

Coastal Banking Company
Consolidated Balance Sheet
December 31, 2016

	12/31/2016	12/31/2015
	Consolidated	Consolidated
Assets		
Cash and due from banks	\$ 7,956,004	\$ 4,830,568
Federal funds sold	387,123	82,642
Investment securities	24,760,056	27,406,568
Loans held for sale	92,009,241	128,181,623
Loans, gross	408,743,325	285,932,549
Less allowance	(5,990,733)	(5,254,407)
Loans, net	<u>402,752,592</u>	<u>280,678,142</u>
Premises and equipment, net	13,604,166	7,174,034
Accrued interest receivable	1,242,703	816,324
Other real estate owned	5,061,661	6,115,715
Other assets	13,615,180	9,381,356
Total assets	<u>\$ 561,388,726</u>	<u>\$ 464,666,972</u>
Liabilities		
DDA - non interest bearing	\$ 77,603,027	\$ 42,156,742
Interest bearing dda	174,112,178	118,889,345
Savings	15,618,336	5,179,736
Time	149,983,376	117,613,561
Total deposits	<u>417,316,917</u>	<u>283,839,384</u>
FHLB Advances & other borrowings	63,060,005	120,501,004
Senior Note Payable	8,916,667	9,916,667
Junior subordinated debentures	7,217,000	7,217,000
Accrued interest payable	198,018	196,863
Other liabilities	12,964,827	9,737,154
Total liabilities	<u>509,673,434</u>	<u>431,408,072</u>
Stockholders' equity		
Common stock	36,475	26,845
Additional paid-in-capital	53,354,381	41,764,823
Retained earnings	(1,870,202)	(8,825,989)
Net unrealized gain (loss) - securities AFS	194,638	293,221
Total stockholders' equity	<u>51,715,292</u>	<u>33,258,900</u>
Total liabilities and stockholders' equity	<u>\$ 561,388,726</u>	<u>\$ 464,666,972</u>

Coastal Banking Company
Consolidated Income Statement
December 31, 2016

	12/31/2016 QTD Consolidated	12/31/2015 QTD Consolidated	12/31/2016 YTD Consolidated	12/31/2015 YTD Consolidated
Interest Income:				
Loans	\$ 6,110,030	\$ 4,407,958	\$ 22,709,121	\$ 18,362,518
Securities	208,478	186,409	805,347	789,306
Interest on Deposits	786	2,526	14,771	8,361
Federal funds sold	7,247	57	12,764	188
Total interest income	<u>6,326,541</u>	<u>4,596,950</u>	<u>23,542,003</u>	<u>19,160,373</u>
Interest Expense:				
Deposits	698,597	380,796	2,422,894	1,603,573
Other	494,029	288,550	1,625,529	904,767
Total interest expense	<u>1,192,626</u>	<u>669,346</u>	<u>4,048,423</u>	<u>2,508,340</u>
Net interest income before provision for loan losses	5,133,915	3,927,604	19,493,580	16,652,033
Provision for loan losses	1,001,356	43,508	1,450,061	393,863
Net interest income after provision for loan losses	<u>4,132,559</u>	<u>3,884,096</u>	<u>18,043,519</u>	<u>16,258,170</u>
Operating income:				
Service charges on deposits	236,739	139,582	860,338	209,486
Mortgage banking income	5,872,234	3,824,953	18,225,244	15,686,148
SBA loan income	177,990	992,979	1,962,023	1,414,020
Gain on sale of securities	18,373	-	18,373	-
Increase in cash surrender value of life insurance	19,990	21,877	83,584	84,594
Other income	1,009,635	40,420	1,536,287	476,460
Total operating income	<u>7,334,961</u>	<u>5,019,811</u>	<u>22,685,849</u>	<u>17,870,708</u>
Operating expenses:				
Salaries and benefits	4,860,789	3,746,341	17,373,369	14,971,769
Net occupancy and equipment expense	884,657	627,008	3,147,188	2,204,884
Other operating expense	2,610,508	2,453,792	9,222,448	7,353,376
	<u>8,355,954</u>	<u>6,827,141</u>	<u>29,743,005</u>	<u>24,530,029</u>
Income before provision for income taxes	3,111,566	2,076,766	10,986,363	9,598,849
Provision for income taxes	906,201	644,041	4,030,577	3,763,628
Net income	<u>\$ 2,205,365</u>	<u>\$ 1,432,725</u>	<u>\$ 6,955,786</u>	<u>\$ 5,835,221</u>
Preferred stock dividends	-	111,938	-	783,563
Net earnings available to common shareholders	<u>\$ 2,205,365</u>	<u>\$ 1,320,787</u>	<u>\$ 6,955,786</u>	<u>\$ 5,051,658</u>

