COASTAL BANKING
Company, Inc.®

Q1

For Immediate Release

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Coastal Banking Company Reports Positive First Quarter 2012 Earnings and Net Income

BEAUFORT, S.C., May 10, 2012 – Coastal Banking Company Inc. (OTCBB:CBCO), the holding company of CBC National Bank, which operates branches in Beaufort and Port Royal, S.C., Fernandina Beach, Fla., and Meigs, Ga., today reported quarterly net income of $299,595, or $0.06 in earnings per diluted share, for the quarter ended March 31, 2012, compared to net income of $15,232, or a loss of $0.05 per diluted share, for the first quarter of 2011.

Highlights from the first quarter include:

- Net interest income grew $470,561 compared the same period a year ago.
- Noninterest income grew $8.2 million from last year, due to a large increase in mortgage banking income.
- The company's national retail mortgage group generated approximately $231.0 million in loan production during the quarter.
- Net interest margin expanded by 21 basis points from the first quarter of 2011.
- Net charge-offs decreased $1.3 million, or 75 percent, from the prior quarter ended Dec. 31, 2011.
- Nonaccrual loans as a percentage of total loans as of March 31, 2012 declined by 83 basis points from Dec. 31, 2011 and by 241 basis points from March 31, 2011.
- Capital ratios at CBC National Bank remained strong with a total risk-based capital ratio of 17.81 percent and a Tier 1 risk-based capital ratio of 16.54 percent.

"The positive results in earnings and income show that our overall strategy is working and that we are making good progress in an economy that continues to sputter," said Michael G. Sanchez, chief executive officer. "We built on the momentum we generated at the end of 2011 in returning our company to profitability, especially in producing noninterest income in a market of low loan demand. We are particularly pleased with the gains from our new retail mortgage branches which opened during the past year, as it represents a vital new stream of noninterest income that we intend to develop as we move forward."

Net interest income in the first quarter of 2012 totaled $3.4 million, a 16.1 percent gain from $2.9 million in the first quarter of 2011. Noninterest income in the first quarter of 2012 totaled $10.6 million, more than triple the $2.5 million earned in the first quarter of 2011, due mainly to a $7.9 million increase in mortgage banking income, which totaled $9.3 million in the first quarter of 2012. Income from SBA lending totaled $941,771 in the first quarter of 2012, compared to income of $849,854 during the same period in 2011.

Interest expense totaled $1.1 million in the first quarter of 2012, a 20.1 percent decline from $1.4 million recorded in the same period a year ago. Noninterest expense increased to $12.5 million for the three months ended March 31, 2012, compared to $4.8 million for the first quarter of 2011, due to salaries and benefits associated with staffing additions at the new national retail mortgage banking branches, increased commission and incentive costs from residential mortgage banking and SBA lending activity.

Net interest margin for the first quarter of 2012 was 3.35 percent, compared to 3.41 percent for the previous quarter and 3.14 percent for the quarter ended March 31, 2011. The year-over-year improvement in the margin primarily reflects the success of the company's efforts to reduce deposit and other borrowing costs.

Total assets at March 31, 2012, were $438.2 million, compared to $477.6 million at Dec. 31, 2011. Total shareholders' equity was $33.2 million at March 31, 2012, a slight increase from Dec. 31, 2011.

Total deposits were $362.7 million at March 31, 2012, a 2.3 percent increase from $354.7 million at Dec. 31, 2011, and an 11.9 percent increase compared to $324.1 million at March 31,

2011. Total portfolio loans were $249.1 million at the end of the first quarter of 2012, compared to $254.7 million at the end of the fourth quarter of 2011 and $263.6 million at March 31, 2011.

At March 31, 2012, CBC National Bank had a total risk-based capital ratio of 17.81 percent and a Tier 1 risk-based capital ratio of 16.54 percent. The threshold for being classified as "well capitalized" by federal regulators is 10 percent and 6 percent, respectively. The company had approximately $116.0 million in funding available from multiple sources at the end of the first quarter of 2012.

The company's residential mortgage banking division originated approximately $435.0 million in loans available for sale in the secondary market during the first quarter of 2012. This compares to $173.0 million in loans originated for sale in the secondary market during the first quarter of 2011. Of this total, the company's Internet leads-based retail mortgage division generated approximately $47.0 million in loan production in the first quarter of 2012, resulting in $193,000 in net income, compared to approximately $12.0 million in loan production and $61,000 in net income in the first quarter of 2011. The company's National Retail Group, which began operations in the second quarter of 2011, produced approximately $231.0 million in loan production in the first quarter of 2012. The National Retail Group operates a national network of 13 traditional brick and mortar retail mortgage branches located in California, Connecticut, Florida, Georgia, Kansas, Maryland, New Jersey, New York and Ohio.

Net charge-offs in the first quarter of 2012 totaled $426,000, or 0.17 percent of total loans, compared to $1.7 million, or 0.67 percent, in the previous quarter, and $407,000 or 0.15 percent in the first quarter of 2011. Nonaccrual loans as a percentage of total loans at the end of the first quarter of 2012 were 5.43 percent, compared to 6.26 percent at the end of the fourth quarter 2011 and 7.84 percent at March 31, 2011. Loans past due greater than 30 days and still accruing interest totaled $1.2 million at March 31, 2012, compared to $1.1 million in the previous quarter and $2.1 million at March 31, 2011.

Other real estate owned (OREO) at the end of the first quarter of 2012 totaled $18.3 million, compared to $15.4 million at the end of the previous quarter and $14.3 million at March 31, 2011.

