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Coastal Community Bank and Prime Pacific Bank Agree to Merge

Coastal Financial Corporation, Everett (the parent of Coastal Community Bank), and Prime Pacific Financial Services, Inc., Lynnwood, (the parent of Prime Pacific Bank) announced today the execution of a definitive agreement for the merger of the Snohomish County based banks. The agreement has been approved by the boards of both banks and will close following the receipt of regulatory and Prime Pacific shareholder approval, which is expected by the end of third quarter, 2015.

The combined bank will have \$704 million in assets and 15 branches after Coastal opens its Marysville branch this summer. Headquarters for the merged bank will move to the new Coastal Community Bank building on Evergreen Way in Everett, and it will retain the Coastal Community Bank name. Additionally, there are no branch overlaps and no closures of locations in the plan.

The merged bank would rank 6th in Snohomish County by deposit market share, based on the FDIC Deposit Market Share Summary.

“This merger will bring together both the oldest and the largest community banks still based in Snohomish County. What you’re seeing is the combination of two companies who are dedicated to working with local businesses, giving back to the communities they serve, and providing our neighbors with banking choices.” Said Eric Sprink, President and CEO of Coastal, “The merger will meld the best aspects of both companies, such as Prime’s expertise in SBA Lending, while Coastal brings with it more experience in commercial and industrial loans, as well as expanded product offerings such as Mobile Banking.”

Glenn Deutsch, Prime Pacific President and CEO added “Bringing together the exceptional talent of these two companies will truly benefit our business community. This extends access to local community banking for both bank’s clients and neighbors. We share the same values and both understand the importance of a local branch and personal relationships to our small business clients.” Mr. Deutsch will join the merged bank as Executive Vice President and Chief Operating Officer.

Hovde Group, LLC served as financial advisor and Kilpatrick Townsend & Stockton LLP served as legal counsel to Coastal Financial Corporation. Miller Nash Graham & Dunn LLP served as legal counsel to Prime Pacific Financial Services, Inc. and Performance Trust Capital Partners, LLC provided a fairness opinion.

Founded 20 years ago, Prime Pacific Bank is a full service community bank headquartered in Lynnwood with three branch locations in Lynnwood, Kenmore, and Mill Creek. Providing a full range of retail banking services, Prime has served individuals and small to medium-sized businesses located in the south Snohomish County and northeast King County. The bank currently has 32 employees.

Coastal Community Bank was founded in Everett in 1997 and currently has 11 offices in Snohomish and Island County and 142 employees. Coastal also offers a wide variety of deposit and credit products to meet the needs of businesses and consumers in the greater Puget Sound area. A new headquarters building on Evergreen Way in Everett is expected to be fully occupied by the beginning of May with approximately 70 employees moving into the administrative offices.

The companies note 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; delays in the expected timing of completion of the merger; the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; risks related to disruption of ongoing business operations due to the proposed transaction; and difficulties in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected.

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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