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| AUDIT COMMITTEE CHARTER CoastalSouth Bancshares, Inc. Coastal States Bank | <i>Board Approved: May 28, 2025</i> <i>Last Revised: May 19, 2025</i> <i>Accountability: Board of Directors & Audit Committee</i> |
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The Audit Committee (the “Committee”) operates as a committee of the Board of Directors (the “Board”) of CoastalSouth Bancshares, Inc. (the “Company”) and serves as the audit committee of the Company, and its subsidiary Coastal States Bank (the “Bank”).

I. PURPOSE

The primary function of the Committee is to discharge the Board’s responsibilities relating to the integrity of the Company’s financial statements; the financial reporting process; the systems of internal accounting and financial controls; the performance of the Company’s and Bank’s independent external auditors and internal audit function; the independent external auditor’s qualifications and independence; and the Company’s and the Bank’s compliance with legal and regulatory requirements (including the areas of safety and soundness, and, when appropriate, reviewing and recommending to the Board responses to any examinations by regulatory agencies). In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, the independent external auditor, the designated internal audit team, and the management of the Company and the Bank.

Key components of fulfilling this charge include:

- Facilitating and maintaining an open communication among the Board, the Committee, senior management and the independent public accountants, internal auditors, and security, legal, and compliance staff;
- Reviewing and appraising the efforts of the independent external auditors and regulatory examiners;
- Providing direction to and oversight of the internal audit function; and
- Reporting Committee actions to the Board as well as any material issues relating to the quality/integrity of financial statements, compliance with laws and regulations, and the performance of the independent external auditors and internal audit function.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention, with full access to all books, records, facilities, and personnel of the Company and the Bank and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

II. ORGANIZATION/COMPOSITION

The Committee shall be members of, and shall be appointed by, the Board, and shall consist of at least three directors, each of whom are independent of management. Members of the Committee shall (i) satisfy the independence requirements set forth in the New York Stock Exchange (“NYSE”) Listing Standards; (ii) meet the criteria for independence set forth in Rule 10A-3(b)(1) under the United States Securities and Exchange Act of 1934, as amended from time-to-time, and the rules and regulations of the Securities and Exchange Commission; and (iii) not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company during the past three years. Members of the Committee shall be considered independent of management as long as they do not accept any consulting, advisory, or other compensatory fee; are not an affiliated person of the Company or Bank or their subsidiaries; and meet the independence requirements of applicable regulations. All Committee members shall be financially literate (i.e., have the ability to read and understand financial statements), and at least one member shall be an “audit committee financial expert,” as defined by the rules and regulations promulgated by the Securities and Exchange Commission.

Any Committee member may be removed by the Board at any time at its discretion. Vacancies on the Committee shall be filled by the Board. A member of the Committee may resign from membership of the Committee by delivering his or her written resignation to the Chairperson of the Board. Any such resignation shall take effect upon delivery of such resignation or at any later time specified therein. Unless otherwise specified in the resignation, the acceptance of such resignation shall not be necessary to make it effective.

Unless a Chairperson is elected by the Board, the members of the Committee may designate a Chairperson by majority vote of the full Committee membership. The term of appointment shall be at the discretion of the Board with a goal of maintaining continuity and providing proper perspective. The Committee shall evaluate its performance and the performance of its members at least annually to determine whether it is functioning effectively.

III. MEETINGS

The Committee will hold meetings at least quarterly, either in person or via conference call, and may hold additional regular or special meetings as its members deem necessary or appropriate.

All meetings and other actions by the Committee shall be held or taken pursuant to the bylaws of the Company, including bylaw provisions governing notices of meetings and waiver thereof, the number of Committee members required to take actions at meetings or by written consent, and other related matters. A Committee member should not vote on any matter in which he or she is not independent. The Committee may ask members of management or others to attend the meeting and is authorized to receive all pertinent information from management. The Committee is encouraged to meet in executive session, including with its advisers, as it deems necessary or appropriate. The Committee will either submit the minutes of all meetings of the Committee to the Board or discuss material matters discussed at each Committee meeting with the Board.

IV. RESPONSIBILITIES AND DUTIES

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and regularly report the results of their activities to the Board. Although the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the Company's accounting principles and reporting policies. The independent external auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements, if required by applicable rules and regulations.

