

## CAPITAL MARKETS ANNOUNCEMENT

**CoastalSouth Bancshares, Inc. (Private; Hilton Head Island, SC) Closes \$61.9 Million Offering of Common Stock**

Sandler O'Neill + Partners, L.P. served as Lead Placement Agent for this offering.

This transaction represents the 136<sup>th</sup> public offering or private placement of common stock for a bank or thrift since January 1, 2012 for which Sandler O'Neill acted as book-runner, co-manager or placement agent—more than any other investment bank during that period. These transactions have raised approximately \$22.1 billion for our clients.<sup>1</sup>

**About the Offering:**

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

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

*This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.*

**About the Company:**

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

(1) Source: SNL Financial

(2) Bank level data; financial data is not pro forma for the offering

July 28, 2017

## Common Stock Offering

\$61.9 Million



COASTALSOUTH BANCSHARES, INC.

Lead Placement Agent

SANDLER O'NEILL + PARTNERS

Financial Highlights as of June 30, 2017<sup>2</sup>

(Dollars in thousands)

Total Assets	\$503,441
Net Loans	268,850
Total Deposits	360,523
Total Equity	36,222
TCE / TA	7.19%
LTM ROAA	(0.10)%
LTM ROAE	(1.19)%

## Sandler O'Neill Contacts:

**Kevin O'Keefe**  
Principal  
(404) 442-2870

**Demetrios Hadgis**  
Managing Director  
(212) 466-8019

**Jennifer Docherty**  
Managing Director  
(212) 466-7796

**Andy Mutch**  
Director  
(404) 442-2879

**Carlos Velasquez**  
Analyst  
(404) 442-2868

**Morgan Schreck**  
Analyst  
(404) 442-2876

SANDLER O'NEILL + PARTNERS, L.P.

New York — Atlanta — Boston — Chicago — San Francisco