



First Avenue National Bank of Ocala to Merge with CBC National Bank of Fernandina Beach

BEAUFORT, SC / ACCESSWIRE / November 23, 2015 / Coastal Banking Company Inc., (OTCQX: CBCO), the holding company of CBC National Bank ("CBCNB"), which operates branches in Fernandina Beach, Fla., Beaufort and Port Royal, S.C., announced today that it has signed a definitive agreement to acquire First Avenue National Bank of Ocala, Florida ("First Avenue"). Upon completion of the merger, Coastal Banking Company Inc. ("Coastal") expects to merge First Avenue's operations into CBCNB.

First Avenue, headquartered in Ocala, Fla., was founded in 2006 and operates two branches in Ocala and one branch in The Villages, Fla. It will add approximately \$125 million in assets, \$108 million in deposits, and \$79 million in gross loans to CBCNB.

First Avenue has pursued a traditional, customer-service-centric community banking model and is among the highest revenue community banks in Florida, driven by a strong lending culture. With a net interest margin of 4.3% at Sept. 30, 2015, approximately 77% of First Avenue's total deposits consist of low-cost core deposit accounts, with 33% of total deposits in transaction accounts.

The acquisition of First Avenue is Coastal's first expansion into the attractive and fast-growing central Florida market and allows Coastal to grow its core community banking franchise while continuing to bolster its two other primary operating divisions, residential mortgage banking and government guaranteed lending, both of which have strongly contributed to the company's record earnings over the past two years.

"The acquisition of First Avenue creates value both for our customers and shareholders by combining two strong and complementary banks," said Michael G. Sanchez, chairman and chief executive officer of Coastal Banking Company Inc. "Both share an abiding commitment to customer service and the communities in which we operate, and both are well-managed and located in vibrant, economically strong areas. The managerial talent and core operations of both banks will allow our organization to leverage the combination to deliver even more shareholder and customer value going forward.

"We are delighted to welcome First Avenue's employees and their 4,000 customers to CBCNB, and look forward to providing our new customers with a broader array of banking services, including government guaranteed lending and mortgage lending capabilities," Sanchez added.

Ralph Strayhorn, First Avenue's president and CEO, said, "We are pleased to be combining with a bank that values customer service just as much as we do, and we look forward to the additional products and services that CBCNB will be able to deliver to our customers and the larger Central Florida community banking market. We also recognized in CBCNB a bank that would likewise deliver long-term growth and value creation for our shareholders."

After the completion of the merger, Strayhorn has announced that he will be returning to his banking and business advisory practice, while senior executives Adam Woods, Jason Welborn and Patrick Moses will be joining CBCNB.

Woods has been named CBCNB's market executive for Marion and Sumter Counties. He will be responsible for executive management of all of the bank's operations in those markets.

"Adam Woods, Jason Welborn and Patrick Moses are all seasoned, well-respected bankers who know the central Florida area well and are all welcome additions to CBC National Bank," said Sanchez. Additionally, two members of the First Avenue board of directors will be joining the Coastal board of directors upon completion of the merger.

Coastal expects the acquisition to be modestly dilutive to its 2016 earnings after transaction and integration costs, but with cost savings fully realized by the end of 2016, it is expected to be accretive to earnings in 2017.

The Boards of Directors of both Coastal and First Avenue have unanimously approved the transaction. The transaction is expected to close at the end of the first quarter of 2016, subject to approval by the shareholders of Coastal and First Avenue, receipt of regulatory approvals and other customary closing conditions.

Coastal is being advised by the Paces Battle Group as financial advisor and Bryan Cave LLP as legal counsel. First Avenue is being advised by The Burke Group LLC as financial advisor and Smith Mackinnon PA as legal counsel.

About Coastal Banking Company, Inc.

Coastal Banking Company Inc., headquartered in Beaufort, S.C., is the \$438.7 million-asset bank holding company of CBC National Bank, headquartered in Fernandina Beach, Fla., which provides a full range of consumer and business banking services through full-service banking offices in Beaufort, Fernandina Beach, and Port Royal, S.C. The company's residential mortgage banking division, headquartered in Atlanta, includes traditional retail and wholesale lending, as well as a National Retail Group that has lending offices in Arizona, Florida, Georgia, Maryland, Michigan, Indiana, Illinois and Ohio. The company's government guaranteed lending division originates SBA loans primarily in Jacksonville, Ft. Myers, Tampa and Vero Beach, Fla., Greensboro, N.C., Atlanta and Beaufort. The company's common stock is publicly traded on the OTCQX Markets under the symbol CBCO. For more information, please visit the company's website, www.coastalbanking.com.

Important Information for Investors and Shareholders

*This Communication relates to the proposal merger transaction involving Coastal, CBCNB and First Avenue and does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or proxy, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. Coastal will file with the Securities and Exchange Commission (the "SEC") an offering statement on Form 1-A containing a joint proxy statement/offering circular and other relevant documents related to the proposed merger. A definitive joint proxy statement/offering circular will be mailed to shareholders of both Coastal and First Avenue. **Before making any voting or investment decision, investors and security holders of Coastal and First Avenue are urged to read the joint proxy statement/offering circular and other documents that will be filed with the SEC carefully and in their entirety when they become available because they will contain important information about Coastal and First Avenue.** Investors and security holders will be able to obtain free copies of the offering statement and the joint proxy statement/offering circular (when available) and other documents filed with the SEC by Coastal through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by Coastal will be available free of charge on Coastal's website or by contacting Coastal.*

Coastal, First Avenue, their respective directors and executive officers and other members of management and employees may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information about the directors and executive officers of Coastal is set forth in its proxy statement for its 2015 annual meeting of shareholders, which was posted on the Coastal website and with the OTC Markets at OTCMarkets.com. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/offering circular and other relevant materials to be posted on the Coastal website, the OTC Markets web site or filed with the SEC as required, when they become available.

Cautionary Notice Regarding Forward-Looking Statements

This communication contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and is intended to be protected by the safe harbor provided by the same. Forward-looking statements can be identified by the use of the words "anticipate," "expect," "intend," "estimate," "target," and words of similar import. Forward-looking statements are not historical facts but instead express only management's beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of management's control. It is possible that actual results and outcomes may differ, possibly materially, from the anticipated results or outcomes indicated in these forward-looking statements. Risks and uncertainties to which these statements are subject include, but are not limited to, the following: failure to obtain the approval of shareholders of Coastal and First Avenue in connection with the merger; the timing to consummate the proposed merger; the risk that a condition to closing of the proposed merger may not be satisfied; the risk that a regulatory approval that may be required for the proposed merger is not obtained or is obtained subject to conditions that are not anticipated; the parties' ability to achieve the synergies and value creation contemplated by the proposed merger; the parties' ability to promptly and effectively integrate the businesses of Coastal and First Avenue; the diversion of management time on issues related to the merger; the failure to consummate or delay in consummating the merger for other reasons; changes in laws or regulations; and changes in general economic conditions. For additional information concerning factors that could cause actual conditions, events or results to materially differ from those described in the forward-looking statements, please refer to the factors set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the offering statement on Form 1-A when filed, which will be available online at www.sec.gov. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on the results of operations or financial condition of Coastal of First Avenue. Forward-looking statements are made only as of the date of this communication, and neither Coastal nor First Avenue undertakes any obligation to update any forward-looking statements contained herein to reflect events or conditions after the date hereof.

For More Information:

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SOURCE: Coastal Banking Company Inc.