Committee policies and procedures should remain flexible so the Committee can best react to changing conditions and circumstances. The Committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The following principal duties and responsibilities of the Committee are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

1. Independent External Auditor Engagement and Financial Reporting and Disclosure

The Committee shall have the sole authority for the appointment, retention, and termination of the Company's independent external auditor (subject, if applicable, to Board or shareholder ratification). The independent external auditor shall report directly to the Committee, and the Committee shall ensure that the external audit is prepared in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB"). The Committee shall review and discuss with management and the independent external auditor all matters required to be communicated by the independent external auditor to the Committee under the standards of the PCAOB and generally accepted auditing standards, including matters required to be discussed by PCAOB Auditing Standards 1301. The Committee shall be directly responsible for overseeing the work of the independent external auditor, including resolution of disagreements between management and the auditor regarding financial reporting. At least annually, the independent external auditor will attend a meeting to discuss relevant matters.

The Committee shall be responsible for assessing the qualifications of the Company's independent external auditor. The Committee shall review the experience and qualifications of the lead partner and senior members of the independent external audit team, and discuss with management the timing and process for the rotation of the lead audit partner to assure continuing auditor independence. The Committee should also consider whether there should be additional staff rotation or rotation of the firm itself to comply with any regulatory requirements. At least annually, the Committee shall obtain and review a report by the independent external auditor describing:

- The independent external audit firm's internal quality control procedures;

- Any material issues raised by the most recent internal quality control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
- Any and all relationships between the independent external auditor and the Company or the Bank (to assess the auditor's independence).

The Committee shall actively engage in dialogue with the independent external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent external auditor. The Committee shall also take, or recommend that the full Board take, appropriate action to oversee the independence of the independent external auditor. The Committee shall set policies related to the Company's hiring of employees or former employees of the independent external auditor who were engaged on the Company's account and pre-approve any such hiring. Generally, the Committee should confirm with the independent external auditor that the nature and scope of the hired employee's responsibilities would not compromise such auditor's independence.

The Committee shall approve all audit scope and non-audit services provided by the independent external auditor and shall not engage the independent external auditor to perform specific non-audit services prohibited by law or regulation. The Committee shall discuss with the independent external auditor the overall scope and plans for its audit, including the adequacy of staffing and compensation. The Committee may delegate approval authority to a member of the Committee. The decisions of any audit Committee member to whom approval authority is delegated shall be presented to the full Committee at its next scheduled meeting.

The Committee shall discuss the results of the annual financial statement audit and any other matters required to be communicated to the Committee by the independent external auditor. The Committee shall receive a report from the independent external auditor on (i) all critical accounting policies and practices of the Company; (ii) all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and the disclosures and the treatment preferred by the independent auditor; and (iii) any other material written communications between the independent external auditor and management.

The Committee shall periodically meet separately with management and the independent external auditor to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the independent external auditor to meet privately with the members of the Committee. The Committee shall review with the independent external auditor any material audit problems or difficulties identified by the auditor and management's response.

The Committee will also meet with the Company's general counsel or outside legal counsel, as appropriate, to review any litigation or other legal matters that are likely to have material impact on the Company, Bank, or any applicable subsidiary. The Committee will review reports received from regulators that may have a material effect on the financial statements or related compliance policies and management's response to such reports.

The Committee will prepare a report to be included in the Company's annual proxy statement pursuant to Item 407(d)(3)(i) of Regulation S-K, in which the Committee will state whether (i) the Committee has reviewed and discussed the audited financial statements with management, (ii) the Committee has discussed with the independent external auditors the matters required to be discussed by the applicable requirements of the PCAOB and the Securities and Exchange Commission, (iii) the Committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence, and (iv) based on such review and discussions, the Committee recommended to the Board that the audited financial statements be included in the Company's annual report on Form 10-K or the proxy statement, as applicable.

The Committee will discuss with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies and the Company's use of any non-GAAP financial metrics in earnings releases, SEC filings, and investors presentations, as applicable.

The Committee will regularly report to the Board about Committee activities, issues and related recommendations, including any issues that might arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's external auditor, or the performance of the internal audit function.

