# COASTAL FINANCIAL CORPORATION

**INVESTOR PRESENTATION**

**First Quarter 2025**

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**Important note regarding forward-looking statements:**

Statements made in this presentation (or conveyed orally) which are not purely historical are forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. This includes any statements regarding Coastal Financial Corporation's ("Coastal") plans, objectives, or goals for future operations, products or services, and forecasts of its revenues, earnings, or other measures of performance. Such forward-looking statements may be identified by the use of words such as “believe,” “expect,” “anticipate,” “plan,” “estimate,” “should,” “intend,” "target," “outlook,” “project,” “guidance,” “forecast,” or similar expressions. Forward-looking statements are based on current management expectations and, by their nature, are subject to risks and uncertainties. Actual results may differ materially from those contained in the forward-looking statements. Factors which may cause actual results to differ materially from those contained in such forward-looking statements include those identified in the Company’s most recent Form 10-K and subsequent Form 10-Qs and other SEC filings, and such factors are incorporated herein by reference.

If one or more events related to these or other risks or uncertainties materialize, or if Coastal’s underlying assumptions prove to be incorrect, actual results may differ materially from what Coastal anticipates. You are cautioned not to place undue reliance on forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made and Coastal undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events.

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**Presentation:**

Within the charts and tables presented, certain segments, columns and rows may not sum to totals shown due to rounding.

**Non-GAAP Measures:**

This presentation includes certain non-GAAP financial measures. These non-GAAP measures are provided in addition to, and not as substitutes for, measures of our financial performance determined in accordance with GAAP. Our calculation of these non-GAAP measures may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of these non-GAAP measures has limitations and should not be considered superior to, in isolation from, or as a substitute for, related GAAP measures. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found at the end of this presentation.

This presentation includes non-GAAP financial measures to illustrate the impact of BaaS loan expense on net loan income and yield on CCBX loans, and net interest margin. Net BaaS loan income divided by average CCBX loans is a non-GAAP measure that includes the impact BaaS loan expense on net BaaS loan income and the yield on CCBX loans. The most directly comparable GAAP measure is yield on CCBX loans. Net interest income net of BaaS loan expense divided by average earning assets is a non-GAAP measure that includes the impact BaaS loan expense on net interest income. The most directly comparable GAAP measure is net interest income. Net interest margin, net of BaaS loan expense is a non-GAAP measure that includes the impact of BaaS loan expense on net interest margin. The most directly comparable GAAP measure is net interest margin.

This presentation includes non-GAAP financial measures to provide meaningful supplemental information regarding the Company’s operational performance and to enhance investors’ overall understanding of such financial performance. Pre-tax, pre-provision net revenue ("PPNR") is presented to illustrate the impact of provision for income tax, provision for credit losses, BaaS credit and fraud indemnification income and BaaS loan expense have on net income. The most directly comparable GAAP measure is net income. Core expenses is presented to illustrate the impact of BaaS loan expense and BaaS fraud expenses and reimbursement of expenses (BaaS) have on noninterest expense. The most directly comparable GAAP measure is noninterest expense. Core net revenue is presented to illustrate the impact of BaaS credit enhancements, BaaS fraud enhancements, reimbursement of expenses (GAAP) and BaaS loan expense have on revenue. The most directly comparable GAAP measure is revenue.



# FIRST QUARTER 2025 HIGHLIGHTS

Total deposits of $3.79 billion, an increase of $205.9 million, or 5.7%, over the quarter ended December 31, 2024

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Core net revenue[(1)] growth of 5.4% from the quarter ended December 31, 2024

Revenue decreased 4.7% compared to the quarter ended December 31, 2024

Due to lower credit enhancement revenue and lower interest income on loans which is offset by a decrease in BaaS loan expense

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Retaining our portion of fee income on sold credit card loans

Total of 237,024 credit cards with fee earning potential up from 182,449 at December 31, 2024

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Launching new deposit products with RobinHood and T-Mobile - Deposits from these programs will start to be seen in second quarter 2025, CCBX pipeline remains active

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Sold $744.6 million of loans, the majority of which were credit card receivables, and swept $406.3 million of deposits off balance-sheet

Note: Data as of the three months ended March 31, 2025 unless otherwise indicated

[(1)]Core net revenue is a non-GAAP measure which includes net interest income and noninterest income, adjusted for BaaS credit enhancement, BaaS fraud enhancement, reimbursement of expenses (BaaS) and BaaS loan expense associated with the CCBX operating segment. This produces a figure which can be compared to revenue. Refer to the "Non-GAAP Reconciliation" in the Appendix for more information.

# FIRST QUARTER 2025 FINANCIAL SUMMARY

## EPS

- Diluted EPS of $0.63, compared to $0.94 LQ, and was impacted by elevated expenses
- Higher diluted EPS, up 26.6% compared to PYQ
- ROA of 0.93% in quarter ended March 31, 2025, compared to 1.30% LQ, and 0.73% in PYQ

## Net Income & Core PPNR

- Net income of $9.7 million, down 27.2% over LQ, and up 43.1% versus PYQ
  - Core PPNR[(1)] of $13.9 million, down 18.1% compared to LQ, and up 15.2% versus PYQ
- Revenue of $139.5 million, down 4.7% compared to LQ
  - Total core net revenue[(2)] of $50.4 million, up 5.4% compared to LQ
- Noninterest expense up 6.8% compared to LQ related to the onboarding and implementation costs of several new partnerships and products within CCBX and investments in technology

## Loan Growth

- Total loans, net of deferred fees increased $30.8 million, or 0.9%, to $3.52 billion as of March 31, 2025, compared to $3.49 billion as of December 31, 2024
- We continue to focus on higher quality CCBX loans
- CCBX loans sales of $744.6 million, compared to $845.5 million LQ

## Deposits

- Deposits increased $205.9 million, or 5.7%, to $3.79 billion during the quarter ended March 31, 2025, compared to $3.59 billion LQ due to CCBX growth
- To provide FDIC deposit insurance coverage and peace of mind to larger deposit customers, our deposits include $420.9 million in fully insured IntraFi network interest bearing demand and money market deposits as of March 31, 2025

## Capital

- Tangible book value[(3)] grew 2.1% from LQ and 32.3% versus PYQ to $29.98 per share
- Bank Common Equity Tier 1 ratio grew to 12.12%, Bank Total Risk-based stable at 13.42%

Note: Data as of the three months ended March 31, 2025 unless otherwise indicated. "LQ" refers to quarter ending December 31, 2024, "PYQ" refers to quarter ended March 31, 2024

[(1)]Pre-tax,pre-provision net revenue, adjusted for provision for credit losses, provision for income taxes, indemnifications and BaaS loan expense associated with the CCBX operating segment. This produces a figure which can be compared to net income. Refer to the "Non-GAAP Reconciliation" in the Appendix for more information.

[(2)]Core net revenue includes net interest income and noninterest income, adjusted for BaaS credit enhancement and BaaS fraud enhancement and reimbursement of expenses (BaaS) and BaaS loan expense associated with the CCBX operating segment. This produces a figure which can be compared to revenue. Refer to the "Non-GAAP Reconciliation" in the Appendix for more information.

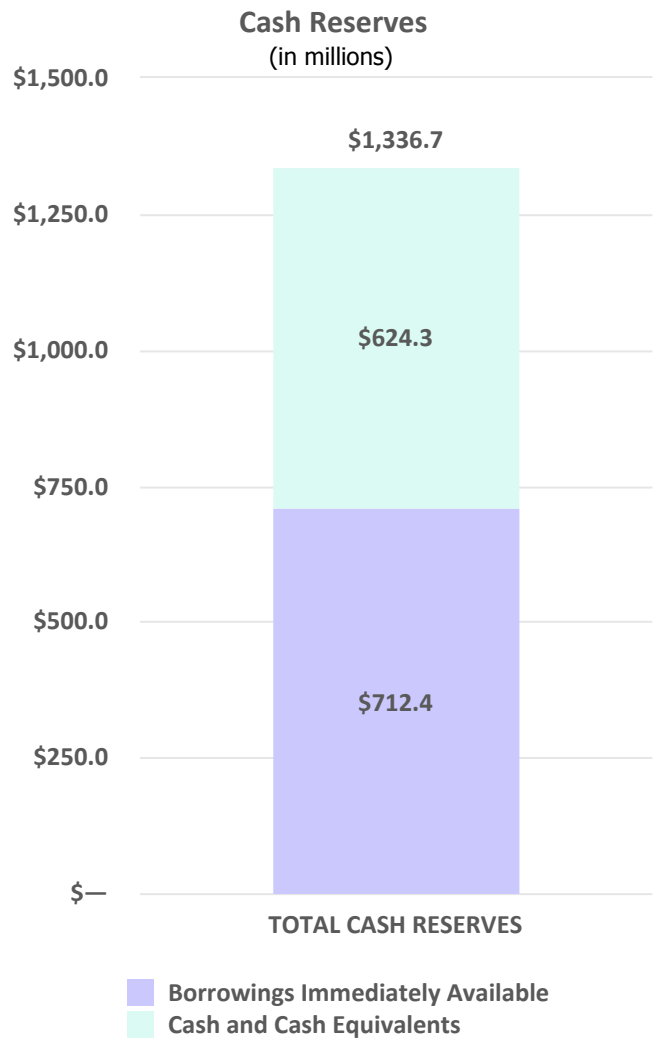
[(3)] Tangible equity to tangible assets is a non-GAAP measure. Since there is no goodwill or other intangible assets as of the date indicated, tangible equity to tangible assets is the same as total shareholders' equity to total assets as of the date indicated.

