



July 25, 2016

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Coastal Financial Corporation Celebrates Record Earnings, Continued Growth and Community Support

EVERETT, Wash. – Coastal Financial Corporation reported its highest earnings for a quarter with \$1.2 million in net income for the second quarter of 2016, and the highest ever six months of earnings with \$2.3 million in net income year-to-date. In addition, the Company was voted the top institution in four categories of the Everett Herald's Readers' Choice Awards.

"The bank's investment in new branches and teams continues to bring record growth and income. Additionally, for the third year in a row, Coastal was voted 'Best Bank' by Herald newspaper readers," said CEO and President Eric Sprink. "They also chose us as Best Financial Services, Best Mortgage Lender, and Best Workplace. We are extremely proud of our staff and their interaction with our clients and customers that has created this amazing support."

Highlights for Second Quarter 2016:

- **2nd Quarter net income** of \$1.2 million represents a 36.2% increase over the same period a year ago
- **Year-to date income** of \$2.3 million compared to \$1.6 million for the same period in 2015, a 38.7% increase
- **Total assets** grew an annualized 7.7% to \$646.6 million compared to \$622.7 million at December 31, 2015
- **Total deposits** grew an annualized 8.3% to \$566.1 million compared to \$543.6 million at December 31, 2015
- **Non-interest bearing deposits** grew an annualized 28.3% to \$198.1 million compared to \$173.6 million at December 31, 2015
- **Gross Loans** are up 14% year over year and now total at \$532.6 million
- **Capital ratios** continued to substantially exceed regulatory requirements for a well-capitalized financial institution, with total risk based capital at 12.4%, well above the 10% well-capitalized regulatory requirement

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

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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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