Annual Report of Holding Companies

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 246(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners’ Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I, Randy K. Dolyniuk
Name of the Holding Company Director and Official

Vice Chairman and President
Title of the Holding Company Director and Official

Attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board’s “Rules Regarding Availability of Information,” 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official
03/22/2015

Date of Signature
For holding companies not registered with the SEC—Indicate status of Annual Report to Shareholders:
☐ is included with the FR Y-6 report
☐ will be sent under separate cover
☐ is not prepared

For Federal Reserve Bank Use Only
RSSD ID
C.I.

Date of Report (top-tier holding company’s fiscal year-end):
December 31, 2015
Month / Day / Year

No LEI
Reporter’s Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter’s Name, Street, and Mailing Address
CoastalSouth Bancshares, Inc.

Legal Title of Holding Company
5 Bow Circle
(Mailing Address of the Holding Company) Street / P.O. Box
Hilton Head Island SC 29928
City State Zip Code

Same
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:
Justin S. Perry SVP/General Counsel
Name Title

Area Code / Phone Number / Extension
843-341-9936

Area Code / FAX Number
843-341-9955

E-mail Address
jperry@coastalstatesbank.com

Address (URL) for the Holding Company’s web page
www.coastalstatesbank.com

Does the reporter request confidential treatment for any portion of this submission?
☐ Yes Please identify the report items to which this request applies:

☐ No

In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.

☐ The information for which confidential treatment is sought is being submitted separately labeled “Confidential.”

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

12/2015
For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

<table>
<thead>
<tr>
<th>N/A</th>
<th>Legal Title of Subsidiary Holding Company</th>
<th>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
</tr>
</thead>
<tbody>
<tr>
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Physical Location (if different from mailing address)

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(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City | State | Zip Code
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Physical Location (if different from mailing address)

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</table>

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City | State | Zip Code
-----|-------|---------

Physical Location (if different from mailing address)
Form FR Y-6
CoastalSouth Bancshares, Inc.
Hilton Head Island, South Carolina
Fiscal Year Ending December 31, 2015

Report Item 2a: Organization Chart

Consolidated Organizational Chart

CoastalSouth Bancshares, Inc.
No LEI
(Virginia corporation)
Hilton Head Island, SC 29928

100% voting and equity interest

CoastalStates Bank
No LEI
(South Carolina state non-member bank)
Hilton Head Island, SC 29928

100% voting and equity interest

Homeowners Mortgage Enterprises, Inc.
No LEI
(South Carolina corporation)
Columbia, SC 29205

Member-managed LLC, wholly owned and managed by CoastalStates Bank

CSB Property Management, LLC
No LEI
(South Carolina limited liability co.)
Hilton Head Island, SC 29928

Member-managed LLC, wholly owned and managed by CoastalStates Bank

CSB Property Management II, LLC
No LEI
(South Carolina limited liability co.)
Hilton Head Island, SC 29928
Results: A list of branches for your depository institution: COASTALSTATES BANK (ID_RSSD: 3274709). This depository institution is held by COASTALSOUTH BANCSHARES, INC. (3274727) of HILTON HEAD ISLAND. The data are as of 12/31/2015. Data reflects information that was received and processed through 01/07/20

Reconciliation and Verification Steps
1. In the Data Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

Actions
OK: If the branch information is correct, enter 'OK' in the Data Action column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Data Action column.
Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.

Note:
To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules.

*FDIC UNNUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is recommended.
on column and the date when this information first became valid in the Effective Date column.
ite in the Effective Date column.
olumn.
olumn and the opening or acquisition date in the Effective Date column.
scaling, and/or legal sized paper.
more information.
e e-mail.
each branch with a Data Action of Change, Close, Delete, or Add.
online.federalreserve.gov.
not required.