# FIRST QUARTER 2025 GAAP RESULTS

| *(Dollars in thousands, except per share data)* | As of and for the Quarter Ended 1Q 2025 | 4Q2024 | 3Q2024 | 2Q2024 | 1Q2024 |
|---|---|---|---|---|---|
| Net interest income | $ 76,062 | $ 72,377 | $ 72,273 | $ 66,172 | $ 62,206 |
| Total noninterest income | 63,477 | 74,100 | 78,790 | 69,138 | 86,176 |
| **Total revenue** | **139,539** | **146,477** | **151,063** | **135,310** | **148,382** |
| **Provision for credit losses** | **55,781** | **61,867** | **70,257** | **62,325** | **83,158** |
| **Total noninterest expense** | **71,989** | **67,411** | **64,424** | **57,964** | **56,509** |
| Income before income tax | 11,769 | 17,199 | 16,382 | 15,021 | 8,715 |
| Provision for income taxes | 2,039 | 3,832 | 2,926 | 3,425 | 1,915 |
| **Net income** | **$ 9,730** | **$ 13,367** | **$ 13,456** | **$ 11,596** | **$ 6,800** |
| Earnings per share – diluted [1] | 0.63 | 0.94 | 0.97 | 0.84 | 0.50 |
| Core net revenue [2] | $ 50,365 | $ 47,805 | $ 45,608 | $ 42,832 | $ 41,290 |
| **Balance Sheet Data:** | | | | | |
| Loans ex. LHFS | $ 3,517,359 | $ 3,486,565 | $ 3,413,894 | $ 3,321,813 | $ 3,195,101 |
| Allowance for loan losses | (183,178) | (176,994) | (171,674) | (148,878) | (139,941) |
| All other assets | 1,005,101 | 811,637 | 822,252 | 786,614 | 807,902 |
| **Total assets** | **4,339,282** | **4,121,208** | **4,064,472** | **3,959,549** | **3,863,062** |
| Total deposits | 3,791,229 | 3,585,332 | 3,627,288 | 3,543,432 | 3,462,979 |
| Total borrowings | 47,923 | 47,884 | 47,847 | 47,810 | 47,771 |
| All other liabilities | 50,213 | 49,288 | 57,407 | 51,614 | 48,603 |
| **Total liabilities** | **3,889,365** | **3,682,504** | **3,732,542** | **3,642,856** | **3,559,353** |
| **Total shareholders' equity** | **$ 449,917** | **$ 438,704** | **$ 331,930** | **$ 316,693** | **$ 303,709** |
| **Net interest margin** | **7.48%** | **7.23%** | **7.42%** | **7.12%** | **6.92%** |
| **Net interest margin, net of BaaS loan expense [3]** | **4.28%** | **4.16%** | **4.06%** | **4.00%** | **4.02%** |
| **Return on average assets** | **0.93%** | **1.30%** | **1.34%** | **1.21%** | **0.73%** |
| **Efficiency ratio** | **51.59%** | **46.02%** | **42.65%** | **42.84%** | **38.08%** |

(1) Share and per share-diluted amounts are based on total actual or average common shares outstanding, as applicable.
(2) Core net revenue includes net interest income and noninterest income, adjusted for indemnification income, reimbursement of expenses (BaaS) and BaaS loan expense associated with the CCBX operating segment. This produces a figure which can be compared to revenue. Refer to the "Non-GAAP Reconciliation" in the Appendix for more information.
(3) Net interest margin, net of BaaS loan expense includes the impact of BaaS loan expense on net interest margin. This produces a figure which can be compared to net interest margin. Refer to the "Non-GAAP Reconciliation" in the Appendix for more information.

# SOLID CONSOLIDATED BALANCE SHEET




## CAPITAL AND LIQUIDITY RATIOS

As of March 31, 2025

| | |
|---|---|
| **Company** | |
| Tier 1 leverage capital | 10.7 % |
| Common equity Tier 1 risk-based capital | 12.1 % |
| Tier 1 risk-based capital | 12.2 % |
| Total risk-based capital | 14.7 % |
| **Bank** | |
| Tier 1 leverage capital | 10.6 % |
| Common equity Tier 1 risk-based capital | 12.1 % |
| Tier 1 risk-based capital | 12.1 % |
| Total risk-based capital | 13.4 % |
| **Company** | |
| Cash as a % of total assets | 14.4 % |
| Cash and borrowings immediately available as a % of total assets | 30.8 % |
| Loan to Deposit Ratio | 93.9 % |

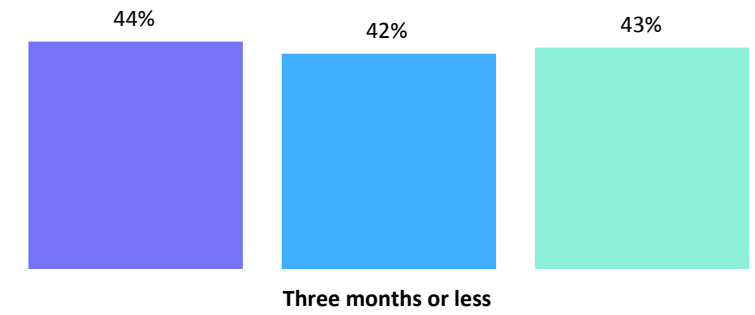
## CASH & BORROWINGS

- Combined $1.34 billion cash and immediate borrowing capacity
- Represents 35.3% of total deposits at March 31, 2025
- Exceeds $558.8 million in uninsured deposits as of March 31, 2025
- Uninsured deposits include $63.2 million in CCBX cash reserves that are controlled by the Bank

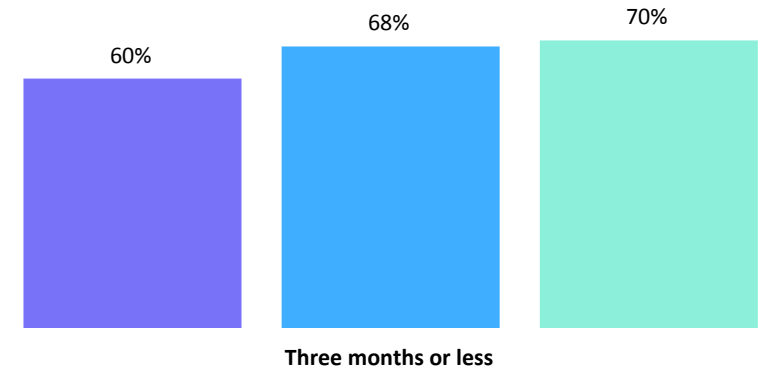
Note: Data as of three months ended March 31, 2025 unless otherwise indicated

# BALANCE SHEET POSITIONING

## Loan Repricing




## Liability Repricing




**Bank is well positioned for rate changes**

- Modestly liability sensitive balance sheet
- 43% of our assets reprice within 3 months as of March 31, 2025
- 70% of our liabilities reprice within 3 months as of March 31, 2025

**Community Bank:**

- 24% of community bank loans reprice within 3 months as of March 31, 2025
  - 2.38 years weighted average reprice
- 31% of community bank deposits are noninterest bearing
- Estimated that 12% of the community bank deposits may reprice within 3 months as of March 31, 2025 based on current interest rate composition of community bank deposits

**CCBX:**

- 64% of CCBX loans reprice within 3 months as of March 31, 2025
- 93% of CCBX deposits reprice within 3 months as of March 31, 2025

**Loan Strategy:**

- shorter term loans
- interest rate swaps
- variable rate loans

**Deposit Strategy:**

- Funding from noninterest bearing deposits, savings and money markets vs. term deposits (ex. time deposits)
- CCBX deposit costs - deposits are tied to the Fed Funds rate

Note: Data as of and for the quarter ended March 31, 2025 unless otherwise indicated.

# LONG-TERM STRATEGIC VERTICALS

COASTAL

**The Community Bank "CCB"**

- **Best-in-class community bank** that offers lending and deposit products to commercial customers
- Community bank loan portfolio consists **primarily of CRE loans, Construction loans, Land and Land Development loans, and C&I loans - $1.66 billion, or 88.5%** of community bank loans
- Attractive funding mix with **total balance of $1.52 billion,** with **72.2% core deposits[(1)] and cost of deposits of 1.76%**
- Conservative credit culture with strong **Net Charge-off to average loans performance: 0.00% YTD[(2)]**

**Provide Banking as a Service (BaaS) "CCBX"**

- **Provides Banking as a Service (BaaS)** that allows our digital financial service partners to offer their customers banking services
- 25 **partner**s in various stages; **Robust sourcing capabilities, thorough due diligence and refining criteria** of potential partner relationships
- **Strategy of focusing on larger partners, experienced** management teams, **existing** customer bases and **strong** financial positions, as well as **promising** medium and smaller sized partners that **align** with our approach and terms including financial wherewithal
- **Exceptional growth in BaaS program fee income[(3)]** of 55.2% YoY
- **Retain our portion of transaction fee income** on sold credit card balances. This provides an on-going and passive revenue stream with no on balance sheet risk
- **Strong deposit generation platform** with total balance of **$2.27 billion** (11.7% growth YoY), and excludes **$406.3 million** transferred off the balance sheet for additional FDIC insurance coverage and sweep purposes
- **25.8%** loan growth YoY, **$1.65 billion in total loans receivable,** with credit enhancements (on 98.8% of total CCBX loans) and fraud enhancements (on 100% of total CCBX loans)

Note: Data as of three months ended March 31, 2025 unless otherwise indicated
(1) Core deposits are all deposits excluding brokered and time deposits.
(2) Community bank only.
(3) Total BaaS program fee income includes servicing and other BaaS fees, transactions and interchange fees and reimbursement of expenses.

# COMPLIANCE AND RISK INVESTMENTS DESIGNED TO SUPPORT FUTURE GROWTH

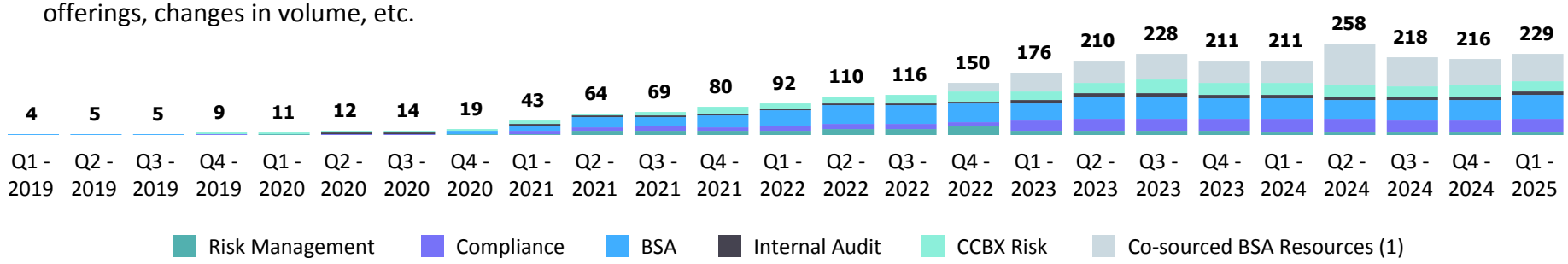
## Company-wide focus on compliance and risk procedures, processes and capabilities

### People

- 29% of our staff are risk personnel: Risk Management, Compliance, BSA, Internal Audit, CCBX Risk & Compliance
- Significantly increased our risk personnel as we have grown CCBX
- Hired and continue to hire experienced and talented risk personnel
- Risk resources fluctuate based on volume of alerts, identification of higher risk customers and addition of new partners and product offerings
- Develop risk personnel by supporting the attainment of professional designations/certifications
- Co-sourced resources peaked at June 30, 2024 due to projects and has returned to a more normal level
- This flexible co-sourcing arrangement allows us to deploy resources as needed for growth and to explore new product offerings, changes in volume, etc.

