INVESTOR PRESENTATION

January 27, 2021



COASTAL
FINANCIAL CORPORATION

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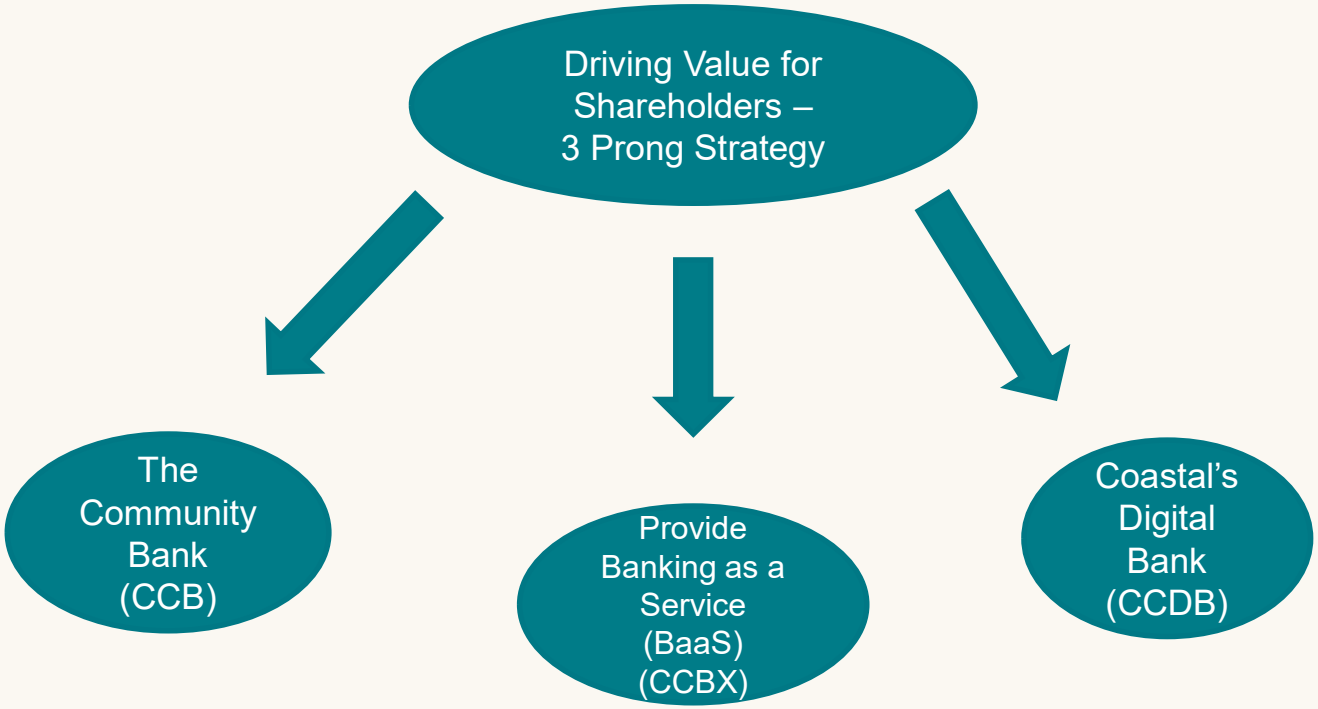
Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures for 2017 to exclude the impact of a deferred tax asset revaluation due to the enactment of the Tax Cuts and Jobs Act of 2017 (the "Tax Cuts and Jobs Act"), including adjusted net income, adjusted earnings per share, adjusted return on average assets and adjusted return on average shareholders' equity. These non-GAAP financial measures and any other non-GAAP financial measures that we discuss in this presentation should not be considered in isolation, and should be considered as additions to, and not substitutes for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their most directly comparable GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of Coastal's non-GAAP financial measures as tools for comparison. See the Appendix to this presentation for a reconciliation of the non-GAAP financial measures used in (or conveyed orally during) this presentation to their most directly comparable GAAP financial measures.

This presentation also contains certain non-GAAP financial measures in addition to results presented in accordance with GAAP relating to "pre-tax, pre-provision net income" and "pre-tax, pre-provision return on average assets" to illustrate the impact of provision for loan losses and provision for income taxes on net income and return on average assets. The most directly comparable GAAP measure to "pre-tax, pre-provision net income" is net income. The most directly comparable GAAP measure to "pre-tax, pre-provision return on average assets" is return on average assets. Reconciliations of the GAAP and non-GAAP measures are presented in the Appendix of this presentation.

This presentation also contains certain non-GAAP financial measures in addition to results presented in accordance with GAAP to illustrate and identify the impact of Paycheck Protection Program ("PPP") loans, Paycheck Protection Program Liquidity Facility ("PPPLF") borrowings, customer deposits from PPP loans, and related earnings and expenses. By removing these significant items and show what the results would have been without them we are providing investors with the information to better compare results with periods that did not have these significant items. Adjusted allowance for loan losses to loans receivable is a non-GAAP measure that excludes the impact of PPP loans on balance sheet. The most directly comparable GAAP measure is allowance for loan losses. Adjusted yield on loans receivable is a non-GAAP measure that excludes the impact of PPP loans on balance sheet. The most directly comparable GAAP measure is yield on loans. Adjusted contractual yield on loans receivable, excluding earned fees is a non-GAAP measure that excludes the impact of PPP loans on balance sheet. The most directly comparable GAAP measure is contractual yield on loans, excluding fees and interest on PPP loans. Adjusted Tier 1 leverage capital, excluding PPP loans is a non-GAAP measure that excludes the impact of PPP loans on balance sheet. The most directly comparable GAAP measure is Tier 1 leverage capital. Reconciliations of the GAAP and non-GAAP measures are presented in the Appendix of this presentation.

Three Prong Long-Term Strategy



Compliance

Operational Integrity

No matter how we talk to our customers or what type of customer, Compliance and Operational Integrity are the same.

Corporate Overview

Coastal Community Bank was established in 1997 with a focus on serving small to medium-sized businesses within the Puget Sound region

Headquarters

- Everett, Washington – the largest city in and county seat of Snohomish County

Branches

- 15 full-service banking locations
  - 12 in Snohomish County
  - Opened Arlington branch in June 2020
  - 2 in Island County
  - 1 in King County

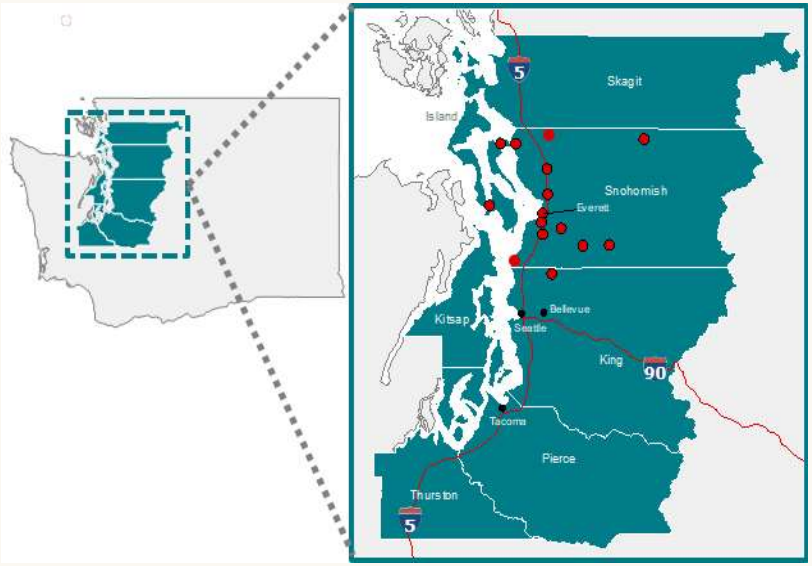
Size and Scale

- $1.8 billion in total assets
- $1.5 billion in total loans
- $1.4 billion in total deposits
- Largest community bank by deposit market share in Snohomish County

Focus

- Meet the financial needs of the community
- Make decisions locally
- Support the communities the Bank serves

COASTAL COMMUNITY BANK



Dedicated to community banking

SANDLER O'NEILL + PARTNERS "Small-Cap All Star Class of 2020 and 2019" - *Sandler O'Neill*

RAYMOND JAMES "Raymond James 2020 Community Bankers Cup Award"

2014-2020 Recipient of the prestigious "5-Star Rating" from BauerFinancial, Inc.

