

Coastal Banking Company Ethics and Business Conduct Policy

General

The people of Coastal Banking Company and its affiliates believe that honesty and integrity are at the foundation of our business and all of its activities. Business without this ethical foundation is not the kind of business we want to be in. Business with this ethical foundation improves and strengthens all that we do.

Our business philosophy is built on the application of honesty and integrity by our directors, officers, and employees in all that we do. This Ethics and Business Conduct Policy is intended to communicate and reaffirm these principles to our directors, officers, employees, and other interested parties. It governs the actions of Coastal Banking Company, its affiliates, directors, officers, and employees including the Chief Executive Officer, Chief Financial Officer, Chief Audit Executive, and any other persons performing similar functions. This Ethics and Business Conduct Policy also governs relationships with current and potential customers, consumers, fellow employees, competitors, government and regulatory agencies, the media, and anyone else with whom Coastal Banking Company and its affiliates has contact. All of these relationships are essential to the continued success of Coastal Banking Company and its affiliates as a leading financial services company.

Ethics and Business Conduct Policy:

- Requires the highest standards for honest and ethical conduct, including proper and ethical procedures for dealing with actual or apparent conflicts of interest between personal and professional relationships.
- Requires full, fair, accurate, timely, and understandable disclosure in the periodic reports required to be filed by Coastal Banking Company and its affiliates with governmental and regulatory agencies.
- Requires compliance with applicable laws, rules, and regulations.
- Addresses potential or apparent conflicts of interest and provides guidance for directors, officers, and employees to promptly communicate those conflicts to Coastal Banking Company.
- Addresses misuse or misapplication of property and corporate opportunities of Coastal Banking Company and its affiliates.
- Requires the highest level of confidentiality and fair dealing.
- Requires reporting any illegal behavior.

Conflicts of Interest

A “conflict of interest” occurs when your personal interests interfere or appear to interfere in any way with the interests of Coastal Banking Company or its affiliates. You are expected to avoid all situations that might lead to a material conflict between your self-interest and your duties and responsibilities as an employee, officer, or director of Coastal Banking Company or its affiliates. Any position or interest, financial or otherwise, which could materially conflict with your performance as an employee, officer, or director of Coastal Banking Company or its affiliates would be considered a conflict of interest. Additionally, any position or interest, which affects or could reasonably be expected to affect your independence or judgment concerning transactions between Coastal Banking Company and its affiliates, customers, suppliers or competitors, or otherwise reflect negatively on Coastal Banking Company would be considered a conflict of interest.

Confidentiality

Any nonpublic information of Coastal Banking Company or its affiliates, employees, customers, and suppliers is confidential. As a Coastal Banking Company director, officer, or employee, you are trusted with confidential information. You are to use such confidential information for the business purpose intended. You are not to share confidential information with anyone outside of Coastal Banking Company or its affiliates, including family and friends, or with other employees who do not need the information to carry out their duties. You may be required to sign a specific confidentiality agreement in the course of your employment with Coastal Banking Company or its affiliates. You remain under an obligation to keep all information confidential even if your employment with Coastal Banking Company or its affiliates ends.

Public and media communications involving Coastal Banking Company must have prior approval by the CEO of Coastal Banking Company

Corporate Opportunities

Using confidential information about Coastal Banking Company or its affiliates, directors, officers, employees, customers, consumers, or suppliers for personal benefit or disclosing such information to others outside your normal duties is prohibited.

Title 18 U.S. Code, Section 215, makes it a criminal offense for any Coastal Banking Company or affiliate employee to corruptly solicit for himself or herself or for a third party anything of value from anyone in return for any business, service or confidential information of Coastal Banking Company; or accept anything of value (other than normal authorized compensation) from anyone in connection with the business of Coastal Banking Company and its affiliates, either before or after a transaction is discussed or consummated.

Directors, officers, and employees are prohibited from the following, except as otherwise outlined:

- Personally benefiting from opportunities that are discovered through the use of Coastal Banking Company and its affiliates' property, contacts, information, or position.
- Accepting employment or engaging in a business (including consulting or similar arrangements) that may conflict with the performance of your duties or Coastal Banking Company's or its affiliates' interests.
- Soliciting, demanding, accepting, or agreeing to accept anything of value from any person in conjunction with the performance of your employment or duties at Coastal Banking Company and its affiliates.
- Acting on behalf of Coastal Banking Company and its affiliates in any transaction in which you or your immediate family has a significant direct or indirect financial interest.

