



COASTAL
FINANCIAL CORPORATION

Code of Ethics and Business Conduct

July 2023

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The policies in this Code of Ethics and Business Conduct (“Code of Conduct”) apply to all employees, officers and directors and set forth business ethics guidelines that specify the ethical and legal conduct expected of such individuals in a variety of identified business situations. These policies do not and cannot cover every situation involving ethical questions. Questions will arise concerning interpretation, intent and application. Employees are encouraged to seek advice about any issues raised by these policies. From time to time a general notice will be issued regarding the application of certain sections of these policies. Advice and guidance may be obtained from any Senior Management member or the Human Resources Department.

This “Code of Ethics and Business Conduct” is supplemental to, and is not intended to replace or supersede, the “Code of Conduct,” attachment A, in the Employee Handbook.

Disregarding or failing to comply with any provision or policy in the Code of Conduct may result in disciplinary action, up to and including termination of employment.

A. The Business of Coastal Financial Corporation and Coastal Community Bank

The successful business operation and reputation of Coastal Financial Corporation, Coastal Community Bank and its affiliates (collectively, “CCB”) is built upon the principles of fair dealing and ethical conduct of our officers, directors and employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of ethics, conduct and personal integrity.

The continued success of CCB is dependent upon our customers' trust and we are dedicated to preserving that trust. Employees owe a duty to CCB, its customers, and shareholders to act in a way that will merit the continued trust and confidence of the public.

CCB will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

In general, the use of good judgment, based on high ethical principles, will guide you with respect to lines of acceptable conduct. If a situation arises where it is difficult to determine the proper course of action, you should discuss the matter openly with your immediate supervisor and, if necessary, bring the matter to the Chief Executive Officer (CEO) for advice and consultation.

The following Code of Conduct specifies certain standards for the guidance of all officers, directors, and employees. Compliance with the Code of Conduct is the responsibility of every CCB officer, director, and employee. The Code should be considered as illustrative, but not regarded as all-inclusive.

B. Conflicts of Interest

The purpose of these guidelines is to provide general direction so that officers, directors and employees can seek further clarification on issues related to the subject of acceptable standards of operation. In determining whether a conflict of interest could exist, officers, directors and employees should remember that the rules also apply to their spouses, adult children and other relatives or individuals in a similar relationship, where appropriate.

All officers, directors and employees should avoid situations which could result in, or give the appearance of, a conflict of interest concerning CCB, its business, its stockholders, or any affiliate or its customers. Personal interests which could affect the proper exercise of judgment must be avoided. In those cases where personal interests do exist, or may appear to exist, the officer, director or employee in question should disqualify themselves and permit other members of CCB's staff to handle the transaction. All officers, directors and employees must disclose all potential conflicts of interest, including those in which they have been inadvertently placed due to either business or personal relationships with customers, suppliers, business associates, or competitors of CCB.

Transactions with outside firms must be conducted within a framework established and controlled by the executive level of CCB. Business dealings with outside firms should not result in unusual gains for those firms. Unusual gain refers to, but is not limited to, bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls designed to ultimately benefit the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gain require specific executive-level approval.

An actual or potential conflict of interest occurs when an employee is in a position to influence a decision that may result in a personal gain for that employee or for a relative as a result of CCB's business dealings. For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage. Personal gain may result not only in cases where an employee or relative has a significant ownership in a firm with which CCB does business, but also when an employee or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving CCB.

Having a business or other employment outside CCB is permissible provided that it does not conflict with the officer or employee's duties or the time and attention required of his or her position at CCB. Also, the business or employment cannot be directly competitive with CCB or its affiliates and cannot otherwise violate Part 348 of the FDIC Rules and Regulations prohibiting a management official from serving two nonaffiliated depository organizations in situations where the management interlock likely would have an anticompetitive effect. However, if employees have any influence on transactions involving purchases, contracts, or leases, it is imperative that they disclose to an officer of CCB as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Acceptance of membership on outside boards involves possible conflicts of interest. Officers, directors, and employees are encouraged to participate in civic, charitable and other community organizations; however, participation in such organizations should be pre-authorized by appropriate management.