"We are encouraged by the broad improvement in our credit quality over the past several quarters, as it demonstrates that our strategy to diversify our overall loan portfolio is working," said Sanchez. "The improvement in the past year in nonaccrual loans and loans past due greater than 30 days and still accruing interest gives us confidence as we move forward. That said, our markets in northeast Florida remain one of the weakest areas in the state. As such, we remain prepared for the up and down swings in our credit quality and financial performance that may occur in the quarters ahead as we aggressively manage any problems that arise."

The company's provision for loan losses totaled $1.0 million for the first quarter of 2012, which was $591,000 in excess of net charge-offs, compared to $1.2 million for the fourth quarter of 2011, which was $563,000 less than net charge-offs, and $515,000 for the first quarter of 2011, which was $108,000 in excess of net charge-offs. The company's allowance for loan losses totaled $5.8 million, or 2.33 percent of loans outstanding, at March 31, 2012, compared to $5.2 million, or 2.05 percent of loans outstanding, at Dec. 31, 2011, and $6.1 million, or 2.32 percent of loans outstanding, at March 31, 2011.

For the three months ended March 31, 2012, the company recognized income tax expense of $210,000, with an effective tax rate of 41 percent, compared to income tax expense of $41,000, with an effective tax rate of 73 percent, for the first quarter of 2011. The fluctuation in effective tax rates reflects the impact of permanent book-to-tax differences from tax exempt income on bank owned life insurance and municipal securities.

As previously announced, on May 2, 2012, the company filed a Form 15 with the Securities and Exchange Commission (SEC) to deregister its common stock under Section 12(g) of the Exchange Act, and expects the deregistration to become effective 90 days after the filing. The company also expects to suspend its periodic reporting obligations under Section 15(d) of the Exchange Act, including its obligation to file Forms 10-K, 10-Q and 8-K, on or before Jan. 1,

2013. The company expects to achieve an estimated $200,000 in annual cost savings from the move, though it intends to continue to prepare and publish quarterly and annual financial results via its website, www.coastalbanking.com.

About Coastal Banking Company Inc.

Coastal Banking Company Inc., is the $438.2 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, S.C., Fernandina Beach, Meigs, Ga., and Port Royal, S.C., and commercial loan production offices in Jacksonville, Fla., and Savannah, Ga. The company's residential mortgage banking division, headquartered in Atlanta, includes an Internet-based retail mortgage operation as well as a National Retail Group that has 13 lending offices in California, Connecticut, Florida, Georgia, Kansas, Maryland, New Jersey, New York and Ohio. The company's Small Business Administration lending division originates SBA loans primarily in Jacksonville and Vero Beach, Fla., Atlanta, Charlotte, N.C., and Beaufort. The company's common stock is publicly traded on the OTC Bulletin Board under the symbol CBCO. For more information, please visit the company's website, www.coastalbanking.com.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISK FACTORS

This release contains forward-looking statements including statements relating to present or future trends or factors generally affecting the banking industry and specifically affecting Coastal's operations, markets and products. Without limiting the foregoing, the words "believes," "anticipates," "intends," "expects," or similar expressions are intended to identify forward-looking statements. These forward-looking statements involve risks and uncertainties. Actual results could differ materially from those projected for many reasons, including, without limitation, changing events and trends that have influenced Coastal's assumptions, but that are beyond Coastal's control. These trends and events include (i) changes in the interest rate environment which may reduce margins, (ii) not achieving expected growth, (iii) less favorable than anticipated changes in the national and local business environments and securities markets, (iv) adverse changes in the regulatory requirements affecting Coastal, (v) greater competitive pressures among financial institutions in Coastal's markets, (vi) greater loan losses than historic levels, and (vii) difficulties in expanding our banking operations into a new geographic market. Additional information and other factors that could affect future financial results are included in Coastal's filings with the Securities and Exchange Commission.

All written or oral forward-looking statements are expressly qualified in their entirety by these cautionary statements. Please also read the additional risks and factors described from time to time in reports and registration statements filed with the Securities and Exchange Commission. Coastal Banking Company, Inc. undertakes no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

- Financials To Follow -

Coastal Banking Company
Consolidated Balance Sheets
March 31, 2012 and December 31, 2011

	March 31, 2012 (unaudited)	December 31, 2011 (audited)
Assets		
Cash and due from banks	$ 6,346,319	$ 3,611,404
Interest-bearing deposits in banks	5,433,099	478,763
Federal funds sold	137,688	243,046
Securities available for sale, at fair value	18,476,408	22,505,649
Restricted equity securities, at cost	5,141,550	5,136,250
Loans held for sale, at fair value	46,773,200	36,122,381
Loans, net of unearned income	249,074,531	254,667,452
Less allowance for loan losses	5,813,232	5,221,736
Loans, net	243,261,299	249,445,716
Premises and equipment, net	7,346,976	7,309,083
Cash surrender value of life insurance	1,994,077	1,974,210
Intangible assets	17,365	22,651
Other real estate owned	18,313,315	15,423,903
Loan sales receivable	75,046,674	126,592,128
Other assets	9,946,800	8,734,053
Total assets	$ 438,234,770	$ 477,599,237
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest-bearing	$ 22,656,969	$ 20,476,198
Interest-bearing	340,013,865	334,195,148
Total deposits	362,670,834	354,671,346
Securities sold under agreements to repurchase	—	8,766,000
Other borrowings	28,000,000	68,447,000
Junior subordinated debentures	7,217,000	7,217,000
Other liabilities	7,116,517	5,336,341
Total liabilities	405,004,351	444,437,687
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock, par value $.01; 10,000,000 shares authorized; 9,950 shares issued and outstanding at March 31, 2012 and December 31, 2011	9,669,758	9,651,627
Common stock, par value $.01; 10,000,000 shares authorized; 2,595,207 shares issued and outstanding at March 31, 2012 and December 31, 2011	25,952	25,952
Additional paid-in capital	41,418,869	41,395,811
Accumulated deficit	(18,353,563)	(18,510,653)
Accumulated other comprehensive income	469,403	598,813
Total shareholders' equity	33,230,419	33,161,550
Total liabilities and shareholders' equity	$ 438,234,770	$ 477,599,237