WINNER! Everett Herald – 2014, 2015, 2016 2017, 2018, **and 2019** Readers Choice – "Best Bank"

Stanwood & Camano News "Best Bank" (7 years in a row) 2013 * 2014 * 2015 * 2016 * 2017 * 2018 * 2019 * **2020**

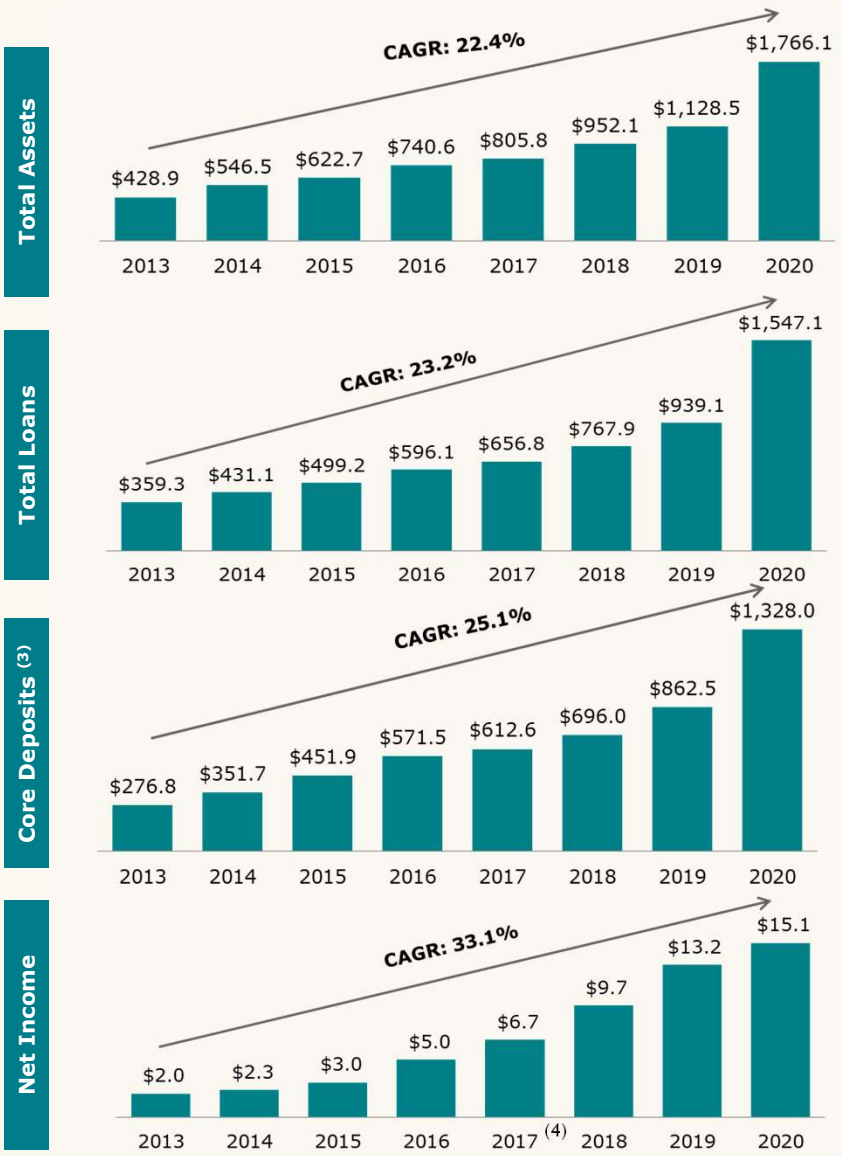
"**2020** & 2019 American Banker Top 200 Community Bank"

in some of Washington's most attractive markets

COSTCO WHOLESALE Microsoft STARBUCKS

Financial Highlights

As of and for the Year Ended December 31, 2020	
Balance Sheet *(in millions)*	
Total Assets	$1,766.1
Total Loans	$1,547.1
Total Deposits	$1,421.3
Total Shareholders' Equity	$140.2
Earnings and Profitability	
Net Income *(in milllions)*	$15.1
Return on Average Assets ("ROAA")	0.98%
Pre-Tax, Pre-Provision ROAA	1.78%
"Pre-tax, pre-provision ROAA" is a non-GAAP measure that excludes the impact of provision for loan losses and provision for income taxes from return on average assets. The most directly comparable GAAP measure is return on average assets.	
Return on Average Shareholders' Equity	11.44%
Net Interest Margin	3.83%
Efficiency Ratio	58.1%
Loans Receivable to Deposits	108.9%
Capital Ratios (Consolidated)	
Tangible Equity to Tangible Assets (1)	7.94%
Tier 1 Leverage Ratio	9.05%
Adjusted Tier 1 Leverage Ratio, excluding PPP loans (2)	10.91%
Tier 1 Risk-Based Capital Ratio	11.55%
Total Risk-Based Capital Ratio	13.61%
Asset Quality	
Total Nonperforming Assets to Total Assets	0.04%
Total Nonperforming Loans to Total Loans	0.05%
Allowance for Loan Losses to Total Loans	1.25%
Net Charge-Offs to Average Loans	0.04%



(1) 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.
(2) Adjusted Tier 1 leverage ratio, excluding PPP loans is a non-GAAP measure that excludes the impact of the provision for income taxes and loan losses from return on average assets. Please refer to non-GAAP reconciliation in the Appendix for additional details.

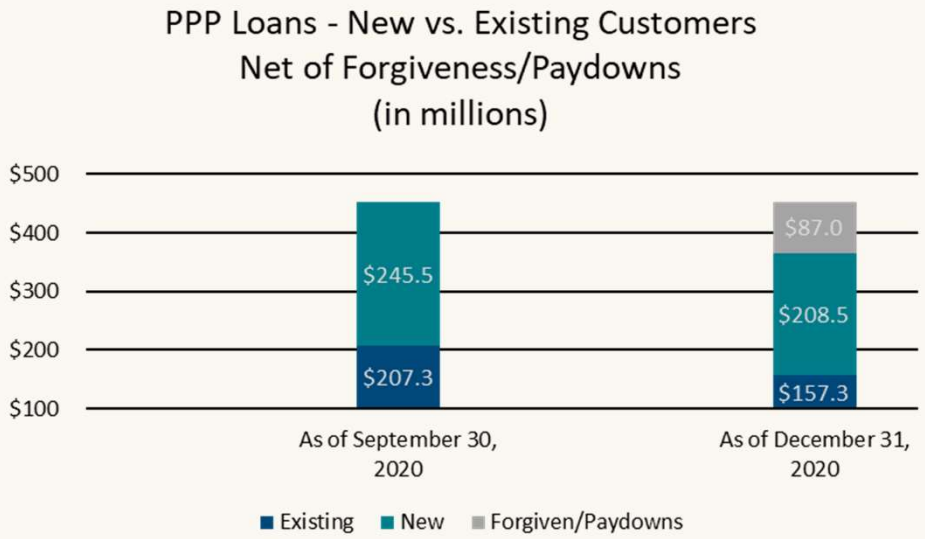
Note: Annual data as of or for the year ended December 31 of each respective year
(3) Consists of total deposits less all time deposits, BaaS-brokered deposits
(4) 2017 net income is adjusted to exclude the impact of a deferred tax asset revaluation due to the enactment of the Tax Cuts and Jobs Act. Refer to "Non-GAAP Reconciliation" in the Appendix for additional details.

COVID-19 Response – PPP Loans

- As a preferred Small Business Administration (“SBA”) lender, we have funded $452.8 million in financial assistance to existing and new small business customers in Round One and Two of the Paycheck Protection Program (“PPP”) as provided in the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which represents 2,879 loans, impacting nearly 40,000 employees in our communities as of September 30, 2020. The program closed to new applications on August 8, 2020.

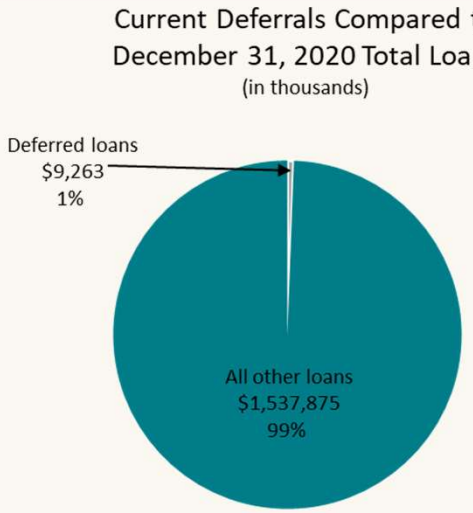
- In the quarter ended December 31, 2020 there were forgiveness payments or net paydowns of $87.0 million, and recognized deferred fees of $2.8 million, bringing total PPP loans to $365.8 million, and unearned net deferred fees to $5.8 million.

- Utilized the Paycheck Protection Program Liquidity Facility (“PPPLF”) to fund PPP loans. $153.7 million loans pledged and funds borrowed at December 31, 2020.



