

Board of Governors of the Federal Reserve System



Annual Report of Holding Companies—FR Y-6

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)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

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. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2020

Month / Day / Year

N/A

Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

I, Lloyd R Ferguson

Name of the Holding Company Director and Official

Chairman of the Board

Title of the Holding Company Director and Official

Coastal Bancshares Inc.

Legal Title of Holding Company

P. O. Box 66

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

Pearland TX 77588-0066

City State Zip Code

2301 N. Main St., Pearland, TX 77581

Physical Location (if different from mailing address)

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.

Person to whom questions about this report should be directed:

Betty Vaughan

N/A

Name

Title

281-485-3211

Area Code / Phone Number / Extension

281-485-2703

Area Code / FAX Number

bvaughan@pearlandbank.com

E-mail Address

N/A

Address (URL) for the Holding Company's web page

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 of the report concerning that individual.

*Lloyd R. Ferguson*

Signature of Holding Company Director and Official

03/19/2021

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. \_\_\_\_\_

Is confidential treatment requested for any portion of this report submission?  0=No  1=Yes

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report.

2. a letter justifying this request has been provided separately.

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

## 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.

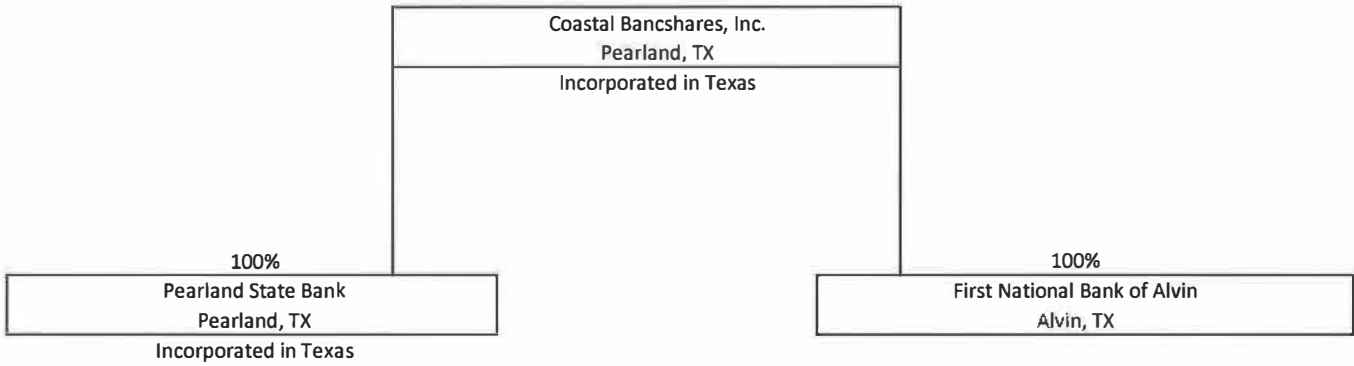
Legal Title of Subsidiary Holding Company	Legal Title of Subsidiary Holding Company
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box	(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box
City State Zip Code	City State Zip Code
Physical Location (if different from mailing address)	Physical Location (if different from mailing address)
Legal Title of Subsidiary Holding Company	Legal Title of Subsidiary Holding Company
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box	(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box
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Physical Location (if different from mailing address)	Physical Location (if different from mailing address)
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Physical Location (if different from mailing address)	Physical Location (if different from mailing address)
Legal Title of Subsidiary Holding Company	Legal Title of Subsidiary Holding Company
(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box	(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box
City State Zip Code	City State Zip Code
Physical Location (if different from mailing address)	Physical Location (if different from mailing address)

Form FR Y -6

COASTAL Bancshares, Inc.  
P. O. BOX 66  
PEARLAND, TX 77581-0066  
Fiscal Year Ending December 31, 2020

- 1 a The BHC is not required to prepare form 10K with the SEC
- 1 b The BHC does prepare an annual report for its shareholders  
Two copies will be mailed after the meeting has been held  
The annual meeting was postponed due to COVID19 Concerns

2 a Organizational Chart



No Entity has an LEI.

2.b.

Results: A list of branches for your holding company: COASTAL BANCSHARES, INC. (2184043) of PEARLAND, TX.  
The data are as of 12/31/2020. Data reflects information that was received and processed through 01/05/2021.

