



COASTAL
FINANCIAL CORPORATION

October 15, 2014

FOR MORE INFORMATION:
Laura Byers (360) 436-4974
lbyers@coastalbank.com

Coastal Financial Corporation Reports Third Quarter 2014 Earnings

Coastal Community Bank Builds Upon Successful Growth Initiatives, Maintaining Commitment to Small Business Owners

EVERETT, Wash. – Coastal Financial Corp. (Coastal), the holding company for Coastal Community Bank (Bank), today reports 2014 Q3 net income of \$526,000 as strong loan and deposit growth continues. Year-to-date income reached \$1,644,000. Profitability increases as Coastal invests in new banking conveniences more loan offerings for small business owners.

“Finding more ways to help small business owners is at the heart of what we do,” explains Eric Sprink, president and CEO. “In the past six months, Coastal Community Bank has added mobile banking and deposit capabilities while growing our treasury management and merchant credit card processing offerings, including a new merchant online processing system. Additionally, Coastal is significantly expanding services and lending options for small business owners, fully participating in all SBA lending programs and a new small business loan approval process with a four-hour decision turnaround.”

Along with growing banking services that cater to busy professionals who require more flexible banking options at their own facility, Coastal continues to grow its branch footprint. Construction is underway for a new branch on Evergreen Way in South Everett, expected to open in December 2014.

Third Quarter 2014 Highlights:

- **Net income year-to-date** totaled \$1,644,000 compared to \$1,435,000 for the same period last year representing a 15% increase.

- **Total assets** grew to \$520.1 million compared to \$422.8 million on September 30, 2013, a 23.0% increase.
- **Net loans** grew to \$412.5 million compared to \$335.9 million on September 30, 2013, a 22.8% increase.
- **Total deposits** grew to \$448.8 million compared to \$373.7 million on September 30, 2013, a 20.1% increase.
- **Non-interest bearing deposits** grew to \$134.8 million compared to \$108.5 million on September 30, 2013, a 24.2% increase.
- **Return on average equity** increased to 5.38% compared to 5.30% a year ago.
- **Return on average assets** was 0.48% compared to 0.49% a year ago.
- **Capital ratios** continued to substantially exceed regulatory requirements for a well-capitalized financial institution, with total risk based capital at 13.57%, well above the 10% well-capitalized regulatory requirement.
- **Coastal Community Bank** was awarded a 5-star rating, the highest available, from independent banking rating agency Bauer Financial.

“For the past several years, we have been executing a carefully planned long-term strategy to grow Coastal Community Bank and create a premium banking franchise,” said Andy Skotdal, chairman of the board. “We are pleased to report that we continue to achieve these goals, while continuing significant investment in the people, systems and processes - including recruiting talented local community bankers, adding branches where there are opportunities, enhancing customer outreach and providing proactive banking solutions to customers.”

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 over \$500 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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