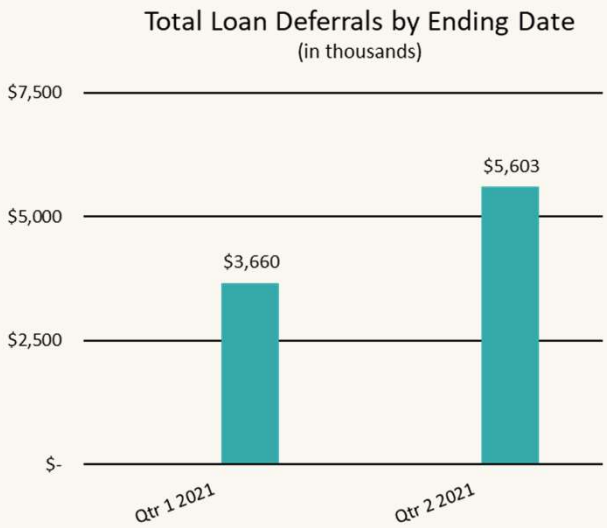
COVID-19 Response – Loan Modifications

Modifications to Total Loan

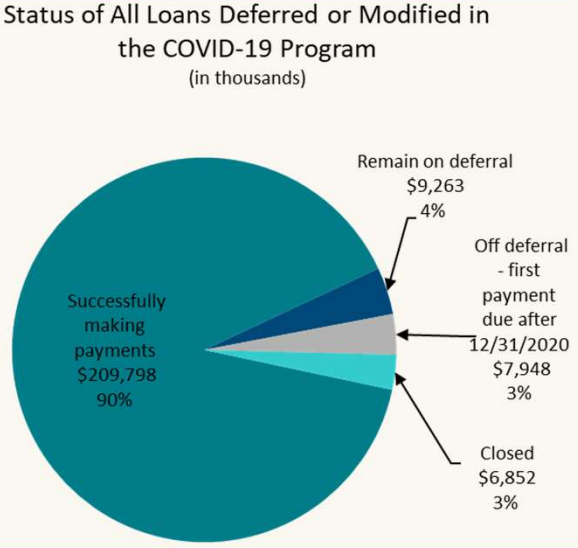


- Total of $233.9 million, or 247 loans, have been on deferred or modified status since beginning of program.
- All loans that have resumed payments are current.
- Three loans, or $9.3 million, remain on deferred or modified status as of December 31, 2020, and will come off deferral in the first and second quarter of 2021.

Total Deferrals by Ending Date(1)



Status of All Deferred Loans(1)



(1) Deferral balances reflect deferrals still remaining as of December 31,2020

Core Markets – Snohomish County

Puget Sound Region



Notable Employers

BOEING
PROVIDENCE Health & Services
Microsoft
TULALIP TRIBES
NAVAL STATION EVERETT
STARBUCKS COFFEE

Snohomish County Branch Statistics (1)

Company Name	Number of Branches: Pre - Crisis 2004	2005	2006	Post - Crisis 2018	2019	2020	Branch Deposits (000s): 2020 Deposits	Avg. Deposits/ Branch
Bank of America Corp.	22	23	23	21	21	20	$2,851,997	$142,600
JPMorgan Chase & Co.	23	23	23	25	24	22	2,366,885	107,586
Wells Fargo & Co.	17	17	17	20	19	16	1,731,228	108,202
Coastal Financial Corp.	**3**	**4**	**5**	**10**	**11**	**12**	**1,123,359**	**93,613**
U.S. Bancorp	12	12	12	12	12	12	948,801	79,067

Largest Locally HQ'd Bank in Snohomish County (1)

Institution (Headquarter State)	Overall Rank	In-Market HQ Rank	Deposits in Market ($ in millions)	Number of Branches	Deposit Market Share (%) as of 6/30/2020
Bank of America Corp. (NC)	1		2,852	20	19.2%
JPMorgan Chase & Co. (NY)	2		2,367	22	15.9%
Wells Fargo & Co. (CA)	3		1,731	16	11.7%
Coastal Financial Corp. (WA) at 12/31/2020 (2)	4	1	1,197	**12**	8.1%
Coastal Financial Corp. (WA)	**4**	**1**	**1,123**	**12**	**7.6%**
U.S. Bancorp (MN)	5		949	12	6.4%
KeyCorp (OH)	6		798	16	5.4%
FS Bancorp Inc. (WA)	7	2	692	4	4.7%
Heritage Financial Corp. (WA)	8		554	8	3.7%
Mitsubishi UFJ Financial	9		514	7	3.5%
Washington Federal Inc. (WA)	10		486	9	3.3%
Total for Instiutions In Market	**28**		**14,856**	**167**	

(1) Source: S&P Global Market Intelligence; FDIC's Summary of Deposits as of June 30, 2020
(2) Total Deposits in Market for Coastal Financial Corporation are $1.2 billion at December 31, 2020

Loan Composition

65.1% of loans (measured by dollar amount outstanding) were secured by real estate, and 87.2% were made to borrowers who live or conduct business, in the Puget Sound region

$33.3 million legal lending limit as of December 31, 2020

Overall Loan Portfolio

- 2.34 years weighted average reprice
- 5.73 years weighted average maturity

Commercial & Industrial ("C&I") Portfolio

- $539.2 million total C&I loans
  - $365.8 million in Small Business Administration ("SBA") PPP C&I loans
  - $173.4 million in other C&I loans
  - $11.7 million in other SBA C&I loans

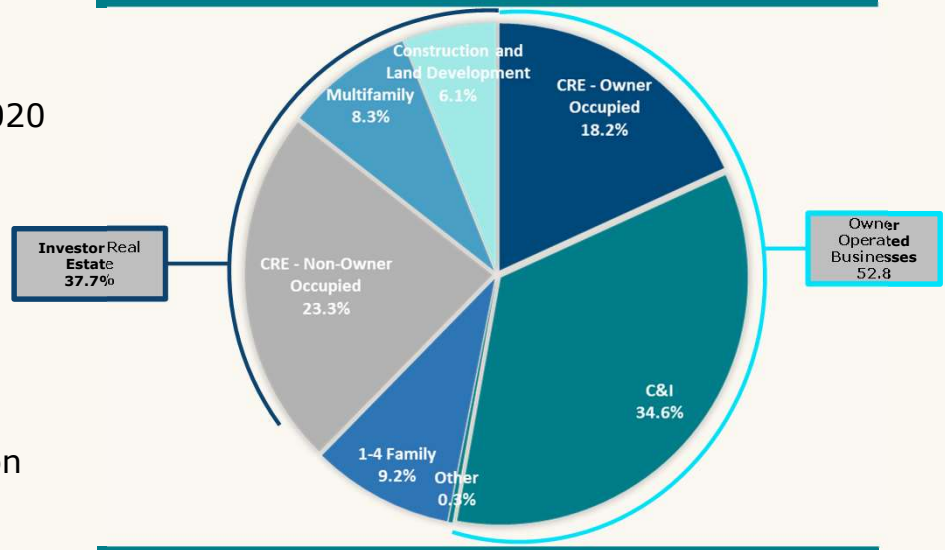
Commercial Real Estate ("CRE") Portfolio

- $869.3 million total CRE loans
- 357% regulatory aggregate CRE to total risk-based capital (1)
- $4.9 million of SBA 504 loans in portfolio

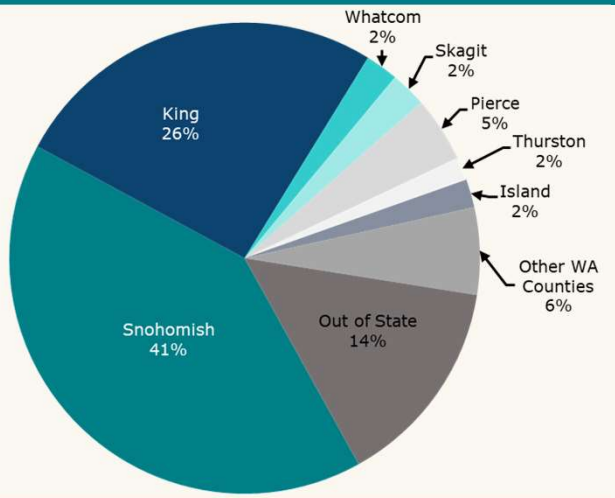
1-4 Family Real Estate Portfolio

- $143.9 million total 1-4 family loans
  - ➢ $16.8 million purchased from financial institutions, all of which were individually re-underwritten

Loan Composition



Loan Concentrations by County



(1) Calculated on Bank-level Tier 1 Capital + Allowance for Loan Losses as of December 31, 2020

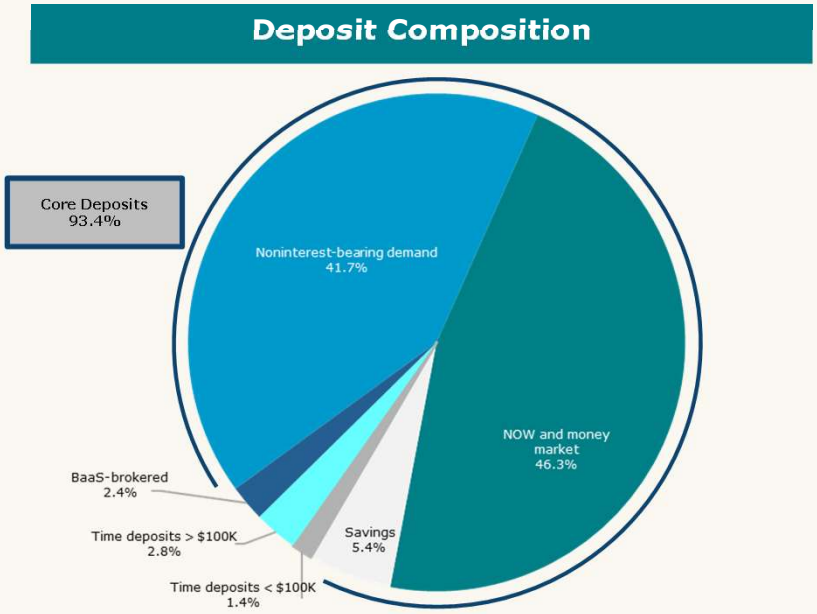
Note: Data as of and for the quarter ended December 31, 2020 unless otherwise indicated.