<table>
<thead>
<tr>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>County</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 BOW CIRCLE</td>
<td>HILTON HEAD ISLAND</td>
<td>SC</td>
<td>29928</td>
<td>BEAUFORT</td>
<td>UNITED STATES</td>
</tr>
<tr>
<td>7 THURMOND WAY</td>
<td>BLUFFTON</td>
<td>SC</td>
<td>29910</td>
<td>BEAUFORT</td>
<td>UNITED STATES</td>
</tr>
<tr>
<td>30 WILLIAM POPE DRIVE</td>
<td>BLUFFTON</td>
<td>SC</td>
<td>29909</td>
<td>BEAUFORT</td>
<td>UNITED STATES</td>
</tr>
<tr>
<td>98 MAIN STREET</td>
<td>HILTON HEAD ISLAND</td>
<td>SC</td>
<td>29926</td>
<td>BEAUFORT</td>
<td>UNITED STATES</td>
</tr>
<tr>
<td>FDIC UNNUM*</td>
<td>Office Number*</td>
<td>Head Office</td>
<td>Head Office ID_RSSD*</td>
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<tr>
<td>423465</td>
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<td>COASTALSTATES BANK</td>
<td>3274709</td>
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<td>COASTALSTATES BANK</td>
<td>3274709</td>
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</table>
Form FR Y-6
CoastalSouth Bancshares, Inc.
Fiscal Year Ending
December 31, 2015

Report Item 3: Shareholders
(1)(a)(b)(c) and (2)(a)(b)(c)

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending: 12/31/2015

<table>
<thead>
<tr>
<th>Names &amp; Address</th>
<th>Country of Citizenship or Incorporation</th>
<th>Number and Percentage of Each Class of Voting Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>James S. Macleod</td>
<td>USA</td>
<td>2,690,500[^1][[^2]] - 27.61% of Common Stock</td>
</tr>
<tr>
<td>Hilton Head, SC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helen Ryan</td>
<td>USA</td>
<td>666,667 - 6.84% of Common Stock</td>
</tr>
<tr>
<td>Hilton Head, SC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Names &amp; Address</th>
<th>Country of Citizenship or Incorporation</th>
<th>Number and Percentage of Each Class of Voting Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>none</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Shareholders not listed in (3)(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2015

[^1]: Mr. MacLeod owns a non-controlling membership interest in Cassons, LLC, which owns 20,000 shares of common stock in the Bank Holding Company. The voting percentage shown in (1)(c) above does not include shares held by Cassons, LLC.

[^2]: Mr. MacLeod also owns a non-controlling membership interest in CSouth Financial Group, LLC, which owns 415,540 shares of common stock in the Bank Holding Company. The voting percentage shown in (1)(c) above does not include shares held by CSouth Financial Group, LLC.
### Report Item 4: Insiders

1. **Names & Address**
   2. **Principal Occupation**
   3. **Title & Position with Bank Holding Company**
   4. **Title & Position with Subsidiaries**
   5. **Percentage of Voting Shares in Bank Holding Company**
   6. **Percentage of Voting Shares in Subsidiaries**
   7. **List names of other companies if 25% or more of voting securities are held**

<table>
<thead>
<tr>
<th>(1) Names &amp; Address</th>
<th>(2) Principal Occupation</th>
<th>(3)(a) Title &amp; Position with Bank Holding Company</th>
<th>(3)(b) Title &amp; Position with Subsidiaries</th>
<th>(3)(c) Title &amp; Position with Other Businesses</th>
<th>(4)(a) Percentage of Voting Shares</th>
<th>(4)(b) Percentage of Voting Shares</th>
<th>(4)(c) List names of other companies if 25% or more of voting securities are held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Randy K. Dolyniuk</td>
<td>N/A</td>
<td>Director &amp; President</td>
<td>Chairman &amp; CEO</td>
<td>Member, Double D Real Estate, LLC</td>
<td>2.21%</td>
<td>none</td>
<td>Double D Real Estate, LLC</td>
</tr>
<tr>
<td>Hilton Head, SC</td>
<td></td>
<td></td>
<td>(Coastal States Bank)</td>
<td>Member, HARAGA, LLC</td>
<td></td>
<td></td>
<td>50%</td>
</tr>
<tr>
<td>USA</td>
<td></td>
<td></td>
<td>Chairman (Homeowners Mortgage)</td>
<td>Member, HARAND, GP</td>
<td></td>
<td></td>
<td>50%</td>
</tr>
<tr>
<td>James S. MacLeod</td>
<td>N/A</td>
<td>Chairman &amp; CEO</td>
<td>President and COO</td>
<td>Director, Sykes Enterprises, Inc.</td>
<td>27.61%</td>
<td>none</td>
<td>Mac Abe, LLC</td>
</tr>
<tr>
<td>Hilton Head, SC</td>
<td></td>
<td></td>
<td>(Coastal States Bank)</td>
<td>Trustee, The Allianz Funds</td>
<td></td>
<td></td>
<td>50%</td>
</tr>
<tr>
<td>USA</td>
<td></td>
<td></td>
<td></td>
<td>Trustee, University of Tampa</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Larry A. Page</td>
<td>Real Estate</td>
<td>Director</td>
<td>Director</td>
<td>Member, Cassons LLC</td>
<td>0.72%</td>
<td>none</td>
<td>LWP Diversified Investments Inc.</td>
</tr>
<tr>
<td>Hilton Head, SC</td>
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<td></td>
<td>(Coastal States Bank)</td>
<td>Member, Cassons LLC</td>
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<td></td>
<td>Abigail Lane, LLC</td>
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<tr>
<td>USA</td>
<td></td>
<td></td>
<td></td>
<td>Member, 19 Twin Pines LLC</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>J. Simon Fraser</td>
<td>Attorney</td>
<td>Director</td>
<td>Director</td>
<td>Member, Fraser and Allen, LLC</td>
<td>0.41%</td>
<td>none</td>
<td>Fraser and Allen, LLC</td>
</tr>
<tr>
<td>Hilton Head, SC</td>
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<td>(Coastal States Bank)</td>
<td>Member, F&amp;A Properties, LLC</td>
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<td>F&amp;A Properties, LLC</td>
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<tr>
<td>USA</td>
<td></td>
<td></td>
<td></td>
<td>Director and Secretary, Fraser</td>
<td></td>
<td></td>
<td>J. Simon Fraser, P.A.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Realty Co.</td>
<td></td>
<td></td>
<td>100%</td>
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<td></td>
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<td></td>
<td>President, J. Simon Fraser, P.A.</td>
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<td>Member, Cassons LLC</td>
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<td>Member, Cassons Group LLC</td>
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</tbody>
</table>

