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Coastal Financial Corporation Announces Record Net Income and Solid Growth in First Quarter 2018

EVERETT, Wash. – Coastal Financial Corporation (Coastal), the holding company for Coastal Community Bank (Bank), announced first quarter 2018 net income of \$1.8 million, representing a 40% increase compared to the same period in the prior year and signifying another record setting quarter for the Bank. Additionally, Coastal grew assets to \$831.0 million from \$758.4 million for the same period in 2017, and up from \$805.8 million at year end 2017.

Highlights for First Quarter 2018:

- **Net Income Growth** – \$1.8 million for first quarter 2018, compared to \$1.3 million for the quarter ending March 31, 2017.
- **Total Asset Growth** – to \$831.0 million compared to \$758.4 million at March 31, 2017.
 - Solid first quarter 2018 growth in assets of \$25.2 million.
- **Total Deposit Growth** – to \$727.3 million compared to \$665.1 million March 31, 2017.
 - First quarter 2018 deposits achieved growth of \$24.0 million.
- **Non-Interest Bearing Deposit Growth** – to \$254.0 million compared to \$229.0 million at March 31, 2017.
 - Non-interest bearing deposits grew 5% for the first quarter of 2018.
- **Net Loan Growth** – year over year to \$670.1 million at March 31, 2018 from \$588.4 million March 31, 2017.
 - First quarter 2018 net loan balances were up \$21.3 million.
- **Capital Ratio Strong** – exceeds regulatory requirements for a well-capitalized financial institution, with total risk-based capital at 12.60%, well above the 10% well-capitalized regulatory requirement.

“We are optimistic moving into the remainder of 2018 as we realize the positive income impact from our asset growth over the last few years,” said Eric Sprink, CEO and President of Coastal

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Community Bank. “With our increasing size and ability to lend more capital to our business clients, we continue to focus on our primary mission – to help local business owners grow and become even more successful. We believe that our solid and consistent growth in both loans and deposits is the result of providing our clients with the banking expertise that allows them to flourish.”

The results achieved in this most recent quarter have lead BauerFinancial, a leading independent bank rating and research firm to once again rate Coastal a “5-Star Community Bank”, its highest rating in 2018. Additionally, Coastal Employee volunteerism was recognized in the Puget Sound Business Journal Book of Lists based on the number of hours volunteered per employee. While larger employers like Microsoft topped the list for total hours volunteered, Coastal employees topped the charts at 84.59 hours per employee.

“We are exceedingly proud that our employees are so committed to the communities we serve that they lend their time and expertise both on and off work hours,” added Sprink. “Our employees would agree that our success is measured best by our ability to do more good in and around our neighborhoods.”

Coastal Community Bank was founded in Everett in 1997 and has 13 offices in Snohomish, Island and North King County. Coastal is a true community bank offering a wide variety of deposit and credit products to meet the needs of businesses and consumers in the greater Puget Sound area. For more information, access our website at www.coastalbank.com.

Coastal Financial Corporation notes that some statements in this letter look forward in time, and involve risks and uncertainties that may affect the company's actual results of operations. Certain statements in this letter including statements regarding the anticipated development and expansion of the bank's business, and the intent, belief, and current expectations of the bank, its directors, or its officers, are "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Such forward-looking statements are subject to risks and uncertainties and therefore the bank's actual results may differ materially from those expressed or implied by such forward-looking statements.

The risks and uncertainties that the bank is subject to include, but are not limited to, risks related to the local and national economy, including fluctuations in interest rates and costs and changes in economic policy; the ability of the bank to perform in accordance with its plans; competition that may cause us to lose projects or result in decreased revenues; inability to hire qualified personnel; regulatory matters; and other risks detailed in its filings with the State of Washington Department of Financial Institutions and the Federal Reserve Bank. The bank cautions readers not to place undue reliance on any forward-looking statements. The bank does not undertake, and specifically disclaims any obligation, to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

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