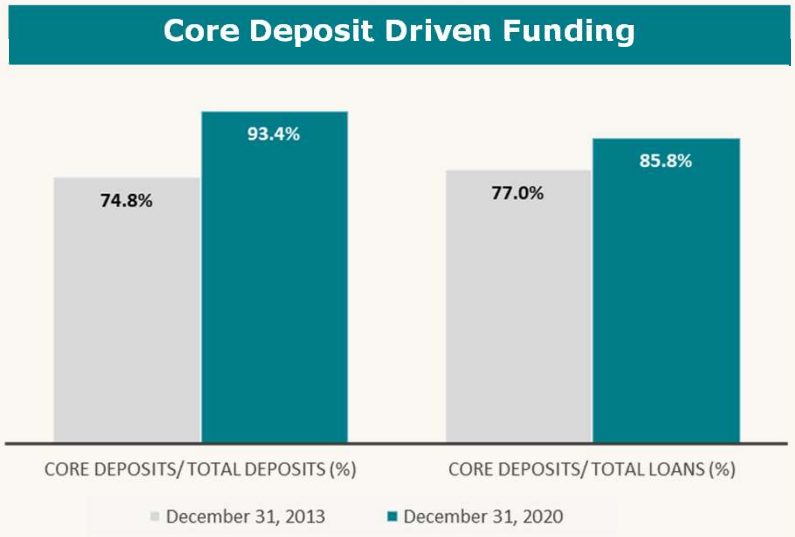
Deposit Composition

Emphasis on core deposits has helped generate an attractive funding mix

Core Deposit Franchise

- We define core deposits as total deposits less time deposits and BaaS-brokered deposits
- 85.8% of total loans were funded with core deposits as of December 31, 2020
- Core deposits were 93.4% of total deposits as of December 31, 2020
- Cost of total deposits was 0.22% for the quarter ended December 31, 2020 compared to 0.63% for the quarter ended December 31, 2019, and 0.27% for the quarter ended September 30, 2020
- We continue to focus on managing interest rates, lowering deposit rates when possible, to maintain and/or reduce cost of deposits.
- No internet-sourced deposits
- Ability to use funding from BaaS program

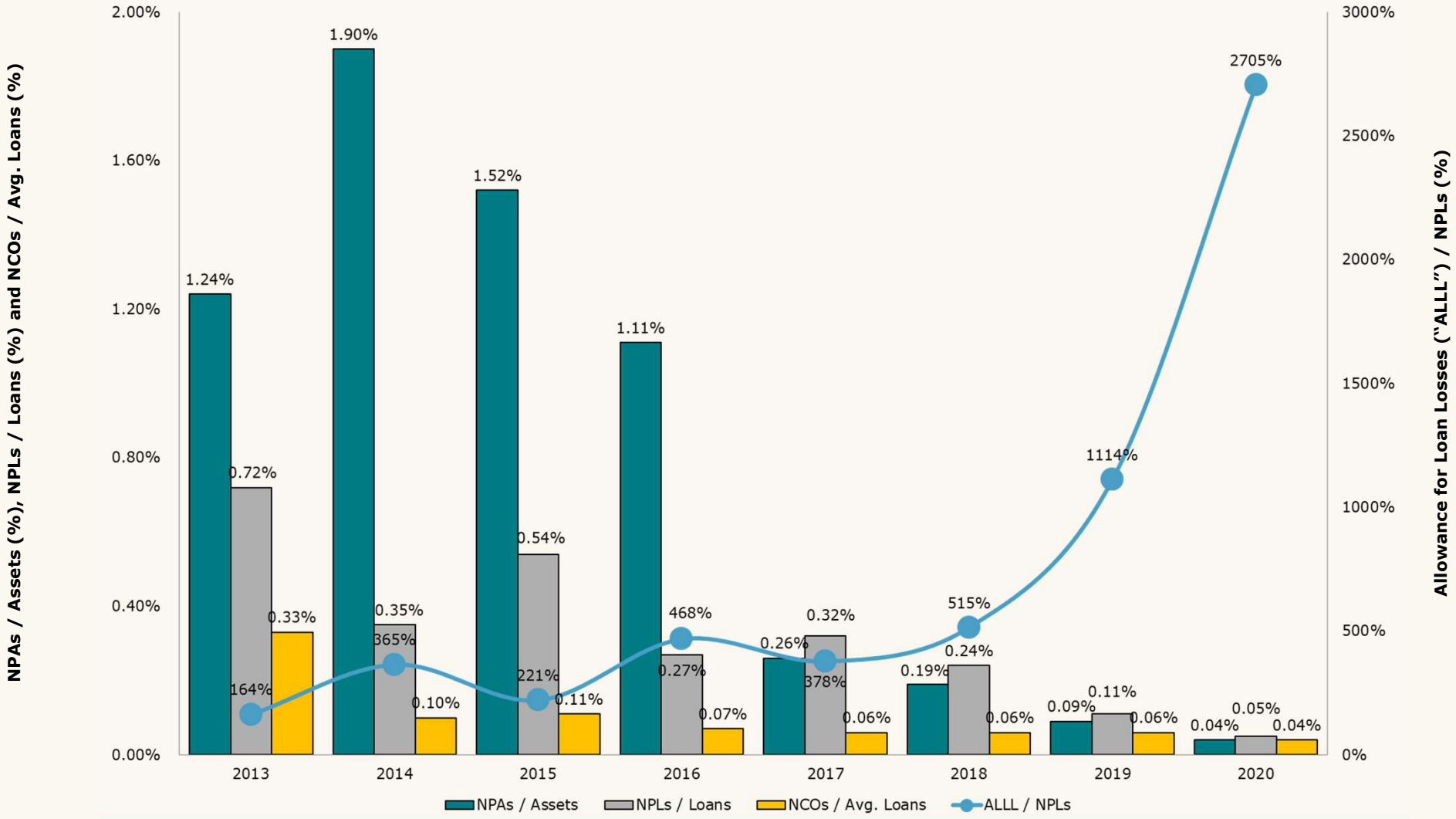




Note: Data as of and for the quarter ended December 31, 2020 unless otherwise indicated.