**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 and the date when this information first became valid in the Effective Date 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 and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

**Submission Procedure**

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.  
 If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

**Note:**

To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.  
 The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://y10online.federalreserve.gov>.

\* FDIC UNINUM, Office Number, and ID\_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	354057	FIRST NATIONAL BANK OF ALVIN	1600 EAST HIGHWAY 6	ALVIN	TX	77511	BRAZORIA	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF ALVIN	354057	
OK		Full Service	1429989	MANVEL BRANCH	20102 HWY 6	MANVEL	TX	77578	BRAZORIA	UNITED STATES	Not Required	Not Required	FIRST NATIONAL BANK OF ALVIN	354057	
OK		Full Service (Head Office)	723868	PEARLAND STATE BANK	2301 N. MAIN STREET	PEARLAND	TX	77581-4111	BRAZORIA	UNITED STATES	Not Required	Not Required	PEARLAND STATE BANK	723868	

Form FR Y-6  
December 31, 2020

Report Item #3: Shareholders Coastal Bancshares, Inc.

(1)(a) (1)(b) (1)(c) (2)(a) (2)(b) (2)(c)

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of 12-31-20

(1)(a) Name and Address (City, State)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities
Lloyd R. Ferguson Pearland, TX	USA	3,240 - 8.32% Common Stock
L R Ferguson Res. Marital Deduction Trust Lloyd R. Ferguson Trustee Pearland, TX	USA Total voted	2,662 – 6.84% Common Stock 5,902 – 15.16%
Randall Lee Ferguson Pearland, TX	USA	679 – 1.74% Common Stock
Randall Lee Ferguson-1995 GSST Trust-Randall Lee Ferguson Trustee Pearland, TX	USA	3,029 - 7.78% Common Stock
Ferguson 1998 Trust FBO Randall Lee Ferguson – Randall Lee Ferguson Trustee Pearland, TX	USA	1,489 - 3.82% Common Stock
Lloyd Ray Ferguson, Jr.-1995 GSST Trust-Randall Lee Ferguson Trustee Pearland, TX	USA	3,029 - 7.78% Common Stock
Ferguson 1998 Trust FBO L. Ray Ferguson Randall Lee Ferguson Trustee Pearland, TX	USA	1,489 - 3.83% Common Stock
Total voted by Randall Lee Ferguson		9,715 – 24.95%
Total of Ferguson Family		15,617 – 40.12%

(1)(a) Name and Address (City, State)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities
Rosalie Miller Acree FBO Michalyn Miller Ordeneaux, Pearland, TX	USA Michalyn Miller Ordeneaux Trustee	1,670 - 4.29% Common Stock
Michalyn Miller Ordeneaux Pearland, TX	USA	3,497 – 8.98%
Total Voted by Michalyn Miller Ordeneaux		5,167 – 13.27%
Rosalie Miller Acree FBO Jacalyn Miller Delange Pearland, TX	USA Jacalyn Miller Delange Trustee	1,670 - 4.29% Common Stock
Jacalyn Miller Delange Pearland Tx	USA	3,995 – 10.26%
Total Voted by Jacalyn Miller Delange		5,665 – 14.55%
Total Miller Family		10,832 – 27.83%

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(2)(a) Name and Address (City, State)	(2)(b) Country of Citizenship	(2)(c) Number and Percentage of Each Class of Voting Securities
None	None	None

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Form FR Y-6  
December 31, 2020

Report Item 4: Directors and Officers - Coastal Bancshares, Inc.  
(1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with subsidiaries (include names of Subsidiaries)	(3)(c) Title & Position with other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company (include names of subsidiaries)	(4)(b) Percentage of Voting Shares In Subsidiaries if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)	(4)(c) List of names of other companies (includes partnerships) (List names of companies and percentage of voting securities held)
Lloyd R. Ferguson Pearland, TX	N/A	Director & Chairman of the Board & CEO	Director & Chairman of the Board & CEO (Pearland State Bank) (First National Bank of Alvin)	N/A	15.16%	None	N/A
Michaln Miller Ordenaux Pearland, TX	Retired School Teacher	Director	Director (Pearland State Bank) (First National Bank of Alvin)	President MO Realty (First National Bank of Alvin) President - RMJ Miller Real Estate Holdings President - MMO & JMD Mgt.	13.27%	None	MO Realty 48% RMJ Miller Real Estate Holdings 50% MMO & JMD Mgt 50%
Jacalyn Miller Delange Pearland, TX	Retired School Teacher	Director	Director (Pearland State Bank) (First National Bank of Alvin)	Vice President RMJ Miller Real Estate Holdings Vice President – MMO & JMD Mgt Manager – BJKL, LLC	14.55%	None	RMJ Miller Real Estate Holdings 50% MMO & JMD Mgt 50% BJKL, LLC 100%