### Systems/Automation/Technology

- Use industry leading software and systems
- Focused on the effectiveness and efficiency of our risk systems and processes
- Continued investment in technology to build and enhance the BaaS infrastructure, increase automation, enhance operational efficiency and productivity, and new customer implementations requires significant upfront expense
- Use outsourcing where it make sense and is cost effective without compromising data/privacy/effectiveness
- Employ experts/consultants to evaluate our processes and to develop new and better processes for our growth strategy




(1) Co-sourced through national consulting firm to supplement our BSA resources beginning with the quarter ended December 31, 2022.

# SEGMENT UPDATES: CCBX & COMMUNITY BANK

# CCBX PARTNER ACTIVITY

## Business Overview

**CCBX provides banking as a service (BaaS) that enables digital financial services partners to offer their customers banking services**

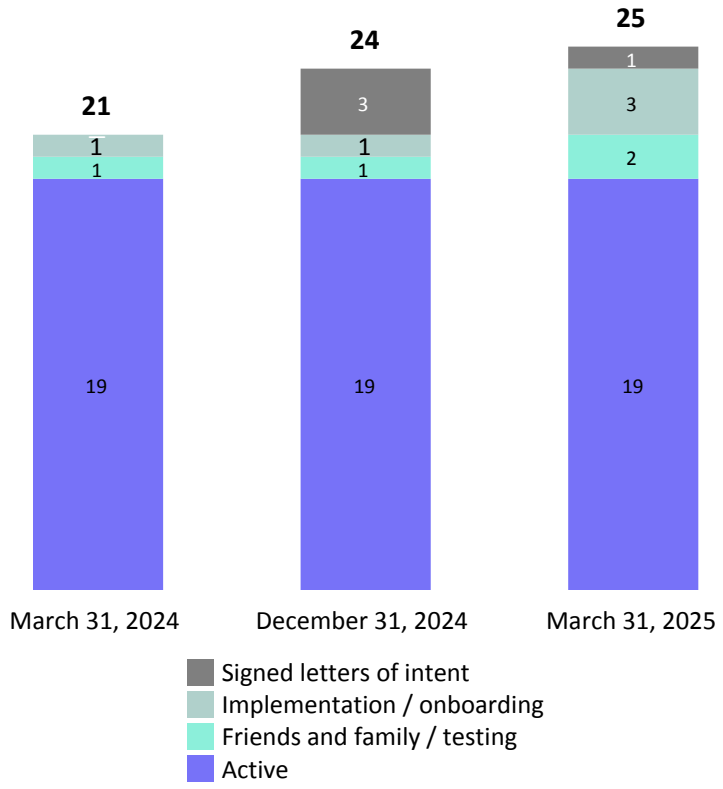
**19 active partners with 6 more currently in the testing, implementation or signed LOI stage as of March 31, 2025:**

- Robust sourcing capabilities and intensive due diligence process.
- Our strategy for new CCBX partnerships is to focus on larger, more established partners, with experienced management teams, existing customer bases and strong financial positions. We also will consider promising medium and smaller sized partners that align with our approach and terms including financial wherewithal and will continue to exit relationships where it makes sense for us to do so
- We continue to monitor and actively manage the CCBX loan portfolio, and will continue to sell CCBX loans in the coming months as we work to strengthen the balance sheet by optimizing our CCBX portfolio through higher quality loan originations, loan sales, new products and build on our existing relationships
- We expect net interest margin will expand slightly as interest rate sensitive deposits reprice faster than CCBX loans reprice
- We will continue to work to grow the portfolio with loans that are subject to increased underwriting standards. We will see lower loan yields on the higher quality loans being originated but will also see lower BaaS loan expense and expect our margins net of BaaS loan expense to be stable or grow

**Fee-based business model primarily driven by:**

- Servicing, expense recovery and other BaaS fees
- Transaction and interchange fees

## CCBX Partner Activity




Note: Data as of and for the quarter ended March 31, 2025, unless otherwise indicated

# Banking as a Service – "BaaS" Partners

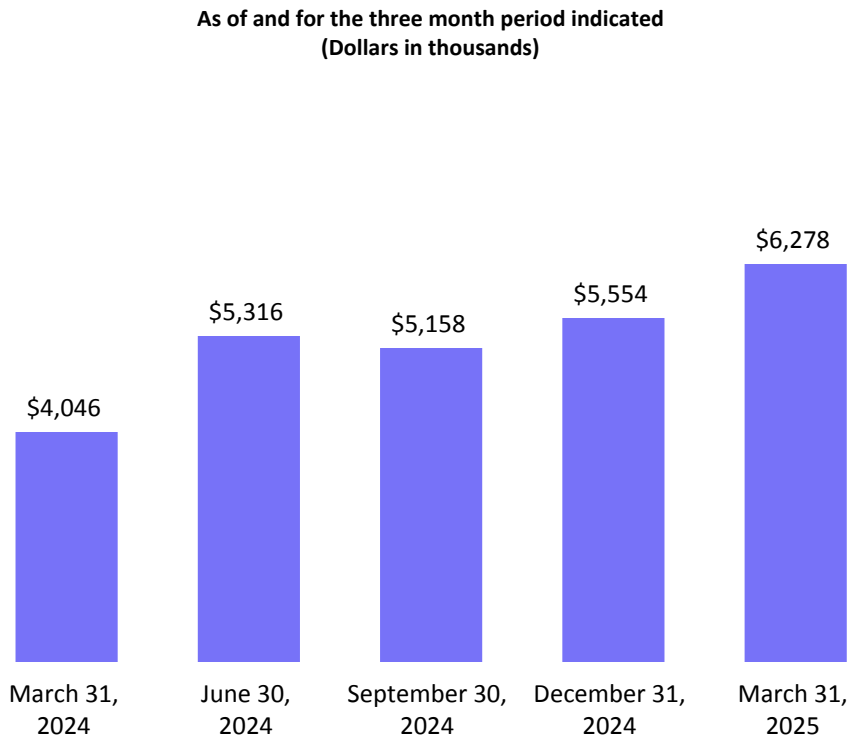
| Partners | Short Term Lending | Credit Cards | Checking | Savings | Investing | HSA/FSA |
|---|---|---|---|---|---|---|
| upbound | ✓ | | | | | |
| brigit | ✓ | | | | | |
| LENDINGPOINT | ✓ | | | | | |
| Remitly | ✓ | | | | | |
| carta | ✓ | | | | | |
| FINSTRO | ✓ | ✓ | | | | |
| Possible | ✓ | ✓ | | | | |
| snap finance / seen | ✓ | ✓ | | | | |
| pomelo | | ✓ | | | | |
| PROSPER | | ✓ | | | | |
| Aven | | ✓ | | | | |
| Robinhood / X1 | | ✓ | ✓ | ✓ | | |
| bluevine | | ✓ | ✓ | | | |
| Walmart / one | ✓ | | ✓ | ✓ | | |
| Aspiration | | | ✓ | ✓ | | |
| EVERGREEN | | | ✓ | ✓ | ✓ | |
| GREENWOOD | | | ✓ | ✓ | ✓ | |
| PROGRESSIVE / LEVEL20 | | | ✓ | | | |
| till | | | ✓ | ✓ | | |
| Kikoff | | ✓ | ✓ | | | |
| Albert | | | | ✓ | | |
| incomm payments | | | | | | ✓ |
| dave | | ✓ | ✓ | | | |
| T-Mobile | | | ✓ | ✓ | | |
| Prudential / Willow AI, Inc | | | ✓ | ✓ | | |
| LOI 1 | | ✓ | ✓ | | | |

# CCBX REVENUE GROWTH

## Revenue Growth

- **BaaS Fees includes $55.6 million in credit enhancement revenue and fraud enhancement revenue** for the three months ended March 31, 2025, compared to $67.1 million for the three months ended December 31, 2024 and $80.7 million for the three months ended March 31, 2024
- **Reimbursement for any partner credit enhancement and fraud loss** provided by the partner is included in noninterest income. Partner fraud loss represents non-credit fraud losses on partner's customer loan and deposit accounts and is recognized in noninterest expense. BaaS fraud loss expense decreased $3.1 million for the three months ended March 31, 2025 compared to the three months ended December 31, 2024 and increased $1.1 million compared to the three months ended March 31, 2024
- **BaaS Program Fee Income** includes servicing and other BaaS fees, transaction and interchange fees and reimbursement of expenses and excludes BaaS credit enhancements and BaaS fraud enhancements. **BaaS Program Fee** Income for the three months ended March 31, 2025 **grew 55.2%** compared to the three months ended March 31, 2024. BaaS reimbursement of expenses offset increase in noninterest expense as noninterest expenses reimbursed by partners increases
- **We expect transaction and interchange fees to increase** and servicing and other BaaS fees to decrease and as partner activity grows and contracted minimum fees are replaced with recurring transaction and interchange fees which exceed those minimum servicing and other fees