Strong Asset Quality

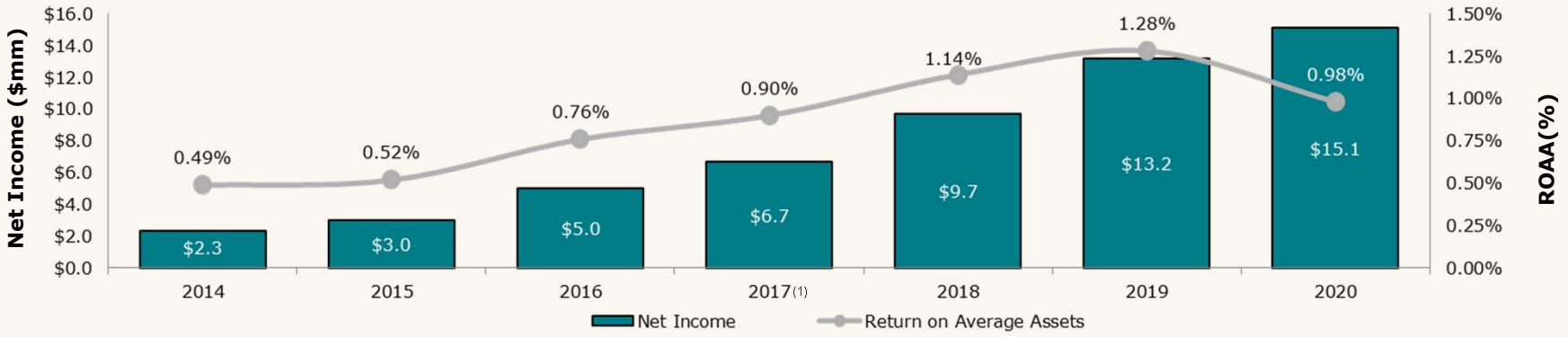
Asset Quality Trends



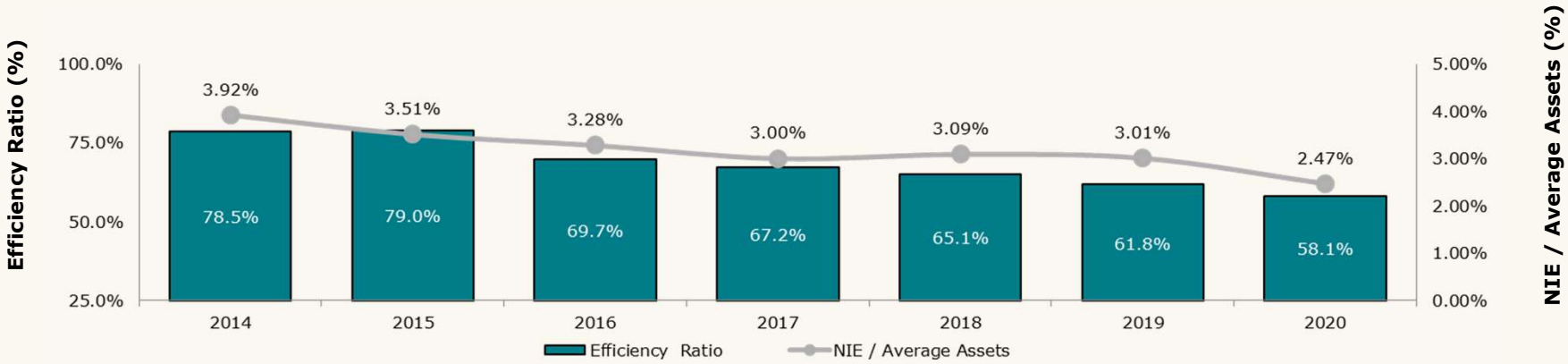
Note: Data as of and for the year ended December 31 of each respective year unless noted otherwise

Historic Profitability and Efficiency

Net Income and Return on Average Assets
(assets for YE 2020 include $365.8 million in PPP loans)



Efficiency Ratio (%) and Noninterest Expense ("NIE") to Average Assets (%)
(assets for YE 2020 include $365.8 million in PPP loans)



Note: Annual data is as of and for the year ended December 31 of each respective year.
(1) Adjusted to exclude the impact of deferred tax asset revaluation due to the enactment of the Tax Cuts and Jobs Act. Refer to "Non-GAAP Reconciliation" in the Appendix for additional details.

Recent Developments

2020 Q4 Financial Results:

Earnings	For the three months ended December 31, 2020	For the three months ended December 31, 2019	For the year ended December 31, 2020	For the year ended December 31, 2019
Net Income (Dollars in millions)	$4.7	$3.6	$15.1	$13.2
Basic Earnings Per Share	$0.39	$0.30	$1.27	$1.11
Return on Average Assets	1.04% (1)	1.31%	0.98% (1)	1.28%
Pre-Tax, Pre-Provision Return (2) on Average Assets	1.90% (1)	1.95%	1.78% (1)	1.86%
Provision for Loan Losses (Dollars in thousands)	$2,600 (3)	$820	$8,308 (3)	$2,544

Balance Sheet	As of the quarter ended (Dollars in millions, except per share amounts) December 31, 2020	September 30, 2020	December 31, 2019
Total Assets	$1,766.1 (1)	$1,749.6 (1)	$1,128.5
Total Loans (1)	$1,547.1 (1)	$1,509.4 (1)	$939.1
Total Deposits	$1,421.3	$1,360.0	$968.0
Total Shareholders' Equity	$140.2	$135.2	$124.2
Book Value Per Share	$11.73	$11.34	$10.42

(1) Includes $365.8 million in PPP loans in the fourth quarter of 2020 and $452.8 million in PPP loans in the third quarter of 2020
(2) Pre-Tax, Pre-Provision return on average assets is a non-GAAP measure that excludes the impact of the provision for income taxes and loan losses from return on average assets. Please refer to non-GAAP reconciliation in the Appendix for additional details
(3) Increased provision for loan losses in 2020 compared to comparable periods of 2019 due to economic uncertainties related to the COVID-19 pandemic

- **CCBX Division introduced January 27, 2020.**
  - Provides Banking as a Service ("BaaS") enabling broker dealers and digital financial service providers to offer banking services to their communities.
  - The "X" is indicative of the technology services that our partners provide.

	As of		
CCBX Activity	**December 31, 2020**	**September 30, 2020**	**December 31, 2019**
Active	6	4	2
Friends and family	2	1	0
Implementation / onboarding	3	4	3
Signed letters of intent	4	2	0
Total CCBX relationships	15	11	5

- **Infrastructure –** We hired support staff to build infrastructure and are making additional hires in 2021 for new partners. The investments we are making today are not for immediate returns but for longer-term returns that we believe will build value for shareholders while benefiting our customers, employees, and communities that we serve. We entered into an agreement with a Fintech and made an investment in them to build a standardized platform to allow us to more profitably deliver BaaS to Fintechs desiring standardized banking services for their customers.

- **Cost –** As we build out CCBX, we will do our best to cover related costs with new revenues from CCBX customers. These hires are investments in our future and necessary to perform the services safely and soundly and to manage the risks associated with this line of business.

- **Risk –** We hired a Chief Risk Officer and Data Scientist/Architect with PhD in Artificial Intelligence to perform services safely and soundly. We also recently announced that we are building an integrated compliance and reporting system to monitor and address these risks through an investment and contractual agreement with Neocova. Although we carefully underwrite and complete extensive due diligence of each partner, we know that all of partners may not be successful, and like any new business some might fail. Through ongoing monitoring of each relationship, we believe that we will be able to minimize any impact, but recognize that income streams may diminish should a partner fail.

- **Compliance –** We are very cognizant of both our compliance responsibility and the *True Lender Doctrine*, and should any of our partners offer lending products, the Bank will be the True Lender and engage with the relationships accordingly.

- **Financial Reporting –** Starting with the fourth quarter 2019, we have changed references made to "wholesale" and "wholesale banking services" to "BaaS" and "BaaS fees."

- **Asset Growth –** Some of our fintech contracts include lending products which, if successful, may potentially lead to additional loan growth beyond the community bank's organic growth, use of funding from partners, increased utilization of capital, and additional growth in assets.

CCDB – Coastal's Digital Bank Through Collaboration With Google

- Coastal's collaboration with Google is anticipated to be a great avenue for us to reach existing customers, our communities, and expand to new communities in the coming years. We expect that the new platform will provide customers with an enhanced customer experience and provide them with new avenues to interact with us.

- With a projected launch in 2021, the Google banking platform will give Coastal the opportunity to tap into a younger demographic and offer consumer products to further diversify our customer base.

- Why is this important?

  - Already this year, we have seen community banks launch their own stand-alone digital bank (like Incredible Bank and Rising Bank).

  - To have sustained success banks must continue to evolve by exploring new strategies, building new expertise and establishing new ways of doing business.