Coastal Banking Company
Consolidated Statements of Operations
For the Three Months Ended March 31, 2012 and 2011
(Unaudited)

	2012	2011
Interest income:		
Interest and fees on loans	$ 4,327,947	$ 3,963,074
Interest on taxable securities	212,865	343,385
Interest on nontaxable securities	2,018	50,908
Interest on deposits in other banks	2,072	6,546
Interest on federal funds sold	334	433
Total interest income	4,545,236	4,364,346
Interest expense:		
Interest on deposits	868,222	1,031,478
Interest on junior subordinated debentures	54,642	97,624
Interest on other borrowings	226,912	310,345
Total interest expense	1,149,776	1,439,447
Net interest income	3,395,460	2,924,899
Provision for loan losses	1,017,000	515,000
Net interest income after provision for loan losses	2,378,460	2,409,899
Noninterest income:		
Service charges on deposit accounts	77,902	110,738
Other service charges, commissions and fees	75,202	72,777
SBA loan income	941,771	849,854
Mortgage banking income	9,293,780	1,368,494
Gain on sale of securities available for sale	141,019	—
Income from investment in life insurance contracts	19,867	20,194
Other income	67,656	28,266
Total other income	10,617,197	2,450,323
Noninterest expenses:		
Salaries and employee benefits	7,285,191	2,164,968
Occupancy and equipment expense	573,363	339,315
Advertising fees	1,406,559	49,660
Amortization of intangible assets	5,286	11,505
Audit fees	129,897	99,647
Data processing fees	322,718	251,031
Director fees	35,550	51,700
FDIC insurance expense	161,491	215,569
Legal and other professional fees	271,843	244,825
OCC examination fees	48,460	43,758
Other real estate expenses	787,475	657,485
Other operating	1,458,169	674,396
Total other expenses	12,486,002	4,803,859
Income before income taxes	509,655	56,363
Income tax expense	210,060	41,131
Net income	$ 299,595	$ 15,232
Preferred stock dividends	142,505	141,473

Net income (loss) available to common shareholders	$ 157,090	$ (126,241)
Basic and diluted earnings (loss) per share available to common shareholders	$ .06	$ (.05)

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Coastal Banking Company Reports Second Quarter 2012 Results

BEAUFORT, S.C., Aug. 15, 2012 – Coastal Banking Company Inc. (OTC:CBCO), the holding company of CBC National Bank, which operates branches in Beaufort and Port Royal, S.C., Fernandina Beach, Fla., and Meigs, Ga., today reported a net loss of $110,360, or a loss of $0.09 per diluted common share, for the quarter ended June 30, 2012. This compares to a net loss of $181,316, or a loss of $0.13 per diluted common share, in the second quarter of 2011.

Key highlights from the second quarter of 2012 include:

- Net interest income grew $148,788 compared the same period a year ago.
- Noninterest income grew $8.1 million from last year, due to a large increase in mortgage banking income.
- The company's residential mortgage banking division originated approximately $494 million in loans available for sale in the secondary market. Of this total, the company's recently-formed National Retail Group generated approximately $226 million in loan production.
- Nonaccrual loans declined for the fourth consecutive quarter.
- Net charge-offs increased by approximately $785,000 from a year ago.
- Capital ratios at CBC National Bank remained strong with a total risk-based capital ratio of 19.28 percent and a Tier 1 risk-based capital ratio of 18.00 percent.

"We increased both net interest income and noninterest income during the second quarter, reflecting continued success in our strategy to grow mortgage banking income," said Michael G. Sanchez, chief executive officer. "These increases were partially offset by higher costs associated with greater mortgage activity, as well as costs associated with higher net charge-offs in the second quarter. We remain confident in the overall health of our loan portfolio, though, as we are encouraged by three consecutive quarterly declines in loans on nonaccrual."

Net interest income before the provision for loan losses totaled $3.1 million in the second quarter of 2012, compared to $2.9 million earned in the second quarter of 2011. Noninterest income increased to 11.1 million at June 30, 2012, from $3.0 million in the second quarter of 2011, primarily as a result of an $8.3 million increase in mortgage banking income compared to the same period in 2011. Income from SBA loans totaled $830,000 in the second quarter of 2012, compared to $973,700 in the second quarter of 2011.

Interest expense totaled $1.1 million in the second quarter of 2012, compared to $1.3 million in the same period a year ago. Noninterest expense for the second quarter of 2012 increased to $13.0 million from $5.7 million in second quarter of 2011, largely due to costs associated with higher mortgage lending volume and the expansion of retail residential loan production offices during the past year.

The company's net interest margin for the second quarter of 2012 was 3.22 percent, compared to 3.35 percent at March 31, 2012, and 3.24 percent for the quarter ended June 30, 2011.

Total assets at June 30, 2012, were $414.9 million, compared to $477.6 million at Dec. 31, 2011. Total shareholders' equity was $33.0 million at June 30, 2012, compared to $33.2 million at Dec. 31, 2011. Total deposits were $349.0 million at June 30, 2012, compared to $354.7 million at Dec. 31, 2011, and $324.2 million at June 30, 2011. Total portfolio loans were $239.7 million at the end of the second quarter of 2012, compared to $254.7 million at Dec. 31, 2011, and $259.6 million at June 30, 2011.