## BaaS Program Fee Income

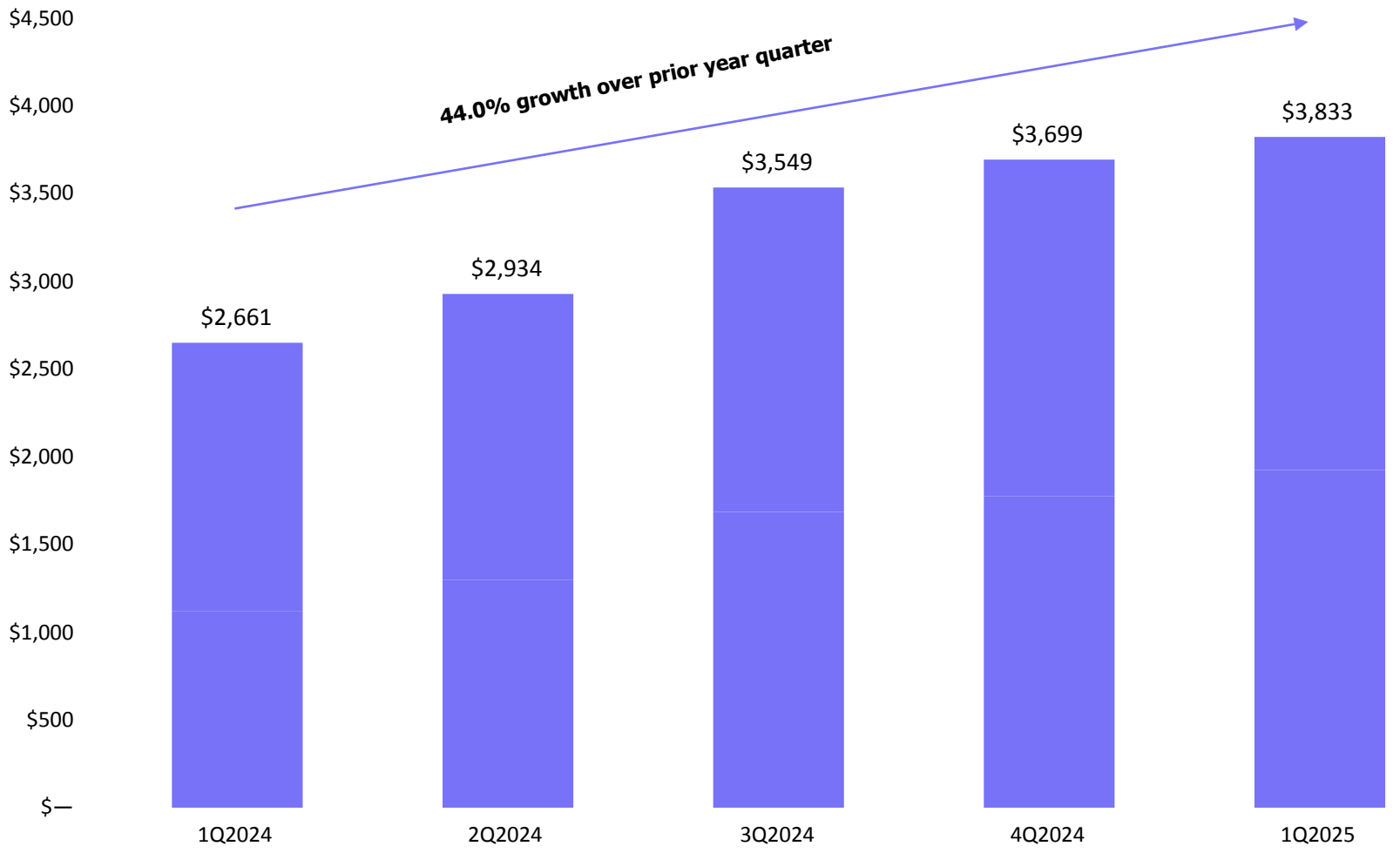



Note: Data as of and for the quarter ended March 31, 2025, unless otherwise indicated

# GROWTH IN CCBX ACTIVITY BASED INCOME

## CCBX TRANSACTION AND INTERCHANGE INCOME

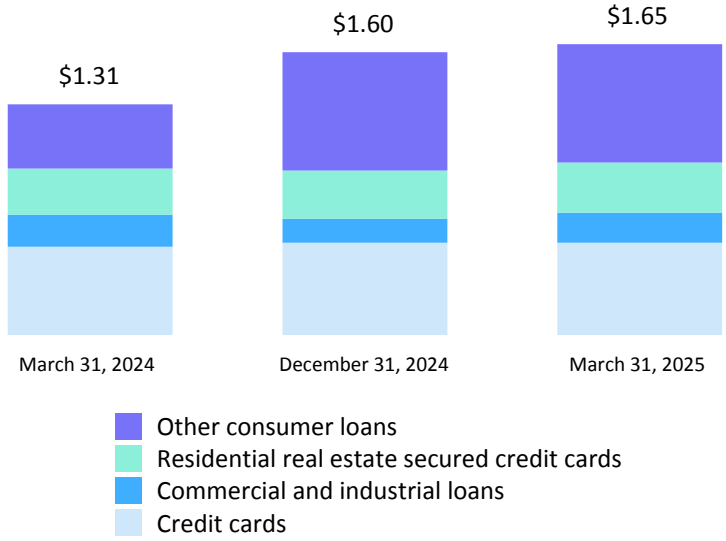
(Dollars in thousands)



# CCBX LOANS AND DEPOSITS

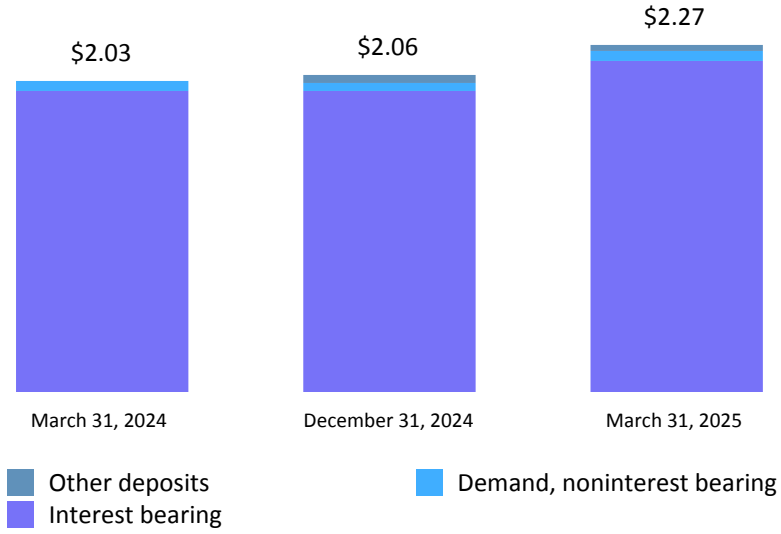
## CCBX Loans

**(Dollars in billions)**




## CCBX Deposits

**(Dollars in billions)**




**Partner loan origination diversifies loan portfolio**

- Continue to sell loans as part of our strategy to balance credit risk, manage partner and lending limits, protect capital levels and move credit card balances to an off balance sheet fee generating model
- As of March 31, 2025, CCBX gross loans increased $47.3 million, or 2.9%, compared to December 31, 2024, and increased $339.1 million or 25.8%, compared to March 31, 2024
- Sold $744.6 million in CCBX loans during the quarter ended March 31, 2025

**Growing platform for deposit generation**

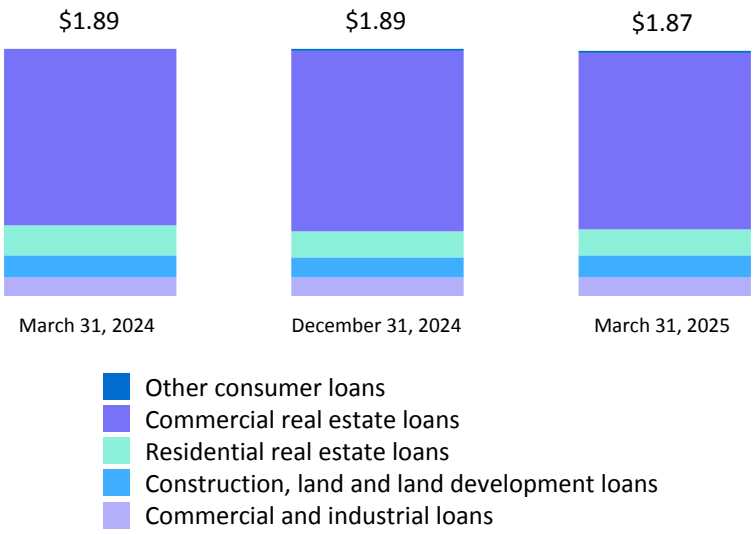
- CCBX deposits increased $202.9 million, or 9.8%, as of March 31, 2025, compared to December 31, 2024, and $238.1 million, or 11.7%, compared to March 31, 2024
- CCBX deposits are net of an additional $406.3 million in CCBX deposits that were transferred off balance sheet for increased FDIC insurance and liquidity purposes as of March 31, 2025
- CCBX noninterest bearing deposits of $58.4 million as of March 31, 2025
- 98% of CCBX deposits are core deposits[(1)]

Note: Data as of and for the quarter ended March 31, 2025, unless otherwise indicated
[(1)] Core deposits are all deposits excluding time deposits and brokered deposits

# COMMUNITY BANK LOANS AND DEPOSITS

## Community Bank Loans

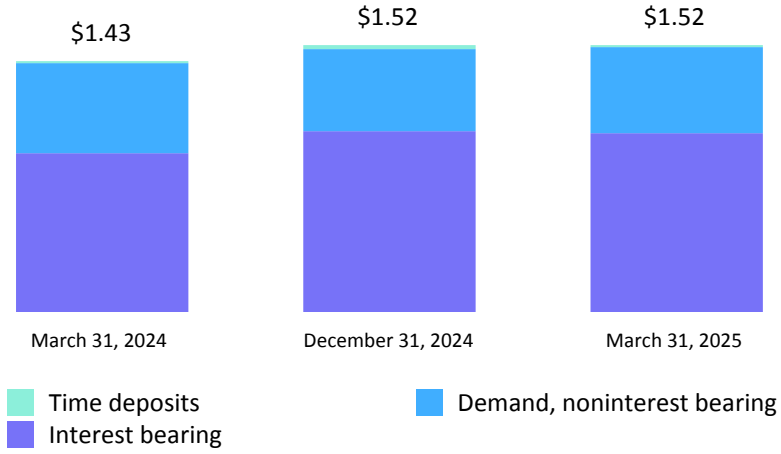
**(Dollars in billions)**




- Community Bank loans decreased $17.8 million, or 0.9%, compared to the quarter ended March 31, 2024
- Conservative credit culture with strong community bank Net Charge-off to average loans performance: 0.00% YTD
- Community bank loan portfolio consists primarily of CRE loans, $1.34 billion; Construction loans, Land and Land Development loans, $166.6 million; and C&I loans, $149.1 million; for a total of $1.66 billion, or 88.5% of community bank loans

## Community Bank Deposits

**(Dollars in billions)**

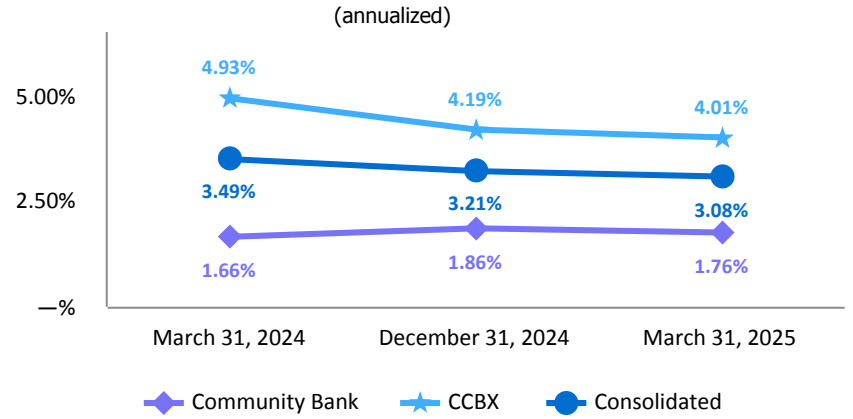



- Community bank deposits increased $3.0 million, or 0.2%, during the three months ended March 31, 2025 to $1.52 billion and increased $90.2 million, or 6.3%, compared to the quarter ended March 31, 2024
- Normal balance fluctuations
- Includes noninterest bearing deposits of $481.2 million, or 31.5% of total community bank deposits
- Cost of deposits decreased to 1.76%, from 1.86% for the quarter ended December 31, 2024