If you have any questions regarding this policy or a potential or present conflict of interest in violation of this policy, you should promptly contact the Human Resources Department.

C. Confidential and Sensitive Information

As a service organization dealing with private, sensitive and confidential information, it is most important for us to treat all client information, account information and company information and all discussions regarding the same as confidential.

In the course of performing Coastal duties, employees may acquire confidential information about CCB and its customers, which is considered to be extremely sensitive. All information obtained by virtue of employment with CCB should be held in strictest confidence. This includes, but is not limited to, financial and personal or other sensitive information of customers, loan applicants or fellow employees (including personnel and payroll information), as well as CCB's financial information and information related to its internal affairs, competitive position, pricing and rates, strategic planning and dealing with its regulators. The following are specific examples of, but not a complete list of, confidential information:

- The identity of customers and potential customers and their personal, business and financial information;
- Non-public business and financial information of CCB;
- Personal or non-public information regarding any employee of CCB;
- Personal or non-public business information regarding any supplier, vendor or agent of CCB;
- Information related to, including the identity of, potential candidates for mergers and acquisitions;
- Information regarding CCB's sales strategies, plans or proposals;
- Information related to computer software programs, whether proprietary or standard;
- Information related to documentation systems, network systems; information databases, customized hardware or other information systems and technological developments;
- Manuals, processes, policies, procedures;
- Compositions, opinion letters, ideas, innovations, inventions, formulas and other proprietary information belonging to CCB or related to CCB's activities;
- Security information, including without limitation, policies and procedures, passwords, personal identification numbers (PINs) and electronic access keys;
- The terms, limits, premiums, conditions and existence of certain corporate insurance policies;
- Financial results of CCB;
- Communications by, to and from regulatory agencies;

- Certain communications with or from attorneys from CCB, whether internal or external; and
- Any other information which may be deemed confidential or which may be otherwise protected.

Proprietary, confidential or other sensitive information must not be disclosed to any person except as required for authorized business transactions, as authorized by the customer or as required by law. The information released must be within the parameters set forth in the authorization.

Employee discussions about customers must be limited to information required to provide service to the clients. It is inappropriate to discuss customer affairs, accounts, files or other customer information with other employees except on a need-to-know basis. Information regarding both past and present employees is also considered confidential. All inquiries regarding past or present employees, including requests for employment references, must be referred to the Human Resources Department.

On a periodic basis, CCB is examined. The reports that examiners furnish must remain the property of the regulatory agency and are strictly confidential. Information contained in the reports is privileged information and should not be communicated to anyone not officially connected with CCB.

Financial information regarding CCB must not be released to any person unless it has been made available to the public in agreement with applicable disclosure regulations currently in effect. Exceptions to this general policy include disclosure to attorneys, accountants and other professionals working on behalf of CCB, as well as regulatory examiners. Any questions regarding disclosure of confidential financial information must be reviewed with and approved by the CEO prior to disclosure.

Employees must refer all inquiries from the media to the attention of the CEO of CCB. Employees must obtain prior approval from the CEO before discussing CCB's policies, procedures or affairs with an outside party.

Confidential or other sensitive information pertaining to CCB or its customers, suppliers, stockholders and employees is to be used solely for corporate purposes and must not be used for private interest or as a basis for personal gain by officers, directors, or employees.

In certain instances, confidential information could be considered "insider information" within the meaning of federal and state securities laws. Disclosure or use of such information for personal gain or for avoiding personal loss could result in substantial civil and criminal penalties to individuals who disclose or who use this information. Officers and employees must be extremely cautious in discussing the corporate affairs of CCB with its customers or with outsiders, including with stockholders or potential stockholders of CCB who do not have a right to such information before an announcement is made to all stockholders of CCB.

This section also applies to information inadvertently received by employees, including e-mails, facsimile transmissions, all types of mail, including inter-office mail, and all other forms of written, verbal or electronic communications.

In addition, any CCB-related documents must be disposed of in the shred receptacle.

Officers and employees must comply with all internal control procedures established by CCB for the safeguarding of assets and proper reporting and disclosure of financial information. For more information please refer to CCB's Security Program as well as our Information Security Policy. You can find these policies in their entirety under the "Policies" tab on the intranet.

