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Coastal Reports Net Income Increased 41% Compared to Same Quarter in 2016

EVERETT, Wash. – Coastal Financial Corporation (Coastal), the holding company for Coastal Community Bank (Bank), is reporting third quarter 2017 net income of \$1.9 million dollars and \$5.1 million year-to-date in net earnings. Deposits grew significantly during the third quarter, with non-interest-bearing accounts (checking accounts) increasing 15% year over year. Overall deposits were up \$74 million compared to September 30, 2016.

Highlights for Third Quarter 2017:

- 3rd Quarter net income of \$1.9 million represents a 41% increase over the same period a year ago.
- Year-to-date net income of \$5.1 million compared to \$3.6 million for the same period in 2016, a 41% increase.
- Return on Average Assets (ROAA) reached 1.01% for the three months ending September 30, 2017 and 0.93% for the nine months ending September 30, 2017.
- Total assets were \$778.6 million at September 30, 2017 compared to \$698.8 million at September 30, 2016, an 11% growth rate.
- Return on Average Equity (ROAE) remained solid at 11.62% for the three months ending September 30, 2017 and 10.38% for the nine months ending September 30, 2017, compared to 8.31% for the same period in 2016.
- Gross loans increased 14% year over year and now total \$631.1 million.
- Deposits increased 12% year over year and now total \$681.2 million.
- Capital ratios continued to substantially exceed regulatory requirements for a well-capitalized financial institution, with total risk based capital at 13.2%, well above the 10% well-capitalized regulatory requirement.

“We opened our newest branch in Woodinville at 17601 140th Ave NE on October 2nd, adding a North King County location to our family of banking centers around Snohomish and Island Counties,” said Eric Sprink, CEO and president. “Woodinville nicely complements our existing network and will provide a banking location for new and existing customers in the market.”

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Coastal remains the number one community bank in Snohomish County as reported in the recently released FDIC Summary of Deposits, which reports all bank deposits as of June 30, 2017, and highlights the attractiveness of Snohomish County as a market for banks. Coastal moved from 8th overall in deposits to 6th, with only national banks with more branches holding more deposits.

Coastal Community Bank was founded in Everett, Wash. in 1997 and now operates 13 offices in Snohomish, Island and North King Counties. 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. More information on the bank and its products and services can be viewed online 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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