Q23	3Q24 change vs	
						2Q24	3Q23
Loans Held-for-Investment ("LHFI")							
Commercial Loans							
Acquisition, development and construction	\$ 112,275	\$ 118,967	\$ 114,247	\$ 124,406	\$ 112,648	(6,692)	(373)
Income producing CRE	267,551	272,397	263,810	264,043	256,951	(4,846)	10,600
Owner-occupied CRE	95,789	100,272	93,904	92,007	92,577	(4,483)	(13,270)
Senior housing	231,260	245,591	253,727	250,593	263,169	(14,331)	619
Commercial and industrial	140,290	137,571	132,445	139,795	126,782	2,719	13,508
Retail Loans							
Marine vessels	279,689	288,949	265,224	266,197	270,136	(9,260)	9,553
Residential mortgages	173,392	163,393	159,393	146,220	142,986	9,999	30,406
Cash value life insurance LOC	87,968	93,657	99,220	112,457	116,238	(5,689)	(28,270)
Other consumer	21,699	21,280	21,581	22,707	21,364	419	335
Total loans held-for-investment	\$ 1,409,913	\$ 1,442,077	\$ 1,403,551	\$ 1,418,425	\$ 1,402,851	\$ (32,164)	\$ 7,062
Core LHFI	1,341,152	1,369,648	1,328,532	1,340,364	1,322,135	(28,496)	19,017
Acquired LHFI ⁽¹⁾	68,761	72,429	75,019	78,061	80,716	(3,668)	(11,955)
Total loans held-for-investment	\$ 1,409,913	\$ 1,442,077	\$ 1,403,551	\$ 1,418,425	\$ 1,402,851	\$ (32,164)	\$ 7,062
Total loans held for sale	193,938	154,885	111,020	82,125	73,251	39,053	120,687
Total allowance for credit losses	15,615	16,002	15,774	15,465	15,352	(387)	263
Nonperforming Assets							
Nonaccrual loans	8,407	8,739	3,849	4,338	7,278	(332)	1,129
Past due loans 90 days and still accruing	49	47	34	-	18	2	31
Total nonperforming loans	8,456	8,786	3,883	4,338	7,296	(330)	1,160
Other real estate owned	864	-	-	-	243	864	621
Total nonperforming assets	\$ 9,320	\$ 8,786	\$ 3,883	\$ 4,338	\$ 7,539	\$ 534	\$ 1,781
Risk Ratings							
Pass	1,345,728	1,389,848	1,349,779	1,369,275	1,355,745	(44,120)	(10,017)
Special mention	24,471	24,762	25,930	26,184	31,927	(291)	(7,456)
Substandard	39,714	27,467	27,842	22,966	15,179	12,247	24,535
Total LHFI	\$ 1,409,913	\$ 1,442,077	\$ 1,403,551	\$ 1,418,425	\$ 1,402,851	\$ (32,164)	\$ 7,062
Credit Analysis							
QTD net (recoveries) charge-offs	\$ 86	\$ 96	\$ (9)	\$ 61	\$ 113	\$ (10)	\$ (27)
Net charge-offs (recoveries) to total LHFI	0.02%	0.03%	0.00%	0.02%	0.03%	0.00%	-0.01%
Total allowance for credit losses to total LHFI	1.11%	1.11%	1.12%	1.09%	1.09%	0.00%	0.01%
Nonperforming loans to gross LHFI	0.60%	0.61%	0.28%	0.31%	0.52%	-0.01%	0.08%
Nonaccrual loans to total assets	0.39%	0.41%	0.19%	0.21%	0.36%	-0.02%	0.03%
Nonperforming assets to total assets	0.44%	0.42%	0.19%	0.21%	0.38%	0.02%	0.06%

⁽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				
	3Q24	2Q24	1Q24	4Q23	3Q23
Allowance for Credit Losses (ACL) - LHFI					
Beginning balance	\$ 16,002	\$ 15,774	\$ 15,465	\$ 15,352	\$ 15,008
Charge-offs:					
Commercial Loans					
Commercial and industrial	(35)	(112)	-	(62)	-
Retail Loans					
Marine vessels	(36)	-	-	-	-
Other consumer	(28)	-	-	(18)	(137)
Total charge-offs	<u>(99)</u>	<u>(112)</u>	<u>-</u>	<u>(80)</u>	<u>(137)</u>
Recoveries:					
Commercial Loans					
Commercial and industrial	5	11	5	4	5
Retail Loans					
Residential mortgages	7	3	3	3	16
Other consumer	1	2	1	12	3
Total recoveries	<u>13</u>	<u>16</u>	<u>9</u>	<u>19</u>	<u>24</u>
Total net (charge-offs) recoveries:	<u>(86)</u>	<u>(96)</u>	<u>9</u>	<u>(61)</u>	<u>(113)</u>
(Recovery of) provision for loan credit losses	(301)	324	300	174	457
Ending balance	<u>\$ 15,615</u>	<u>\$ 16,002</u>	<u>\$ 15,774</u>	<u>\$ 15,465</u>	<u>\$ 15,352</u>
Allowance for credit losses - Off-balance sheet credit exposures					
Beginning balance	\$ 3,628	\$ 3,779	\$ 3,916	\$ 4,491	\$ 4,091
(Recapture of) provision for credit losses	(722)	(151)	(137)	(575)	400
Ending balance	<u>\$ 2,906</u>	<u>\$ 3,628</u>	<u>\$ 3,779</u>	<u>\$ 3,916</u>	<u>\$ 4,491</u>
Allowance for credit losses: LHFI and off-balance sheet credit exposures	<u>\$ 18,521</u>	<u>\$ 19,630</u>	<u>\$ 19,553</u>	<u>\$ 19,381</u>	<u>\$ 19,843</u>