D. Legal and Tax Advice

A client who seeks legal or tax advice from any CCB employee should be encouraged to consult with an attorney or an accountant. It is not appropriate for bank employees to try to provide clients with this type of advice. When recommending professionals, employees should not single out a particular firm but rather suggest at least three.

E. Customer Representation by Employees

Employees are discouraged from acting as representatives for customers in conducting their banking business. CCB employees should not sign on customer accounts, have access to customer safe deposit boxes, or otherwise represent a customer without approval from the CEO.

CCB employees may, however, act in an ownership capacity or sign on the accounts of family members as previously defined.

F. Borrowing from Customers

Employees are not allowed to request loans from individual or business banking customers. Granting or denying such requests imposes an inappropriate burden on the customer and could influence the employee's judgment or decisions. Any exemption from this rule must be approved by the CEO.

G. Ensuring the Integrity of Records

Records and accounting information must be accurate and maintained with reliability and integrity. Transactions must be reflected in an accurate and timely manner. False entries and activities that result in false entries are absolutely prohibited.

H. Commissions or Gifts from Customers

The following regulation, taken from the Bank Bribery Act, 18 U.S.C. § 215, governing gifts and gratuities should be borne in mind of all bank employees, officers and directors:

a) Whoever-

(1) corruptly gives, offers, or promises anything of value to any person, with intent to influence or reward an officer, director, employee, agent, or attorney of a financial institution in connection with any business or transaction of such institution; or

(2) as an officer, director, employee, agent, or attorney of a financial institution, corruptly solicits or demands for the benefit of any person, or corruptly accepts or agrees to accept, anything of value from any person, intending to be influenced or rewarded in connection with any business or transaction of such institution;

shall be fined not more than \$1,000,000 or three times the value of the thing given, offered, promised, solicited, demanded, accepted, or agreed to be accepted, whichever is greater, or imprisoned not more than 30 years, or both, but if the value of the thing given, offered, promised, solicited, demanded, accepted, or agreed to be accepted does not exceed \$1,000, shall be fined under this title or imprisoned not more than one year, or both.

This includes special terms or price concessions obtained from any bank customer. It also includes but is not limited to indirect benefits, such as commissions, special discounts, free services, or any concessions from attorneys, insurance and real estate agents, brokerage houses and salesmen as an incentive for referring business to them.

Whether or not it violates the Bank Bribery Act, this policy also prohibits officers, directors and employees or members of their immediate family from soliciting, giving or accepting, whether for themselves or for a third party (other than CCB), cash, gifts, special accommodations, other favors or anything else of value from anyone in return for any business, service or confidential information of CCB or from anyone with whom the person is negotiating, soliciting or doing business with on behalf of CCB. Similarly, officers, directors and employees are prohibited from soliciting personal fees, commissions or other forms of remuneration or anything of value (other than bona fide salary, wages and fees referred to in 18 U.S.C. § 215(c)) because of any transaction or business involving CCB and are prohibited from accepting anything of value (other than bona fide salary, wages and fees referred to in 18 U.S.C. § 215(c)) from anyone in connection with the business of CCB, either before or after a transaction is discussed or consummated.

The preceding prohibitions are not applicable to (i) any bequest or gift that is based on family or personal relationship existing independently of any business of CCB, (ii) any benefit that is available to the general public under the same conditions on which it is available to the bank official; or (iii) any occasional gift (e.g., a business luncheon or the special occasion gift from a customer, but never cash), that, under the circumstances, is of nominal value (less than \$100.00). The acceptance of gifts of more than a nominal value could be considered as an attempt at bribery and could subject both the giver and the recipient to felony charges as well as the penalties prescribed under the Bank Bribery Act. 18 U.S.C. § 215 as identified above. The Bank Bribery Act also covers agents or attorneys of a financial institution.

It is against CCB's policy for an employee or immediate family member to keep a gift if the relationship between the donor and the employee was created through a transaction of bank business. This includes gifts given in a will or trust instrument. If the gift cannot be refused or returned, it must be donated to charity. If there is a question regarding donor-employee relationship or acceptance of a gift, it must be reviewed by the CEO.