Receiving Gifts - There are certain limited situations in which you may accept a personal benefit from someone with whom you transact business, such as:

- You may accept a gift of nominal value, such as an advertising novelty, when it is customarily offered to others having a similar relationship with the customer or supplier. If you have any doubt about a particular situation, you should consult your manager.
- You may not accept a gift which has more than a nominal value or which is not customarily offered to others. You may not accept money. If either arrives at your home or office, tell your manager immediately. Appropriate arrangements will be made to return or dispose of what has been received, and the supplier or customer will be reminded or informed of Coastal Banking Company's gift policy.
- You may accept a gift of value if the benefit is available to the general public under the same conditions that are available to you

Giving Gifts – There are certain limited situations in which you may give gifts.

- You may not give money or any gift to an executive, official, or employee of any supplier, customer, or any other organization if doing so would influence or could reasonably give the appearance of influencing the organization's relationship with Coastal Banking Company or its affiliates. You may, however, provide a gift of nominal value--such as a Coastal Banking Company or affiliate advertising novelty--if it is not prohibited by law or the customers' known business practices.
- Gifts from officers, employees, or directors to other officers, employees, or directors of Coastal Banking Company or its affiliates may be given when such gifts do not appear to divide the loyalty of the individual receiving the gifts or do not require reporting to the IRS under current demimus rules. Such gifts must be pre-approved by the CEO of the Coastal Banking Company affiliate.

With management approval, you may give or accept customary business amenities, such as meals and entertainment, provided the expenses involved are kept at a reasonable level and are not prohibited by law or known customer business practices. Suppliers, including Coastal Banking Company and affiliates, frequently find it appropriate to provide educational and executive briefings for customers. It is appropriate to provide or accept some services in connection with this type of activity, such as transportation, food, and lodging, if you have management approval.

Insider Trading

It is both unethical and illegal to buy, sell, trade, or otherwise participate in transactions involving Coastal Banking Company common stock or other securities while in possession of material information concerning Coastal Banking Company that has not been released to the general public, but which when released may have an impact on the market price of Coastal Banking Company common stock. It is also unethical and illegal to buy, sell, trade or otherwise participate in transactions involving the common stock or other securities of any other company while in possession of similar non-public material information concerning such company. Any questions concerning the propriety of participating in a Coastal Banking Company or other company stock transaction should be directed to the CFO of Coastal Banking Company.

Extensions of Credit and Personal Transactions

Coastal Banking Company may extend credit to any executive officer, director, or principal shareholder of Coastal Banking Company only on substantially the same terms as those prevailing for comparable transactions with other persons or that may be available to bank employees generally as permitted by and in accordance with Regulation O of the board of Governors of the Federal Reserve System. All directors, officers, and employees are expected to demonstrate the ability to properly manage their personal finances, particularly the use of credit.

Personal transactions are to be performed at arms length only and in such a manner that any similar customer transaction would be performed. Directors, officers, or employees are expressly prohibited from posting any transaction on their own accounts.

Outside Business Relationships

Before agreeing to act as a director, officer, consultant, or advisor for any other business organization, you must contact your immediate supervisor for guidance.

Directors must disclose all new directorships or potential directorships to the Chair of the Governance and Nominating Committee of the Board of Directors in order to avoid any conflicts of interest and to maintain independence.

Coastal Banking Company encourages civic, charitable, educational, and political activities as long as they do not interfere with the performance of your duties at Coastal Banking Company or its affiliates. Before agreeing to participate in any civic, charitable, educational, and political activities you must contact your immediate supervisor for guidance.

Employees who are considering outside employment must contact your immediate supervisor for guidance. Employees in some positions of Coastal Banking Company and its affiliates are prohibited by law from holding outside employment. Managers will review outside employment requests for personal conflicts of interest.

Fair Dealing

Each director, officer and employee should undertake to deal fairly with Coastal Banking Company's and affiliates' customers, suppliers, competitors, and employees. Additionally, no one should take advantage of another through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practices.

Employees must disclose prior to or at their time of hire the existence of any employment agreement, non-compete or non-solicitation agreement, confidentiality agreement or similar agreement with a former employer that in any way restricts or prohibits the performance of any duties or responsibilities of their positions with Coastal Banking Company or its affiliates. Copies of such agreements should be provided to the CEO of the affiliate to permit evaluation of the agreement in light of the employee's position. In no event shall an employee use any trade secrets, proprietary information or other similar property, acquired in the course of his or her employment with another employer, in the performance of his or her duties for or on behalf of Coastal Banking Company or its affiliates.