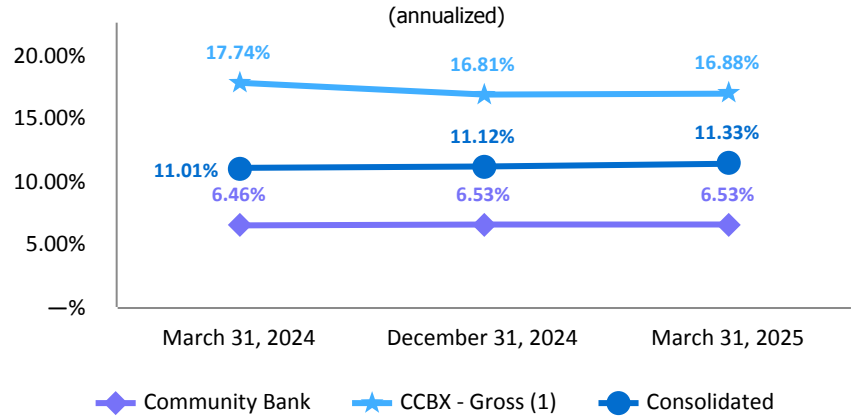
Note: Data as of and for the quarter ended March 31, 2025, unless otherwise indicated
(1) Core deposits are all deposits excluding time deposits and brokered deposits

# SEGMENT OVERVIEW - Community Bank and CCBX (for the three months ended)

## Average Cost of Deposits

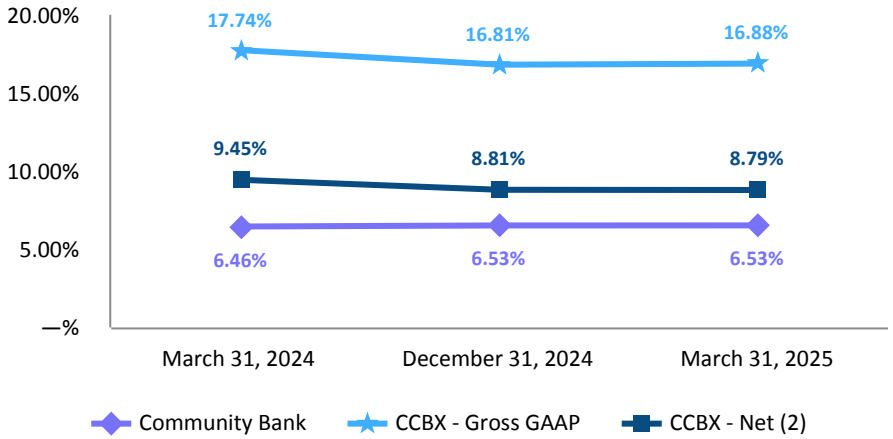



## Average Yield - Loans Receivable



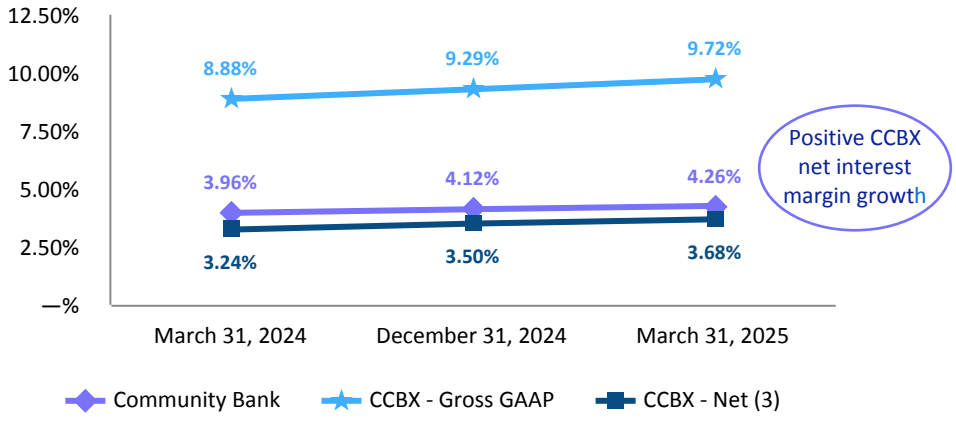

## Yield

Community Bank & CCBX -GAAP: Average Yield on Loans Receivable
CCBX - Net: Net BaaS Loan Income /Average CCBX Loans




## Net Interest Margin

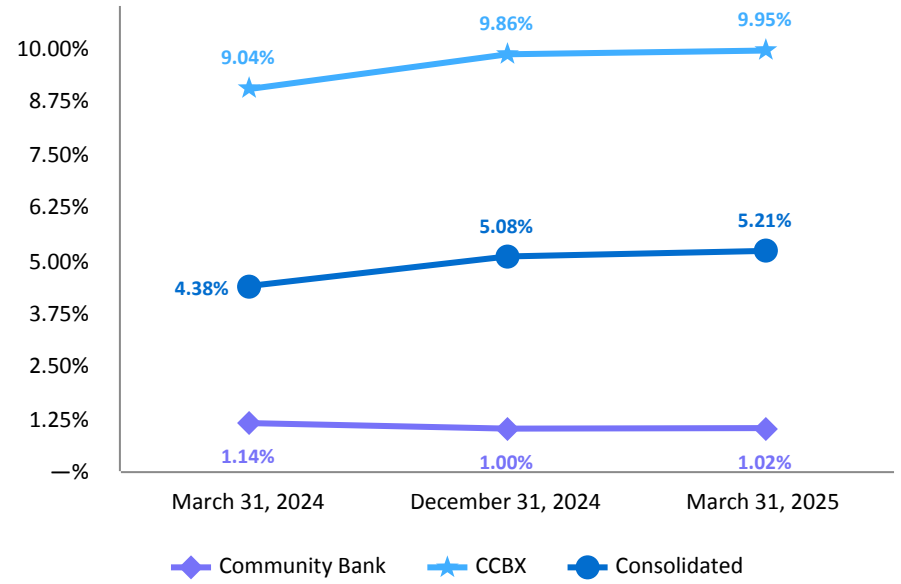
Community Bank & CCBX - GAAP: Net interest Income/Average Earning Assets
CCBX - Net: Net Interest Income, less BaaS Loan Expense/Average Earning Assets




(1) CCBX - gross yield does not include the impact of BaaS loan expense. BaaS loan expense represents the amount paid or payable to partners for credit enhancement and servicing CCBX loans. To determine net revenue (Net BaaS loan income) earned from CCBX loan relationships, the Company takes BaaS loan interest income and deducts BaaS loan expense to arrive at Net BaaS loan income which can be compared to interest income on the Company's community bank loans.
(2) CCBX - net BaaS loan income represents BaaS loan interest income minus BaaS loan expense divided by average CCBX loans. This produces a ratio which can be compared to average yield of community bank loans. Refer to the "Non-GAAP Reconciliation" in the Appendix for more information.
(3) Net interest margin, net of BaaS loan expense represents CCBX net interest income less BaaS loan expense divided by average earning assets. This produces a ratio that can be compared to net interest margin of the community bank. Refer to the "Non-GAAP Reconciliation" in the Appendix for more information.

# SEGMENT OVERVIEW - Credit Quality

## Allowance for Loan Losses to Total Loans




**CCBX partner agreements provide for a credit enhancement[1] that covers the net-charge-offs on CCBX loans and negative deposit accounts**

**CCBX partners were responsible for and reimbursed the Company for 97.8% of the $48.2 million in net charge-offs for CCBX loans for the quarter ended March 31, 2025**

**Funding for losses:**
**(1) Cash reserve accounts[2] that are pledged by partners and held at the Bank from which losses can be collected from that is then replenished by the partner on a regular interval; or**
**(2) Alternative funding plans may be implemented to better align with the partner's specific situation**

(1) Except in accordance with the program agreement for one partner where the Company was responsible for credit losses on approximately 5% of a $299.8 million loan portfolio. At March 31, 2025, 5% of this portfolio represented $19.9 million in loans. Previous to April 1, 2024 the Company was responsible for 10% of the losses on this portfolio
(2) $63.2 million in CCBX cash reserves that are controlled by the Bank at March 31, 2025 and are designated for partner loan losses.

## Opportunity and Potential

Coastal World is an immersive 3D web platform that promotes, educates, and informs visitors about digital banking solutions that best fit their lifestyle, values, or specific financial situations through a fun and engaging online experience.

**Engagement**

- The next generation of banking customers are comfortable with engaging online with 4.8 billion world wide social media users.
- They are willing to spend their time and money online.

**Conversion**

As the "Digital Evolver" visits the experience, we will gather valuable demographic information to inform targeted marketing and create custom conversion funnels to acquire new partner customers.