Full and timely disclosure to a supervisor must be made with respect to any gifts (including hospitality and entertainment) received. Any question or doubt as to the appropriateness of their receipt should be referred to CCB's Human Resources Department and/or the CEO.

I. Corporate Activity

CCB is prohibited by the Federal Election Campaign Act, 2 U.S.C. § 441b from making contributions or expenditures (gifts, loans, advances, deposits of money, or any services, or anything of value) which directly or indirectly are in connection with any Federal election to any political office, any primary election, or any political convention or caucus held to select candidates for any Federal public office.

CCB, therefore, does not condone the use of normal work hours of an employee to engage in activity, which directly or indirectly is in connection with any election to any political office, any primary election, or any political convention or caucus held to select candidates for any public office. However, this restriction does not apply to employees who use their non-working hours, including their break periods, for such activities.

J. Dishonest Acts and Illegal Activity

Officers, directors and employees are expected to abide by all applicable local, state and federal laws, regulations and guidelines. Officers or employees engaged in activities found to be in conflict with and against these laws, regulations or guidelines, or who is convicted of committing an unlawful act on or off Bank premises, or whose conduct directly discredits CCB in any way, specifically including but not limited to crimes of dishonesty or a breach of trust or money laundering as described by Section 19 of the Federal Deposits Insurance Act (FDIA) is strictly prohibited.

As amended, Section 19 of the FDIA states:

(a) Prohibition

- (1)** In general Except with the prior written consent of the [Federal Deposit Insurance] Corporation - **(A)** any person who has been convicted of any criminal offense involving dishonesty or a breach of trust or money laundering, or has agreed to enter into a pretrial diversion or similar program in connection with a prosecution for such offense, may not - **(i)** become, or continue as, an institution- affiliated party with respect to any insured depository institution; **(ii)** own or control, directly or indirectly, any insured depository institution; or **(iii)** otherwise participate, directly or indirectly, in the conduct of the affairs of any insured depository institution; ...

* * *

(b) Penalty

Whoever knowingly violates subsection (a) of this section shall be fined not more than \$1,000,000 for each day such prohibition is violated or imprisoned for not more than 5 years, or both

If an employee is found to have committed a dishonest or fraudulent act, the Bank is required by law to report the act, as soon as it is discovered, to the Federal Bureau of Investigation, the

U.S. District Attorney, the bonding company, the Supervisor of Banking and the Federal Deposit Insurance Corporation. In addition, Part 353 of the FDIC Rules and Regulations requires The Bank to report suspicious activities to the Financial Crimes Enforcement network (FinCEN). Prohibited acts and activities, which may or may not trigger CCB's reporting obligations, which include, but are not limited to:

1. Theft;
2. Embezzlement;
3. Frauds such as forgery, counterfeiting and check kiting;
4. Insider abuse;
5. Misappropriation of, misapplication of or unauthorized use of funds, revenues, fees or other property;
6. Abstraction or the wrongful taking or withdrawing of funds;
7. Deliberate misrouting of checks to delay payment;
8. Mis-posting accounts to favor one's self or another's account;
9. Arranging an otherwise legitimate loan, the proceeds of which were returned to the employee;
10. Unauthorized sale or disclosure of confidential information;
11. Any agreement to make or participation in making an impermissible "golden parachute payment" or indemnification payment in violation of Section 18(k) of the FDIA and Part 359 of the FDIC Rules and Regulations;
12. Any agreement to make, or participation in making, any employment contract, compensation or benefit agreement, fee arrangement, perquisite, stock option plan, post-employment benefit, or other compensatory arrangement that (i) would provide any executive officer, employee, director, or principal shareholder with excessive compensation, fees or benefits; or (2) could lead to material financial loss to the institution as further explained in Section 39(c) of the FDIA;
13. Abstracting, removing, mutilating, destroying or secreting any paper, book or record of CCB for the purpose of concealing any fact or suppressing any evidence against himself or herself, or against any other person;
14. False or inaccurate statements or entries or activities that result in such false or inaccurate statements or entries; and
15. Making any other false entries, records or reports.