Form FR Y-6  
December 31, 2020

Report Item 4: Directors and Officers Coastal Bancshares, Inc.  
(1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)

(1) Names & Address (City, State, Country)	(2) Principal Occupation Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with subsidiaries (include names of Subsidiaries)	(3)(c) Title & Position with other Businesses (include names of other Businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company (include names of subsidiaries)	(4)(b) Percentage of Voting Shares In Subsidiaries if 25% or more of voting securities are held (List names of companies and percentage of voting securities held)	(4)(c) List of names of other companies (includes partnerships)
Thomas P Alexander, Jr. Pearland, TX	Investor	Director	Director Pearland State Bank)	President T & B Alexander  Managing Partner – A & G Creekside Adventure #1 LLC Manager T & R Realty LLC	3.08%	None	T & B Alexander Inc. 68% A & G Creekside Adventure #1 LLC 50% T & R Realty LLC 100%
Randall L. Ferguson Pearland, TX	N/A	Director/Secretary	Director  (First National Bank of Alvin) Director & President (Pearland State Bank)	None	24.95%	None	Randall L. Ferguson LTD Co. 100% Miraval Property Acquisitions LLC 100% LaCosta Rentals 50% PMF Properties 50%

January 20, 2021

Dear Coastal Bancshares Shareholder:

As you are aware, the annual shareholders meeting of Coastal Bancshares, Inc. is scheduled for Wednesday February 10, 2021. While our by-laws do provide for a virtual meeting, we have always looked forward to an in person meeting with our shareholders interacting with each other and management. For 2021, we have decided to postpone our shareholders meeting in the hope of rescheduling an in person meeting if and when our current health crisis abates.

As soon as we believe it is prudent to reschedule the meeting we will advise you of the new date and time.

If it appears that a live shareholder meeting cannot be safely held, we will conduct a virtual meeting at a later time.

As always, if you have any question concerning this matter, please do not hesitate to contact me.

Very truly yours,

Lloyd R. Ferguson

/sw

**COASTAL BANCSHARES, INC.  
P.O. Box 66  
2301 N. Main  
Pearland, Texas 77588**

**May 12, 2021**

**To The Shareholders of Coastal Bancshares, Inc.:**

The Shareholders' Meeting of Coastal Bancshares, Inc. will be held in the Lobby of Pearland State Bank, 2301 N. Main, Pearland, Texas on Wednesday, June 9, 2021 at 4:00 p.m.

I hope each of you can personally attend the annual meeting; however, if you find you cannot attend, please complete the enclosed proxy and return it to Susie Wilcox at the above address, prior to June 7, 2021.

Sincerely,

A handwritten signature in black ink that reads "Lloyd R. Ferguson". The signature is written in a cursive style with a large, looping "F" and "L".

Lloyd R. Ferguson  
Chairman of the Board

enc:  
LRF/sw

**AGENDA**  
**COASTAL BANCSHARES, INC.**  
**TWENTY - SIXTH ANNUAL STOCKHOLDERS' MEETING**  
**JUNE 9, 2021**

- I. Call meeting to order - Dr. Ferguson
- II. Election of Chairman and Secretary
- III. Read and approve minutes of the February 12, 2020 meeting
- IV. Overview of Performance in 2020
- V. Recognize quorum present - Dr. Ferguson
- VI. Motion for the number of Directors to be set at 5 for the year 2021 and giving them authority to appoint up to 5 Advisory Directors, together with filing vacancies on the Board. To serve without compensation.
- VII. Call for a count of number of shares represented and by proxy; Appoint Election Judges by Chairman
- VIII. Motion to declare nominated Directors duly elected.
- IX. Other Business
- IX. Adjournment