## 2025 Statistics

- 22,000 visits
- 58% male visitors
- 42% female visitors
- 7,200 unique email addresses collected since launch
- 4:35 min average time on site; compared to 54 second industry standard
- $0 spent on advertising

## Visitor Interests

1. Saving - 3,900
2. Environment - 3,200
3. Family Finance - 1,300
4. Business Finance -1,300
5. Smart Spending - 1,100
6. Health & Wellness - 1,100
7. Budgeting - 728
8. Building Credit - 502
9. Giving Back - 344

## Partner Site Referrals

1. One – 237
2. Aspiration– 203
3. Bluevine – 130
4. Possible – 119
5. Kikoff – 113
6. Greenwood – 112
7. Brigit – 106
8. In Comm – 97
9. LendingPoint – 96

# APPENDIX

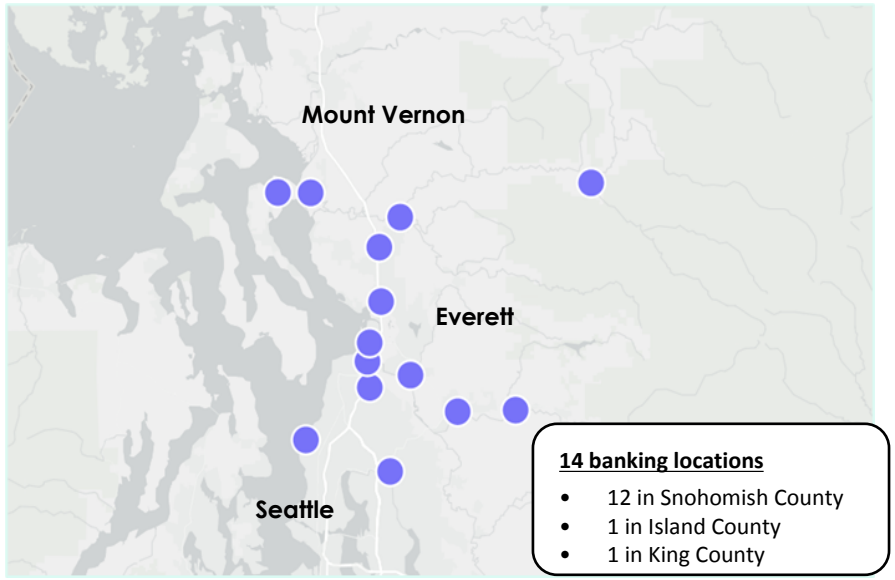
# COASTAL COMMUNITY BANK OVERVIEW

## Dedication to Community Banking

- Established in 1997 with a focus on serving small to medium-sized businesses within the Puget Sound region
- Offers traditional lending and deposit products to commercial and retail customers as well as treasury management, remote deposit capture and credit processing
- Largest bank by deposit market share in Snohomish County[1]

| Institution name | Market Share |
|---|---|
| **Coastal Community Bank** | **17.46 %** |
| Bank of America, National Association | 16.48 % |
| JP Morgan Chase Bank, National Association | 16.04 % |
| Wells Fargo, National Association | 9.37 % |
| US Bank, National Association | 8.29 % |

## CCB's Branch Footprint




## Notable Employers

BOEING
PROVIDENCE Health & Services
NAVAL STATION EVERETT
COSTCO WHOLESALE
Microsoft
TULALIP RESORT CASINO
STARBUCKS COFFEE

## Accolades and Recognitions

Everett Herald Readers Choice
"Best Bank" "Best Place to Work" 2024
"Best Bank" "Best Mortgage"
"Best Place to Work" 2023

"Fastest Growing Mid-Market Company in the Northwest" Puget Sound Business Journal 2023

Stanwood & Camano News "Best Bank"
2013 - 2024

Raymond James "Community Bankers Cup Award" 2019-2023

Piper Sandler "Bank and Thrift Sm-All Stars" 2019 -2023

"Corporate Citizenship" Puget Sound Business Journal
2022-2023

"Corporate Philanthropist" Puget Sound Business Journal
2023-2024

KBW Bank Honor Roll Award
2024

Hovde Group "Hovde's High Performers"
2022 - 2024

Note: Data as of March 31, 2025 unless otherwise indicated
(1) FDIC Summary of Deposits June 30, 2024.

# LOAN COMPOSITION

**Consolidated Commercial & Industrial ("C&I") Portfolio**

- $312.3 million total C&I loans
  - $133.5 million in capital call lines
  - $174.8 million in other C&I loans
  - $2.1 million in PPP Small Business Administration ("SBA") C&I loans
  - $1.9 million in other SBA C&I loans

**Consolidated Commercial Real Estate ("CRE") Portfolio**

- $1.51 billion total CRE & Construction, Land and Land Development loans
  - $101.8 million of SBA 504 loans in portfolio
  - 177% regulatory aggregate CRE to total risk-based capital[(1)]

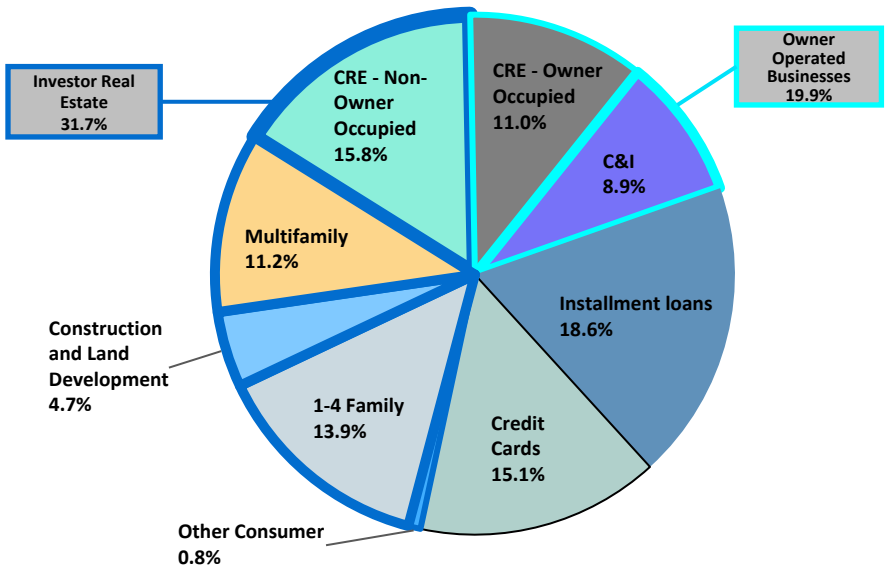
**Consolidated 1-4 Family Real Estate Portfolio**

- $488.3 million total 1-4 family loans
  - $6.1 million purchased from financial institutions and were individually re-underwritten
  - $285.4 million in CCBX loans, 100% of CCBX 1-4 family real estate loans have credit enhancement

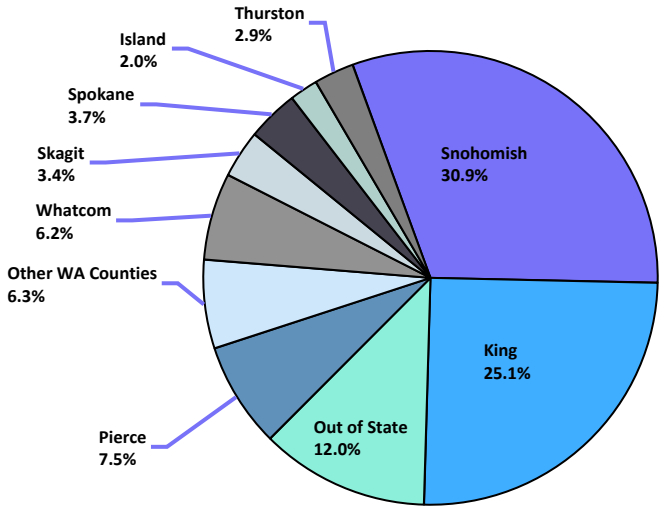
**Consumer Loans**

- Total $1.22 billion
  - $1.20 billion in CCBX loans, 98.3% of total CCBX consumer loans have credit enhancements
    - Credit cards, consumer term loans & lines of credit

## Consolidated Loan Composition




## Community Bank Loan Concentrations by County




Note: Data as of and for the quarter ended March 31, 2025, unless otherwise indicated
(1) Calculated on Bank-level Tier 1 Capital + Allowance for Loan Losses as of March 31, 2025.

# CCBX LOAN PORTFOLIO STATISTICS & LENDING APPROACH

**CCBX Loan Portfolio Information**
**March 31, 2025**

| (dollars in thousands; unaudited) | Type of Lending | Balance | Percent of CCBX loans receivable | Available Commitments [1] | Maximum Portfolio Size | Number of Accounts [2] | Average Loans Size | Cash Reserve/ Pledge Account Amount [3] |
|---|---|---|---|---|---|---|---|---|
| Commercial and industrial loans: | | | | | | | | |
| Capital call lines | Business - Venture Capital | $ 133,466 | 8.1 % | $ 514,864 | $ 350,000 | 131 | $ 1,018.8 | $ — |
| All other commercial & industrial loans | Business - Small Business | 29,702 | 1.8 | 21,736 | 475,720 | 3,002 | 9.9 | 541 |
| Real estate loans: | | | | | | | | |
| Home equity lines of credit [4] | Home Equity - Secured Credit Cards | 285,355 | 17.3 | 481,778 | 375,000 | 10,291 | 27.7 | 33,436 |
| Consumer and other loans: | | | | | | | | |
| Credit cards - cash secured | Credit Cards - Primarily Consumer | 339 | | — | | | | — |
| Credit cards - unsecured | Credit Cards - Primarily Consumer | 532,436 | | 868,969 | | | | 27,589 |
| Credit cards - total [2] | | 532,775 | 32.2 | 868,969 | 850,000 | 314,203 [2] | — | 27,589 |
| Installment loans - cash secured | Consumer | 127,426 | | 29,027 | | | | — |
| Installment loans - unsecured | Consumer | 527,418 | | — | | | | 1,175 |
| Installment loans - total | | 654,844 | 39.7 | 29,027 | 1,814,541 | 776,669 | 0.8 | 1,175 |
| Other consumer and other loans | Builder & Unsecured consumer | 15,182 | 0.9 | 2 | 4,739 | 186,371 | 0.1 | 419 |
| Gross CCBX loans receivable | | 1,651,324 | 100.0 % | $ 1,916,376 | $ 3,870,000 | 1,290,667 | $ 1.3 | $ 63,160 |
| Net deferred origination fees | | (498) | | | | | | |
| Loans receivable | | $ 1,650,826 | | | | | | |

**(1) Remaining commitment available, net of outstanding balance.**
**(2) Credit card number of accounts does not include off balance sheet accounts (237,024) that are processed by the Company, but for which there is no corresponding balance on the balance sheet.**
**(3) Balances are as of April 9, 2025.**
**(4) These home equity lines of credit are secured by residential real estate and are accessed by using a credit card, but are classified as 1-4 family residential properties per regulatory guidelines.**

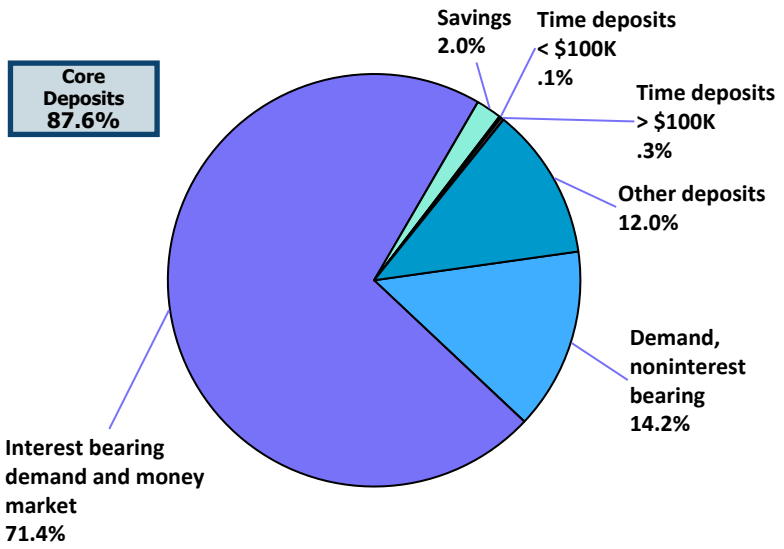
98.8% of total CCBX loans are covered by credit enhancements