 NOTICE: The reader is cautioned that the information presented herein was furnished by the reporting person. The SEC assumes no responsibility for its accuracy or completeness.
## Report Item 4: Insiders

CoastalSouth Bancshares, Inc.

Fiscal Year Ending December 31, 2015

<table>
<thead>
<tr>
<th>Names &amp; Address</th>
<th>(City, State, Country)</th>
<th>(1) Principal Occupation</th>
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<th>(3)(b) Title &amp; Position with Subsidiaries</th>
<th>(3)(c) Percentage of Voting Shares in Bank Holding Company</th>
<th>(4)(a) Percentage of Voting Shares in Subsidiaries</th>
<th>(4)(b) List names of other companies if 25% or more of voting securities are held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott H. Richardson</td>
<td>Hilton Head, SC USA</td>
<td>Consultant</td>
<td>Director</td>
<td>Managing Member; Scott H. Richardson &amp; Co, LLC; Member, Cassons, LLC; Member, CSouth Financial Group LLC</td>
<td>0.36%</td>
<td>none</td>
<td>Scott H. Richardson &amp; Co, LLC</td>
<td>100%</td>
</tr>
<tr>
<td>James N. Richardson, Jr.</td>
<td>Hilton Head, SC USA</td>
<td>Real Estate</td>
<td>Director</td>
<td>Managing Partner, Coligny Plaza LTD; Plantation Properties, LLC; Richardson Group, LLC; Circle Square Properties, Inc; Managing Member, Windmill Harbour Real Estate Co; Managing Member, Westbury Park Realty; Member, Cassons, LLC; Member, CSouth Financial Group LLC</td>
<td>2.27%</td>
<td>none</td>
<td>Coligny Plaza LTD; Plantation Properties, LLC; Richardson Group, LLC; Circle Square Properties, Inc.</td>
<td>99%</td>
</tr>
<tr>
<td>Ernst W. Bruderer</td>
<td>Hilton Head, SC USA</td>
<td>Real Estate</td>
<td>Director</td>
<td>CEO &amp; President, Overterra USA Corp; Chairman and Director, LowCountry Motors; Director, SYNCO Properties; Member, Cassons, LLC; Member, CSouth Financial Group LLC</td>
<td>1.43%</td>
<td>none</td>
<td>Overterra USA Corp; Low Country Motors</td>
<td>100%</td>
</tr>
<tr>
<td>James H. Hodges</td>
<td>Columbia, SC USA</td>
<td>Attorney</td>
<td>Director</td>
<td>Attorney, McGuire Woods, LLC; Consultant, McGuire Woods Consulting, LLC; Member, Cassons, LLC; Member, CSouth Financial Group LLC</td>
<td>0.17%</td>
<td>none</td>
<td>N/A</td>
<td>N/A</td>
</tr>
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