Appendix

COASTAL
COMMUNITY BANK

Selected Year-End Financials

(Dollars in thousands, except per share data)	As of and for the Year Ended December 31, 2020	2019	2018	2017	2016
Statement of Income Data:					
Total interest income	$ 63,038	$ 48,587	$ 38,743	$ 32,113	$ 28,460
Total interest expense	5,652	6,576	3,926	2,875	2,523
Provision for loan losses	8,308	2,544	1,826	870	1,919
Net interest income after provision for loan losses	49,078	39,467	32,991	28,368	24,018
Total noninterest income	8,182	8,258	5,467	4,154	4,977
Total noninterest expense	38,119	31,063	26,216	22,433	21,538
Provision for income taxes	3,995	3,461	2,541	4,653	2,454
Net income	15,146	13,201	9,701	5,436	5,003
Adjusted net income [1]	N/A	N/A	N/A	6,731	N/A
Balance Sheet Data:					
Cash and cash equivalents	$ 163,117	$ 127,814	$ 125,782	$ 89,751	$ 86,975
Investment securities	23,247	32,710	37,922	38,336	34,994
Loans	1,547,138	939,103	767,899	656,788	596,128
Allowance for loan losses	19,262	11,470	9,407	8,017	7,544
Total assets	1,766,122	1,128,526	952,110	805,753	740,611
Interest-bearing deposits	829,046	596,716	510,089	460,937	424,707
Noninterest-bearing deposits	592,261	371,243	293,525	242,358	223,955
Total deposits	1,421,307	967,959	803,614	703,295	648,662
Total borrowings	192,292	23,562	33,546	33,529	28,513
Total shareholders' equity	140,217	124,173	109,156	65,711	59,897
Share and Per Share Data: [2]					
Shares outstanding at end of period	11,954,327	11,913,885	11,893,203	9,248,901	9,238,788
Weighted average common shares outstanding–diluted	12,209,371	12,196,120	10,608,764	9,237,629	9,227,216
Book value per share	$ 11.73	$ 10.42	$ 9.18	$ 7.11	$ 6.48
Tangible book value per share [3]	11.73	10.42	9.18	7.11	6.48
Earnings per share – basic	1.27	1.11	0.93	0.59	0.54
Earnings per share – diluted	1.24	1.08	0.91	0.59	0.54
Adjusted earnings per share – diluted [1]	N/A	N/A	N/A	0.73	N/A
Performance Ratios:					
Return on average assets	0.98%	1.28%	1.14%	0.73%	0.76%
Adjusted return on average assets [1]	N/A	N/A	N/A	0.90%	N/A
Return on average shareholders' equity	11.44%	11.29%	11.40%	8.27%	8.56%
Adjusted return on average shareholders' equity [1]	N/A	N/A	N/A	10.24%	N/A
Credit Quality Ratios:					
Nonperforming assets to total assets	0.04%	0.09%	0.19%	0.26%	1.11%
Nonperforming assets to total loans and OREO	0.05%	0.11%	0.24%	0.32%	1.38%
Nonperforming loans to total loans	0.05%	0.11%	0.24%	0.32%	0.27%
Allowance for loan losses to total loans	1.25%	1.22%	1.23%	1.22%	1.27%
Net charge-offs to average loans	0.04%	0.06%	0.06%	0.06%	0.07%

(1) Refer to "Non-GAAP Reconciliation" in this Appendix for additional details.
(2) Share and per share amounts are based on total common shares outstanding, which includes common stock and nonvoting common stock.
(3) Tangible book value per share is a non-GAAP measure. Since there is no goodwill or other intangible assets as of the dates indicated, tangible book value per share is the same as book value per share as of each of the dates indicated.

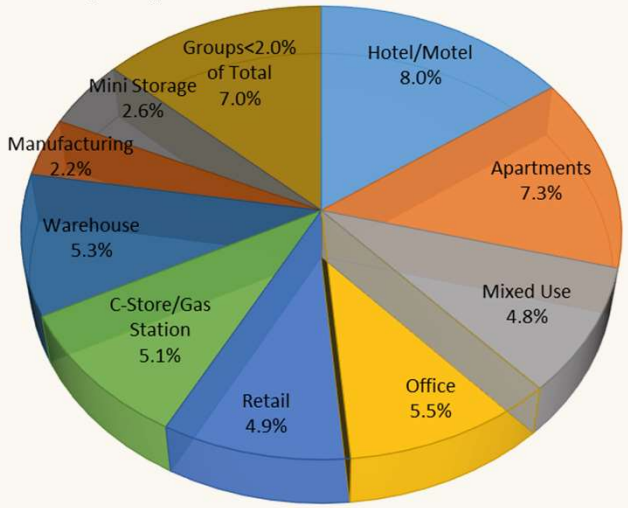
Selected Quarterly Financials

(Dollars in thousands, except per share data)	As of and for the Quarter Ended				
	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4
Statement of Income Data:					
Total interest income	$ 18,098	$ 16,394	$ 15,426	$ 13,120	$ 13,034
Total interest expense	1,165	1,298	1,433	1,756	1,703
Provision for loan losses	2,600	2,200	1,930	1,578	820
Net interest income after provision for loan losses	14,333	12,896	12,063	9,786	10,511
Total noninterest income	2,049	1,942	1,520	2,671	2,059
Total noninterest expense	10,489	9,666	8,945	9,019	8,015
Provision for income taxes	1,232	1,082	967	714	947
Net Income	4,661	4,090	3,671	2,724	3,608
Balance Sheet Data:					
Cash and cash equivalents	$ 163,117	$ 182,170	$ 174,176	$ 129,236	$ 127,814
Investment securities	23,247	23,782	24,318	19,759	32,710
Loans	1,547,138	1,509,389	1,447,144	1,005,180	939,103
Allowance for loan losses	(19,262)	(17,046)	(14,847)	(12,925)	(11,470)
Total assets	1,766,122	1,749,619	1,678,956	1,184,071	1,128,526
Interest-bearing deposits	829,046	789,347	742,633	659,559	596,716
Noninterest-bearing deposits	592,261	570,664	563,794	345,503	371,243
Total deposits	1,421,307	1,360,011	1,306,427	1,005,062	967,959
Core deposits [1]	1,328,195	1,270,249	1,212,215	892,408	862,516
Total borrowings	192,292	241,167	228,725	38,564	23,562
Total shareholders' equity	140,217	135,232	130,977	127,166	124,173
Share and Per Share Data: [2]					
Shares outstanding at end of period	11,954,327	11,930,243	11,926,263	11,929,413	11,913,885
Weighted average common shares outstanding–diluted	12,280,191	12,181,272	12,190,284	12,208,175	12,213,512
Book value per share	$ 11.73	$ 11.34	$ 10.98	$ 10.66	$ 10.42
Tangible book value per share [3]	11.73	11.34	10.98	10.66	10.42
Earnings per share – basic	0.39	0.34	0.31	0.23	0.30
Earnings per share – diluted	0.38	0.34	0.30	0.22	0.30
Performance Ratios:					
Return on average assets	1.04%	0.95%	0.96%	0.96%	1.31%
Return on average shareholders' equity	13.36%	12.14%	11.37%	8.66%	11.66%
Credit Quality Ratios:					
Nonperforming assets to total assets	0.04%	0.26%	0.26%	0.06%	0.09%
Nonperforming assets to total loans and OREO	0.05%	0.30%	0.31%	0.08%	0.11%
Nonperforming loans to total loans	0.05%	0.30%	0.31%	0.08%	0.11%
Allowance for loan losses to total loans	1.25%	1.13%	1.03%	1.29%	1.22%
Net charge-offs to average loans	0.10%	0.00%	0.00%	0.05%	0.10%
Other Key Ratios:					
Yield on Loans Receivable	4.64%	4.33%	4.57%	5.25%	5.36%
Cost of Deposits	0.22%	0.27%	0.35%	0.64%	0.63%
Net Interest Margin	3.89%	3.62%	3.78%	4.15%	4.26%
Efficiency Ratio	55.26%	56.73%	57.66%	64.26%	59.86%
Loans Receivable to Deposits	108.85%	110.98%	110.77%	100.01%	97.02%
Cost of Funds	0.29%	0.33%	0.41%	0.70%	0.70%

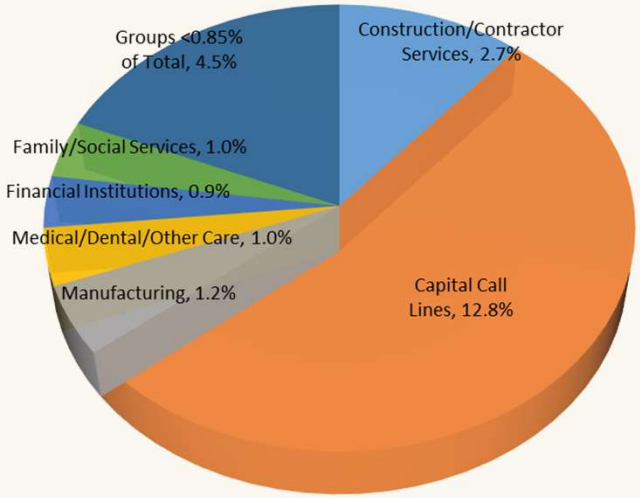
(1) Core deposits are defined as all deposits excluding time deposits, BaaS-brokered.
(2) Share and per share amounts are based on total common shares outstanding, which includes common stock and nonvoting common stock.
(3) Tangible book value per share is a non-GAAP measure. Since there is no goodwill or other intangible assets as of the dates indicated, tangible book value per share is the same as book value per share as of each of the dates indicated.