The company's residential mortgage banking division originated approximately $494 million in loans available for sale in the secondary market during the second quarter of 2012. This compares to $188.0 million in loans originated for sale in the secondary market during the second quarter of 2011. Of this total, the company's Internet leads-based retail mortgage division generated approximately $53 million in loan production in the second quarter of 2012, resulting in $165,000 in net income, compared to approximately $22.0 million in loan production and

$47,000 in net income in the second quarter of 2011. The company's National Retail Group, which began operations during the second quarter of 2011, produced approximately $226 million in loan production in the second quarter of 2012. The National Retail Group operates a national network of traditional brick and mortar retail mortgage branches located in California, Connecticut, Florida, Georgia, Kansas, Maryland, New York and Ohio.

Net charge-offs in the second quarter of 2012 totaled $1.5 million, or 0.62 percent of total loans, compared to $426,000, or 0.17 percent, in the previous quarter, and $685,000 or 0.26 percent in the second quarter of 2011. Nonaccrual loans as a percentage of total loans at the end of the second quarter of 2012 were 5.37 percent, compared to 5.43 percent at the end of the first quarter 2012, and 9.79 percent at June 30, 2011. Loans past due greater than 30 days and still accruing interest totaled $4.3 million at June 30, 2012, compared to $1.2 million in the previous quarter and $2.0 million at June 30, 2011.

"As I have mentioned in previous quarters, we are prepared for temporary up and down swings in our credit quality as the economy continues to struggle," said Sanchez. "That was the case in the second quarter, which we had expected to be difficult and for which we had planned in terms of higher charge-offs. What has remained constant is our aggressive approach to quickly managing any problems that arise. We will remain vigilant as we continue to work to liquidate nonperforming assets in the months ahead."

The company's provision for loan losses totaled $1.3 million for the second quarter of 2012, which was $168,000 less than net charge-offs, compared to a loan-loss provision of $1.0 million for the first quarter of 2012, which was $591,000 in excess of net charge-offs, and a provision of $497,000, or $188,000 less than net charge-offs, at June 30, 2011. The company's allowance for loan losses totaled $5.6 million, or 2.36 percent of loans outstanding at June 30, 2012, compared to $5.8 million, or 2.33 percent of loans outstanding, at March 31, 2012, and $5.9 million, or 2.28 percent of loans outstanding, at June 30, 2011.

At June 30, 2012, CBC National Bank had a total risk-based capital ratio of 19.28 percent and a Tier 1 risk-based capital ratio of 18.00 percent, which exceed the 10 percent and 6 percent respective thresholds for being classified as "well capitalized" by federal regulators. The company also continued to have ample liquidity, with $130 million in excess funding available from multiple sources at June 30, 2012.

Net income for the six months ended June 30, 2012, was $189,235, compared to a net loss of $166,084 for the same period in 2011. Diluted loss per common share for the first six months of 2012 was $0.04, compared to a diluted loss per common share of $0.17 in the same period a year ago.

Net interest income for the first six months of 2012 was $6.5 million, compared to $5.9 million in the first six months of 2011. Noninterest income was $21.7 million for the first six months of 2012, compared to $5.4 million in the same period of 2011. Noninterest expense was $25.4 million for the first half of 2012, compared to $10.5 million for the same period in 2011.

“We remain optimistic about the remainder of 2012,” said Sanchez. “Over the past year we have consistently grown income in a market of weak loan demand, reduced interest expense, improved our overall credit quality and maintained very strong capital ratios. Our aim is to continue these successes as we move forward.”

About Coastal Banking Company Inc.

Coastal Banking Company Inc., is the $414.9 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, S.C., Fernandina Beach, Meigs, Ga., and Port Royal, S.C., and commercial loan production offices in Jacksonville, Fla., and Savannah, Ga. The company’s residential mortgage banking division, headquartered in Atlanta, includes an Internet-based retail mortgage operation as well as a National Retail Group that has lending offices in California, Connecticut, Florida, Georgia, Kansas, Maryland, New York and Ohio. The company’s Small Business Administration lending division originates SBA loans primarily in Jacksonville, Orlando and Vero Beach, Fla., Atlanta, Charlotte, N.C., and Beaufort. The company's common stock is publicly traded on the OTC Markets under the symbol CBCO. For more information, please review the complete quarterly financial results at http://www.coastalbanking.com/pdf/CBCO_2Q12_Earnings.pdf

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISK FACTORS

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All written or oral forward-looking statements are expressly qualified in their entirety by these cautionary statements. Please also read the additional risks and factors described from time to time in reports and registration statements filed with the Securities and Exchange Commission. Coastal Banking Company, Inc. undertakes no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

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Q3

For Immediate Release

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Coastal Banking Company Reports Third Quarter 2012 Earnings

BEAUFORT, S.C., Oct. 30, 2012 – Coastal Banking Company Inc. (OTC:CBCO), the holding company of CBC National Bank, which operates branches in Beaufort and Port Royal, S.C., Fernandina Beach, Fla., and Meigs, Ga., today reported net income of $772,844, or $0.24 in diluted earnings per common share, for the quarter ended Sept. 30, 2012. This compares to a net loss of $368,903, or a loss of $0.20 per diluted common share, in the third quarter of 2011.