COASTAL BANCSHARES, INC  
COMPARATIVE STATEMENT  
OF  
ASSETS, LIABILITIES & CAPITAL

ASSETS	DECEMBER 2020		DECEMBER 2019	
Cash/Due From		\$2,182.93		\$13,834.64
Investment in Pearland State Bank	\$22,678,976.86		\$22,345,412.02	
Gain/Loss on Available for Sale Securities	\$4,097,548.84	\$26,776,525.70	\$1,158,480.34	\$23,503,892.36
Investment in First National Bank of Alvin	\$17,745,093.17		\$17,611,194.05	
Gain/Loss on Available for Sale Securities	\$3,300,971.84	\$21,046,065.01	\$828,981.79	\$18,440,175.84
Goodwill		\$1,753,586.90		\$1,753,586.90
<b>TOTAL ASSETS</b>		<b>\$49,578,360.54</b>		<b>\$43,711,489.74</b>
<b>LIABILITIES &amp; CAPITAL</b>				
Demand Deposits	\$0.00		\$0.00	
Loans Payable	\$0.00		\$0.00	
Accr Int. Payable		\$0.00		\$0.00
Other Liabilities		\$0.00		\$0.00
<b>TOTAL LIABILITIES</b>		<b>\$0.00</b>		<b>\$0.00</b>
<b>CAPITAL</b>				
Capital	\$433,990.00		\$433,990.00	
Certified Surplus	\$12,282,742.19		\$12,282,742.19	
Profit/Loss AFS Inv	\$7,398,520.68		\$1,987,462.13	
Undivided Profits	\$33,277,953.67		\$33,473,000.86	
Dividends Declared	-\$3,814,846.00	\$49,578,360.54	-\$4,465,705.44	\$43,711,489.74
<b>TOTAL LIABILITIES &amp; CAPITAL</b>		<b>\$49,578,360.54</b>		<b>\$43,711,489.74</b>

INCOME STATEMENT  
2020

	PEARLAND STATE BANK	FIRST NATIONAL BANK OF ALVIN
<b>INCOME</b>		
Interest:		
Loans	\$2,680,478.00	\$1,192,190.01
Municipal Bonds	\$442,921.25	\$318,306.10
All Other Securities	\$1,739,407.05	\$1,375,245.81
Fed Funds	\$41,748.78	\$39,039.91
Non-Interest:		
Service Chgs on Deposit	\$141,221.64	\$271,705.37
Charges on Loans	\$202,164.76	\$70,870.18
Other Income	\$413,443.21	\$442,447.83
Rental Safe Deposit Boxes	\$20,444.56	\$21,684.95
Gain on Sale of Assets	\$0.00	\$0.00
<b>GROSS OPERATING INCOME</b>	<b>\$5,681,829.25</b>	<b>\$3,731,490.16</b>
<b>EXPENSES</b>		
Advertising	\$3,777.97	\$2,660.93
Depreciation	\$82,240.93	\$119,403.31
Equipment Maintenance	\$343,090.92	\$139,477.98
Insurance	\$273,856.59	\$200,915.36
Interest on Deposits	\$505,109.86	\$369,226.18
Postage	\$32,876.29	\$32,632.74
Prov for Loan Losses	\$25,000.00	\$20,000.00
Salaries	\$1,264,625.83	\$727,239.25
Taxes	\$132,957.93	\$161,261.78
Utilities	\$48,436.03	\$121,148.14
Other Expenses	\$532,940.98	\$733,067.47
<b>GROSS OPERATING EXPENSE</b>	<b>\$3,244,913.33</b>	<b>\$2,627,033.14</b>
Net Inc Before Federal Income Tax Gains or Losses	\$2,436,915.92	\$1,104,457.02
Net Security Gains/Losses	\$392,384.15	\$357,777.88
Net Income Transferred to Undivided Profits	\$2,829,300.07	\$1,462,234.90

2020 HOLDING COMPANY EXPENSES

BKD	\$13,000.00
Comtroller of Pulic Accounts margin Tax (Franchise Tax)	\$3,946.03
Texas Bankers Association dues	\$3,930.69
TOTAL	\$20,876.72

