



COASTAL
FINANCIAL CORPORATION

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Coastal Financial Corporation Announces Second Quarter 2014 Earnings and Future Plans

Growth Fuels Expansion Plans and Internal Mission to Make a Difference

EVERETT, Wash. – Coastal Financial Corp. (Coastal), the holding company for Coastal Community Bank (Bank), today reports 2014 Q2 net income of \$596,000 as year-over-year loan growth continues. Loans increased by \$75 million and deposits grew \$79 million over the same period last year. Organic growth and excellent credit quality remain top drivers while community support and new technologies bolster consumer confidence.

“More and more people are choosing to bank with Coastal because we rally to make a positive difference,” said Eric Sprink, president and CEO. “While Coastal Community Bank enjoyed growth in nearly all areas, the success was even more rewarding because we accomplished our goals without losing sight of what our customers and communities need most whether that means delivering service in a new way or showing support for our neighbors.”

The bank launched its first mobile banking app in late June, adding the functionality of photo deposit and on-the-go transaction history. “The customer response is stronger than expected, proving that our customers are eager to employ new banking services outside their neighborhood banking center,” explains Sprink. “At the same time, our staff has spent more face time than ever with clients by taking advantage of the many opportunities to work hand in hand with community members.”

“In recognition of our extraordinary commitment of staff time and bank resources to the communities we serve, *The Puget Sound Business Journal* recognized Coastal and our employees with a Corporate Champion Award on May 23rd,” added Board Chairman Andy Skotdal. “In July, readers of the *Herald* newspaper also voted us ‘Best Bank’ in their annual

Reader's Choice poll. Whether or not we continue to receive recognition, we believe local banking is essential to building stronger communities.”

Looking forward, Coastal has received regulatory approval to open its third Everett branch location and new company headquarters on Evergreen Way. The Bank expects to open the new location in the next six to eight months with hopes to increase its branch footprint even more in 2015.

Second Quarter 2014 Highlights:

- **Net income** totaled \$596,000 in the second quarter of 2014 compared to \$365,000 over the same period in 2013 or a 63.3% increase.
- **Total assets** grew \$92 million from a year ago or a 23.0% increase.
- **Net loans** grew \$75 million from a year ago or 23.0% to a record \$403 million, up from \$327 million in same period during 2013.
- **Total deposits** grew \$79 million from a year ago or a 22.6% increase.
- **Non-interest bearing deposits** increased to \$124 million compared to \$92 million during same period a year ago, a 35.3% increase.
- **Return on average equity** increased to 6.06% from 3.95% a year ago.
- **Return on average assets** increased to 0.52% from 0.38% a year ago.
- **Capital ratios** for Coastal continued to substantially exceed regulatory requirements for a well-capitalized financial institution, with total risk based capital at 11.81%, well above the 10% well-capitalized regulatory requirement

About Coastal Financial Corp.

Coastal Financial Corp. operates as a bank holding company. The company was founded in 2003 and is based in Everett, Wash.

About Coastal Community Bank

Coastal Community Bank was founded in Everett, Wash. in 1997 and today operates ten branches that serve customers throughout North Puget Sound. The bank is led by President and CEO Eric Sprink, currently employs more than 130 people and has assets of \$489 million.

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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