



February 22, 2016

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Coastal Financial Corporation Reports Fourth Quarter 2015 Earnings

*Coastal Financial Corporation Continues Record Growth in Total Assets
and Increased Year-to-Date Income Compared to 2014*

EVERETT, Wash. – Coastal Financial Corp. (Coastal), the holding company for Coastal Community Bank (Bank), announced today their fourth quarter earnings – reporting that the Bank’s total assets continued to grow in the Fourth Quarter of 2015, reaching a total of \$622.7 million. Coastal also reported fourth quarter net income of \$548,000 and 2015 net income of \$3.0 million, an increase of 28% compared to the prior year.

“Our employees continue to grow our business carefully through strong customer relationships, building a healthy balance sheet of both deposits and loans,” said CEO and President Eric Sprink. “In 2015, we were able to grow local customer deposits by an astonishing \$100 million dollars, virtually eliminating our use of non-local deposits. It’s an accomplishment that reflects the strength of our products and service offerings, but mostly it accentuates the trust that local people place in our bankers.”

Highlights for 2015:

- **Full-year income** of \$3.0 million represents a 28% increase over 2014.
- **Total assets** grew 14% to \$622.7 million compared to \$546.5 million at December 31, 2014.
- **Total deposits** grew 15% to \$543.6 million compared to \$472.2 million at December 31, 2014.
- **Non-interest bearing deposits** grew an annualized 25% to \$173.6 million compared to \$138.9 million at December 31, 2014.
- **Net loans** are up 16% year over year to \$493.2 million.
- **Capital ratios** continued to substantially exceed regulatory requirements for a well-capitalized financial institution with total risk based capital at 12.31%, well above the 10% well-capitalized regulatory requirement.

Although the Bank absorbed expenses related to the merger effort with Prime Pacific Bank in the last quarter of 2015, year-over-year net income increased 28%. Additionally, the bank continued to enjoy significant increases in core deposits during the fourth quarter – reaching a new record high of \$451.9 million or 83% of total deposits.

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“For Coastal, 2015 was a year that included both significant growth and a number of new initiatives to build our brand and improve our position as the largest community bank based in Snohomish County,” explains Sprink. “We launched a new website, added Mobile Banking access, remained the number one SBA lender in Snohomish County, opened two new branches, and moved into our corporate headquarters on Evergreen Way. While these projects were time consuming, they are consistent with our goal to bring value to our customers and shareholders.”

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.

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