2. Internal Audit

The Committee will oversee and review the Company's internal audit function, including the adequacy of staffing and compensation; the independence and authority of its reporting obligations; the proposed audit plans for the coming year; and the coordination of such plans with management and the independent external auditors. The Committee will review and approve management's appointment, termination, or replacement of any firm contracted to oversee the internal audit function.

The Committee shall provide sufficient opportunity for the internal auditor or audit team to meet privately with the members of the Committee. The Committee shall review with the internal auditor or audit team any material audit problems or difficulties identified by the auditor and management's response. The Committee shall review and discuss any major changes to the Company's auditing and accounting principles and practices, as may be suggested by the independent external auditor or by management, and shall evaluate the appropriateness of the Company's off-balance sheet items and structures. On a periodic basis the Committee shall receive copies of completed internal audit reports or a summary of findings from completed internal audits and a progress report on the proposed internal audit plan, with explanations for any material deviations from the original plan.

The Committee shall review, prior to their filing with the Securities and Exchange Commission, the Company's Quarterly and Annual Reports on Forms 10-Q and 10-K, respectively, including specific disclosures under "Management's Discussion and Analysis". In

accordance with this review, the Committee shall recommend to the Board as to whether the Company's audited financial statements should be included in the Company's reports. The Committee shall prepare and publish an annual committee report to be included in the Company's proxy statement.

3. Internal Controls and Regulatory Compliance

The Committee shall discuss with management, the independent external auditor, and the internal auditors their assessment of the adequacy and effectiveness of the Company's accounting and financial controls and internal controls over financial reporting; any identified significant deficiencies or material weaknesses relating to financial reporting; any proposals or special steps taken to remediate such control deficiencies; and the procedures for the prevention or detection of management overrides of controls.

The Committee shall also discuss with management, the independent external auditor, and the internal auditors their assessment of the adequacy and effectiveness of the Company's compliance with legal and regulatory requirements, including the Company's Code of Business Conduct and Ethics. The Committee should establish procedures for the receipt, retention, and review of complaints received by the Company or the Bank and any of their subsidiaries regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

The Committee shall review regulatory examination findings and discuss with management, the independent external auditor, and the internal auditors any correspondence with regulators or government agencies which raise material issues regarding the Company's financial statements or accounting policies. The Committee shall also review any legal counsel's reports regarding any material violation of securities laws or breaches of fiduciary duty.

The Committee shall be responsible for reviewing and investigating any matters pertaining to the integrity of management, including conflicts of interest, or adherence to standards of business conduct as required in the policies of the company. This should include regular reviews of the corporate ombudsperson process. In connection with these reviews, the committee will meet, as deemed appropriate, with the general counsel and other company officers or employees. The Committee will review any other reports the Company issues that relate to Committee responsibilities.

4. Risk Oversight

The Committee shall:

- Review and discuss with management the Company's major reporting and financial risk exposures and the steps management has taken to monitor and control such exposures, including the guidelines and policies by which risk assessment and risk management is undertaken with respect to the Company's major financial risk exposures.
- Obtain regular updates from management and Company counsel regarding legal matters that may have a significant impact on the Company's financial statements.

- Discuss with management exposures and the steps taken by management to monitor and control such exposures relating to:
 - Litigation risk to the Company, Bank, or any applicable subsidiary.
 - Credit risk and the Company’s overall credit-risk profile and whether the profile is within established policy limits, including reviews and assessments related to non-performing assets, charge offs, the level and adequacy of the allowance for loan and lease losses (and the methodology for determining the same), and the policies and procedures relating to loan and credit risk management, credit limits, and concentration exposures.
 - Material or systemic consumer complaints and other issues related to reputational risk.
 - The impacts of new regulations and review and approve compliance policies and procedures as appropriate and presented by management from time-to-time.

5. Other Responsibilities

The Committee shall:

- Perform such other duties and responsibilities as may be directed by the Board or required by applicable laws, rules or regulations.
- Institute and oversee special investigations as needed unless otherwise conducted by the Board.
- On a regular basis, meet separately with management to discuss any matters the Committee or management believes should be discussed privately.

V. FUNDING

The Company must provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its duties.

VI. ANNUAL EVALUATION

Board approval of this Committee Charter shall be deemed a delegation of authority to the Committee with respect to the responsibilities set forth herein. The Committee shall review and reassess this charter at least annually and seek the approval of the Board for any recommended modifications.