Diverse Loan Portfolio

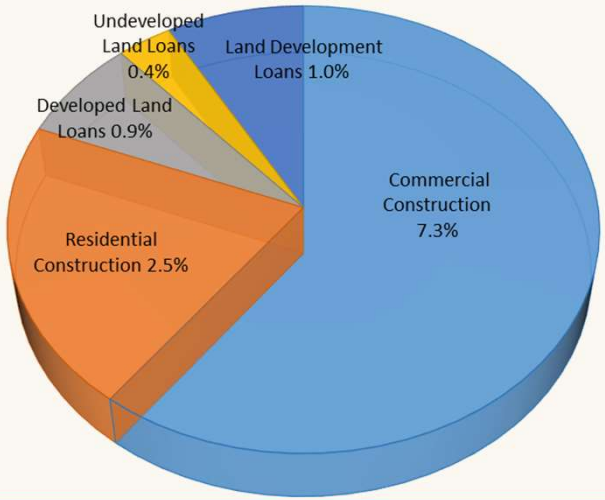
CRE Loan Breakdown as % of Total Outstanding Balances and Available Commitments (Excludes PPP Loans) Represents 52.7% of Total



C&I Loan Breakdown as % of Total Outstanding Balances and Available Commitments (Excludes PPP Loans) Represents 24.1% of Total



Construction/Land Loan *Breakdown as % of* Total Outstanding Balances and Available Commitments (Excludes PPP Loans) Represents 12.1% of Total



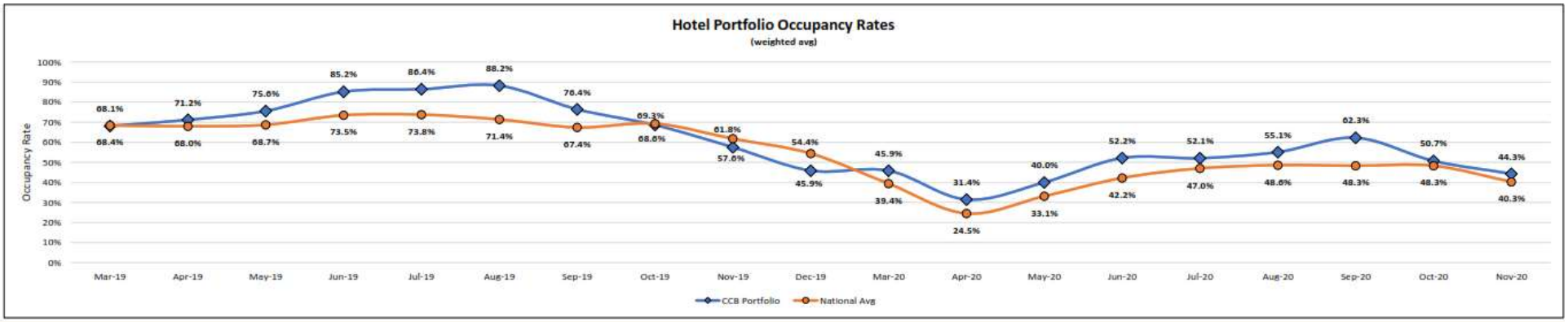
Loan Portfolio Statistics

Loan Category	Commitments	Weighted Average Seasoning (Months)	Weighted Average FICO	Weighted Average LTV	Weighted Average DSCR
CRE	$ 777,612,689	35.7 Months	767	57%	2.93
C&I (Excluding PPP)	$ 344,190,805	21.3 Months	775	54%	2.78
Construction / Land	$ 182,778,254	14.8 Months	777	44%	3.15
CRE - Sub-Categories	**Commitments**	**Weighted Average Seasoning (Months)**	**Weighted Average FICO**	**Weighted Average LTV**	**Weighted Average DSCR**
Gas Stations	$ 76,514,942	30 Months	775	60%	2.80
Hotels	$ 120,246,611	26.4 Months	764	62%	2.10
Manufacturing	$ 32,881,310	51.5 Months	769	52%	3.14
Mini Storage	$ 39,451,083	21 Months	779	55%	4.66
Mixed Use	$ 74,762,508	45.1 Months	756	57%	2.21
Multifamily	$ 133,153,672	33.3 Months	769	57%	2.99
Office - General	$ 49,126,277	45.1 Months	771	53%	4.36
Office - Professional	$ 33,592,905	28.2 Months	774	59%	6.26
Retail	$ 79,752,381	39.5 Months	773	55%	2.30
Warehouse	$ 80,632,497	31.2 Months	744	55%	2.49

(1) Based on best available data. If a loan has multiple guarantors, FICO score represented is highest of the guarantors. FICO scores are based off origination unless updated through annual term loan review or other credit action.

(2) Loan to Value ("LTV") data is based on best available data. LTV at origination is used unless updated information was made available through a annual term loan review or other credit action.

(3) Debt Service Coverage Ratio ("DSCR") data is based on best available data. DSCR at origination is used unless updated information was made available through an annual term loan review or other credit action.



The Bank's hotel portfolio predominantly consists of travel hotels/motels and as such our occupancy rates are higher than the national average.

(1) Source: https://www.statista.com/statistics/206546/us-hotels-occupancy-rate-by-month/

Most current data as of December 31, 2020 unless noted otherwise

COVID-19 Update – Washington's Roadmap to Recovery (1)

- All Washington Counties are currently in Phase 1
- Counties are grouped into regional areas and will move to the next Phase together as one unit
- Snohomish County is part of the "East" region with King and Pierce Counties - 12 of our 15 branches are in Snohomish County

Healthy Washington - Roadmap to Recovery

Activities	Phase 1	Phase 2
Social and At-Home Gathering Size — Indoor	Prohibited	Max of 5 people from outside your household, limit 2 households
Social and At-Home Gathering Size — Outdoor	Max of 10 people from outside your household, limit 2 households	Max of 15 people from outside your household, limit 2 households
Worship Services	Indoor maximum 25% capacity	Indoor maximum 25% capacity
Retail Stores (includes farmers' markets, grocery and convenience stores, pharmacies)	Maximum 25% of capacity, encourage curbside pick-up	Maximum 25% of capacity, encourage curbside pick-up
Professional Services	Remote work strongly encouraged, 25% capacity otherwise.	Remote work strongly encouraged, 25% capacity otherwise.
Personal Services	Indoor maximum 25% capacity.	Indoor maximum 25% capacity.
Eating and Drinking Establishments (establishments only serving individuals 21+ and no food remain closed)	Indoor dining prohibited. Outdoor or open-air dining, end alcohol service/delivery at11PM, max 6 per table, limit 2 households per table	Indoor dining available 25% capacity, end alcohol service/delivery at 11PM. Outdoor or open-air dining available, max 6 per table, limit 2 households per table
Weddings and Funerals	Ceremonies are limited to a total of no more than 30 people. Indoor receptions, wakes, or similar gatherings in conjunction with such ceremonies are prohibited.	Ceremonies and indoor receptions, wakes, or similar gatherings in conjunction with such ceremonies are permitted and must follow the appropriate venue requirements. If food or drinks are served, eating and drinking requirements apply. Dancing is prohibited.
Indoor Recreation and Fitness Establishments (includes gyms, fitness organizations, indoor recreational sports, indoor pools, indoor K-12 sports, indoor sports, indoor personal training, indoor dance, no-contact martial arts, gymnastics, climbing)	Low risk and moderate risk sports permitted for practice and training only in stable groups of no more than 5 athletes. Appointment based fitness/training; less than 1 hour sessions, no more than 1 customer/athlete per room or per 500/sq. ft. for large facilities.	Low and moderate risk sports competitions permitted (no tournaments). High risk sports permitted for practice and training. Fitness and training and indoor sports maximum 25% capacity.
Outdoor Sports and Fitness Establishments (outdoor fitness organizations, outdoor recreational sports, outdoor pools, outdoor parks and hiking trails, outdoor campsites, outdoor K-12 sports, outdoor sports, outdoor personal training, outdoor dance, outdoor motorsports)	Low and moderate risk sports permitted for practice and training only (no tournaments). Outdoor guided activities, hunting, fishing, motorsports, parks, camping, hiking, biking, running, snow sports, permitted.	Low, moderate, and high-risk sports competitions allowed (no tournaments), maximum 200 including spectators.
Indoor Entertainment Establishments (includes aquariums, indoor theaters, indoor arenas, indoor concert halls, indoor gardens, indoor museums, indoor bowling, indoor trampoline f acilities, indoor cardrooms, indoor entertainment activities of any kind, indoor event spaces)	Private rentals/tours for individual households of no more than 6 people permitted. General admission prohibited.	Maximum 25% capacity or 200 people, whichever is less. If food or drinks are served, eating and drinking requirements apply.
Outdoor Entertainment Establishments (includes zoos, outdoor gardens, outdoor aquariums, outdoor theaters, outdoor stadiums, outdoor event spaces, outdoor arenas, outdoor concert venues, rodeos)	Ticketed events only: Groups of 10, limit 2 households, timed ticketing required.	Groups of 15, limit 2 households per group, maximum 200 including spectators for events.

NOTE: Live entertainment is no longer prohibited but must follow guidance above for the appropriate venue. Long-term Care facilities, professional and collegiate sports remain governed by their current guidance/proclamations separate from this plan. Not every business activity is listed. For a complete list of guidance for business activties, click here.