Key highlights from the third quarter of 2012 include:

- Noninterest income grew $7.1 million from last year, due to a doubling in mortgage banking income.
- Interest expense decreased 19.8 percent to $1.0 million from a year ago.
- Other real estate expenses decreased $734,422 from the same period a year ago.
- The company’s residential mortgage banking division originated approximately $515.7 million in loans available for sale in the secondary market. Of this total, the company’s recently-formed National Retail Group generated approximately $240.9 million in loan production.
- Nonaccrual loans as a percentage of total loans decreased 255 basis points from a year ago.
- Capital ratios at CBC National Bank remained strong with a total risk-based capital ratio of 19.13 percent and a Tier 1 risk-based capital ratio of 17.85 percent.

“Substantial gains in noninterest income were the driving force behind our positive earnings in the third quarter,” said Michael G. Sanchez, chief executive officer. “Mortgage banking income more than doubled from last year as our National Retail Group began to create substantial traction in its first full year of operation. This represents a vital new income stream, which is important given the low demand for loans that most banks have experienced over the past several years."

Net interest income before the provision for loan losses totaled $3.1 million in the third quarter of 2012, compared to $3.2 million earned in the third quarter of 2011. Noninterest income increased to $12.8 million at Sept. 30, 2012, from $5.7 million in the third quarter of 2011, primarily as a result of a $7.5 million increase in mortgage banking income compared to the same period in 2011. Income from SBA loans totaled $512,000 in the third quarter of 2012, compared to $907,000 in the third quarter of 2011.

Interest expense decreased to $1.0 million in the third quarter of 2012, from $1.3 million in the same period a year ago due largely to reduced deposit costs. Noninterest expense for the third quarter of 2012 increased to $13.9 million from $8.3 million in third quarter of 2011, primarily due to costs associated with higher mortgage lending volume and the expansion of retail residential loan production offices during the past year. Other real estate expenses decreased $734,422 to $519,651 from the same period a year ago.

The company's net interest margin for the third quarter of 2012 was 3.28 percent, compared to 3.22 percent at June 30, 2012, and 3.31 percent for the quarter ended Sept. 30, 2011.

Total assets at Sept. 30, 2012, were $424.9 million, compared to $477.6 million at Dec. 31, 2011. Total shareholders' equity was $33.7 million at Sept. 30, 2012, compared to $33.2 million at Dec. 31, 2011. Total deposits were $339.8 million at Sept. 30, 2012, compared to $354.7 million at Dec. 31, 2011, and $340.9 million at Sept. 30, 2011. Total portfolio loans were $238.8 million at the end of the third quarter of 2012, compared to $254.7 million at Dec. 31, 2011, and $260.8 million at Sept. 30, 2011.

The company's residential mortgage banking division originated approximately $515.7 million in loans available for sale in the secondary market during the third quarter of 2012. This compares to $270.1 million in loans originated for sale in the secondary market during the third quarter of 2011. Of this total, the company's Internet leads-based retail mortgage division generated approximately $65.9 million in loan production in the third quarter of 2012, resulting in $82,000 in net income, compared to approximately $34.7 million in loan production and

$231,000 in net income in the third quarter of 2011. The year over year decline in net income despite rising production levels reflects startup costs related to a second Atlanta retail mortgage division location. The company's National Retail Group, which began operations during the second quarter of 2011, produced approximately $240.9 million in loan production in the third quarter of 2012, compared to approximately $109 million in loan production during the third quarter of 2011. The National Retail Group operates a national network of traditional brick and mortar retail mortgage branches located in California, Florida, Georgia, Kansas, Maryland, New York and Ohio.

Net charge-offs in the third quarter of 2012 totaled $923,000, or 0.39 percent of total loans, compared to $1.5 million, or 0.62 percent, in the previous quarter, and $846,000 or 0.32 percent in the third quarter of 2011. Nonaccrual loans as a percentage of total loans at the end of the third quarter of 2012 were 6.02 percent, compared to 5.37 percent at the end of the second quarter 2012, and 8.57 percent at Sept. 30, 2011. Loans past due greater than 30 days and still accruing interest totaled $1.2 million at Sept. 30, 2012, compared to $4.3 million in the previous quarter and $844,000 at Sept. 30, 2011. Other real estate owned (OREO) totaled $15.3 million at Sept. 30, 2012, slightly less than $15.4 million recorded at Dec. 31, 2011.

"Our credit quality continues to shows signs of stability and improvement, as evidenced in the relatively steady trends in net charge-offs, nonaccrual loans and loans past due greater than 30 days and still accruing interest, as well as the year-over-year decline in other real estate expenses," said Sanchez. "While we continue to experience some fluctuation in credit metrics from quarter to quarter as a result of the slow-growth economy, the fundamentals of our credit quality and capitalization are sound, and we continue to hold a conservative posture as regards the loan loss provision."

The company's provision for loan losses totaled $807,000 for the third quarter of 2012, which was $116,000 less than net charge-offs, compared to a loan-loss provision of $1.3 million for the second quarter of 2012, which was $168,000 less than net charge-offs, and a provision of $703,000, or $143,000 less than net charge-offs, at Sept. 30, 2011. The company's allowance for loan losses totaled $5.5 million, or 2.32 percent of loans outstanding at Sept. 30, 2012, compared to $5.6 million, or 2.36 percent of loans outstanding, at June 30, 2012, and $5.8 million, or 2.22 percent of loans outstanding, at Sept. 30, 2011.

At Sept. 30, 2012, CBC National Bank had a total risk-based capital ratio of 19.13 percent and a Tier 1 risk-based capital ratio of 17.85 percent, which exceed the 10 percent and 6 percent respective thresholds for being classified as “well capitalized” by federal regulators. The company also continued to have ample liquidity, with $129 million in excess funding available from multiple sources at Sept. 30, 2012.

