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## Coastal Reports Record Earnings and Reaches \$800 Million in Total Assets

EVERETT, Wash. – Coastal Financial Corporation (Coastal), the holding company for Coastal Community Bank (Bank), reports another record year for the Bank with core earnings and total asset size reaching a new high.

The Bank reported 2017 net income of \$5.4 million, which was \$1.4 million lower than the \$6.8 million that would have been reported without the year end change in tax rates. Congress passed and the President signed into law new rates that required Coastal to revalue its Deferred Tax-Asset (DTA). However, going forward the tax decrease will positively impact the Bank's net income. Beginning in 2018, the top corporate tax rate will decrease from 35% to 21%, and within roughly a year Coastal will have earned back the \$1.4 million. The Bank also reported total asset size of \$805.8 million for the year.

### Highlights for Fourth Quarter 2017:

- **Year-to-date net income** of \$5.4 million compared to \$5.0 million for the same period in 2016.
- **Total assets** were \$805.8 million at December 31, 2017 compared to \$740.1 million at December 31, 2016, a 9% growth rate.
- **Gross loans** increased 10% year over year and now total \$657.1 million.
- **Deposits** increased 8% year over year and now total \$703.3 million.
- **Return on Average Assets (ROAA)** for 2017 was 0.73% even with the DTA charge.
- **Return on Average Equity (ROAE)** for 2017 was 8.09% even with the DTA charge.
- **Capital ratios** continued to substantially exceed regulatory requirements for a well-capitalized financial institution, with total risk based capital at 12.9% at year end, well above the 10% well-capitalized regulatory requirement.

"In addition to our record growth and expansion into the Woodinville and North King County market, 2017 was a year of recognition for Coastal" said Eric Sprink, CEO and president. "For the second year in a row, we earned the prestigious 5-Star Rating from BauerFinancial, based on their independent analysis of the bank's performance. In May, Coastal was named

Community Bank Lender of the Year for the second year in a row by the Seattle Region of the Small Business Administration (SBA). Also in 2017, for the fourth year in a row, readers of the Daily Herald voted Coastal “Best Bank” in their annual Reader’s Choice Awards.”

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](http://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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