



October 21, 2016

FOR MORE INFORMATION:
Laura Byers (425) 349-2674
lbyers@coastalbank.com

Coastal Financial Corporation Announces Highest Year-to-Date Earnings among Third Quarter Results

EVERETT, Wash. – Coastal Financial Corporation (Coastal), the holding company for Coastal Community Bank (Bank), again reported record net earnings for a quarter with \$1.3 million of net income for the third quarter of 2016. The Bank has already exceeded earnings for the full year of 2015, with three months left in the year, recording the highest ever year-to-date net earnings of \$3.6 million. Net earnings in 2015 were \$2.5 million for the same period. Additionally, Bank assets grew to \$698.7 million at September 30, 2016 compared to \$604.2 million at September 30, 2015.

“As the local economy has emerged as one of the best in the nation, the banking landscape has become an increasingly crowded field. So it is with great pride that our community bank continues to win business and grow in all areas,” said Eric Sprink, president and CEO. “Even more remarkable is the fact that our core deposits – including checking, savings and money market accounts – now represents 87.0% of our total deposits, resulting in the majority of our deposit mix being transactional accounts. Customers are increasingly making Coastal their primary bank of choice, speaking volumes about the trust our customers place in us.”

Highlights for Third Quarter 2016:

- 3rd Quarter net income for 2016 of \$1,349,000 represents a 62.1% increase over the same period a year ago.
- Year-to-date income of \$3,601,000 for 2016 compared to \$2,456,000 for the same period in 2015, a 46.6% increase.
- Total assets grew 15.6% to \$698.7 million at September 30, 2016 compared to \$604.2 million at September 30, 2015.
- Total deposits grew 15.5% to \$607.1 million at September 30, 2016 compared to \$525.7 million at September 30, 2015.
- Non-interest bearing deposits, our most valuable deposits, grew 23.5% to \$210.4 million at September 30, 2016 compared to \$170.3 million at September 30, 2015.
- Gross loans are up 16.6% year over year and now total \$555.9 million at September 30, 2016.

-more-

- Capital ratios continued to substantially exceed regulatory requirements for a well-capitalized financial institution, with total risk based capital at 13.57%, well above the 10% well-capitalized regulatory requirement.

Other Significant Measures

- All Bank-owned properties (Other Real Estate Owned) were sold during the quarter, leaving a zero balance at September 30, 2016.
- Total Past Due Loans were 0.27% of loan portfolio at September 30, 2016.
- Book Value Per Share has increased from \$1.195 at September 30, 2015 to \$1.288 at September 30, 2016.

“Our third quarter success mirrors what we see happening in the local economy and our own customer balance sheets,” adds Sprink. Profits are up and corporate debt has struck a healthy balance. Coastal’s past due loans are at their lowest point in years and we no longer hold any OREO properties in our portfolio. We remain cautiously optimistic; understanding the growth we have experienced here in the Northwest is not the norm in all areas of the country.”

Coastal Community Bank was founded in Everett in 1997 and has 12 offices in Snohomish and Island 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.

###