Coastal Banking Company
Consolidated Financial Highlights
December 31, 2016

	12/31/2016 QTD Consolidated		12/31/2015 QTD Consolidated		12/31/2016 YTD Consolidated		12/31/2015 YTD Consolidated	
Earnings								
Net interest income	\$	5,133,915	\$	3,927,604	\$	19,493,580	\$	16,652,033
Provision for loan loss		1,001,356		43,508		1,450,061		393,863
Other income		7,334,961		5,019,811		22,685,849		17,870,708
Other expense		8,355,954		6,827,141		29,743,005		24,530,029
Pre-tax income		3,111,566		2,076,766		10,986,363		9,598,849
Taxes		906,201		644,041		4,030,577		3,763,628
Net income		2,205,365		1,432,725		6,955,786		5,835,221
Preferred stock dividends		-		111,938		-		783,563
Net earnings available to common shareholders	\$	2,205,365	\$	1,320,787	\$	6,955,786	\$	5,051,658
Earnings per share								
Earnings per share (basic)	\$	0.61	\$	0.49	\$	2.10	\$	1.89
Earnings per share (diluted)	\$	0.59	\$	0.48	\$	2.05	\$	1.85
Performance Ratios								
ROAA		1.53%		1.25%		1.29%		1.12%
ROAE		17.47%		14.07%		16.07%		13.14%
Net Interest Margin		3.80%		3.90%		3.85%		3.89%
Efficiency Ratio		67.01%		76.30%		70.52%		71.05%
Capital								
Tier 1 leverage capital ratio		10.01%		9.54%		10.01%		9.54%
Common equity risk-based capital ratio		18.47%		18.60%		18.47%		18.60%
Tier 1 risk-based capital ratio		18.47%		18.60%		18.47%		18.60%
Total risk-based capital ratio		19.74%		19.89%		19.74%		19.89%
Book value per share	\$	14.18	\$	12.39	\$	14.18	\$	12.39
Tangible book value per share	\$	13.57	\$	11.81	\$	13.57	\$	11.81
Asset Quality								
Other real estate owned	\$	5,061,661	\$	6,115,715	\$	5,061,661	\$	6,115,715
Net Charge-offs (recoveries)	\$	(69,652)	\$	15,460	\$	713,736	\$	(31,645)
Net Charge-offs (recoveries) to average loans		-0.07%		0.02%		0.20%		-0.01%
Allowance to total loans, net of LHFS		1.47%		1.84%		1.47%		1.84%
Nonperforming assets to total assets		1.98%		1.85%		1.98%		1.85%
End of Period Balances								
Assets	\$	561,388,726	\$	464,666,972	\$	561,388,726	\$	464,666,972
Portfolio Loans		408,743,325		285,932,549		408,743,325		285,932,549
Loans Held for Sale		92,009,241		128,181,623		92,009,241		128,181,623
Deposits		417,316,917		283,839,384		417,316,917		283,839,384
Borrowings		63,060,005		120,501,004		63,060,005		120,501,004
Shareholders' Equity	\$	51,715,292	\$	33,258,900	\$	51,715,292	\$	33,258,900
Average Balances								
Assets	\$	575,143,290	\$	421,963,201	\$	540,550,612	\$	450,222,835
Portfolio Loans		399,748,183		274,670,443		364,242,751		269,032,510
Loans Held for Sale		107,037,715		95,875,166		111,509,816		126,942,524
Deposits		420,196,540		291,394,253		385,102,055		303,727,269
Borrowings		73,222,407		71,548,227		83,230,853		89,623,123
Shareholders' Equity	\$	50,499,485	\$	37,553,433	\$	43,270,921	\$	38,443,305
Average Shares		3,620,000		2,681,375		3,307,965		2,667,940
Stock Valuation								
Closing Market Price (OTCQX)	\$	15.01	\$	12.00	\$	15.01	\$	12.00