(1) *(1) As of January 15, 2021*
(2) *Source: https://www.governor.wa.gov/sites/default/files/HealthyWashington.pdf*

Non-GAAP Reconciliation – 2020 PPP Loans Impact

These non-GAAP financial measures are presented to illustrate and identify the impact of PPP loans, PPPLF borrowings, customer deposits from PPP loans, and related earnings and expenses. By removing these significant items and show what the results would have been without them we are providing investors with the information to better compare results with periods that did not have these significant items. These measures include the following:

"Adjusted Tier 1 leverage capital ratio, excluding PPP loans" is a non-GAAP measure that excludes the impact of PPP loans on balance sheet. The most directly comparable GAAP measure is Tier 1 leverage capital ratio.

"Adjusted allowance for loan losses to loans receivable" is a non-GAAP measure that excludes the impact of PPP loans on balance sheet. The most directly comparable GAAP measure is allowance for loan losses to loans receivable.

"Adjusted yield on loans receivable" is a non-GAAP measure that excludes the impact of PPP loans on balance sheet. The most directly comparable GAAP measure is yield on loans.

"Adjusted contractual yield on loans receivable, excluding earned fees and interest on PPP loans" is a non-GAAP measure that excludes the impact of PPP loans on balance sheet. The most directly comparable GAAP measure is contractual yield on loans, excluding fees.

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

(Dollars in thousands, unaudited)	As of December 31, 2020
Adjusted Tier 1 leverage capital ratio, excluding PPP loans:	
Company:	
Tier 1 capital	$ 143,532
Average assets for the leverage capital ratio	$ 1,586,350
Less: Average PPP loans	(424,290)
Plus: Average PPPLF borrowings	188,222
Adjusted average assets for the leverage capital ratio	$ 1,350,282
Tier 1 leverage capital ratio	9.05%
Adjusted Tier 1 leverage capital ratio, excluding PPP loans	10.63%
Bank:	
Tier 1 capital	$ 147,262
Average assets for the leverage capital ratio	$ 1,585,514
Less: Average PPP loans	(424,290)
Plus: Average PPPLF borrowings	188,222
Adjusted average assets for the leverage capital ratio	$ 1,349,446
Tier 1 leverage capital ratio	9.29%
Adjusted Tier 1 leverage capital ratio, excluding PPP loans	10.91%

Non-GAAP Reconciliation – 2020 PPP Loans Impact

(Dollars in thousands, unaudited)	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020	Year Ended December 31, 2020
Adjusted allowance for loan losses to loans receivable:			
Total loans, net of deferred fees	$ 1,547,138	$ 1,509,389	$ 1,547,138
Less: PPP loans	(365,842)	(452,846)	(365,842)
Less: net deferred fees on PPP loans	5,803	8,586	5,803
Adjusted loans, net of deferred fees	$ 1,187,099	$ 1,065,129	$ 1,187,099
Allowance for loan losses	$ (19,262)	$ (17,046)	$ (19,262)
Allowance for loan losses to loans receivable	1.25%	1.13%	1.25%
Adjusted allowance for loan losses to loans receivable	1.62%	1.60%	1.62%
Adjusted yield on loans receivable:			
Total average loans receivable	$ 1,533,533	$ 1,493,024	$ 1,333,028
Less: average PPP loans	(424,290)	(448,313)	(302,685)
Plus: average deferred fees on PPP loans	7,385	9,599	6,432
Adjusted total average loans receivable	$ 1,116,628	$ 1,054,310	$ 1,036,775
Interest income on loans	$ 17,885	$ 16,244	$ 61,910
Less: interest and deferred fee income recognized on PPP loans	(3,847)	(3,566)	(10,172)
Adjusted interest income on loans	$ 14,038	$ 12,678	$ 51,738
Yield on loans receivable	4.64%	4.33%	4.64%
Adjusted yield on loans receivable:	5.00%	4.78%	4.99%
Adjusted contractual yield on loans receivable, excluding earned fees and interest on PPP loans:			
Total average loans receivable	$ 1,533,533	$ 1,493,024	$ 1,333,028
Less: average PPP loans	(424,290)	(448,313)	(302,685)
Plus: average deferred fees on PPP loans	$ 7,385	$ 9,599	$ 6,432
Adjusted total average loans receivable, excluding earned fees	$ 1,116,628	$ 1,054,310	$ 1,036,775
Interest and earned fee income on loans	$ 17,885	$ 16,244	$ 61,910
Less: earned fee income on all loans	$ (3,762)	$ (2,693)	$ (9,065)
Less: interest income on PPP loans	(1,064)	(1,129)	(3,030)
Adjusted interest income on loans	$ 13,059	$ 12,422	$ 49,815
Contractual yield on loans receivable, excluding earned fees	3.66%	3.61%	3.96%
Adjusted contractual yield on loans receivable, excluding earned fees and interest on PPP loans:	4.65%	4.69%	4.80%

Non-GAAP Reconciliation – Pre-Tax, Pre-Provision

Some of the financial measures included in this presentation are not measures of financial performance recognized by GAAP.

The following non-GAAP measures are presented to illustrate the impact of provision for loan losses and provision for income taxes on net income and return on average assets.

"Pre-tax, pre-provision net income" is a non-GAAP measure that excludes the impact of provision for loan losses and provision for income taxes from net income. The most directly comparable GAAP measure is net income.

"Pre-tax, pre-provision return on average assets" is a non-GAAP measure that excludes the impact of provision for loan losses and provision for income taxes from return on average assets. The most directly comparable GAAP measure is return on average assets.

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

	As of and for the Three Months Ended					As of and for the Years Ended	
(Dollars in thousands, unaudited)	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Pre-tax, pre-provision net income and pre-tax, pre-provision return on average assets:							
Total average assets	$ 1,774,723	$ 1,704,874	$ 1,538,546	$ 1,141,453	$ 1,095,343	$ 1,540,991	$ 1,031,973
Total net income	4,661	4,090	3,671	2,724	3,608	15,146	13,201
Plus: provision for loan losses	2,600	2,200	1,930	1,578	820	8,308	2,544
Plus: provision for income taxes	1,232	1,082	967	714	947	3,995	3,461
Pre-tax, pre-provision net income	$ 8,493	$ 7,372	$ 6,568	$ 5,016	$ 5,375	$ 27,449	$ 19,206
Return on average assets	1.04%	0.95%	0.96%	0.96%	1.31%	0.98%	1.28%
Pre-tax, pre-provision return on average assets:	1.90%	1.72%	1.72%	1.77%	1.95%	1.78%	1.86%

Non-GAAP Reconciliation – 2017 Adjusted Measures

Some of the financial measures included in this presentation are not measures of financial performance recognized by GAAP. Our management uses the non-GAAP financial measures set forth below in its analysis of our performance for 2017 to exclude the impact of a deferred tax asset revaluation due to the enactment of the Tax Cuts and Jobs Act.

- "Adjusted net income" is a non-GAAP measure defined as net income increased by the additional income tax expense that resulted from the revaluation of deferred tax assets as a result of the reduction in the corporate income tax rate under the recently enacted Tax Cuts and Jobs Act. The most directly comparable GAAP measure is net income.
- "Adjusted earnings per share" is a non-GAAP measure defined as net income, plus additional income tax expense as noted above, divided by weighted average outstanding shares (diluted). The most directly comparable GAAP measure is earnings per share.
- "Adjusted return on average assets" is a non-GAAP measure defined as net income, plus additional income tax expense as noted above, divided by average assets. The most directly comparable GAAP measure is return on average assets.
- "Adjusted return on average shareholders' equity" is a non-GAAP measure defined as net income, plus additional income tax expense as noted above, divided by average shareholders' equity. The most directly comparable GAAP measure is return on average shareholders' equity.

(Dollars in thousands, except share and per share data)	As of or for the Year Ended, December 31, 2017
Adjusted net income:	
Net income	$ 5,436
Plus: additional income tax expense	1,295
Adjusted net income	$ 6,731
Adjusted earnings per share – diluted	
Net income	$ 5,436
Plus: additional income tax expense for deferred tax asset revaluation	1,295
Adjusted net income	$ 6,731
Weighted average common shares outstanding– diluted [1]	$ 9,237,629
Adjusted earnings per share – diluted [1]	0.73
Adjusted return on average assets	
Net income	$ 5,436
Plus: additional income tax expense for deferred tax asset revaluation	1,295
Adjusted net income	$ 6,731
Average assets	$ 748,940
Adjusted return on average assets	0.90%
Adjusted return on average shareholders' equity	
Net income	$ 5,436
Plus: additional income tax expense for deferred tax asset revaluation	1,295
Adjusted net income	$ 6,731
Average shareholders' equity	$ 65,720
Adjusted return on average shareholders' equity	10.24%

(1) Share and per share amounts are based on total common shares outstanding, which includes common stock and nonvoting common stock. These amounts have been adjusted to give effect to a one-for-five reverse stock split of common shares completed effective May 4, 2018.