

CAPITAL MARKETS ANNOUNCEMENT

Sound Bank (Private; Morehead City, North Carolina) Completes \$100 Million Recapitalization

Sandler O'Neill + Partners, L.P. served as sole placement agent for this offering.

This transaction represents the 96th public offering or private placement of common stock for a bank or thrift since January 1, 2015 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 \$15.2 billion for our clients.¹

About the Offering:

MOREHEAD CITY, N.C., May 7, 2019 – Sound Bank (the “Bank”) is pleased to announce that the Bank has completed a \$100 million recapitalization as part of its plan to grow the franchise into a high performing, statewide North Carolina community bank. The recapitalization involved a private placement of shares of the Bank’s common stock. Funds and accounts managed or advised by Patriot Financial Partners, FJ Capital Management, and T. Rowe Price Associates, Inc. were significant investors in the recapitalization.

The recapitalization provides the Bank with the ability to pursue its strategy of becoming the bank of choice for businesses, business owners, professionals, and their employees in the North Carolina communities it serves. In addition to growing the Bank’s franchise in its existing markets, the Bank intends to enter the Raleigh and Charlotte markets later in 2019 and will have key senior executives based in each of those new markets. The Bank’s business lines will be retail and commercial banking, government guaranteed lending, and home builder finance.

“I am excited to announce the successful recapitalization of Sound Bank,” said Steven Jones, CEO. Mr. Jones added, “We believe that the Bank is uniquely positioned to take advantage of significant dislocation in our markets created by the recent wave of North Carolina community bank acquisitions by out-of-state regional financial institutions. We have assembled a very experienced senior management team and board of directors who have successfully executed this type of growth plan in the past. I look forward to sharing more about our plans, including the anticipated rebranding of the franchise to Dogwood State Bank, in the coming months.”

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:

Sound Bank, a North Carolina state-chartered bank with approximately \$366 million in total assets, was established in 2000 and is headquartered in Morehead City, NC. Sound Bank provides a wide range of banking services and products through its seven branch offices in Morehead City, Beaufort, Cedar Point, Edenton, Greenville, New Bern, and Wilmington, NC.

(1) Source: S&P Global Market Intelligence

May 7, 2019

Recapitalization

Private Placement of Common Stock
\$100.0 Million




DOGWOOD
STATE BANK

Sole Placement Agent
SANDLER O'NEILL + PARTNERS

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