Net income for the nine months ended Sept. 30, 2012, was $962,079, compared to a net loss of $534,987 for the same period in 2011. Diluted earnings per common share for the first nine months of 2012 was $0.21, compared to a diluted loss per common share of $0.37 in the same period a year ago.

Net interest income for the first nine months of 2012 was $9.6 million, compared to $9.0 million in the first nine months of 2011. Noninterest income was $34.5 million for the first nine months of 2012, compared to $11.1 million in the same period of 2011. Noninterest expense was $39.3 million for the first nine months of 2012, compared to $18.7 million for the same period in 2011.

“Our progress in growing income and earnings shows that we are continuing to follow the right path,” said Sanchez. “We are generating new sources of revenue, maintaining solid credit quality and working to grow new and existing customer relationships by focusing on the basics of banking and high-quality customer service.”

About Coastal Banking Company Inc.

Coastal Banking Company Inc., is the $424.9 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, S.C., Fernandina Beach, Meigs, Ga., and Port Royal, S.C., and commercial loan production offices in Jacksonville, Fla., and Savannah, Ga. The company’s residential mortgage banking division, headquartered in Atlanta, includes an Internet-based retail mortgage operation as well as a National Retail Group that has lending offices in California, Florida, Georgia, Kansas, Maryland, New York and Ohio. The company’s Small Business Administration lending division originates SBA loans primarily in Jacksonville and Vero Beach, Fla., Atlanta, Charlotte, N.C., and Beaufort. The company's common stock is publicly traded on the OTC Markets under the symbol CBCO. A current CBCO stock price quote and recent stock trading activity is available at http://www.otcmarkets.com/stock/CBCO/quote. The complete unaudited quarterly financial results are available at http://www.coastalbanking.com/pdf/CBCO_3Q12_Earnings.pdf or for more information, please visit the company's website, www.coastalbanking.com.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISK FACTORS

This release contains forward-looking statements including statements relating to present or future trends or factors generally affecting the banking industry and specifically affecting Coastal's operations, markets and products. Without limiting the foregoing, the words "believes," "anticipates," "intends," "expects," or similar expressions are intended to identify forward-looking statements. These forward-looking statements involve risks and uncertainties. Actual results could differ materially from those projected for many reasons, including, without limitation, changing events and trends that have influenced Coastal's assumptions, but that are beyond Coastal's control. These trends and events include (i) changes in the interest rate environment which may reduce margins, (ii) not achieving expected growth, (iii) less favorable than anticipated changes in the national and local business environments and securities markets, (iv) adverse changes in the regulatory requirements affecting Coastal, (v) greater competitive pressures among financial institutions in Coastal's markets, (vi) greater loan losses than historic levels, and (vii) difficulties in expanding our banking operations into a new geographic market. Additional information and other factors that could affect future financial results are included in Coastal's filings with the Securities and Exchange Commission.

All written or oral forward-looking statements are expressly qualified in their entirety by these cautionary statements. Please also read the additional risks and factors described from time to time in reports and registration statements filed with the Securities and Exchange Commission. Coastal Banking Company, Inc. undertakes no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

- Financials To Follow -

Coastal Banking Company
Consolidated Balance Sheets
September 30, 2012 and December 31, 2011

	September 30, 2012 (unaudited)	December 31, 2011 (audited)
Assets		
Cash and due from banks	$ 4,263,484	$ 3,611,404
Interest-bearing deposits in banks	289,203	478,763
Federal funds sold	77,935	243,046
Securities available for sale, at fair value	15,723,202	22,505,649
Restricted equity securities, at cost	3,466,950	5,136,250
Loans held for sale, at fair value	54,919,461	36,122,381
Loans, net of unearned income	238,823,902	254,667,452
Less allowance for loan losses	5,529,196	5,221,736
Loans, net	233,294,706	249,445,716
Premises and equipment, net	7,326,035	7,309,083
Cash surrender value of life insurance	2,152,005	1,974,210
Intangible assets	813,400	518,704
Other real estate owned	15,273,439	15,423,903
Loan sales receivable	77,774,232	126,592,128
Other assets	9,563,390	8,238,000
Total assets	$ 424,937,442	$ 477,599,237
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest-bearing	$ 24,794,944	$ 20,476,198
Interest-bearing	315,031,844	334,195,148
Total deposits	339,826,788	354,671,346
Securities sold under agreements to repurchase	—	8,766,000
Other borrowings	34,150,000	68,447,000
Junior subordinated debentures	7,217,000	7,217,000
Other liabilities	10,063,584	5,336,341
Total liabilities	391,257,372	444,437,687
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock, par value $.01; 10,000,000 shares authorized; 9,950 shares issued and outstanding at September 30, 2012 and December 31, 2011	9,706,828	9,651,627
Common stock, par value $.01; 10,000,000 shares authorized; 2,600,487 shares issued and outstanding at September 30, 2012; 2,595,207 shares issued and outstanding at December 31, 2011	26,004	25,952
Additional paid-in capital	41,481,424	41,395,811
Accumulated deficit	(17,976,897)	(18,510,653)
Accumulated other comprehensive income	442,711	598,813
Total shareholders' equity	33,680,070	33,161,550
Total liabilities and shareholders' equity	$ 424,937,442	$ 477,599,237

