



Nina Heringer  
Director of Marketing  
(386) 755-0600, ext. 3156  
M: (386) 697-6491  
heringern@ffbf.com

---

## News Release

FOR IMMEDIATE RELEASE

### **First Federal Bancorp, Inc. to Partner with Coastal Banking Company, Inc.**

*Lake City, FL, November 7, 2017* – First Federal Bancorp, Inc. (“FFBI”), the holding company of First Federal Bank of Florida (“First Federal”) is pleased to announce the signing of a definitive merger agreement under which FFBI will acquire Coastal Banking Company, Inc. (OTCQX: CBCO), the holding company of CBC National Bank (“CBC”).

CBC, is a \$650.8 million-asset company headquartered in Fernandina Beach, Florida. CBC currently has full-service bank branches in Florida and South Carolina, with residential lending offices and small business lending offices in Florida, Georgia, South Carolina, North Carolina, Illinois, Ohio, Tennessee, and Maryland. This agreement would expand First Federal’s bank branch presence to Ocala, Florida, and South Carolina, and increase First Federal’s influence in Nassau County. First Federal will also gain residential, SBA, and USDA lending offices across Florida and in multiple states.

Under terms of the definitive merger agreement between FFBI and CBCO, FFBI will pay \$21.50 per share in cash for each CBCO common share and stock option outstanding in a transaction valued at \$83.2 million plus the repayment of \$8.2 million of debt. The merger agreement has been unanimously approved by the Boards of Directors of both FFBI and CBCO and is subject to CBCO shareholder approval, customary closing conditions, and regulatory approval and is expected to close late in the first quarter of 2018.

“We are delighted to announce this partnership with CBC National Bank,” said Keith Leibfried, President and CEO of First Federal. “CBC has built a strong reputation in the markets they serve and we look forward to continuing that tradition. We share common values and traits with CBC and want to extend a warm welcome to CBC employees, customers, and the communities they serve.”

“This partnership with First Federal is a great fit for our customers and the communities we serve,” said Mike Sanchez, Chairman & CEO of Coastal Banking Company, Inc. “Our team will be able to build on the strength

and stability of First Federal and work together in providing our customers with the convenience of 16 additional branch locations and a greater level of service and benefits.”

Hovde Group LLC served as financial advisor to FFBI and Smith Mackinnon, PA and Reznicek, Shaw, Shaffer & Jeans provided legal counsel to FFBI. The Burke Group LLC served as financial advisor to CBCO and Bryan Cave, LLP served as legal counsel.

First Federal Bank of Florida is a community bank founded in the heart of North Florida in 1962. Today, First Federal is a \$1.5 billion-asset institution offering a full line of personal and business financial solutions, loans, and services from Florida’s Panhandle to the First Coast. First Federal is a mutual savings bank and continues to receive a “5-Star, Superior” financial rating from BauerFinancial, Inc., of Coral Gables, FL. For more information, visit [www.ffbf.com](http://www.ffbf.com).

### ***Important Information for Investors and Shareholders***

*This communication relates to the proposed merger transaction involving FFBI, First Federal, CBCO, and CBC and does not constitute an offer to sell or the solicitation to buy any securities or solicitation of any vote or proxy. A definitive proxy statement will be mailed to shareholders of CBCO. **Before making any voting or investment decision, investors and security holders of CBCO are urged to read the proxy statement and other documents in their entirety when they become available because they will contain important information about FFBI, First Federal, CBCO and CBC.** Investors and security holders will be able to obtain free copies of the proxy statement (when available) and other documents from CBCO, copies of which will be available free of charge on CBCO’s website or by contacting CBCO.*

*FFBI, First Federal, CBCO and CBC, 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 on the directors and executive officers of CBCO is set forth in its proxy statement for its 2017 annual meeting of shareholders, which was posted on CBCO’s website. Other information regarding the participants and the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be posted on CBCO’s website 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:; the timing to consummate the proposed merger; the risk that a condition to closing of the proposed merger may not be satisfied; 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 First Federal and Coastal; 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. 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 First Federal and Coastal. Forward-looking statements are made only as of the date of this communication, and neither First Federal nor Coastal undertakes any obligation to update any forward-looking statements contained herein to reflect events or conditions after the date hereof.*

###