These acts are specifically cited in the U.S. Criminal Code, 18 U.S.C. § 1005: "Whoever, being an officer, director, agent or employee of any Federal Reserve Bank, member bank, depository institution holding company, national bank, insured bank ... makes any false entry in any book, report, or statement of such bank ... with intent to injure or defraud such bank ... or any other company, body politic or corporate, or any individual person, or to deceive any officer of such bank, ... or the Comptroller of the Currency, or the Federal Deposit Insurance Corporation, or any agent or examiner appointed to examine the affairs of such bank, ... or the Board of Governors of the Federal Reserve system ... shall be fined not more than \$1,000,000 or imprisoned not more than 30 years, or both."

In addition, the U.S. Criminal Code, 18 U.S.C. § 656 provides: "Whoever, being an officer, director, agent or employee of, or connected in any capacity with any Federal Reserve bank, member bank, depository institution holding company, national bank, insured bank, ...

embezzles, abstracts, purloins or willfully misapplies any of the moneys, funds or credits of such bank, ... or any moneys, funds, assets or securities entrusted to the custody or care of such bank, ... or to the custody or care of any such agent, officer, director, employee or receiver, shall be fined not more than \$1,000,000 or imprisoned not more than 30 years, or both; but if the amount embezzled, abstracted, purloined or misapplied does not exceed \$1,000, he shall be fined under this title or imprisoned not more than one year, or both."

The U.S. Criminal Code, 18 U.S.C. § 643 provides: "Whoever, being an officer, employee or agent of the United States or of any department or agency thereof, having received public money which he is not authorized to retain as salary, pay, or emolument, fails to render his accounts for the same as provided by law is guilty of embezzlement, and shall be fined under this title or in a sum equal to the amount of the money embezzled, whichever is greater, or imprisoned not more than ten years, or both; but if the amount embezzled does not exceed \$1,000, he shall be fined under this title or imprisoned not more than one year, or both."

While the statutes are directed to convicted dishonest acts in bank employment, non-employment convictions of dishonest acts would correspondingly be regarded as grounds for disciplinary action up to and including termination.

If you become aware of dishonest acts being committed toward CCB by other employees, officers or directors, you must call such matters to the attention of either your immediate supervisor or the Human Resources Department, who will inform the President or CEO. Failure to disclose known dishonest acts can classify a person as an accessory to the wrongdoing. The CEO shall immediately inform the Board of Directors of such action. If the dishonest act involves Human Resources or the CEO, contact Michael Patterson, the Audit Committee Chair for the Board of Directors at 302-521-6144.

In addition, any officer or employee who is charged with, or is entering into a pretrial diversion or similar program for any crime involving breach of trust, dishonesty, money laundering, a drug-related offense, a crime of violence or a felony must immediately notify the Corporation's CEO.

K. Integrity and Honesty

CCB expects its officers, directors and employees to maintain the highest standards of integrity and ethical values. CCB presents its organization honestly to its officers, directors and employees, and in turn, expects officers, directors and employees to be honest in their dealings with CCB, its customers and fellow officers, directors and employees. We expect people to be honest in their handling of money, merchandise and property with which they are entrusted. Officers, directors and employees are also expected to be honest with respect to the time, effort and complete performance of their jobs as well as when dealing with others. In particular, officers, directors and employees are expected to respond honestly and candidly when dealing with CCB's independent and internal auditors, regulators and attorneys.

L. Administration of the Code of Conduct

Every Director and Employee Has an Obligation to:

- *Comply* with this Code of Conduct, which prohibits violation of local, state, federal or foreign laws and regulations applicable to our businesses, and requires compliance with all CCB policies;
- *Be familiar* with laws and CCB policies applicable to his/her job and communicate them effectively to subordinates;
- *Ask questions* if a policy or the action to take in a specific situation is unclear;
- *Be alert* to indications and/or evidence of possible wrongdoing; and
- *Report* violations and suspected violations of this Code of Conduct to the appropriate person as described in “How to Report a Violation” and elsewhere in this Code.