COASTAL BANCSHARES, INC.  
COMPARATIVE INCOME STATEMENT  
FOR YEARS

	2020	2019
<b>INCOME</b>		
Income for Pearland State Bank	\$2,829,300.07	\$3,001,310.17
Income For First National Bank of Alvin	\$1,462,234.90	\$1,910,043.62
Other Income		
<b>GROSS OPERATING INCOME</b>	<b>\$4,291,534.97</b>	<b>\$4,911,353.79</b>
<b>EXPENSES</b>		
Interest		
Legal Fees		
Salaries		
Taxes		
Other Expenses	\$20,876.72	\$17,575.91
<b>GROSS OPERATING EXPENSE</b>	<b>\$20,876.72</b>	<b>\$17,575.91</b>
Net Inc Before Federal Income Tax Gains or Losses	\$4,270,658.25	\$4,893,777.88
Net Security Gains/Losses	\$0.00	\$0.00
Net Income Transferred to Undivided Profits	\$4,270,658.25	\$4,893,777.88
Earnings Per Share	\$109.71	\$125.72
Dividends Per Share	\$97.90	\$113.14



COASTAL BANCSHARES, INC.  
COMPARATIVE INCOME STATEMENT  
FOR YEARS

	2020	2019	2018	2017	2016
<b>INCOME</b>					
Income for Pearland State Bank	\$2,829,300.07	\$3,001,310.17	\$2,652,825.02	\$2,600,801.81	\$2,172,961.82
Income For First National Bank of Alvin	\$1,462,234.90	\$1,910,043.62	\$1,831,820.67	\$1,512,397.51	\$1,154,330.14
Other Income				\$0.00	\$0.00
<b>GROSS OPERATING INCOME</b>	<b>\$4,291,534.97</b>	<b>\$4,911,353.79</b>	<b>\$4,484,645.69</b>	<b>\$4,113,199.32</b>	<b>\$3,327,291.96</b>
<b>EXPENSES</b>					
Interest					
Legal Fees					
Salaries					
Taxes					
Other Expenses	\$20,876.72	\$17,575.91	\$19,565.36	\$15,161.06	\$19,741.05
<b>GROSS OPERATING EXPENSE</b>	<b>\$20,876.72</b>	<b>\$17,575.91</b>	<b>\$19,565.36</b>	<b>\$15,161.06</b>	<b>\$19,741.05</b>
<b>Net Inc Before Federal Income Tax Gains or Losses</b>	<b>\$4,270,658.25</b>	<b>\$4,893,777.88</b>	<b>\$4,465,080.33</b>	<b>\$4,098,038.26</b>	<b>\$3,307,550.91</b>
<b>Net Security Gains/Losses</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Net Income Transferred to Undivided Profits</b>	<b>\$4,270,658.25</b>	<b>\$4,893,777.88</b>	<b>\$4,465,080.33</b>	<b>\$4,098,038.26</b>	<b>\$3,307,550.91</b>
<b>Earnings Per Share</b>	<b>\$109.71</b>	<b>\$125.72</b>	<b>\$114.70</b>	<b>\$105.27</b>	<b>\$84.97</b>
<b>Dividends Per Share</b>	<b>\$97.90</b>	<b>\$113.14</b>	<b>\$103.16</b>	<b>\$94.67</b>	<b>\$76.41</b>

