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**Media Contact**

Kate Miller  
The Fearey Group for Puget Sound Bank  
206-343-1543  
[kmiller@feareygroup.com](mailto:kmiller@feareygroup.com)

**Puget Sound Bank Announces Successful Second Quarter**  
***Bank combines excellent loan quality with strong loan growth for record profits***

**Bellevue, Wash. – July 17, 2008** – Puget Sound Bank (PUGB.OB) today announced its continued operational success and strong profit growth for the quarter ending June 30, 2008. The bank's second quarter net income was \$104,862, a \$262,000 increase over the same quarter in 2007. The bank reported no loan losses for the thirteenth consecutive quarter.

"When many in the banking industry are challenged by poor asset quality and loan losses, Puget Sound Bank has once again distinguished itself with strong performance in the growth of loans, assets and net income," said Jim Mitchell, president and chief executive officer of Puget Sound Bank. "Our commitment to the small and medium sized business sector and client service has enabled us to thrive as other banks have faltered. I'm proud of the entire Puget Sound Bank team for its customer service, professionalism and dedication to success."

Q2 highlights include:

- **Total assets grew** to \$136 million, a 22 percent increase from Q2 2007.
- **Total loans grew** to \$121 million, a 52 percent increase from Q2 2007.
- **Q2 net income increased** to \$104,862, an improvement of \$262,351 from Q2 2007.
- **Total deposits grew** to \$110 million, up 20 percent from Q2 2007.
- **Year-to-date net income grew** to \$185,689, an improvement of \$286,144 from 6-months ending June 30, 2007.

The bank ended the quarter with a capital ratio of 15 percent.

Puget Sound Bank's financial strength is in stark contrast to many banks in the country. The bank's loan portfolio features no subprime mortgage loans, no loan charge offs, and no past due loans. The majority of the bank's loan portfolio is to small and medium sized companies, a healthy and growing part of the current economy. The quality of Puget Sound Bank's business model, capitalization, liquidity and asset quality continues to be validated by external audits and examinations.

"From the very inception of Puget Sound Bank, we have separated ourselves from other banks by focusing on commercial & industrial loans and supporting those customers with the best service in the Puget Sound market," Mitchell said. "Many other banks are struggling due to heavy concentrations in residential land acquisition and development loans, which is not the case at Puget Sound Bank."

Puget Sound Bank's stock is traded on the OTC Bulletin Board under the symbol PUGB.OB. The stock is currently trading at \$12.75 per share, up from \$10.00 per share from when the bank opened in 2005. This represents a nearly 10 percent annual return for the bank's original investors.

## **Client Service is Top Priority**

“Our increased profitability is anchored by our employees,” Mitchell said. “We have an experienced team, many of whom have come over from other banks because they have the freedom to make decisions to the mutual benefit of the client and the bank. We will continue to deliver the best possible client service and provide the best financial counsel.”

Puget Sound Bank is committed to client convenience by bringing the bank to the customer. The bank collects deposits by bonded courier service or remote capture technology, which allows the business client to make deposits from their own office, in addition to traditional branch activity.

## **About Puget Sound Bank**

Puget Sound Bank is a Bellevue-based bank founded to meet the specialized needs of small and medium sized businesses, commercial real estate projects, professionals, and individuals seeking a higher level of service in the Puget Sound region. Staffed by the most experienced, customer-oriented banking professionals in the region, Puget Sound Bank offers a full range of competitive financial products with superior customer service and a consultative/partnership approach to its clients. Puget Sound Bank provides online banking at [www.pugetsoundbank.com](http://www.pugetsoundbank.com) and has access to a large branch network in Washington. We can also provide remote capture technology that allows our clients to make deposits from their office. The bank is located at 10500 NE 8<sup>th</sup> Street, Suite 1800, in Bellevue. For more information, please call 425-455-2400.

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