# DEPOSIT COMPOSITION

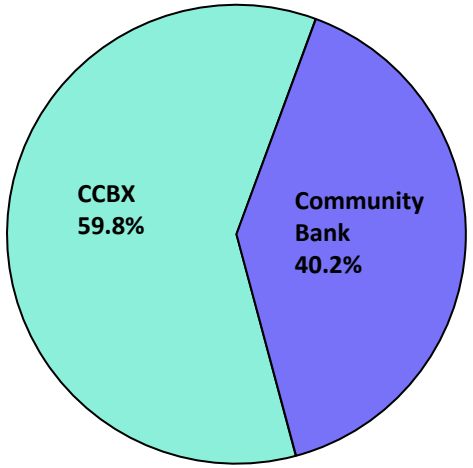
Emphasis on core deposits has helped generate an attractive funding mix

- Core deposits are all deposits excluding time deposits and brokered deposits
- Core deposits were 94.4% of total loans as of March 31, 2025
- Core deposits were 87.6% of total deposits as of March 31, 2025
- Noninterest bearing deposits of $539.6 million as of March 31, 2025
  - Community bank noninterest bearing deposits of $481.2 million, or 31.5% of community bank deposits
  - CCBX noninterest bearing deposits of $58.4 million, or 2.6% of CCBX deposits as of March 31, 2025
- $420.9 million in fully insured IntraFi network deposits as of March 31, 2025, compared to $414.0 million as of December 31, 2024
- 85.3% of total deposits are FDIC insured
- CCBX deposits are net of an additional $406.3 million in CCBX deposits that were transferred off balance sheet for increased FDIC insurance coverage and liquidity purposes
- Ability to use funding from BaaS program and to transfer deposits off the balance sheet when not needed

## Deposit Composition



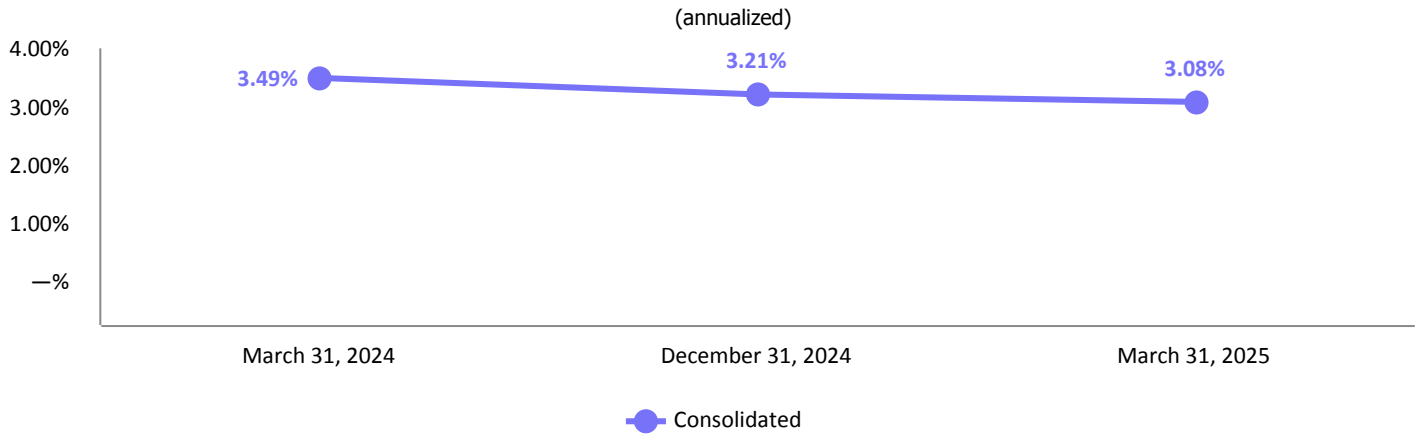

## Community Bank vs. CCBX Deposits




Note: Data as of and for the quarter ended March 31, 2025 unless otherwise indicated.

# DEPOSIT COSTS

- Cost of total deposits was 3.08% for the quarter ended March 31, 2025 compared to 3.21% for the quarter ended December 31, 2024, and 3.49% for the quarter ended March 31, 2024




  - Cost of deposits for the community bank and CCBX were 1.76% and 4.01%, respectively, for the quarter ended March 31, 2025

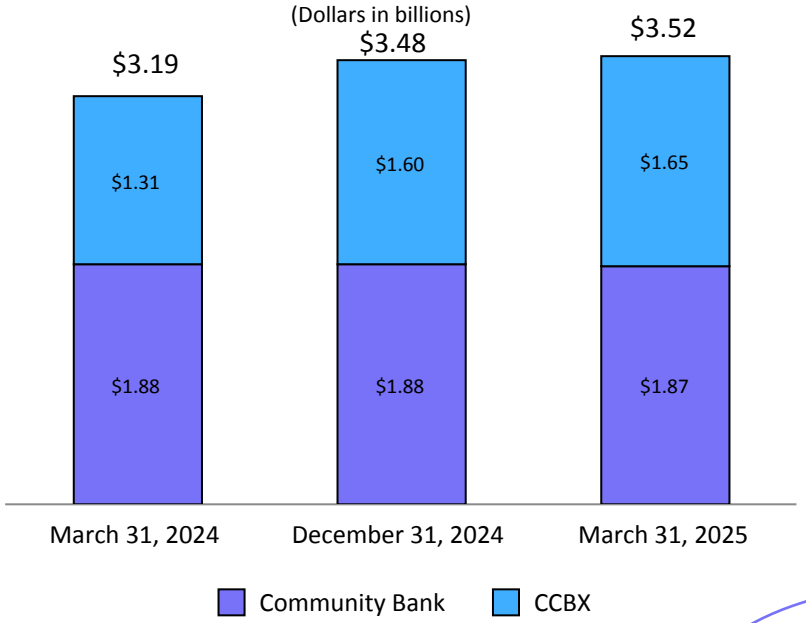
- Deposit costs decreased from last quarter and the same quarter last year

- We continue to focus on managing our deposits to hold down deposit costs when possible - the recent decrease in the Fed funds rate is expected to lower cost of deposits in future periods

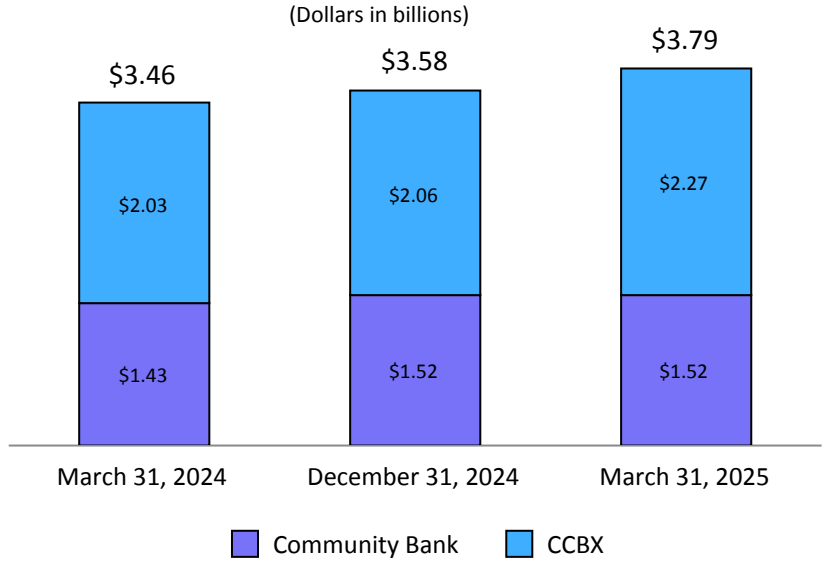
Note: Data as of and for the quarter ended March 31, 2025 unless otherwise indicated.

# LOAN AND DEPOSIT GROWTH

## Total Loans Receivable




## Total Deposits




**Loans increased $30.8 million or 0.9% from December 31, 2024 and growth of 10.1% since March 31, 2024**

**Additional CCBX loan sales expected as we continue to optimize our CCBX portfolio, manage credit quality, portfolio limits and partner limits**

**Additional $406.3 million in CCBX deposits were transferred off the balance sheet as of March 31, 2025**

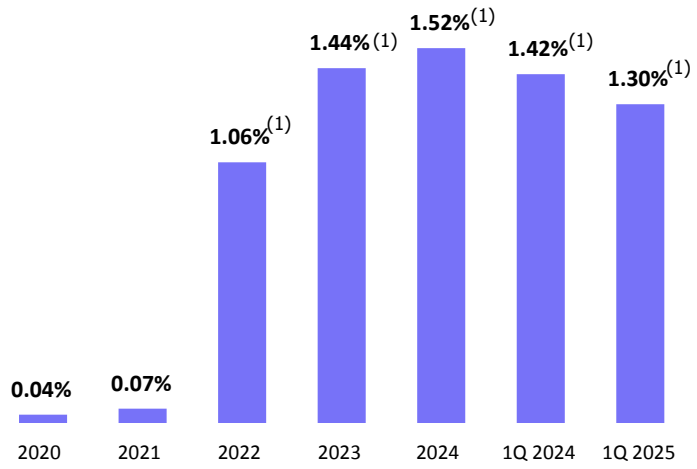
**$744.6 million in CCBX loans sold during the three months ended March 31, 2025**

**Cost of Deposits 3.08% for the Quarter Ended March 31, 2025 and down from 3.21% from March 31, 2024**

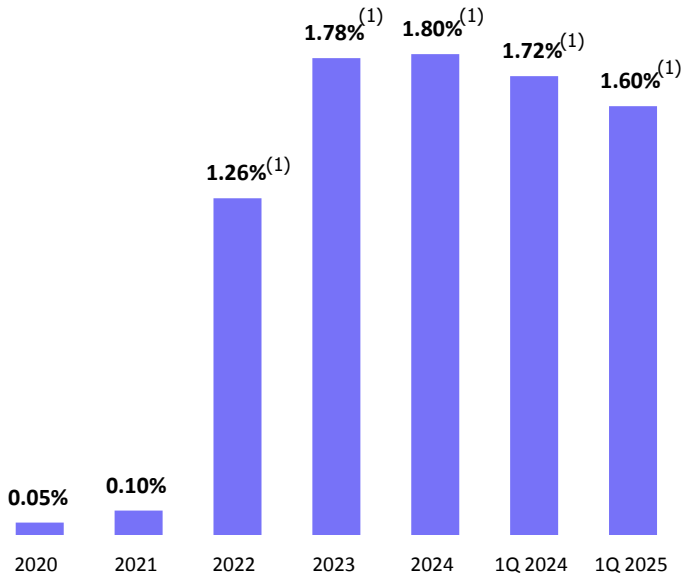
Note: Data as of and for the quarter ended March 31, 2025, unless otherwise indicated

# ASSET QUALITY

## NPAs / Total Assets




## NPLs / Loans Receivable




- As of March 31, 2025, $20.2 million in CCBX nonaccrual loans are included in NPAs and NPLs
  - Due to a collection practice that places certain CCBX loans on nonaccrual status to improve collectability
  - $16.1 million of these loans are less than 90 days past due as of March 31, 2025

(1) These ratios are impacted by the increase in CCBX loans over 90 days delinquent that are covered by CCBX partner credit enhancements, see note below for more information. CCBX loans represent 1.29% and 1.60% for NPAs/Total Assets and NPLs/Loans Receivable, respectively as of March 31, 2025.