COASTAL BANCSHARES, INC  
COMPARATIVE STATEMENT  
OF  
ASSETS, LIABILITIES & CAPITAL

ASSETS	DECEMBER 2019 CORRECTED		DECEMBER 2018	
Cash/Due From		\$13,834.64		\$7,900.70
Investment in Pearland State Bank	\$22,345,412.02		\$22,073,192.46	
Gain/Loss on Available for Sale Securities	\$1,158,480.34	\$23,503,892.36	-\$2,599,752.46	\$19,473,440.00
Investment in First National Bank of Alvin	\$17,611,194.05		\$17,461,275.11	
Gain/Loss on Available for Sale Securities	\$828,981.79	\$18,440,175.84	-\$2,151,462.55	\$15,309,812.56
Goodwill		\$1,753,586.90		\$1,753,586.90
<b>TOTAL ASSETS</b>		<b>\$43,711,489.74</b>		<b>\$36,544,740.16</b>
<b>LIABILITIES &amp; CAPITAL</b>				
Demand Deposits	\$0.00		\$0.00	
Loans Payable	\$0.00		\$0.00	
Accr Int. Payable		\$0.00		\$0.00
Other Liabilities		\$0.00		\$0.00
<b>TOTAL LIABILITIES</b>		<b>\$0.00</b>		<b>\$0.00</b>
<b>CAPITAL</b>				
Capital	\$433,990.00		\$433,990.00	
Certified Surplus	\$12,282,742.19		\$12,282,742.19	
Profit/Loss AFS Inv	\$1,987,462.13		-\$4,751,215.01	
Undivided Profits	\$33,473,000.86		\$32,609,724.56	
Dividends Declared	-\$4,465,705.44	\$43,711,489.74	-\$4,030,501.58	\$36,544,740.16
<b>TOTAL LIABILITIES &amp; CAPITAL</b>		<b>\$43,711,489.74</b>		<b>\$36,544,740.16</b>

January 20, 2021

Dear Coastal Bancshares Shareholder:

As you are aware, the annual shareholders meeting of Coastal Bancshares, Inc. is scheduled for Wednesday February 10, 2021. While our by-laws do provide for a virtual meeting, we have always looked forward to an in person meeting with our shareholders interacting with each other and management. For 2021, we have decided to postpone our shareholders meeting in the hope of rescheduling an in person meeting if and when our current health crisis abates.

As soon as we believe it is prudent to reschedule the meeting we will advise you of the new date and time.

If it appears that a live shareholder meeting cannot be safely held, we will conduct a virtual meeting at a later time.

As always, if you have any question concerning this matter, please do not hesitate to contact me.

Very truly yours,

Lloyd R. Ferguson

/sw

**COASTAL BANCSHARES, INC.  
P.O. Box 66  
2301 N. Main  
Pearland, Texas 77588**

**May 12, 2021**

**To The Shareholders of Coastal Bancshares, Inc.:**

The Shareholders' Meeting of Coastal Bancshares, Inc. will be held in the Lobby of Pearland State Bank, 2301 N. Main, Pearland, Texas on Wednesday, June 9, 2021 at 4:00 p.m.

I hope each of you can personally attend the annual meeting; however, if you find you cannot attend, please complete the enclosed proxy and return it to Susie Wilcox at the above address, prior to June 7, 2021.

Sincerely,

A handwritten signature in black ink that reads "Lloyd R. Ferguson". The signature is written in a cursive style with a large, sweeping initial "L".

Lloyd R. Ferguson  
Chairman of the Board

enc:  
LRF/sw

**AGENDA**  
**COASTAL BANCSHARES, INC.**  
**TWENTY - SIXTH ANNUAL STOCKHOLDERS' MEETING**  
**JUNE 9, 2021**

- I. Call meeting to order - Dr. Ferguson
- II. Election of Chairman and Secretary
- III. Read and approve minutes of the February 12, 2020 meeting
- IV. Overview of Performance in 2020
- V. Recognize quorum present - Dr. Ferguson
- VI. Motion for the number of Directors to be set at 5 for the year 2021 and giving them authority to appoint up to 5 Advisory Directors, together with filling vacancies on the Board. To serve without compensation.
- VII. Call for a count of number of shares represented and by proxy; Appoint Election Judges by Chairman
- VIII. Motion to declare nominated Directors duly elected.
- IX. Other Business
- IX. Adjournment