Coastal Banking Company
Consolidated Statements of Operations
For the Three Months and Nine Months Ended September 30, 2012 and 2011
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	**2011**	**2012**	**2011**
Interest income:				
Interest and fees on loans	$ 3,951,200	$ 4,091,437	$ 12,206,630	$ 11,943,975
Interest on taxable securities	152,061	276,542	542,810	927,023
Interest on nontaxable securities	8,513	50,879	18,717	152,736
Interest on deposits in other banks	9,552	1,451	26,121	10,788
Interest on federal funds sold	23	471	391	2,174
Total interest income	4,121,349	4,420,780	12,794,669	13,036,696
Interest expense:				
Interest on deposits	764,147	919,529	2,446,179	2,901,731
Interest on junior subordinated debentures	55,031	102,600	156,578	300,350
Interest on other borrowings	189,608	234,972	608,188	819,124
Total interest expense	1,008,786	1,257,101	3,210,945	4,021,205
Net interest income	3,112,563	3,163,679	9,583,724	9,015,491
Provision for loan losses	807,320	703,512	3,126,153	1,715,039
Net interest income after provision for loan losses	2,305,243	2,460,167	6,457,571	7,300,452
Non-interest income:				
Service charges on deposit accounts	34,696	92,373	185,521	302,690
Other service charges, commissions and fees	78,100	75,976	231,120	228,332
SBA loan income	512,182	907,324	2,284,449	2,730,891
Mortgage banking income	12,102,993	4,580,706	31,411,981	7,705,377
Gain on sale of securities available for sale	—	—	141,019	16,823
Income from investment in life insurance contracts	20,179	19,604	108,287	59,463
Other income	42,106	42,442	158,205	100,955
Total other income	12,790,256	5,718,425	34,520,582	11,144,531
Non-interest expenses:				
Salaries and employee benefits	8,406,746	3,963,246	23,152,158	9,090,458
Occupancy and equipment expense	641,270	488,413	1,905,752	1,216,125
Advertising fees	1,836,090	640,751	4,598,812	715,552
Amortization of intangible assets	5,286	11,505	15,858	34,515
Audit fees	164,716	94,403	410,985	299,998
Data processing fees	373,556	291,412	1,045,944	815,915
Director fees	24,500	30,300	96,950	104,500
FDIC insurance expense	140,439	147,578	457,817	481,758
Legal and other professional fees	206,677	192,833	830,965	684,555
OCC examination fees	43,702	41,964	140,623	129,480
Other real estate expenses	519,651	1,254,073	2,120,955	2,691,283
Other operating	1,537,942	1,100,211	4,560,255	2,457,941
Total other expenses	13,900,575	8,256,689	39,337,074	18,722,080
Income (loss) before income tax expense	1,194,924	(78,097)	1,641,079	(277,097)
Income tax expense	422,080	290,806	679,000	257,890
Net income (loss)	$ 772,844	$ (368,903)	$ 962,079	$ (534,987)
Preferred stock dividends	143,045	141,980	428,323	425,178
Net earnings (loss) available to common shareholders	$ 629,799	$ (510,883)	$ 533,756	$ (960,165)
Basic and diluted earnings (loss) per common share	$ 0.24	$ (0.20)	$ 0.21	$ (0.37)

COASTAL BANKING
Company, Inc.

Q4

For Immediate Release

For More Information:

Michael G. Sanchez	Andy Mus
Chief Executive Officer	Vice President
Coastal Banking Company Inc.	Ketchum Inc.
904-321-0400	404-879-9075

Coastal Banking Company Reports Fourth Quarter 2012 Earnings

BEAUFORT, S.C., March 1, 2013 – Coastal Banking Company Inc. (OTCQB:CBCO), the holding company of CBC National Bank, which operates branches in Beaufort and Port Royal, S.C., Fernandina Beach, Fla., and Meigs, Ga., today reported net income of $921,565, or $0.30 in diluted earnings per common share, for the quarter ended Dec. 31, 2012. This compares to net income of $892,211, or $0.29 in diluted earnings per common share, in the fourth quarter of 2011.

For the full year 2012, the company reported net income of $1.9 million, or $0.51 in earnings per diluted share. This compares to net income of $357,224, or a loss of $0.08 per diluted share, for the full year 2011.

Key highlights from the fourth quarter of 2012 include:

- Quarter-over-quarter and year-over-year increases in net income and diluted earnings per share.
- Noninterest income grew $4.7 million from the fourth quarter last year, due to an increase in mortgage banking income.
- Nonaccrual loans as a percentage of total loans decreased 236 basis points from a year ago.
- Other real estate owned (OREO) declined 12.3 percent from a year ago.
- The company's residential mortgage banking division originated approximately $566 million in loans available for sale in the secondary market during the fourth quarter. Of this total, the company's National Retail Group generated approximately $258 million in loan production. For the year, the mortgage division originated over $2 billion in loans

available for sale in the secondary market, of which the National Retail Group generated $954 million.

- Capital ratios at CBC National Bank remained strong with a total risk-based capital ratio of 19.21 percent and a Tier 1 risk-based capital ratio of 17.94 percent.

"We achieved good results in almost every respect in 2012, and made significant progress in our transition back to being a healthy bank with positive earnings and strong capital," said Michael G. Sanchez, chief executive officer. "We achieved quarter-over-quarter and year-over-year increases in net income and diluted earnings per share, we grew net interest income year-over-year, our noninterest income as a percentage of average assets for the year exceeded 10 percent, which is unique in our industry, driven by solid gains in our mortgage revenue and we saw a continuation in the decline in nonaccrual loans as a percentage of total loans."

Net interest income before the provision for loan losses totaled $3.3 million in the fourth quarter of 2012, compared to $3.6 million earned in the fourth quarter of 2011. Noninterest income increased $4.7 million to $14.2 million at Dec. 31, 2012, from $9.5 million in the fourth quarter of 2011, primarily due to an increase in mortgage banking income compared to the same period in 2011. Income from SBA loans totaled $731,281 in the fourth quarter of 2012, compared to $737,968 in the fourth quarter of 2011.