# NON-GAAP RECONCILIATION –CCBX Net BaaS Loan Income Interest Margin

The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's operational performance and to enhance investors' overall understanding of such financial performance.

However, these non-GAAP financial measures are supplemental and are not a substitute for an analysis based on GAAP measures. As other companies may use different calculations for these adjusted measures, this presentation may not be comparable to other similarly titled adjusted measures reported by other companies.

The following non-GAAP measure is presented to illustrate the impact of BaaS loan expense on CCBX net loan income and yield on CCBX loans.

Net BaaS loan income divided by average CCBX loans is a non-GAAP measure that includes the impact BaaS loan expense on net BaaS loan income and the yield on CCBX loans. The most directly comparable GAAP measure is yield on CCBX loans.

The following non-GAAP measure is presented to illustrate the impact of BaaS loan expense on net interest income and net interest margin.

CCBX net interest income net of BaaS loan expense is a non-GAAP measure that includes the impact BaaS loan expense on CCBX net interest income. The most directly comparable GAAP measure is CCBX net interest income.

CCBX net interest margin, net of BaaS loan expense is a non-GAAP measure that includes the impact of BaaS loan expense on CCBX net interest rate margin. The most directly comparable GAAP measure is CCBX net interest margin.

Reconciliations of the GAAP and non-GAAP measures are presented below.

| CCBX | As of and for the Three Months Ended | | |
|---|---|---|---|
| (dollars in thousands; unaudited) | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| **Net BaaS loan income divided by average CCBX loans:** | | | |
| CCBX loan yield (GAAP)[1] | 16.88 % | 16.81 % | 17.74 % |
| Total average CCBX loans receivable | $ 1,630,088 | $ 1,527,178 | $ 1,265,857 |
| Interest and earned fee income on CCBX loans (GAAP) | 67,855 | 64,532 | 55,839 |
| BaaS loan expense | (32,507) | (30,720) | (26,107) |
| Net BaaS loan income | $ 35,348 | $ 33,812 | $ 29,732 |
| Net BaaS loan income divided by average CCBX loans [1] | 8.79 % | 8.81 % | 9.45 % |
| **CCBX net interest margin, net of BaaS loan expense:** | | | |
| CCBX net interest margin [1] | 9.72 % | 9.29 % | 8.88 % |
| CCBX earning assets | 2,184,869 | 2,110,954 | 1,864,156 |
| Net interest income (GAAP) | 52,359 | 49,296 | 41,136 |
| Less: BaaS loan expense | (32,507) | (30,720) | (26,107) |
| Net interest income, net of BaaS loan expense | $ 19,852 | $ 18,576 | $ 15,029 |
| CCBX net interest margin, net of BaaS loan expense [1] | 3.68 % | 3.50 % | 3.24 % |

[1] Annualized for periods presented.

# NON-GAAP RECONCILIATION – Net Interest Margin, net of BaaS Loan Expense

The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's operational performance and to enhance investors' overall understanding of such financial performance.

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The following non-GAAP measure is presented to illustrate the impact of BaaS loan expense on net interest income and net interest margin.

Net interest income net of BaaS loan expense is a non-GAAP measure that includes the impact BaaS loan expense on net interest income. The most directly comparable GAAP measure is net interest income.

Net interest margin, net of BaaS loan expense is a non-GAAP measure that includes the impact of BaaS loan expense on net interest rate margin. The most directly comparable GAAP measure is net interest margin.

Reconciliations of the GAAP and non-GAAP measures are presented below.

| Consolidated | As of and for the Three Months Ended | | | | |
|---|---|---|---|---|---|
| (dollars in thousands; unaudited) | March 31, 2025 | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 |
| **Net interest margin, net of BaaS loan expense:** | | | | | |
| Net interest margin [1] | 7.48 % | 7.23 % | 7.42 % | 7.12 % | 6.92 % |
| Earning assets | $ 4,124,065 | $ 3,980,078 | $ 3,875,911 | $ 3,736,579 | $ 3,613,769 |
| Net interest income (GAAP) | 76,062 | 72,377 | 72,273 | 66,172 | 62,206 |
| Less: BaaS loan expense | (32,507) | (30,720) | (32,698) | (29,011) | (26,107) |
| Net interest income, net of BaaS loan expense | $ 43,555 | $ 41,657 | $ 39,575 | $ 37,161 | $ 36,099 |
| Net interest margin, net of BaaS loan expense [1] | 4.28 % | 4.16 % | 4.06 % | 4.00 % | 4.02 % |

[1] Annualized for periods presented.

# NON-GAAP RECONCILIATION – PPNR & Core Expense

The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's operational performance and to enhance investors' overall understanding of such financial performance.

However, these non-GAAP financial measures are supplemental and are not a substitute for an analysis based on GAAP measures. As other companies may use different calculations for these adjusted measures, this presentation may not be comparable to other similarly titled adjusted measures reported by other companies.

Pre-tax, pre-provision net revenue ("PPNR") is presented to illustrate the impact of provision for income tax, provision for credit losses, BaaS credit and fraud indemnification income and BaaS fraud expense, net of BaaS loan expense have on net income. The most directly comparable GAAP measure is net income.

Core expenses is presented to illustrate the impact of BaaS loan expense, BaaS fraud expenses and reimbursement of expenses (BaaS) have on noninterest expense. The most directly comparable GAAP measure is noninterest expense.

| (dollars in thousands, unaudited) | As of and for the Three Months Ended | | |
|---|---|---|---|
| | March 31, 2025 | December 31, 2024 | March 31, 2024 |
| **Noninterest Expense excluding Baas loan expense, BaaS fraud expense and reimbursement of expenses -BaaS ("Core expense")** | | | |
| Total noninterest expense (GAAP) | $ 71,989 | $ 67,411 | $ 56,509 |
| Less: BaaS loan expense | (32,507) | (30,720) | (26,107) |
| Less: BaaS fraud expense | (1,993) | (5,043) | (923) |
| Less: Reimbursement of expenses | (1,026) | (812) | (254) |
| Total noninterest expense exluding BaaS loan expense, BaaS fraud expense and reimbursement of expenses - BaaS ("Core expense") | $ 36,463 | $ 30,836 | $ 29,225 |
| **Pre-tax, pre-provision net revenue, adjusted for provision for credit losses, provision for income taxes, indemnification income and BaaS fraud expense net of BaaS loan expense ("Core PPNR")** | | | |
| Net income | $ 9,730 | $ 13,367 | $ 6,800 |
| Plus: Provision for credit losses | 55,781 | 61,867 | 83,158 |
| Plus: Income tax expense | 2,039 | 3,832 | 1,915 |
| Less: Credit and fraud indemnification income | (55,641) | (67,140) | (80,731) |
| Plus: BaaS fraud expense | 1,993 | 5,043 | 923 |
| Pre-tax,pre-provision net revenue, adjusted for provision for credit losses, provision for income taxes, indemnification income and BaaS fraud expense net of BaaS loan expense ("Core PPNR") | $ 13,902 | $ 16,969 | $ 12,065 |

# NON-GAAP RECONCILIATION – Core Net Revenue

The Company uses certain non-GAAP financial measures to provide meaningful supplemental information regarding the Company's operational performance and to enhance investors' overall understanding of such financial performance.

However, these non-GAAP financial measures are supplemental and are not a substitute for an analysis based on GAAP measures. As other companies may use different calculations for these adjusted measures, this presentation may not be comparable to other similarly titled adjusted measures reported by other companies.

Core net revenue is presented to illustrate the impact of BaaS credit enhancements, BaaS fraud enhancements, reimbursement of expenses (BaaS) and BaaS loan expense have on revenue. The most directly comparable GAAP measure is revenue.

| (dollars in thousands, unaudited) | As of and for the Three Months Ended | | | | |
|---|---|---|---|---|---|
| | March 31, 2025 | December 31, 2024 | September 30, 2024 | June 30, 2024 | March 31, 2024 |
| **Revenue excluding BaaS credit enhancements, BaaS fraud enhancements, reimbursement of expenses (BaaS) and BaaS loan expense ("Core net revenue")** | | | | | |
| Total net interest income (GAAP) | $ 76,062 | $ 72,377 | $ 72,273 | $ 66,172 | $ 62,206 |
| Total noninterest income (GAAP) | 63,477 | 74,100 | 78,790 | 69,138 | 86,176 |
| Total Revenue | $ 139,539 | $ 146,477 | $ 151,063 | $ 135,310 | $ 148,382 |
| Less: BaaS credit enhancements | (53,648) | (62,097) | (70,108) | (60,826) | (79,808) |
| Less: BaaS fraud enhancements | (1,993) | (5,043) | (2,084) | (1,784) | (923) |
| Less: Reimbursement of expenses (BaaS) | (1,026) | (812) | (565) | (857) | (254) |
| Less: BaaS loan expense | (32,507) | (30,720) | (32,698) | (29,011) | (26,107) |
| Total revenue excluding BaaS credit enhancements, BaaS fraud enhancements, reimbursement of expenses (BaaS) and BaaS loan expense ("Core net revenue") | $ 50,365 | $ 47,805 | $ 45,608 | $ 42,832 | $ 41,290 |