COASTAL BANCSHARES, INC  
COMPARATIVE STATEMENT  
OF  
ASSETS, LIABILITIES & CAPITAL

ASSETS	DECEMBER 2020		DECEMBER 2019	
Cash/Due From		\$2,182.93		\$13,834.64
Investment in Pearland State Bank	\$22,678,976.86		\$22,345,412.02	
Gain/Loss on Available for Sale Securities	\$4,097,548.84	\$26,776,525.70	\$1,158,480.34	\$23,503,892.36
Investment in First National Bank of Alvin	\$17,745,093.17		\$17,611,194.05	
Gain/Loss on Available for Sale Securities	\$3,300,971.84	\$21,046,065.01	\$828,981.79	\$18,440,175.84
Goodwill		\$1,753,586.90		\$1,753,586.90
<b>TOTAL ASSETS</b>		<b>\$49,578,360.54</b>		<b>\$43,711,489.74</b>
<b>LIABILITIES &amp; CAPITAL</b>				
Demand Deposits	\$0.00		\$0.00	
Loans Payable	\$0.00		\$0.00	
Accr Int. Payable		\$0.00		\$0.00
Other Liabilities		\$0.00		\$0.00
<b>TOTAL LIABILITIES</b>		<b>\$0.00</b>		<b>\$0.00</b>
<b>CAPITAL</b>				
Capital	\$433,990.00		\$433,990.00	
Certified Surplus	\$12,282,742.19		\$12,282,742.19	
Profit/Loss AFS Inv	\$7,398,520.68		\$1,987,462.13	
Undivided Profits	\$33,277,953.67		\$33,473,000.86	
Dividends Declared	-\$3,814,846.00	\$49,578,360.54	-\$4,465,705.44	\$43,711,489.74
<b>TOTAL LIABILITIES &amp; CAPITAL</b>		<b>\$49,578,360.54</b>		<b>\$43,711,489.74</b>

INCOME STATEMENT  
2020

	PEARLAND STATE BANK	FIRST NATIONAL BANK OF ALVIN
<b>INCOME</b>		
Interest:		
Loans	\$2,680,478.00	\$1,192,190.01
Municipal Bonds	\$442,921.25	\$318,306.10
All Other Securities	\$1,739,407.05	\$1,375,245.81
Fed Funds	\$41,748.78	\$39,039.91
Non-Interest:		
Service Chgs on Deposit	\$141,221.64	\$271,705.37
Charges on Loans	\$202,164.76	\$70,870.18
Other Income	\$413,443.21	\$442,447.83
Rental Safe Deposit Boxes	\$20,444.56	\$21,684.95
Gain on Sale of Assets	\$0.00	\$0.00
<b>GROSS OPERATING INCOME</b>	<b>\$5,681,829.25</b>	<b>\$3,731,490.16</b>
<b>EXPENSES</b>		
Advertising	\$3,777.97	\$2,660.93
Depreciation	\$82,240.93	\$119,403.31
Equipment Maintenance	\$343,090.92	\$139,477.98
Insurance	\$273,856.59	\$200,915.36
Interest on Deposits	\$505,109.86	\$369,226.18
Postage	\$32,876.29	\$32,632.74
Prov for Loan Losses	\$25,000.00	\$20,000.00
Salaries	\$1,264,625.83	\$727,239.25
Taxes	\$132,957.93	\$161,261.78
Utilities	\$48,436.03	\$121,148.14
Other Expenses	\$532,940.98	\$733,067.47
<b>GROSS OPERATING EXPENSE</b>	<b>\$3,244,913.33</b>	<b>\$2,627,033.14</b>
Net Inc Before Federal Income Tax Gains or Losses	\$2,436,915.92	\$1,104,457.02
Net Security Gains/Losses	\$392,384.15	\$357,777.88
Net Income Transferred to Undivided Profits	\$2,829,300.07	\$1,462,234.90

2020 HOLDING COMPANY EXPENSES

BKD	\$13,000.00
Comtroller of Pulic Accounts margin Tax (Franchise Tax)	\$3,946.03
Texas Bankers Association dues	\$3,930.69
TOTAL	\$20,876.72



COASTAL BANCSHARES, INC.  
COMPARATIVE INCOME STATEMENT  
FOR YEARS

	2020	2019
<b>INCOME</b>		
Income for Pearland State Bank	\$2,829,300.07	\$3,001,310.17
Income For First National Bank of Alvin	\$1,462,234.90	\$1,910,043.62
Other Income		
<b>GROSS OPERATING INCOME</b>	<b>\$4,291,534.97</b>	<b>\$4,911,353.79</b>
<b>EXPENSES</b>		
Interest		
Legal Fees		
Salaries		
Taxes		
Other Expenses	\$20,876.72	\$17,575.91
<b>GROSS OPERATING EXPENSE</b>	<b>\$20,876.72</b>	<b>\$17,575.91</b>
<b>Net Inc Before Federal Income Tax Gains or Losses</b>	<b>\$4,270,658.25</b>	<b>\$4,893,777.88</b>
<b>Net Security Gains/Losses</b>	<b>\$0.00</b>	<b>\$0.00</b>
<b>Net Income Transferred to Undivided Profits</b>	<b>\$4,270,658.25</b>	<b>\$4,893,777.88</b>
<b>Earnings Per Share</b>	<b>\$109.71</b>	<b>\$125.72</b>
<b>Dividends Per Share</b>	<b>\$97.90</b>	<b>\$113.14</b>