Employees may serve as fiduciaries for members of their own families. With respect to any other person, employees may not seek or accept appointment to any fiduciary or co-fiduciary position without the written approval from the CEO of the affiliate. Due to the danger of customer misunderstandings, potential liability to Coastal Banking Company, its affiliates, or its employees, and inherent conflicts of interest, such approval will not normally be given.

Employees should not directly or indirectly accept bequests under a will or trust if such bequests have been made to them because of their employment with Coastal Banking Company or its affiliates.

Protection and Proper use of Coastal Banking Company Property

All directors, officers, and employees should protect Coastal Banking Company's properties and assets and ensure their efficient and proper use. Theft, carelessness and waste can directly impact Coastal Banking Company's profitability, reputation and success. Permitting Coastal Banking Company or affiliate property (including data transmitted or stored electronically and computer resources) to be damaged, lost, or used in an unauthorized manner is strictly prohibited. Directors, officers, and employees may not use corporate, affiliate, or other official stationery for personal purposes.

Compliance with Laws, Rules and Regulations

This Ethics and Business Conduct Policy is based on Coastal Banking Company's policy that all directors, officers, and employees of all affiliates comply with the laws and regulations governing banking and corporate activities. These laws and regulations include, but are not limited to those of the Sarbanes Oxley Act of 2002, Office of the Comptroller of the Currency, Federal Reserve, FDIC, Securities and Exchange Commission rules and regulations, and other laws and regulations pertaining to bank holding companies.

While laws and regulations prescribe minimum standards of conduct, this Ethics and Business Conduct Policy requires conduct that may exceed the legal standard.

Reporting of Illegal or Unethical Behavior

This provision implements the complaint handling provisions of the Sarbanes/Oxley Act of 2002. Coastal Banking Company and its affiliates recognize that customers must have faith and confidence in the honesty and character of its directors, officers and employees. In addition to the importance of maintaining customer confidence, there are specific laws that outline the actions Coastal Banking Company must take regarding any known, or suspected, crime involving the affairs of Coastal Banking Company. With regard to financial affairs, a bank must make a criminal referral in the case of any known, or suspected, theft, embezzlement, check/debit card kiting, misapplication or other defalcation involving bank funds or bank personnel in any amount.

Fraud is an element of business that can significantly affect the reputation and success of Coastal Banking Company. Coastal Banking Company and its affiliates require its directors, officers, and employees to talk to supervisors, managers, or other appropriate personnel to report or discuss any known or suspected criminal activity involving Coastal Banking Company, affiliates, or their employees.

If, during the course of employment, you become aware of any suspicious activity or behavior including questionable accounting or auditing matters, you must report violations of laws, rules, regulations or this Ethics and Business Conduct Policy to EthicsPoint at 866-297-0224.

Reporting the activity will not subject the employee to discipline absent a knowingly false report. *All calls to the Hotline are anonymous and confidential* and will be reviewed by the Board of Directors.

Administration and Waiver of Ethics and Business Conduct Policy

All managers are responsible for promptly reviewing this Ethics and Business Conduct Policy with their subordinates each time a new revision of the Ethics and Business Conduct Policy is published and with each new employee on the first day they report for work. The Ethics and Business Conduct Policy is also available on the Coastal Banking Company web site at www.coastalbanking.com

Managers are responsible for obtaining a signed certificate from each new officer and employee ensuring the officer and employee has received, read, and understood the Ethics and Business Conduct Policy and will comply with it. In addition, Audit and Compliance is responsible for annually reaffirming this Ethics and Business Conduct Policy with all directors, officers, and employees by obtaining a signed certificate that each director, officer, and employee has received, read, and understood the Ethics and Business Conduct Policy and will comply with it. The signed certificate is a condition of continued service and employment. The provisions of the Ethics and Business Conduct Policy are included in the Coastal Banking Company Employee Handbook.

Directors, officers, and employees of Coastal Banking Company and its affiliates are expected to follow this Ethics and Business Conduct Policy at all times. Generally, there should be no waivers to this Ethics and Business Conduct Policy; however, in rare circumstances conflicts may arise that necessitate waivers. Waivers will only be considered by the independent members of the Board of Directors of Coastal Banking Company. Any waiver and the grounds for such waiver by directors or executive officers shall be promptly disclosed to stockholders in the Coastal Banking Company's annual proxy statement.

Known or suspected violations of this Ethics and Business Conduct Policy will be investigated and may result in disciplinary action up to and including immediate termination of employment. This policy will be available to the public on Coastal Banking Company's official website.

Approved March 17, 2005