



July 30, 2015

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Coastal Financial Corporation Reports Second Quarter 2015 Earnings

Coastal Community Bank Reports Continued Record Growth In Loans, Deposits and Net Income

EVERETT, Wash. – Coastal Financial Corp. (Coastal), the holding company for Coastal Community Bank (Bank) announced today their second quarter of 2015 earnings. Eric Sprink, President and CEO, said “The Bank’s results built on the success realized in the beginning of the year, with net income growing to \$873,000 compared to \$751,000 for the previous quarter. This double-digit growth is the result of a carefully planned long-term strategy for Coastal Community Bank, creating the premier banking franchise for our community and shareholders.”

Second Quarter Highlights:

- **2nd Quarter net income** increased 46% to \$873,000 compared to \$596,000 for the same period in 2014.
- **Year-to-date income** of \$1.6 million represents a 45% increase over the same period in 2014.
- **Total assets** grew an annualized 16% to \$589.5 million compared to \$546.5 million at December 31, 2014.
- **Total deposits** grew an annualized 17% to \$513.3 million compared to \$472.2 million at December 31, 2014.
- **Non-interest bearing deposits** grew an annualized 41% to \$167.3 million compared to \$138.9 million at December 31, 2014.
- **Net loans** are up 16% year over year to \$461.2 million.
- **Capital ratios** continued to exceed regulatory requirements for a well-capitalized financial institution, with total risk based capital at 12.71%, exceeding the 10% well-capitalized regulatory requirement.

Second quarter operating results continued the strong growth seen in previous quarters, with robust income and core deposit growth, and excellent credit quality results. Coastal was voted “Best Bank” by Herald newspaper readers for the second year in a row, a recognition of excellence in the communities we are proud to serve.

Added Sprink, “Our Marysville branch is expected to open early next month, adding to our network of branches and giving our customers and prospects more access to local banking services.” A recent report from the state shows that Snohomish County continues to lead other

counties in population by percentage of growth, and Marysville ranked as the third fastest growing city in the state.¹

The Bank's merger plans with Prime Pacific Bank continue to move forward, with Regulatory and Shareholder approvals expected by the fourth quarter of 2015.

Coastal Community Bank was founded in Everett in 1997 and with the addition of Marysville, will have 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, contact Eric Sprink at 425-357-3659 or 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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¹ *Snohomish County leads all others in population growth*, Noah Haglund, heraldnet.com, 7/3/15.