COASTAL BANCSHARES, INC.  
COMPARATIVE INCOME STATEMENT  
FOR YEARS

	2020	2019	2018	2017	2016
<b>INCOME</b>					
Income for Pearland State Bank	\$2,829,300.07	\$3,001,310.17	\$2,652,825.02	\$2,600,801.81	\$2,172,961.82
Income For First National Bank of Alvin	\$1,462,234.90	\$1,910,043.62	\$1,831,820.67	\$1,512,397.51	\$1,154,330.14
Other Income				\$0.00	\$0.00
<b>GROSS OPERATING INCOME</b>	<b>\$4,291,534.97</b>	<b>\$4,911,353.79</b>	<b>\$4,484,645.69</b>	<b>\$4,113,199.32</b>	<b>\$3,327,291.96</b>
<b>EXPENSES</b>					
Interest					
Legal Fees					
Salaries					
Taxes					
Other Expenses	\$20,876.72	\$17,575.91	\$19,565.36	\$15,161.06	\$19,741.05
<b>GROSS OPERATING EXPENSE</b>	<b>\$20,876.72</b>	<b>\$17,575.91</b>	<b>\$19,565.36</b>	<b>\$15,161.06</b>	<b>\$19,741.05</b>
Net Inc Before Federal Income Tax Gains or Losses	\$4,270,658.25	\$4,893,777.88	\$4,465,080.33	\$4,098,038.26	\$3,307,550.91
Net Security Gains/Losses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Income Transferred to Undivided Profits	\$4,270,658.25	\$4,893,777.88	\$4,465,080.33	\$4,098,038.26	\$3,307,550.91
Earnings Per Share	\$109.71	\$125.72	\$114.70	\$105.27	\$84.97
Dividends Per Share	\$97.90	\$113.14	\$103.16	\$94.67	\$76.41

COASTAL BANCSHARES, INC  
COMPARATIVE STATEMENT  
OF  
ASSETS, LIABILITIES & CAPITAL

ASSETS	DECEMBER 2019 CORRECTED		DECEMBER 2018	
Cash/Due From		\$13,834.64		\$7,900.70
Investment in Pearland State Bank	\$22,345,412.02		\$22,073,192.46	
Gain/Loss on Available for Sale Securities	\$1,158,480.34	\$23,503,892.36	-\$2,599,752.46	\$19,473,440.00
Investment in First National Bank of Alvin	\$17,611,194.05		\$17,461,275.11	
Gain/Loss on Available for Sale Securities	\$828,981.79	\$18,440,175.84	-\$2,151,462.55	\$15,309,812.56
Goodwill		\$1,753,586.90		\$1,753,586.90
<b>TOTAL ASSETS</b>		<b>\$43,711,489.74</b>		<b>\$36,544,740.16</b>
<b>LIABILITIES &amp; CAPITAL</b>				
Demand Deposits	\$0.00		\$0.00	
Loans Payable	\$0.00		\$0.00	
Accr Int. Payable		\$0.00		\$0.00
Other Liabilities		\$0.00		\$0.00
<b>TOTAL LIABILITIES</b>		<b>\$0.00</b>		<b>\$0.00</b>
<b>CAPITAL</b>				
Capital	\$433,990.00		\$433,990.00	
Certified Surplus	\$12,282,742.19		\$12,282,742.19	
Profit/Loss AFS Inv	\$1,987,462.13		-\$4,751,215.01	
Undivided Profits	\$33,473,000.86		\$32,609,724.56	
Dividends Declared	-\$4,465,705.44	\$43,711,489.74	-\$4,030,501.58	\$36,544,740.16
<b>TOTAL LIABILITIES &amp; CAPITAL</b>		<b>\$43,711,489.74</b>		<b>\$36,544,740.16</b>