CCB’s managers have a particular responsibility to notice and question incidents, circumstances and behaviors that point to a reasonable possibility that a violation of this Code has occurred. A manager’s failure to follow up on reasonable questions is in itself, a violation of Company policy.

M. Asking Questions and Reporting Violations of this Code

Whenever possible, an employee should work with his/her immediate supervisor to get answers to routine questions. If a supervisor’s answer does not resolve a question or if an employee has a question that he/she cannot comfortably address to his/her supervisor, he/she should go to the Human Resources Department.

Directors should bring any questions to the Chair of the Audit Committee of the Board of Directors. Concerns regarding questionable *accounting, internal control or auditing matters* should be handled under the procedures for confidential, anonymous submissions established by the Audit Committee.

Any employee having information about a violation (or suspected violation) of this Code must promptly report the violation to Human Resources Department. The Human Resources Department may arrange a meeting with the employee to allow the employee to present a complete description of the situation. The Human Resources Officer will take the matter under consideration, including undertaking any necessary investigation or evaluation of the facts related to the situation and, after consultation with the President or CEO, shall render a written decision, response or explanation as expeditiously as possible. Individuals who are alleged to be involved in a violation will not participate in its investigation.

If the alleged violation of this Code concerns an executive officer or director, the determination of whether a violation has occurred shall be made by the Audit Committee of the Board of Directors, in consultation with such external legal counsel as the Audit Committee deems appropriate.

If the alleged violation concerns any other employee, the determination of whether a violation has occurred shall be made by the President or CEO.

In determining whether a violation of this Code has occurred, the committee or person making such determination may take into account to what extent the violation was intentional, the materiality of the violation from the perspective of either the detriment to the Company or the benefit to the director, executive officer or employee, the policy behind the provision violated and such other facts and circumstances as they shall deem advisable.

Acts or omissions determined to be violations of this Code by other than the Audit Committee under the process set forth above shall be promptly reported by the President or CEO to the Audit Committee and by the Audit Committee to the Board.

Reports of suspected violations will be kept confidential to the extent possible and consistent with the conduct of an appropriate investigation. Retaliation in any form against an employee who has, in good faith, reported a violation of this Code will not be tolerated.

N. Consequences of a Violation

Employees who violate this Code, or who fail to report violations, of which they are aware or should be aware, will subject themselves to disciplinary action up to and including dismissal. Some violations may also result in civil liability and/or lead to criminal prosecution.

The Human Resources Officer of CCB has the final responsibility for administration of this Code.

O. Prior Approvals

Whenever the requirement for prior approval appears in this Code, it means that a writing setting forth the pertinent facts of the situation under consideration shall be submitted according the following process.

If a request for prior approval relates to an executive officer or director, the determination with respect to the approval shall be made by the Audit Committee of the Board of Directors, in consultation with such external legal counsel as the Audit Committee deems appropriate.

If a request for prior approval relates to any other employee, the determination shall be made by the President or CEO, unless the matter is quantitatively or qualitatively material or outside the ordinary course of business, in which case such determination shall be made by the Audit Committee.

All approvals (other than those approved by the Audit Committee) shall be promptly reported to the Audit Committee.

P. Waivers

You must request a waiver of a provision of this Code if there is a reasonable likelihood that your contemplated action will violate the Code.

If a waiver request relates to an executive officer or director, the determination with respect to the waiver shall be made by the Audit Committee of the Board of Directors, such external

legal counsel as the Audit Committee deems appropriate. Any waivers granted by such committee shall be submitted to the Board for ratification.

If a waiver request relates to any other employee, the determination shall be made by the President or CEO, unless the matter is quantitatively or qualitatively material or outside the ordinary course of business, in which case such determination shall be made by the Audit Committee.

All waivers of this Code (other than those approved by the Audit Committee) shall be promptly reported to the Audit Committee.

Waivers will not be granted except under extraordinary or special circumstances.

Any waivers of this Code for any executive officer or director of the Company must promptly be disclosed to stockholders.

Q. Updates and Changes

This Code will be reissued from time to time to remind employees, officers and directors of its specifics and to make changes and clarifications based on experience and suggestions.