Interest expense totaled $1.0 million in the fourth quarter of 2012, compared to $1.0 million in the previous quarter and $1.2 million in the same period a year ago. Noninterest expense for the fourth quarter of 2012 increased to $14.8 million from $11.4 million in fourth quarter of 2011, primarily due to costs associated with higher mortgage lending volume and the expansion of retail residential loan production offices during the past year.

The company's net interest margin for the fourth quarter of 2012 was 3.37 percent, compared to 3.28 percent at Sept. 30, 2012, and 3.41 percent for the quarter ended Dec. 31, 2011.

Total assets at Dec. 31, 2012, were $475.0 million, compared to $477.6 million at Dec. 31, 2011. Total shareholders' equity was $34.4 million at Dec. 31, 2012, compared to $33.2 million at Dec. 31, 2011. Total deposits were $337.5 million at Dec. 31, 2012, compared to $354.7 million at

Dec. 31, 2011. Total portfolio loans were $242.4 million at the end of the fourth quarter of 2012, compared to $254.7 million at Dec. 31, 2011.

The company's residential mortgage banking division originated approximately $566.0 million in loans available for sale in the secondary market during the fourth quarter of 2012, compared to $418.4 million in loans originated for sale in the secondary market during the fourth quarter of 2011. Of this total, the company's Internet leads-based retail mortgage division generated approximately $70.0 million in loan production in the fourth quarter of 2012, resulting in $169,000 in net income, compared to approximately $45.4 million in loan production and $390,000 in net income in the fourth quarter of 2011. The decrease in the retail mortgage earnings in 2012 compared to the same period in 2011 is due primarily to the startup costs of opening of an additional office in Atlanta. For the full year, the mortgage division funded in excess of $2 billion in mortgage loans, up from $1.1 billion in 2011, and has now exceeded $5 billion in total production since the division's inception in September 2007.

The company's National Retail Group, which began operations during the second quarter of 2011, produced approximately $257.6 million in loan production in the fourth quarter of 2012, compared to approximately $192 million in loan production during the fourth quarter of 2011. The National Retail Group operates a national network of traditional brick and mortar retail mortgage branches located in Florida, Georgia, Maryland, New York and Ohio.

Net charge-offs in the fourth quarter of 2012 totaled $1.8 million, or 0.75 percent of total loans, compared to $923,000, or 0.39 percent, in the previous quarter, and $1.7 million or 0.67 percent in the fourth quarter of 2011. Nonaccrual loans as a percentage of total loans at the end of the fourth quarter of 2012 were 3.90 percent, compared to 6.02 percent at the end of the third quarter 2012, and 6.26 percent at Dec. 31, 2011. Loans past due greater than 30 days and still accruing interest totaled $1.4 million at Dec. 31, 2012, compared to $1.2 million in the previous quarter and $1.1 million at Dec. 31, 2011. Other real estate owned (OREO) totaled $13.5 million at Dec. 31, 2012, a 12.3 percent decline from $15.4 million recorded at Dec. 31, 2011.

The company's provision for loan losses totaled $957,000 for the fourth quarter of 2012, which was $850,000 less than net charge-offs, compared to a loan-loss provision of $807,000 for the third quarter of 2012, which was $116,000 less than net charge-offs, and a provision of $1.2 million, or $563,000 less than net charge-offs in the quarter ending Dec. 31, 2011. The company's allowance for loan losses totaled $4.7 million, or 1.93 percent of loans outstanding at Dec. 31, 2012, compared to $5.5 million, or 2.32 percent of loans outstanding, at Sept. 30, 2012, and $5.2 million, or 2.05 percent of loans outstanding, at Dec. 31, 2011.

At Dec. 31, 2012, CBC National Bank had a total risk-based capital ratio of 19.21 percent and a Tier 1 risk-based capital ratio of 17.94 percent, which exceed the 10 percent and 6 percent respective thresholds for being classified as "well capitalized" by federal regulators. The company also continued to have ample liquidity, with $79 million in excess funding available from multiple sources at Dec. 31, 2012.

Net interest income for the full year 2012 was $12.9 million, compared to $12.6 million in 2011. Noninterest income was $48.8 million for the full year 2012, compared to $20.7 million in 2011. Noninterest expense was $54.1 million for the full year 2012, compared to $30.1 million in 2011.

"Our focus moving forward is to solidify the progress we have made to date and work to transition from good profits to great profits in coming quarters," said Sanchez. "We are confident that we have positioned ourselves well to accomplish this."

About Coastal Banking Company Inc.

Coastal Banking Company Inc., is the $475.0 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, S.C., Fernandina Beach, Meigs, Ga., and Port Royal, S.C., and commercial loan production offices in Jacksonville, Fla., and Savannah, Ga. The company's residential mortgage banking division, headquartered in Atlanta, includes an Internet-based retail mortgage operation as well as a National Retail Group that has lending offices in Florida, Georgia, Maryland, New York and Ohio. The company's Small Business Administration lending division originates SBA loans primarily in Jacksonville and Vero Beach, Fla., Atlanta and Beaufort. The company's common stock is publicly traded on the OTCQB Markets under the symbol CBCO.

A current CBCO stock price quote and recent stock trading activity is available at http://www.otcmarkets.com/stock/CBCO/quote.

The complete annual audited financial statements for the current year are available at the following link: http://www.coastalbanking.com/pdf/2012cbcoannualfinancials.pdf
and the additional management commentary on current year results is available at the following link: http://www.coastalbanking.com/pdf/2012cbcomanagementcomments.pdf
or for more information, please visit the company's website, www.coastalbanking.com.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISK FACTORS

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