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

	Quarterly Trends				
	3Q24	2Q24	1Q24	4Q23	3Q23
Net Income	\$ 7,884	\$ 5,887	\$ 2,429	\$ 7,157	\$ 4,774
Total noninterest income (loss)	2,961	1,589	(1,994)	3,553	1,247
Adjustments to noninterest income (loss) ⁽¹⁾	-	-	3,465	-	-
Income Taxes	2,236	1,577	548	1,747	1,474
Tax effect of adjustments	-	-	(842)	-	-
Adjusted net income	\$ 7,884	\$ 5,887	\$ 5,052	\$ 7,157	\$ 4,774
Net Income	7,884	5,887	2,429	7,157	4,774
Provision for credit losses	(1,023)	173	163	(434)	847
Provision for income taxes	2,236	1,577	548	1,747	1,474
Pre-tax pre-provision net revenue (PPNR)	\$ 9,097	\$ 7,637	\$ 3,140	\$ 8,470	\$ 7,095
Adjustments to noninterest income (loss) ⁽¹⁾	-	-	3,465	-	-
Adjusted Pre-Tax Pre-Provision Income	\$ 9,097	\$ 7,637	\$ 6,605	\$ 8,470	\$ 7,095
Return on average tangible assets (ROTA)	1.48%	1.15%	0.48%	1.43%	0.97%
Adjustments to net income	0.00%	0.00%	0.52%	0.00%	0.00%
Adjusted ROTA	1.48%	1.15%	1.00%	1.43%	0.97%
Return on Average Assets (ROAA)	1.47%	1.15%	0.48%	1.42%	0.97%
Adjustments to net income	0.00%	0.00%	0.52%	0.00%	0.00%
Adjusted ROAA	1.47%	1.15%	1.00%	1.42%	0.97%
Return on Tangible Common Equity (ROTCE)	17.40%	13.94%	6.04%	20.31%	13.92%
Adjustments to net income	0.00%	0.00%	0.52%	0.00%	0.00%
Adjusted ROTCE	17.40%	13.94%	12.57%	20.31%	13.92%
Diluted EPS	\$ 0.75	\$ 0.56	\$ 0.24	\$ 0.75	\$ 0.49
Adjustments to net income	-	-	0.26	(0.02)	0.01
Adjusted diluted EPS	\$ 0.75	\$ 0.56	\$ 0.50	\$ 0.73	\$ 0.50
Efficiency ratio	54.35%	58.24%	76.55%	57.90%	58.39%
Adjustments to net income	0.00%	0.00%	-15.73%	0.00%	0.00%
Adjusted efficiency ratio	54.35%	58.24%	60.82%	57.90%	58.39%
Average assets	\$ 2,130,485	\$ 2,065,502	\$ 2,034,863	\$ 1,996,796	\$ 1,956,113
Average goodwill & intangible assets	(6,257)	(6,355)	(6,446)	(6,550)	(6,709)
Average commercial mortgage servicing rights	1,041	1,094	1,134	1,185	1,289
Average tangible assets	\$ 2,125,269	\$ 2,060,241	\$ 2,029,551	\$ 1,991,431	\$ 1,950,693
Average stockholders' equity	\$ 185,434	\$ 175,131	\$ 167,016	\$ 145,169	\$ 141,475
Average goodwill & intangible assets	(6,257)	(6,355)	(6,446)	(6,550)	(6,709)
Average commercial mortgage servicing rights	1,041	1,094	1,134	1,185	1,289
Average tangible common equity	\$ 180,218	\$ 169,870	\$ 161,704	\$ 139,804	\$ 136,055
Total assets	\$ 2,129,346	\$ 2,115,547	\$ 2,050,951	\$ 2,028,599	\$ 1,998,195
Goodwill & intangible assets	(6,451)	(6,276)	(6,409)	(6,463)	(6,576)
Commercial mortgage servicing rights	1,258	1,037	1,121	1,125	1,184
Tangible assets	\$ 2,124,153	\$ 2,110,308	\$ 2,045,663	\$ 2,023,261	\$ 1,992,803
Stockholders' equity	\$ 193,303	\$ 180,168	\$ 173,228	\$ 156,043	\$ 140,864
Goodwill & intangible assets	(6,451)	(6,276)	(6,409)	(6,463)	(6,576)
Commercial mortgage servicing rights	1,258	1,037	1,121	1,125	1,184
Tangible common equity	\$ 188,110	\$ 174,929	\$ 167,940	\$ 150,705	\$ 135,472

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